

Fidelity Viewpoints®

market sense

The latest headlines, the current market conditions, and what it all means for you.

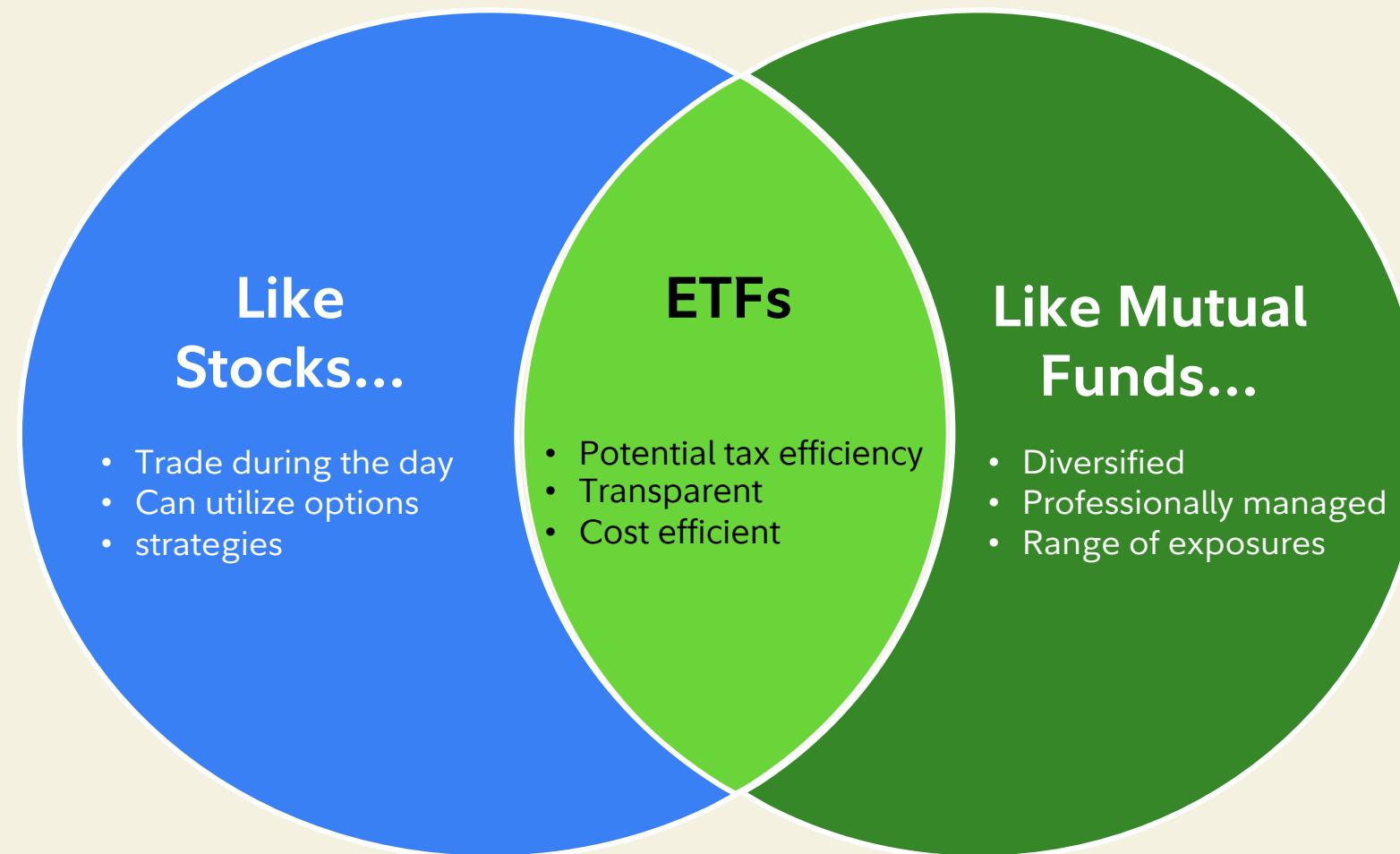
ETFs: Flexibility + Diversification

THE WHAT:

ETFs or “exchange-traded funds” are a collection of investments. This can include stocks, bonds, and currencies.

THE HOW:

They can be traded intra-day on an exchange, with a single ticker symbol.



Passive vs. Active ETFs

Passive / Index ETFs

Designed to reflect the performance of a particular index. If that index goes up, your investment may increase, if that index goes down, your investment may decrease.

Active ETFs

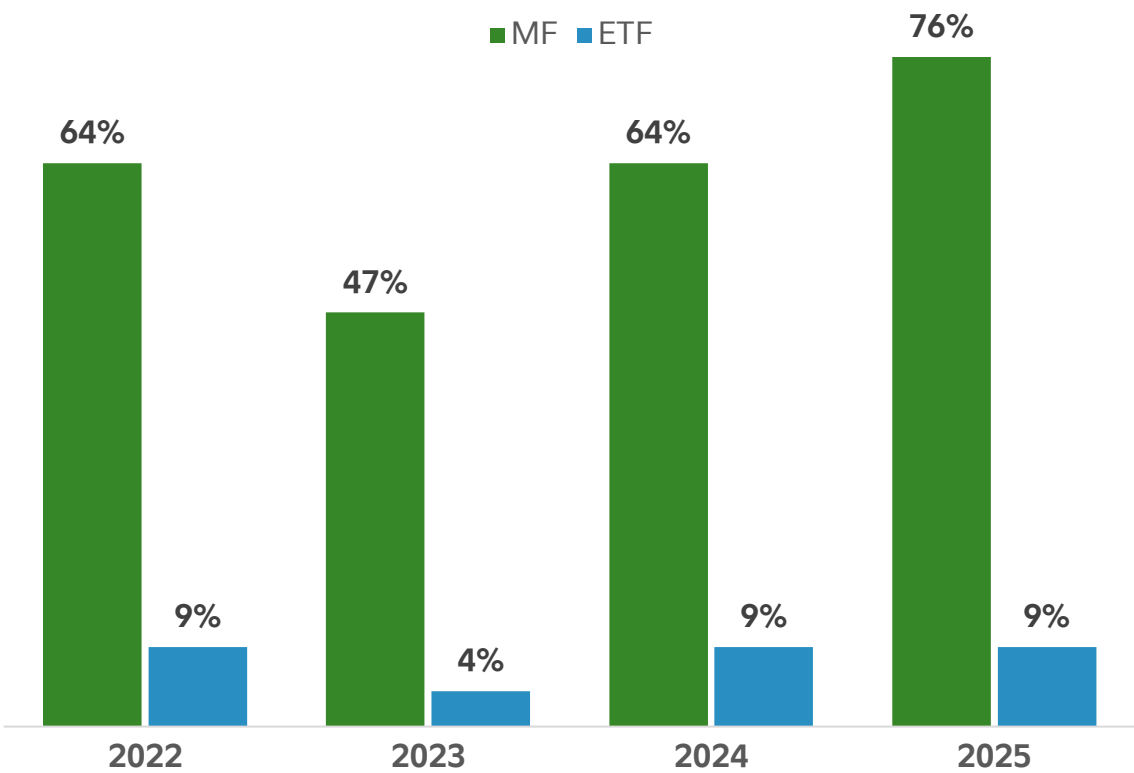
Managed by portfolio managers, these are designed to seek outperformance* of an index and/or meet specific investment objectives (like growth, income, downside protection)

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

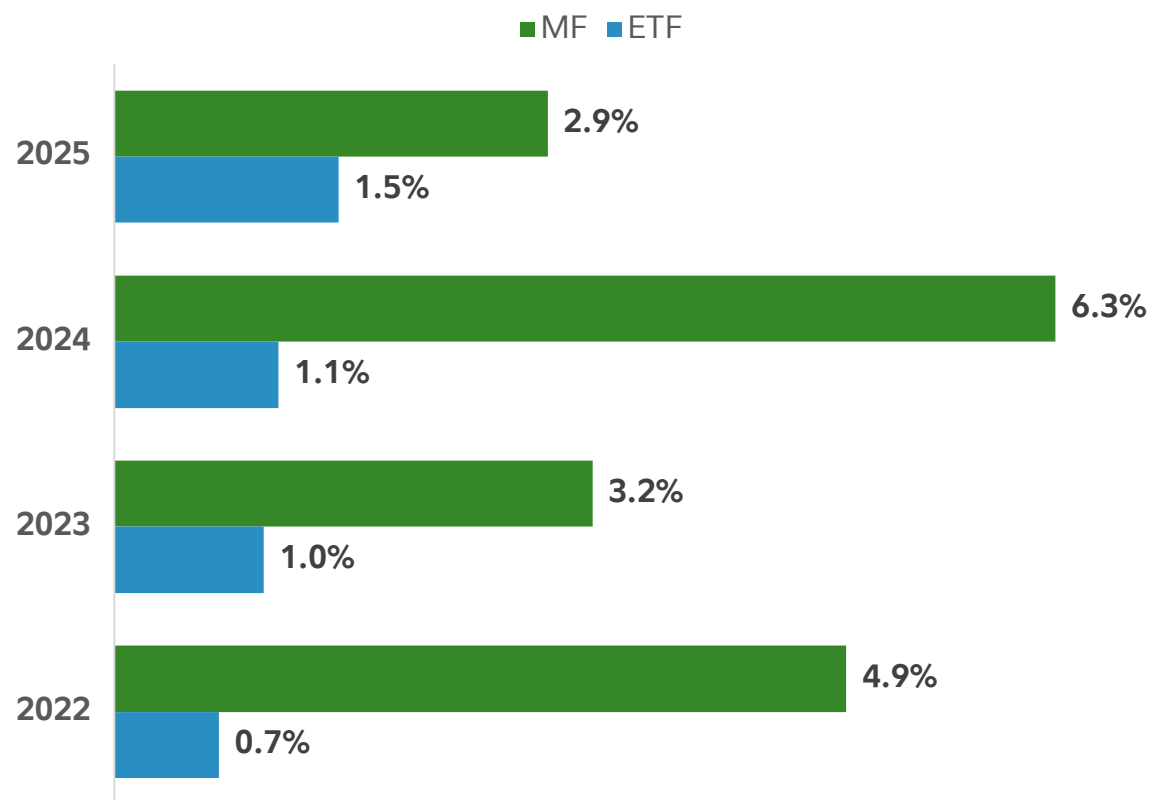
Tax efficiency: active ETFs vs. mutual fund capital gains distributions

Active ETFs have distributed gains significantly less often than comparable active mutual funds, and in notably lower amounts among active equity funds

Frequency of Distributions:
% of Active Funds Distributing
Any Capital Gains to Shareholders



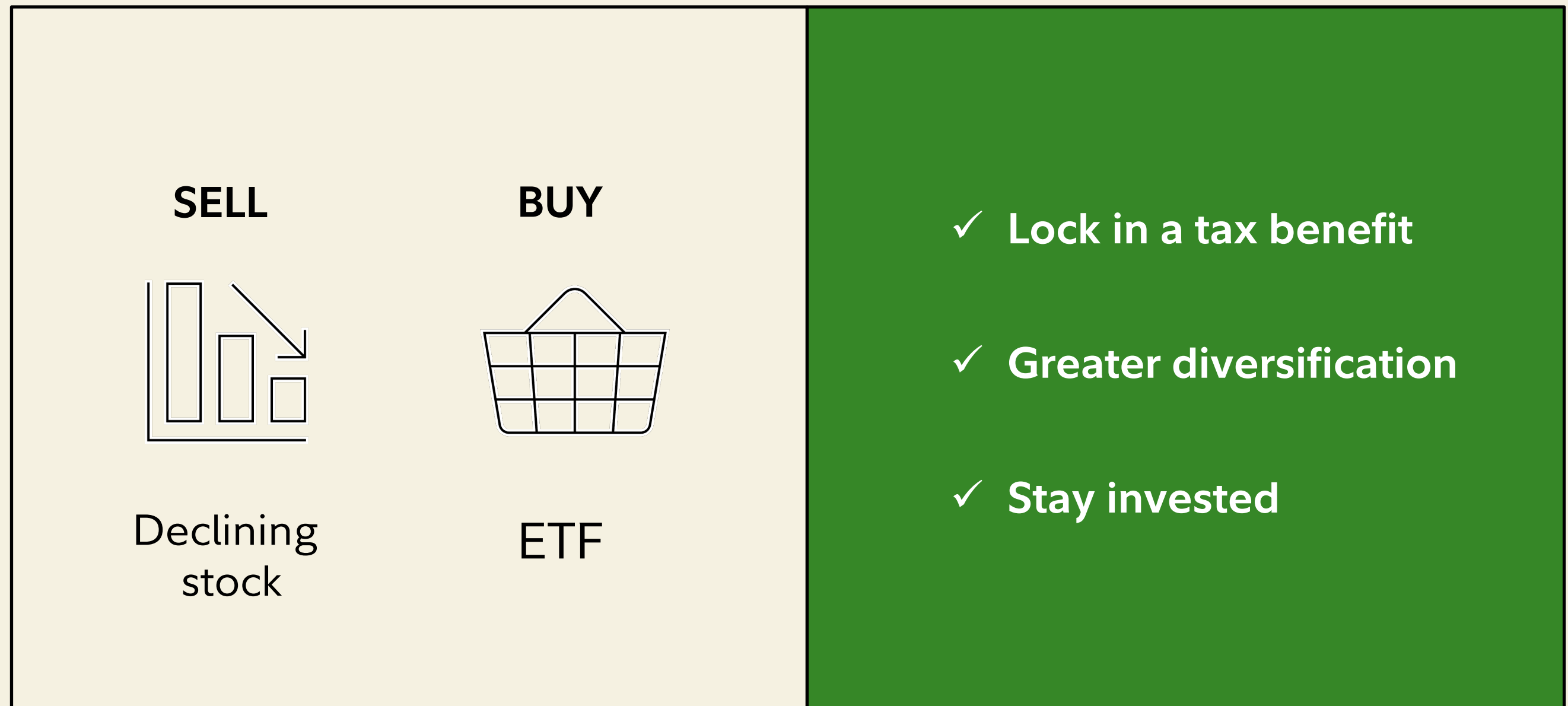
Size of Distributions:
Median Capital Gains per Share as a % of NAV
among Active Equity Funds that Distributed Gains



Excludes new funds launched in same year as capital gains distribution measurement
Source: FI Market Intelligence & Commercialization, Morningstar Direct as of 12/31/25.

Using ETFs for tax-loss harvesting

Tax-loss harvesting involves selling an investment that's declined in value to realize a loss for tax purposes resulting in a potentially lower tax bill.



The Wash Sale Rule:

●
30 days
before

●
Sell here

●
30 days
after

What's kind of ETFs are trending now?



International Equity ETFs



Large Cap U.S. Equity ETFs



Option-based ETFs



FENI Fidelity Enhanced International ETF



FELC Fidelity Enhanced Large Cap Core ETF



FYEE Fidelity Yield Enhanced Equity ETF

These ETFs are examples of trending ETFs and not recommendations

Are ETFs right for me?

3 questions to consider before buying an ETF



1. What are your goals?
2. Who is the ETF provider?
3. What is the total cost of ownership?

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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 U.S. equity performance. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC. You cannot invest directly in an index.

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

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets. These risks are particularly significant for investments that focus on a single country or region.

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

Concentration risk: The degree of diversification varies significantly from one ETP to another. Certain ETPs target a small universe of securities, such as a specific region or market sector. These ETPs are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. **Correlation risk:** Asset classes that have been historically uncorrelated could become positively correlated. This could produce unexpected results for investors and might lead to a decrease in the overall level of diversification in an investor's portfolio. **Derivatives risk:** Certain ETPs use derivatives to track an underlying index or other benchmark, such as a particular commodity or currency. The prices of derivatives' contracts are inherently volatile, and even small price movements might result in large losses to the ETP.

Foreign investment risk: Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. All these risks are magnified in emerging markets. **Liquidity risk:** The liquidity of an ETP is not only a function of the trading of the ETP itself, but is also directly linked to the liquidity of its underlying securities. Therefore, the degree of liquidity can vary significantly from one ETP to another. An investor's losses might be exacerbated if no liquid market exists for the ETP's shares at the time the investor wishes to sell them. **Market risk:** ETPs are subject to market volatility and the risks of their underlying securities, which might include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Yield and investment return vary; therefore, an investor's shares, when redeemed or sold, might be worth more or less than their original cost. Diversification and asset allocation might not protect against market risk. **Secondary-market risk:** Secondary-market trading in ETP shares might be halted by a stock exchange because of market conditions, extreme market volatility, or other reasons. Further, investors have no assurance that the ETP will continue to meet the requirements necessary to maintain the listing or trading of its shares or that these requirements will remain unchanged. **Spread risk:** An ETP might sometimes trade at a premium or discount to its net asset value (NAV). The premium or discount to NAV can lead to differences between the bid and ask of the ETP, referred to as the spread. The ETP's premium or discount to NAV and its bid and ask spread might be the result of factors such as supply and demand in the market, the lack of liquidity for the ETP of some of its underlying securities, or the bid and ask spreads of the ETP's underlying securities. For exchange-traded notes, the discount or premium is relative to their indicative value. **Tracking error risk:** The return of an index-based ETP is usually different from that of the index it tracks. The difference can be small or large and might result from the cost of managing and operating the ETP, the timing of the ETP's trades, the ETP's holding a smaller basket of securities than the complete set of securities held by the index, or the ETP's holding securities in a different proportion from the index.

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