

Fidelity® Intermediate Municipal Strategy

A professionally managed portfolio of municipal bonds

Fidelity Fixed Income Separately Managed Accounts (SMAs)

Our fixed income separately managed account strategies allow investors to invest directly in a portfolio of bonds, while experiencing the benefits of professional investment management.

Fidelity Personal and Workplace Advisors LLC (FPWA), the investment manager for the strategy, has engaged its affiliate Fidelity Management & Research Company LLC (FMRCo), a registered investment adviser and a Fidelity Investments company, to provide day-to-day discretionary portfolio management of your account. FMRCo brings investors a rich history of managing fixed income investments for more than 50 years. FMRCo will leverage its experience and technology to research, evaluate, and select securities to build a diversified municipal bond portfolio that seeks to generate income while managing risk. FMRCo will actively manage the individual portfolio, subject to the investment manager's oversight.

The Fidelity® Intermediate Municipal Strategy seeks to provide federal tax-exempt interest income¹ while limiting risk to your investment over the long term. Your portfolio of individual investment-grade municipal bonds* will be actively managed by a dedicated team in Fidelity's fixed income group. With our state-preference option, state tax-exempt interest income is emphasized over national diversification. (State-preference option seeks to purchase bonds only issued within that state.)

Research is the key to selecting investment-grade bonds for a portfolio, but it requires time and resources. With the Fidelity® Intermediate Municipal Strategy, you get Fidelity's entire fixed income group researching and monitoring the vast and complex municipal bond market for you.

The Fidelity Intermediate Municipal 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 municipal 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,² and maturity date.³

Tax-exempt income choices:

Depending on your state of residence and personal tax situation, a portfolio that emphasizes either federal or state tax-exempt income can be selected.

Flexible funding options:

Investors may fund an account with bonds they currently own.[†]

*Investment-grade municipal bonds are bonds rated BBB/Baa or higher by Standard & Poor's and/or Moody's, respectively. Such ratings indicate that a particular municipal or corporate bond may be less likely to default than lower-rated municipal or corporate bonds. The manager of the Fidelity® Intermediate Municipal Strategy considers government-issued mortgage-backed securities to be investment grade.

[†]Provided the bonds meet eligibility criteria and overall portfolio investment guidelines.



Why invest in municipal bonds?

Municipal bonds are debt instruments typically issued by cities, towns, or state governments, which use the money for the construction of public projects like building schools, highways, and hospitals. When you buy a municipal bond from the issuer, you are lending money to a state or local government for a set time—with the promise of a return of the initial investment—plus ongoing federal tax-free interest payments. This may be especially important if you are in a high-income tax bracket.

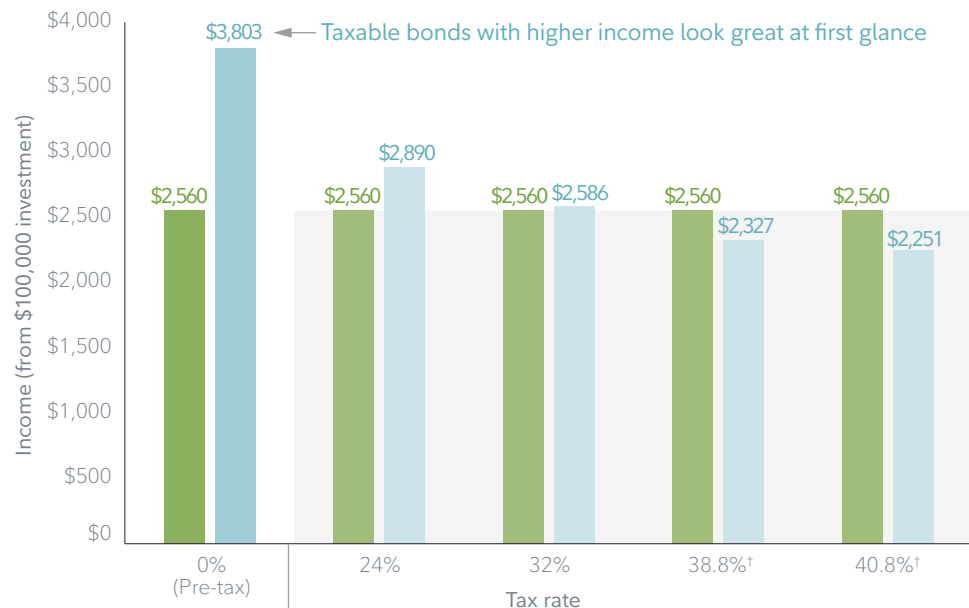
Designed to help keep more of your income

Unlike government or corporate bonds, the income from municipal bonds is generally exempt from federal income tax, and if you live in a state that offers single-state municipal bonds, the income may be exempt from state taxes.*

Attractive After-Tax Yields

■ 10-Yr. AAA Muni Bond Yielding 2.56% ■ 10-Yr. Taxable US Treasury Yielding 3.80%

While the yields for municipal bonds sometimes appear lower than those of government or corporate bonds, a closer look at their after-tax yields may tell a different story.



Once you adjust for federal tax rates, income from municipal bonds may appear more attractive

This hypothetical example shows annual income from a \$100,000 investment in a taxable account and the impact to that income from the four highest Federal tax rates. The municipal bond investment has a 2.56% assumed yield and the taxable US Treasury yield is assumed to be a 3.80% yield (Thomson Reuters and Fidelity Investments, respectively, as of 6/30/2023). This hypothetical example is used for illustrative purposes only; actual investment results may vary. It does not reflect the impact of state taxes, federal and/or state alternative minimum taxes, tax credits, exemptions, fees, or expenses. If it did, after-tax income might be lower. Please consult a tax advisor for further details.

*All or a portion of the income may be subject to the federal alternative minimum tax. Income attributable to capital gains are usually subject to both state and federal income taxes.

†Rate includes a Medicare surtax of 3.8% imposed by the Patient Protection and Affordable Care Act of 2010.

Balance income vs. risk

Municipal bonds historically have had a lower level of default risk relative to other types of bonds. By maintaining a portfolio of investment-grade municipal bonds, with at least 85% having a credit rating of A or better, Fidelity Intermediate Municipal 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.

Investment-grade municipal bonds typically offer relatively low default rates

10-year average cumulative default rates (1970–2022)

Historically, defaults have been less common in the municipal bond market than in the global corporate bond market. With higher-rated municipal bonds (A or higher), on average, the default rate has been less than 1%.[†]

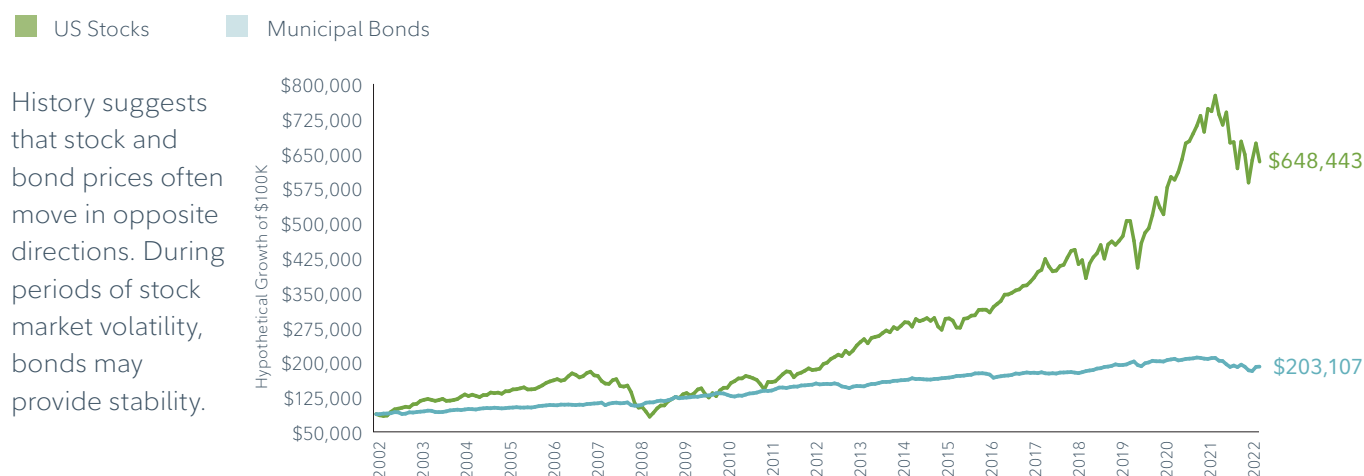
	Moody's rating category ⁴	Municipal bonds	Global corporate bonds
Investment Grade	Aaa	0.00%	0.34%
	Aa	0.02%	0.75%
	A	0.10%	1.90%
	Baa	1.05%	3.64%
Non-Investment Grade	Ba	3.31%	15.82%
	B	16.65%	34.66%
	Caa–C	23.58%	47.92%

[†]Source: Moody's Investors Service, "US Municipal Bond Defaults and Recoveries, 1970–2022," April 21, 2023.

Smooth out portfolio volatility

Another advantage of municipal bonds is that they can help balance volatility within a diversified portfolio because they tend to move independently relative to other asset classes, such as stocks and Treasuries. For this reason, municipal bonds can be an effective diversifier. And while diversification can't prevent a loss, it may help temper volatility in your portfolio.

Stocks vs. Investment-Grade Municipal Bonds over 20 Years, 2002–2022



This chart is for illustrative purposes only. Past performance is no guarantee of future results. The chart shows the growth of a hypothetical \$100,000 investment from December 31, 2002, to December 31, 2022, based on cumulative total returns for the indexes shown. Bond returns are represented by the performance of the Bloomberg Municipal Bond Index. Stock returns are represented by the performance of the S&P 500® Index. Source: Fidelity Investments. All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment and it is not possible to invest directly in an index. Securities indexes are not subject to fees and expenses typically associated with managed accounts or investment funds.

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 diversified bond strategies 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** works directly with investors to provide insights from the investment team, and answer questions about bond holdings and account activities.

The annual advisory fee for this portfolio is based on the total assets invested and can range from 0.35% to 0.40%.⁵

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

¹As with any investment, your investment in the Fidelity Intermediate Municipal Strategy could have tax consequences for you. The Fidelity Intermediate Municipal Strategy seeks to earn income exempt from federal income tax. Income exempt from federal income tax may be subject to state or local tax. A portion of the income you receive may be subject to federal and state income taxes and may also be subject to the federal alternative minimum tax. You may also receive taxable income attributable to the sale of municipal bonds, because certain income, including short-term capital gains and gains on the sale of bonds characterized as market discount, is generally taxable as ordinary income, while long-term capital gains are typically taxable as capital gains. The municipal market can be affected by adverse tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Such changes can affect the tax treatment of municipal bonds. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets or account types. Tax laws are subject to change and the preferential tax treatment of municipal bond interest income may be removed or phased out for investors at certain income levels. You should consult your tax advisor for questions pertaining to your specific situation.

²Duration estimates how much a bond's price fluctuates with changes in comparable interest rates. If rates rise 1%, for example, a bond or fund with a five-year duration is likely to lose about 5% of its value. For a bond with known cash flows, duration is computed using all cash flows until the bond's maturity. Duration monitoring entails conducting oversight to seek to ensure that portfolio duration is within an acceptable range of the index duration.

³A bond maturity date refers to the date at which the principal amount of the bond is payable to the bond holder. On the maturity date of the bond, the agreement between the bond holder and the issuer of the bond ceases.

⁴Moody's long-term ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

⁵The advisory fee does not cover charges resulting from trades effected with or through broker-dealers other than Fidelity Investments affiliates, mark-ups or mark-downs by broker-dealers, transfer taxes, exchange fees, regulatory fees, odd-lot differentials, handling charges, electronic fund and wire transfer fees, or any other charges imposed by law or otherwise applicable to your account. You will also incur underlying expenses associated with the investment vehicles selected.

All investment strategies, including the investment strategy of the account, involve the risk of loss of a portion of or all assets. In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. **See the Program Fundamentals for additional information about material investment risks.**

The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity Investments does not provide legal or tax advice. Consult with an attorney or tax professional regarding your specific tax situation.

The Bloomberg Municipal Bond Index is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more. The S&P 500® Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance.

It is not possible to invest directly in an index.

Fidelity® Strategic Disciplines provides nondiscretionary financial planning and discretionary investment management for a fee. Fidelity® Strategic Disciplines includes the Fidelity® Intermediate Municipal Strategy. Advisory services offered by Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser. Brokerage services provided by Fidelity Brokerage Services LLC (FBS), and custodial and related services provided by National Financial Services LLC (NFS), each a member NYSE and SIPC. FPWA, FBS, and NFS are Fidelity Investments companies.

FPWA has engaged Fidelity Management & Research Company LLC (FMRC), a registered investment adviser and a Fidelity Investments company, to provide the day-to-day discretionary portfolio management of Fidelity Intermediate Municipal Strategy accounts, including investment selection and trade execution, subject to FPWA's oversight.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

© 2023 FMR LLC. All rights reserved.

808623.10.0 / 1.9885913.108

