

Fidelity® Core Bond Strategy

A professionally managed portfolio of taxable bonds

Fidelity's Fixed Income Separately Managed Accounts (SMAs)

Our fixed income separately managed account strategies allow investors to invest directly in individual bonds while experiencing the benefits of professional investment management.

The Fidelity® Core Bond Strategy is a separately managed account that seeks to provide a stream of income while limiting risk to an investor's investment over the long term. In actively managing your account, we look for ways to help generate income from individual investment-grade* bonds while keeping a focus on risk.

Investing in a portfolio of taxable bonds can be an attractive option for investors who want broad exposure to the investment-grade bond market, including U.S. Treasury, government agency, corporate, taxable municipal, mortgage-backed, and asset-backed bonds.

The Fidelity Core Bond Strategy offers:

Professional management:

Our investment team will actively manage an investor's account, putting our knowledge, experience, and resources to work as we seek to uncover opportunities in all types of markets.

A personalized portfolio:

We'll build a portfolio of taxable bonds based on an investor's investment preferences.

Transparency:

Investors have ownership of each bond in their portfolio, which provides a clear picture of their holdings, as well as each bond's cost, duration,¹ and maturity date.²

Broad exposure:

Diversifying across a broad spectrum of fixed-income issuers, sectors, and maturities may help provide lower volatility than a more concentrated portfolio.

Flexible funding options:

Investors may fund an account with bonds they currently own.[†] Plus, assets can be added or withdrawn at an investor's request.

*Ratings agencies research the financial health of each bond issuer (including the issuers of municipal bonds) and assign ratings to the bonds being offered. Each agency has a similar hierarchy to help investors assess that bond's credit compared with other bonds. Bonds with a rating of BBB- (on the Standard & Poor's and Fitch scales) or Baa3 (on Moody's) or better are considered "investment-grade."

[†]Provided they meet the selection criteria and overall portfolio investment guidelines.



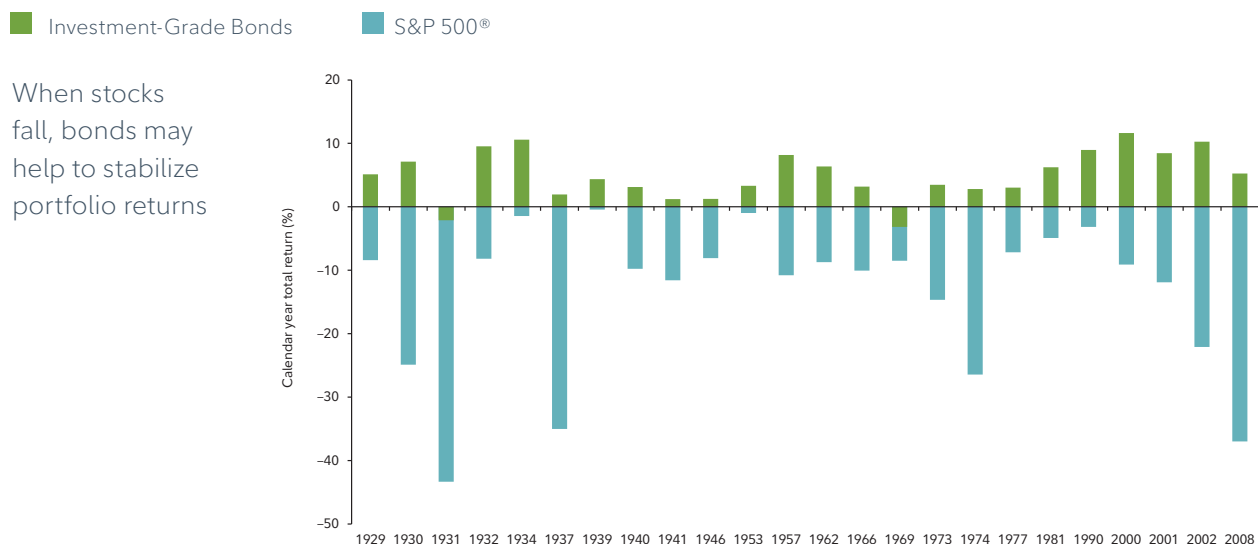
Why invest in investment-grade bonds?

Investment-grade bonds are high-quality debt instruments that reflect the “investment-grade” rating received by the ratings agencies. They are typically issued by the U.S. Treasury, U.S. government agencies, and corporations to finance new projects, maintain ongoing operations, or refinance other debt. These bonds generally provide income and are typically less volatile than stocks, so they are usually part of a diversified portfolio.

Stock risk diversification

Bonds are generally less sensitive than stocks when it comes to ups and downs in the market. Historically, in periods of market volatility, high-quality bonds have generally performed well when stocks have declined. For this reason, they can be an effective diversifier. And while diversification can't prevent a loss, it may help temper volatility in your overall portfolio.

Bond returns in years when stocks were down, 1926–2016



Source: Morningstar EMCOR, (AART). As of September 2017.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Index performance is not meant to represent that of any Fidelity mutual fund or separately managed account. Diversification does not ensure a profit or guarantee against loss. Bond returns are represented by the performance of the Bloomberg Barclays U.S. Aggregate Bond Index from January 1976 and by a composite of the IA SBBI U.S. Intermediate-Term Government Bond Index (67%) and the IA SBBI U.S. Long-Term Corporate Bond Index (33%) from January 1926 through December 1975. Stock returns are represented by the performance of the S&P 500 Index.

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

Balance income vs. risk

Investment-grade bonds historically have had a lower level of default risk relative to non-investment-grade bonds. By maintaining a portfolio of investment-grade bonds that has an average credit rating of at least A-, with 80% being A- or better, Fidelity Core Bond Strategy is built to seek income and help limit risk to an investor's investment over the long term. The strategy has a philosophy centered on a research-based approach that balances the opportunity to help generate income and deliver capital appreciation while focusing on risk management.

INVESTMENT-GRADE BONDS

Have higher credit ratings from major rating agencies (Aaa or AAA to Baa3 or BBB-).*

Often issued by corporations, developed governments, and municipalities that:

- Are established
- Have fairly healthy balance sheets
- Possess a positive growth outlook

BELOW-INVESTMENT-GRADE BONDS

Have lower credit ratings from major rating agencies (Ba1 or BB+ to C or D).*

Often issued by corporations, developed/developing governments, and municipalities that:

- Are new or have high debt levels
- Operate in highly competitive or volatile sectors
- Have troubling fundamentals

LOWER ← ————— DEFAULT RISK & INCOME POTENTIAL —————→ HIGHER

Managing portfolio volatility

We will invest in a diverse mix of investment-grade bonds across a range of sectors and varying maturities, which we actively manage. A decline in one sector could hopefully be offset by a gain in another, which may help smooth out portfolio volatility. Because investment-grade bonds are generally at a lower risk of default than non-investment-grade bonds, they tend to be less volatile.

We will invest in these bond sectors:



Corporate



Treasury



Mortgage-Backed



Municipal



Government
Agency



Asset-Backed

All bonds carry risk, including the risk of default by the issuer.³

The advisory fee for this strategy is based on the total assets invested, and can range from 0.35% to 0.40%.

*Each agency has its own rating hierarchy, creating differences in ratings scale shown for each credit quality category.

The benefits of an experienced investment team.

We actively research and evaluate bonds to uncover hidden opportunities in different types of markets. Our proprietary research approach, combined with our ability to research thousands of securities across the investment-grade bond universe, enables us to build a diversified bond strategy to help generate income and manage risk—all while helping investors' accounts stay aligned with their preferences.

- **Portfolio managers** implement an investor's strategy and manage its risk profile.
- **Credit analysts** work to identify attractive bonds and monitor existing holdings.
- **Quantitative analysts** employ specialized tools to evaluate risk and return potential.
- **Traders** find trading ideas using proprietary technology and market knowledge.

In addition, a **dedicated Portfolio Specialist** will work directly with investors to provide insights from the investment team, and answer questions about bond holdings and account activities.

For more information about the Fidelity Core Bond Strategy,
call a Fidelity investment professional at 800-544-9371.

¹Duration estimates how much a bond's price fluctuates with changes in comparable interest rates. If rates rise 1%, for example, a bond or fund with a five-year duration is likely to lose about 5% of its value. For a bond with known cash flows, duration is computed using all cash flows until the bond's maturity. Duration monitoring entails conducting oversight to seek to ensure that portfolio duration is within an acceptable range of the index duration.

²A bond maturity date refers to the date at which the principal amount of the bond is payable to the bond holder. On the maturity date of the bond, the agreement between the bond holder and the issuer of the bond ceases.

³In 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 date may be subject to loss.

The sectors represented in the "We'll invest in these bond sectors" diagram are: Corporate bonds—issued by corporations to finance their activities; Treasury bonds—issued by the U.S. Treasury and backed by the full faith and credit of the U.S. government; Mortgage-Backed bonds—bonds backed by a pool of mortgages that may be issued by financial institutions, government agencies, or government-sponsored enterprises; Municipal bonds—issued by cities, states, local governments, and nonprofit entities to build schools, highways, hospitals, and other public projects; Government Agency bonds—issued by government agencies and government-sponsored enterprises such as the Federal Home Loan Mortgage Corporation (Freddie Mac) or the Federal National Mortgage Association (Fannie Mae); and Asset-Backed bonds—bonds backed by a pool of loans, leases, or receivables such as credit cards and auto loans.

See the Program Fundamentals for additional information about material investment risks.

The Bloomberg Barclays U.S. Aggregate Bond Index is a market value-weighted index of investment-grade fixed rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities, with maturities of one year or more. The Standard & Poor's (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. The IA SBBI U.S. Intermediate-Term Government Bond Index is a custom index designed to measure the performance of intermediate-term U.S. government bonds. The IA SBBI U.S. Long-Term Corporate Bond Index is a custom index designed to measure the performance of long-term U.S. corporate bonds.

Fidelity[®] Strategic Disciplines provides discretionary investment management for a fee. Fidelity[®] Strategic Disciplines includes the Fidelity[®] Core Bond Strategy. Advisory services offered by Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser. Brokerage services provided by Fidelity Brokerage Services LLC (FBS), and custodial and related services provided by National Financial Services LLC (NFS), each a member NYSE and SIPC. FPWA, FBS, and NFS are Fidelity Investments companies.

FPWA has engaged Fidelity Investments Money Management, Inc., a registered investment adviser and a Fidelity Investments company, to provide the day-to-day discretionary portfolio management of Fidelity Core Bond Strategy accounts, including investment selection and trade execution, subject to FPWA's oversight and monitoring.

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