

# Fidelity Fixed Income

Fidelity Advisor Total Bond

April 2019

**Wisconsin Department of Employee Trust Funds**

**Beau Coash**

*Institutional Portfolio Manager*

**Ron Henry**

*Investment Consultant*

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# Fixed Income Overview

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# Fidelity Asset Management

Over 40 years of experience serving fixed income clients worldwide

## History

Fidelity founded in 1946

Fidelity has been managing Fixed Income since 1971

Global multi-asset class solutions provider

## People

**Global Investment Professionals:** 767

**Fixed Income Professionals:** 201

Division Management:	10
Portfolio Management:	44
Research:	106
Trading:	33
Other:	8

## Assets

**Fidelity Assets Under Management:** \$2.4T

**Fixed Income Assets:** \$1,127.9B

Bond Assets:	\$364.7B
High Income Assets:	\$98.7B
Money Market Assets:	\$664.5B



**Morningstar 2016 U.S. Fixed-Income Fund Manager of the Year**  
Fidelity Total Bond Fund

Ford O'Neil	Jeff Moore	Matt Conti	Mike Foggin
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Source: Fidelity Investments as of 12/31/18. 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. Fidelity fixed income assets under management include accounts managed by FIAM® and its affiliates, not all of which may be part of the FIAM firm for GIPS purposes. Research professionals include both analysts and associates.

Established in 1988, the Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. To qualify for the award, managers' funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term risk-adjusted performance and of aligning their interests with shareholders'. Nominated funds must be Morningstar Medalists—a fund that has garnered a Morningstar Analyst Rating™ of Gold, Silver, or Bronze. The Fund Manager of the Year award winners are chosen based on Morningstar's proprietary research and an in-depth evaluation by its manager research analyst team. See Important Information slide for additional information.

Morningstar Awards 2017®. Morningstar, Inc. All Rights Reserved. Awarded to Ford O'Neil and team, Fidelity Total Bond Fund (FTBFX), for Fund Manager of the Year (2016), Fixed-Income, U.S.

# What Distinguishes Fidelity Fixed Income?

Team Approach	Commitment to Research	Risk Management
<ul style="list-style-type: none"> <li>• Stable and experienced team</li> <li>• Team has been managing portfolios since 1992 and asset allocation strategies since 2000</li> <li>• A history of competitive results through a variety of market environments</li> </ul>	<ul style="list-style-type: none"> <li>• Independent and proprietary</li> <li>• Spans the capital structure</li> <li>• Fundamental research complemented by macro insights</li> </ul> <hr/> <ul style="list-style-type: none"> <li>• <b>Over 100 research professionals</b></li> <li>• Research analysts average <b>16 years</b> of industry experience</li> <li>• Coordination with <b>over 180 equity research professionals</b></li> </ul> <hr/> <p><b>Annually:</b></p> <ul style="list-style-type: none"> <li>• <b>5,000</b> in-house meetings</li> <li>• <b>13,000</b> company contacts</li> <li>• <b>35,000</b> research notes</li> </ul>	<ul style="list-style-type: none"> <li>• Focused on delivering competitive risk-adjusted returns that are consistent with client expectations</li> <li>• Integrated and empowered risk professionals</li> <li>• Multiple layers of oversight and risk infrastructure</li> <li>• Long-term commitment to risk infrastructure via technology (i.e., RAPIDS*)</li> </ul>

**Strategically aligns Fidelity** with its **clients** and **shareholders**

Past performance is no guarantee of future results.

\* Risk Analytics Platform for Investment Decision Support (RAPIDS).

Source: Fidelity Investments as of 12/31/18. Data is unaudited.

# Depth and Breadth of Resources

Dedicated resources support the investment process

PORTFOLIO MANAGEMENT—ASSETS \$1,127.9B								
Core/Core Plus	Credit/LDI*	Global	Govt/ Mortgage	Municipal	High Income	Index	Limited Term	Money Market*
\$99.3B	\$18.6B	\$19.3B	\$38.7B	\$35.2B	\$98.7B	\$78.5B	\$75.1B	\$664.5B

INVESTMENT GRADE FIXED INCOME INVESTMENT PROFESSIONALS				
Division Management	Fundamental and Quantitative Research	Trading	Portfolio Management	Investment Other
8	77	26	30	8

HIGH INCOME INVESTMENT PROFESSIONALS				
Division Management	Fundamental and Quantitative Research	Trading	Portfolio Management	Investment Other
2	29	7	14	-

OVER 200 FIXED INCOME INVESTMENT SUPPORT PROFESSIONALS			
Legal and Compliance	Product Management & Analysis	Investment Services Team	Technology

\* Certain strategies are managed by FIAM affiliates.

Source: Fidelity Investments, as of 12/31/18. 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. Fidelity fixed income assets under management include accounts managed by FIAM® and its affiliates, not all of which may be part of the FIAM firm for GIPS purposes. Research professionals include both analysts and associates.

# Multiple Layers of Oversight and Risk Management

Blend of quantitative inputs and qualitative assessments

<b>Technology</b>	<b>Quantitative Risk Models</b>	<b>Multi-layered Risk Management Process</b>
<p><b>Risk Analytics Platform for Investment Decision Support (RAPIDS)</b></p> <ul style="list-style-type: none"><li>• High performance batch and timely risk calculations</li><li>• 2.4 billion risk calculations each day</li><li>• 75 million analytics generated nightly</li><li>• 150,000 securities analyzed</li><li>• 277 risk factors analyzed</li></ul>	<ul style="list-style-type: none"><li>• Multi-factored models covering global yield curves, swaps, credit, MBS, Muni, HY, EM and FX</li><li>• Risk measures include tracking error, distribution of simulated excess returns, VaR, expected shortfall</li><li>• Risk analysis conditioned on market volatilities</li></ul>	<p><b>Investment Review &amp; Oversight</b></p> <ul style="list-style-type: none"><li>• Systematic risk reviews with CIO and functional experts</li><li>• Portfolio team challenge and review</li><li>• Cross-team interaction</li></ul> <p><b>Independent Verification</b></p> <ul style="list-style-type: none"><li>• High performance batch and timely risk calculations</li></ul>
<p>State-of-the-art, patent pending technology in hands of investment professionals</p>	<p>Years of risk modeling research fully integrated into investment decision process</p>	<p>Risk oversight with checks and balances across all stages of the investment process</p>

For illustrative purposes only. Intended to show modeling resource that may be used by portfolio manager.

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# RAPIDS Risk Model Overview and Advantages

Simulation-based Factor Model	<ul style="list-style-type: none"><li>Proprietary model that provides a framework for quantifying the active bets in order to estimate downside risk in portfolios</li></ul>
Parsimony	<ul style="list-style-type: none"><li>Keeps number of factors to a minimum while allowing for risk differentiation via security level betas</li><li>Uses data reduction (principal components - PC) strategy where factors have existing structure</li></ul>
277 Risk Factors	<ul style="list-style-type: none"><li>135 interest rate: 17 yield curves</li><li>22 US asset classes: TIPS, Credit, ABS, MBS, CMBS, MUNI</li><li>10 Global TIPS (Canada, UK and Germany)</li><li>17 global credit (including Canada)</li><li>32 FX</li><li>25 equity (11 Equity indices, 14 equity strategies)</li><li>36 misc, including VIX, global swap spreads</li></ul>
Statistical Distributions	<ul style="list-style-type: none"><li>Allow for large simulated outcomes and asymmetry, e.g., larger downside than upside</li></ul>
Correlation Structure	<ul style="list-style-type: none"><li>Allows for contagion, e.g., flight to quality</li></ul>
Dynamic	<ul style="list-style-type: none"><li>Performs simulations conditioned on current and forward-looking implied market conditions, re-estimated monthly</li></ul>
Sensitivity Analysis	<ul style="list-style-type: none"><li>Multiple sets (4) of simulations (5k)</li></ul>

For illustrative purposes only. Intended to show modeling resource that may be used by portfolio manager.



# Fidelity Advisor Total Bond Fund

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# Team Experience

Fidelity's dedicated investment professionals have years of experience investing across fixed income sectors.

	Investment Grade	High Income	Emerging Market Debt	Global*
<b>Started Investing</b>	1971	1977	1990	1995

An experienced portfolio management team acting as decision makers

Team Member	Role	EXPERIENCE	
		Industry	Fidelity
Ford O'Neil	Portfolio Manager	31 years	1990
Jeff Moore	Portfolio Manager	24 years	1995
Michael Weaver**	Portfolio Manager	20 years	2005
Michael Foggin	Portfolio Manager	17 years	2012
Celso Muñoz	Portfolio Manager	17 years	2005

\*Prior to September 2011, Fidelity International Limited managed Global Bonds.

\*\* Effective 4/2/18

Source: Fidelity Investments as of 12/31/18.

# Investment Philosophy



Seek consistent, competitive risk-adjusted total returns versus the index and peers



Leverage a repeatable team-based investment process where the lead Portfolio Manager is the ultimate decision maker



Use multiple alpha levers including asset allocation, sector allocation, security selection, opportunistic trading, and yield-curve positioning



Rely on our competitive advantage of fundamental, macro, and quantitative research

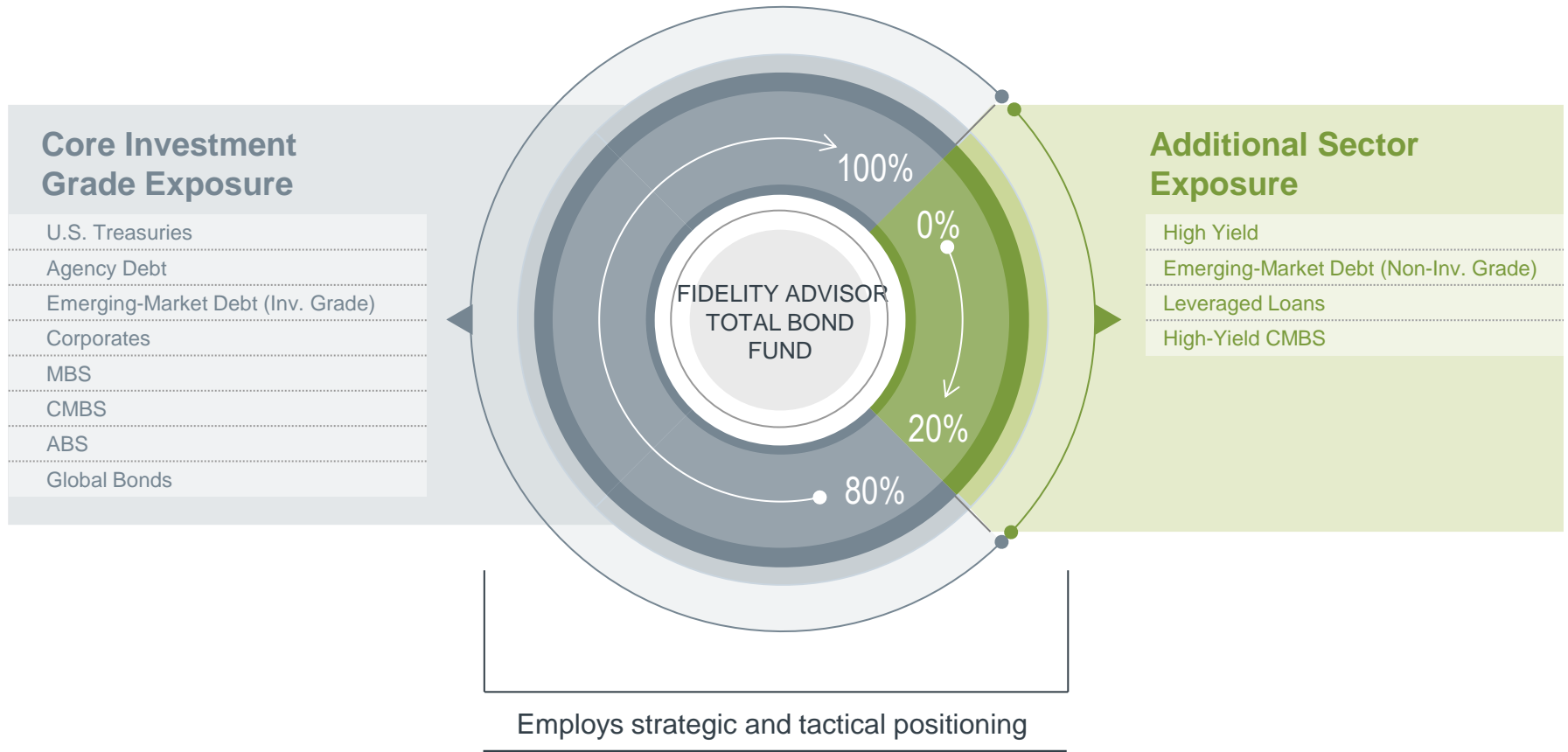


Employ a robust and proprietary risk management platform

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, credit, and default risks for both issuers and counterparties. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. The fund can invest in securities that may have a leveraging effect (such as derivatives and forward-settling securities) that may increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

# Investment Universe

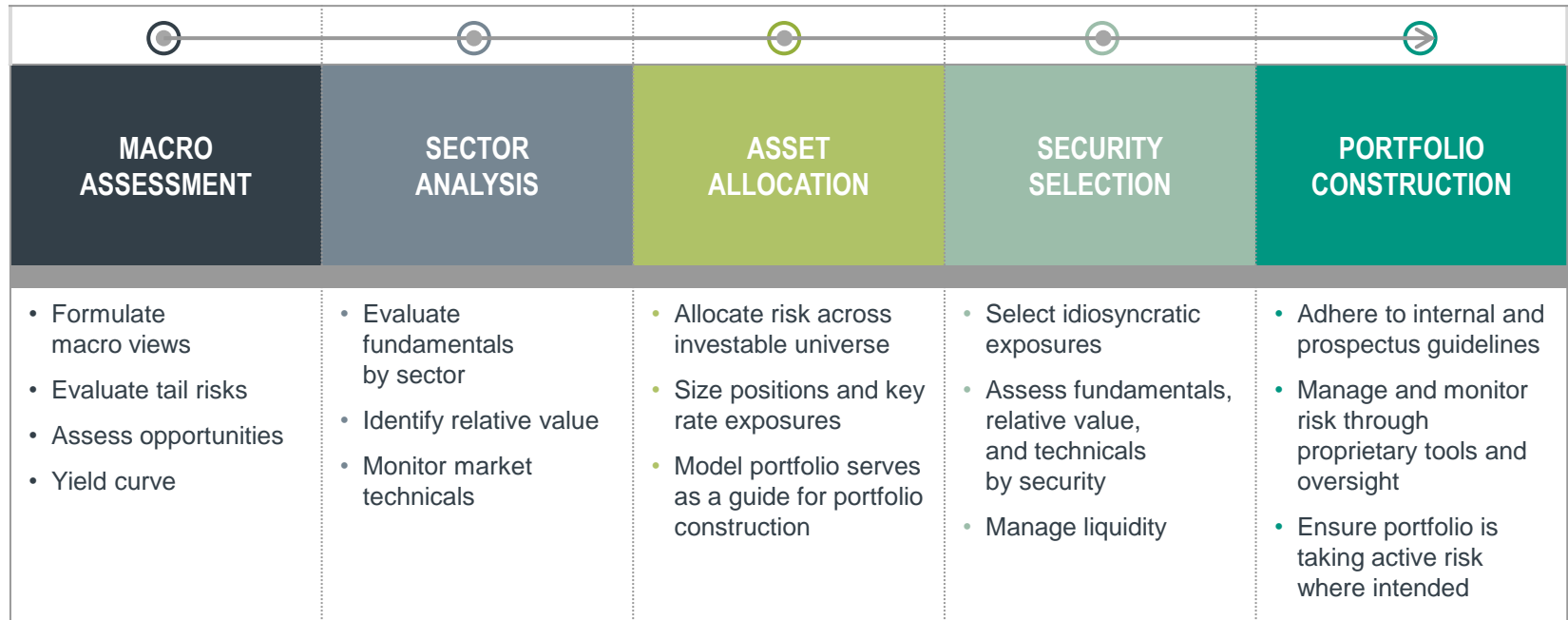
Allocating across a broad array of fixed income sectors



For illustrative purposes only.

# Investment Process

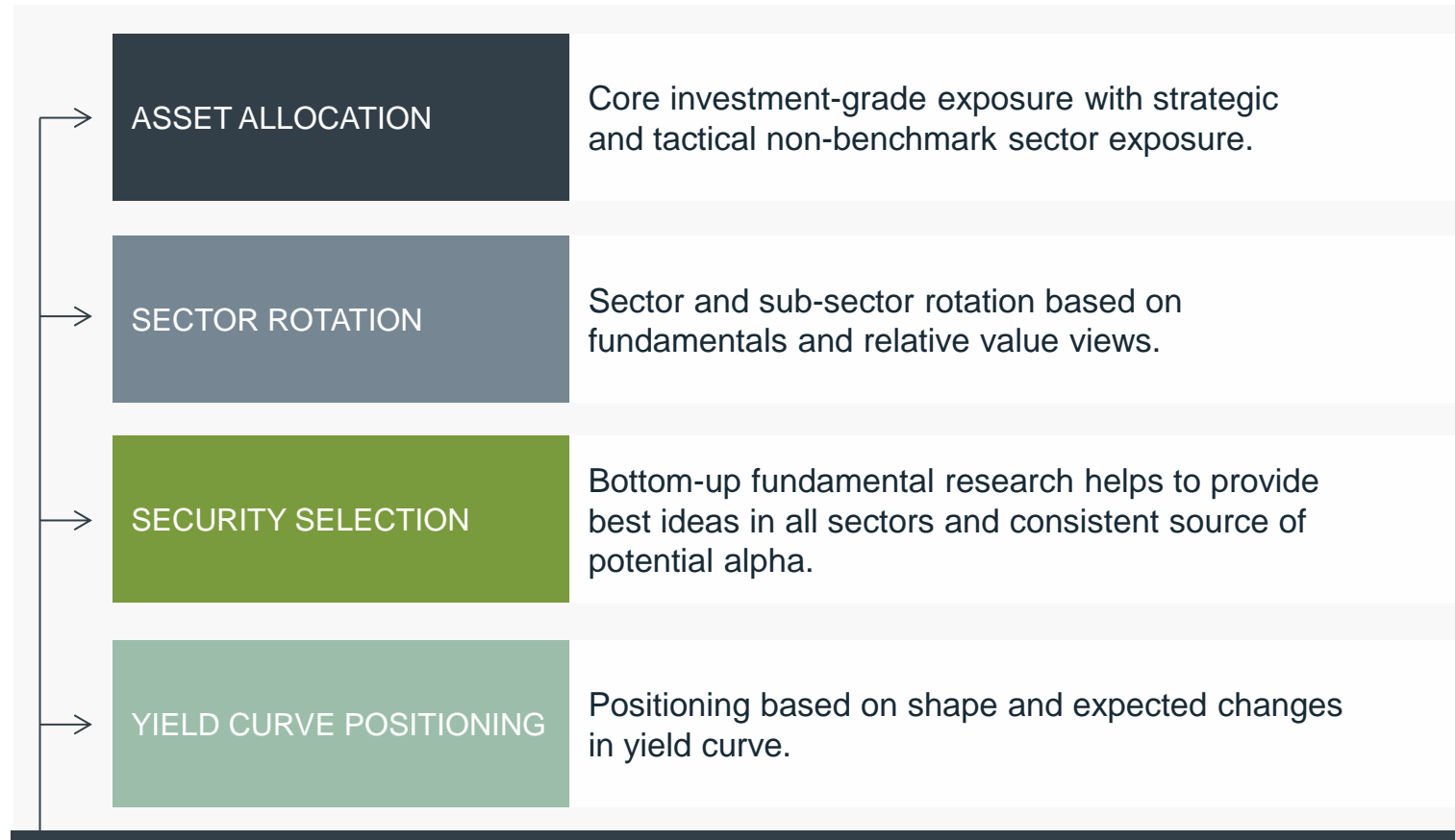
Disciplined process to help uncover global risk-adjusted return opportunities



For illustrative purposes only

# Primary Alpha Sources

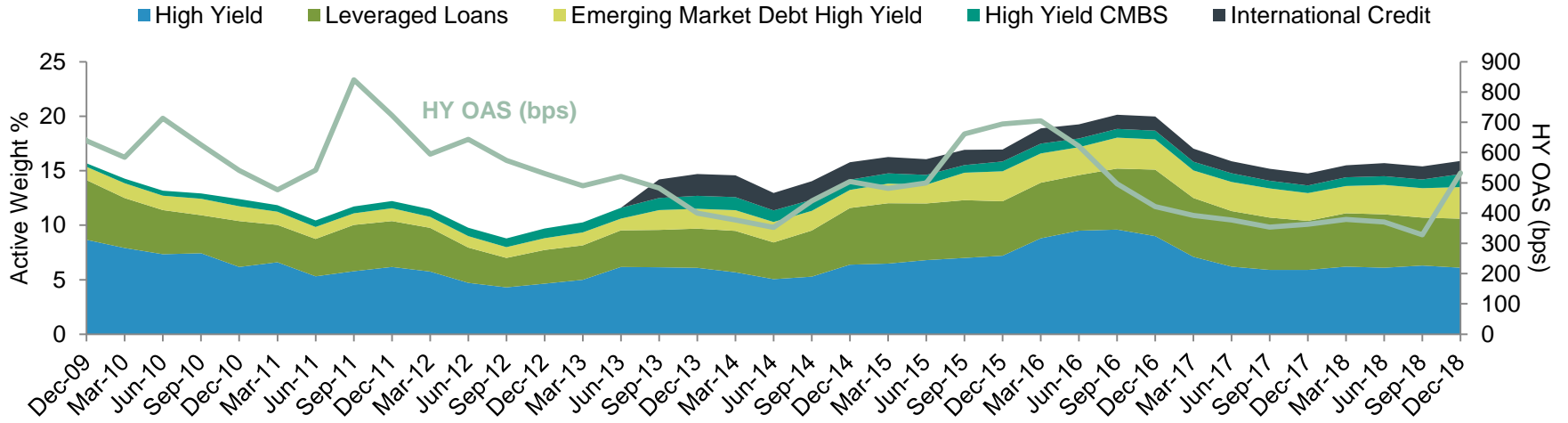
Many potential ways to add value in different market environments



# Fidelity Advisor Total Bond Fund

## Asset Allocation

### SECTOR ACTIVE WEIGHT (%)



### SECTOR ALLOCATIONS %

Active Weight	09- Dec	10- Jun	10- Dec	11- Jun	11- Dec	12- Jun	12- Dec	13- Jun	13- Dec	14- Mar	14- Jun	14- Sep	14- Dec	15- Mar	15- Jun	15- Sept	15- Dec	16- Mar	16- Jun	16- Sep	16- Dec	17- Mar	17- Jun	17- Sept	17- Dec	18- Mar	18- Jun	18- Sep	18- Dec	
EMD High Yield	1.2	1.3	1.4	1.1	1.2	1.1	1.1	1.1	1.8	1.9	1.9	1.8	1.7	1.8	1.7	2.5	2.8	2.7	2.6	2.8	2.8	2.5	2.7	2.7	2.6	2.5	2.7	2.7	2.9	
Leveraged Loans	5.5	4.1	4.2	3.4	4.2	3.2	3.1	3.4	3.6	3.8	3.4	4.2	5.2	5.5	5.2	5.3	5.0	5.1	5.1	5.6	6.1	5.4	5.1	4.8	4.5	4.9	4.9	4.4	4.5	
High Yield Corp	8.7	7.3	6.2	5.3	6.2	4.7	4.6	6.2	6.1	5.7	5.1	5.3	6.4	6.5	6.8	7.0	7.2	8.8	9.5	9.6	9.0	7.1	6.2	5.9	5.9	6.2	6.1	6.3	6.1	
International Credit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	1.6	1.7	1.6	1.5	1.4	1.4	1.1	1.4	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.2	
High Yield CMBS	0.3	0.5	0.7	0.6	0.7	0.8	0.9	1.0	1.2	1.2	1.1	1.0	0.9	0.9	0.9	0.7	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.8	0.8	0.8	1.2
<b>Total</b>	<b>15.7</b>	<b>13.2</b>	<b>12.4</b>	<b>10.4</b>	<b>12.2</b>	<b>9.8</b>	<b>9.7</b>	<b>11.6</b>	<b>14.7</b>	<b>14.6</b>	<b>13.0</b>	<b>14.0</b>	<b>15.8</b>	<b>16.3</b>	<b>16.1</b>	<b>16.9</b>	<b>17.0</b>	<b>18.9</b>	<b>19.3</b>	<b>20.1</b>	<b>20.0</b>	<b>17.0</b>	<b>15.9</b>	<b>15.2</b>	<b>14.8</b>	<b>15.5</b>	<b>15.7</b>	<b>15.4</b>	<b>15.9</b>	
<b>Less Than BBB-14.3</b>	<b>11.6</b>	<b>11.4</b>	<b>9.5</b>	<b>10.9</b>	<b>9.0</b>	<b>8.9</b>	<b>10.5</b>	<b>11.7</b>	<b>11.5</b>	<b>10.5</b>	<b>11.4</b>	<b>13.2</b>	<b>13.6</b>	<b>13.0</b>	<b>13.7</b>	<b>13.6</b>	<b>15.7</b>	<b>15.8</b>	<b>16.2</b>	<b>15.8</b>	<b>15.8</b>	<b>13.2</b>	<b>12.7</b>	<b>12.4</b>	<b>12.8</b>	<b>13.1</b>	<b>13.1</b>	<b>13.5</b>		
HY OAS (bps)	639	713	541	542	723	644	531	521	400	377	353	440	504	482	500	662	695	705	621	497	422	392	377	354	363	379	371	328	533	

Source: Fidelity Investments as of 12/31/18.

# Performance

## As of February 28, 2019

	CUMULATIVE (%)	ANNUALIZED (%)			
	YTD	1-Year	3-Year	5-Year	10-Year
Fidelity Advisor Total Bond Fund –CL Z	2.01	3.20	3.51	2.88	5.54
Bloomberg Barclays U.S. Aggregate Bond Index	1.00	3.17	1.69	2.32	3.71
Bloomberg Barclays U.S. Universal Index	1.49	3.19	2.45	2.61	4.33
Morningstar Intermediate-Term Bond Category (# of Funds Count)	–	2.69 (1,023)	2.23 (879)	2.14 (767)	4.54 (564)
Morningstar Intermediate-Term Bond % Rank in Category	–	17	11	10	18
Lipper Classification Core Bond Category (# of Funds Count)	–	2.59 (508)	1.99 (443)	2.05 (379)	4.41 (293)
Lipper Classification Core Bond % Beaten	–	89	97	N/A	N/A

Gross expense ratio: 0.36%

Lipper Peers Beaten: Higher is better. Morningstar Peer ranks: Lower is better.

Source: Morningstar Direct, Fidelity Investments. Figures are based on net performance.

**Current performance may be higher or lower than the quoted. Visit [fidelity.com](http://fidelity.com), [institutional.fidelity.com](http://institutional.fidelity.com), or [401k.com](http://401k.com) for the most recent month-end performance. Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold.** • Total returns are historical and include changes in share price and reinvestment of dividends and capital gains, if any. • **Class Z shares are sold to eligible investors without a sales charge or 12b-1 fee.** • **Class Z is available only to eligible investors as described in the fund's prospectus.** • Class Z is a share class of Fidelity Total Bond Fund. • See the Glossary at the end of this presentation for terms and definitions.



# Performance

## As of December 31, 2018

	CUMULATIVE (%)		ANNUALIZED (%)			
	Q4 2018	YTD	1-Year	3-Year	5-Year	10-Year
Fidelity Advisor Total Bond Fund–CL Z	0.47	-0.59	-0.59	3.17	2.94	5.43
Bloomberg Barclays U.S. Aggregate Bond Index	1.64	0.01	0.01	2.06	2.52	3.48
Bloomberg Barclays U.S. Universal Index	1.17	-0.25	-0.25	2.56	2.72	4.06
Morningstar Intermediate-Term Bond Category (# of Funds Count)	–	–	(1,019)	(876)	(767)	(560)
Morningstar Intermediate-Term Bond % Rank in Category	–	–	56	8	15*	14*
Lipper Classification Core Bond Category (# of Funds Count)	–	–	(506)	(442)	(378)	(290)
Lipper Classification Core Bond % Beaten	–	–	53	99	N/A	N/A

30-Day SEC Yield: 3.76% as of 12/31/18.

Gross expense ratio: 0.36%

\* Morningstar Total Percentile Rank for these periods are sourced from Morningstar Direct and are based on share class extended performance returns as calculated by Morningstar's total return database.

Lipper Peers Beaten: Higher is better. Morningstar Peer ranks: Lower is better.

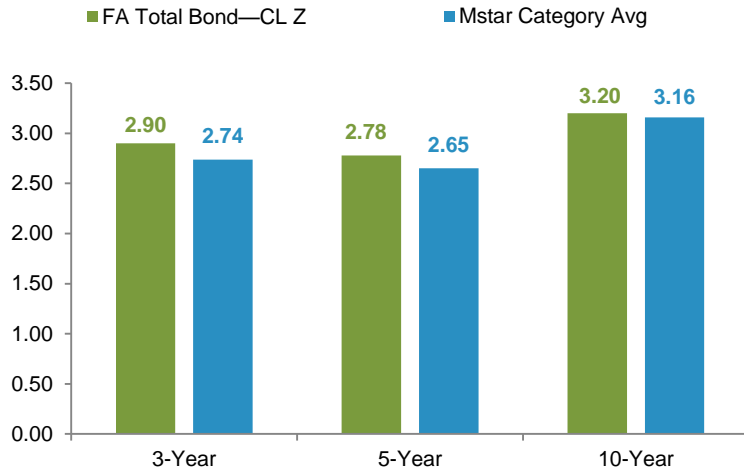
Source: Morningstar Direct, Fidelity Investments. Figures are based on net performance.

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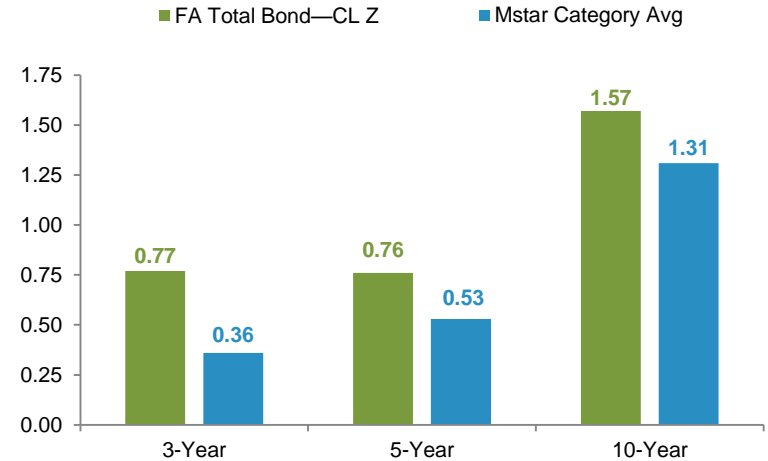
# Performance

As of February 28, 2019

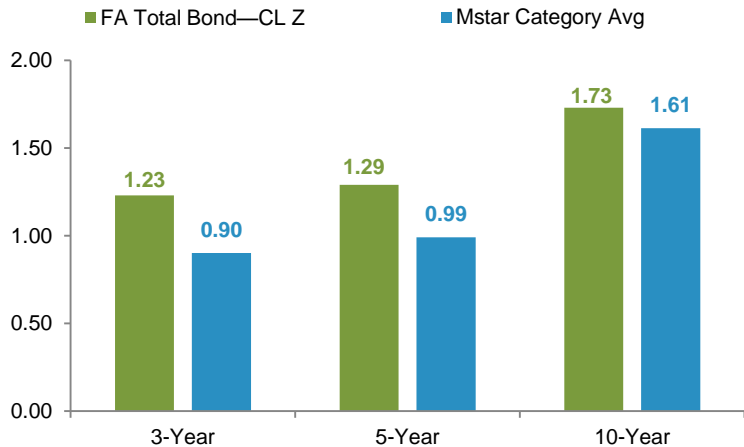
## STANDARD DEVIATION



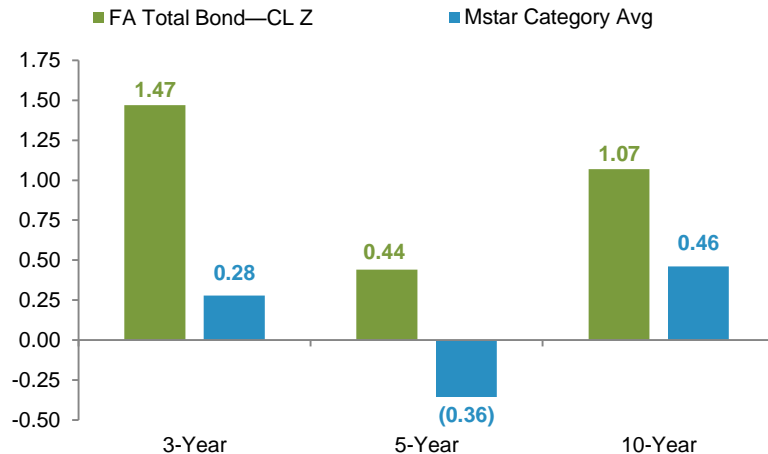
## SHARPE RATIO



## TRACKING ERROR VS. BLOOMBERG BARCLAYS U.S. AGGREGATE BOND



## INFORMATION RATIO VS. BLOOMBERG BARCLAYS U.S. AGGREGATE BOND



Source: Morningstar Direct, Fidelity Investments. Results are net of fees. Morningstar Intermediate-Term Bond Category average was used for comparison. Morningstar average calculations are based on each fund's respective primary benchmark. **Past performance is no guarantee of future results.** It is not possible to invest directly in an index. All market indices are unmanaged. Index performance is not meant to represent that of any Fidelity mutual fund. See the Glossary at the end of this presentation for more information on any terms.

# FA Total Bond Fund

## Characteristics – as of December 31, 2018

Characteristics	FA Total Bond	Bloomberg Barclays US Aggregate	Difference
Duration	5.64	5.85	-0.21
YTM	4.42%	3.24%	1.18%

### Ratings Allocation (%)

	FA Total Bond	Bloomberg Barclays US Aggregate	Difference
AAA	56.9	73.1	-16.2
AA	1.7	5.4	-3.7
A	10.1	11.9	-1.8
BBB	17.8	9.6	8.2
<BBB	13.5	0.0	13.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

### Sector Allocation (%)

	FA Total Bond	Bloomberg Barclays US Aggregate	Difference
US Treasuries	25.9	38.9	-13.0
TIPS	7.8	0.0	7.8
Other Govt Related (US and non US)	3.3	6.1	-2.8
Agency MBS	18.2	28.2	-10.0
CMO	2.4	0.0	2.4
CMBS	4.2	2.0	2.2
Investment Grade	3.0	2.0	1.0
High Yield	1.2	0.0	1.2
Corporate	29.9	24.3	5.6
Investment Grade	23.8	24.3	-0.5
High Yield	6.1	0.0	6.1
Leveraged Loans	4.5	0.0	4.5
Consumer ABS	1.6	0.5	1.1
High Yield Emerging Markets Debt	2.9	0.0	2.9
Cash/Other	-0.7	0.0	-0.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

Source: Fidelity Investments as of 12/31/18

Ratings based on the higher of S&P/Moody's/Fitch.

AAA allocation includes Treasuries, US Government Securities, and Cash.

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Corporate Allocation (%)	FA Total Bond	Bloomberg Barclays US Aggregate	Difference
<b>Financial</b>	<b>14.1</b>	<b>7.9</b>	<b>6.2</b>
Banking	8.9	5.7	3.2
REITS	2.8	0.6	2.2
Finance Companies	0.6	0.2	0.4
Insurance	1.5	1.2	0.3
Financial Other	0.1	0.0	0.1
Brokerage	0.2	0.2	0.0
<b>Industrial</b>	<b>14.0</b>	<b>14.6</b>	<b>-0.6</b>
Energy	3.8	2.2	1.6
Communications	3.7	2.2	1.5
Industrial Other	0.1	0.1	0.0
Consumer NonCyclical	3.8	3.9	-0.1
Basic Industry	0.5	0.8	-0.3
Consumer Cyclical	1.3	1.7	-0.4
Transportation	0.1	0.6	-0.5
Capital Goods	0.4	1.2	-0.8
Technology	0.3	1.9	-1.6
<b>Utility</b>	<b>1.8</b>	<b>1.8</b>	<b>0.0</b>
Electric	1.7	1.7	0.0
Natural Gas	0.1	0.1	0.0
Utility Other	0.0	0.0	0.0
<b>Total</b>	<b>29.9</b>	<b>24.3</b>	

### Consumer ABS Allocation (%)

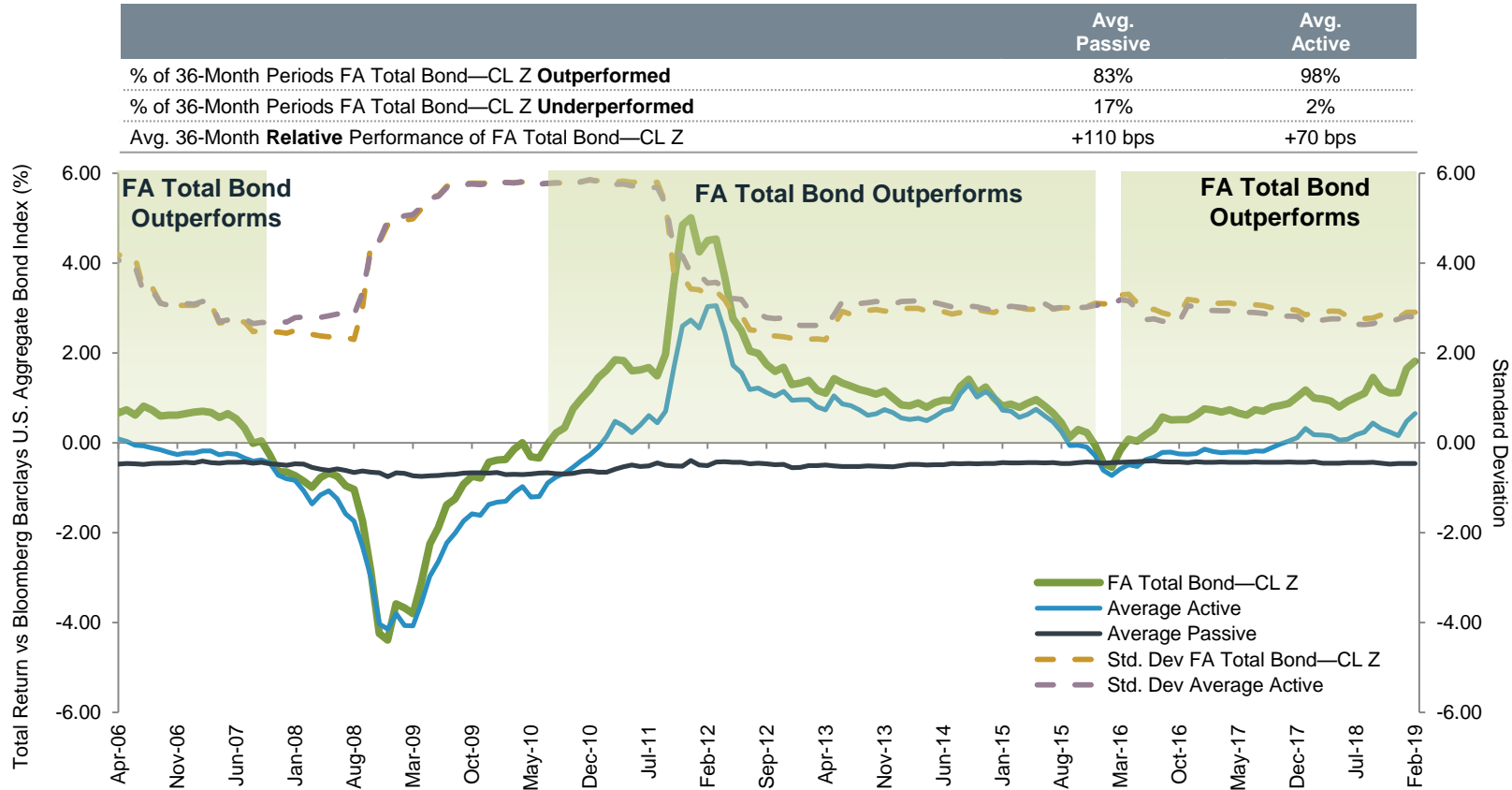
	FA Total Bond	Bloomberg Barclays US Aggregate	Difference
Student Loans	0.3	0.0	0.3
Home Equity	0.3	0.0	0.3
Auto	0.1	0.2	-0.1
Cards	0.0	0.3	-0.3
Other	0.9	0.0	0.9
<b>Total</b>	<b>1.6</b>	<b>0.5</b>	



# Fidelity Advisor Total Bond Performance

Track record of outperforming both passive and active managers

## ROLLING 36-MONTH PERFORMANCE



Source: Morningstar Direct, as of 2/28/19.

Includes all funds in the Morningstar Intermediate-Term Bond category with the Bloomberg Barclays U.S. Aggregate Bond Index listed as the primary benchmark.

Percentage of average active and average passive peers based on the 161 months from October 2005 through February 2019.

Class Z is a share class of Fidelity Total Bond Fund. Class Z is available only to eligible investors as defined in the fund's Class Z prospectus.

**Past performance is no guarantee of future results.** It is not possible to invest directly in an index. All market indices are unmanaged. Index performance is not meant to represent that of any Fidelity mutual fund.

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# Why Fidelity Advisor Total Bond Fund?



**Dynamic Multi-Sector Strategy:** utilize the entire opportunity set of global fixed income securities to help add value in different market environments



**Historically Competitive Risk-Adjusted Returns:** evaluate risk based on historical and expected assumptions across sectors and securities



**Gradual Contrarian Approach:** invest in what we believe to be undervalued sectors in an opportunistic manner



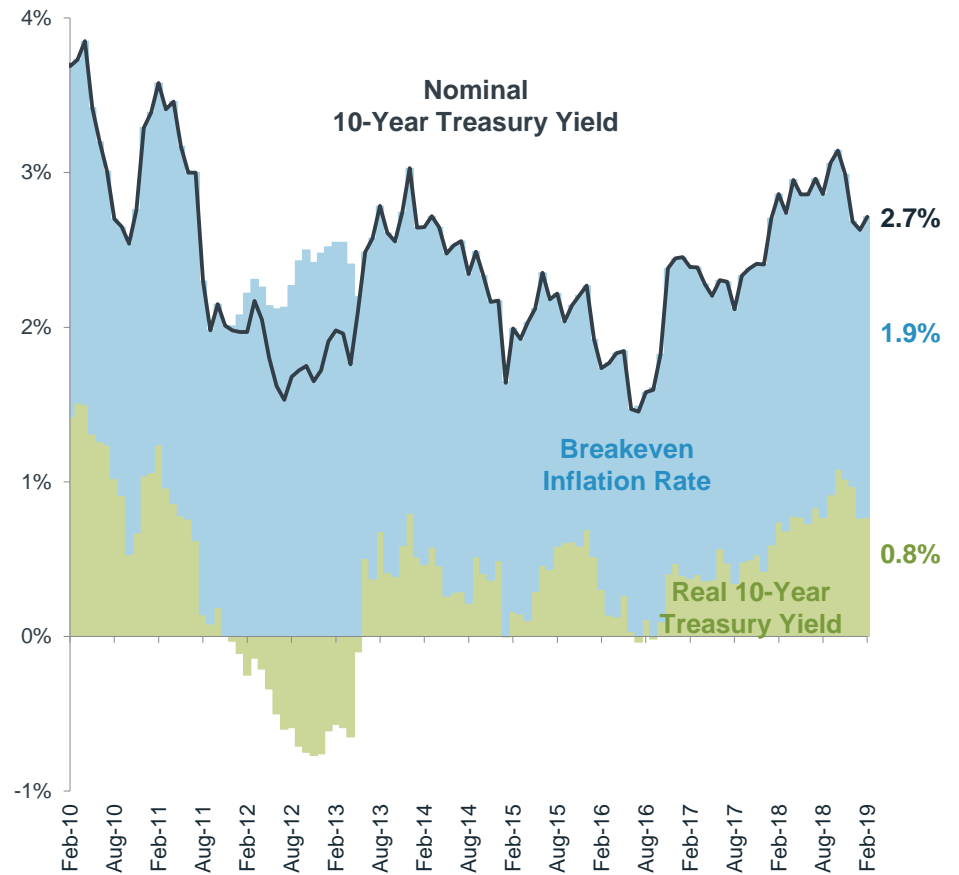
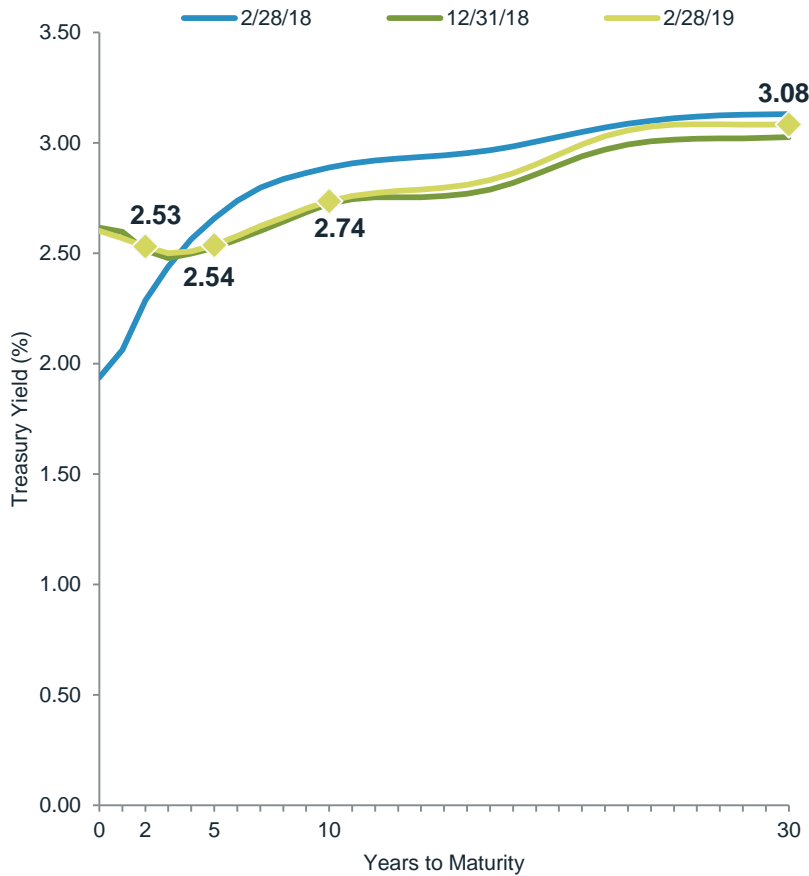
**Long Term Track Record:** ten-plus years of delivering a competitive risk/return experience commensurate with shareholder expectations of a “core” bond fund

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, credit, and default risks for both issuers and counterparties. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. The fund can invest in securities that may have a leveraging effect (such as derivatives and forward-settling securities) that may increase market exposure, magnify investment risks, and cause losses to be realized more quickly.  
Past performance is no guarantee of future results

# Market Environment

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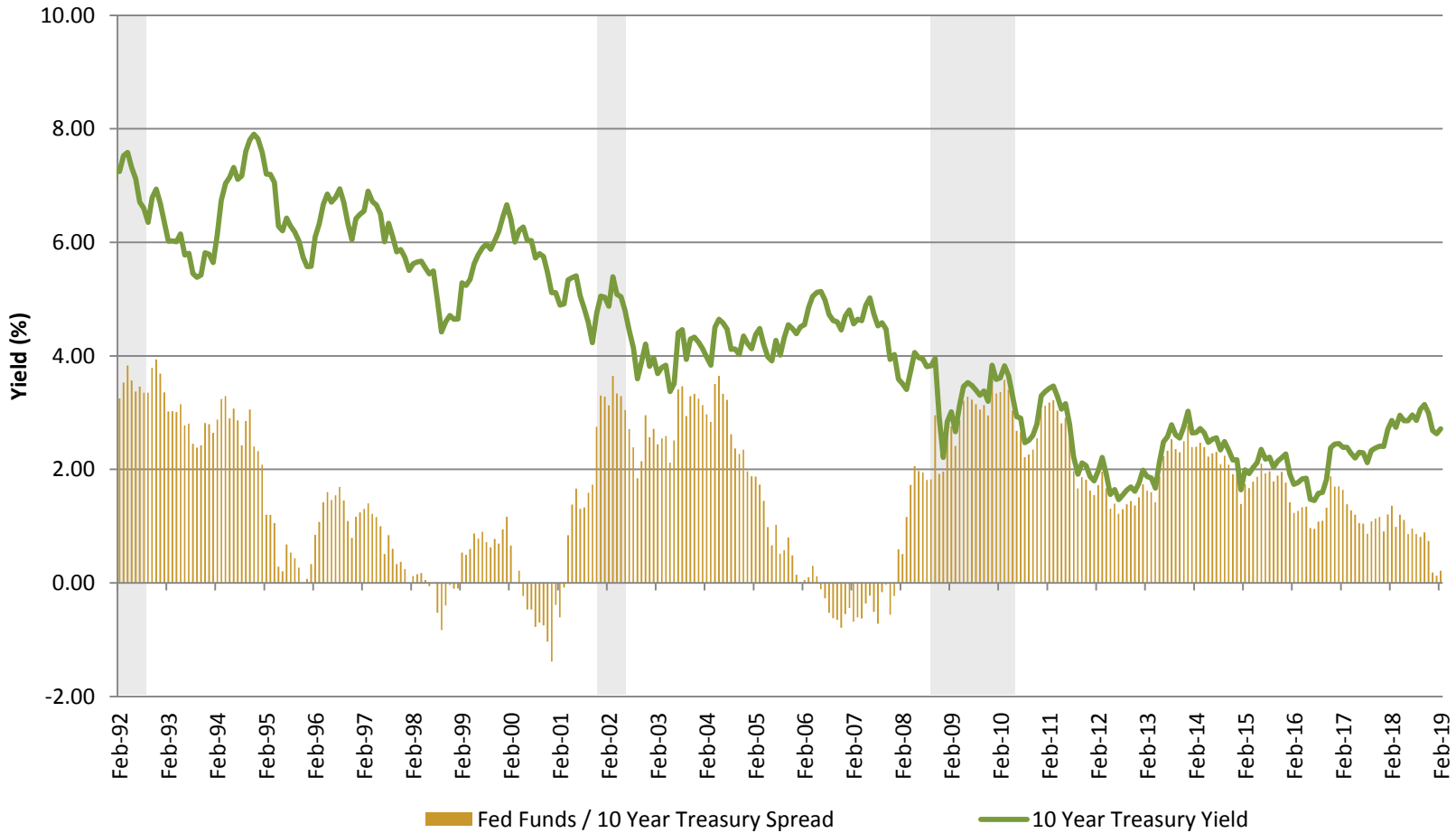
# Interest Rate Environment



Source: (Left) Tradeweb, Fidelity Investments as of 2/28/19; (Right) Bloomberg as of 2/28/19.

# Historical Fed Funds and Treasury Yields

## Fed Funds Target Rate vs. Historical 10 Year Treasury Yield



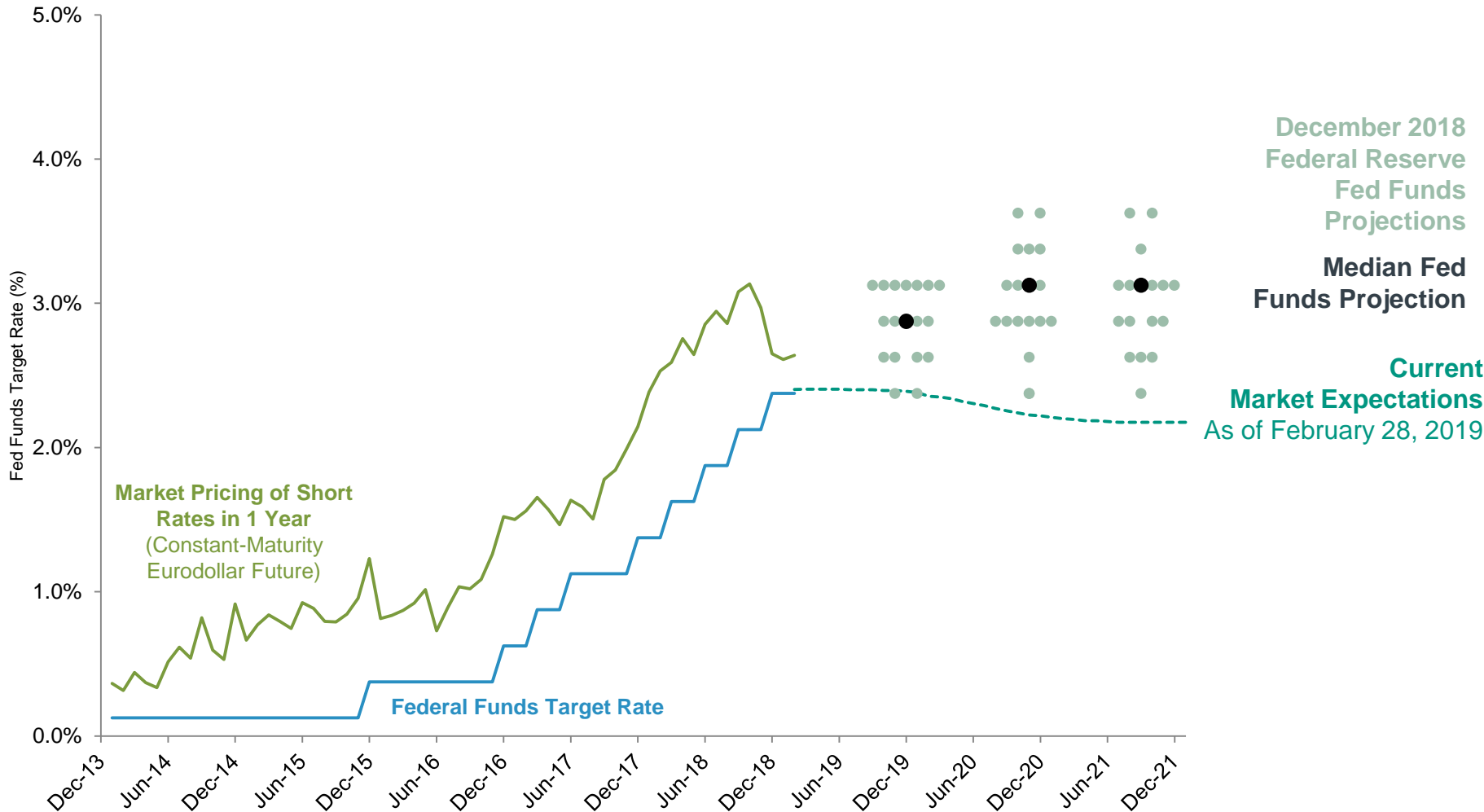
Source: Bloomberg as of 2/28/19.

Shaded gray bars represent periods in which the U.S. was in a recession.

**Past performance is no guarantee of future results.**



# Fed Funds Target Rate: Market Expectations and Fed Projections

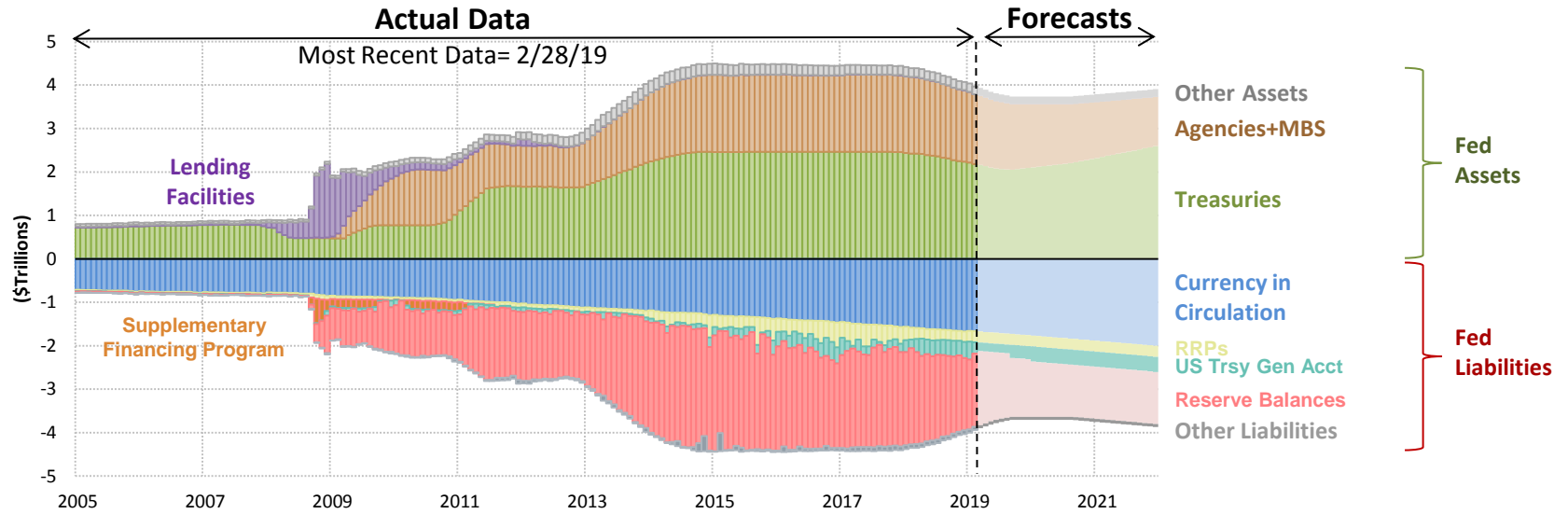


Source: Federal Reserve and Bloomberg, as of 2/28/19.

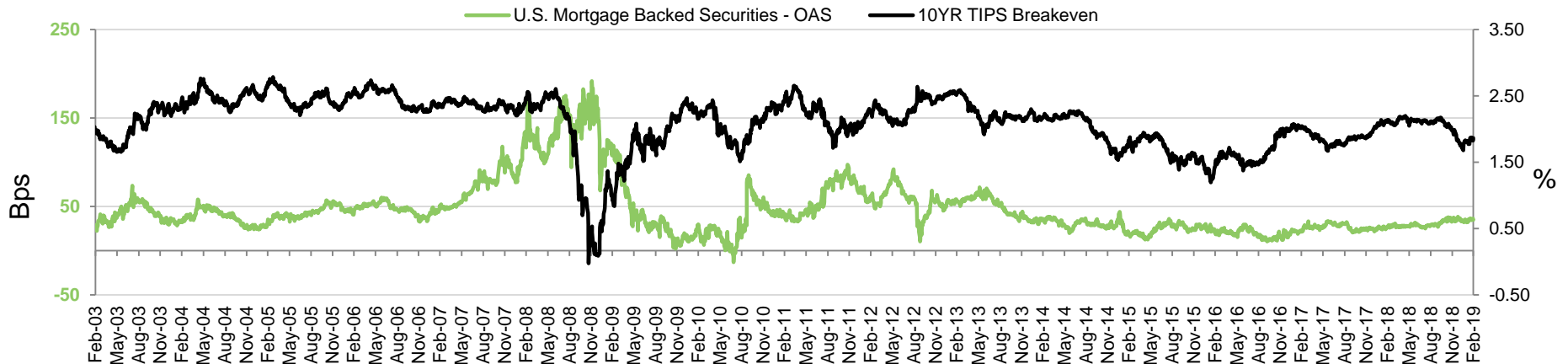
The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve Board that determines the direction of monetary policy.

# Federal Reserve Policy

FEDERAL RESERVE BALANCE SHEET



U.S. MBS OAS and 10YR TIPS Breakeven Inflation Rate



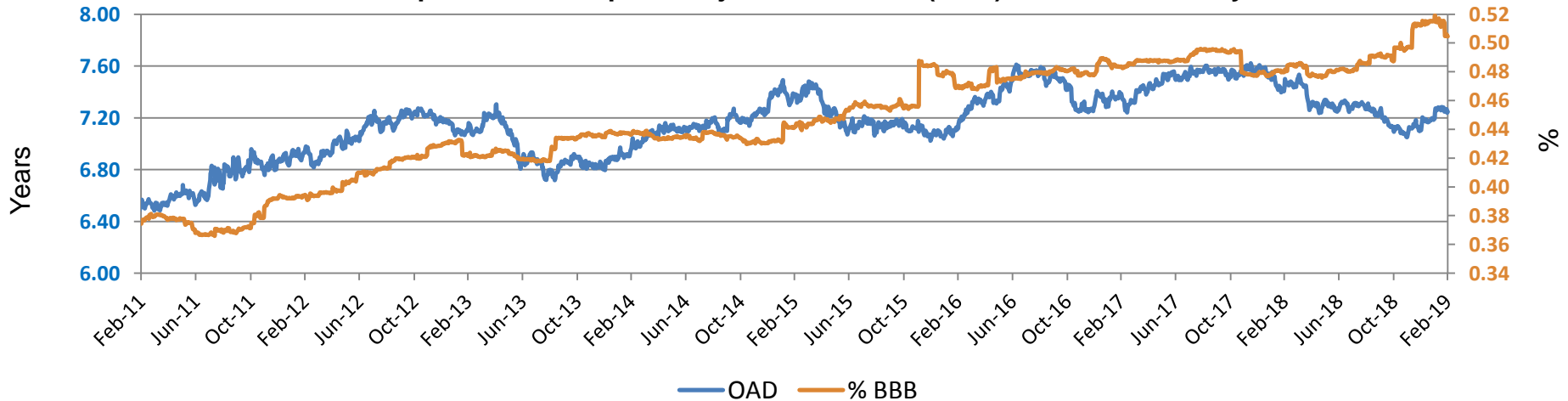
Source: Top chart Federal Reserve and Fidelity as of 2/28/19; Bottom chart Barclays Live and Bloomberg as of 2/28/19.

# Corporate Spreads and Credit Quality

## U.S. Corporate Investment Grade Option-Adjusted Spread (OAS)



## Corporate Index Option-Adjusted Duration (OAD) and Credit Quality



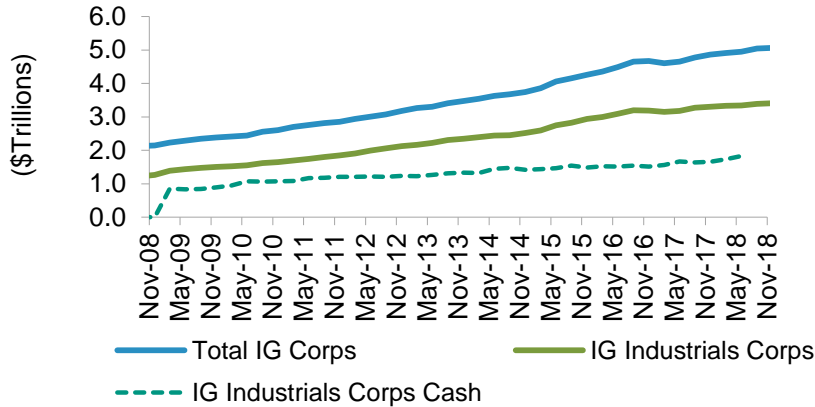
Source: Barclays as of 2/28/19

BPs: basis points. OAS, OAD and %BBB noted above are for the Bloomberg Barclays U.S. Corporate Investment Grade Index  
For Institutional Use Only

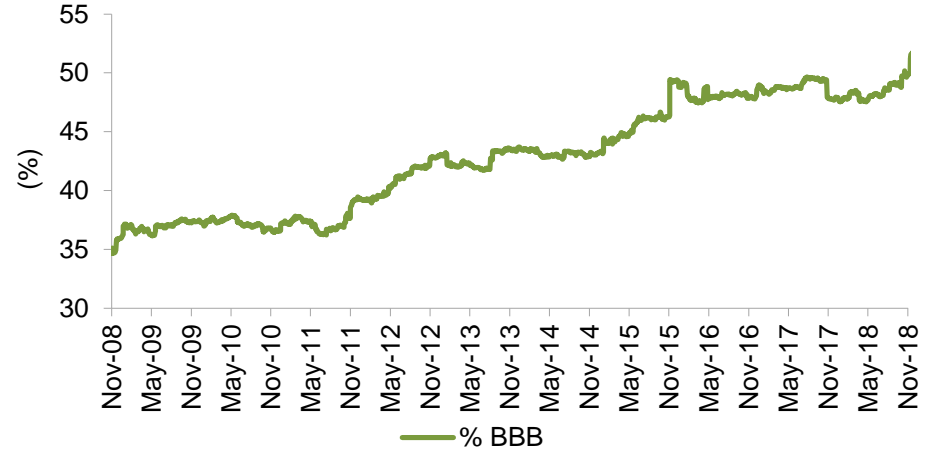


# Corporate Bond Market Remains Healthy

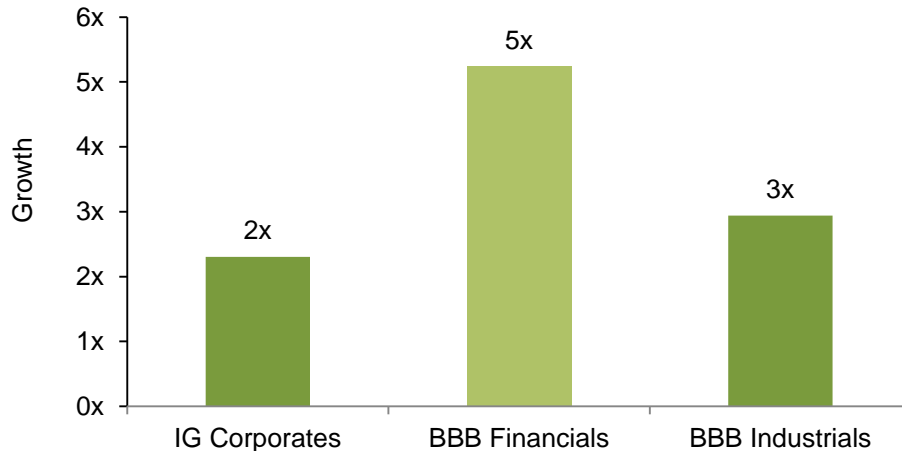
## Outstanding IG Corporate Bonds



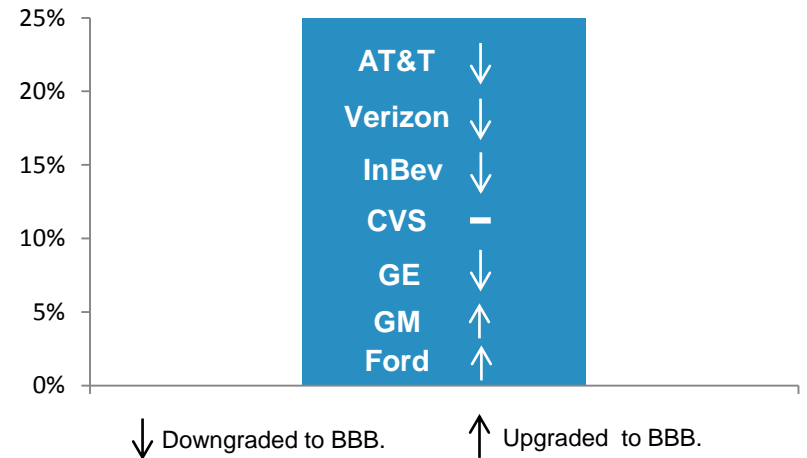
## Percentage IG Corporate Bonds Rated BBB



## IG Corporate Growth\*



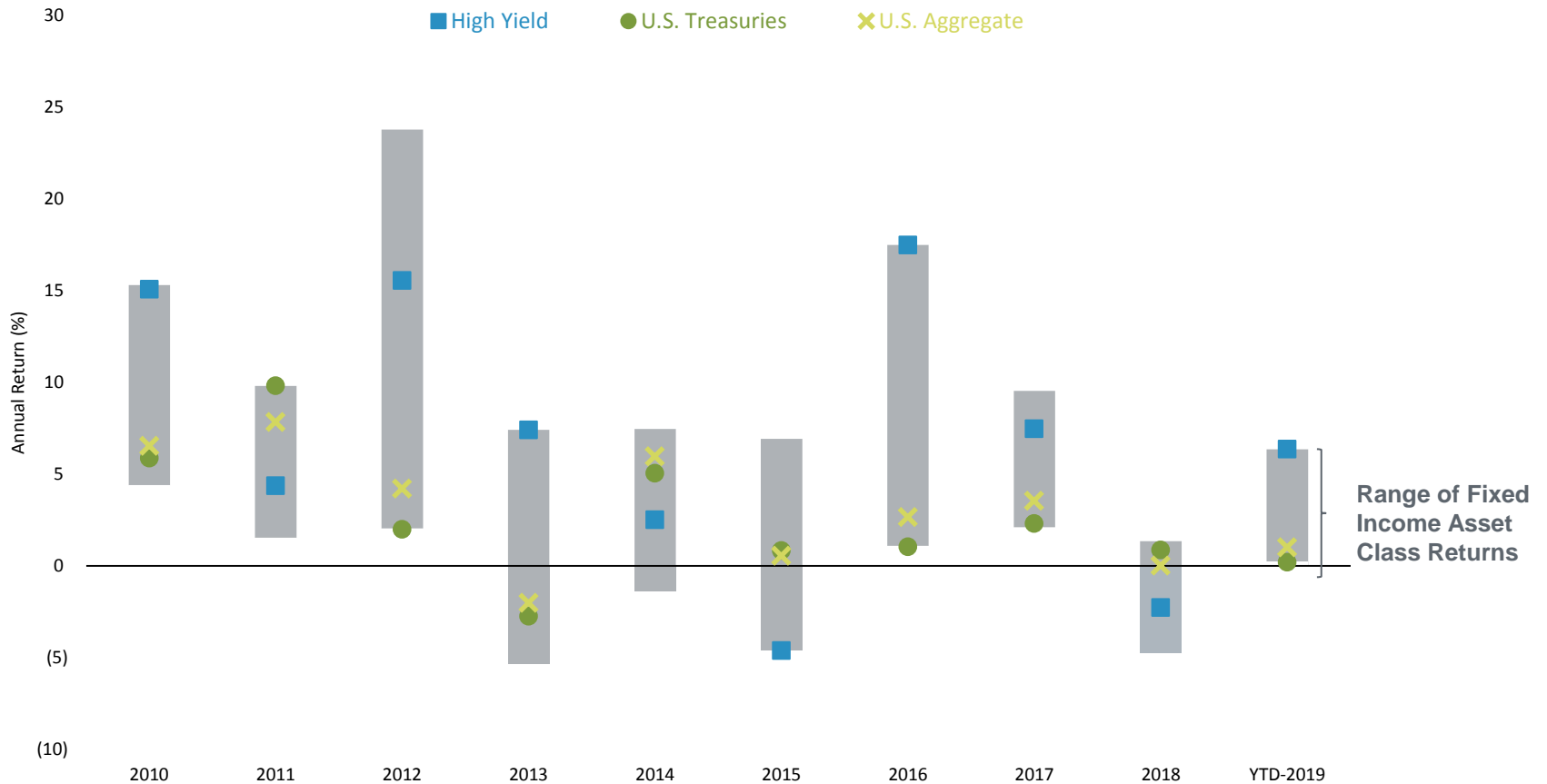
## Seven Names Drove Industrial BBB Growth\*



\* From 6/29/08 through 11/30/18.

Sources: (Top) Barclays as of 11/30/18. Non-financials cash source is FactSet as of 6/30/18. (Bottom): Fidelity and Barclays as of 11/30/18.

# Bonds Offer Diverse Opportunity Set



Source: Barclays and Fidelity Investments, as of 2/28/19.

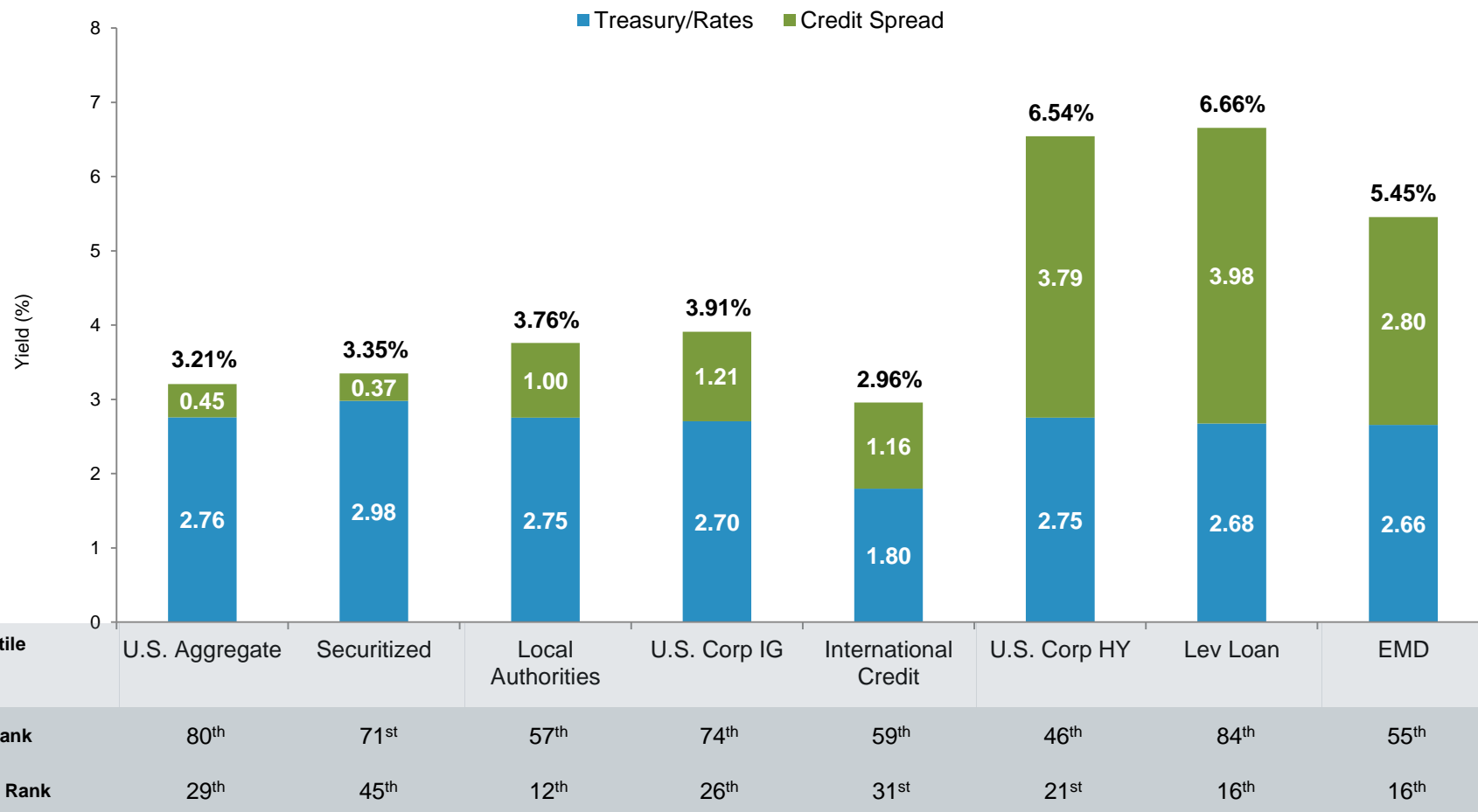
Range of bond returns are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, Bloomberg Barclays U.S. Treasury Index, Bloomberg Barclays U.S. Agency Index, Bloomberg Barclays Emerging Markets USD Aggregate-Investment Grade Index, Bloomberg Barclays Emerging Markets USD Aggregate-High Yield Index, Bloomberg Barclays U.S. Corporate Investment Grade Index, Bloomberg Barclays U.S. Mortgage Backed Securities Index, S&P/LSTA Leveraged Performing Loan Index, and ICE BofA ML U.S. High Yield Constrained Index.

Calendar year performance from 2010 to 2018.

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged. Not intended to represent the performance of any Fidelity fund.

# Fixed Income Yields and Spreads

## Percentiles and OAS



**Percentile ranks based on a period from January 2009 – February 2019**

Source: Bloomberg Barclays and S&P, as of 2/28/19.

Note: Leveraged Loan is based on YTM (yield to maturity) and Spread to Maturity. The blue portion of leveraged loan represents London Interbank Offered Rate (LIBOR). All others use YTW (yield-to-worst) and OAS (option-adjusted-spread). Yields and spreads are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, Bloomberg Barclays U.S. Securitized Index, Bloomberg Barclays U.S. Aggregate Local Authorities Index, Bloomberg Barclays Corporate Investment Grade Index, Bloomberg Barclays Global Credit Index, Bloomberg Barclays U.S. Corporate High Yield Index, S&P/LSTA Leveraged Performing Loan Index, and Bloomberg Barclays Emerging Markets USD Aggregate Index. It is not possible to invest directly in an index. All market indices are unmanaged. Not intended to represent the performance of any Fidelity fund.

# Appendix

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# Biographies

## Ford O'Neil

### *Portfolio Manager*

Ford O'Neil is a portfolio manager in the Fixed Income division at Fidelity Management & Research Company (FMR Co.), the investment advisor for Fidelity's family of mutual funds. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and other financial products and services to more than 20 million individuals, institutions and financial intermediaries.

In this role, Mr. O'Neil manages various retail and institutional taxable bond funds and portfolios. He currently serves as lead manager on Fidelity and Fidelity Advisor Total Bond Funds and as co-lead on Fidelity and Fidelity Advisor Strategic Income Funds and Fidelity VIP Strategic Income Portfolio. Additionally, Mr. O'Neil co-manages Fidelity and Fidelity Advisor Balanced Funds, Fidelity Advisor Multi-Asset Income Fund, Fidelity and Fidelity Advisor Strategic Dividend & Income Funds, Fidelity and Fidelity Advisor Strategic Real Return Funds, Fidelity VIP Balanced Portfolio, Fidelity VIP Investment Grade Bond Fund, and Fidelity Total Bond ETF, as well as various institutional comingled pools.

Prior to assuming his current position in August 1992, Mr. O'Neil was an analyst in Fidelity's Asset Management division. In this capacity, he was responsible for the electric utility sector.

Before joining Fidelity in 1990, Mr. O'Neil was an associate in the Investment Banking department at Advest, Inc, where he advised corporations on capital raising. He has been in the investments industry since 1985.

Mr. O'Neil earned his bachelor of arts degree in government from Harvard College and his master of business administration degree from The Wharton School at the University of Pennsylvania. Additionally, Mr. O'Neil received Morningstar's 2016 U.S. Fixed-Income Manager of the Year Award for Fidelity Total Bond Fund.

## Beau Coash

### *Institutional Portfolio Manager*

Beau Coash is an institutional portfolio manager in the Fixed Income division at Fidelity Management & Research Company (FMRCo), the investment advisor for Fidelity's family of mutual funds. Fidelity Investments is a leading provider of investment management, retirement planning, portfolio guidance, brokerage, benefits outsourcing and other financial products and services to more than 20 million individuals, institutions and financial intermediaries. In this role, Mr. Coash is an active part of the portfolio management team and represents the team's capabilities, thought process and views to clients and consultants.

Prior to assuming his current role in September 2013, Mr. Coash was global head of syndicate and primary trading in FMRCo's Equity Trading division from 2005 to 2013. Before joining Fidelity in 2005, he held other various positions, including that of senior vice president in Corporate Bond Sales at Lehman Brothers from 1993 to 2005, division head/business development at Replica/Preview Media from 1990 to 1993, and national sales manager at Knight Stations from 1985 to 1988. Previously, Mr. Coash was a professional football player for the New England Patriots and Boston Breakers from 1982 to 1985. He has been in the investments industry since 1993.

Mr. Coash earned his bachelor of arts degree in history from Middlebury College and his master of business administration degree in entrepreneurship studies from Harvard Business School.



# Glossary

Term	Definition
<b>AAA</b>	The highest possible rating assigned to the bonds of an issuer by credit rating agencies. An issuer that is rated AAA has an exceptional degree of creditworthiness and can easily meet its financial commitments. Ratings agencies such as Standard & Poor's and Fitch Ratings use the AAA nomenclature to indicate the highest credit quality, while Moody's uses Aaa.
<b>AA</b>	An obligor has very strong capacity to meet its financial commitments. It differs from the highest rated obligors only in small degree.
<b>A</b>	An obligor has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
<b>BBB</b>	An obligor has ADEQUATE capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
<b>Alpha</b>	A risk-adjusted performance measure. A positive (negative) alpha indicates stronger (poorer) fund performance than predicted by the fund's level of risk (measured by beta). Alpha and beta are more reliable measures when used in combination with a high R2 which indicates a high correlation between the movements in a fund's returns and movements in a benchmark index. Alpha is annualized.
<b>Asset-Backed Securities (ABS)</b>	A financial security backed by a loan, lease, or receivables against assets other than real estate and mortgage-backed securities. For investors, asset-backed securities are an alternative to investing in corporate debt.
<b>Bloomberg Barclays 1–3 Yr Govt/Cr Bond</b>	Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 3 years and are publicly issued.
<b>Bloomberg Barclays 1–5 Yr Credit Bond</b>	Bloomberg Barclays U.S. Government/Credit 1-5 Year Bond Index measures the performance of U.S. dollar-denominated U.S. Treasury bonds, government related bonds (i.e., U.S. and non-U.S. agencies, sovereign, quasi-sovereign, supranational and local authority debt) and investment grade U.S. corporate bonds that have a remaining maturity of greater than or equal to one year and less than five years.
<b>Bloomberg Barclays Corp High-Yield</b>	Bloomberg Barclays U.S. Corporate High Yield Bond Index is representative of the universe of fixed-rate, non-investment grade debt.
<b>Bloomberg Barclays Credit Bond</b>	Bloomberg Barclays U.S. Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.
<b>Bloomberg Barclays Emerging Markets USD Aggregate Index</b>	Tracks total returns for external-currency-denominated debt instruments of the emerging markets: Brady bonds, loans, Eurobonds, and U.S. dollar-denominated local market instruments. Countries covered are Argentina, Brazil, Bulgaria, Ecuador, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, and Venezuela.
<b>Bloomberg Barclays Global Agg Unhedged</b>	The index provides a broad-based measure of the global investment-grade fixed income markets. The three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment-grade 144A securities. Securities included in the index must have at least 1 year until final maturity and be rated investment-grade (Baa3/ BBB-/BBB) or better using the middle rating of Moody's, S&P, and Fitch.
<b>Bloomberg Barclays Government Bond Index</b>	The Bloomberg Barclays Government Bond Index is an index that measures the performance of all public U.S. government obligations with remaining maturities of one year or more.

# Glossary

Term	Definition
<b>Bloomberg Barclays High Yield Index</b>	The Bloomberg Barclays High Yield Index covers the universe of fixed rate, non-investment grade debt. Pay-in-kind (PIK) bonds, Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, and 144As are also included.
<b>Bloomberg Barclays Int Credit Bond</b>	Bloomberg Barclays U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years.
<b>Barclays Int Gov/Cr Bond</b>	Bloomberg Barclays U.S. Intermediate Government/Credit Bond Index measures the performance of U.S. dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.
<b>Bloomberg Barclays Long Credit Bond</b>	Bloomberg Barclays U.S. Long Credit Index measures the performance of the long term sector of the United States investment bond market, which as defined by the Long Credit Index includes investment grade corporate debt and sovereign, supranational, local authority and non-U.S. agency bonds that are dollar denominated and have a remaining maturity of greater than or equal to 10 years.
<b>Bloomberg Barclays Long Govt/Cr Bond</b>	Bloomberg Barclays U.S. Long Government/Credit Bond Index includes publicly issued U.S. Treasury debt, U.S. government agency debt, taxable debt issued by U.S. states and territories and their political subdivisions, debt issued by U.S. and non-U.S. corporations, non-U.S. government debt and supranational debt.
<b>Bloomberg Barclays U.S. Agency</b>	Bloomberg Barclays U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market.
<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>	Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.
<b>Bloomberg Barclays U.S. Corporate High Yield Bond Index</b>	Bloomberg Barclays U.S. Corporate High Yield Bond Index is a market value-weighted index that covers the universe of dollar-denominated, fixed-rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets are excluded.
<b>Bloomberg Barclays U.S. Credit Index</b>	Bloomberg Barclays U.S. Credit Index is an unmanaged index considered representative of publicly issued, SEC-registered U.S. corporate and specified foreign debentures and secured notes.
<b>Bloomberg Barclays U.S. Mortgage Backed Securities Index</b>	The Bloomberg Barclays US Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage.
<b>Bloomberg Barclays U.S. Treasury Index</b>	Bloomberg Barclays U.S. Treasury Index is an unmanaged index of public obligations of the U.S. Treasury with remaining maturities of one year or more.
<b>Bloomberg Barclays U.S. Universal Index</b>	Represents the union of the U.S. Aggregate Index, the U.S. High-Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index.

# Glossary

Term	Definition
<b>BOA ML High Yield Constrained Index</b>	The BofA Merrill Lynch U.S. High Yield Constrained Index contains all securities in the BofA Merrill Lynch US High Yield Index but caps issuer exposure at 2%. Index constituents are capitalization-weighted, based on their current amount outstanding, provided the total allocation to an individual issuer does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face values of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. In the event there are fewer than 50 issuers in the index, each is equally weighted and the face values of their respective bonds are increased or decreased on a pro-rata basis.
<b>Commercial Mortgage-Backed Securities (CMBS)</b>	A type of mortgage-backed security that is secured by the loan on a commercial property. A CMBS can provide liquidity to real estate investors and to commercial lenders.
<b>Consumer Price Index (CPI)</b>	A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.
<b>Duration</b>	A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.
<b>Earnings Per Share (EPS)</b>	The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.
<b>Federal Open Market Committee (FOMC)</b>	The branch of the Federal Reserve Board that determines the direction of monetary policy. The FOMC is composed of the board of governors, which has seven members, and five reserve bank presidents.
<b>Gross Domestic Product (GDP)</b>	The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.
<b>Gross Expense Ratio</b>	The total annual class operating expense ratio from the most recent prospectus, generally based on amounts incurred during the most recent fiscal year.
<b>IA SBBI U.S. Intermediate-Term Government Bond Index</b>	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.
<b>IA SBBI U.S. Long-Term Corporate Bond Index</b>	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.
<b>IG Corporates</b>	Investment Grade Corporates
<b>Information Ratio</b>	A ratio of portfolio returns above the returns of a benchmark (usually an index) to the volatility of those returns. The information ratio (IR) measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is, and consistency is an ideal trait.

# Glossary

Term	Definition
<b>Mortgage-Backed Securities (MBS)</b>	A type of asset-backed security that is secured by a mortgage or collection of mortgages.
<b>Option-Adjusted Duration</b>	Duration is a measure that helps approximate the degree of price sensitivity of a bond to changes in interest rates. For bonds with embedded options (for example callable or puttable bonds), the duration measure must be adjusted to account for the fact that the bond's embedded options may change the expected cash flows of the bond. For example, if a bond is called, interest payments cease and principal is returned earlier than the bond's maturity. The option-adjusted measure of duration is referred to as Option Adjusted Duration (OAD).
<b>Option-Adjusted Spread</b>	A bond's yield is typically comprised of two components: 1) the yield on a similar benchmark security (typically Treasury securities) and 2) a premium above the yield on a similar benchmark security which seeks to compensate an investor for the credit risk associated with a particular bond. This premium is referred to as yield spread or simply "spread." For bonds with embedded options (for example callable or puttable bonds), the spread measure must be adjusted to account for the fact that the bond's embedded options may change the expected cash flows of the bond.
<b>Personal Consumption Expenditures (PCE)</b>	A measure of price changes in consumer goods and services.
<b>S&amp;P 500</b>	Standard & Poor's 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.
<b>S&amp;P/LSTA Leveraged Loans Index</b>	S&P Leveraged Loan Indexes (S&P LL indexes) are market value weighted syndicated loan indexes based upon market weightings, spreads, and interest payments. The S&P/LSTA Leveraged Loan Index (LLI) covers the U.S. market back to 1997 and currently calculates on a daily basis.
<b>SEC Yield</b>	A standard yield calculation developed by the Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period, after the deduction of the fund's expenses. This is also referred to as the "standardized yield."
<b>Sharpe Ratio</b>	A ratio developed by Nobel laureate William F. Sharpe to measure risk-adjusted performance. The Sharpe ratio is calculated by subtracting the risk-free rate—such as that of the 10-year U.S. Treasury bond—from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.
<b>Standard Deviation</b>	<ol style="list-style-type: none"><li>1. A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Standard deviation is calculated as the square root of variance.</li><li>2. In finance, standard deviation is applied to the annual rate of return of an investment to measure the investment's volatility. Standard deviation is also known as historical volatility and is used by investors as a gauge for the amount of expected volatility.</li></ol>
<b>Treasury Inflation-Protected Securities (TIPS)</b>	A Treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are considered low-risk investments since they are backed by the U.S. government and since their par value rises with inflation, as measured by the Consumer Price Index, while their interest rate remains fixed. Interest on TIPS is paid semiannually.
<b>Tracking Error</b>	A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark. This is often in the context of a hedge or mutual fund that did not work as effectively as intended, creating an unexpected profit or loss instead.
<b>Year-over-Year (YoY)</b>	A method of evaluating two or more measured events to compare the results at one time period with those from another time period (or series of time periods), on an annualized basis.
<b>Yield-to-Worst (YTW)</b>	The lowest potential yield that can be received on a bond without the issuer actually defaulting; calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if any in-whole mandatory redemptive provisions are exercised by the issuer; partial redemptive provisions (such as sinking funds) are not included in yield to worst calculations; the yield to worst metric is used to evaluate the worst-case scenario for yield to help investors manage risks and ensure that specific income requirements will still be met even in the worst scenarios

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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 avoiding losses caused by price volatility by holding them until maturity is not possible. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. Leverage can increase market exposure and magnify investment risk.

**Morningstar Fund Manager of the Year Award Information (continued):**

Established in 1988, the Morningstar Fund Manager of the Year award recognizes portfolio managers who demonstrate excellent investment skill and the courage to differ from the consensus to benefit investors. To qualify for the award, managers' funds must have not only posted impressive returns for the year, but the managers also must have a record of delivering outstanding long-term performance and of aligning their interests with shareholders'. The Fund Manager of the Year award winners are chosen based on Morningstar's proprietary research and in-depth evaluation by its fund analysts. Nominated funds must be Morningstar Medalists – (i.e. a fund that has garnered a Morningstar Analyst Rating™ of Gold, Silver, or Bronze).

The Fund Manager of the Year award winners are chosen based on research and in-depth qualitative evaluation by Morningstar's Manager Research Group. Research Group consists of various wholly owned subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC. Analyst Ratings are subjective in nature and should not be used as the sole basis for investment decisions. Analyst Ratings are based on Morningstar's Manager Research Group's current expectations about future events and therefore involve unknown risks and uncertainties that may cause such expectations not to occur or to differ significantly from what was expected. Analyst Ratings are not guarantees nor should they be viewed as an assessment of a fund's or the fund's underlying securities' creditworthiness. The Morningstar Analyst Rating is a subjective, forward-looking evaluation that considers a combination of qualitative and quantitative factors to rate funds on five key pillars: process, performance, people, parent, and price. Gold is the highest of four Analyst Rating categories. For the full rating methodology, go to [Corporate.Morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf](http://Corporate.Morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf)

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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.

Morningstar Total Percentile Rank is calculated using Morningstar's total return database. The calculation of total return is determined each month by taking the change in monthly net asset value, reinvesting all income and capital gains distributions during that month, and dividing by the starting NAV. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly. Multiple share classes of a fund have a common portfolio but impose different expense structures.

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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.

Lipper Inc. is a nationally recognized organization that provides performance information for mutual funds. Each fund is classified within a universe of funds similar in investment objective. Peer group averages are based on total returns for the period ending as indicated; include reinvestment of dividends and capital gains, if any; and exclude sales charges.

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**Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity or visit [institutional.fidelity.com](http://institutional.fidelity.com), for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.**

Fidelity Investments Institutional Services Company, Inc., 500 Salem St., Smithfield, RI 02917

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FIAM-BD

# Core Plus



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FIDELITY INSTITUTIONAL ASSET MANAGEMENT®



# Core Plus Performance Review

As of February 28, 2019

	Cumulative			Annualized		
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year
<b>Core Plus (Gross)</b>	<b>3.30</b>	<b>2.20</b>	<b>3.54</b>	<b>4.13</b>	<b>3.37</b>	<b>6.26</b>
Bloomberg Barclays U.S. Aggregate Bond Index	2.86	1.00	3.17	1.69	2.32	3.71
<i>Active Return (Gross)</i>	<i>0.44</i>	<i>1.20</i>	<i>0.37</i>	<i>2.44</i>	<i>1.05</i>	<i>2.55</i>
<b>eVestment Peer Universe Percentile Rank*</b>	<b>68<sup>th</sup></b>	<b>52<sup>nd</sup></b>	<b>52<sup>nd</sup></b>	<b>15<sup>th</sup></b>	<b>28<sup>th</sup></b>	<b>29<sup>th</sup></b>
<b>Standard Deviation</b>	-	-	-	<b>2.94</b>	<b>2.83</b>	<b>3.25</b>
Bloomberg Barclays U.S. Aggregate Bond Index	-	-	-	2.82	2.76	2.82
<b>Sharpe Ratio</b>	-	-	-	<b>1.01</b>	<b>0.95</b>	<b>1.80</b>
Bloomberg Barclays U.S. Aggregate Bond Index	-	-	-	0.21	0.59	1.18

Composite performance shown.

Performance shown is gross of any fees and expenses, including advisory fees, which when deducted will reduce returns. See the GIPS Composite Performance Data for annual performance figures that are net of the maximum investment advisory fee charged any client employing this strategy.

\*\*Disclosure: Rankings source eVestment Alliance. FIAM has not verified and cannot verify the accuracy of information from outside sources, which are self-reported by participating investment managers. Rankings data of the FIAM strategies for all the time periods shown were retrieved on 1/24/19 with at least 80% of managers in their respective universe reporting and based on 134,134,134,131,123, and 111 investment products respectively. The universe that the products are shown against is defined by eVestment Alliance. Please see the Important Information for information regarding third party databases and rankings. Past performance is no guarantee of future results.



# Core Plus Performance Review

As of December 31, 2018

	Cumulative			Annualized		
	3-Month	YTD	1-Year	3-Year	5-Year	10-Year
<b>Core Plus (Gross)</b>	<b>0.32</b>	<b>(0.43)</b>	<b>(0.43)</b>	<b>3.72</b>	<b>3.39</b>	<b>6.15</b>
Bloomberg Barclays U.S. Aggregate Bond Index	1.64	0.01	0.01	2.06	2.52	3.48
<i>Active Return (Gross)</i>	<i>(1.32)</i>	<i>(0.44)</i>	<i>(0.44)</i>	1.66	0.87	2.67
<b>eVestment Peer Universe Percentile Rank*</b>	<b>68<sup>th</sup></b>	<b>52<sup>nd</sup></b>	<b>52<sup>nd</sup></b>	<b>15<sup>th</sup></b>	<b>28<sup>th</sup></b>	<b>29<sup>th</sup></b>
<b>Standard Deviation</b>	-	-	-	<b>2.80</b>	<b>2.79</b>	<b>3.26</b>
Bloomberg Barclays U.S. Aggregate Bond Index	-	-	-	2.88	2.79	2.84
<b>Sharpe Ratio</b>	-	-	-	<b>0.97</b>	<b>1.00</b>	<b>1.78</b>
Bloomberg Barclays U.S. Aggregate Bond Index	-	-	-	0.37	0.69	1.10

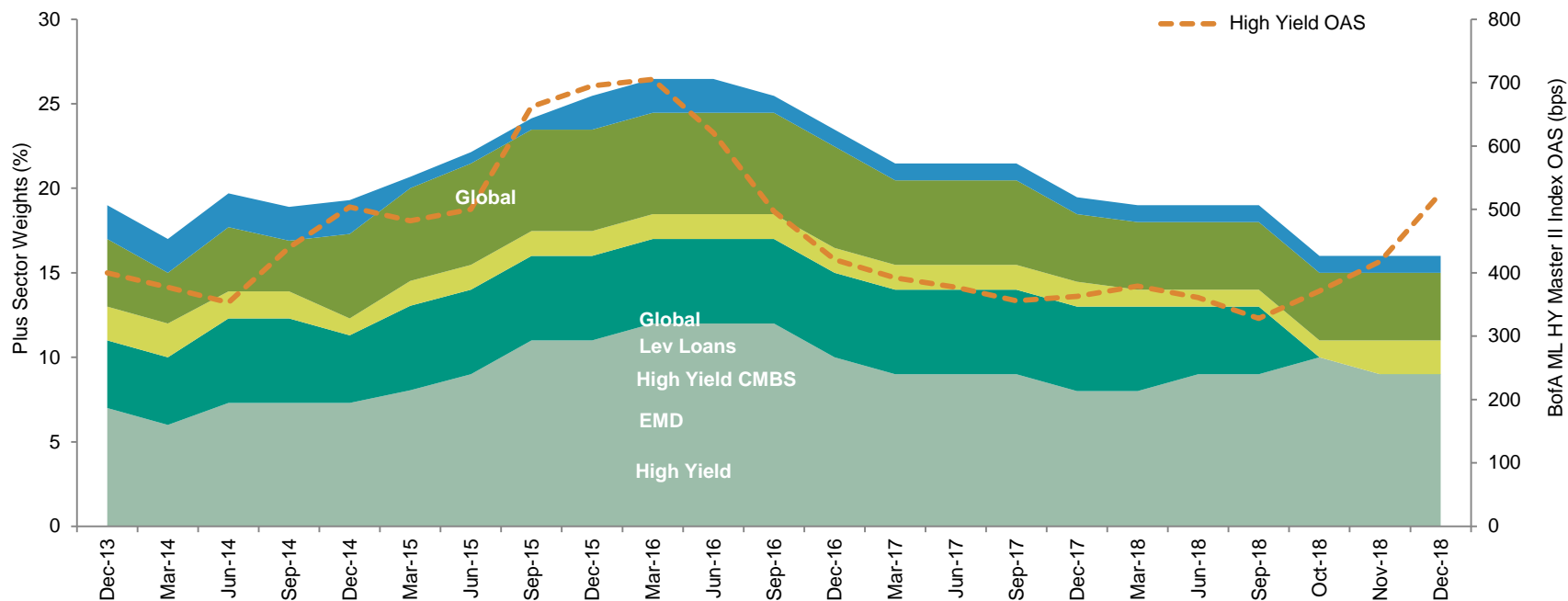
Composite performance shown.

Performance shown is gross of any fees and expenses, including advisory fees, which when deducted will reduce returns. See the GIPS Composite Performance Data for annual performance figures that are net of the maximum investment advisory fee charged any client employing this strategy.

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# Historical Plus Sector Allocations

Tactically allocating supported by fundamental sector analysis with top down macro perspectives



## PLUS SECTOR ALLOCATIONS

	Dec 13	Mar 14	Jun 14	Sep 14	Dec 14	Mar 15	Jun 15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Oct-18	Nov-18	Dec-18
High Yield	7	6	7	7	7	8	9	11	11	12	12	12	10	9	9	9	8	8	9	9	10	9	9
EMD	4	4	5	5	4	5	5	5	5	5	5	5	5	5	5	5	5	5	4	4	0	0	0
HY CMBS	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2
Lev Loans	4	3	4	3	5	5	6	6	6	6	6	6	6	5	5	5	4	4	4	4	4	4	4
Global	2	2	2	2	2	1	1	1	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1
<b>HY OAS</b>	<b>483</b>	<b>377</b>	<b>353</b>	<b>440</b>	<b>504</b>	<b>482</b>	<b>500</b>	<b>662</b>	<b>695</b>	<b>705</b>	<b>621</b>	<b>497</b>	<b>422</b>	<b>392</b>	<b>377</b>	<b>356</b>	<b>363</b>	<b>379</b>	<b>361</b>	<b>328</b>	<b>371</b>	<b>418</b>	<b>526</b>

Representative account information is shown. Source: Bloomberg, FMR Co., as of 12/31/18.

# Core Plus Portfolio Positioning

As of December 31, 2018

Characteristics	FIAM Core Plus	Bloomberg Barclays U.S. Aggregate	Difference
YTW%	4.18%	3.26%	0.92%
Duration (yrs)	5.76	5.79	(0.03)

Sector Allocation (%)			
U.S. Treasuries	27.93	38.57	(10.64)
TIPS	6.84	0.00	6.84
Gov't Related	2.95	6.13	(3.18)
Agency	0.04	1.35	(1.32)
Local Authorities	0.90	0.62	0.28
Sovereigns	2.01	4.15	(2.15)
Investment Grade Corporates	21.56	24.50	(2.94)
Financials	12.79	8.00	4.80
Industrials	7.70	14.74	(7.05)
Utilities	1.07	1.76	(0.69)
Securitized	23.90	30.32	(6.42)
Agency MBS	19.43	27.82	(8.40)
Non-Agency MBS	0.43	0.00	0.43
CMBS	3.08	1.93	1.15
Consumer ABS	0.96	0.56	0.40
Plus Sectors	16.45	0.00	16.45
High Yield	8.40	0.00	8.40
Emerging Market Debt	1.61	0.00	1.61
Leveraged Loans	3.78	0.00	3.78
Global Bond	1.12	0.00	1.12
High Yield CMBS	1.54	0.00	1.54
Cash/Other	0.36	0.48	(0.12)
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	

Investment Grade Corporate Allocation (%)	FIAM Core Plus	Bloomberg Barclays U.S. Aggregate	Difference
Banking	8.98	5.74	3.24
REITs	2.10	0.63	1.47
Finance	0.34	0.23	0.10
Insurance	1.24	1.15	0.09
Natural Gas Utility	0.08	0.09	(0.02)
Communications	2.11	2.20	(0.09)
Brokerage	0.14	0.24	(0.09)
Other	0.00	0.12	(0.12)
Energy	1.77	2.21	(0.44)
Transportation	0.04	0.58	(0.54)
Electric Utility	1.00	1.64	(0.64)
Basic Industry	0.12	0.76	(0.64)
Consumer Noncyclical	3.07	3.93	(0.86)
Capital Goods	0.03	1.26	(1.22)
Consumer Cyclical	0.49	1.77	(1.28)
Technology	0.06	1.96	(1.90)
<b>Total</b>	<b>21.56%</b>	<b>24.50%</b>	

Ratings Allocation (%)			
AAA	57.11	73.47	(16.36)
AA	1.33	5.17	(3.84)
A	10.27	11.73	(1.46)
BBB	16.24	9.63	6.62
BB	8.07	0.00	8.07
B	6.46	0.00	6.46
CCC	0.51	0.00	0.51
NR/Other	0.00	0.00	0.00
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	

Representative account information is shown.

Cash/Other may include cash and derivatives.

Ratings are based on highest of Moody's, S&P, and Fitch ratings.

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The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Nearly all accounts are subject to volatility in non-U.S. markets, either through direct exposure or indirect effects on U.S. markets from events abroad, including fluctuations in foreign currency exchange rates and, in the case of less developed markets, currency illiquidity.

Derivatives may be volatile and involve significant risk, such as credit risk, currency risk, leverage risk, counterparty risk and liquidity risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances.

The performance of international strategies depends upon currency values, political, and regulatory environments, and overall economic factors in the countries in which they invest. Foreign markets often are more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and often perform differently from the U.S. market. Foreign exchange rates also can be extremely volatile. The risks are particularly significant for strategies that focus on a single country or region.

The securities, derivatives, and currency markets of emerging-market countries are generally smaller, less developed, less liquid, and more volatile than those of the United States and other developed markets, and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of markets in emerging-market countries and the activities of investors in such markets and enforcement of existing regulations may be extremely limited and arbitrary. Emerging-market countries are more likely to experience political uncertainty and instability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries. In many cases, there is a heightened possibility of government control of the economy, expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments.

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Chartered Alternative Investment Analyst (CAIA) is offered by the Association of Chartered Alternative Analysts. Candidates are expected to understand the basic concepts of finance and quantitative analysis and need to pass two exams. One year of professional experience with a bachelor's degree or four of professional experience without a bachelor's degree is required. Professional experience is defined as full-time employment in a professional capacity within the regulatory, banking, financial, or related fields.

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