

FIXED INCOME WEBINAR

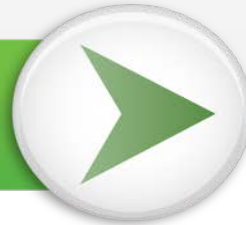
# Bonds, Bond Funds, and Bond ETFs

Beau Coash  
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*ETF Strategist*

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*Vice President, Fixed Income Products*



Fidelity Brokerage Services LLC  
Member NYSE, SIPC

900 Salem Street  
Smithfield, RI 02917

# Agenda

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**Bond Market Context and Composition**

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**Individual Bonds**

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**Comparing Bond ETFs to Bond Mutual Funds**

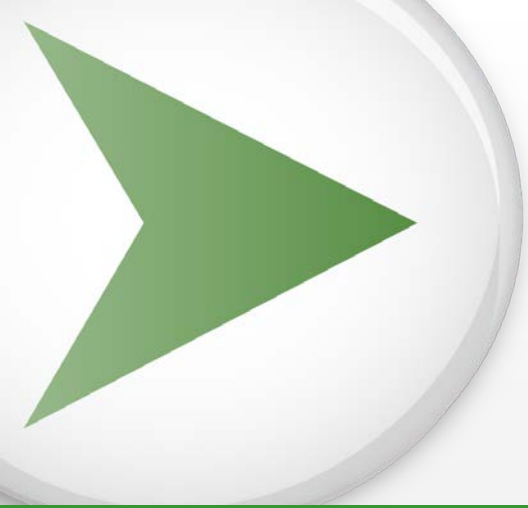
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**Summary and Next Steps**

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**Q & A**

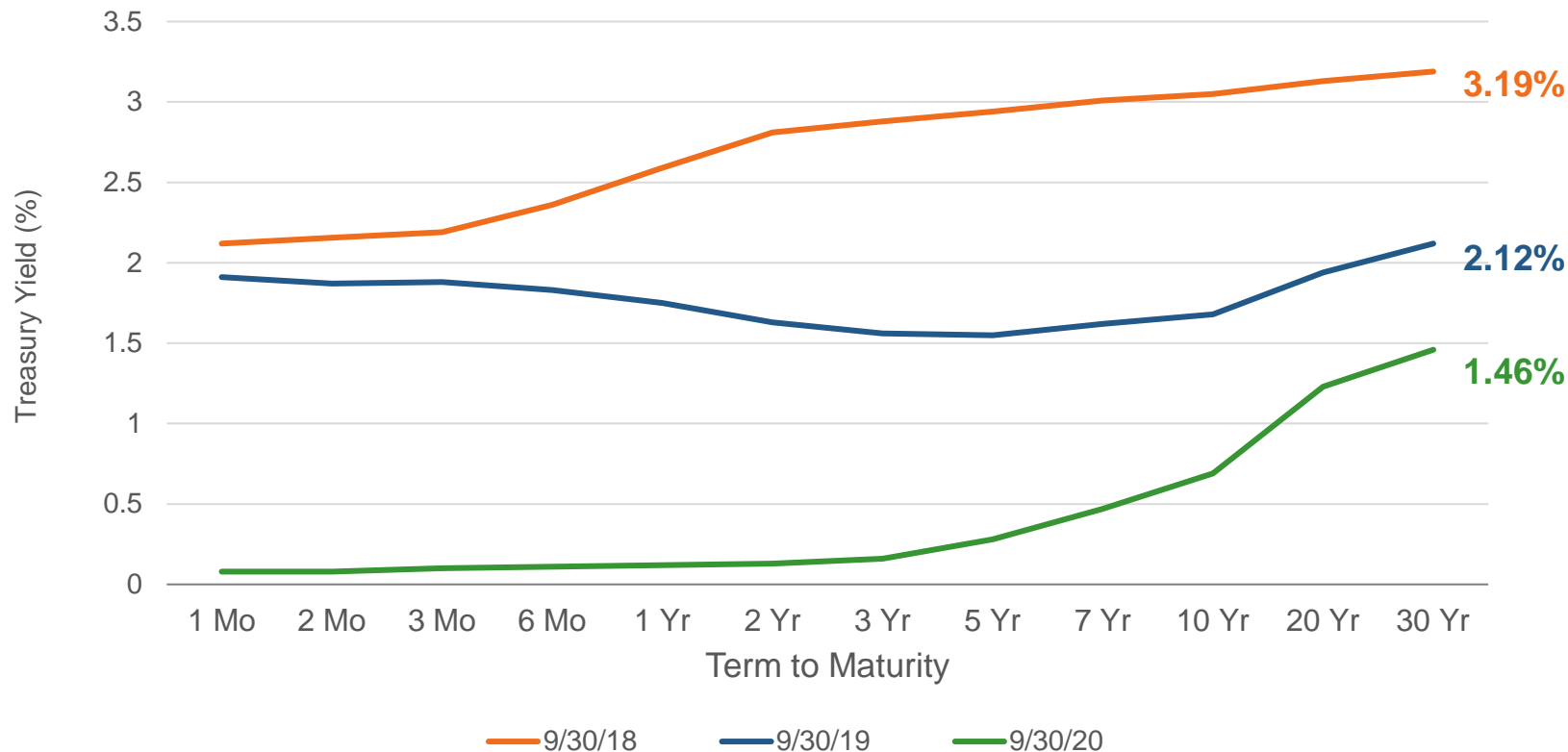
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# Bond Market Context & Composition

Beau Coash

# Interest Rate Environment



Source: Treasury.gov; as of 9/30/20.

Past performance is no guarantee of future results.



# Financial Conditions Are Easy Again

## FINANCIAL CONDITIONS INDEX\*

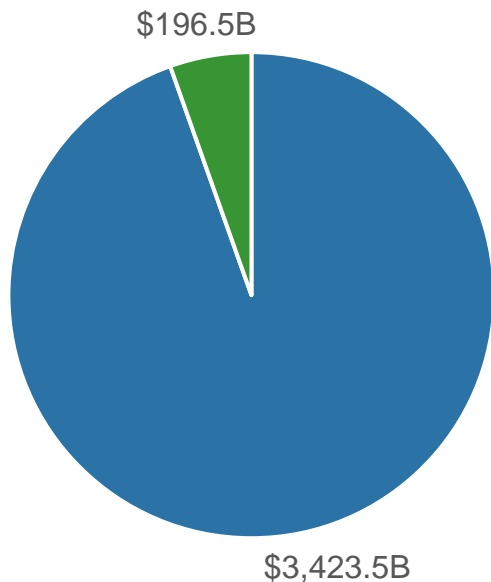


\* Note: The Goldman Sachs Financial Conditions Index is defined as a weighted average of riskless interest rates, the exchange rate, equity valuations, and credit spreads, with weights that correspond to the direct impact of each variable on GDP. An increase in the index indicates tightening of financial conditions, and a decrease indicates easing. Shaded gray bars represent periods in which the US was in a recession.

Source: Bloomberg, Goldman Sachs as of 9/11/20.

# Federal Reserve's Special Purpose Vehicles of 2020

■ Fed Program Available Capacity   ■ Current Use



Fed Program	Program Limit	In Use
<b>Primary Dealer Credit Facility (PDCF)</b>	\$800B	\$0.233B
<b>Money Market Mutual Fund Liquidity Facility (MMLF)</b>	\$100B	\$7.088B
<b>Corporate Credit Facility (CCF)</b>	\$750B	\$45.042B
<b>Term Asset-Backed Securities Loan Facility (TALF)</b>	\$100B	\$11.715B
<b>Main Street New Loan Facility (MSLF)</b>	\$600B	\$39.718B
<b>Paycheck Protection Program Liquidity Facility (PPPLF)</b>	\$670B	\$67.573B
<b>Municipal Liquidity Facility (MLF)</b>	\$500B	\$16.547B
<b>Commercial Paper Funding Facility (CPFF)</b>	\$100B	\$8.589B

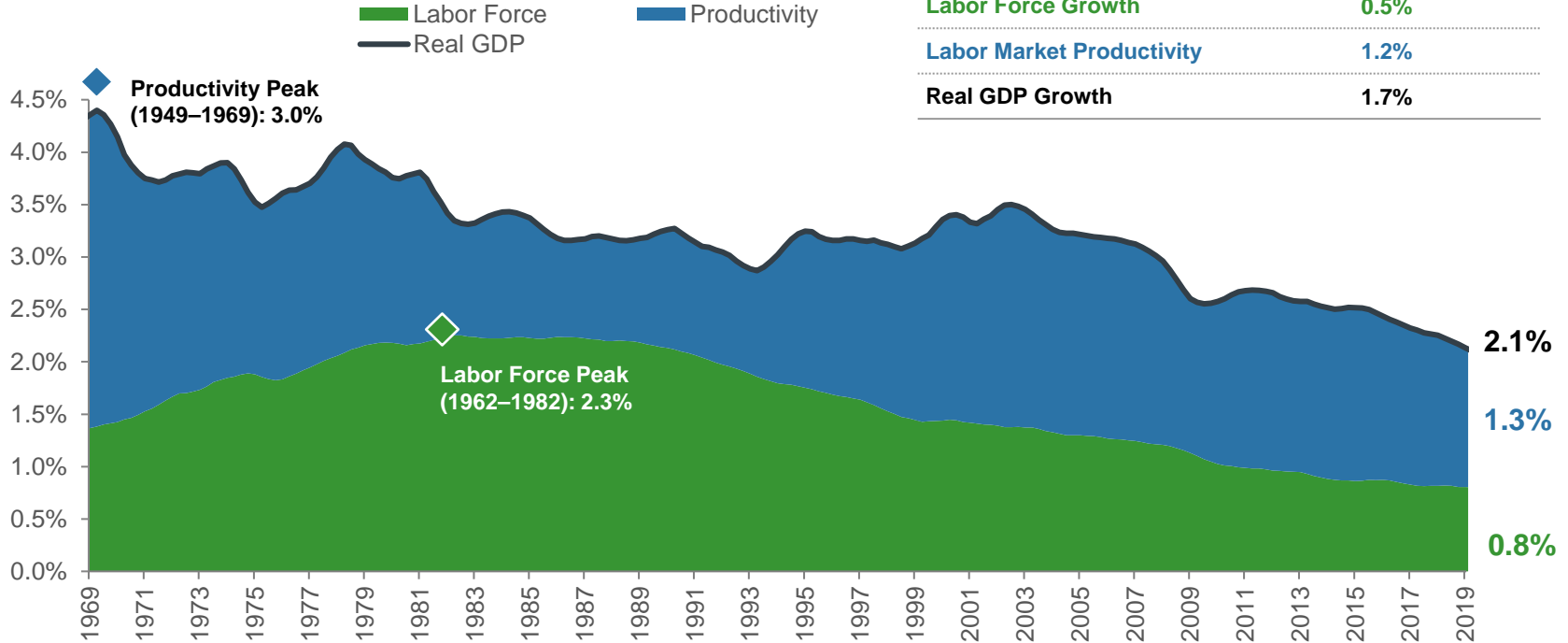
Source: Federal Reserve; as of 09/30/20



# Productivity and Labor Force Growth

## Real GDP Components

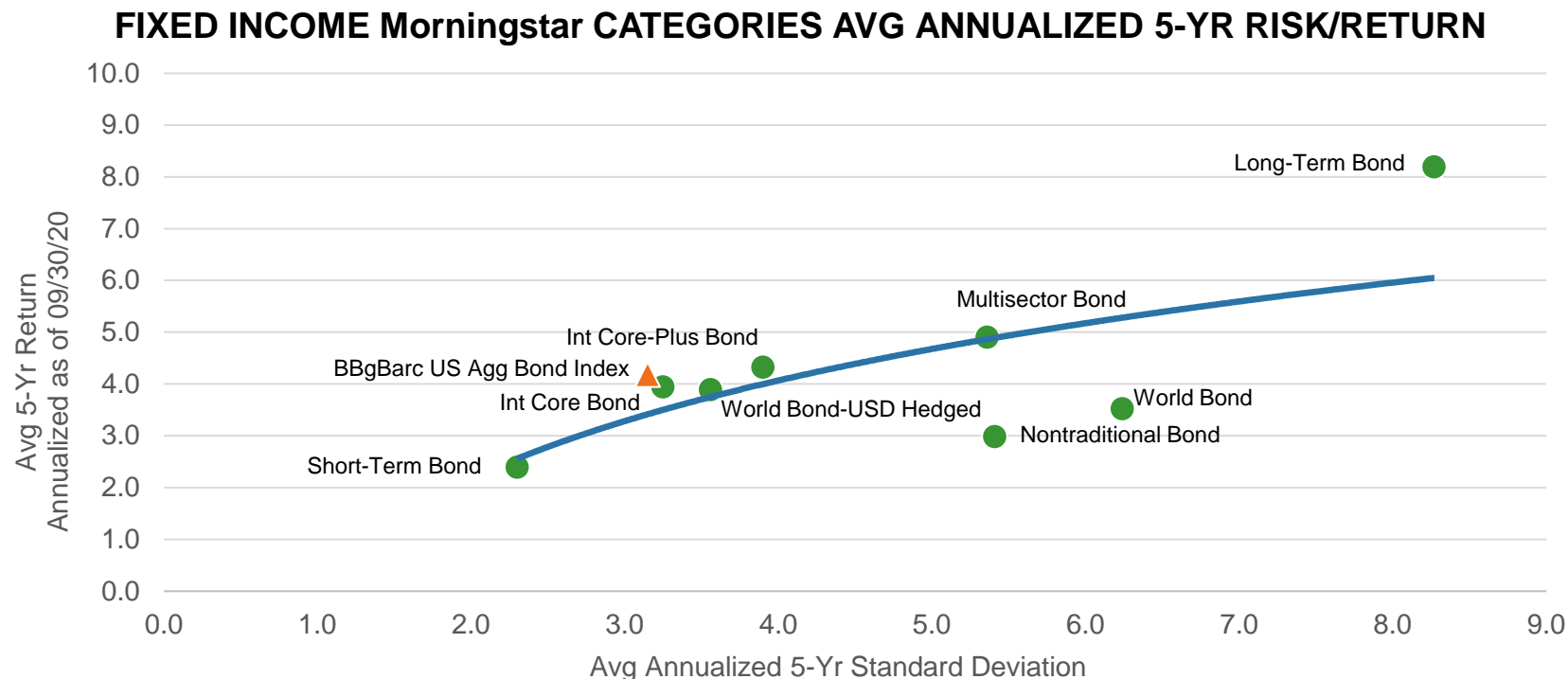
Year-over-Year Growth (20-Year Average)



Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments Asset Allocation Research Team (AART), as of 12/31/19.



# Fixed Income Morningstar Categories Efficient Frontier



Past performance is no guarantee of future results. Standard deviation shows how much variation there is from the average (mean or expected value). Low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over a large range of values. A higher standard deviation represents greater relative risk.

Source: Morningstar Direct as of 9/30/20.





# Navigating Bond Fund Categories

2

Yields Bonds (115,874) New Issues (209) CDs & Ladders (6,181) Annuities **Funds** ETFs Managed

### SEARCH AND COMPARE BOND FUNDS

**SELECT BOND FUND TYPE**  
by Class/Category

Asset Class  
Taxable Bond

Category  
All Categories

Fidelity funds only

Fund Picks from Fidelity

No Transaction Fee funds only

All Categories [More on risk](#)

<input type="checkbox"/> High Yield Bond	<input type="checkbox"/> Long Government
<input type="checkbox"/> Multisector Bond	<input type="checkbox"/> Long-Term Bond
<input type="checkbox"/> Emerging Markets Bond	<input type="checkbox"/> Short Government
<input type="checkbox"/> Corporate Bond	<input type="checkbox"/> Intermediate Government
<input type="checkbox"/> Inflation-Protected Bond	<input type="checkbox"/> Bank Loan
<input type="checkbox"/> Intermediate Core Bond	<input type="checkbox"/> Short-Term Bond
<input type="checkbox"/> Preferred Stock	<input type="checkbox"/> Intermediate Core-Plus Bond
<input type="checkbox"/> World Bond	<input type="checkbox"/> Emerging-Markets Local-Currency Bond
<input type="checkbox"/> Ultrashort Bond	<input type="checkbox"/> World Bond-USD Hedged
<input type="checkbox"/> Nontraditional Bond	

**OVERALL RATING\*** ★★★★★ Any Morningstar rating

**RETURNS\*** [LOW] [AVG] [HIGH] Any Returns rating

**EXPENSES\*** [LOW] [AVG] [HIGH] Any Expenses rating

**622** Matching Funds [See Results](#)

3

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## Fixed Income, Bonds & CDs

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View this competitive bond pricing study to [see how much you can save](#)

Choose from 75,000 new issue and secondary market bonds and CDs. Only \$1 per bond mark-up/mark-down for secondary market bonds.

Search Bonds or Funds Search by fund name, symbol, fund ticker

Bonds **Funds** Search Funds

1

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Source: Fidelity.com, November 2020. For illustrative purposes only.

Certain FundsNetwork funds may be subject to separate and additional redemption fees imposed by the particular fund. Investors should refer to that fund's current prospectus for details.



# Example Mutual Fund Search Results: Multisector Bond

## Mutual Funds Research

### Mutual Funds Results

Showing 46 Results

Fidelity fund performance data as of 9/30/2020, all other fund data as of 9/30/2020 unless otherwise noted

Find a mutual fund

Go

1

Overview

Risk

Management & Fees

Morningstar Rankings

Income Characteristics

Short Term Performance

Daily Pricing / Yields

Compare Funds

0 Funds Selected (show funds)

Matching Fidelity Funds: [View 46 Matching Fidelity Funds](#)

[Help me read this table](#)

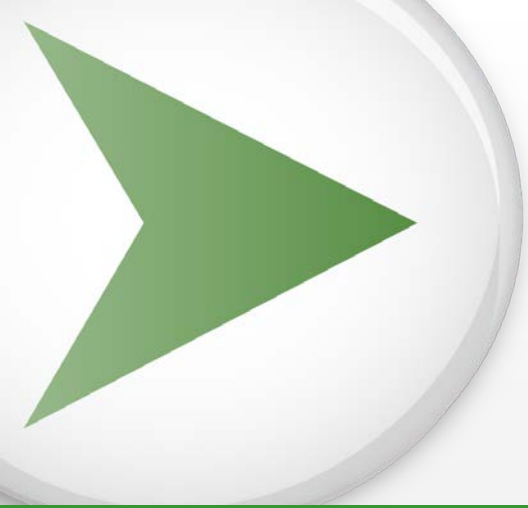
[Download Results](#)

Action	Name	Morningstar Category	YTD # (Daily)				Life of Fund	Expense Ratio		Morningstar	Buy	
			1 Yr	3 Yr	5 Yr	10 Yr		Net †	Gross ‡	Overall †		
<input type="checkbox"/>	<a href="#">Fidelity® Strategic Income Fund (FSDIX)</a>	Multisector Bond	+3.08%	+4.20%	+3.71%	+5.25%	+4.49%	+7.22%	0.68%	0.68%	★★★★☆ out of 292 funds	Buy
<input type="checkbox"/>	<a href="#">Fidelity® Strategic Income Fund (FSDIX)</a>	Multisector Bond	+7.49%	+8.92%	+5.62%	+6.66%	+5.13%	+4.96%	0.95%	1.03%	★★★★★ out of 292 funds	Buy
<input type="checkbox"/>	<a href="#">Fidelity® Strategic Income Fund (Class A) (FSDIX)</a>	Multisector Bond	+5.69%	+7.26%	+5.11%	+4.53%	+3.56%	+4.78%	0.8%	0.96%	★★★★☆ out of 292 funds	Buy
<input type="checkbox"/>	<a href="#">Fidelity® Strategic Income Fund (Class F) (FSDIX)</a>	Multisector Bond	+5.69%	+7.27%	+5.11%	+4.53%	+3.66%	+4.99%	0.8%	0.96%	★★★★☆ out of 292 funds	Buy
<input type="checkbox"/>	<a href="#">Fidelity® Performance Trust Strategic Bond Fund (PTSB)</a>	Multisector Bond	+3.38%	+3.72%	+4.74%	+5.24%	+6.03%	+6.22%	0.81%	0.81%	★★★★★ out of 292 funds	Buy
<input type="checkbox"/>	<a href="#">Fidelity® Strategic Income Fund (FSDIX)</a>	Multisector Bond	+3.51%	+4.48%	+4.71%	...	...	+5.42%	1.09%	1.69%	★★★★☆	Buy

2

Source: Fidelity.com, November 2020. For illustrative purposes only.

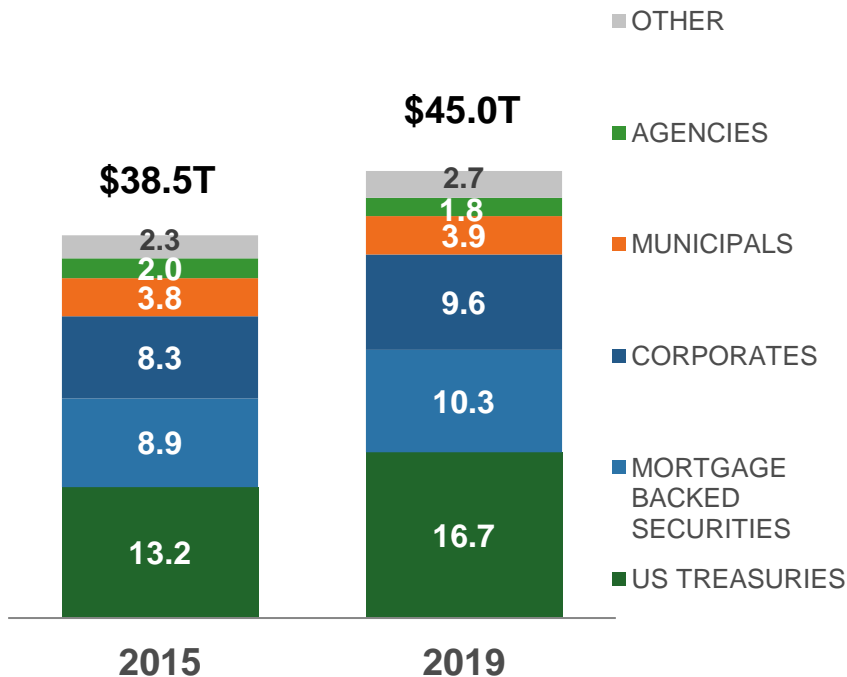




# Individual Bonds

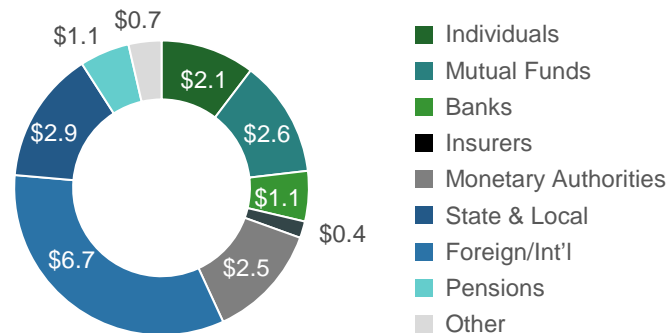
Kristin Moroz

# U.S. Bond Market by Product Types and Owners

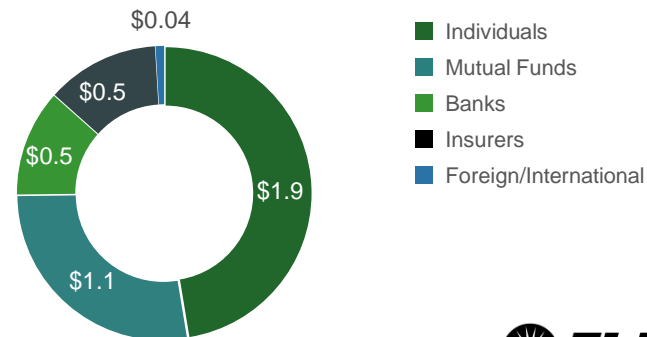


Source: SIFMA Capital Markets Fact Book; September 30, 2020.

## U.S. TREASURIES OWNERSHIP (\$19.4T)



## U.S. MUNI BOND OWNERSHIP (\$4.0)



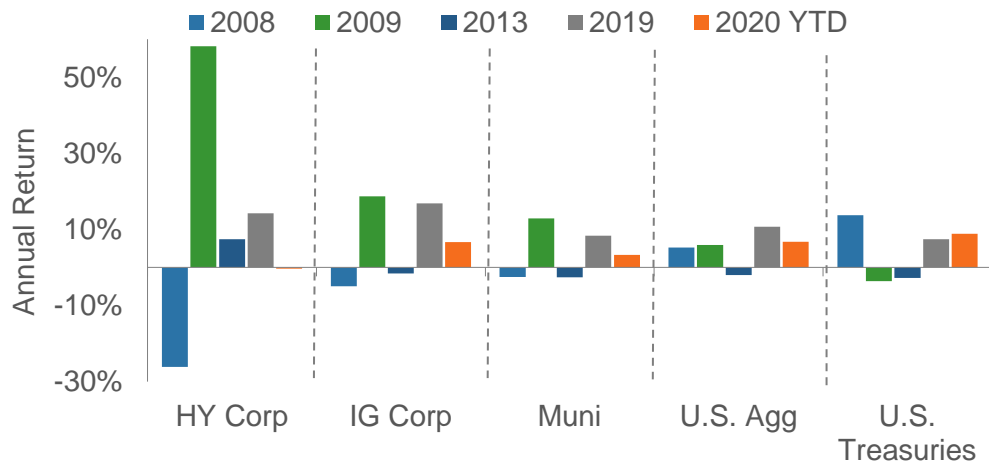
Source: Federal Reserve; September 30, 2020.



# Bond Sub-Asset Classes Have Different Risk/Reward Characteristics

You manage credit review and reinvestment for individual bonds

**BOND RETURNS VARY BY BOND SECTOR BY YEAR**



## Considerations when Investing in Bonds:

1. Assessing bond sectors and features
2. Assessing credit ratings
3. Assessing liquidity
4. Assessing diversification

HY Corp—Bloomberg Barclays U.S. High Yield Index, IG Corp—Bloomberg Barclays U.S. Corporate Investment Grade Index, Muni—Bloomberg Barclays Municipal Bond Index, U.S. Agg—Bloomberg Barclays U.S. Aggregate Index, UST—Bloomberg Barclays U.S. Treasury Index.

Past performance is no guarantee of future results.

Source: Barclays. September 30, 2020.

# Using the Bond Yield Table on Fidelity.com

**2** **Fixed Income, Bonds & CDs**

Find Bonds & CDs | Research & Markets | Bond Tools | Service & Solutions | Understanding Bonds

NEW View and buy Fidelity's New Issue Certificate of Deposit (CD) offerings via the mobile app

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings quotations when including our depth of book. Only \$1 per bond mark-up/mark-down for secondary bond trading, \$0 for US Treasuries online.

Search Bonds or Funds By CUSIP or Type (for bond name) Search by CUSIP

Bonds Funds CUSIP Search

3 **Yields** | Bonds (98,236) | New Issues (144) | CDs & Ladders (5,975) | Annuities | Funds | ETFs | Managed Accounts

Bond types and ratings are listed in the left column, maturities across the top. The numerical values represent the high or median yield for each category based on offerings that may be available. Select a value to see bond search results and review the yields offered in the context of the structure and risks of specific offerings. Visit Investment Products > Fixed Income to read more about the advantages and risks of brokered CDs and the different bond types listed.

View by: Highest Yield | Median Yield Pop out the yield table

Understanding This Table	3mo	6mo	9mo	1yr	2yr	3yr	5yr	10yr	20yr	30yr+
CDs (New Issues)	--	--	--	0.05%	0.15%	0.25%	0.50%	1.25%	--	--
<b>BONDS</b>										
U.S. Treasury	0.00%	0.09%	0.10%	0.12%	0.15%	0.10%	0.38%	0.87%	1.42%	1.05%
U.S. Treasury Zeros	0.05%	0.05%	0.08%	0.11%	0.14%	0.10%	0.46%	1.04%	1.53%	1.70%
Agency/GSE	0.29%	0.12%	0.13%	0.21%	0.34%	0.55%	0.74%	1.51%	2.25%	--
Corporate (Aa/AA)	0.26%	0.29%	0.21%	0.38%	0.31%	0.48%	1.13%	1.92%	2.93%	4.11%
Corporate (Baa/BBB)	0.85%	1.03%	0.87%	1.58%	1.93%	4.00%	4.84%	5.27%	6.24%	5.95%
Municipal (Aaa/AAA)	0.45%	0.38%	0.30%	0.49%	0.53%	1.04%	1.05%	1.54%	2.10%	2.55%
Municipal (Aa/AA)	0.51%	0.82%	0.52%	0.72%	0.85%	1.22%	1.50%	2.06%	2.83%	2.82%
Municipal (A/A)	0.50%	0.88%	0.71%	1.10%	0.97%	1.23%	1.53%	3.30%	3.22%	3.84%
Taxable Municipal*	0.55%	0.49%	0.50%	0.83%	0.85%	1.00%	1.85%	2.67%	3.16%	4.23%

**4** Corporate (Aa/AA) 0.26% 0.29% 0.21% 0.38% 0.31% 0.48% 1.13% 1.92% 2.93% 4.11%

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Navigating bonds and CDs on Fidelity.com (7:15)

CD ladders: Discovering certificate of deposit strategies (4:10)

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**1**

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Where can I learn more?  
Research > Fixed Income Bonds & CDs

Source: Fidelity.com, November 1, 2020. For illustrative purposes only.  
Past performance is no guarantee of future results.



# Using the Bond Details Pages—Municipals

## Researching the bond's features and attributes

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Research > Fixed Income > Individual Bonds

### NEW YORK ST DORM AUTH REVS NON ST

05.00000% 04/01/2028 SUPPORTED DEBT SCH DIST S REV BDS SER.

[Overview](#) | [Price & Performance](#) | [News & Documents](#)

**Details**

CUSIP	64990GAU6
Pay Frequency	SEMI-ANNUALLY
Coupon	5.000
Maturity Date	04/01/2028
Issuer	NY
Obligor	--
Material Events	YES
Call	YES
Bond Type	Municipal
Interest Accrual Date	06/07/2018

**Redemptive Features**

Call Protection	View Schedule	NO
Continuously Callable		YES
Call Defeased		NO
Called Bonds		NO
Make Whole Call		NO
Conditional Call		NO
Sinking Fund Protection		YES
Sink Defeased		NO
Extraordinary Redemption		NO
Special Mandatory Redemption		NO

**Ratings**

**Moody's Rating**

Current	A1
Effective Date	10/05/2020
Rating	--
Watchlist	--
Underlying Rating	A1
Insured Rating	--
Enhanced Rating	--
Obligor Rating	--

**S&P Rating**

Current	--
Effective Date	--
Rating	--
Credit Watch	--
Underlying Rating	--
Insurer Rating	--
School ICR	--
Obligor Rating	--

**Coupon Information**

Click on the "Date" column to view the PDF version of the document.

#### Material Event Notices (10)

Date Filed	State	Filing Entity	Event Type
10/15/2020	NY	Various Issuers Headline: STABLE OUTLOOK - VARIOUS ISSUES	Rating Changes
10/15/2020	NY	Various Issuers Headline: STABLE OUTLOOK - VARIOUS ISSUES	Rating Changes
10/13/2020	NY	Various Issuers Headline: STABLE OUTLOOK - VARIOUS ISSUES	Rating Changes
10/13/2020	NY	Various Issuers Headline: STABLE OUTLOOK - VARIOUS ISSUES	Rating Changes
10/09/2020	NY	NEW YORK ST DORM AUTH REVS NON ST SUPPORTED DEBT Headline: STABLE OUTLOOK - VARIOUS ISSUES	Rating Changes

[View all results...](#)

#### Primary Market Documents (5)

Dated Date	State	Issuer Name / Issue Description	Document Type	Par
07/02/2018	NY	NEW YORK ST DORM AUTH REVS NON ST SUPPORTED DEBT SCH DIST S-BD FING PROG-SER E	Official Statement	\$75
		<a href="#">Includes Amendment</a>	Amendment	
		SCH DIST-BD FING PROG-SER B	Official Statement	\$25
		<a href="#">Includes Amendment</a>	Amendment	
		SCH DIST S-BD FING PROG-SER A	Official Statement	\$42
		<a href="#">Includes Amendment</a>	Amendment	
		SCH DIST S-BD FING PROG-SER C	Official Statement	\$25
		<a href="#">Includes Amendment</a>	Amendment	
		SCH DIST S-BD FING PROG-SER D	Official Statement	\$25
		<a href="#">Includes Amendment</a>	Amendment	

#### Financials / Continuing Disclosures (146)

Source: Fidelity.com, November 2020. For illustrative purposes only.



# Issuer-Specific Credit Reports—Corporates

Understand why a bond has its rating and potential risks

**DEERE & CO BOND**  
8.10000% 05/15/2030

[Buy](#) [Sell](#)

Hypothetical Trade | Fixed Income Alerts

[Overview](#) [Price & Performance](#)

<b>Details</b>	<b>Issuer Information</b>	<b>NEW Corporate Bond Connect:</b> Link to Issuer's Equity Research page <a href="#">☞</a>
CUSIP: 244199AZ8	Issue Date: 04/26/2000	<p>Access equity research for this issuer, containing a company profile, financials, news and stock data.</p> <p><b>Latest Company Reports</b></p> <p><a href="#">Deere &amp; Co. (PDF)</a> <a href="#">☞</a> BY STANDARD &amp; POOR'S — 4:42 PM ET 07/21/20</p> <p><b>Latest Industry Reports</b></p> <p><a href="#">Industry Report Card: Top 20 EMEA Chemical Companies And COVID-19: The Credit Impact Relies Largely On Subsector Exposures And Responses (PDF)</a> <a href="#">☞</a> BY STANDARD &amp; POOR'S — 7:10 AM ET 10/22/20</p>
ISIN: US244199AZ87	Dated Date: 05/01/2000	
SEDOL: 2582710	First Coupon Date: 11/15/2000	
Pay Frequency: SEMI-ANNUALLY	Next Coupon: 11/15/2020	
Coupon: 8.100	Last Coupon: 11/15/2029	
Maturity Date: 05/15/2030	Workout Date: 05/15/2030	
Moody's Rating: A2	Original Issue Amount: \$250,000,000	
S&P Rating: A	Issue Price: --	
Issuer Events: YES		
Survivor Option: N/A		
Bond Type: Corporate		<b>Coupon Information</b>
Sector: OTHER INDUSTRIALS		Coupon Type: FIXED
Interest Accrual Date: 05/01/2000		Current Rate Effective Date: 04/27/2000
		Day Count Basis: 30/360
		Trading Flat: NO
		Reset Frequency: TERM MODE
<b>Redemptive Features</b>		Benchmark Reference: --
Call Protection: YES		Benchmark Formula: --
Continuously Callable: --		Next Reset Date: --
Called Bonds: NO		Next Reset Rate: --
Make Whole Call: NO		Minimum Rate: --
Conditional Call: NO		Maximum Rate: --
Sinking Fund Protection: YES		

**Deere & Co.**

**Business Risk: STRONG**

Vulnerable ————— Excellent

**Financial Risk: MODERATE**

Highly leveraged ————— Minimal

Anchor      Modifiers      Group/Gov't

Issuer Credit Rating

A/Stable/A-1

**Credit Highlights**

**Overview**

Key strengths	Key risks
World's largest agricultural equipment manufacturer and a major player in the North American construction market.	Highly competitive industry, with high seasonality and deep inventory correction cycles.
Favorable underlying long-term demand trends, including population growth and urbanization.	Exposed to disruption in global agricultural trade and general economic cycles.
A history of low credit losses, on average, in its captive finance portfolio.	Manufacturing debt leverage metrics could fluctuate over the business cycle.

*We believe the challenging macroeconomic environment stemming from the COVID-19 pandemic will weigh on agricultural and construction end markets in 2020. We expect demand for agricultural commodities to weaken this year as restaurant and school closures, as well as lower ethanol demand due to reduced travel, weigh on crop and dairy prices. We also expect the construction market to decline significantly in 2020 as demand for construction equipment stalls amid lower oil prices. S&P economists forecast a decline in real global GDP of 3.8% in 2020 followed by a recovery in 2021.*

*The North American agricultural end market has been contending with an ongoing trade dispute between the U.S. and China, and farmer sentiment remains cautious. While the "phase one" U.S.-China trade deal could increase U.S. farm exports, we believe customers will delay capital investments until macroeconomic and conditions stabilize and trade flows improve. We believe government support has propped up farm income this year, but generally has not spurred increased equipment investment. Still, an aging agricultural fleet and Deere's technological offerings should support some increase in replacement demand in 2021, as customers trade in older equipment for more technologically advanced and connected machines that can lower farmers' production costs.*

*We expect Deere will maintain its disciplined capital allocation and good liquidity through the downturn. Deere stopped its share repurchase activity at the start of the COVID-19 pandemic and has concurrently reduced its planned*

Source: Fidelity.com, November 2020. For illustrative purposes only.





# Using Pricing Information to “See the Market”

## Aggregated live offerings and historical trading prices

The image shows a screenshot of the Fidelity website interface. On the left, the 'DEERE & CO BOND' page is displayed, with the 'Price & Performance' tab selected. A red circle with the number '1' highlights this tab. Below the bond details, a table shows the 'Recent Trade' with a price of 155.152. A red circle with the number '2' highlights this row. An arrow points from this row to a 'Recent Trades' chart on the right. The chart shows a scatter plot of price over time from May 2020 to September 2020. The chart includes 'Trade View Options' such as 'Chart', 'Customer Buy/NMAB', 'Customer Sell/NMAS', and 'Dealer to Dealer'. The y-axis is labeled 'Price' and ranges from 120 to 160. The x-axis is labeled 'Trade Date' and shows months from May '20 to Sep '20.

**1** Overview Price & Performance

**2** Recent Trade Price 155.152

Trade View Options: AS OF 07:36:40 PM ET 11/01/2020

Trade results from: 3/24/2020 - 10/30/2020

Price

Trade Date

Source: Fidelity.com, November 2020. For illustrative purposes only.



# Understanding the Impact of Transaction Costs

**Bond pricing**

Do you know how much your broker charges for bond trading? At Fidelity, our bond pricing is clear, transparent, and low. Explore our bonds, or learn more below.

[Search for Bonds](#)

**Better bond pricing. Better investment value.**

**A transparent \$1 mark-up per bond**  
Unlike many of our competitors who don't tell you before your trade what they'll charge you, at Fidelity you pay just \$1 per bond mark-up online.

**Access to bond specialists**  
Our fixed income specialists are here to answer your questions, while helping you make sure the bonds you choose are a good fit for your strategy.

**Extensive bond selection**  
Fidelity makes it easier for you to choose bonds by offering over 50,000 bonds, combined with online analytical tools and bond market research.

**Competitor bond prices vs. Fidelity. Why pay more?**

You could save an average of \$15 per bond by choosing Fidelity versus potentially spending more elsewhere.

	Wells Fargo Price average higher vs. Fidelity	Morgan Stanley Price average higher vs. Fidelity	Merrill Lynch Price average higher vs. Fidelity	Fidelity Incremental purchase cost
1 Corporate bond	\$20.16	\$22.10	\$9.15	\$1.00
1 Municipal bond	\$10.96	\$16.14	\$13.81	\$1.00
Average Corporate/ Municipal bond price higher vs. Fidelity	\$15.56	\$19.12	\$11.48	—



## Where can I learn more?

[fidelity.com/fixed-income-bonds/bond-pricing](https://www.fidelity.com/fixed-income-bonds/bond-pricing)

Competitor bond prices vs. Fidelity. Why pay more?

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1 Municipal bond	\$10.96	\$16.14	\$13.81	\$1.00
Average Corporate/ Municipal bond price higher vs. Fidelity	\$15.56	\$19.12	\$11.48	—

Example of a hypothetical single bond purchased online based on average price differentials taken from the [2020 Corporate Insight study](#)<sup>1</sup> commissioned by Fidelity.

When purchasing a bond online, there are incremental costs to the customer including mark-ups and other fees that a financial firm could charge the customer. Fidelity charges a \$1 mark-up per bond for online trades, which is added to the price displayed from the dealer. After factoring in Fidelity's \$1 per bond mark-up, the three brokers identified in the chart were asking, on average, \$15.41 more per bond for online trades than Fidelity.

Access the 2020 Corporate Insight study at:

[fidelity.com/bin-public/060\\_www\\_fidelity\\_com/documents/BondPricingStudy.pdf](https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/BondPricingStudy.pdf)

Read more about demystifying bond prices at: <https://www.fidelity.com/viewpoints/investing-ideas/how-much-for-bonds>

See Footnote #2 on page 37 for details on this study.

Source: Fidelity.com, November 2020. For illustrative purposes only.

**Minimum markup or markdown of \$19.95 applies if traded with a Fidelity representative. For U.S. Treasury purchases traded with a Fidelity representative, a flat charge of \$19.95 per trade applies. A \$250 maximum applies to all trades, reduced to a \$50 maximum for bonds maturing in one year or less. Rates are for U.S. dollar-denominated bonds; additional fees and minimums apply for non-dollar bond trades. Other conditions may apply; see [Fidelity.com/commissions](https://www.fidelity.com/commissions) for details. Please note that markups and markdowns may affect the total cost of the transaction and the total, or "effective," yield of your investment. The offering broker, which may be our affiliate, National Financial Services LLC, may separately mark up or mark down the price of the security and may realize a trading profit or loss on the transaction.**

**Mark-up** For secondary market bonds and CD purchases, the difference (dollar and %) between the Prevailing Market Price (PMP) and the trade price. Mark-up is calculated as: Mark-up / Total initial price x 100. The mark-up includes, but may not be limited to, Fidelity's \$1 per bond pricing. Details available on our fee schedule.



# Bond Market News and Reports

## News and analysis from Fidelity and third parties

The screenshot displays the Fidelity website's 'Fixed Income, Bonds & CDs' section. At the top, there are navigation links for 'Find Bonds & CDs', 'Research & Markets' (highlighted with a black box), 'Bond Tools', 'Service & Solutions', and 'Understanding Bonds'. Below this, aggregate data is shown: AGGREGATE: 2,285.52 (-1.85 (-0.07%)), TREASURY: 2,556.44 (-2.13 (-0.08%)), MUNICIPAL: 1,209.97 (-0.19 (-0.02%)), CORPORATE: 3,349.14 (-4.72 (-0.14%)), and AGENCY: 1,981.04 (-0.56 (-0.03%)).

The main content area is divided into two columns. The left column, titled 'Fixed Income Market Data', includes a 'Yield Curve' section with 'Key Rates' and 'Market Benchmarks'. It features a line graph showing yields from 2010 to 2020 for categories: Aggregate, Corporate, Treasury, Agency, and Municipal. The right column, titled 'Economic Calendar', is provided by ECONDAY and shows 'Personal Income and Outlays' for 10/30/20 at 08:30 AM EDT. Below the graph, it states 'There are no events' and 'Showing 0 of 0 events. View all events.'

At the bottom of the main content area, there is a 'Fidelity Viewpoints® & Analysis' section with three featured articles: 'How much am I paying for my bonds?', 'How and why to build a bond ladder NEW', and 'Investing in a volatile bond market'. A 'View all Fidelity Viewpoints®' link is also present.

On the right side of the page, there is a 'Contact Us' section with the phone number 800-544-5372 and a 'Fixed Income Service Message' link. Below that is a 'News & Analysis' section with a list of links: '3rd Party News', 'Capital Economics', 'Bond Buyer News', 'Dedicated Resources', 'Muni Compendium 2020 NEW', 'Overview of the Taxable Municipal Market (PDF) NEW', 'Volatile bond market', 'US muni & corporate historical transition rates', 'Fidelity Viewpoints', 'How to build a bond ladder NEW', 'Participating in New Issue Offerings', and 'Learn about and sign up for fixed income alerts'.

Source: Fidelity.com, November 2020. For illustrative purposes only. News, commentary, and research reports are from third-party sources unaffiliated with Fidelity. Fidelity does not endorse or adopt their content. Fidelity makes no guarantees that the information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use.

# Key Considerations of Individual Bond Investing

Using Fidelity's offering and proprietary tools to help

## Bonds mature

Plan for future expenses, real estate tax payment, college education, reinvestment

## Cash flow planning

Bond valuations may fluctuate but cash flow is consistent, barring an issuer default

## Research before you invest

Bond structure and pricing

## Strive to lower costs

Use depth of book. Compare Fidelity to firms with significant markups.  
New issue products no charge at Fidelity<sup>1</sup>

## Monitor your holdings

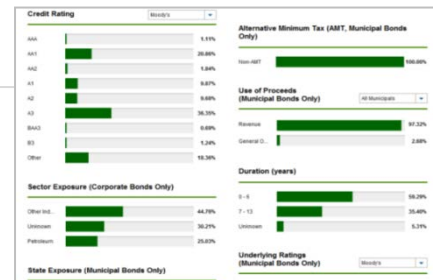
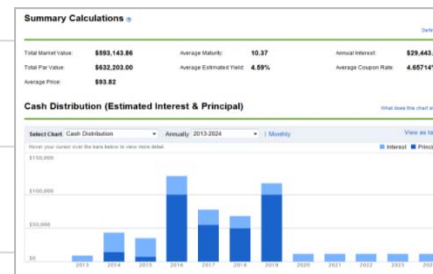
Fixed income analysis; alerts on maturities, ratings changes



## Where can I learn more?

Research > Fixed Income Bonds & CDs > Bond Tools tab

## Fixed Income Analysis



For illustrative purposes only.

<sup>1</sup> Fidelity makes certain new issue products available without a separate transaction fee. Fidelity Brokerage Services LLC and National Financial Services LLC receive compensation for participating in the offering as a selling group member or underwriter.

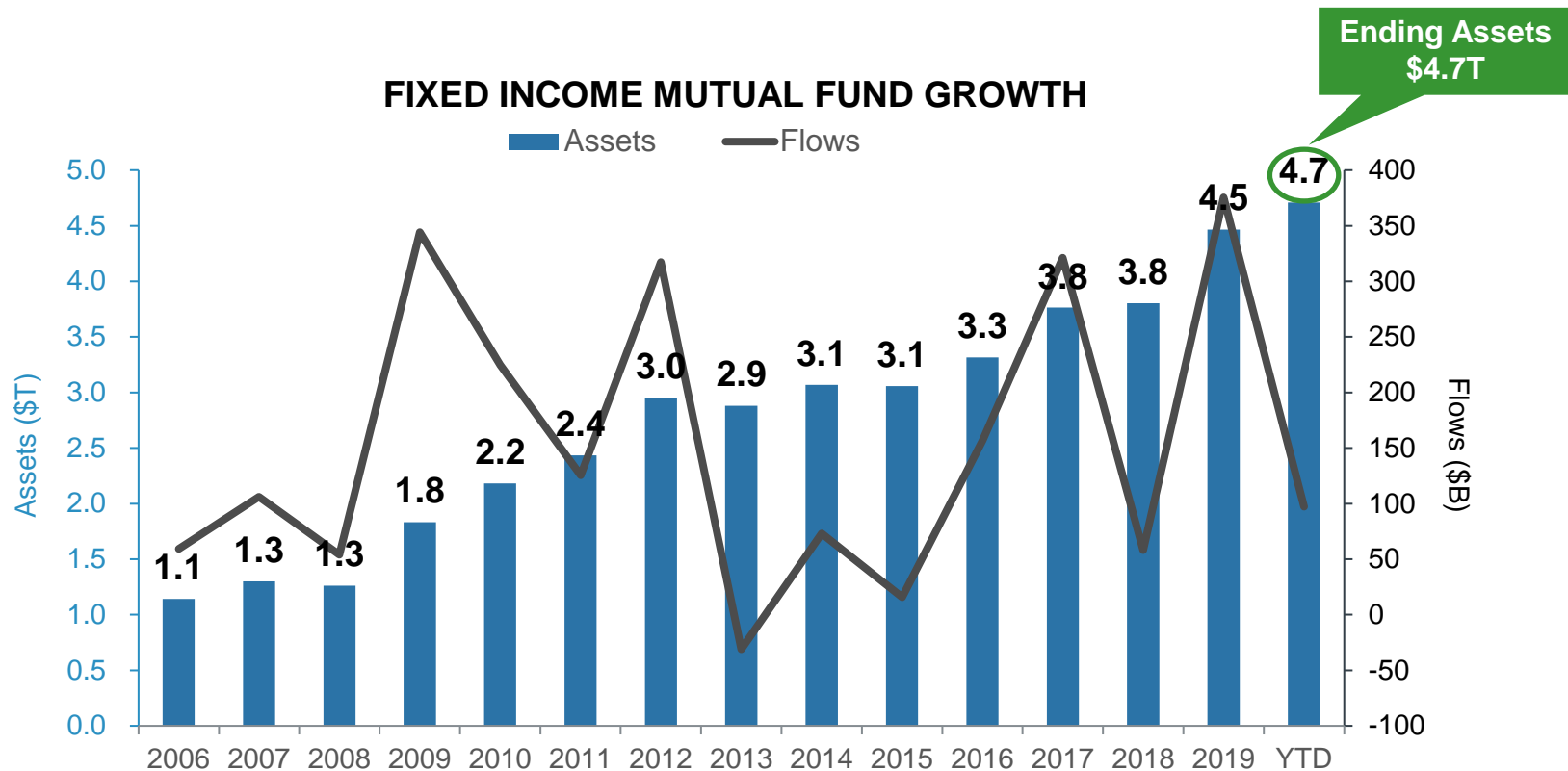




# How Do Bond Exchange Traded Funds (ETFs) Compare to Bond Mutual Funds?

Lee Sterne

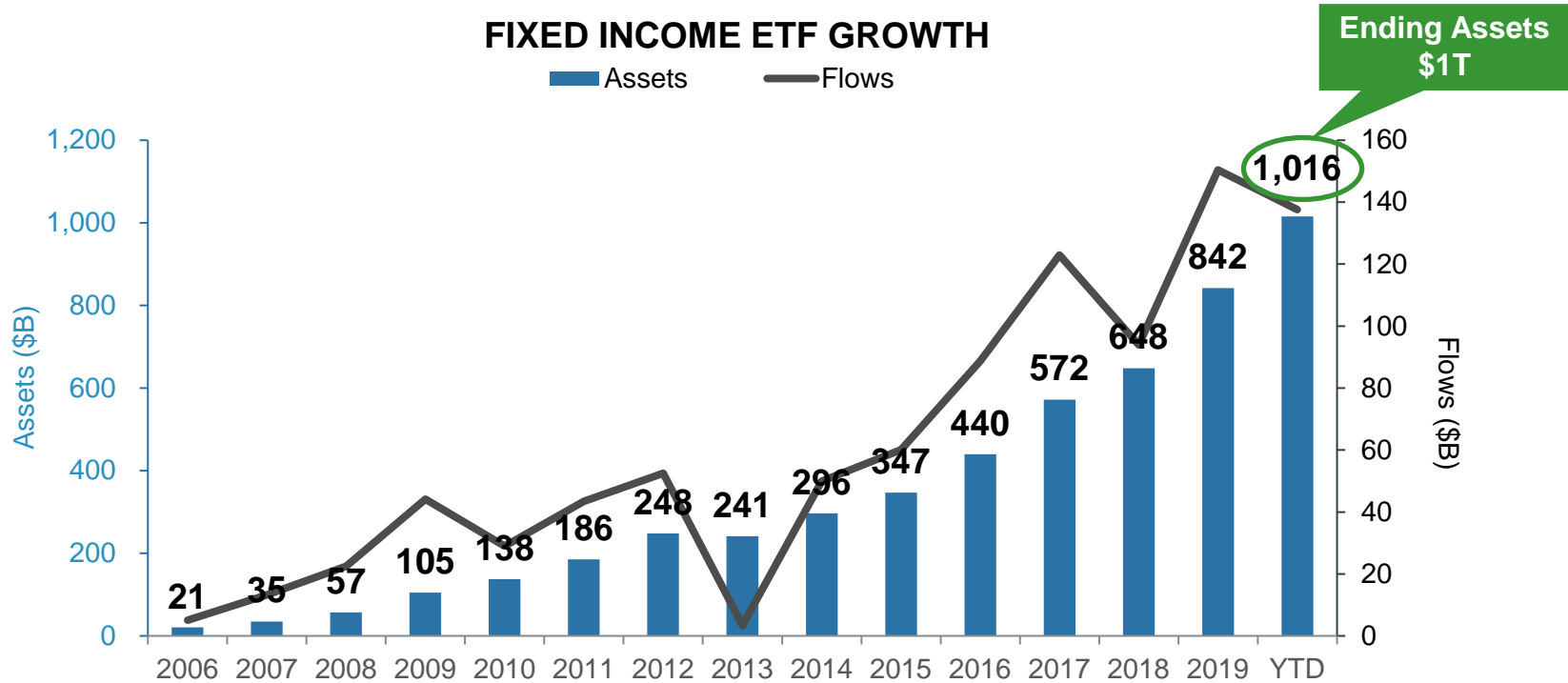
# Bond Fund Market Landscape



Source: Simfund as of 8/31/20; includes both taxable and municipal bond mutual funds.



# Bond ETF Market Landscape



Source: Simfund as of 8/31/20; includes both taxable and municipal bond ETFs.



# Things to Know About Trading Attributes

ETFs	Mutual Funds
<b>Intra-day</b> trading on secondary market	Most transact <b>once a day</b> at close
<b>Allow</b> limit, stop, and conditional orders	<b>No</b> limit, stop, or conditional orders
Short sales and margin permitted (conditions may apply)	<b>No</b> shorting (margin 30 days)



# Things to Know about Costs

ETFs	Mutual Funds
Expense ratios	Expense ratios
Commissions (may be waived)	Load and no load
Premium/discounts & bid-ask spreads	Bought/sold at NAV (may have redemption fees)

# Things to Know About Access, Transparency, and Taxes

ETFs	Mutual Funds
Many sub-sector and industry focused ETFs, in addition to broader-market ETFs	Most funds focus on broader markets; few sub-sector funds
Generally, daily transparency of holdings	Holdings data, usually at least one month old
Capital gains tend to be lower due to creation and redemption	Less tax-efficient structure; all shareholders bear tax burden

# ETF Research—Tiles

Yields Bonds (115,874) New Issues (209) CDs & Ladders (6,181) Annuities Funds **ETFs** Managed Accounts

Choose an Investment Type [Help Me Choose](#) | [View Risks](#) | [Frozen Themes](#)

- Fidelity Fixed Income ETFs (5 ETFs)
- iShares Fixed Income (92 ETFs)
- U.S. Total Bond (33 ETFs)
- Global Total Bond (24 ETFs)
- U.S. Corporate (45 ETFs)
- U.S. Government (1 ETFs)
- Global Government (8 ETFs)
- Emerging Markets Corporate & Government (23 ETFs)
- U.S. Municipal (8 ETFs)
- U.S. Mortgage/Asset Backed (7 ETFs)
- U.S. Inflation
- U.S. Floating Rate
- High Yield
- Preferred Securities

1 Select the ETF Tab

2 Select the theme

3 View results

Global Total Bond Theme

Search Criteria Basic Facts Income Charact

Take action on selected:

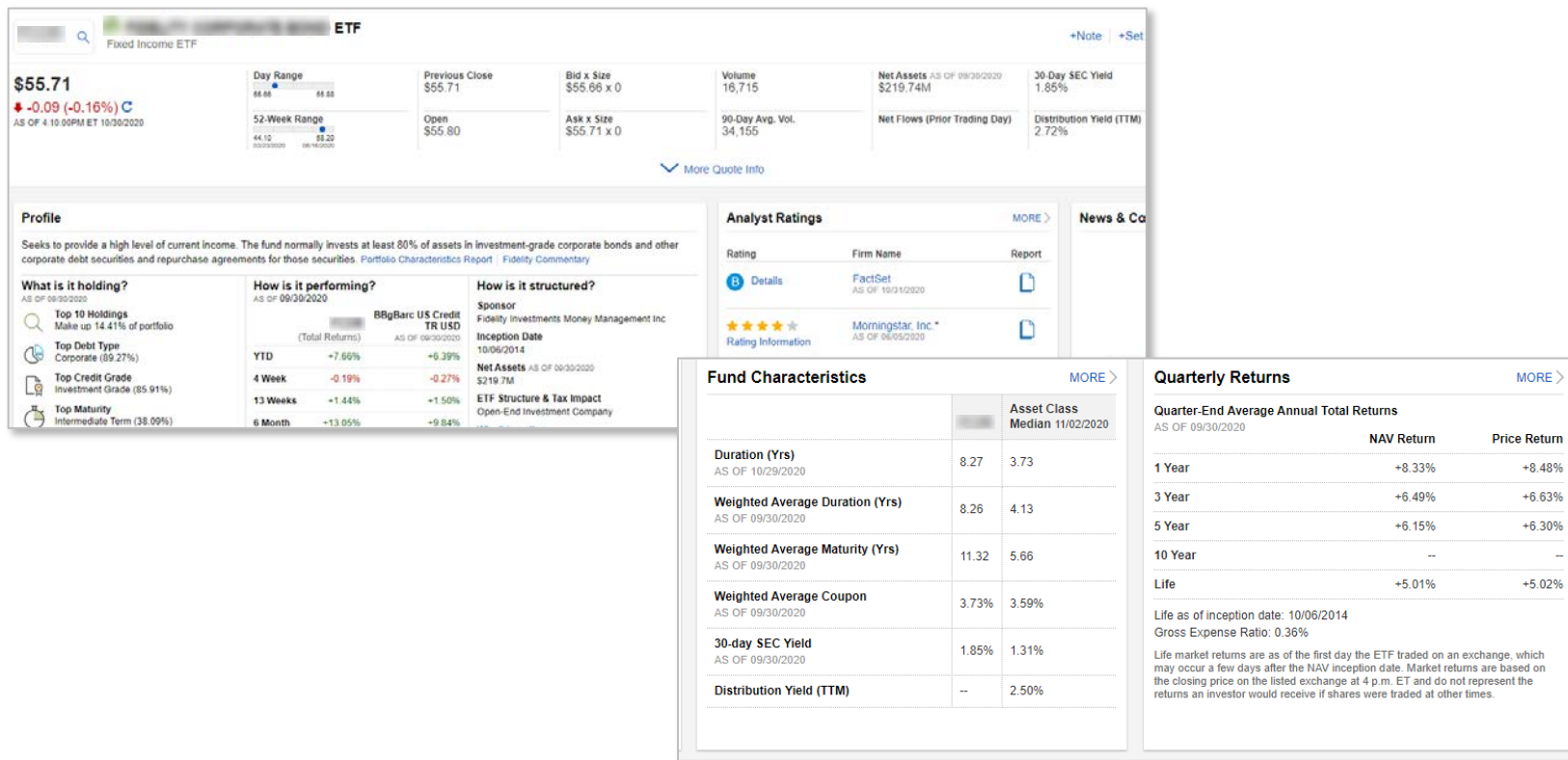
Action	Symbol	ETP Name
<input type="checkbox"/>	BNDX	VANGUARD TOTAL INTERNATIONAL BOND INDEX FUND ETF SHARES
<input type="checkbox"/>	IGIB	ISHARES INTERMEDIATE-TERM CORPORATE BOND ETF
<input type="checkbox"/>	SCHZ	SCHWAB U.S. AGGREGATE BOND ETF™
<input type="checkbox"/>	SPAB	SPDR® PORTFOLIO AGGREGATE BOND ETF
<input type="checkbox"/>	IAGG	ISHARES CORE INTERNATIONAL AGGREGATE BOND ETF
<input type="checkbox"/>	FLCB	FRANKLIN LIBERTY US CORE BOND ETF
<input type="checkbox"/>	FBND	FIDELITY® TOTAL BOND ETF

Source: Fidelity.com, November 2020. Images are for illustrative purposes only.

Free commission offer applies to online purchases of Fidelity ETFs and iShares 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).



# ETF Research—Specific Bond ETF Research



**Fund Characteristics** [MORE >](#)

	Asset Class	Median 11/02/2020
<b>Duration (Yrs)</b> <small>AS OF 10/29/2020</small>	8.27	3.73
<b>Weighted Average Duration (Yrs)</b> <small>AS OF 09/30/2020</small>	8.26	4.13
<b>Weighted Average Maturity (Yrs)</b> <small>AS OF 09/30/2020</small>	11.32	5.66
<b>Weighted Average Coupon</b> <small>AS OF 09/30/2020</small>	3.73%	3.59%
<b>30-day SEC Yield</b> <small>AS OF 09/30/2020</small>	1.85%	1.31%
<b>Distribution Yield (TTM)</b>	--	2.50%

**Quarterly Returns** [MORE >](#)

**Quarter-End Average Annual Total Returns**  
AS OF 09/30/2020

	NAV Return	Price Return
<b>1 Year</b>	+8.33%	+8.48%
<b>3 Year</b>	+6.49%	+6.63%
<b>5 Year</b>	+6.15%	+6.30%
<b>10 Year</b>	--	--
<b>Life</b>	+5.01%	+5.02%

Life as of inception date: 10/06/2014  
 Gross Expense Ratio: 0.36%

Life market returns are as of the first day the ETF traded on an exchange, which may occur a few days after the NAV inception date. Market returns are based on the closing price on the listed exchange at 4 p.m. ET and do not represent the returns an investor would receive if shares were traded at other times.

Source: Fidelity.com, November 2020. Images are for illustrative purposes only.



# Mutual Fund Research

**Fixed Income, Bonds & CDs**

Find Bonds & CDs | [Research & Markets](#) | [Bond Tools](#) | [Service & Solutions](#) | [Understanding Bonds](#)

View this competitive bond pricing study to [see how much](#) you can save at Fidelity.

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings quotations when including our depth of book. Only \$1 per bond mark-up/mark-down for secondary bond trading, \$0 for US Treasuries online.

Search Bonds or Funds      Search by fund name, symbol, fund family or top holding.

Bonds    **Funds**    Search Funds    **Search**

Saved Searches    Bond Ladder    Bid Requests

Yields    Bonds (115,433)    **New Issues (290)**    CDs & Ladders (6,282)    **Funds**    ETFs    Managed Accounts

**SEARCH AND COMPARE BOND FUNDS**

SELECT BOND FUND TYPE by Class/Category

Asset Class: All Bond Asset Classes

Category: All Categories

Fidelity funds only

Fund Picks from Fidelity

No Transaction Fee funds only

OVERALL RATING\*    Any Morningstar rating

RETURNS\*    Any Returns rating

EXPENSES\*    Any Expenses rating

977 Matching Funds    **See Results**

[Learn more](#)  
\* Compared to Morningstar category average

**Contact Us**  
800-544-5372  
Fixed Income Service Messages

**Investments**

New Issue  
City Transitional Fin  
Auth Tax Secured Bonds  
NEW

New Issue  
Corporate Notes

Not a customer? Sign up for Guest Access

Municipal Borrow  
California

er & Mass (PDF)

New York (PDF)

New CDs  
Create a CD ladder (4:10)

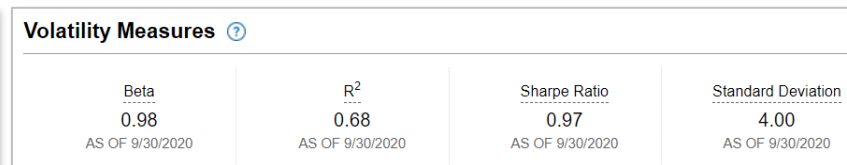
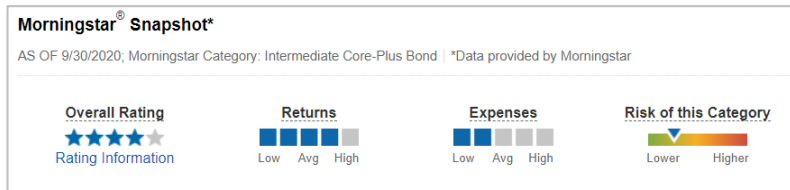
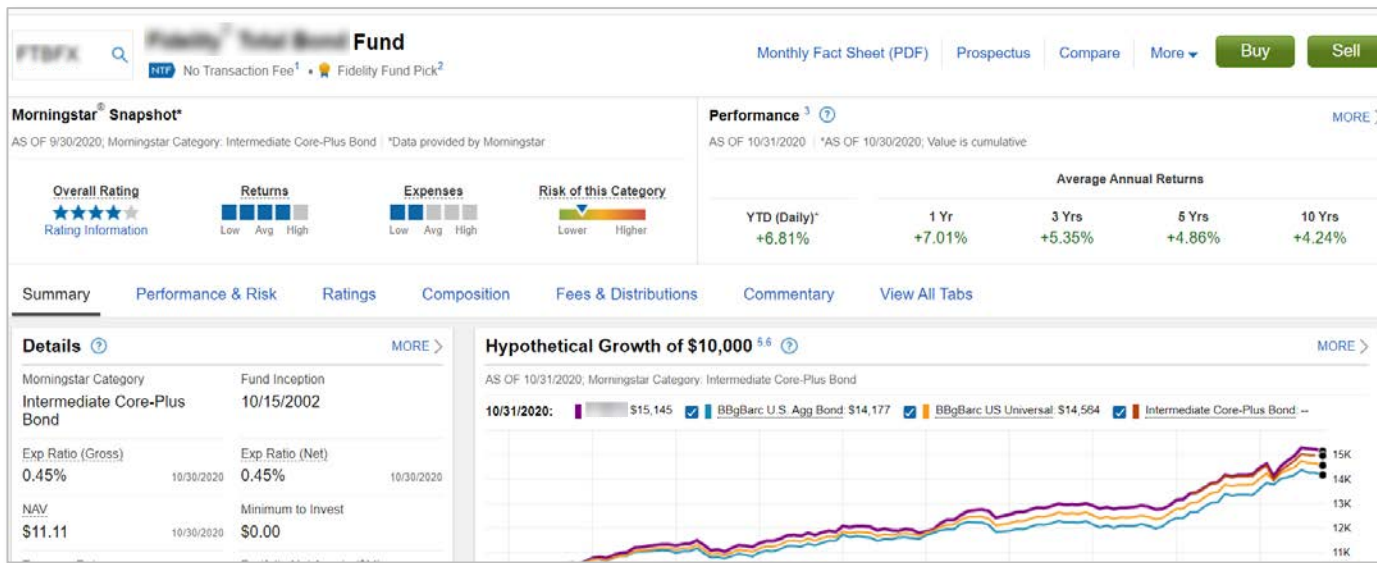
New Treasury Bonds

1 Select the Funds tab

2 Search for mutual funds that meet your objective

Source: Fidelity.com, October 2020. Images are for illustrative purposes only.

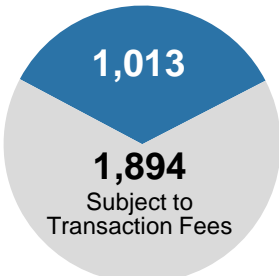
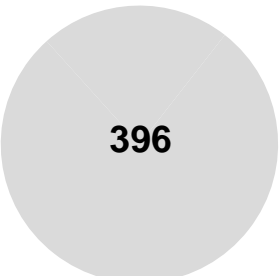
# Mutual Fund Research—Specific Bond Fund Research



Source: Fidelity.com, November 2020. Images are for illustrative purposes only.



# Bond Mutual Funds and ETFs on Fidelity.com

Bond Mutual Funds	Bond ETFs
87 Fidelity Funds	5 Fidelity ETFs
<p>No Transaction Fee<sup>1</sup></p>  <p>1,013</p> <p>1,894 Subject to Transaction Fees</p>	<p>Commission Free<sup>2</sup></p>  <p>396</p>

<sup>1</sup> Certain FundsNetwork funds may be subject to separate and additional redemption fees imposed by the particular fund. Investors should refer to that fund's current prospectus for details.

<sup>2</sup> Free commission offer applies to online purchases of Fidelity ETFs and select iShares 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).

For iShares ETFs, Fidelity receives compensation from the ETF sponsor and/or its affiliates in connection with an exclusive long-term marketing program that includes promotion of iShares ETFs and inclusion of iShares funds in certain FBS platforms and investment programs. Please note, this security will not be marginable for 30 days from the settlement date, at which time it will automatically become eligible for margin collateral. Additional information about the sources, amounts, and terms of compensation can be found in the ETF's prospectus and related documents. Fidelity may add or waive commissions on ETFs without prior notice. BlackRock and iShares are registered trademarks of BlackRock Inc., and its affiliates.



# ETF Strategies Covering the Credit Spectrum

	INVESTMENT GRADE	CREDIT SPECTRUM			HIGH YIELD
	←				→
	Fidelity Low Duration Bond Factor ETF	Fidelity Limited Term Bond ETF	Fidelity Total Bond ETF	Fidelity Corporate Bond ETF	Fidelity High Yield Factor ETF
Ticker	<b>FLDR</b>	<b>FLTB</b>	<b>FBND</b>	<b>FCOR</b>	<b>FDHY</b>
Expense Ratio <sup>1</sup>	<b>0.15%</b>	<b>0.36%</b>	<b>0.36%</b>	<b>0.36%</b>	<b>0.45%</b>
Summary	Seeks income potential greater than a money market fund with less volatility than a short-term bond fund	A credit-oriented ETF serving clients with shorter investment horizons	A core fixed income ETF for clients seeking income and a measure of protection from stock market volatility	A credit-oriented ETF serving clients with longer investment horizons	Seeks a high level of income and capital appreciation. Quantitative, rule-based approach to exploit market inefficiencies
	<b>Factor/Passive</b>	<b>Active</b>	<b>Active</b>	<b>Active</b>	<b>Factor/Model-Based Active</b>

<sup>1</sup> As of 09/30/20. Expense Ratio is the fund's total annual fund operating expenses as available in each fund's prospectus and represents the expenses that you pay each year as a percentage of the value of your investment. Any applicable brokerage charges are not included in the expense ratio.

There is no guarantee that a factor-based investing strategy will enhance performance or reduce risk. Before investing, make sure you understand how the fund's factor investing strategy may differ from that of a more traditional index product. Depending on market conditions, funds may underperform compared with products that seek to track a more traditional index. The return of an index exchange-traded fund (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).







# Summary and Next Steps

# Your Next Steps

Locating the products on Fidelity.com | More education and support services | How to buy

## Individual Bonds

- 1 Fidelity.com > Research > Fixed Income
- 2 "Yields" tab or "Individual Bonds" tab

**Fixed Income, Bonds & CDs**

Fixed Bonds & CDs | Research & Markets | Bond Tools | Services & Solutions | Understanding Bonds

View this competitive bond pricing study to see how much you can save at Fidelity.

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings (quotations when including our depth of book, \$25-\$1 per bond mark-up/mark-down for secondary bond trading, \$0 for US Treasuries only).

Search Bonds or Funds: By CUSIP or Type (for bond name) Search by CUSIP

Yields | Bonds (selected) | New Issues | CDs & Ladders | Annuities | Funds | ETFs | Managed Accounts

Yields and ratings are listed in the left column, quotations across the top. The numerical values represent the high or median yield for each category based on offerings that may be available. Enter a value to see bond search results and review the yields offered in the context of the various available offerings. View Investment Products - Fund Issue to read more about the advantages and risks of individual CDs and the different bond types listed.

View of	HIGHEST YIELD	Median Yield	Fix out the year you'd like									
Understanding The Table	1m	3m	6m	1y	2y	3y	5y	7y	10y	20y	30y*	
<b>BONDS</b>				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
U.S. Treasury	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
U.S. Treasury Zero	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Agency/BID	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Corporate (AAA)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Corporate (AA)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Corporate (A)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Corporate (BBB)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Municipal (AAA)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Municipal (AA)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Municipal (A)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Municipal (AA)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	

## Bond Mutual Funds

- 1 Fidelity.com > Research > Fixed Income
- 2 "Funds" tab

**Fixed Income, Bonds & CDs**

Fixed Bonds & CDs | Research & Markets | Bond Tools | Services & Solutions | Understanding Bonds

View this competitive bond pricing study to see how much you can save at Fidelity.

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings (quotations when including our depth of book, \$25-\$1 per bond mark-up/mark-down for secondary bond trading, \$0 for US Treasuries only).

Search Bonds or Funds: By CUSIP or Type (for bond name) Search by CUSIP

Yields | Bonds (selected) | New Issues | CDs & Ladders | Annuities | **Funds** | ETFs | Managed Accounts

**SEARCH AND COMPARE BOND FUNDS**

SELECT BOND FUND TYPE: Fixed Income

Asset Class: (All Bond Asset Classes)

Category: (All Categories)

OVERALL RATING: ★★★★★

EXPENSE RATIO: 0.77%

977 Matching Funds

## Bond ETFs

- 1 Fidelity.com > Research > Fixed Income
- 2 "ETFs" tab

**Fixed Income, Bonds & CDs**

Fixed Bonds & CDs | Research & Markets | Bond Tools | Services & Solutions | Understanding Bonds

View this competitive bond pricing study to see how much you can save at Fidelity.

Choose from 75,000 new issue and secondary market bonds and CDs, and over 120,000 total offerings (quotations when including our depth of book, \$25-\$1 per bond mark-up/mark-down for secondary bond trading, \$0 for US Treasuries only).

Search Bonds or Funds: By CUSIP or Type (for bond name) Search by CUSIP

Yields | Bonds (selected) | New Issues | CDs & Ladders | Annuities | Funds | **ETFs** | Managed Accounts

**Choose an Investment Type**

Fidelity Fixed Income ETFs

iShares Fixed Income

U.S. Total Bond

Global Total Bond

U.S. Corporate

Source: Fidelity.com, November 2020. Images are for illustrative purposes only.



# Why Buy Bonds at Fidelity?

The screenshot shows the Fidelity website's 'Why buy bonds & CDs at Fidelity' page. The page is divided into several sections:

- Low fees:** At Fidelity, our bond pricing is clear, transparent, and low. A '1% lower' badge is visible. Key points include:
  - See how Fidelity's \$1 markup per bond compares to certain competitors whose online prices for corporate and municipal bonds were found to be an average price of \$15 more, per bond?
  - Trade new issues and new issue CDs for free?
  - Purchase U.S. Treasuries online for free or for a flat rate of just \$19.95 when placed with a representative
  - Pay a maximum mark-up/down of \$250 for individual bond orders or just \$50 for those maturing in a year or less
- Dedicated support:** Our team of fixed income specialists can work with you and your financial consultants on all aspects of your financial planning. Key points include:
  - Receive an in-depth analysis of your bond and bond fund holdings, including your outside accounts
  - Get help constructing a bond or short-term CD ladder to help make your cash work harder
  - For investors with bond portfolios of \$3 million and higher, our High Net Worth Bond Desk provides even greater levels of personalized service
- Bond tools and resources:** Our tools and educational resources can help you succeed as a fixed income investor. Key points include:
  - Research and trade with ease on our online platform
  - Build a bond ladder to help generate regular cash flow
  - Use our Fixed Income Analysis Tool to get an analysis of your entire bond portfolio

Other sections include 'More information' with educational events, 'Fixed Income Viewpoints' with thought leadership, and the 'Fidelity Learning Center' for deeper understanding.

The screenshot shows the Fidelity website's 'Fixed Income, Bonds & CDs' page. The page features a navigation bar with 'Service & Solutions' highlighted. The main content includes:

- Fixed Income, Bonds & CDs:** Whether you are an experienced bond investor or thinking about investing in bonds and CDs for the first time, we have the people to enable you to get the most out of Fidelity's bond resources. Give us a call and let's discuss how we can help.
- Fixed Income Specialists & Consultants:** Strategically located nationwide, our fixed income specialists work with you and your financial consultant to provide bond strategies and trading expertise when you need it. Key points include:
  - Build a bond ladder to create an income stream or review your bond holdings with a fixed income analysis report.
  - Take advantage of our new issue offerings with minimal transaction costs.
  - Meet with you and your financial consultant face-to-face, where available.
- High Net Worth Bond Desk Services:** If you have a large and complex bond portfolio and have over \$3 million in bonds or CDs to invest, then our High Net Worth Bond Desk could be right for you. Key points include:
  - Dedicated 1:1 relationship for your fixed income portfolio
  - In-depth review of your bond holdings through your fixed income analysis report
  - Automatic access for clients of Fidelity Private Wealth Management®

Images are for illustrative purposes only. Source: Fidelity.com

A bond's markup is the difference (dollar and %) between a bond's Prevailing Market Price (PMP) and the trade price. The markup includes, but may not be limited to, Fidelity's \$1 per bond pricing. Details available on our [fee schedule](#).

Further information about bond pricing and markups may be found in this [Fidelity Viewpoint](#).

**1. Minimum markup or markdown of \$19.95 applies if traded with a Fidelity representative.** For U.S. Treasury purchases traded with a Fidelity representative, a flat charge of \$19.95 per trade applies. A \$250 maximum applies to all trades, reduced to a \$50 maximum for bonds maturing in one year or less. Rates are for U.S. dollar-denominated bonds; additional fees and minimums apply for non-dollar bond trades. Other conditions may apply; see [Fidelity.com/commissions](#) for details. Please note that mark-ups and mark-downs may affect the total cost of the transaction and the total, or "effective," yield of your investment. The offering broker, which may be our affiliate, National Financial Services LLC, may separately mark up or mark down the price of the security and may realize a trading profit or loss on the transaction.

See disclosures 2 and 3 on page 37 for details of the information presented above.



# Fixed Income Assets Under Management

Total Fixed Income AUM	Institutional (\$ Billions)	Retail (\$ Billions)	Total (\$ Billions)
Bonds	\$111.6	\$356.6	\$468.2
High Income	\$15.9	\$89.5	\$105.4
Money Market	\$292.1	\$606.3	\$898.4
<b>Total</b>	<b>\$419.6</b>	<b>\$1,052.4</b>	<b>\$1,472.0</b>

Source: Fidelity Investments as of 9/30/20.

Data is unaudited. Fidelity fixed income assets include investment grade and high income products, bond sub-portfolios of multi-asset class strategies and money market cash management vehicles.



# Important Information

(from pages 18 and 35)

2. Fidelity commissioned Corporate Insight to study bond pricing, available online, for self-directed retail investors from three brokers that offer corporate and municipal bonds for comparison to Fidelity's standard online pricing. The [Study](#) compared online bond prices for more than 27,000 municipal and corporate inventory matches from January 28 through March 2, 2020. It compared municipal and corporate inventories offered online in varying quantities. The study found that, on average, the three online bond brokers identified in the chart were asking \$15.41 more per bond. Corporate Insight determined the average price differential by calculating the difference between the prices of matching corporate and municipal bond inventory at Fidelity, including Fidelity's \$1 per bond markup for online trades vs. the prices offered online for the same bonds from the three brokers in the table, then averaging the differences of the financial services firms. The analysis included investment-grade corporate and municipal bonds only, as the three brokers in the study do not offer non-investment-grade bonds for purchase online.

3. Fidelity makes new issue CDs available without a separate transaction fee. Fidelity Brokerage Services LLC and National Financial Services LLC receive compensation for participating in the offering as a selling group member or underwriter.

# Important Information (Cont'd)

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

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. Any fixed income security sold or redeemed prior to maturity may be subject to loss. High-yield/non-investment-grade bonds involve greater price volatility and risk of default than investment-grade bonds.

The municipal market can be adversely affected by tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets or for all account types. Tax laws are subject to change and the preferential tax treatment of municipal bond interest income may be revoked or phased out for investors at certain income levels. You should consult your tax adviser regarding your specific situation.

# Important Information (Cont'd)

**ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs are subject to management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund.**

The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity does not provide legal or tax advice. Fidelity cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws that may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

The Fidelity ETF Screener is a research tool provided to help self-directed investors evaluate these types of securities. The criteria and inputs entered are at the sole discretion of the user, and all screens or strategies with preselected criteria (including expert ones) are solely for the convenience of the user. Expert Screeners are provided by independent companies not affiliated with Fidelity. Information supplied or obtained from these Screeners is for informational purposes only and should not be considered investment advice or guidance, an offer of or a solicitation of an offer to buy or sell securities, or a recommendation or endorsement by Fidelity of any security or investment strategy. Fidelity does not endorse or adopt any particular investment strategy or approach to screening or evaluating stocks, preferred securities, exchange traded products, or closed-end funds. Fidelity makes no guarantees that information supplied is accurate, complete, or timely, and does not provide any warranties regarding results obtained from its use. Determine which securities are right for you based on your investment objectives, risk tolerance, financial situation, and other individual factors, and reevaluate them on a periodic basis.

References to individual securities are for illustrative purposes only, and should not be construed as investment advice.

Past performance is no guarantee of future results.

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Fidelity does not review the Morningstar data. For mutual fund performance information, you should check the fund's current prospectus for the most up-to-date information concerning applicable loads, fees, and expenses.

The Morningstar category average is the average return for the peer group based on the returns of each individual fund within the group, for the period shown. This average assumes reinvestment of dividends. Past performance is no guarantee of future results..

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# Important Information (Cont'd)

A bond ladder, depending on the types and amount of securities within it, may not ensure adequate diversification of your investment portfolio. While diversification does not ensure a profit or guarantee against loss, a lack of diversification may result in heightened volatility of your portfolio value. You must perform your own evaluation as to whether a bond ladder and the securities held within it are consistent with your investment objectives, risk tolerance, and financial circumstances. To learn more about diversification and its effects on your portfolio, contact a representative.

The Fixed Income Analysis tool is designed for educational purposes only and you should not rely on it as the primary basis for your investment, financial or tax planning decisions. Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. Nothing in this content should be considered to be legal or tax advice and you are encouraged to consult your own lawyer, accountant, or other advisor before making any financial decision.

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## Indices

All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

Bloomberg Barclays U.S. High Yield Index is a market value-weighted index that covers the universe of dollar-denominated, fixed-rate, non-investment-grade debt.

Bloomberg Barclays U.S. Corporate Investment Grade Index is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays Municipal Bond Index is an unmanaged index that includes investment-grade, tax-exempt, and fixed-rate bonds with maturities greater than two years selected from issues larger than \$75 million.

Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index that tracks domestic investment-grade bonds, including corporate, government, and mortgage-backed securities.

Bloomberg Barclays U.S. Treasury Index is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more.

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