



NEWS RELEASE

## With More Than 70% of Advisors Using Modelsi, Fidelity® Expands Availability and Flexibility of Its Model Portfolios

10/26/2020

Fidelity's Target Allocation Class I Series Models Collectively Outperformed an Average of 95% of Peers as of September 2020\*

Fidelity Model Portfolios Now Available on 16 Platforms and Integrated into Wealthscape<sup>SM</sup> Modeling & Rebalancing Tool

BOSTON--(BUSINESS WIRE)-- Fidelity Institutional<sup>SM</sup> today announced that Fidelity Model Portfolios, which provide high-quality institutional money management strategies to advisors, are now available on 16 platforms including Investnet, Orion Portfolio Solutions and Orion Communities, the Riskalyze Partner Store, SMarTX Advisory Solutions, GeoWealth and Fidelity platforms, delivering more flexibility for advisors by making it easy to access models where they do business. More than 70% of advisors currently use asset allocation models and Cerulli anticipates the model target segment could total as much as \$7.6 trillion by the end of 2020.<sup>ii</sup>

"Model portfolios help advisors efficiently manage clients' assets so that they can focus on personal connections and more 'human' elements of value, like financial planning and helping provide peace of mind," said Matt Goulet, senior vice president for portfolio solutions at Fidelity Institutional. "Advisors can customize model portfolios for investors' unique needs, and that balance of efficiency and customization is resulting in a growing appetite for models among advisors. We're also seeing advisors become increasingly discerning when it comes to the model portfolios they select, and our target allocation models are outperforming the vast majority of their peers."

Fidelity introduced its Model Portfolios in June 2018 with the launch of the Fidelity Target Allocation Class I Series. Since inception, that series has collectively outperformed an average of 95% of peers, as of September 30, 2020.\*,<sup>1</sup>

More than 6,000 wealth management advisors are now subscribed to Fidelity Model Portfolio updates, a fourfold

increase this year. Subscribers receive periodic updates on model reallocation rationales, market and model performance commentaries, and investing insights from Fidelity, as well as collateral on the models that they can easily share with clients.

“Model portfolios help our advisors be more productive in less time, so that they can dedicate more energy to high quality engagements with their clients, which is a key priority,” said Bill Monroe, vice president, MML Investors, Inc.<sup>iii</sup>

### **Fidelity is Making it Easier for Advisors to Customize Investments to Meet Client Needs**

Fidelity Model Portfolios are now integrated into the Wealthscape<sup>SM</sup> Modeling & Rebalancing tool, making it simpler for advisors to view, customize and allocate to Fidelity Model Portfolios. This allows advisors to spend less time managing portfolios and more time building client relationships. A recent Fidelity study pointed to the growing importance of portfolio modeling and rebalancing tools, with a quarter of advisors saying that such tools became more valuable since the start of the COVID-19 crisis, as advisors look for ways to increase productivity. <sup>iv</sup>

Fidelity is also now beginning to roll out customized model portfolios at both the advisor and firm levels, further empowering clients to deliver on their investors’ unique needs. These customizations can include vehicle replacements (e.g., ETF or mutual fund), preferences for certain managers, custom risk profiles and more.

Advisors can leverage Fidelity Model Portfolios as part of a standalone investment solution, or as a building block as part of a larger UMA (Unified Managed Account), with the UMA market expected to grow to an estimated \$1.85 trillion by 2022.<sup>v</sup> A significant number of advisors using Fidelity Models are implementing models as building blocks, which gives advisors another way to customize investments and provide a simplified client experience.

Fidelity launched its model portfolios in 2018, and now offers 21 unique portfolios with various share class versions, including suites focused on core diversification, income generation, equity exposure and the application of the business cycle. The models include a mix of mutual funds and ETFs, as well as Fidelity and third-party products.

Fidelity regularly analyzes data from advisor portfolio reviews to provide insights on portfolio construction trends for advisors to consider when building and positioning portfolios. The latest analysis is available in this **Trends in Portfolio Construction infographic**.

Fidelity Model Portfolios are available to advisors at broker-dealers, registered investment advisors, banks and insurance companies. For more information, please visit [go.fidelity.com/models](https://go.fidelity.com/models).

### **[About Fidelity Investments](#)**



Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$8.8 trillion, including discretionary assets of \$3.5 trillion as of September 30, 2020, we focus on meeting the unique needs of a diverse set of customers: helping more than 32 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 institutions with investment and technology solutions to invest their own clients' money. Privately held for more than 70 years, Fidelity employs more than 45,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit <https://www.fidelity.com/about-fidelity/our-company>.

1 Past performance is no guarantee of future results. The % of Peers Beaten is an average for the aggregate of the 5 Fidelity Target Allocation (I) Model Portfolios. See Disclosure section for important details and individual Target Allocation portfolio rankings.

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\*Source: Morningstar Direct. Since Fidelity Target Allocation models launched in June 2018 they have outperformed, on average, 95% of peers as defined by their respective Morningstar Model Categories. Fidelity 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 Fidelity Target Allocation Model Portfolios for the time period shown were retrieved on 10/19/2020 and reflect all model peers with reported performance for the dates used, 06/01/2018 – 09/30/2020. The universe that the products are shown against is defined by Morningstar. The % of Peers beaten over the stated time frame is based on the percentile rank against each model peer group, displayed as the % of peers beaten for the Fidelity Target Allocation (I) Model Portfolios and stated as a collective average. Number of models per category listed in the chart. Past performance is no guarantee of future results. Multiple share classes of a fund have a common portfolio but impose different expense structures.

	1 year (10/01/2019-09/30/2020)				Since Inception (06/01/2018-09/30/2020)			
	Inv. Ranked	Avail. Universe1	% Reported	% Peers Beaten	Inv. Ranked	Avail. Universe2	% Reported	% Peers Beaten
% Managers Reporting as of 10/19/2020								
Morningstar Category: US Model Allocation 15% to 30% Equity	113	151	75%		81	110	74%	

Fidelity Target Allocation 20/80 (I)				95%				83%
Morningstar Category: US Model Allocation 30% to 50% Equity	146	187	78%		116	144	81%	
Fidelity Target Allocation 40/60 (I)				97%				99%
Morningstar Category: US Model Allocation 50% to 70% Equity	160	209	77%		133	165	81%	
Fidelity Target Allocation 60/40 (I)				97%				100%
Morningstar Category: US Model Allocation 70% to 85% Equity	116	142	82%		87	107	81%	
Fidelity Target Allocation 70/30 (I)				97%				99%
Morningstar Category: US Model Allocation 85%+ Equity	87	107	81%		64	78	82%	
Fidelity Target Allocation 85/15 (I)				94%				95%
<b>Total</b>	<b>622</b>	<b>796</b>	<b>78%</b>	<b>96%<sup>3</sup></b>	<b>481</b>	<b>604</b>	<b>80%</b>	<b>95%<sup>3</sup></b>

1 The available universe is based on the number of Model Portfolios that have an inception date prior to 10/01/2019. For the categories 15%-30% & 85%+ Equity, there are 2 and 1 models respectively that have never reported performance data to Morningstar and have therefore been removed from the Available Universe.

2 The available universe is based on the number of Model Portfolios that have an inception date equal to or earlier than the Fidelity Target Allocation (I) Model Portfolios, 06/01/2018. For the category 15%-30% Equity, there are 2 model portfolios that have never reported performance data to Morningstar and have therefore been removed from the Available Universe.

**3 The % of Peers Beaten for the "Total" is an average for the aggregate of the 5 Fidelity Target Allocation (I) Model Portfolios.**

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i The Cerulli Report | U.S. Asset Allocation Model Portfolios 2020

ii The Cerulli Report | U.S. Asset Allocation Model Portfolios 2020

iii The experience of this client may not be representative of the experiences of all clients and is not indicative of future success.

iv The 2020 Fidelity Financial Advisor Community COVID Series - Technology Study. The study was an online blind survey (Fidelity not identified) and was fielded during the period July 10th thru July 16th, 2020. Participants included 422 advisors who manage or advise upon client assets either individually or as a team, and work primarily with individual investors. Advisor firm types included a mix of banks, independent broker-dealers, insurance companies, regional broker-dealers, RIAs, and national brokerage firms (commonly referred to as wirehouses), with findings weighted to reflect industry composition. The study was conducted by an independent firm not affiliated with Fidelity Investments.

v Source: Cerulli, "U.S. Managed Accounts 2019: The Challenge of New Platforms," June 2019

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Corporate Communications

(617) 563-5800

[fidelitycorporateaffairs@fmr.com](mailto:fidelitycorporateaffairs@fmr.com)

Rachel Shaffer

(201) 915-8098

[rachel.shaffer@fmr.com](mailto:rachel.shaffer@fmr.com)

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