

# Fidelity® Corporate Bond Fund

## Investment Approach

- Fidelity® Corporate Bond Fund is a credit-focused bond strategy that seeks a high level of current income.
- Benchmarked against the Bloomberg Barclays U.S. Credit Bond Index, the fund seeks to deliver competitive risk-adjusted performance commensurate with investor expectations of a primarily investment-grade corporate bond fund.
- Utilizing a team-based investment process, the fund relies on experienced portfolio managers, research analysts and traders. We concentrate on areas where we believe we can repeatedly add value, including asset allocation, sector and security selection, yield-curve positioning and opportunistic trading.
- Robust governance and risk management – consisting of extensive quantitative modeling, formal and informal portfolio reviews, and proprietary tools – support the identification of both opportunities and risks.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF <sup>1</sup>
Fidelity Corporate Bond Fund Gross Expense Ratio: 0.45% <sup>2</sup>	4.30%	10.15%	10.53%	4.47%	4.11%	5.61%
Bloomberg Barclays U.S. Credit Bond Index	4.27%	9.35%	10.34%	3.74%	3.92%	4.89%
Lipper Corporate Debt BBB-Rated Funds Classification	3.95%	9.07%	9.43%	3.59%	3.48%	--
Morningstar Fund Corporate Bond	3.82%	8.88%	9.33%	3.84%	3.63%	--

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 05/04/2010.

<sup>2</sup> This expense ratio is from the most recent prospectus and generally is based on amounts incurred during the most recent fiscal year. It does not include any fee waivers or reimbursements, which would be reflected in the fund's net expense ratio.

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your shares. Current performance may be higher or lower than the performance stated. Performance shown is that of the fund's Retail Class shares (if multiclass). You may own another share class of the fund with a different expense structure and, thus, have different returns. To learn more or to obtain the most recent month-end or other share-class performance, visit [fidelity.com/performance](http://fidelity.com/performance), [institutional.fidelity.com](http://institutional.fidelity.com), or [401k.com](http://401k.com). Total returns are historical and include change in share value and reinvestment of dividends and capital gains, if any. Cumulative total returns are reported as of the period indicated.

For definitions and other important information, please see the Definitions and Important Information section of this Fund Review.

## FUND INFORMATION

### Manager(s):

Matthew Bartlett  
David Prothro

### Trading Symbol:

FCBFX

### Start Date:

May 04, 2010

### Size (in millions):

\$1,544.37

### Morningstar Category:

Fund Corporate Bond

*In general the bond market is volatile, and bond funds entail interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Bond funds also entail the risk of issuer or counterparty default, issuer credit risk, and inflation risk. The fund may invest in lower-quality debt securities that involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign securities are subject to interest rate, currency-exchange-rate, economic, and political risks. Investments in mortgage securities are subject to the risk that principal will be repaid prior to maturity. As a result, when interest rates decline, gains may be reduced, and when interest rates rise, losses may be greater. Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.*



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## Taxable Bond Market Review

U.S. taxable investment-grade bonds posted their strongest quarterly return since 2011 in the three months ending June 30, 2019, driven by a slowing international economy, a maturing business cycle, trade uncertainty and, toward period end, an easing bias by the U.S. Federal Reserve.

The Bloomberg Barclays U.S. Aggregate Bond Index advanced 3.08% for the three months, helped by rising expectations for a reduction in policy interest rates. At its June meeting, the Fed lowered its projections for both inflation and the 2020 fed funds rate, in response to fewer housing starts and lackluster manufacturing sentiment. This led many market participants to anticipate a possible rate cut as soon as July 2019.

Moreover, the Fed dropped the word "patient," a word the central bank had been using since January of 2019, from its June policy guidance, indicating that it would consider further rate increases based on the strength of economic data. This signaled to some market observers that the central bank was no longer biased toward rate hikes, and instead, was watching the data with an eye toward possibly lowering rates for the first time since December 2015.

Longer-term bond yields rose slightly in April, partly due to faster-than-expected economic growth and a still-tight jobs market, but declined rapidly in May, as the yield curve inverted, reflecting increased chances for an eventual global recession, elevated trade tension with China, and an increasingly aggressive Iran.

Market yields backed up briefly in early June on broader-market optimism, as the U.S. dropped threats of further tariffs on Mexico, before resuming their decline for the remainder of the quarter.

Outside the U.S., fixed-income markets benefited from growing dovishness among monetary policymakers around the world, in response to the cooling macro economy. Most notably, stimulus efforts continued in China, while the European Central Bank signaled the possibility of balance-sheet expansion before the end of 2019. Partly as a result, 10-year yields in both Germany and Japan fell further into negative territory.

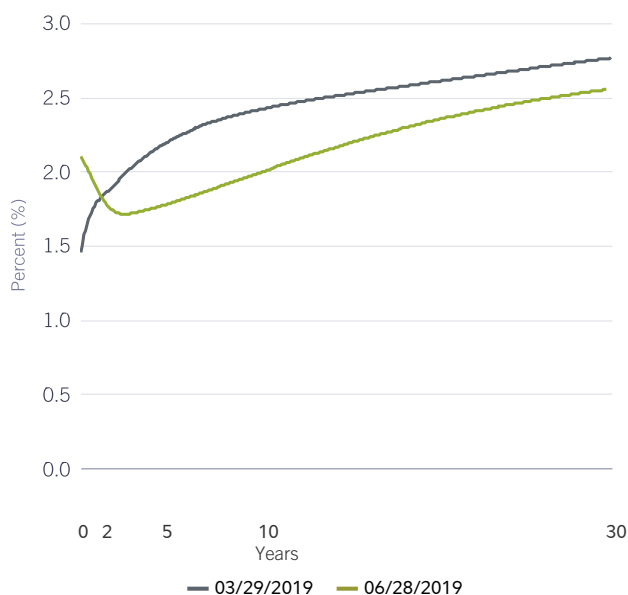
Within the Bloomberg Barclays U.S. Aggregate index, yield-advantaged, credit-sensitive sectors led the way amid a supportive backdrop. Corporate bonds (+4.48%) exhibited broad strength amid still-decent corporate earnings and investors' desire for higher yields. Credit spreads tightened for the period and remained below their long-term averages.

Government bonds also posted solid gains for the quarter. U.S. Treasuries rose 3.01%, driven by a decline in yields for all maturities, especially those in the range of one to five years. Yields for 10-year U.S. Treasuries fell to 2.00% by quarter end, down from 2.41% at the start of the period, as demand for longer-term government debt remained robust.

Elsewhere, commercial mortgage-backed securities (+3.28%) fared well on both a total- and excess-return basis, although other securitized segments, including asset-backed securities (+1.67%) and mortgage-backed securities (+1.96%), lagged Treasuries.

Outside the index, U.S. corporate high-yield debt returned 2.50%, according to Bloomberg Barclays, reflecting less sensitivity than higher-quality bonds to falling yields. However, most emerging-markets debt moderately outperformed Treasuries. Elsewhere, U.S. Treasury Inflation-Protected Securities (TIPS) rose 2.86%. ■

### U.S. TREASURY YIELD CURVE



Source: Bloomberg Barclays

### THREE-MONTH FIXED-INCOME SECTOR RETURNS

Sector	Total Return	Excess Return*
U.S. Treasuries	3.01%	--
Government-Related	2.97%	0.19%
U.S. Mortgage-Backed Securities	1.96%	-0.39%
Asset-Backed Securities	1.67%	0.11%
Commercial Mortgage-Backed Securities	3.28%	0.31%
U.S. Corporate Investment Grade	4.48%	1.04%
U.S. Corporate High Yield	2.50%	0.39%
Emerging Markets: Investment Grade	3.88%	0.67%
Emerging Markets: High Yield	3.54%	0.77%

Source: Bloomberg Barclays

\*Over similar-duration Treasuries

### THREE-MONTH INVESTMENT-GRADE CORPORATE RETURNS

	Total Return	Excess Return*
Financials	3.92%	0.99%
Industrials	4.75%	1.13%
Utilities	4.67%	0.46%

Source: Bloomberg Barclays

\*Over similar-duration Treasuries

## Performance Review

### DETAILED FUND ATTRIBUTION RELATIVE TO BENCHMARK

Strategy: Sector Allocation		Strategy: Security Selection	
Market Environment	U.S. taxable investment-grade debt advanced broadly. Credit-sensitive segments led the way.	Market Environment	Broad-market gains skewed toward longer-duration, lower-quality securities. Yield-advantaged sectors solidly outpaced U.S. Treasuries, especially corporate bonds.
Fund Positioning (Impact vs. Benchmark)	<p>Sector allocation slightly dampened performance versus the benchmark.</p> <ul style="list-style-type: none"> <li>Overweighting select credits in emerging markets detracted from the fund's relative result. <b>(Negative)</b></li> <li>Modest non-benchmark exposure to U.S. Treasuries also hurt. <b>(Negative)</b></li> <li>Underweighted exposure to various government-related issuers in favor of holding investment-grade corporates helped the fund's relative return. <b>(Positive)</b></li> </ul>	Fund Positioning (Impact vs. Benchmark)	<p>Security selection aided the fund's relative performance.</p> <ul style="list-style-type: none"> <li>Within industrials, selections in various consumer-related names, such as beverage giant Anheuser-Busch InBev, along with automakers Volkswagen and General Motors, contributed. <b>(Positive)</b></li> <li>Positions in select insurers, including American International Group, also helped on a relative basis. <b>(Positive)</b></li> <li>Specific banking issuers, such as Deutsche Bank, detracted from the fund's relative return. <b>(Negative)</b></li> </ul>
Strategy: Duration and Yield Curve			
Market Environment	The yield curve remained inverted for the quarter.		
Fund Positioning (Impact vs. Benchmark)	<ul style="list-style-type: none"> <li>The fund's yield-curve positioning slightly detracted. <b>(Negative)</b></li> </ul>		

## Outlook and Positioning

We evaluate the corporate credit market through three lenses: fundamentals, valuation and technicals – the latter meaning the balance of supply and demand.

The fundamental backdrop for corporate credit remains reasonably supportive as of June 30, in our view. We expect U.S. economic growth to be slower, but still positive over the balance of 2019, benefiting corporate profits. The U.S. is firmly in the late-cycle phase but we think near-term recession risk is low.

Even though we've seen more debt on corporate balance sheets, interest-coverage ratios and overall liquidity remain healthy.

We think benign inflation and a more dovish Fed also help the overall fundamental picture. In early June, U.S. Federal Reserve Chairman Jerome Powell addressed the fears of how the continuing U.S.-China trade dispute might hurt the economy, saying the central bank could respond by reducing interest rates if the economic outlook deteriorated.

At quarter end, many market participants are now expecting at least one Fed rate cut this year and possibly more.

Concerning valuation, after widening briefly in May, spreads returned to their recent lows by the end of June. Even though spreads are below longer-term averages – offering less tightening potential – we think there is still potential to outpace the benchmark through security selection and sector allocation.

As for technicals, new-issue supply declined modestly during the first half of 2019, continuing a trend from 2018. This supply reduction was met by mixed demand trends, due to tighter spreads and a decline in yields. As a result, we believe market technicals remained balanced as of quarter end.

Within this environment, as of June 30, we plan to maintain an overweighting in corporate bonds rated BBB. Relying on Fidelity's research resources to guide our bottom-up security selection, we think select issues carrying this rating provide us the opportunity to outperform the benchmark. We also plan to maintain a modest allocation to high-yield issuers that we believe offer attractive risk/return characteristics. By sector, we plan to continue overweighting financials, emphasizing banks and insurers. Despite the late stage of the economic cycle and the current interest rate environment, financials remain a core part of our strategy. Conversely, the fund is underweight the bonds of industrial companies at quarter end, including select companies in the technology, basic industry and communications sectors. However, within industrials, we continue to focus on opportunities among specific issuers, especially in the energy and consumer cyclicals segments. Elsewhere, we maintain a non-index position in 30-year Treasuries, for liquidity and risk-management purposes. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Treasury	4.54%	0.00%	4.54%	0.82%
U.S. Agency	0.00%	0.11%	-0.11%	0.01%
Other Government Related (U.S. & Non-U.S.)	2.07%	15.36%	-13.29%	0.39%
Corporate	87.93%	84.53%	3.40%	-1.91%
MBS Pass-Through	0.00%	0.00%	0.00%	0.00%
ABS	0.17%	0.00%	0.17%	-0.02%
CMBS	0.00%	0.00%	0.00%	0.00%
CMOs	0.00%	0.00%	0.00%	0.00%
Cash	4.73%	0.00%	4.73%	0.73%
Net Other Assets	0.56%	0.00%	0.56%	-0.02%
Futures, Options & Swaps	0.00%	0.00%	0.00%	0.00%

*Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.*

## CREDIT-SECTOR DIVERSIFICATION

Sector	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Industrial	53.22%	60.95%	-7.73%	0.79%
Banking	25.61%	22.92%	2.69%	-0.86%
Financial Institutions ex Banking	14.03%	8.99%	5.04%	-0.30%
Utility	7.14%	7.14%	0.00%	0.37%
Other Industry	0.00%	0.00%	0.00%	0.00%

## CHARACTERISTICS

	Portfolio	Index
Duration	7.17 years	7.37 years
30-Day SEC Yield	3.07%	--
30-Day SEC Restated Yield	--	--
Net Asset Value	\$11.87	--

## CREDIT-QUALITY DIVERSIFICATION

Credit Quality	Portfolio Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
U.S. Government	4.54%	0.00%	4.54%	0.82%
AAA	0.51%	8.59%	-8.08%	0.50%
AA	3.05%	17.09%	-14.04%	-0.17%
A	30.59%	41.75%	-11.16%	-0.31%
BBB	53.25%	32.56%	20.69%	-1.67%
BB	2.77%	0.00%	2.77%	0.12%
B	0.00%	0.00%	0.00%	0.00%
CCC & Below	0.00%	0.00%	0.00%	0.00%
Short-Term Rated	0.00%	0.00%	0.00%	0.00%
Not Rated/Not Available	0.00%	0.01%	-0.01%	0.00%
Cash & Net Other Assets	5.29%	0.00%	5.29%	0.71%

Net Other Assets can include fund receivables, fund payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the portfolio composition categories. Depending on the extent to which the fund invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.

Credit ratings for a rated issuer or security are categorized using the highest credit rating among the following three Nationally Recognized Statistical Rating Organizations ("NRSRO"): Moody's Investors Service (Moody's); Standard & Poor's Rating Services (S&P); or Fitch, Inc. Securities that are not rated by any of these three NRSRO's (e.g. equity securities) are categorized as Not Rated. All U.S. government securities are included in the U.S. Government category. The table information is based on the combined investments of the fund and its pro-rata share of any investments in other Fidelity funds.

## LARGEST HOLDINGS BY ISSUER

Issuer	
UNITED STATES TREASURY	
GOLDMAN SACHS GROUP INC (THE)	
BANK OF AMERICA CORPORATION	
MORGAN STANLEY	
ANHEUSER BUSCH INBEV WORLD INC	
Five Largest Issuers as a % of Net Assets	
11.30%	
Total Number of Holdings	
375	

The five largest issuers are as of the end of the reporting period, and may not be representative of the fund's current or future investments. Holdings do not include money market investments.

## 3-YEAR RISK/RETURN STATISTICS

	Portfolio	Index
Beta	1.03	1.00
Standard Deviation	3.86%	3.72%
Sharpe Ratio	0.81	0.64
Tracking Error	0.59%	--
Information Ratio	1.24	--
R-Squared	0.98	--

## Definitions and Important Information

*Information provided in this document is for informational and educational purposes only. To the extent any investment information in this material is deemed to be a recommendation, it is not meant to be impartial investment advice or advice in a fiduciary capacity and is not intended to be used as a primary basis for you or your client's investment decisions. Fidelity, and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in, and receive compensation, directly or indirectly, in connection with the management, distribution and/or servicing of these products or services including Fidelity funds, certain third-party funds and products, and certain investment services.*

### CHARACTERISTICS

**Duration** is a measure of a security's price sensitivity to changes in interest rates. Duration differs from maturity in that it considers a security's interest payments in addition to the amount of time until the security reaches maturity, and also takes into account certain maturity shortening features (e.g., demand features, interest rate resets, and call options) when applicable. Securities with longer durations generally tend to be more sensitive to interest rate changes than securities with shorter durations. A fund with a longer average duration generally can be expected to be more sensitive to interest rate changes than a fund with a shorter average duration.

**30-day SEC Yield** is a standard yield calculation developed by the Securities and Exchange Commission for bond funds. The yield is calculated by dividing the net investment income per share earned during the 30-day period by the maximum offering price per share on the last day of the period. The yield figure reflects the dividends and interest earned during the 30-day period, after the deduction of the fund's expenses. It is sometimes referred to as "SEC 30-Day Yield" or "standardized yield".

**30-Day SEC Restated Yield** is the fund's 30-day yield without applicable waivers or reimbursements, stated as of month-end.

**Net Asset Value** is the dollar value of one share of a fund; determined by taking the total assets of a fund, subtracting the total liabilities, and dividing by the total number of shares outstanding.

### IMPORTANT FUND INFORMATION

Relative positioning data presented in this commentary is based on the fund's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

### INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

**Bloomberg Barclays U.S. Credit Bond Index** is a market-value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

**Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated,

fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.

### LIPPER INFORMATION

Lipper Averages are averages of the performance of all mutual funds with their respective investment classification category. The number of funds in each category periodically changes. Lipper Analytical Services, Inc., is a nationally recognized organization that ranks the performance of mutual funds.

### MORNINGSTAR INFORMATION

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### SECTOR WEIGHTS

Sector weights illustrate examples of market segments in which the fund may invest, and may not be representative of the fund's current or future investments. Should not be construed or used as a recommendation for any subset of the market.

### 3-YEAR RISK/RETURN STATISTICS

**Beta** is a measure of the volatility of a fund relative to its benchmark index. A beta greater (less) than 1 is more (less) volatile than the index.

**Information Ratio** measures a fund's active return (fund's average monthly return minus the benchmark's average monthly return) in relation to the volatility of its active returns.

**R-Squared** measures how a fund's performance correlates with a benchmark index's performance and shows what portion of it can be explained by the performance of the overall market/index. R-Squared ranges from 0, meaning no correlation, to 1, meaning perfect correlation. An R-Squared value of less than 0.5 indicates that annualized alpha and beta are not reliable performance statistics.

**Sharpe Ratio** is a measure of historical risk-adjusted performance. It is calculated by dividing the fund's excess returns (the fund's average annual return for the period minus the 3-month "risk free" return rate) and dividing it by the standard deviation of the fund's returns. The higher the ratio, the better the fund's return per unit of risk. The three month "risk free" rate used is the 90-day Treasury Bill rate.

**Standard Deviation** is a statistical measurement of the dispersion of a fund's return over a specified time period. Fidelity calculates standard deviations by comparing a fund's monthly returns to its average monthly return over a 36-month period, and then annualizes the number. Investors may examine historical standard deviation in conjunction with historical returns to decide whether a fund's volatility would have been acceptable given the returns it would have produced. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility. Standard deviation does not indicate how the fund actually performed, but merely indicates the volatility of its returns over time.

**Tracking Error** is the divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, creating an unexpected profit or loss.

### YIELD CURVE

The relationship at a given point in time between yields on a group of fixed-income securities with varying maturities - commonly, Treasury bills, notes, and bonds. The curve typically slopes upward since longer maturities normally have higher yields, although it can be flat or even inverted.



***Before investing in any mutual fund, please carefully consider the investment objectives, risks, charges, and expenses. For this and other information, call or write Fidelity for a free prospectus or, if available, a summary prospectus. Read it carefully before you invest.***

**Past performance is no guarantee of future results.**

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