



November 13, 2023

**Q&A: FIDELITY® ADDING SIX NEW ACTIVE ETFs
WITH 'ENHANCED' EQUITY STRATEGIES**

Q1: I understand that Fidelity is launching six new enhanced ETFs. What can you tell me?

A: That's correct, Fidelity Enhanced Large Cap Core ETF (FELC), Fidelity Enhanced Large Cap Growth ETF (FELG), Fidelity Enhanced Large Cap Value ETF (FELV), Fidelity Enhanced Mid Cap ETF (FMDE), Fidelity Enhanced Small Cap ETF (FESM), and Fidelity Enhanced International ETF (FENI) will be available commission-free for individual investors and financial advisors through Fidelity's online brokerage platforms on November 20, 2023.

The new enhanced ETFs, which were initially launched as mutual funds in 2007, are the culmination of Fidelity's June 2023 announcement regarding the plan to convert the fund suite into ETFs.

Q2: Why are you launching these ETFs?

A: Fidelity has been an innovator in the active ETF space for years. We continue to look for opportunities to grow our lineup with innovative strategies that help meet the evolving needs of investors. These ETFs will help deliver new opportunities and value for existing shareholders while also expanding our solutions to help meet demand for access to equity strategies in an ETF wrapper. We believe that the conversion will provide multiple benefits for investors of the funds, including lower expenses, additional trading flexibility, increased portfolio holdings transparency and the potential for enhanced tax efficiency.

Q3: What are the investment objectives and strategies of these ETFs?

A: The Fidelity Enhanced Index Funds launched in 2007 and have combined assets of \$9 billion as of October 31, 2023. Each fund seeks capital appreciation. In buying and selling securities for the fund, the Adviser seeks to outperform the fund's index by, in general, quantitatively evaluating factors such as historical valuation, growth, profitability, and other factors.

The actively managed funds seek to deliver core equity exposure within a disciplined, risk-managed investment process. The investment process seeks to achieve consistent and repeatable outcomes by objectively evaluating securities across a diversified set of

return drivers, or factors. The factors seek to identify companies with attractive characteristics and the potential to contribute to long-term performance. Fidelity brings a fresh perspective to the definition of traditional factors and incorporates non-traditional data sources to evaluate securities. These inputs are considered within a well-constructed portfolio utilizing an optimization process and risk framework with the goal of building a portfolio that can outperform in a variety of market environments. Each ETF is reviewed daily to ensure they are maintaining exposure to companies that exhibit the characteristics identified as leading to long-term outperformance while maintaining appropriate levels of risk.

Q4: What are the expense ratios for the ETFs?

A: As part of the conversion, the new ETFs will see prices reduced by about half compared to the former mutual funds. The total expense ratio for FELC, FELG, and FELV will be 0.18%, FMDE will be 0.23%, and FESM and FENI will be 0.28%.

Fund Name	Ticker	Management Fee (Basis Points)
Fidelity Enhanced Large Cap Core ETF	FELC	18
Fidelity Enhanced Large Cap Growth ETF	FELG	
Fidelity Enhanced Large Cap Value ETF	FELV	
Fidelity Enhanced Mid Cap ETF	FMDE	23
Fidelity Enhanced Small Cap ETF	FESM	28
Fidelity Enhanced International ETF	FENI	

Q5: Who will be the portfolio managers of the ETFs?

A: The ETFs will be managed in the same manner as the existing funds, with no changes to the investment process or the portfolio management team. The funds have long-tenured co-managers Anna Lester, Max Kaufmann, and Shashi Naik.

Anna Lester is co-manager of the Enhanced Index Funds. Anna Lester is a senior portfolio manager for Systematic Equity Strategies, within the Quantitative Research and Investments (QRI) division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

The Systematic Equity team designs and manages a set of investment strategies, harnessing fundamental insights, Fidelity’s proprietary data, rigorous economic theory, and statistical methods. As senior portfolio manager, Ms. Lester manages the active equity strategies.

Before her current role, Ms. Lester was a senior portfolio manager at Geode Capital Management, where she was responsible for managing quantitative equity funds, both International and Global. Previously, she was a senior portfolio manager at State Street Global Advisors, where she managed quantitative equity funds both US and International across a range of market caps both long only and long short. She also headed Environmental, Social, Governance (ESG) research within the active quantitative equity group. Prior to that, Ms. Lester worked at PanAgora Asset Management as a portfolio manager, Putnam Investments as a researcher, and Charles River Associates as a research analyst. She has been in the financial industry since 1997.

Ms. Lester earned her Bachelor of Arts degree in computer science and mathematics from Wellesley College and her Master of Business Administration degree from MIT Sloan School of Management.

Max Kaufmann is co-manager of the Enhanced Index Funds. Maximilian Kaufmann is a senior portfolio manager for Systematic Equity Strategies, within the Quantitative Research and Investments (QRI) division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

The Systematic Equity team designs and manages a set of investment strategies, harnessing fundamental insights, Fidelity's proprietary data, rigorous economic theory, and statistical methods. In this role, Mr. Kaufmann is responsible for the management of active equity Strategies.

Before his current role, Mr. Kaufmann was a senior portfolio manager at Geode Capital Management responsible for managing active equity strategies.

Previously, Mr. Kaufmann was a senior portfolio manager at Lazard Alternative Investments, where he started a quantitative long/short equity group. Prior to that, Mr. Kaufmann worked as a senior portfolio manager at PanAgora Asset Management and as an equity quantitative analyst at Putnam Investments. He has been in the financial industry since 1996.

Shashi Naik is co-manager of the Enhanced Index Funds. Shashi Naik is a senior portfolio manager for Systematic Equity Strategies, within in the Quantitative Research and Investments (QRI) division at Fidelity Investments. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing, and other financial products and services to institutions, financial intermediaries, and individuals.

The Systematic Equity team designs and manages a set of investment strategies, harnessing fundamental insights, Fidelity's proprietary data, rigorous economic theory,

and statistical methods. As senior portfolio manager, Mr. Naik is responsible for the management of small and mid-cap strategies.

Prior to his current role, Mr. Naik was a portfolio manager at Geode Capital Management. He was responsible for large and mid-cap strategies.

Previously, he worked at PanAgora Asset Management as an analyst responsible for quantitative analysis for various macro strategies and emerging markets. He has been in the financial industry since 2005.

Mr. Naik earned his Master of Business degree from Pune University, India, and his Master of Arts degree in mathematical finance from Boston University. He is also a CFA® charterholder.

Q6: Will these ETFs have a mutual fund counterpart?

A: No. Fidelity announced plans in June 2023 to convert the six actively managed mutual funds into actively managed exchange traded funds (ETFs). With this change, Fidelity will add six new enhanced ETFs to its current active ETF lineup of 25 funds, which as of October 31, 2023, had roughly \$7.5 billion in assets under management.

Q7: Will shareholders of the former mutual funds be able to trade the ETFs immediately on launch day?

A: The ETFs will be listed on the exchange and available for trading at market open on launch date. For mutual fund shareholders, as soon as your broker dealer processes the conversion event on launch date, your ETF shares should be available in your account to trade. If you have any questions, please reach out to your financial representative, or dial 800-343-3548.

Q8: Will these ETFs be “non-transparent” or “semi-transparent”?

A: The ETFs will be fully transparent and disclose holdings on a daily basis.

Q9: Does Fidelity have any other transparent active equity ETFs?

A: Yes, Fidelity launched disruptive ETFs in June 2023 that are transparent active equity ETFs: Fidelity® Disruptive Automation ETF (FBOT), Fidelity® Disruptive Communications ETF (FDCF), Fidelity® Disruptive Finance ETF (FDFF), Fidelity® Disruptive Medicine ETF (FMED), Fidelity® Disruptive Technology ETF (FDTX), and Fidelity® Disruptors ETF (FDIF). Fidelity also offers 12 actively managed fully transparent fixed income ETFs, as well as a number of passively managed fully transparent ETFs that utilize third-party and proprietary indexes.

Q10: What other ETFs does Fidelity offer?

A: As part of its overall ETF offering, the 64 Fidelity ETFs this month will include twenty-one actively managed equity ETFs, twelve fixed income ETFs, thirteen equity factor ETFs, six passive thematic ETFs, eleven passive equity sector ETFs, and Fidelity ONEQ. As a leading provider of ETFs, Fidelity's platform offers individual investors and advisors access to more than 2,500 ETFs, available for online purchase commission-free, with more than \$930 billion in ETF client assets as of October 31, 2023. As part of Fidelity's commitment to financial education, the company offers educational resources to help investors review ETF investing ideas, decide which types of ETFs may fit their investing needs, or browse ETFs with Fidelity's screener:

<https://www.fidelity.com/etfs/investing-in-etfs>.

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Free commission offer applies to online purchase of ETFs in a Fidelity retail account. The sale of ETFs is subject to an activity assessment fee (from \$0.01 to \$0.03 per \$1,000 of principal).

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. The risks associated with the securities of companies that represent a disruptive theme include small or limited markets for such securities, changes in business cycles, world economic growth, technological progress, rapid obsolescence, and government regulation. The securities of companies that rely heavily on technology tend to be more volatile and rapid changes to technologies affecting a company's products may adversely affect such company's results. The funds may have additional volatility because of their narrow concentration in specific industries and the companies within their disruptive themes. Non-diversified funds that focus on a relatively small number of stocks tend to be more volatile than diversified funds and the market as a whole.

The securities of smaller, less well known companies can be more volatile than those of larger companies.

Value stocks can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time.

While active ETFs offer the potential to outperform an index, these products may more significantly trail an index as compared with passive ETFs.

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses.

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Before investing in any exchange-traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, offering circular or, if available, a summary prospectus containing this information. Read it carefully.

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