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Corporate Communications
(617) 563-5800
fidelitycorporateaffairs@fmr.com

Caroline St. Angelo
(201) 915-7547
caroline.st.angelo@fmr.com

FIDELITY® LAUNCHES NEW MODEL PORTFOLIOS WITH BUSINESS CYCLE AND FACTOR ETF STRATEGIES

Fidelity's Growing Lineup, Available to Financial Advisors, Includes a New Suite of Equity Models

BOSTON, June 13, 2019 —Fidelity Investments®, one of the largest and most diversified global financial services firms with $7.6 trillion in client assets[i], today launched new business cycle model portfolios and factor ETF model portfolios. These models broaden Fidelity Model Portfolios' existing lineup with an expanded universe of investment opportunities. Fidelity provides a range of model options – including ETFs and mutual funds, active and passive management, strategic and dynamic management approaches, Fidelity funds and offerings from leading fund providers – all focused on helping advisors meet their clients' needs.

The business cycle model portfolios incorporate a dynamic investment approach based on shifts in the business cycle, designed to enhance risk-adjusted returns. The factor ETF model portfolios are designed to help achieve specific outcomes in the U.S. equity allocation of a portfolio. They expand upon Fidelity's existing offering, which includes models designed for core diversification as well as distribution income.

"Model portfolios allow advisors to tap into the investment management expertise of asset managers while also offering advisors the ability to customize solutions that help address their clients' specific needs," said Matt Goulet, senior vice president, Fidelity Institutional Asset Management. "These new model portfolios leveraged the feedback we heard from advisors who were looking to incorporate specific strategies to complement the allocations in their clients' portfolios."

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The new model portfolios are a continuation of Fidelity's commitment to offering advisors choice. The business cycle model portfolios are based on the framework of Fidelity's Asset Allocation Research Team (AART), which conducts economic, fundamental and quantitative research to produce asset allocation recommendations for Fidelity's portfolio managers and investment teams. These open architecture models can utilize Fidelity mutual funds and ETFs in addition to ETFs from some of the leading providers in the industry; they currently use BlackRock iShares ETFs. The offering includes:

- **Fidelity Multi-Asset Business Cycle Model Portfolio**, designed to provide enhanced risk-adjusted returns by overweighting asset classes and sectors that tend to outperform during a given business cycle phase, while underweighting those that tend to underperform. This expands our lineup of core diversification model portfolios, which can help advisors create diversified portfolios aligned to a client's level of risk.
- **Fidelity Sector Equity Business Cycle Model Portfolio**, designed to provide enhanced risk-adjusted returns by overweighting sectors that tend to outperform during a given business cycle phase, while underweighting those that tend to underperform. This model, together with the new factor ETF models, represents a new suite of equity models from Fidelity.

Fidelity research found that 88% of advisors use ETFs in their client portfolios.[ii] The factor ETF model portfolios can be used to complement existing U.S. equity positions or as standalone U.S. equity positions within a diversified portfolio. They provide exposure to six Fidelity factor ETFs, and these ETFs and the models have been constructed by Fidelity's quantitative research team. The offering includes:

- **Fidelity U.S. Equity Factor ETF Model Portfolio**, designed to provide enhanced risk-adjusted returns for clients looking for capital appreciation.
- **Fidelity U.S. Equity Defensive Factor ETF Model Portfolio**, designed to help reduce risk and lower volatility, which may help clients who are more sensitive to market downturns.
- **Fidelity U.S. Equity Income Factor ETF Model Portfolio**, designed to provide income generation and maximize realized dividend yield, which may benefit clients in or approaching retirement.

The models enhance Fidelity's current lineup of portfolio capabilities, which include insights from the Capital Markets Strategy team, a robust thought leadership program on portfolio construction, portfolio evaluations with the Portfolio Quick Check diagnostic tool and consultation from the Portfolio Construction Guidance team.

Fidelity Model Portfolios are available to advisors at broker-dealers, registered investment advisors, banks and insurance companies. More than 100 advisory firms have access to Fidelity Model Portfolios through turnkey platforms. Advisors can also receive model updates directly from Fidelity. For more information, please visit 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 $7.6 trillion, including managed assets of $2.7 trillion as of April 30, 2019, we focus on meeting the unique needs of a diverse set of customers: helping more than 30 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 financial advisory firms with investment and technology solutions to invest their own clients' money. Privately held for more than 70 years, Fidelity employs more than 40,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit https://www.fidelity.com/about.

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Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. 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, credit, and default risks for both issuers and counterparties. Because of its narrow focus, sector investing tends to be more volatile than investments that diversify across many sectors and companies. Each sector investment is also subject to the additional risks associated with its particular industry.

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[i] As of April 30, 2019
[ii] Fidelity conducted an online survey of 437 financial advisors, which were representative of the BD and RIA marketplaces. Fidelity was not identified as the survey sponsor. This research was conducted between November 29, 2018 and December 5, 2018.