TRANSCRIPT

Seeking Income: How can ETFs help?

Presenters: Don Raymond and Brad Zucker

Don Raymond: All right. Hello to all of our new viewers, and thank you for coming back to all who attended our last session. We greatly appreciate the opportunity to spend time with you here today. My name is Don Raymond. I'm a regional brokerage consultant for Fidelity Investments. My role is designed to help support self-directed investors that are managing all or part of their portfolio and also need educational support or like to work with us to explore through our online research and investment tools together. Our next session today is, "Seeking income, how can ETFs help?" Today's speaker is Brad Zucker, and Brad, I'll hand it over to you. Thank you.

Brad Zucker: Thanks, Don, and hi, everyone. Thank you for joining us today. My name is Brad Zucker, I'm an iShares product consultant at BlackRock. And I help investors analyze portfolios and evaluate how exchange-traded funds, or ETFs, may help to achieve financial objectives. In this session, we're going to talk about ways to seek income using ETFs. Specifically, as the next slide details, together we're going to look at the challenges that we face generating income from our investments today. We'll evaluate popular tools used to overcome those obstacles, and we'll finish by reviewing some specific ETFs

that can help. Let's flip to the next slide and get started.

What are the hurdles that income investors face today? Well, a key challenge that's really been a source of headlines for much of the last 12 months is inflation. The dictionary defines inflation as a measurement of the changes in the prices of goods each year. And I like to define inflation as the reason that it typically takes more money to buy the same stuff over time. Take going to the movies as an example. The experience itself hasn't really changed much over the years. You get in, maybe you buy some snacks, you find your seats and enjoy the show. It's all essentially the same as it was in 1950, but over that 70 years, the price of admission has ballooned from about 50 cents to over nine dollars a ticket. Inflation effectively eats away at the value of our money. You had 20 dollars in 1950, you could've bought 43 movie tickets. That's enough for you and your entire crew. But today, you'd be lucky if that same 20 dollars covered yourself and a date at the theater. That's just one example.

As we move to the next slide, even those who aren't movie buffs are feeling the impact, as the cost of a broad basket of goods and services has been rising, too. Inflation is often measured by the Consumer Price Index, or CPI. And that includes the prices of items like housing, food, education, and many others. Over the last 12 months, this rate of inflation has increased by almost eight percent. That's the fastest annual jump in the last 40 years. And

to put today's level into context, annual inflation in the U.S. has averaged about two percent since 1871. While prices have been rising, interest rates have remained low. When you hear talk about the Fed setting monetary policy, the interest rate that they actually set is called the Fed funds rate. And it's the blue line in the chart on the right, which you can see has been low despite inflation heating up. Of course, as many of you are aware, a few weeks ago the Fed approved the first interest rate hike in several years, bringing the target rate for that blue line into a range of one quarter to one half of one percent. And it signaled that more increases are likely before year-end. Changes in the Fed funds rate often impact other interest rates. You can see an example of this by looking at the black line, which represents the yield on the two-year Treasury bond. And that relationship is pretty clear. Key takeaway is that even with interest rates starting to lift off from the bottom, there is still a long way to go to catch up with inflation. But the next slide indicates cash isn't working as hard as it needs to today.

The interest earned on the average savings account has been low for years. Even if you lock your money up for five years in a CD, the average yield isn't much higher. The rate of inflation over the next five years is expected to be about 10 times higher than the average rate offered on a five-year CD. If you aren't earning at least the rate of inflation, you may not be losing money, but your money is losing value in terms of what it can buy. Now, of course

there are investments that yield more than savings accounts or bank CDs. But reaching for higher yield generally involves taking higher risk. We'll get to the specific risks to keep in mind in a minute, but first I want to address what I know that many of you are thinking. Some of those other investments, like bonds, also have relatively low yields today. I'm often asked, with interest rates low and potentially rising, why should I own any bonds in a portfolio? Well, as the next slide illustrates, even with low yields, bonds can play an important role as a diversifier by providing some stability to portfolios that own stocks.

While both stocks and bonds are expected to add to wealth over time, they often deliver their value during different phases of the economic cycle. For example, high quality bonds, like those that are issued by the U.S. government, often go up when the economy is slowing. So, they could potentially add gains to a portfolio at the same time that stocks are falling. After the tech bubble burst, the S&P 500 fell more than 40 percent, while long-term U.S. Treasury bonds rose about the same amount, helping to buffer losses in a diversified portfolio. In fact, the Treasury bonds would've delivered positive results in each period for which the stock market fell by at least 15 percent over the last 20 years, including the global financial crisis and the COVID-19 related sell-off. Now, of course, future periods may play out differently, as every environment's unique and inflation wasn't as high in these

past periods as it is today. Still, diversification potential means that bonds can play an important role despite low interest rates. Move to the next slide. But high inflation and low rates pose a challenge. As you look to meet income needs by stepping out of cash towards higher yielding investments, thought must be put into the risks that are taken in the process.

So, let's review some of the popular tools for generating income that you see here on the slide. Cash and savings vehicles are good for short-term objectives, like meeting everyday living expenses or filling in an emergency fund. For longer term objectives or larger expenditures, we could look to move across the spectrum from savings tools to investment tools. And as we do, the potential for higher risk yield and return increase. The first stop on this chart is bonds. Most bonds pay interest in regular intervals, and many pay fixed coupons. And that's why many bonds are called fixed-income securities. And with income in the name, it's no surprise that this asset class has long been an area of focus for income investors. Also in the toolkit are dividend paying stocks which, in addition to income, bring higher capital appreciation potential but also greater risk. Let's dive deeper into these tools to understand the tradeoffs as we seek higher income. Starting with fixed income on the next slide.

There are two key risks to consider with fixed income investing. Interest rate risk and credit risk. Generally, bonds that have higher yields carry higher

risk in one or both of these areas. And their higher yield could be thought of as compensation for that greater risk involved. I like to think of interest rate risk as sort of buyer's remorse. Imagine you and a friend walk by your local bank and see an advertisement in the window for CD rates that you like. So you both walk in, and you end up signing up for the one-year CD, while she opts for the slightly higher yielding two-year option. Now, a few weeks pass, and on another walk by that same bank, you notice the rates offered are now meaningfully higher. It probably wouldn't make either of you feel great. But who do you think regrets the decision more? In one year, you'll get your money back and be able to reinvest it at a potentially higher interest rate. But your friend is still locked in, facing a whole other year of having to walk by that bank and potentially seeing better rates listed in the window. Your friend took on a higher interest rate risk by locking her money up for a longer period of time. The financial jargon for this sensitivity to interest rates is duration. And typically the longer until a security matures, the more duration it has. The second risk is credit risk, which is the risk that whoever you lend money to won't pay it back. Let's say that you have two cousins. First is Cousin Mark. He owns his own business, which is really successful, he lives within his means, he drives a nice but modest car, doesn't really buy unnecessary things, you get the picture. Basically, growing up, you were nervous that your mother would ask you, "How come you can't be more like your cousin Mark?" You also have

a Cousin Joey. And Joey works in -- you know, we're not really sure what Joey's doing these days. While you wanted to try and copy Mark growing up, you learned just as much by avoiding some of the things that Joey did. Now, imagine both cousins ask to borrow money from you tomorrow. Based on the information we have, which one do you think would be more likely to pay you back? We love both of them very dearly, but Cousin Mark would be the borrower with higher credit quality. Let's take this idea into the real world. One of the largest borrowers or bond issuers out there is the U.S. government. Government bonds have high credit quality because the government can raise taxes, among other means, to pay back their debt. What about corporate borrowers? Companies have to generate earnings in cash flow to pay back what they owe. If we don't know each company as well as we know Mark or Joey, how do we know the level of credit risk that's involved when buying their bonds? Fortunately, there are rating agencies that evaluate bonds based on the strength of the issuing company.

And if we flip to the next slide, we could see an example. One of the popular rating agencies is S&P. They score bonds from AAA down to D. Companies that have manageable amounts of debt, strong earnings potential, and a good record of paying back their debts are assigned good credit ratings. Those issuers with a BBB rating or higher are considered investment grade, and the rating agency believes that they have a low risk of default. Bonds

rated below BBB are considered below investment grade, and they're believed to carry higher default risk. These bonds are often called high-yield bonds, reflecting that they generally offer higher yields to compensate for the greater risk involved with lending them money. Let's move on to the next slide for an example of why understanding these risks are important, starting again with interest rate risk.

In the first three quarters of 2018, the Fed raised interest rates three times. That's like seeing that bank where you got the CD raise its rates three times while your money was locked up. Bond investors can sell their bonds before they mature. When lots of investors sell something, the price goes down. And some investors who earn bonds with longer maturities may do just that when new bonds with new, attractive interest rates become available. So when yields go up, bond prices tend to go down. The chart on the left shows the performance of three U.S. Treasury bond ETFs that differ by the maturity of the bonds they hold, which means they have different interest rate risk. The yellow line represents Treasuries with between one and three years to maturity, and by the end of the period that saw these three rate hikes, this fund was essentially flat. Gray line is Treasury bonds with between three and seven years to maturity, and that ETF lost about one percent. And the black line is Treasury bonds with between 10 and 20 years until maturity, and that ETF lost more than four percent in the period. The chart on the right tells

almost the opposite story. I don't think anybody would purposely set their time machines back to early 2020, but let's go there briefly for this example. When the COVID-19 pandemic hit, the Fed cut rates to effectively zero. And bond prices tend to rise when yields fall. The cost existing bonds now have relatively high coupons which become more attractive. And longer-duration bonds may typically benefit the most because they have more interest rate sensitivity. So when rates were cut in early 2020, the short-term Treasury ETF went up about three percent, while the long-term Treasury ETF went up about 17 percent. Move to the next slide for a similar example.

Let's focus on credit risk. The COVID-19 crisis caused unprecedented market volatility in the first quarter of 2020. As much of the world's population entered lockdowns and demand for many goods and services grinded to a halt, there was a lot of uncertainty about the prospects of many businesses, and the U.S. stock market sold off sharply. When investors have concerns around growth and the ability of borrowers to meet their obligations, they tend to seek out the Cousin Marks of the world and avoid the Cousin Joeys. Now, I should probably mention that, while I actually do have a Cousin Mark and he is really impressive, I do not have a Cousin Joey and these characters are not inspired by real people. I just felt I needed to say that before I find myself in trouble at the next family gathering. Moving back to the topic at hand here, as evidence of the desire for higher quality issuers during times of

market stress, take a look at the chart on the left. This time, the yellow line represents Treasury bonds, the gray line is investment grade corporate bonds, and the black line is high-yield corporate bonds, which again are those that are deemed riskier by the rating agencies. During the flight to quality in early 2020, the Treasury bonds went up eight percent, the investment grade rated corporate bonds fell four percent, and the riskier corporate bonds fell 13 percent. But after some uncertainty faded away, we witness the risk-on rally for the last three quarters of the year. As investors became less concerned about credit risk, the bonds from issuers of lower credit quality rallied the most. And we can see that on the right, the high-yield bonds went up 23 percent, while the Treasury bonds were essentially flat.

Now, let's do a quick recap. Achieving a higher yield from fixed income investments typically means taking on higher interest rate risk, credit risk, or both. When looking at the available options and considering your income target, don't just look at the yields. Look at the duration and credit breakdown, which are available on websites like Fidelity's. This will help you determine whether the tool is right for your needs. Also, evaluating these aspects could help you uncover market opportunities. For example, you may have seen news articles describe the yield curve as relatively flat or even inverted in areas today. That means that, compared to past periods, the

difference in yields between a two-year Treasury and a ten-year Treasury bond is really small, even though they have very different interest rate risk. We've recently seen strong flows into ETFs that hold bonds with shorter maturity, as a result. Let's turn to the next slide and shift our focus to stocks.

Many asset allocations include a mix of stocks and bonds to achieve the balance of potential growth and safety that meet an individual's needs. Recently, dividend-paying stocks have played an increasingly important role for income investors. This chart examines the income breakdown of a portfolio that's 60 percent stocks and 40 percent bonds, over the last 30 years. For the first 20 years, the majority of this portfolio's income came from its bonds. But while interest rates trended lower, dividends from the stock component grew in importance and became the larger piece of total income, and it still is today. Additionally, while coupons from many bonds are fixed, stocks can grow their dividends over time. So they can help an income portfolio better keep pace with inflation. These dynamics have led dividend stocks to become increasingly familiar among income investors. Stocks are generally riskier than bonds, but if we are just comparing stocks, it's interesting to note that, historically, dividend payers have weathered some turbulent markets relatively well. Let's flip to the next slide for an example.

This chart looks at U.S. stocks that have been split into groups based on

their dividend policy. The green bar represents companies that have been growing dividends; the yellow bar is companies that cut their dividends; the pink bar is the universe of stock that was used to create each category, so it provides a comparison to the broader stock market; and the blue bar represents non-dividend paying stocks. The categories were rebalanced every month to keep companies assigned to the proper group based on any changes to their dividend policy. Now, in bull markets, non-dividend paying stocks historically perform the best. This group often consists of growth-oriented companies like Amazon or Tesla, for example. Dividend growers pretty much kept up with the pack in bull markets. During bear markets, dividend growers historically outperform, leading the broader stock market by almost eight percent, while non-dividend payers historically perform the worst. If we look at the performance for the full period, which is 1978 until the end of last year, we see that by keeping up with the pack in good times and losing less in bad times, dividend growers performed well overall. Moving to the next slide, we see a very similar set of graphs.

Here we're looking at the same groups of stocks, but instead of analyzing their performance during bull versus bear markets, we're now comparing their returns during different inflation regimes. This analysis is particularly interesting given today's market environment. Periods of moderate inflation were historically the best for stocks in general, without

much distinction between dividend policy groups. During periods of high inflation, dividend growers historically outpaced their peers. Dividend growth strategies may add a source of income to portfolios while potentially keeping pace with inflation. When evaluating dividend stocks, many investors focus on dividend yields as the primary and, in some cases, as the only criteria. While it's an important measure, looking at the dividends alone may not yield the desired results. That's my attempt at a pretty bad pun there. But let's turn to the next slide for an example.

Let's assume that Stock A and Stock B are competitors that operate in the same industry. At the start of the week, they're both trading at 10 dollars, and they've been paying 50 cents per share in dividends. That means that both have a dividend yield of five percent. On Tuesday, Stock A announces its results for the previous quarter. In addition to posting seller earnings growth, they reveal that they've recently launched a new product that's likely to improve its market share. That's simultaneously good news for Stock A and bad news for Stock B. The charts on the right show what happens over the course of the week in response. Stock A, its price rises to 11, while Stock B falls to nine. And since dividend yield is dividends divided by price, Stock A's yield falls to four and a half percent, while Stock's B yield increases to five and a half percent. If your due diligence process for selecting dividend-paying stocks is to simply rank the available companies by dividend yields, your

screen would say that Stock B is more attractive, even though from the information we just outlined, we know Stock B is in a worse financial position than it was a week ago. And its weaker financial position may put its future dividend payments at risk of being cut. The term for a situation where a rising dividend yield indicates financial distress rather than growing dividends, is the yield trap. And adding quality screens to your due diligence process could help to avoid it. For example, by limiting your eligible pool of dividend payers to companies that are profitable with strong balance sheets, you may be more likely to find the companies paying out not only high but sustainable dividend yields. Some dividend ETFs do this homework for you, and that's a great segue into the next slide.

Let's turn our attention to how ETFs can help when seeking income. Good starting point is reviewing what an ETF is, exactly, so let's do a quick refresher. ETFs offer many of the same benefits as mutual funds; their portfolios that are managed by investment professionals, who have resources at their disposal that most individual investors do not. But unlike a mutual fund, ETFs can be bought or sold at any time during the trading day. And some other structural differences make ETFs more tax efficient. Can simply think of ETFs as diversified funds that trade on exchanges like stocks do. When we ask investors why they use ETFs, we typically get a lot of responses, showing the array of benefits that they can deliver. Let's turn to the next slide

to see the three most common answers.

ETFs make diversification easy, and they help keep costs and taxes low. Lowering costs and taxes can help investors keep more of what they earn. Diversification can help lower portfolio risk, and ETFs make diversification easy by holding many securities. For example, some of the ETFs that we'll talk about soon hold hundreds of dividend-paying stocks or thousands of coupon-paying bonds. ETFs also rebalance over time, meaning they update their holdings based on their stated investment objectives, which keeps fund characteristics aligned with the target market or outcome. In a rising interest rate environment, that rebalancing means that, over time, a bond ETF's yield would increase as new bonds that have higher yields are added to the fund. Many bond ETFs make monthly distributions to investors, and many stock ETFs take quarterly dividends. So, ETFs could be interesting tools to consider when seeking income. Let's turn to the next slide for some examples.

Bonds and dividend-paying stocks are the common tools in the income investor's toolkit. And many ETFs out there make it easy to access these categories. In this section, we're going to introduce some specific ETFs just as examples, and we'll highlight some factors to consider as you evaluate the tools that best fit your needs. Remember, many investors hold a mix of stocks and bonds for diversification, and various ETFs could be used together in a multi-asset approach to tailor an income portfolio to an individual's

preferences. Let's move to the next slide and have a look at some corporate bond ETFs.

Bonds issued by investment grade rated companies can be used at the core of your portfolio to pursue income. USIG is an iShares ETF that holds over nine thousand investment grade rated corporate bonds of various maturities. If its duration, which is listed in the table there, indicates a different level of interest rate risk than you want for your objectives, there are also investment grade corporate bond ETFs from iShares that slice up this market into short, intermediate, or long maturities. Bonds that are issued by below investment grade rated companies, which again are often high-yield bonds, can be used to complement higher quality bond holdings or to enhance a portfolio's income and performance potential. USHY is an iShares ETF that holds more than two thousand high-yield corporate bonds. Both of these ETFs deliver this broad diversification at a very low cost. Let's move to the next slide for a look at a Treasury bond ETF.

Treasury bonds can be used as a core of your portfolio to pursue income and seek stability by diversifying riskier assets. GOVT is an iShares ETF that holds U.S. Treasury bonds of various maturities. This offers a way to access the entire Treasury market with just one fund. Treasury bonds not only tend to behave differently than stocks, like the example we saw earlier, but they also behave differently than other bonds, like those issued by

corporations. This is illustrated by the low correlation that GOVT has to other ETFs that are listed on the right. iShares also offers ETFs that slice the Treasury bond market up by maturity, so that investors can choose the amount of interest rate risk they desire. Let's turn to the next slide for an example of ETFs that hold a different type of Treasury bond.

TIPS, or Treasury inflation-protected securities, which are government bonds that pay a fixed coupon rate that gets applied to a principal value that adjusts for changes in inflation. So, TIPS offer inflation protection. TIP is an iShares ETF that holds TIPS of various maturities, and STIP is an iShares ETF that holds TIPS with less than five years to maturity, making STIP a short duration option. In addition to the coupons they accrue, the future distributions from these ETFs are impacted by inflation adjustments from previous months. So as monthly inflation has trended higher, so has the monthly distribution from these ETFs. TIP and STIP can be used to seek protection against inflation while pursuing income. Let's move to the next slide for an example of a dividend strategy.

For the reasons discussed earlier, many income investors include dividend-paying stocks in their portfolios. Going back to our yield trap example, it could be helpful to include quality screens in a search for dividend payers. And like I said, some ETFs do this homework for you. Consider HDV, an iShares ETF that tracks an index that screens for U.S. stocks that meet

certain financial health criteria, like having an economic mode. What that actually means is that it's screening for companies that have some characteristics that may help them fend off their competition, so the company may continue generating strong earnings and paying dividends. HDV holds the 75 stocks with the highest dividend yields that meet its quality criteria, and it runs this screening and ranking process every quarter. Move to the next slide.

Many income investors look beyond the borders of the United States when seeking dividend payers. In addition to providing diversification benefits, international stocks have historically paid higher dividend yields than their U.S. peers, but their inclusion could enhance the yield of a portfolio. Now, I know it could feel scary to invest in places that you're less familiar with, but you may find that many international dividend payers are actually household names, like Nestle is an example. There are ETFs today that screen for high quality dividend payers in both developed and emerging markets. And these ETFs could be worth considering as part of a diversified income portfolio. Move to the next slide.

Taking a multi-asset approach can diversify sources of income. The first step is determining the mix of stocks, bonds, and even other asset classes that are expected to deliver the right balance of growth and safety to meet your needs. With that mix in mind, consider evaluating income-generating ETFs to

fill the target allocations. And then finally, considering rebalancing periodically so that the relative performance of the components doesn't cause the allocations to drift too much from what you want it to be over time. There are even some ETFs that do all of this for you. For example, IYLD is an iShares ETF that simultaneously holds stocks, bonds, and alternative sources of income like REITs and preferred stocks, and it rebalances over time to its target mix in order to maintain diversification.

We've covered a lot together in a short period of time today. So let's turn to the next slide and summarize the key takeaways. Today's inflation and yield levels pose challenges. But income-generating ETFs are available to help, and some even hold assets inside of them that are designed to protect against inflation. Remember, generating higher levels of income often means taking more risks. So, evaluate the interest rate and credit risks when it comes to bonds and, if looking at dividend-paying stocks, remember there's more to consider than dividend yields alone. Consider quality screens or ask whether the dividend ETF you're considering includes some for you. And finally, when considering what asset allocation mix you'd be comfortable with, if using a multi-asset approach, that'll be important to be able to stick with it over time. Now, with that, I want to again thank you all for your time today, and I'll turn it back to Don.

Don Raymond: That's great, Brad, thank you. Excellent presentation, great information. What we'll do next here, if it sounds all right, is we'll go into showing our investors where we can go on Fidelity.com to find some of the information that you talked about. All right, great. Let's start with Fidelity.com and let's go into a few of the things that we talked about today. Brad, I'm going to start by showing maybe one of the symbols that you mentioned. So, I'm going to go to News & Research, and I am going to go to ETFs. So just here, News & Research, then ETFs. And if you do ask yourself, you know, "Why is there an Investment Products, ETFs, and then there's News & Research, ETFs?" The Investment Products side is going to tell us a little bit about what Fidelity offers in this space. There is actually a great landing page for iShares there with a few examples, too. But any time you want to find a fund, compare a fund, do homework on a fund, we're going to go into News & Research, ETFs, and that's going to bring us right into the investment ETF research center. There's a lot going on here. There's a lot of different things we can do to add value to your investment strategy and save you time from this page.

The first thing I'm going to start with, though, is if you know the name, or if you know the symbol, just go ahead and type it in. So I'll start with the fund that we talked about, iShares core high dividend ETF, HDV. If I just go ahead and type that in and hit Enter, I'm going to get a lot of information that

you were showing us and reviewing about the fund. I will start by noting that we are making updates to our research page, as we're always continuing to strive to improve the best we can. Any time we make updates, you're going to have the ability to link back and forth to the newer page or the existing page. You can do that through here. Any feedback you have for us, that all gets implemented into the updates that we make to the page, so there will be a link for feedback on there. This is a good best practice, too. It hides into the page, but it's here. It's almost on every page of the website. There's a feedback page here, too. Feel welcome to share your thoughts with us, we love to hear them.

So, looking at the fund itself and going through some of the research that we have available, we can see the current price. We can see the volume, the net assets, and we can see the yield. We can see the distribution here trailing 12 months and what we're calling the 30-day SEC yield, which is really the yield over the last 30 days just being annualized out. We could look at the net expense ratio and the 52-week performance. As we think about going through filters, having examples of funds, you might not necessarily want to put them to work right away, but you want a place to store them and track. You have access to a watch list that you can use here. You need at least one symbol in the watch list before you can create it. You can have 15 different watch lists. So, for example, you could have the S&P 500, or the NASDAQ, or

anything as the first symbol, and then you can add symbols to that going forward. And they don't all have to be ETFs; they can be stocks, ETFs, mutual funds, anything. You can set price alerts if you want to be alerted if something trades above or below X. That can be sent to your text, that can also be sent to an email. As we scroll a little bit further down, say we want to learn more about what the fund does, the objective or the prospectus. It's all found here.

Now, ETFs trade like a stock, so they chart like a stock. You can see here where we can go through and we can change the different time horizons, if I want to look at a one-year. If I want to compare this fund to something like the S&P 500, we can do that, too. Or, of course, if we want to compare two ETFs or three ETFs, we can put those here on the same page. This tool here is designed to find similar ETFs that you can compare side by side with key characteristics. I'm thinking things like net assets, net expense ratio; you could look at performance or yield. All of that can be found within here under the "More" button, and you can also change the funds that you might want to compare. You could take a few out and put a few of your own in there. Now, one thing we talked about, ETFs being transparent. You all have access to all the holdings, right? That's something that's a little bit different than the mutual funds side. Mutual funds, we're going to see top 10 holding as of a certain date. Here, we're getting a look at all of the holdings, and when you click in here, we can see all 89 of them if we wanted to. Scrolling a little bit

further down and getting more into the yields conversation, if you wanted a view of distributions, when you click on Distributions & Expenses, this is going to show us how often a fund pays out, the type of distributions that it's made. You can see they're color coded here. The green are dividends, the -- I'll say that's, what Brad, orange or a reddish, that's going to be a dividend as a long-term capital gain. Short-term capital gain, or return of capital. The nice thing here is that those are all green so we know that these are all dividend distributions from this fund. And we can go a little bit further back if we wanted to. Let's go ahead and start to wrap today, Brad. I want to start by thanking you for your time. All the insights that you provided were great. I want to also thank everyone that attended. I know we had thousands on today's conversation. Greatly appreciate your time, greatly appreciate your business and all the well thought out, great questions.

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

Exchange-traded products (ETPs) are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. ETPs that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETPs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETP is usually different from that of the index it tracks because

of fees, expenses, and tracking error. An ETP may trade at a premium or discount to 30 its net asset value (NAV) (or indicative value in the case of exchange-traded notes). The degree of liquidity can vary significantly from one ETP to another and losses may be magnified if no liquid market exists for the ETP's shares when attempting to sell them. Each ETP has a unique risk profile, detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

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. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

In general, fixed income ETPs carry risks similar to those of bonds, including interest rate risk (as interest rates rise, bond prices usually fall, and vice versa), issuer or counterparty default risk, issuer credit risk, inflation risk, and call risk. Unlike individual bonds, many fixed income ETPs do not have a maturity date, so holding a fixed income security until maturity to try to avoid losses associated with bond price volatility is not possible with these types of ETPs. Certain fixed income ETPs may invest in lower-quality debt securities, which involve greater risk of default or price changes due to potential changes in the credit quality of the issuer

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