The Fidelity® Core Bond Strategy is a separately managed account that seeks to provide income while limiting risk to your investment over the long term. In actively managing your account, we look for ways to help generate income from individual investment-grade* bonds while keeping a focus on risk.

Investing in a portfolio of taxable bonds can be an attractive option for investors who want broad exposure to the investment-grade bond market, including U.S. Treasury, government agency, corporate, taxable municipal, mortgage-backed, and asset-backed bonds.

The Fidelity Core Bond Strategy offers:

Professional management:
Our investment team will actively manage your account, putting our knowledge, experience, and resources to work as we seek to uncover opportunities in all types of markets.

A personalized portfolio:
We’ll build a portfolio of taxable bonds based on your specific preferences.

Transparency:
You will have ownership of each bond in your portfolio, which provides a clear picture of your holdings, as well as each bond’s cost, duration,1 and maturity date.2

Broad exposure:
Diversifying across a broad spectrum of fixed-income issuers, sectors, and maturities may help provide lower volatility than a more concentrated portfolio.

Flexible funding options:
You may fund your account with bonds you currently own.†

*Ratings agencies research the financial health of each bond issuer (including the issuers of municipal bonds) and assign ratings to the bonds being offered. Each agency has a similar hierarchy to help investors assess that bond’s credit compared with other bonds. Bonds with a rating of BBB– (on the Standard & Poor’s and Fitch scales) or Baa3 (on Moody’s) or better are considered “investment-grade.”
†Provided they meet the selection criteria and overall portfolio investment guidelines.
Why invest in investment-grade bonds?

Investment-grade bonds are high-quality debt instruments that reflect the “investment-grade” rating received by the ratings agencies. They are typically issued by the U.S. Treasury, U.S. government agencies, and corporations to finance new projects, maintain ongoing operations, or refinance other debt. These bonds generally provide income and are typically less volatile than stocks, so they are usually part of a diversified portfolio.

Stock risk diversification

Bonds are generally less sensitive than stocks when it comes to ups and downs in the market. Historically, in periods of market volatility, high-quality bonds have generally performed well when stocks have declined. For this reason, they can be an effective diversifier. And while diversification can’t prevent a loss, it may help temper volatility in your overall portfolio.

Bond returns in years when stocks were down, 1926–2019

When stocks fall, bonds may help to stabilize portfolio returns

Source: Morningstar EnCorr, Fidelity Investments (AART).

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund or separately managed account. Diversification does not ensure a profit or guarantee against loss. Bond returns are represented by the performance of the Bloomberg Barclays U.S. Aggregate Bond Index from January 1976 through December 2019, and by a composite of the IA S&P U.S. Intermediate-Term Government Bond Index (67%) and the IA S&P U.S. Long-Term Corporate Bond Index (33%) from January 1926 through December 1975. Stock returns are represented by the performance of the S&P 500 Index.

Diversification and asset allocation do not ensure a profit or guarantee against loss.
Balance income vs. risk

Investment-grade bonds historically have had a lower level of default risk relative to non-investment-grade bonds. By maintaining a portfolio of investment-grade bonds that has an average credit rating of at least A–, with 80% being A– or better, Fidelity Core Bond Strategy is built to seek income and help limit risk to your investment over the long term. The strategy has a philosophy centered on a research-based approach that balances the opportunity to generate income and capital appreciation with a focus on risk management.

<table>
<thead>
<tr>
<th>INVESTMENT-GRADE BONDS</th>
<th>BELOW-INVESTMENT-GRADE BONDS</th>
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<tbody>
<tr>
<td>Have higher credit ratings from major rating agencies (Aaa or AAA to Baa3 or BB-.)*</td>
<td>Have lower credit ratings from major rating agencies (Ba1 or BB+ to C or D).*</td>
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<tr>
<td>Often issued by:</td>
<td>Often issued by:</td>
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<tr>
<td>• Established companies or developed countries</td>
<td>• Newer companies or developing countries</td>
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<tr>
<td>• Companies with fairly healthy balance sheets</td>
<td>• Companies in highly competitive or volatile sectors</td>
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<td>• Companies with a positive growth outlook</td>
<td>• Companies with troubling fundamentals</td>
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Managing portfolio volatility

We will invest in a diverse mix of investment-grade bonds across a range of sectors and varying maturities, which we actively manage. A decline in one sector could hopefully be offset by a gain in another, which may help smooth out portfolio volatility. Because investment-grade bonds are generally at a lower risk of default than non-investment-grade bonds, they tend to be less volatile.

We will invest in these bond sectors:

- Corporate
- Treasury
- Mortgage-Backed
- Municipal
- Government Agency
- Asset-Backed

All bonds carry risk, including the risk of default by the issuer.*

*Each agency has its own rating hierarchy, creating differences in ratings scale shown for each credit quality category.
The benefits of an experienced investment team.

We actively research and evaluate bonds to uncover hidden opportunities in different types of markets. Our proprietary research approach, combined with our ability to research thousands of securities across the investment-grade bond universe, enables us to build a diversified bond strategy to help generate income and manage risk—all while helping investors’ accounts stay aligned with their preferences.

- **Portfolio managers** implement and manage the strategy.
- **Credit analysts** work to identify attractive bonds and monitor existing holdings.
- **Quantitative analysts** employ specialized tools to evaluate risk and return potential.
- **Traders** locate opportunities using proprietary technology and market knowledge.

In addition, **a dedicated Portfolio Specialist** will work directly with investors to provide insights from the investment team, and answer questions about bond holdings and account activities.

The advisory fee for this strategy is based on the total assets invested, and can range from 0.35% to 0.40%.

For more information about the Fidelity Core Bond Strategy, call a Fidelity investment professional at 800-544-9371.