



February 12, 2024

Q&A: FIDELITY® TO INTRODUCE FUNDAMENTAL ACTIVE ETF SUITE

Q1: I understand that Fidelity is introducing a new Fundamental ETF suite. What can you tell me?

A: That’s correct. Fidelity is introducing a new Fundamental ETF suite, composed of updates to three existing active equity ETFs and one new active equity ETF: Fidelity® Fundamental Large Cap Growth ETF (FFLG), Fidelity® Fundamental Large Cap Core ETF (FFLC), Fidelity® Fundamental Large Cap Value ETF (FFLV), and Fidelity® Fundamental Small-Mid Cap ETF (FFSM). The Fundamental suite will trade on CBOE and be available commission-free for individual investors and financial advisors through Fidelity’s online brokerage platforms on February 26, 2024.

Q2: Can you tell me more about the updates to the three existing ETFs in this suite?

A: Two existing ETFs, Fidelity Growth Opportunities ETF and Fidelity New Millennium ETF, will undergo name, investment and portfolio management changes to reflect the suite’s fundamental approach and gain deeper access to Fidelity’s quantitative capabilities, including its technology and decades of data and analysis. The two ETFs will also change from semitransparent to transparent ETFs.

One existing ETF, Fidelity Small-Mid Cap Opportunities, which is already run using the fundamental approach, will undergo name and portfolio management changes. It will remain a semitransparent ETF.

The Fundamental suite will be competitively priced with total expense reductions of 0.21% for FGRO and FMIL and 0.17% for FSMO.

Prior to February 26, 2024			Effective February 26, 2024		
ETF and Ticker	Management Fee	Portfolio Management Team	ETF and Ticker	Management Fee	Portfolio Management Team
Fidelity® Growth Opportunities ETF (FGRO)	59 bp	Kyle Weaver, Michael Kim	Fidelity® Fundamental Large Cap Growth ETF (FFLG)	38 bp	Tim Gannon, Michael Kim, Ristead Hogan
Fidelity® New Millennium ETF (FMIL)	59 bp	Andy Browder, Daniel Sherwood	Fidelity® Fundamental Large Cap Core ETF (FFLC)	38 bp	Tim Gannon, Michael Kim, Camille Carlstrom
Fidelity® Small-Mid Cap Opportunities ETF (FSMO)	60 bp	Tim Gannon, Michelle Hoerber	Fidelity® Fundamental Small-Mid Cap ETF (FFSM)	43 bp	Tim Gannon, Michelle Hoerber, Tom Hense
<i>New ETF</i>	<i>New ETF</i>	<i>New ETF</i>	Fidelity® Fundamental Large Cap Value ETF (FFLV)	38 bp	Tim Gannon, Michael Kim, Tom Hense

Q3: Why are you introducing this suite?

A: Fidelity has been an innovator in the active ETF space for years. We continue to look for opportunities to grow and innovate our lineup with strategies that help meet the evolving needs of investors. The Fundamental suite seeks to deliver new opportunities and value for existing shareholders while also expanding our investment options to help meet demand for access to equity strategies in an ETF wrapper. In listening to our customers and their evolving needs, we see the opportunity to provide exceptional value through this active equity offering designed to serve as options for their portfolios' core positions.

Q4: Why did you make updates to existing ETFs instead of launching new products?

A: Fidelity has always and continues to be committed to offering a range of products and investment vehicles that meet our customers' evolving needs. In listening to our customers and their evolving needs, we see demand for strategies that leverage our fundamental approach and quantitative construction techniques. We believe these updates can help meet that demand while also providing additional benefits to existing shareholders, including cost savings.

Q5: Why did you lower expenses on the existing ETFs?

A: Pricing, as well as service, research, and other factors, are part of our ongoing commitment to provide superior value to investors. The size and scale of Fidelity combined with our leadership in the ETF space allows us to provide investors with a wide array of high-quality products at a great value to help them meet their investment goals. These fund expense reductions build on our legacy and provide our customers with an even greater value proposition.

Q6: What are the investment objectives and strategies of these ETFs?

A: Fidelity® Fundamental Large Cap Growth ETF seeks long-term growth of capital. The ETF will normally invest at least 80% of assets in equity securities of companies with large market capitalizations, which for purposes of the fund, are those companies with market capitalizations similar to companies in the Russell 1000® Index or the S&P 500® Index.

Fidelity® Fundamental Large Cap Core ETF seeks long-term growth of capital. The ETF will normally invest at least 80% of assets in equity securities of companies with large market capitalizations, which for purposes of the fund, are those companies with market capitalizations similar to companies in the Russell 1000® Index or the S&P 500® Index.

Fidelity® Fundamental Large Cap Value ETF seeks long-term growth of capital. The ETF will normally invest at least 80% of assets in equity securities of companies with large market capitalizations, which for purposes of the fund, are those companies with market capitalizations similar to companies in the Russell 1000® Index or the S&P 500® Index.

Fidelity® Fundamental Small-Mid Cap ETF seeks long-term growth of capital. The ETF will normally invest at least 80% of assets in equity securities of companies with small to medium market capitalizations (which, for purposes of this fund, are those companies with market capitalizations similar to companies in the Russell 2500™ Index).

The Fundamental ETF suite seeks to extract and combine high conviction investment ideas from multiple Fidelity portfolio managers, providing active equity exposure across market capitalizations and styles. Each ETF will employ a proprietary, disciplined investment process that seeks to outperform its benchmark by fundamentally evaluating factors such as financial condition, earnings outlook, strategy, management, industry position, and economic and market conditions. The investment process will also apply a quantitative portfolio construction process designed to emphasize securities in which the adviser has high conviction subject to appropriate security and portfolio-level risk, liquidity, and trading characteristics.

Q7: Can you tell me more about the portfolio managers of the ETFs?

A: **Tim Gannon** is co-portfolio manager for Fidelity Fundamental Large Cap Growth ETF (FFLG), Fidelity Fundamental Large Cap Core ETF (FFLC), Fidelity Fundamental Small-Mid Cap ETF (FFSM), and Fidelity Fundamental Large Cap Value ETF (FFLV). Mr. Gannon is a quantitative analyst and portfolio manager in the Equity division at Fidelity Investments. In this role, Mr. Gannon is responsible for building stock selection models, providing portfolio construction guidance, and researching investment strategies. In addition, he is co-portfolio manager of Fidelity Magellan ETF.

Prior to joining Fidelity in 2006, Mr. Gannon was a quantitative analyst at Gartmore Global Investments. During this time, Mr. Gannon also worked as a quantitative analyst and an assistant portfolio manager. He has been in the financial industry since 1999.

Mr. Gannon earned his bachelor of arts degree in economics from Duke University. He is also a CFA® charterholder.

Michael Kim is co-portfolio manager of Fidelity Fundamental Large Cap Growth ETF (FFLG), Fidelity Fundamental Large Cap Core ETF (FFLC), and Fidelity Fundamental Large Cap Value ETF (FFLV). Mr. Kim is a quantitative analyst and portfolio manager in the Equity division at Fidelity Investments. In this role, Mr. Kim is responsible for providing quantitative research coverage for mid and large cap U.S. funds, including core, growth, and capital appreciation funds. He also co-manages the Fidelity Enduring

Opportunities Fund, Fidelity Disruptive Automation ETF, Fidelity Disruptive Communications ETF, Fidelity Disruptive Finance ETF, Fidelity Disruptive Medicine ETF, Fidelity Disruptive Technology ETF, Fidelity Disruptors ETF, and Fidelity Blue Chip Growth ETF.

Prior to assuming his current responsibilities in 2012, Mr. Kim provided research coverage for Fidelity's mid and large cap U.S. value funds.

Before joining Fidelity in 2007, Mr. Kim worked as a quantitative analyst at MFS Investment Management and as a quantitative associate at both Pioneer Investments and at Putnam Investments. Previously, he was an associate at Hudson River Group. He has been in the financial industry since 1997.

Mr. Kim earned his bachelor of arts degree in English from Dartmouth College and his master of business administration degree from the Massachusetts Institute of Technology (MIT) Sloan School of Management.

Michelle Hoerber is co-portfolio manager of Fidelity Fundamental Small-Mid Cap ETF (FFSM). Ms. Hoerber is a quantitative analyst and portfolio manager in the Equity division at Fidelity Investments. In this role, Ms. Hoerber is the quantitative analyst for FMR's Small Cap Team. In addition, she contributes to portfolio construction research and design for Fidelity's separately managed account (SMA) offerings and Fidelity's brokerage basket FidFolios product offering, as well as portfolio tax management strategy in FMR.

Prior to assuming her current position, Ms. Hoerber was a quantitative analyst at Strategic Advisers LLC, where she was embedded within the portfolio management teams supporting Portfolio Advisory Services Accounts - Tax-Sensitive Accounts (formerly Fidelity Personalized Portfolios). Michelle started with Fidelity as an intern on the Target Date Funds team in Fidelity's Global Asset Allocation (GAA) division.

Prior to joining Fidelity, Ms. Hoerber held internships at Wells Fargo, Baird, and Northwestern Mutual. She has been in the financial industry since 2011.

Ms. Hoerber earned her bachelor of science degree in finance and her bachelor of arts degree in mathematics actuarial science from Millikin University, and her master's degree in quantitative finance from Washington University in St. Louis. She is also a CFA® charterholder and holds the FRM designation.

Camille Carlstrom co-manager of Fidelity Fundamental Large Cap Core ETF (FFLC). Ms. Carlstrom is managing director of research and a portfolio manager in the Equity Division at Fidelity Investments. In this role, Ms. Carlstrom is responsible for the Industrials, Financials, and REIT teams. Additionally, she co-manages the Fidelity Enduring Opportunities Fund, Fidelity Disruptive Automation ETF, Fidelity Disruptive

Communications ETF, Fidelity Disruptive Finance ETF, Fidelity Disruptive Medicine ETF, Fidelity Disruptive Technology ETF, and Fidelity Disruptors ETF.

Prior to assuming her current responsibilities, Ms. Carlstrom managed the FIAM International Growth strategy and served as an associate portfolio manager and analyst supporting the FIAM Japan Growth strategy. She also provided research coverage for the Japanese financial sector.

Prior to joining Fidelity in 2012, Ms. Carlstrom was a senior vice president and analyst in the investment division at Putnam Investments. In this capacity, she was responsible for fundamental research coverage of more than 100 financial sector stocks, banks, insurance, credit cards, brokerage, and real estate across developed and emerging Asia. Previously, she co-managed a subportfolio specializing in Asian financials in addition to directing the investment associate program for equity research. She also served as a business analyst in the corporate development group and an investment associate in the investment division. Before joining Putnam, Ms. Carlstrom was an assistant national bank examiner at the Office of the Comptroller of the Currency.

Ms. Carlstrom earned her bachelor of arts degree in finance and accounting from Villanova University and her master of business administration degree from the Massachusetts Institute of Technology (MIT) Sloan School of Management.

Risteard Hogan is chief investment officer in the Equity division at Fidelity Investments and co-portfolio manager of Fidelity Fundamental Large Cap Growth ETF (FFLG). In this role, he acts as the chief investment officer for Fidelity's growth, mid-cap, and health care investment teams to ensure overall consistency in the management of these funds. Mr. Hogan is also co-manager of Fidelity Enduring Opportunities Fund, Fidelity Disruptive Automation ETF, Fidelity Disruptive Communications ETF, Fidelity Disruptive Finance ETF, Fidelity Disruptive Medicine ETF, Fidelity Disruptive Technology ETF, and Fidelity Disruptors ETF.

Prior to assuming his current responsibilities, Mr. Hogan was a managing director of research responsible for overseeing Fidelity's research analysts and portfolio managers in the financials, international, emerging-markets equity, and stock selector teams. In addition, he managed Fidelity Canada Fund, Fidelity Europe Capital Appreciation Fund, Fidelity Advisor Europe Capital Appreciation Fund, and Fidelity Europe Fund. Previously, Mr. Hogan served as an international equity research analyst for Fidelity International Limited (FIL). In this capacity, he was responsible for conducting fundamental research on the European financials industry. Mr. Hogan also covered various other industries, including international chemicals, international consumer staples, building materials, and financials.

Before joining Fidelity in 2005, Mr. Hogan was corporate development manager for the building materials distributor, Heiton Group plc (now part of Grafton Group plc). Previously, he served as financial controller, CRH Europe Materials, for Ireland-based

CRH plc, a top-tier global building materials manufacturer and distributor, and joined CRH plc as a group management accountant. Mr. Hogan began working in the investments industry in 1993, first as an auditor and then as a manager in corporate finance advisory at Coopers and Lybrand (now part of PwC).

Mr. Hogan earned his bachelor's degree in chemical engineering from University College Dublin, his master of business administration degree from INSEAD (Paris), and his ICA Chartered Accountant title from the Institute of Chartered Accountants.

Thomas Hense is chief investment officer in the Equity Division at Fidelity Investments and co-portfolio manager of Fidelity Fundamental Small-Mid Cap ETF (FFSM) and Fidelity Fundamental Large Cap Value ETF (FFLV). In this role, Mr. Hense serves as the chief investment officer for the Small Cap, Value, and Income teams.

Prior to assuming his current position, Mr. Hense was the group chief investment officer of Fidelity's High Income division from 2008 to 2018. Before that, he served as portfolio manager for Fidelity Small Cap Value Fund and Fidelity Advisor Small Cap Value Fund. Previously, he managed the Small Cap Core discipline as a member of the Institutional Equity group, and served as co-director of Equity Research for the Equity group. Mr. Hense also served as director of High Income Research and as an analyst in the High Income group. He has been in the financial industry since joining Fidelity in 1993.

Mr. Hense earned his bachelor of arts degree in business from the University of St. Thomas and his master of business administration degree from the University of Chicago.

Q8: Will these ETFs have a mutual fund counterpart?

A: No, these funds will not have a mutual fund counterpart.

Q9: Will these ETFs be "non-transparent" or "semi-transparent"?

A: Fidelity® Fundamental Large Cap Growth ETF (FFLG), Fidelity® Fundamental Large Cap Core ETF (FFLC), and Fidelity® Fundamental Large Cap Value ETF (FFLV) will be fully transparent and disclose holdings on a daily basis. Fidelity® Fundamental Small-Mid Cap ETF (FFSM) will remain a semi-transparent ETF.

Q10: Does Fidelity have any other transparent active ETFs?

A: Yes, Fidelity launched six Enhanced ETFs in November 2023 that are transparent active equity ETFs: 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), Fidelity® Enhanced International ETF (FENI).

Fidelity also 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).

With the launch of Fidelity Low Duration Bond ETF this month, Fidelity will also offer 13 actively managed fully transparent fixed income ETFs, as well as other passively managed fully transparent ETFs that utilize third-party and proprietary indexes.

Q11: How is the Fundamental ETF suite different than the recently launched Enhanced ETF suite?

A: The Enhanced ETFs are actively managed ETFs that employ a systematic process, developed and refined over the past 15 years, that seeks to identify persistent and pervasive security mispricing. With these investment options, the portfolio management process relies heavily on scoring securities on a diverse combination of well-known and proprietary factors. The portfolios are constructed to help maximize risk-adjusted returns, with moderate stock, sector and country active weights, and a proprietary risk model that seeks to achieve well diversified portfolio across risk dimensions. The output are solutions that have a quantitatively driven alpha-source, tight tracking error to their respective benchmarks to ensure desired exposures are achieved, and robust risk oversight.

The Fundamental ETFs are designed to provide investors access to Fidelity’s industry-leading active management and bottom up research capabilities across the equity investment universe. The investment process applies a quantitative portfolio construction process that seeks to extract and combine the highest conviction investment ideas from multiple Fidelity portfolio managers within a respective asset category, market cap, or style and then optimize the portfolio to ensure style box consistency through a defined risk management process. These investment options not only look to capture Fidelity’s highest conviction ideas within these areas, but also look to deliver strong risk-adjusted returns over the long-term while serving as core equity building blocks.

Q12: What other ETFs/ETPs does Fidelity offer?

A: With these changes and additions, the Fidelity ETF lineup will consist of 66 products, including 22 actively managed equity ETFs, 13 fixed income ETFs, 13 equity factor ETFs, six passive thematic ETFs, eleven passive equity sector ETFs, and Fidelity ONEQ. Fidelity also recently launched Fidelity® Wise Origin® Bitcoin fund ([FBTC](#)), one of the industry's first spot bitcoin exchange-traded products (ETPs) that seeks to track the performance of bitcoin.

FBTC is for investors with a high risk tolerance. It invests in a single asset, bitcoin, which is highly volatile and can become illiquid at any time. FBTC is not a traditional ETF registered under the Investment Company Act of 1940. To learn more about Fidelity Wise Origin Bitcoin Fund, see the fund's [prospectus](#).

As part of Fidelity's commitment to financial education, the company offers a variety of 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> or

[https://institutional.fidelity.com/advisors/investment-](https://institutional.fidelity.com/advisors/investment-solutions/performance/fidelity-etfs?tab=overview)

[solutions/performance/fidelity-etfs?tab=overview](https://institutional.fidelity.com/advisors/investment-solutions/performance/fidelity-etfs?tab=overview). As a leading provider of ETFs, Fidelity's platform offers individual investors and advisors access to more than 2,500 ETFs, with more than \$1.1 trillion in ETF client assets as of December 31, 2023.

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Free commission offer applies to online purchases of Fidelity ETFs in a Fidelity retail account. The sale of ETFs is subject to an activity assessment fee (historically 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.

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

The Fidelity Small-Mid Cap Opportunities ETF is different from traditional ETFs.

Traditional ETFs tell the public what assets they hold each day. These ETFs will not. **This may create additional risks for your investment.** For example, you may have to pay more money to trade the shares of these ETFs. These ETFs will provide less information to traders, who tend to charge more for trades when they have less information; the price you pay to buy ETF shares on an exchange may not match the value of each ETF's portfolio. The same is true when you sell shares. These price differences may be greater for these ETFs compared to other ETFs because they provide less information to traders; these additional risks may be even greater in bad or uncertain market conditions; each ETF will publish on Fidelity.com and i.Fidelity.com a "Tracking Basket" designed to help trading in shares of the ETF. While the Tracking Basket includes some of the ETF's holdings, it is not the ETF's actual portfolio. The differences between these ETFs and other ETFs may also have some advantages. By keeping certain information about the ETFs secret, they may face less risk that other traders can predict or copy their investment strategy. This may improve the ETFs' performance. If other traders are able to copy or predict the ETF's investment strategy, however, this may hurt the ETF's performance. For additional information regarding the unique attributes and risks of these ETFs, see section below.

Exchange-traded funds (ETFs) are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Foreign securities are subject to interest

rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETFs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETFs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETF is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETF may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETF to another and losses may be magnified if no liquid market exists for the ETF's shares when attempting to sell them. Each ETF has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

FBTC is not an investment company registered under the Investment Company Act of 1940 (the "1940 Act") and is not subject to regulation under the Commodity Exchange Act of 1936 (the "CEA"). As a result, shareholders of FBTC do not have the protections associated with ownership of shares in an investment company registered under the 1940 Act or the protections afforded by the CEA.

Digital assets are highly volatile, and their market movements are very difficult to predict. Various market forces may impact their value including, but not limited to, supply and demand, investors' faith and their willingness to purchase it using traditional currencies, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates, an evolving legislative and regulatory environment in the U.S. and abroad, and other economic trends. Investors also face other risks, including significant and negative price swings, flash crashes, and fraud and cybersecurity risks. Digital assets may also be more susceptible to market manipulation than securities.

The performance of the Fund will not reflect the specific return an investor would realize if the investor actually purchased bitcoin. Investors in the Fund will not have any rights that bitcoin holders have and will not have the right to receive any redemption proceeds in bitcoin.

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. The value of securities of smaller, less well-known issuers can perform differently from the market as a whole and other types of stocks and can be more volatile than that of larger issuers. Securities selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, and changes in the factors' historical trends. Securities lending involves the risk that the borrower may fail to return the securities loaned in a timely manner or at all. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, a fund could experience delays and costs in recovering the securities loaned or in gaining access to the collateral. An ETF may trade at a premium or discount to its Net Asset Value (NAV).

The Chartered Financial Analyst (CFA) designation is offered by the CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA® is a trademark owned by CFA Institute.

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.

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

National Financial Services LLC, Member NYSE, SIPC,
245 Summer Street, Boston, MA 02205

Fidelity Distributors Company LLC,
900 Salem Street, Smithfield, RI 02917

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