April 7, 2020

Money Market Mutual Funds and Market Conditions

TOP QUESTIONS:

Q. What can you tell me about the safety of Fidelity money market funds?
A. We can state unequivocally that Fidelity's money market funds continue to provide security and safety for our customers' cash investments. As always, our funds continue to invest in money market securities of the highest quality.

Q. Has any Fidelity money market fund ever "broken the buck" or imposed liquidity fees or gates?
A. No. Fidelity's money market funds continue to provide security and safety for our customers' cash investments.

Q. I have heard/read that some other firms' money market funds have required support from their sponsors to meet redemptions during the recent market volatility. Has any Fidelity money market mutual fund ever required any form of sponsor support?
A. No Fidelity money market fund has ever required any form of sponsor support. We can state unequivocally that Fidelity's money market funds have ample liquidity and continue to provide safety and security for our customers.

Q. What will happen to Fidelity's money market funds if interest rates go negative. Do very low or negative net yields mean that a fund that seeks to maintain a stable NAV has "broken the buck?"
A. It's important not to confuse a fund's yield with its net asset value (NAV). A fund's NAV is the total value of all the securities in the portfolio divided by the number of shares outstanding. A fund's yield is the current income produced by the securities in the portfolio.

While no one can predict with certainty the ultimate direction of interest rates, at this time, we believe that it is unlikely the Federal Reserve will adopt a negative interest rate policy. Fed Chairman Powell and several Federal Reserve Governors have publicly stated their opposition to negative interest rates because such rates are not effective in stimulating the economy. Even without a negative interest rate policy though, yields on certain securities owned by a money market fund, such as U.S. Treasury bills, may have negative yields now that the Federal Funds target rate is at an historic low of 0.00% to 0.25%. The value of a fund's securities is separate from their yield and it is the value of the portfolio's securities and the number of shares outstanding that affects a fund's NAV.

Q. How is the liquidity of your prime money market funds?
A. We take a very conservative approach to managing our funds and closely monitor fund liquidity. All of our money market mutual funds, including our prime funds, have ample liquidity and investors have access to their funds when they want. In addition, the Federal Reserve has recently

introduced programs, such as the Money Market Mutual Fund Liquidity Facility, that have enhanced the liquidity of money market securities. The daily and weekly liquidity of each Fidelity money market mutual fund is published daily on our website.

Q. What do prime money market funds invest in?
A. Prime funds invest in U.S. dollar-denominated money market securities of domestic and foreign issuers, U.S. Government securities, and repurchase agreements. These U.S. dollar-denominated money market securities include commercial paper, CDs, and asset backed commercial paper, all from issuers that we deem to be of minimal credit risk.

Q. What does it mean if a money market mutual fund with a stable $1.00 net asset value (NAV) displays a "market value" that is slightly below or above $1.00?
A. Money market mutual funds with stable $1.00 NAVs transact at $1.00. These funds also disclose their market value per share out to four decimals. The market values of our stable value NAV money market mutual funds are disclosed daily on our websites.

Q. Why are there separate retail and institutional portfolios for certain money market fund types, such as prime and municipal funds?
A. In 2016, the SEC implemented new rules for money market funds that separated retail investors from institutional investors in prime and municipal money market funds. A retail fund account must have a natural person as its owner, while an institution may be the owner of an institutional account.

Q. What is the main difference between an institutional prime fund and a retail prime fund?
A. Retail prime money market funds are offered at a stable $1.00 NAV, while the NAVs of institutional prime funds are variable, which means that they can and do fluctuate. Since the NAVs of variable NAV funds are generally close to $1, in order to display the variability in their price, institutional prime funds are required to transact at NAVs out to four decimal places. It is not unusual, therefore, for a variable NAV money market fund to display a NAV slightly above or below $1.0000.

Fidelity's institutional and retail prime money market funds and class level detail are shown in the tables below:

Fidelity Prime Money Market Funds[1] – Retail Stable/Constant $1 NAV	Ticker
Fidelity Money Market Fund	SPRXX
Fidelity Money Market Fund – Premium Class	FZDXX
FIMM Money Market Portfolio - Institutional Cl	FNSXX
FIMM Money Market Portfolio – Class I	FMPXX
FIMM Money Market Portfolio – Class II	FCIXX
FIMM Money Market Portfolio – Class III	FCOXX
FIMM Money Market Portfolio – Select Class	FMYXX

Fidelity Prime Money Market Funds[2] – Institutional Variable/Floating NAV	Ticker
FIMM Prime Money Market Portfolio - Institutional Cl	FIPXX
FIMM Prime Money Market Portfolio – Class I	FIDXX
FIMM Prime Money Market Portfolio – Class II	FDOXX
FIMM Prime Money Market Portfolio – Class III	FCDXX
FIMM Prime Money Market Portfolio – Class IV	FDVXX
FIMM Prime Money Market Portfolio – Select Class	FDIXX
FIMM Prime Reserves Portfolio - Institutional Cl	FHPXX
FIMM Prime Reserves Portfolio – Class I	FDPXX
FIMM Prime Reserves Portfolio – Class II	FEPXX
FIMM Prime Reserves Portfolio – Class III	FFPXX
FIMM Prime Reserves Portfolio – Select Class	FGPXX

Q. The Federal Reserve has recently made several announcements and introduced new programs. What can you tell us about the actions by the Federal Reserve?
A. The Federal Reserve has announced several actions and programs to alleviate stress in the financial markets and to support the broader economy. The Money Market Mutual Fund Liquidity Facility in particular has been very helpful to money market funds by enhancing liquidity in the short-term credit markets. As other Fed programs such as Commercial Paper Funding Facility are implemented in the coming weeks, we expect to see additional enhancements to liquidity in the short-term markets.

Q. Are the markets for municipal securities operating as usual? I have heard that the yields on some municipal securities have recently risen significantly.
A. Some money market mutual funds, called municipal money market funds, invest their assets in short-term debt securities issued by states, cities, towns, hospitals, and other similar entities. While the municipal securities markets have been less liquid and rates have been more volatile than usual, more recently rates have normalized. We closely monitor fund liquidity and all of our money market mutual funds, including our municipal money market funds, have ample liquidity. In addition, the Federal Reserve has recently introduced programs, such as the Money Market Mutual Fund Liquidity Facility, that have enhanced the liquidity of the municipal securities markets and other short-term credit markets. The improved liquidity conditions have resulted in the yields on municipal securities moving lower.

OTHER MONEY MARKET FUND QUESTIONS:

Q. The Federal Reserve has recently made several announcements and introduced new programs. What can you tell us about the actions by the Federal Reserve?

A. The Federal Reserve has announced several actions and programs to alleviate stress in the financial markets and to support the broader economy, including:

- Lowering the target range for the Federal Funds rate to 0.00% to 0.25% from 1.00% to 1.25%
- Increasing its holdings of U.S. Treasury securities by $500 billion
- Increasing its holdings of agency mortgage-backed securities by $200 billion
- Lowering the rate for banks to borrow from the Fed at the discount window to 0.25% from 1.50%; also extended the term for such borrowings for as long as 90 days
- Providing $1.5 trillion of liquidity via its open market operations with an additional commitment of $1.0 trillion per week
- Encouraging banks to use capital and liquidity buffers to increase lending
- Eliminating the bank reserve requirement to 0%
- Lowering the rate on U.S. dollar swap arrangements with 5 other central banks
- Introducing the Primary Dealer Credit Facility
- Introducing the Money Market Mutual Fund Liquidity Facility
- Extending the Money Market Mutual Fund Liquidity Facility to Municipal Securities

The Fed programs above have already been helpful to money market funds by enhancing liquidity in short-term credit markets in which the funds invest. As other Fed programs, such as those listed below, are implemented in the coming weeks, we expect to see additional enhancements to liquidity:

- Commercial Paper Funding Facility
- Primary Market Corporate Credit Facility
- Secondary Market Corporate Credit Facility
- Term Asset-Backed Securities Loan Facility

Q. I understand that the Federal Reserve has introduced the Money Market Mutual Fund Liquidity Facility, what can you tell me about that? Has this facility been helpful?
A. The Money Market Mutual Fund Liquidity Facility (MMLF) is a lending facility that provides funding to U.S. financial institutions to finance purchases of high-quality assets from prime and municipal money market mutual funds under certain conditions. According to the Fed, the program is intended to assist prime and municipal money market mutual funds to raise cash to meet redemptions and to enhance overall market function and credit provision to the broader economy. While it is still early to fully assess its benefits, initial indications are that it is enhancing market liquidity.

Q. Are the markets for both U.S. Treasuries and repurchase agreements operating as usual?
A. Money market mutual funds invest in the most liquid securities available including U.S. Treasuries and repurchase agreements. Investor demand for both U.S. Treasuries and repurchase agreements remains strong and these liquid markets are operating as usual.

Q. Are the markets for commercial paper operating as usual?
A. Some money market mutual funds, called prime money market funds, invest some of their assets in short-term debt securities issued by companies, known as commercial paper. The Fed's Money

Market Mutual Fund Liquidity Facility has enhanced the liquidity of the commercial paper markets, which have been less liquid than usual. The yield on one-week commercial paper has returned to the upper-end of Fed Funds target range while longer dated commercial paper continues to trade at more elevated yields.

Q. I understand that the CARES Act includes a provision for a government guarantee for money market funds. What can you tell me about that?
A. That's correct. There is a provision in the CARES Act that authorizes the U.S. Treasury to guarantee money market funds; however, the U.S. Treasury has not announced whether they intend to offer a guarantee program nor have they provided full details about such a program.

Again, we want you to know that during this period of extraordinary and unprecedented global events, we can state unequivocally that Fidelity's money market funds continue to provide safety and security for our customers.

Q. How is Fidelity managing its money market funds during the current volatility and low interest rate environment?
A. As part of the ongoing management of our money market funds, we closely monitor short-term credit market activity and the rate environment and adjust our portfolios, as needed. We are very comfortable with the positioning of our money market funds.

Q. How were your taxable and municipal money market funds positioned before the volatility and how are they positioned now?
A. As part of the ongoing management of our money market funds, we closely monitor short-term credit market activity and the rate environment and adjust our portfolios, as needed. We were very comfortable with the positioning of our taxable and municipal money market funds before the volatility and remain comfortable with their positioning now.

Q. How has the volatility in the stock market affected Fidelity's money market mutual funds?
A. We can state unequivocally that Fidelity's money market funds continue to provide safety and security for our customers. Our funds invest in money market securities of high quality, and we are vigilant in keeping our money market funds safe, which has always been our No. 1 objective in managing these funds. We continuously evaluate market conditions and position our money market mutual funds accordingly. Additionally, we regularly stress test our money market mutual funds, and we are confident they can withstand significant market volatility. Stress testing is an ongoing process which we review and update as part of our portfolio management strategies. Stress testing has proved to be a valuable risk management tool during previous periods of market volatility.

Q. What is the effect on money market mutual fund yields now that the Federal Reserve has set the target range for federal funds at 0.00% to 0.25%?
A. Yields on money market mutual funds tend to follow short-term rates set by the Federal Reserve, although typically with a lag, which means that following a Fed rate cut yields on money market mutual funds will trend lower.

Q. Does Fidelity have a policy in place should net yields on money market mutual funds - gross yields minus fund expenses - fall below zero?
A. At Fidelity, we are closely monitoring the yields on our money market mutual funds. If they approach zero, we may consider waiving certain fund fees to prevent that from happening. Any such waiver would be voluntary and could be discontinued at any time. There is no assurance that a fund will be able to avoid a negative yield.

Q. I understand that Fidelity recently "soft closed" three of its Treasury money market funds. Was that decision related to the new lower Fed interest rates?
A. That's correct. And yes, it was related to the lower Fed rates. As of the close of business on March 31, 2020, Fidelity Treasury Only Money Market Fund, FIMM Treasury Only Portfolio and FIMM Treasury Portfolio were closed to most new investors. This step, known as a soft close, means that investors generally are not able to open new accounts in the funds; however, existing shareholders who are invested in the funds retain full access to their accounts and are allowed to add to their existing accounts. There are no restrictions or limitations on redemptions for any shareholders.

We took these actions because we believe they are in the best interests of the funds' shareholders at this time. The interests of our fund shareholders are always a priority.

Fidelity's money market funds continue to provide security and safety for our customers' cash investments. With the recent reduction in the federal funds rate and yields on Treasury securities at historic lows, Fidelity believes that limiting inflows into the Treasury money market funds will help preserve the returns of existing fund shareholders. Restricting inflows will help reduce the number of new Treasury securities that the funds will need to purchase. That's important because the newer issues generally have lower yields than the funds' current holdings, and as such they would affect the funds' ability to continue to deliver positive net yields to shareholders.

We have previously soft closed money market funds and other funds to new investors. We will re-open the funds to new investors when we determine it is appropriate.

Q. What is the likelihood of negative interest rates in the U.S?
A. No one can predict with certainty the ultimate direction of interest rates. However, at this time, we believe that it is unlikely the Federal Reserve will adopt a negative interest rate policy. Several Federal Reserve Governors have publicly stated their opposition to negative interest rates because such rates are not effective in stimulating the economy. Even without a negative interest rate policy, yields on individual securities such as U.S. Treasury bills could have a negative yield now that the Federal Funds target rate is 0.00% to 0.25%.

Q. Will money market mutual funds continue to be a viable investment option if yields decline?
A. It's important to remember that although we are in a low yield environment, we believe that the fundamental reasons why investors choose money market mutual funds are still in place and being met. Fidelity money market mutual funds continue to offer our customers a safe and liquid investment option and serve as a diversifying component in their asset allocation. During the period from December 2008 until December 2015, the last time when the Federal Funds target rate was

0.00% to 0.25%, money market mutual fund industry assets remained steady at more than $2 trillion.

Q. I understand that certain types of money market funds have stable $1.00 net asset values (NAVs), others have floating (or variable) NAVs, and that some are allowed to temporarily halt redemptions or charge fees for redemptions during periods of market stress. What can you tell me about that?
A. That's correct. Government and U.S. Treasury money market mutual funds price and transact at a stable $1.00 price per share or NAV and are not subject to the potential for liquidity fees or redemption gates.

Retail prime and retail municipal money market funds price and transact at a stable $1.00 price per share or NAV, while institutional prime and institutional municipal money market mutual funds are required to price and transact at a floating (or variable) NAV. During periods of extraordinary stress, both retail and institutional prime and municipal money market mutual funds may charge redeeming shareholders liquidity fees, payable to the fund upon redemption, as well as provide for redemption gates that would temporarily halt all withdrawals.

Fidelity U.S. Treasury and Government Funds[3]
Fidelity Government and U.S. Treasury money market mutual funds continue to price and transact at a stable $1.00 NAV and are not subject to the potential for liquidity fees or redemption gates.

FUND TYPE	**Stable NAV** *No liquidity fees or redemption gates*
U.S. Treasury Only	Fidelity Treasury Only Money Market Fund FIMM Treasury Only Portfolio
U.S. Treasury	Fidelity Money Market Treasury Fund FIMM Treasury Portfolio
Government	Fidelity Government Cash Reserves Fidelity Government Money Market Fund FIMM Government Portfolio VIP Government Money Market Portfolio Fidelity Flex Government Money Market Fund

Fidelity Retail Prime and Retail Municipal Funds[4]

Fidelity retail prime and retail municipal money market mutual funds continue to price and transact at a stable $1.00 NAV and are subject to the potential for liquidity fees or redemption gates.

FUND TYPE	**Stable NAV** *Liquidity fees and redemption gates may apply at times of extraordinary market stress*
Prime	Fidelity Money Market Fund FIMM Money Market Portfolio
Tax-Exempt	Fidelity Municipal Money Market Fidelity Tax-Exempt Money Market Fund FIMM Tax-Exempt Portfolio Fidelity Arizona Municipal Money Market Fidelity California AMT Tax-Free Money Market Fidelity California Municipal Money Market Fidelity Connecticut Municipal Money Market Fidelity Massachusetts AMT Tax-Free Money Market Fidelity Massachusetts Municipal Money Market Fidelity Michigan Municipal Money Market Fidelity New Jersey AMT Tax-Free Money Market Fidelity New Jersey Municipal Money Market Fidelity New York AMT Tax-Free Money Market Fidelity New York Municipal Money Market Fidelity Ohio Municipal Money Market Fidelity Pennsylvania Municipal Money Market

Fidelity Institutional Prime Funds

Fidelity institutional prime money market mutual funds have a floating or variable NAV and are subject to the potential for liquidity fees and redemption gates.

FUND TYPE	**Floating NAV** *Liquidity fees and redemption gates may apply at times of extraordinary market stress*
Prime	FIMM Prime Money Market Portfolio FIMM Prime Reserves Portfolio

NOTE:
FIMM Prime Money Market Portfolio “strikes” or “sets” its NAV at 9 am ET, 12 pm ET and 3 pm ET on days when the fund is open and offers only same day settlement (not available on all platforms).

FIMM Prime Reserves Portfolio “strikes” or “sets” its NAV at 4 pm ET on days when the fund is open and offers only standard next day settlement.

Q. Can you tell me more about liquidity fees and gates and how they work?
A. Fidelity's U.S. Treasury and Government money market mutual funds are not subject to any liquidity fees or redemption gates**.** SEC rules permit both retail and institutional prime and municipal money market mutual funds to limit redemptions under certain rare circumstances by imposing liquidity fees or redemption gates. Fund boards are allowed, but not required, to impose a fee of up to 2% on shareholder redemptions if weekly liquid assets for a fund were to fall below 30%. Fund boards are required to impose a liquidity fee of 1% if a fund's weekly liquid assets fall below 10%, unless the fund board determines that such a fee is not in the best interest of the fund. Additionally, a fund's board may impose a temporary suspension of redemptions ("gate") if weekly liquid assets were to fall below 30%. This redemption gate can only be in effect for up to ten business days during any ninety-day period.

Q. If Fidelity ever were to impose liquidity fees or redemption gates on a money market mutual fund, how would you notify fund shareholder?
A. While we view such an event as unlikely, shareholders would be notified via our websites, which display all relevant data for Fidelity money market mutual funds. No Fidelity money market mutual fund has ever imposed liquidity fees or redemption gates and investors have ready access to their funds.

Q. What is your primary focus during this period – volatility, liquidity, or low interest rates?
A. We have experience in managing through challenging markets and are focused – as we always are - on ensuring that Fidelity's money market funds continue to provide safety and security for our customers. Our funds invest in money market securities of high quality, and we are vigilant in keeping our money market funds safe, which has always been our No. 1 objective in managing these funds. We continuously evaluate market conditions and position our money market mutual funds accordingly. Additionally, we regularly stress test our money market mutual funds, and we are confident they can withstand significant market volatility and extended periods of extremely low interest rates. Stress testing is an ongoing process which we review and update as part of our portfolio management strategies. Stress testing has proved to be a valuable risk management tool during previous periods of challenging markets.

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Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Past performance is no guarantee of future results.

Diversification and asset allocation do not ensure a profit or guarantee against loss.

Current and future portfolio holdings are subject to risk.

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

[1]You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fidelity Investments and its affiliates, the fund's sponsor, have no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

[2]You could lose money by investing in a money market fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fidelity Investments and its affiliates, the fund's sponsor, have no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

[3]You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fidelity Investments and its affiliates, the fund's sponsor, have no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

Fidelity's government and U.S. Treasury money market funds will not impose a fee upon the sale of your shares, nor temporarily suspend your ability to sell shares if the fund's weekly liquid assets fall below 30% of its total assets because of market conditions or other factors.

[4]You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Fidelity Investments and its affiliates, the fund's sponsor, have no legal obligation to provide financial support to

the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

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