



NEWS RELEASE

## Fidelity® Expands Lineup of Separately Managed Accounts for Advisors

3/9/2021

Fidelity Adds FA Health Care SMA and FA International Growth SMA, Helping Advisors Meet Growing Client Demand for More Tailored Investment Management Solutions

BOSTON--(BUSINESS WIRE)-- Fidelity Investments®, one of the most diversified financial services firms with \$9.9 trillion in client assets<sup>i</sup>, today launched two new Fidelity Advisor separately managed accounts (SMAs)—FA Health Care SMA and FA International Growth SMA. The Fidelity Advisor SMAs will be available through broker-dealer firms, registered investment advisors, and managed account platform providers.

The continued demand for packaged investment solutions drove managed account assets to \$247 billion<sup>ii</sup> at year-end 2020, a 10% increase from 2019. “We are committed to providing choice and flexibility and are excited to expand our SMA lineup as advisors continue to look for investment strategies that can be tailored to their clients’ specific needs and preferences,” said Matt Goulet, senior vice president, Portfolio Solutions. “The new FA Health Care SMA and FA International Growth SMA leverage Fidelity’s decades of portfolio management experience and diverse investment capabilities.”

Investor preferences continue to evolve, and SMAs can enable advisors to personalize clients’ portfolios and manage their tax efficiency, as well as offer increased transparency through direct ownership of securities. Fidelity Advisor SMAs complement the wide range of products across asset classes and investment vehicles that Fidelity offers, building on Fidelity’s nearly 75 years of investment management experience and comprehensive research capabilities.

These two model-delivered SMAs were developed based on existing Fidelity mutual fund strategies:

- FA Health Care SMA seeks to invest in health care companies, ranging from high-quality, stable earnings growers to smaller opportunistic names involved in creating cutting edge, innovate therapies and medical

technologies. Management team: Eddie Yoon; Zach Dewhirst, CFA

- FA International Growth SMA seeks to invest in companies benefiting from multiyear structural growth tailwinds and high barriers to entry that are trading at attractive valuations based on Fidelity's earnings estimates. Management team: Jed Weiss, Kevin Smith, CFA; Zach Dewhirst, CFA; Anna Piralkova, CFA

"Over the last year, the pandemic has reinforced the importance of engaging investors in conversations around health and wellness, and the Fidelity Advisor Health Care SMA is designed to capture innovative opportunities in the U.S. health care industry," said Eddie Yoon, portfolio manager of FA Health Care SMA. "As advisors work to build deeper relationships with clients and better understand their values and goals, this is an opportunity to have important conversations about advances in public health and technology and the impact they could have on future generations."

The demand for managed accounts is growing rapidly. Cerulli projects assets in managed accounts will grow by 43% from 2020 to 2023.<sup>iii</sup> At the end of the second quarter of 2020, model-delivered SMA assets made up nearly one-third of the \$1.7 trillion in the asset manager-controlled managed accounts industry. Cerulli anticipates growth in model-delivered SMA assets will continue, driven primarily by equity strategies.<sup>iv</sup>

The SMA models are just one component of Fidelity's suite of portfolio construction solutions. Aimed at helping advisors scale their practices and focus on strengthening client relationships, Fidelity provides the fundamental building blocks, industry insights, research, and tools to help advisors construct portfolios that align to client goals. This offering also builds on Fidelity's commitment to the managed account space as intermediary clients express a shift toward both planning-led experiences and fee-based business models. Fidelity continues to broaden its current lineup of portfolio and managed account capabilities, such as the recently announced launch of **Fidelity Managed Account Xchange<sup>SM</sup>** (FMAX), a comprehensive wealth management platform that consists of advisory tools, programs and services.

Fidelity also offers a lineup of model portfolios, which are accessible through broker-dealer firms and managed account platform providers. **Fidelity Model Portfolios** include ETFs and mutual funds, active and passive management, strategic and dynamic management approaches, Fidelity funds and offerings from leading fund providers – to help advisors more efficiently manage their clients' investments in a customizable way.

For more information on Fidelity Advisor SMAs, please visit [go.fidelity.com/SMA](https://go.fidelity.com/SMA).

## 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 \$9.9 trillion, including discretionary assets of \$3.8 trillion as of January

31, 2021, we focus on meeting the unique needs of a diverse set of customers: helping more than 35 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 47,000 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>.

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The use of the term "advisor(s)" shall refer to both investment advisors and broker dealers as a collective term.

#### SMA Risks:

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. • Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. Growth stocks can perform differently from other types of stocks and the market as a whole and can be more volatile than other types of stocks. • The health care industries are subject to government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price and availability, and can be significantly affected by rapid obsolescence and patent expirations. The fund may have additional volatility because of its narrow concentration in a specific industry.

The Fidelity Advisor SMAs ("SMA Models") are made available to financial intermediaries on a non-discretionary basis by Fidelity Institutional Wealth Adviser LLC (FIWA)<sup>SM</sup>, a registered investment adviser, including intermediaries referred to FIWA by its affiliate Fidelity Distributors Company LLC (FDC), a registered broker-dealer that is compensated by FIWA for such services. Financial intermediaries compensate FIWA for utilizing the SMA Models.

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Fidelity does not have investment discretion and does not place trade orders for any of your clients' accounts. Information and other marketing materials provided to you by Fidelity concerning the SMA Models are not indicative of your client's potential experience from utilizing one or more of the SMA Models.

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money. Investment performance of the SMA Models depends on the performance of the underlying investments and on the proportion of the assets invested in each investment over time. The performance of these investments will vary day to day in response to many factors. Asset allocation strategies are subject to the volatility of the financial markets.

"Fidelity Investments" and/or "Fidelity" refers collectively to FMR LLC, a U.S. company, and its subsidiaries, including but not limited to Fidelity Management & Research Company (FMR Co.) and "FIWA."

Fidelity Institutional Wealth Adviser LLC ("FIWA") is a registered investment advisor and an indirect, wholly owned subsidiary of FMR LLC. Fidelity Managed Account Xchange<sup>SM</sup> ("FMAX") is offered by FIWA, an affiliate of Fidelity Brokerage Services LLC and National Financial Services LLC, Members NYCE, SIPC. FMAX provides investment advisory and platform services for a fee. FMAX is not a brokerage product.

Fidelity Model Portfolios, which include any custom models, are made available to financial intermediaries on a non-discretionary basis by Fidelity Institutional Wealth Adviser LLC ("FIWA") a registered investment advisor or by Fidelity Distributors Company LLC, a registered broker-dealer.

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i As of January 31, 2021

ii Includes Managed Account Solutions and Separate Account Network. Does not include Automated Managed Platform due to significant program changes.

iii The Cerulli Edge, U.S. Managed Account Edition, 3Q 2020, Issue #77

iv Ibid.

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