

Fidelity[®] Municipal Income Fund

Investment Approach

- Fidelity[®] Municipal Income Fund is a diversified national municipal bond strategy investing in general obligation and revenue-backed municipal securities across the yield curve.
- Our investment approach focuses on fundamental credit analysis, yield-curve positioning and an analysis of the structural characteristics of each security.
- The fund's interest rate sensitivity is targeted closely to that of its benchmark to prevent interest rate speculation from overwhelming research-based strategies that we deem to have a higher likelihood of success.
- We emphasize a total-return approach that seeks to generate a high level of tax-exempt income, consistent with the preservation of capital.

PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF ¹
Fidelity Municipal Income Fund Gross Expense Ratio: 0.44% ²	0.00%	0.00%	3.92%	-0.38%	1.70%	2.90%
Bloomberg Municipal Bond Index	-0.39%	-0.39%	3.13%	-0.41%	1.59%	2.66%
Bloomberg 3+ Year Municipal Bond Index	-0.43%	-0.43%	3.23%	-0.55%	1.64%	2.87%
Lipper General & Insured Municipal Debt Funds Classification	0.21%	0.21%	3.97%	-0.84%	1.29%	2.47%
Morningstar Fund Muni National Long	0.23%	0.23%	4.25%	-0.97%	1.34%	2.62%

¹ Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 12/01/1977.

² This expense ratio is from the most recent prospectus and generally is based on amounts incurred during the most recent fiscal year, or estimated amounts for the current fiscal year in the case of a newly launched fund. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit [fidelity.com/performance](https://www.fidelity.com/performance), [institutional.fidelity.com](https://www.institutional.fidelity.com), or [401k.com](https://www.401k.com). Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated.

For definitions and other important information, please see the Definitions and Important Information section of this Fund Review.

FUND INFORMATION

Manager(s):
Team Managed

Trading Symbol:
FHIGX

Start Date:
December 01, 1977

Size (in millions):
\$4,652.96

Morningstar Category:
Fund Muni National Long

Fixed income investments entail interest rate risk (as interest rates rise bond prices usually fall), the risk of issuer default, issuer credit risk and inflation risk. The municipal market can be affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities. Leverage can increase market exposure and magnify investment risk. Income exempt from federal income tax may be subject to state or local tax. All or a portion of the fund's income may be subject to the federal alternative minimum tax. Income or fund distributions attributable to capital gains are usually subject to both state and federal income taxes.



Not FDIC Insured • May Lose Value • No Bank Guarantee

Municipal Market Review

U.S. stocks and high-yield municipal bonds meaningfully outperformed U.S. government and higher-quality municipal securities during the first three months of 2024. A resilient domestic economy and strong corporate fundamentals buoyed equities, while still-elevated inflation and investors' dialed-back expectations for policy interest-rate cuts weighed on U.S. Treasuries, government securities and municipals.

For the quarter, U.S. investment-grade municipal bonds posted a modest decline (-0.39%, including interest payments and price changes), according to the Bloomberg Municipal Bond Index. Climbing U.S. Treasury yields – which move in the opposite direction of prices – and a 45% year-over-year increase in tax-exempt bond issuance pulled municipal yields higher as well. This backup in market rates was largely the result of shifting assumptions about the timing and magnitude of rate cuts by the Federal Reserve. Coming into 2024, most market participants expected the Fed to cut its benchmark short-term rate six times this year, lowering it to a range of 3.75% to 4% by year-end, down from the 22-year-high range of 5.25%-5.5% in which it ended 2023.

Munis modestly declined in January (-0.51%). For most of the month, investors had placed roughly even odds that the central bank would cut rates later in the first quarter. But at its policy meeting in late January, the Fed dashed hopes for near-term rate reductions, pointing to brisk monthly inflation data. Investors' disappointment over the expected timing of rate cuts continued to hamper performance in February (+0.13%).

In March, munis were flat (0.00%), with investors balancing the slight acceleration of some consumer prices with encouraging reductions in the prices of essentials, like gas and food. At its March meeting,

Fed Chair Jerome Powell affirmed that central bank officials still saw three rate reductions this year and a modestly slower pace of rate cuts next year, with the benchmark rate expected to settle just below 4% at the end of 2025 and slightly above 3% after that. The remarks made markets hopeful for an initial rate cut in June.

For the three months, investment-grade munis outpaced U.S. Treasuries (-0.96%), bolstered by favorable supply/demand dynamics. The supply of munis increased in Q1 but was met with strong investor demand, which was driven partly by a seasonal uptick in the reinvestment of muni bond maturities, calls and coupons. Strong muni bond performance in the fourth quarter of 2023 and investors' concern about election-year proposals for higher taxes emerging from Washington also prompted some investors to add tax-free municipal bonds to their portfolios.

Full-quarter returns showed uneven results along the municipal maturity spectrum, with one-year (+0.11%) issues meaningfully outpacing all other segments, particularly 10-year issues and long-term bonds (-0.54% and -0.75%, respectively). From an overall sector perspective, municipal revenue bonds outpaced general obligation bonds. Higher-yielding sectors such as hospitals and industrial development revenue/pollution control revenue also outperformed this quarter. Overall, lower-quality bonds rated BAA, the Bloomberg equivalent to BBB, bested those with mid-tier (AA and A) and high (AAA) credit ratings.

Muni credit fundamentals remained solid throughout the quarter, and for most tax-backed issuers the risk of a credit-rating downgrade appeared low. ■

THREE-MONTH MUNI INDEX RETURNS BY SECTOR

Sector	Total Return
Insured	--
Industrial Revenue	0.72%
Hospital	0.06%
Transportation	-0.04%
Prerefunded	-0.09%
Electric	-0.34%
Leasing	-0.42%
Water & Sewer	-0.52%
Housing	-0.59%
Education	-0.59%
State GO	-0.62%
Local GO	-0.76%
Special Tax	-0.80%
Resource Recovery	-0.82%
Index	-0.39%

Returns represent those of the Bloomberg Municipal Bond Index.

THREE-MONTH MUNI INDEX RETURNS BY CREDIT QUALITY

Quality	Total Return
AAA	-0.81%
AA	-0.56%
A	0.10%
BAA	0.60%
Index	-0.39%

Returns represent those of the Bloomberg Municipal Bond Index.

Performance Review

DETAILED FUND ATTRIBUTION RELATIVE TO BENCHMARK

Strategy: Sector Allocation		Strategy: Credit	
Market Environment	Higher-yielding sectors such as health care and corporate-backed securities outperformed.	Market Environment	Lower-rated investment-grade municipal bonds outperformed higher-quality investment-grade munis. Flows into high-yield muni funds were strong during the quarter, while the supply of high-yield bonds available to purchase was limited.
Fund Positioning (Impact vs. Benchmark)	<ul style="list-style-type: none"> The fund's overweight positions in corporate-backed, or industrial development, bonds contributed to performance versus the Bloomberg 3+ Year Municipal Bond Index. (Positive) 	Fund Positioning (Impact vs. Benchmark)	<ul style="list-style-type: none"> The fund's overweight in lower-quality investment-grade securities bolstered the relative result. (Positive) A higher average yield on the fund's underlying holdings helped it gain more carry than the index. (Positive) An underweight to bonds issued by the state of California contributed versus the index. (Positive) An overweight to Puerto Rico bonds also aided the relative result. (Positive)
Strategy: Yield Curve		Strategy: Additional Factors	
Market Environment	The municipal yield curve shifted higher during the quarter. The curve remained inverted inside of 10 years.	Market Environment	The fund and its benchmark employ somewhat different methodologies in estimating the prices of municipal securities, most of which trade infrequently.
Fund Positioning (Impact vs. Benchmark)	<ul style="list-style-type: none"> Relative to the index, the fund's overweight to longer-duration bonds detracted as yields rose. (Negative) 	Fund Positioning (Impact vs. Benchmark)	<ul style="list-style-type: none"> Pricing methodology differences modestly detracted from relative performance. (Negative)

Outlook and Positioning

As of March 31, we foresee continued market volatility until investors gain more confidence about the likely timing of interest-rate cuts. The Fed will get three more consumer price inflation readings before its June decision on rates. Until then, investors' expectations for interest-rate policy are likely to toggle between the continued hope of three rate cuts this year, beginning in June, and the possibility of no cuts at all, and everything between. If inflation reports cool from their early-2024 readings, we believe investor sentiment may favor high-quality bonds, including municipals.

Muni bond yields remain high relative to levels over the past 15 years, which could inspire demand from investors looking to lock in higher rates before the Fed pivots to easier monetary policy. Election-year factors also could spur demand for tax-free munis, as provisions of the 2017 Tax Cuts and Jobs Act are set to expire at the end of 2025 and federal, state and local governments contemplate proposals for new taxes and spending.

We believe market volatility could present opportunities for us to purchase securities that offer both attractive valuations and a solid risk/reward profile.

Tax-backed municipal issuer finances remain mostly solid. Though growth of tax receipts may continue their recent slowing, we believe most state and local governments are well-positioned to adjust. Most states, for instance, have prudently managed recent surpluses by increasing their rainy-day reserves, paying down debt and strengthening pension plan funding.

At quarter end, we continue to invest for strong risk-adjusted returns while remaining cautious with yield-curve positioning, given the likelihood of ongoing interest-rate volatility.

It is important for investors to remember that Fidelity's municipal bond portfolios are constructed with a careful and intentional emphasis on issue selection, especially with consideration to the liquidity of the security and the financial resiliency of its issuer. In the current environment, we continue to evaluate each fund's investments and are monitoring those that may be more financially challenged than others.

Looking ahead, we remain committed to the approach of building individual exposures in the portfolio that reflect risks with which we are comfortable, at entry prices we believe offer strong relative value. ■

MUNICIPAL-SECTOR DIVERSIFICATION

Sector	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Transportation	23.01%	14.85%	8.16%	0.28%
Health Care	21.32%	9.43%	11.89%	-1.57%
State Obligations	11.51%	14.65%	-3.14%	-0.16%
Higher Education	9.84%	5.68%	4.16%	0.91%
Local Obligations	9.52%	16.53%	-7.01%	0.01%
Special Tax	8.63%	13.60%	-4.97%	0.85%
Corporate-Backed	6.68%	3.97%	2.71%	0.13%
Water & Sewer	2.98%	9.07%	-6.09%	-0.03%
Housing	2.29%	3.44%	-1.15%	-0.12%
Tobacco	0.75%	0.46%	0.29%	0.00%
Pre-Refunded	0.67%	0.70%	-0.03%	0.02%
Electric & Gas	0.62%	4.98%	-4.36%	-0.28%
Lease/Other	0.03%	0.85%	-0.82%	0.00%
Cash & Net Other Assets	2.15%	1.79%	0.36%	-0.04%
Futures, Options & Swaps	0.00%	0.00%	0.00%	0.00%

Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.

CREDIT-QUALITY DIVERSIFICATION

Credit Quality	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Government	0.00%	0.00%	0.00%	0.00%
AAA	6.81%	22.62%	-15.81%	0.57%
AA	40.71%	54.81%	-14.10%	1.84%
A	32.94%	18.06%	14.88%	-3.10%
BBB	10.40%	4.29%	6.11%	0.30%
BB	2.52%	0.00%	2.52%	-0.12%
B	0.15%	0.00%	0.15%	0.00%
CCC & Below	0.28%	0.00%	0.28%	0.06%
Short-Term Rated	0.00%	0.00%	0.00%	0.00%
Not Rated/Not Available	4.46%	0.22%	4.24%	0.02%
Cash & Net Other Assets	1.73%	0.00%	1.73%	0.43%

Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.

Credit ratings for a rated issuer or security are categorized using the highest credit rating among the following three Nationally Recognized Statistical Rating Organizations ("NRSRO"): Moody's Investors Service (Moody's); Standard & Poor's Rating Services (S&P); or Fitch, Inc. Securities that are not rated by any of these three NRSRO's (e.g. equity securities) are categorized as Not Rated. All U.S. government securities are included in the U.S. Government category. The table information is based on the combined investments of the fund and its pro-rata share of any investments in other Fidelity funds.

10 LARGEST STATE WEIGHTS

State	Portfolio Weight	Index Weight
Illinois	14.71%	4.29%
New York	8.92%	16.12%
Pennsylvania	7.69%	3.87%
Florida	5.94%	4.08%
New Jersey	5.59%	3.51%
Texas	5.09%	10.19%
California	4.26%	16.61%
Georgia	4.24%	2.38%
Massachusetts	3.77%	3.54%
Washington	2.91%	3.05%

CHARACTERISTICS

	Portfolio	Index
Duration	6.94 years	6.68 years
30-Day SEC Yield	3.43%	--
30-Day SEC Restated Yield	--	--
30-Day SEC Tax-Equivalent Yield	5.78%	--
Net Asset Value	\$12.26	--
Subject to Alternative Minimum Tax	16.89%	--

Definitions and Important Information

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

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CHARACTERISTICS

Duration is a measure of a security's price sensitivity to changes in interest rates. Duration differs from maturity in that it considers a security's interest payments in addition to the amount of time until the security reaches maturity, and also takes into account certain maturity shortening features (e.g., demand features, interest rate resets, and call options) when applicable. Securities with longer durations generally tend to be more sensitive to interest rate changes than securities with shorter durations. A fund with a longer average duration generally can be expected to be more sensitive to interest rate changes than a fund with a shorter average duration.

30-day SEC Yield is a standard yield calculation developed by the Securities and Exchange Commission for bond funds. The yield is calculated by dividing the net investment income per share earned during the 30-day period by the maximum offering price per share on the last day of the period. The yield figure reflects the dividends and interest earned during the 30-day period, after the deduction of the fund's expenses. It is sometimes referred to as "SEC 30-Day Yield" or "standardized yield".

30-Day SEC Restated Yield is the fund's 30-day yield without applicable waivers or reimbursements, stated as of month-end.

30-day SEC Tax-Equivalent Yield shows what you would have to earn on a taxable investment to equal the fund's tax-free yield, if you are in the 37% effective federal income tax bracket and also subject to the 3.8% Medicare Contribution tax, but does not reflect the payment of the federal alternative minimum tax, if applicable. Medicare Contribution tax is a tax on non-municipal investment income that applies to individuals with incomes over \$200,000 (or \$250,000, filing jointly). For state-specific funds, TEY is based not only on the highest federal tax rate (40.8%) but also the highest state tax rate. For state-specific funds, TEYs assume investors are state residents and would not be able to take an itemized deduction on their federal returns for state taxes on investment income. For NY funds, TEYs do not reflect the NY state tax rate that applies to income in excess of \$5 million. For MD funds, TEYs reflect the highest city/county tax rates in MD and treat them the same as state taxes. Consult a tax professional for further detail.

Net Asset Value is the dollar value of one share of a fund; determined by taking the total assets of a fund, subtracting the total liabilities, and dividing by the total number of shares outstanding.

Subject to Alternative Minimum Tax is the percent of interest income subject to the alternative minimum tax (AMT) based on total net assets within a portfolio.

IMPORTANT FUND INFORMATION

Relative positioning data presented in this commentary is based on the fund's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

Bloomberg 3+ Year Municipal Bond Index is a market-value-weighted index of investment-grade fixed-rate municipal bonds with maturities of three years or more.

Bloomberg Municipal Bond Index is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more.

LIPPER INFORMATION

Lipper Averages are averages of the performance of all mutual funds with their respective investment classification category. The number of funds in each category periodically changes. Lipper, a Refinitiv company, is a nationally recognized organization that ranks the performance of mutual funds.

MORNINGSTAR INFORMATION

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SECTOR WEIGHTS

Sector weights illustrate examples of market segments in which the fund may invest, and may not be representative of the fund's current or future investments. They should not be construed or used as a recommendation for any subset of the market.



Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.

Past performance is no guarantee of future results.

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