

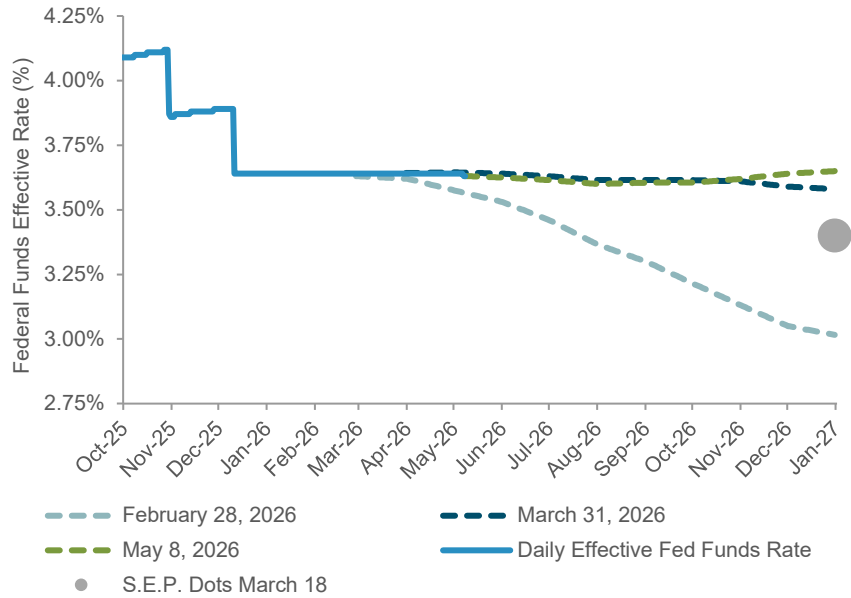
# Dissenting Bias

May 2026

## Market Drivers and Themes

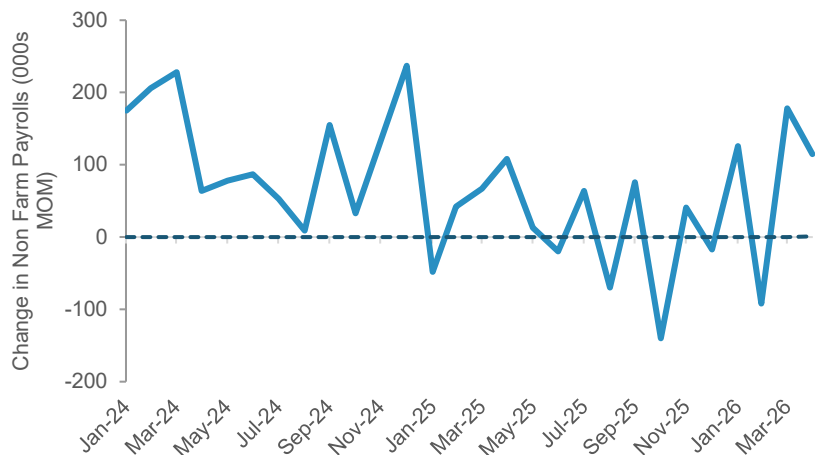
- During April, global markets remained unsettled as the ongoing conflict in the Middle East and disruptions to key energy corridors have kept oil prices elevated. Against this backdrop, the Federal Reserve left the federal funds rate unchanged at its late-April meeting, maintaining the policy target range at 3.50%–3.75% while emphasizing the difficulty of balancing energy-driven inflation pressures against signs of moderating economic momentum. That uncertainty was also evident in the unusually divided 8–4 FOMC vote, the most fractured decision since 1992. One member dissented in favor of an immediate rate cut and three policymakers opposed language that was used in the post-meeting policy statement that still included an easing bias.
- Recent labor market data point to a moderating but stable employment backdrop. Nonfarm payrolls rose by 115,000 jobs in April, exceeding expectations for a second consecutive month after March’s “revised” 185,000-job gain, while the unemployment rate held steady at 4.3%. Although job growth has slowed, the stable unemployment rate reflects limited layoffs and ongoing labor-force constraints, consistent with a “low-hire, low-fire” labor market that has kept unemployment relatively stable despite softer job creation
- The March Personal Consumption Expenditure (PCE) index report showed core inflation accelerating to 3.2% year-over-year which remains well above the Federal Reserve’s 2% target. Although monthly price gains were in line with expectations, persistently elevated year-over-year readings underscore the uneven progress toward price stability.
- Market expectations for monetary policy have increasingly adjusted to reflect this broader backdrop. The Senate Banking Committee’s approval of Kevin Warsh as the next Federal Reserve Chair, with a full confirmation vote expected by the middle of May as Chair Powell’s term concludes, has sharpened investor focus on the policy outlook, particularly as Powell will remain on the Board of Governors. Alongside recent dissents and a modestly more hawkish tilt among voting members, the pending leadership transition has heightened attention on policymakers’ emphasis that future decisions will be guided by incoming data rather than a preset policy path. As a result, futures pricing now reflects limited expectations for rate cuts during 2026, with markets largely preparing for a prolonged pause unless inflation trends, labor-force dynamics, or consumer demand point to a meaningful shift in underlying economic conditions.

Exhibit 1: Market Implied FOMC Rate Path



Source: Bloomberg as of 5/8/26.

Exhibit 2: Change in Monthly Non-Farm Payrolls (in Thousands)



Source: Bureau of Labor Statistics via Bloomberg as of 4/30/26.

**FIDELITY TAXABLE MONEY MARKET FUND COMPOSITION**  
AS OF 4/30/26

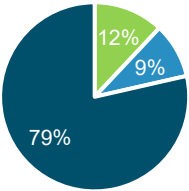
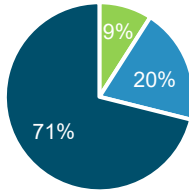
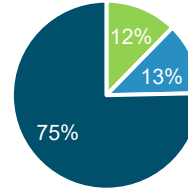
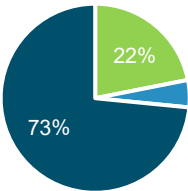
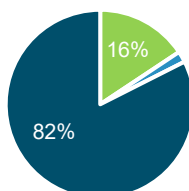
	<b>SPAXX</b> Retail Government	<b>FIGXX</b> Inst. Government	<b>FISXX</b> Inst. Treasury Repo	<b>FSIXX</b> Inst. Treasury Only	<b>FMPXX</b> Retail Prime
<b>7-day net yield</b>	3.30%	3.54%	3.55%	3.52%	3.59%
<b>WAM/WAL (days)</b>	44 (+0) / 112 (+4)	40 (+3) / 94 (+8)	40 (+0) / 112 (+1)	52 (-2) / 113 (+2)	36 (+4) / 37 (+4)
<b>Total portfolio AUM</b>	\$451B (+0)	\$254B (-6)	\$75B (-3)	\$116B (-4)	\$159B (-40)

Data is of 4/30/26 compared to fund positioning as of 3/31/26. WAM: Weighted Average Maturity. WAL: Weighted Average Life. AUM: Assets Under Management. **Past performance is no guarantee of future results.**

**Money Market Environment and Strategy Update**

- Over the past month, the money market portion of the yield curve has been driven largely by the market’s changing expectation of the future path of the Federal Reserve’s policy rate, as elevated inflation and cautious Federal Reserve communication have reduced the likelihood of a near-term easing. In addition to the uncertain geopolitical environment and the impact that is having on the market’s expectation for the future path of the Fed policy rate, market supply technicals related to the April tax season are also limiting investment opportunities. This past month was the first monthly decline of Treasury Bill supply since June of last year with the amount outstanding falling nearly \$200 billion to \$6.62 trillion
- It is during these times of market turmoil that our balanced investment approach of prioritizing both liquidity and NAV stability for our shareholders is essential. According to the Crane data, in the Government fund space at the end of April, Government institutional funds had a WAM of 41 (+1) days and an average WAL of 96 (+2), while Government retail funds had an average WAM of 40 (+2) days and an average WAL of 91 (+2), Treasury institutional funds had an average WAM of 46 (-1) days and an average WAL of 95 (+0). In the Prime fund space, Prime institutional funds ended the month with an average WAM of 37 (+5) days and an average WAL of 57 (+3) days while Prime retail funds had an average WAM of 39 (+4) days and an average WAL of 60 (+5) days.
- Fixed rate CP/CD volume was stable in April with proportionally more activity in floating rate product. Despite the ongoing geopolitical volatility, volume was more consistent throughout the month as compared to the more sporadic experience in March. The fixed rate yield curve richened across all tenors as compared to the end of March but maintained an upward slope. At the end of April, three-month yields were in the range of 3.85%-3.90%, six-month yields were 3.90%-3.95% and one-year yields ranged from 4.00%-4.05%. The spread for floating-rate securities relative to SOFR experienced a similar richening trend with the six-month tenor at SOFR +25-30 bp (as compared to +30-35 bp at the end of March but still cheap to +17-20 bp in February), and the one-year tenor at SOFR +35-38 bp (compared to +38-40 bp in March and +27-32 bp at the end of February).
- According to the ICI data, from April 1st to May 6th, total money market assets decreased by approximately \$62 billion to \$7.748 trillion. During this time, Government money market funds decreased \$48 billion to \$6.370 trillion, and Prime money market funds decreased by roughly \$16 billion to \$1.229 trillion.

**FIDELITY TAX-EXEMPT MONEY MARKET FUND COMPOSITION**  
AS OF 4/30/26

	<b>FTCXX</b> Fidelity Investments (FIMM) Tax Exempt	<b>FSBXX</b> California Municipal	<b>FMAXX</b> Massachusetts Municipal	<b>FSKXX</b> New Jersey Municipal	<b>FNKXX</b> New York Municipal
<b>7-day net yield</b>	3.17%	2.82%	2.99%	2.84%	3.18%
<b>Tax equivalent yield</b>	5.35%	6.14%	5.96%	5.86%	6.99%
					
<b>WAM/WAL (days)</b>	31 (+0) / 31 (+0)	25 (-3) / 25 (-3)	30 (-4) / 30 (-4)	44 (-5) / 44 (-6)	30 (+2) / 31 (+3)
<b>Total portfolio AUM</b>	\$11.6B (+0)	\$6.1B (+.03)	\$3.65B (+.05)	\$1.33B (+.03)	\$4.88B (-.02)

Data is of 4/30/26 compared to fund positioning as of 3/31/26. Tax equivalent yield based on highest federal tax bracket and includes Medicare surtax. WAM: Weighted Average Maturity. WAL: Weighted Average Life. AUM: Assets Under Management. **Past performance is no guarantee of future results.**

### Tax-Free Money Market Update

The municipal market was pressured in April by ongoing geopolitical uncertainty and tax-season technicals. The 1-year municipal AAA index rallied in early April to 2.27%, but yields moved higher in the second half of the month, ending at 2.55%—their highest level of the year to date. Tax-exempt variable-rate securities were also notably affected by seasonal tax-related pressures, which reduced demand for floating-rate product. After averaging 60% the past two months, the ratio of the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) to Effective Fed Funds rose sharply to an average of 85% in April. Despite this meaningful increase in municipal yields, industry assets ended the month essentially unchanged at \$144.7 billion. Year to date, issuance of short-term tax-exempt notes has totaled \$8.0 billion, representing a 35% increase from the same period last year.



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The Government and Treasury funds will not impose a fee upon the sale of your shares.

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