

Fidelity Fixed Income

Opportunities & challenges of short term bonds

Robin Foley
Portfolio Manager

Julian Potenza
Research Analyst

Michael Morin
Institutional Portfolio Manager



Use Cases for Bond Funds

- Income generation

 - Principal protection and liquidity

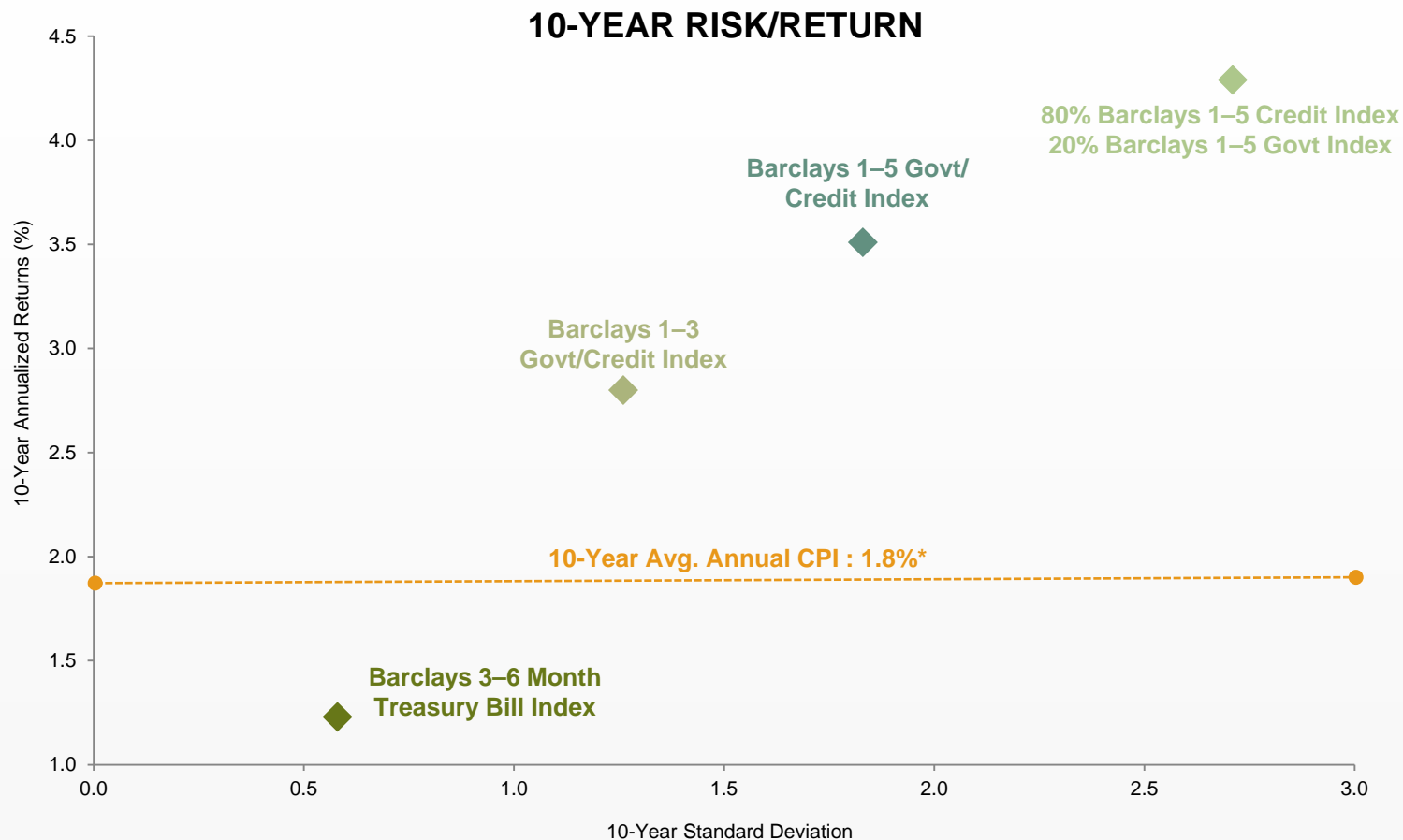
 - Diversification of stock market risk

 - Immunization of specific future liabilities

 - Broad bond market total return (a blend of the previous factors)
-

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds. Floating rate loans generally are subject to restrictions on resale and sometimes trade infrequently in the secondary market; as a result they may be more difficult to value, buy, or sell. A floating rate loan may not be fully collateralized and therefore may decline significantly in value. 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.

Benchmarks Reflect Varying Degrees of Risk/Reward Among Short Duration Strategies



* 10-Year Avg. Annual Consumer Price Index (CPI) as of 06/30/2016.

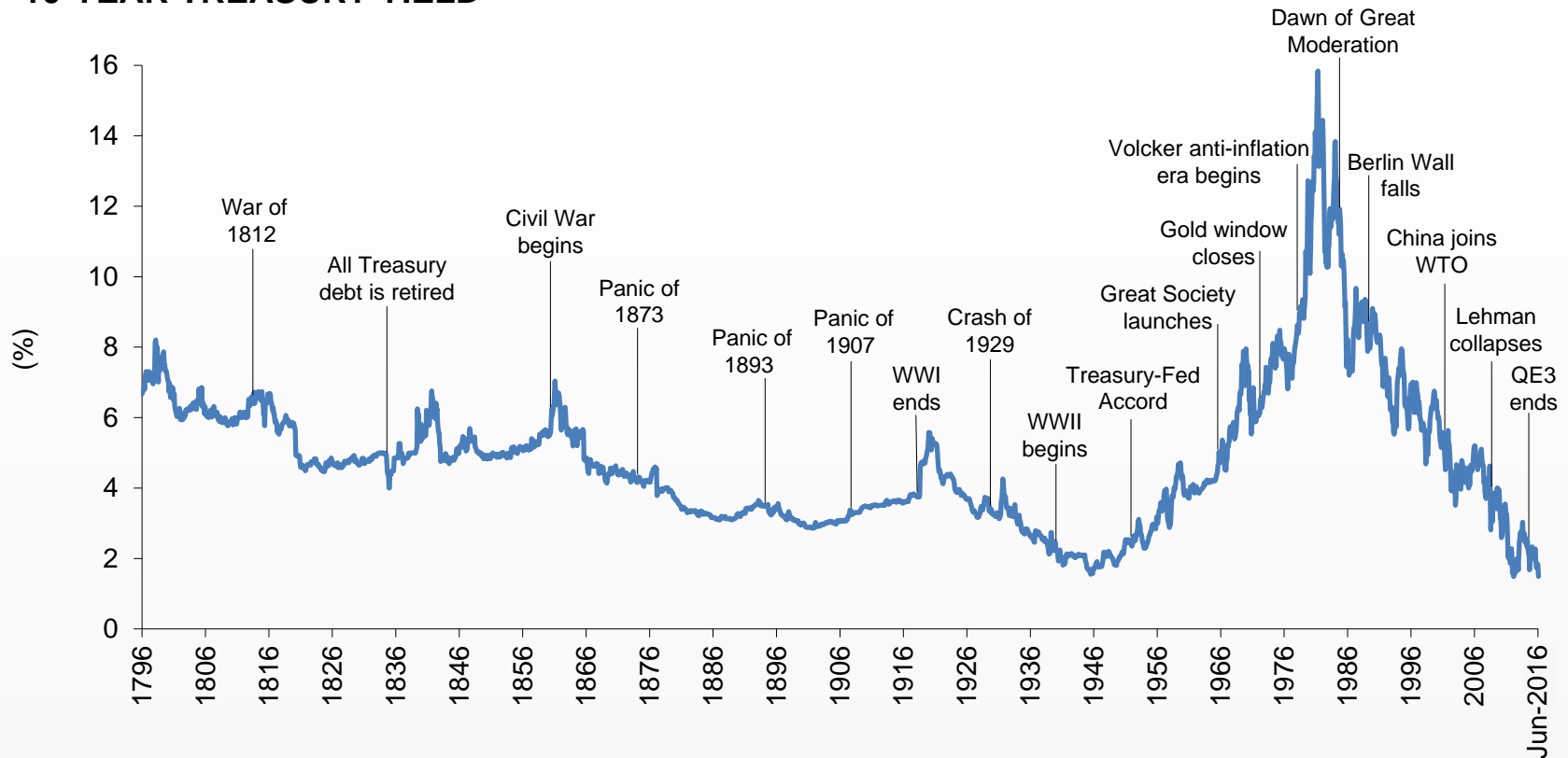
Source: Bloomberg, Barclays, Fidelity Investments as of 06/30/2016.

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.

U.S. Interest Rates Remain Near Multi-Century Low

10-YEAR TREASURY YIELD

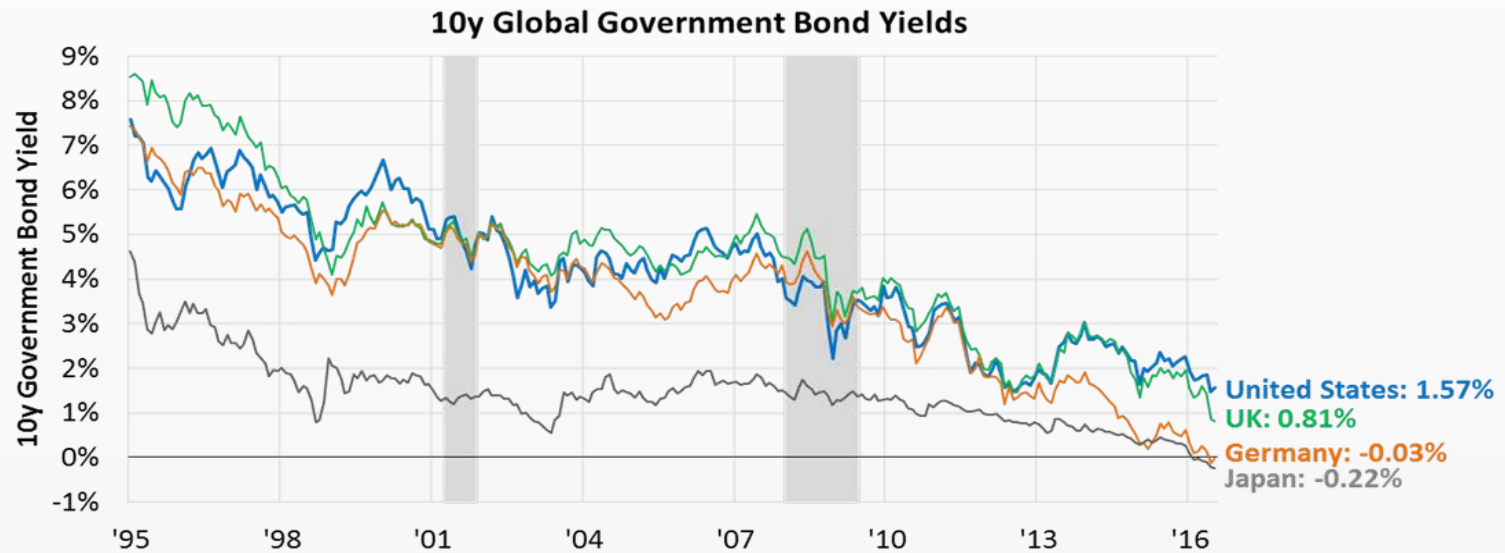
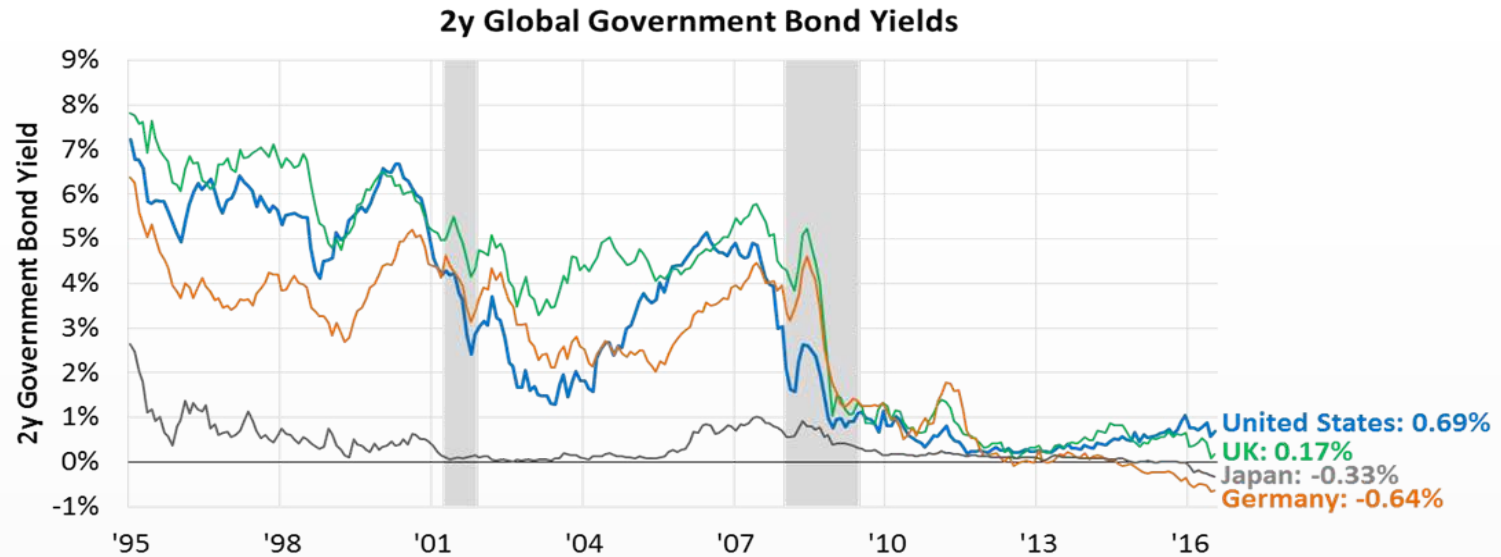


Methodology: The following government bonds were used: From 1792 through August 1820, the U.S. Government 6s of 1790; from September 1820 to 1834, the U.S. Government 5s of 1821-1835; from 1835 to June 1843, New York State Canal 5% bonds (since the Federal government completely paid off its debt in the 1830s); from July 1843 to 1852, U.S. Government 5% bonds; from 1853 to 1865, U.S. Government 6% bonds; from 1866 to June 1877, the 5/20s; from July 1877 to January 1895, the 4% U.S. Government Bonds of 1907; from February 1895 to September 1918, the 4% U.S. Government Bonds of 1925; from 1919-1941, the Federal Reserve Board's 10 to 15-year Treasury Bond index; since 1941, 10-year Treasuries. Where no trades were recorded during a given month, the previous month's yields were used.

Notes: WTO = World Trade Organization, QE3 = Federal Reserve's third quantitative easing program.

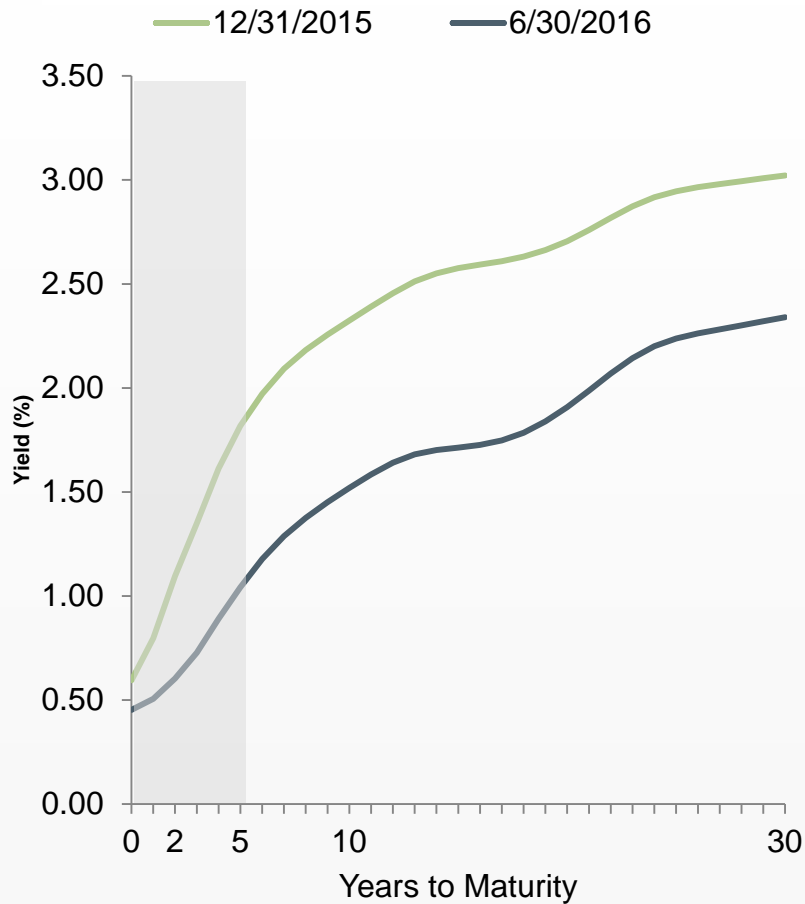
Sources: A History of Interest Rates (Sidney Homer and Richard Sylla), www.federalreservehistory.org and Global Financial Data as of 6/30/16

Global Rates Have Been On the Decline

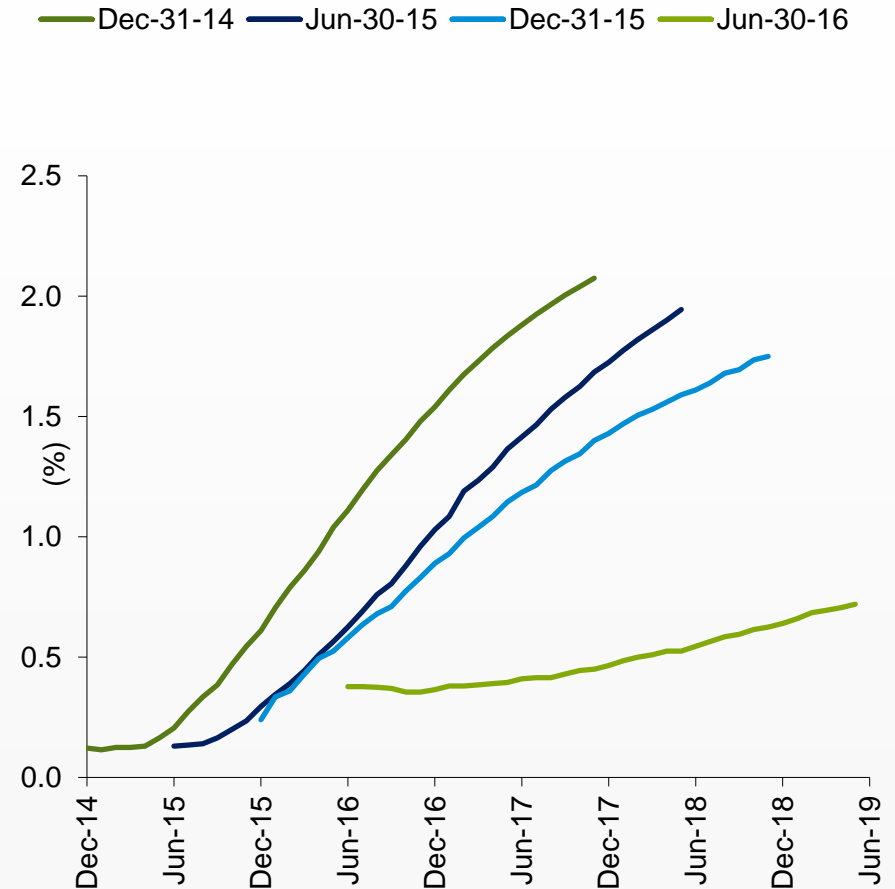


Market Expects Fed to Tighten Slowly

U.S. TREASURY CURVE



FED FUNDS FUTURES CURVES



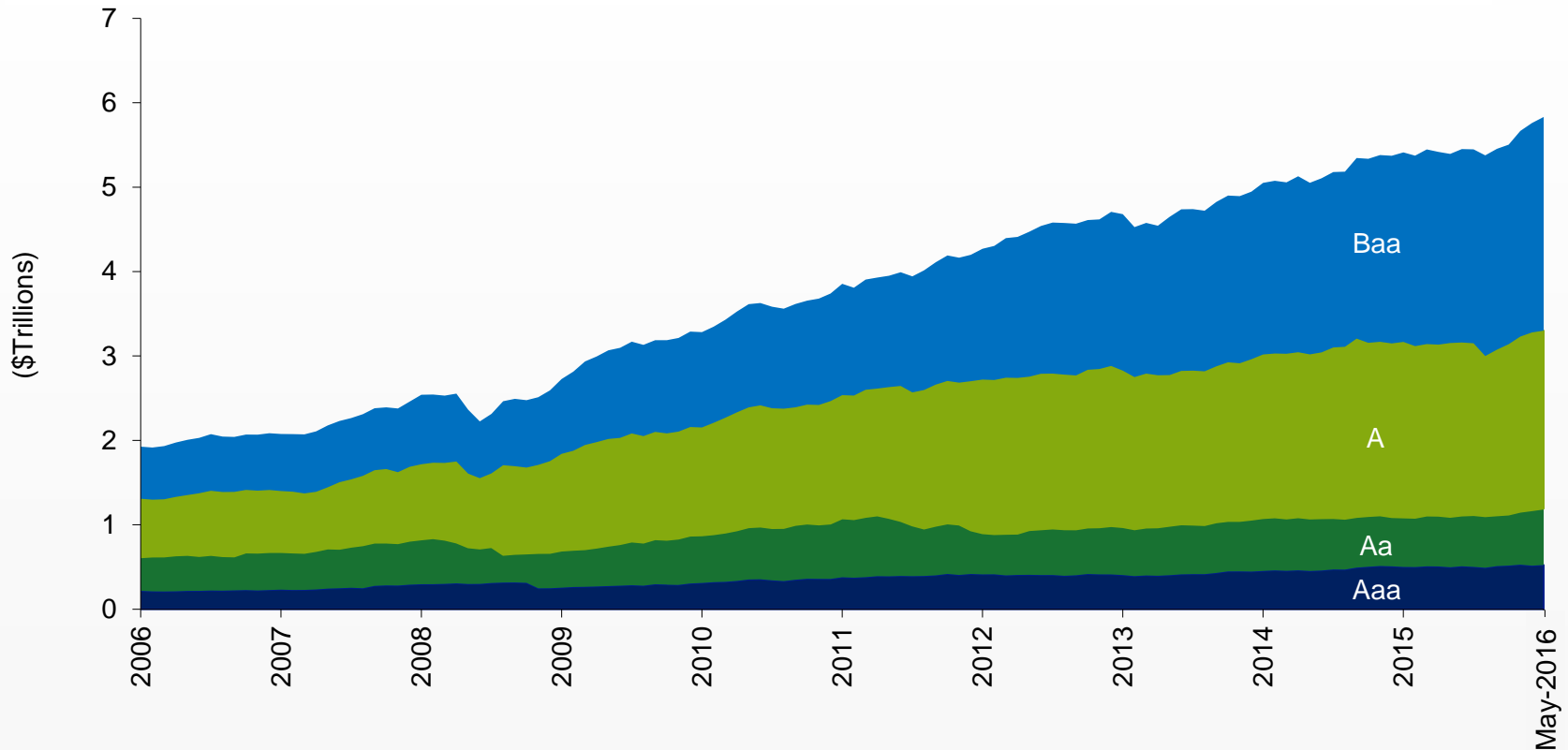
Credit Spread Volatility Remains

Barclays US Investment Grade Corporate 1-3 Yr Index



Higher Leverage Resulting in Lower-Rated Credit Market

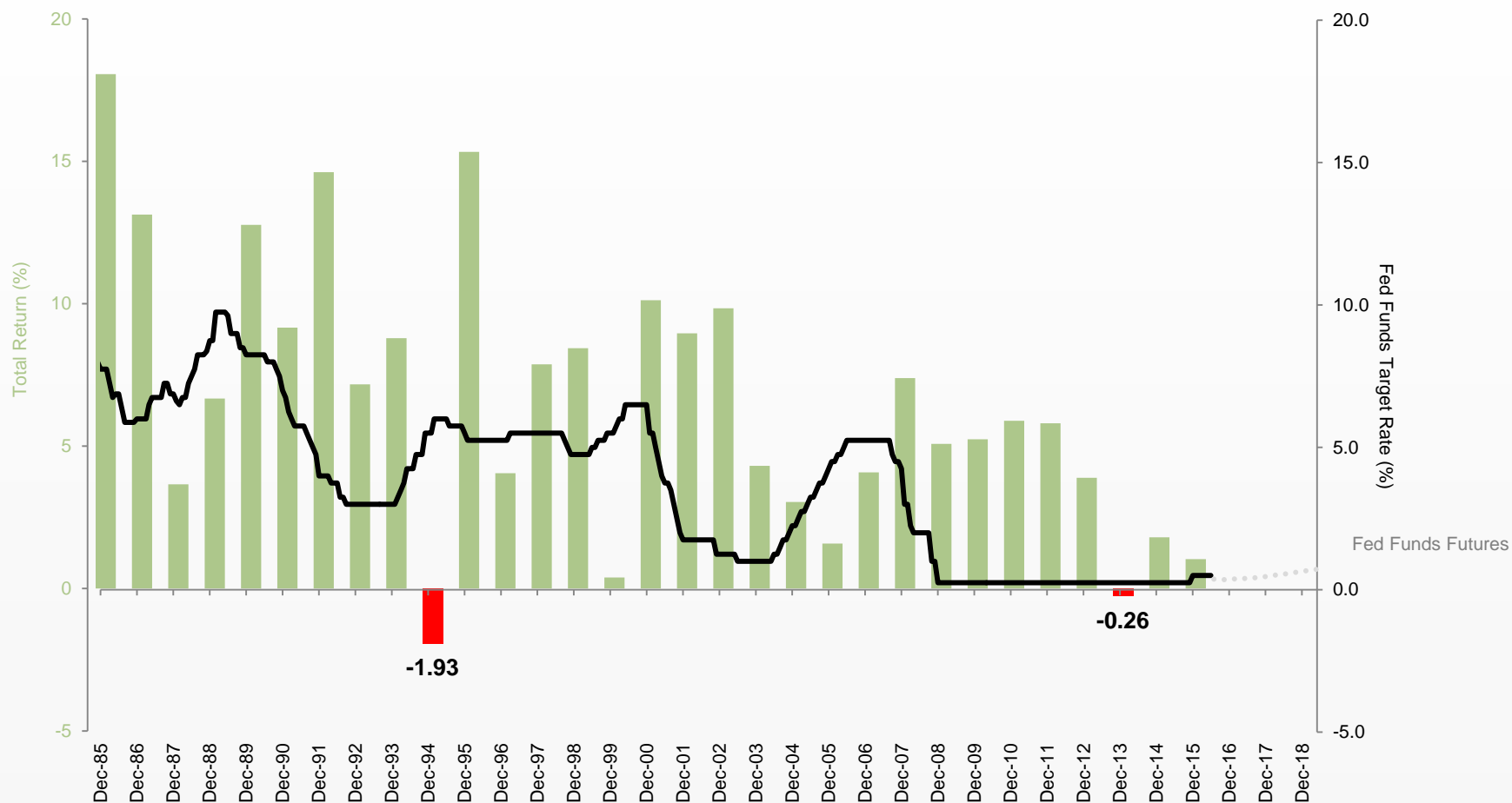
CREDIT INDEX COMPOSITION BY QUALITY RATING



Note: Rating categories are based on Barclays Index methodology, which uses Moody's, S&P and Fitch ratings as inputs where available.
Source: Barclays Investment Grade Credit Index as of 5/31/16

Bond Returns During Various Rate Environments

FIDELITY LIMITED TERM COMPOSITE



Source: Bloomberg and Fidelity Investments as of 06/30/2016.

Past performance is no guarantee of future results. You can not invest directly in an index. Index performance is not meant to represent that of any Fidelity fund. See the Glossary at the end of this presentation for more information on any terms.

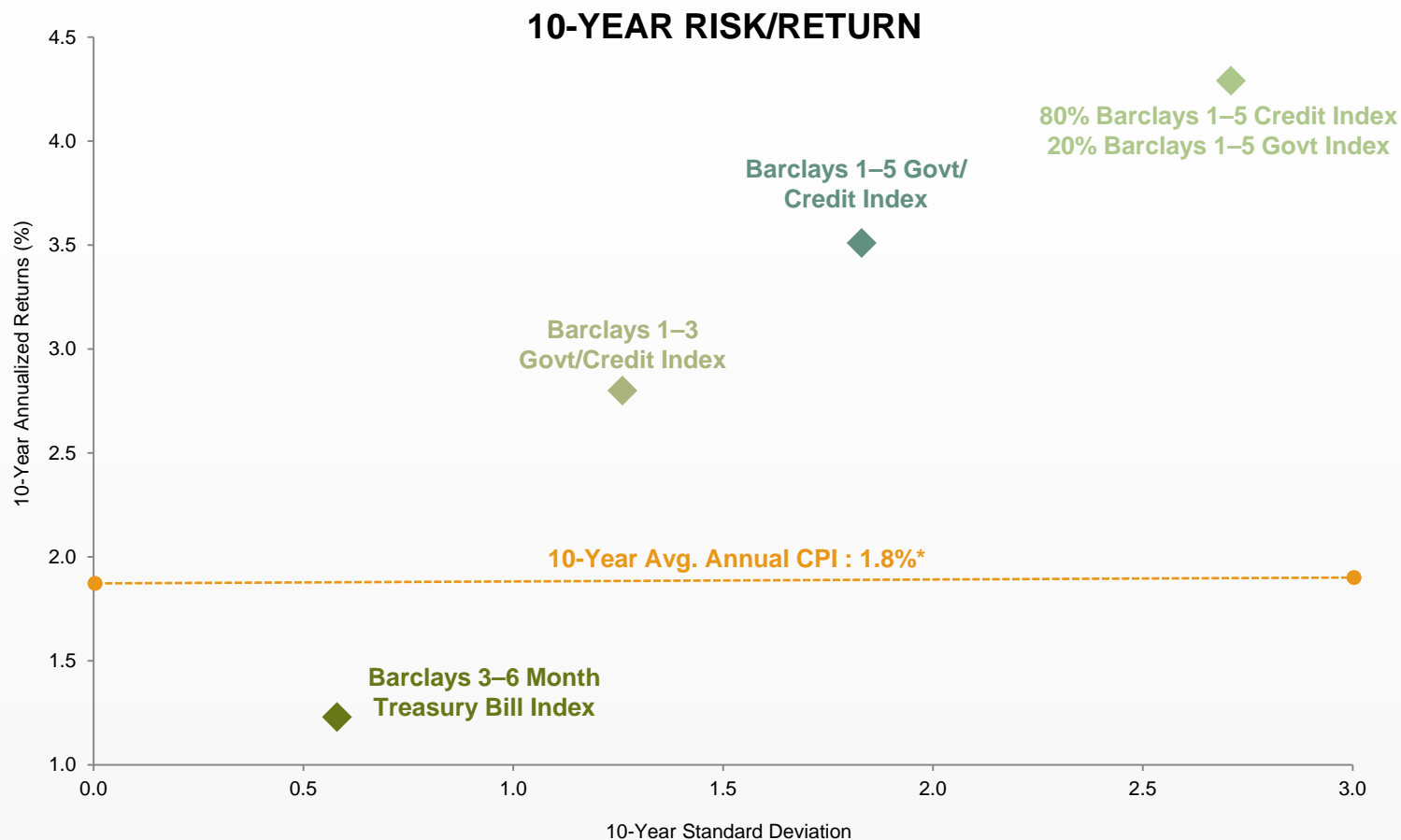
Fidelity Offers a Variety of Short Duration Options

VOLATILITY SPECTRUM				
←-----○-----○-----○-----○-----→				
	CONSERVATIVE INCOME	SHORT-TERM	LIMITED TERM	HIGH INCOME
Fidelity Funds	Conservative Income Bond (FCONX) Conservative Income Muni Bond (FCRDX)	Short Term Bond (FSHBX)	Limited Term Bond (FJRLX) Limited Term Muni Income (FSTFX) Limited Term Government (FFXSX) CA Limited Term Tax-Free Bond (FCSTX)	Short Duration High Income (FSAHX) Floating Rate High Income (FFRHX)
Description	<ul style="list-style-type: none"> • Focused on providing a yield slightly higher than money markets with minimal NAV volatility* • Differentiated focus on capital preservation • Duration generally less than 1 year 	<ul style="list-style-type: none"> • Durations generally between 1–2 years • Very high quality investments (no below investment grade) 	<ul style="list-style-type: none"> • The most interest rate and credit exposure in the continuum of investment grade short products • Durations are generally between 2–3 years 	<ul style="list-style-type: none"> • Highest levels of current income • Duration generally less than 3 years

Floating rate loans generally are subject to restrictions on resale and sometimes trade infrequently in the secondary market; as a result they may be more difficult to value, buy, or sell. A floating rate loan may not be fully collateralized and therefore may decline significantly in value.

*The funds are not money market funds and will have a fluctuating NAV.
 Assets noted are as of March 31, 2016
 Short Duration assets include municipal and taxable.

Benchmarks Reflect Varying Degrees of Risk/Reward Among Short Duration Strategies



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Source: Bloomberg, Barclays, Fidelity Investments as of 06/30/2016.

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Why Fidelity for Short Duration Investing?

■ EXPERIENCE	■ BREADTH AND DEPTH	■ TEAM BASED INVESTMENT PROCESS	■ DIVERSE PRODUCT OFFERINGS
<ul style="list-style-type: none">• Managing fixed income and high income portfolios for over 40 years• Unwavering commitment to fostering and leveraging the experience of some of the world's most talented investment professionals	<ul style="list-style-type: none">• Over 200 investment professionals leveraging global resources• The size and scale of our research organization provides the ability to capitalize on opportunities across varied market environments• One of the largest proprietary research platforms in the world	<ul style="list-style-type: none">• Proven throughout market cycles• Experienced Portfolio Managers set a prudent portfolio strategy• Fundamental Research Process—Intensive research harnessing uncommon insights• Fully Integrated Risk Management Platform—Quantitative and qualitative reviews throughout the process• Dedicated Trading surfacing opportunities	<ul style="list-style-type: none">• Delivering a risk/return profile commensurate with investor expectations• Clear and transparent product offers building blocks for effective portfolio construction

Important Information

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Lower-quality bonds can be more volatile and have greater risk of default than higher-quality bonds.

Barclays US Investment Grade Corporate 1-3 Yr Index: Unmanaged index that is designed to measure the performance of the short term US corporate bond market. The Index includes publicly issued US dollar denominated corporate issues that have a remaining maturity of greater than or equal to 1 year and less than 3 years, are rated investment grade (must be Baa3/BBB- or higher using the middle rating of Moody's Investor Service, Inc., Standard & Poor's, and Fitch Rating), and have \$250 million or more of outstanding face value.

Barclays 1–3 Govt/Credit Index: Unmanaged index which is a component of the US Government/Credit Bond Index, which includes Treasury and agency securities (US Government Bond Index) and publicly issued US corporate and foreign debentures and secured notes (US Credit Bond Index). The bonds in the index are investment grade with a maturity between one and three years.

Barclays 1–5 Govt/Credit Index: Barclays US Government/Credit 1-5 Year Bond Index of short-term US corporate and government bonds with maturities of one to five years. An investment cannot be made directly in an index.

Barclays Investment Grade Credit Index: This index is the Financial Institutions component of the US Credit index.

Barclays 3–6 Month Treasury Bill Index: The Barclays US 3-6 Month Treasury-Bill Index includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 6 months and more than 3 months, are rated investment grade, and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in US dollars and must be fixed rate and non convertible. An investment cannot be made directly in an index.

80% Barclays 1–5 Credit Index/20% Barclays 1–5 Govt Index: Barclays US Government/Credit 1-5 Year Bond Index of short-term US corporate and government bonds with maturities of one to five years. An investment cannot be made directly in an index.

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Important Information Continued

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Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity or visit advisor.fidelity.com for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Fidelity Brokerage Services, Member NYSE, SIPC 900 Salem Street, Smithfield, RI 02917

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