



NEWS RELEASE

Fidelity Launches Five ESG Mutual Funds and ETFs Focused on Environment, Climate Change, Gender Diversity & Sustainability

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BOSTON--(BUSINESS WIRE)-- **Fidelity Investments®** today expands its sustainable investing lineup with five new actively managed Environmental, Social and Governance (ESG) funds – two equity mutual funds, one bond mutual fund and two equity exchange-traded funds (ETFs) – available June 17, 2021. With the addition of these new funds, Fidelity will offer investors and advisors 11 ESG mutual funds and ETFs. More information about Fidelity's full suite of sustainable investing funds and resources can be found at www.fidelity.com/ESG.

Fidelity's new equity funds will seek to invest in high-quality companies that are addressing climate change via corporate strategy or through products and services, prioritizing and advancing women's leadership and development, or that have proven or improving sustainability practices. Additionally, Fidelity will offer a bond fund seeking to invest in companies that provide environmental solutions or support efforts to reduce their own environmental footprints. The mutual funds and ETFs will be available for individual investors and financial advisors to purchase commission-free through Fidelity's online brokerage platforms. As stewards of our customers' investments, Fidelity believes that integrating a robust ESG investing component into our research and/or portfolio management processes enhances our ability to identify long-term investment opportunities.

"Investors are increasingly interested in aligning their values and priorities with their investment decisions. Fidelity's new ESG mutual funds and ETFs offer these investors new ways to align their financial and personal goals," said Pam Holding, Co-Head of Equity and Head of Sustainable Investing at Fidelity Investments. "Fidelity will continue to expand our sustainable investing solutions and resources to help our customers connect their financial goals to positive outcomes in the broader world."

The three new actively managed mutual funds are Fidelity Climate Action Fund (FCAEX), Fidelity Environmental Bond Fund (FFEBX), and Fidelity Sustainability U.S. Equity Fund (FSEBX). The mutual funds will have no investment minimums, like most Fidelity funds, and will be available with both retail and advisor share classes.

The two new actively managed ETFs are Fidelity Sustainability U.S. Equity ETF (FSST)¹ and Fidelity Women's Leadership ETF (FDWM)¹. The ETFs will have the same investment strategies as their like-named mutual funds.

1 These ETFs are different from traditional ETFs.

Traditional ETFs tell the public what assets they hold each day. These ETFs will not. This may create additional risks for your investment. For example:

- You may have to pay more money to trade the shares of these ETFs. These ETFs will provide less information to traders, who tend to charge more for trades when they have less information.
- The price you pay to buy ETF shares on an exchange may not match the value of each ETF's portfolio. The same is true when you sell shares. These price differences may be greater for these ETFs compared to other ETFs because they provide less information to traders.
- These additional risks may be even greater in bad or uncertain market conditions.
- Each ETF will publish on **Fidelity.com** and **i.Fidelity.com** a "Tracking Basket" designed to help trading in shares of the ETF. While the Tracking Basket includes some of the ETF's holdings, it is not the ETF's actual portfolio.

The differences between these ETFs and other ETFs may also have some advantages. By keeping certain information about the ETFs secret, they may face less risk that other traders can predict or copy their investment strategy. This may improve the ETFs' performance. However, if the investment strategy can be predicted or copied, this may hurt the ETFs' performance. For additional information regarding the unique attributes and risks of these ETFs, see each ETF's prospectus.

About Sustainable Investing at Fidelity

Fidelity offers a range of investment solutions, as well as educational and planning tools, that incorporate sustainable investing considerations, available at www.fidelity.com/ESG. Fidelity's **Mutual Fund Evaluator** enables investors to search for socially responsible mutual funds, among other factors. Fidelity also recently published two new whitepapers about ESG data and its proprietary ESG ratings: "**The beliefs and philosophical underpinnings of Fidelity's proprietary ESG Ratings**" and "**ESG ratings: Look closer.**"

With the addition of these new funds, Fidelity's sustainable investing lineup will include eleven funds, including the Fidelity Water Sustainability Fund (**FLOWX**), Fidelity Women's Leadership Fund (**FWOMX**), and Fidelity Environment & Alternative Energy Portfolio (**FSLEX**). Additionally, Fidelity offers three sustainable index mutual funds: Fidelity U.S. Sustainability Index Fund (**FENSX**), Fidelity International Sustainability Index Fund (**FNIYX**), and Fidelity Sustainability Bond Index Fund (**FNASX**). These are diversified index funds that track benchmarks targeting high ESG-rated companies and/or bond issuers, designed for investors seeking a low-cost choice for their socially responsible

investments.

Fidelity also offers separately managed accounts (SMAs) that can be customized by excluding certain companies or industries from the portfolio. Fidelity also recently introduced a technology solution, **ESG Pro**, which makes ESG investing more accessible for financial advisors through Fidelity's end-to-end solution that helps advisors include ESG investments in their portfolios and talk about ESG with their clients.

"Our commitment to sustainable investment practices will foster the development of more solutions that respond to evolving customer preferences," said Holding. "We remain focused on providing educational ESG resources and insights to our investment teams, understanding that together we can engage in and support Fidelity's sustainable investing efforts on behalf of our shareholders."

About Fidelity's Growing Active Equity ETF Lineup

One year ago, Fidelity launched its **first suite of active equity ETFs** employing its innovative proprietary tracking basket methodology, which maintains the benefits of the ETF structure, provides information to market participants to promote efficient trading of shares, and preserves the ability to add value through active management. After today's announcement, **Fidelity's ETF lineup** will include nine actively-managed equity ETFs, in addition to five actively-managed bond ETFs, 15 factor ETFs, 11 passive equity sector ETFs, and Fidelity ONEQ.

To help the ETF industry meet investors' evolving needs, Fidelity has licensed its innovative tracking basket methodology to six leading asset managers, including Capital Group, Goldman Sachs Asset Management, Hartford Funds, Invesco, John Hancock Investment Management and Putnam Investments.

Principal Investment Strategies for Fidelity's Five New Sustainable Mutual Funds and ETFs

- Fidelity Climate Action Fund will normally invest at least 80% of the fund's assets in equity securities of climate-aware companies. Climate-aware companies are those that FMR believes are working to address climate change or its impacts either indirectly through their corporate strategy, or directly through the technology, services, or products they provide.
- Fidelity Environmental Bond Fund will invest at least 80% of the fund's assets in environmental debt securities of all types and repurchase agreements for those securities. The fund will normally invest the fund's assets primarily in investment-grade securities. Environmental debt securities include debt securities of issuers that develop or provide products or services that seek to provide environmental solutions and/or support efforts to reduce their own environmental footprint, and debt securities that support environmental projects.
- Fidelity Sustainability U.S. Equity Fund will normally invest at least 80% of the fund's assets in equity securities of U.S. companies that FMR believes have proven or improving sustainability practices, based on an

evaluation of such companies' individual ESG profile.

- Fidelity Sustainability U.S. Equity ETF² normally invests at least 80% of its assets in equity securities of U.S. companies that the Adviser believes have proven or improving sustainability practices based on an evaluation of such companies' individual ESG profile.
- Fidelity Women's Leadership ETF² normally invests at least 80% of its assets in equity securities of companies that prioritize and advance women's leadership and development. Such companies include those that, at the time of initial purchase, (i) include a woman as a member of the senior management team, (ii) are governed by a board for which women represent at least one third of all directors, or (iii) in the Adviser's opinion, have adopted policies designed to attract, retain and promote women.

² See disclosure in footnote 1 above.

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 \$10.8 trillion, including discretionary assets of \$4.1 trillion as of May 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 wealth management firms and institutions with investment and technology solutions to drive growth. Privately held for 75 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>.

Free commission offer applies to online purchases of Fidelity ETFs in a Fidelity retail account. The sale of ETFs is subject to an activity assessment fee (from \$0.01 to \$0.03 per \$1,000 of principal).

ETFs are subject to market fluctuation and the risks of their underlying investments. ETFs have management fees and other expenses. Unlike mutual funds, ETF shares are bought and sold at market price, which may be higher or lower than their NAV, and are not individually redeemed from the fund.

The objective of the actively-managed ETF Tracking Basket is to construct a portfolio of stocks and representative index ETFs that tracks the daily performance of an actively-managed ETF without exposing current holdings, trading activities, or internal equity research. The Tracking Basket is designed to conceal any nonpublic information about the underlying portfolio and only uses the Fund's latest publicly disclosed holdings, representative ETFs, and the publicly known daily performance in its construction. You can gain access to the Tracking Basket and the Tracking Basket Weight overlap on [Fidelity.com](https://www.fidelity.com) or [i.Fidelity.com](https://i.fidelity.com).

Although the Tracking Basket is intended to provide investors with enough information to allow for an effective

arbitrage mechanism that will keep the market price of the Fund at or close to the underlying NAV per share of the Fund, there is a risk (which may increase during periods of market disruption or volatility) that market prices will vary significantly from the underlying NAV of the Fund; ETFs trading on the basis of a published Tracking Basket may trade at a wider bid/ask spread than ETFs that publish their portfolios on a daily basis, especially during periods of market disruption or volatility, and, therefore, may cost investors more to trade, and although the Fund seeks to benefit from keeping its portfolio information secret, market participants may attempt to use the Tracking Basket to identify a Fund's trading strategy, which, if successful, could result in such market participants engaging in certain predatory trading practices that may have the potential to harm the Fund and its shareholders.

Because shares are traded in the secondary market, a broker may charge a commission to execute a transaction in shares, and an investor may incur the cost of the spread between the price at which a dealer will buy shares and the price at which a dealer will sell shares.

Keep in mind, investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Past performance is no guarantee of future results.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.

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.

"Fidelity Managed Accounts" or "Fidelity managed accounts" refer to the discretionary investment management services provided through Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser. **These services are provided for a fee.** Brokerage services provided by Fidelity Brokerage Services LLC (FBS), and custodial and related services provided by National Financial Services LLC (NFS), each a member NYSE and SIPC.

FPWA, FBS, and NFS are Fidelity Investments companies.

Capital Group, Goldman Sachs Asset Management, Hartford Funds, Invesco, John Hancock Investment Management, Putnam Investments and Fidelity Investments are independent entities and are not legally affiliated.

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

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