



Wealth
Management

Insights LIVESM

Bond investing in today's
market



Suzie Allen

Vice President, *Insights from Fidelity Wealth Management*SM, Fidelity Investments

Suzie is currently the team lead for *Insights from Fidelity Wealth Management*SM which provides educational content and resources including thought leadership articles, webinars, and videos for Wealth Management clients and advisors. Much of Suzie's experience has focused on shaping business strategies and uncovering client needs. Her prior roles during her 15+ years at Fidelity include developing new offerings as well as leading strategic consumer research in trading, brand, advertising, women and young investors, and distribution. Suzie earned a BS in Psychology and a BA in Women's Studies from Duke University.



Richard Carter

Vice President, Fixed Income Strategy, Fidelity Investments

Richard is Vice President, Fixed Income Products and Services, in Fidelity's Personal Investing division. His current role involves growing Fidelity's fixed income offering for retail customers. This development includes both enhancing Fidelity's bond offering on Fidelity.com, as well as leading several initiatives to improve the quality of the fixed income customer sales and service experience. Richard has worked at Fidelity for twenty-five years, both in Boston and in our Smithfield, RI, office. Richard has an M.B.A. from the MIT Sloan School of Management and a B.A. in Economics & Economic History from the University of Durham in England.



Matthew Crane

Vice President, Financial Consultant, Fidelity Investments

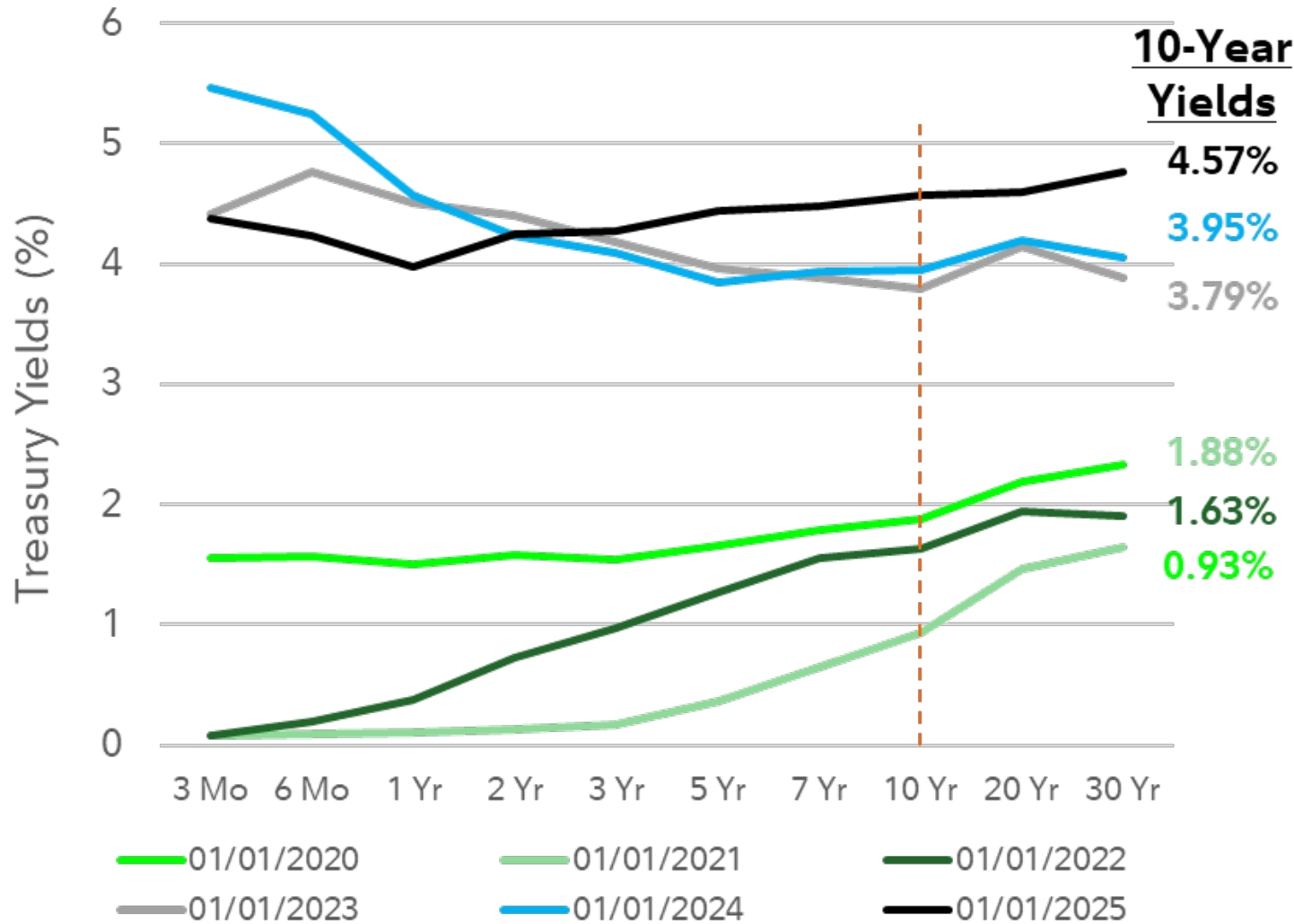
Matthew is a Vice President and Financial Consultant at Fidelity Investments and is based in Salt Lake City, UT. In this role, Matthew listens closely to his client's experiences, seeks to understand their concerns and goals, and works with them to construct a financial plan and investment strategy tailored to their needs. He seeks to take the complex world of investing and simplify it. In doing so, he helps clients and their families on the path toward financial freedom. Matthew earned a Bachelor of Arts degree in Political Science from Brigham Young University. He has passed the Series 7 and 66 exams.



Christine Thorpe

Institutional Portfolio Manager, Fidelity Investments

Christine is an institutional portfolio manager for fixed income strategies on the Institutional Portfolio Management team at Fidelity Institutional. Fidelity Institutional is a division of Fidelity Investments that offers investment insights, strategies, and solutions, as well as trading services to a wide range of wealth management firms and institutional investors. In the role, Ms. Thorpe is responsible for the development and oversight of institutional fixed income investment strategies. Ms. Thorpe earned her bachelor of arts degree in government from Georgetown University and her master of business administration degree in finance from Babson College. She also holds the Financial Industry Regulatory Authority (FINRA) Series 7 and 63 licences.

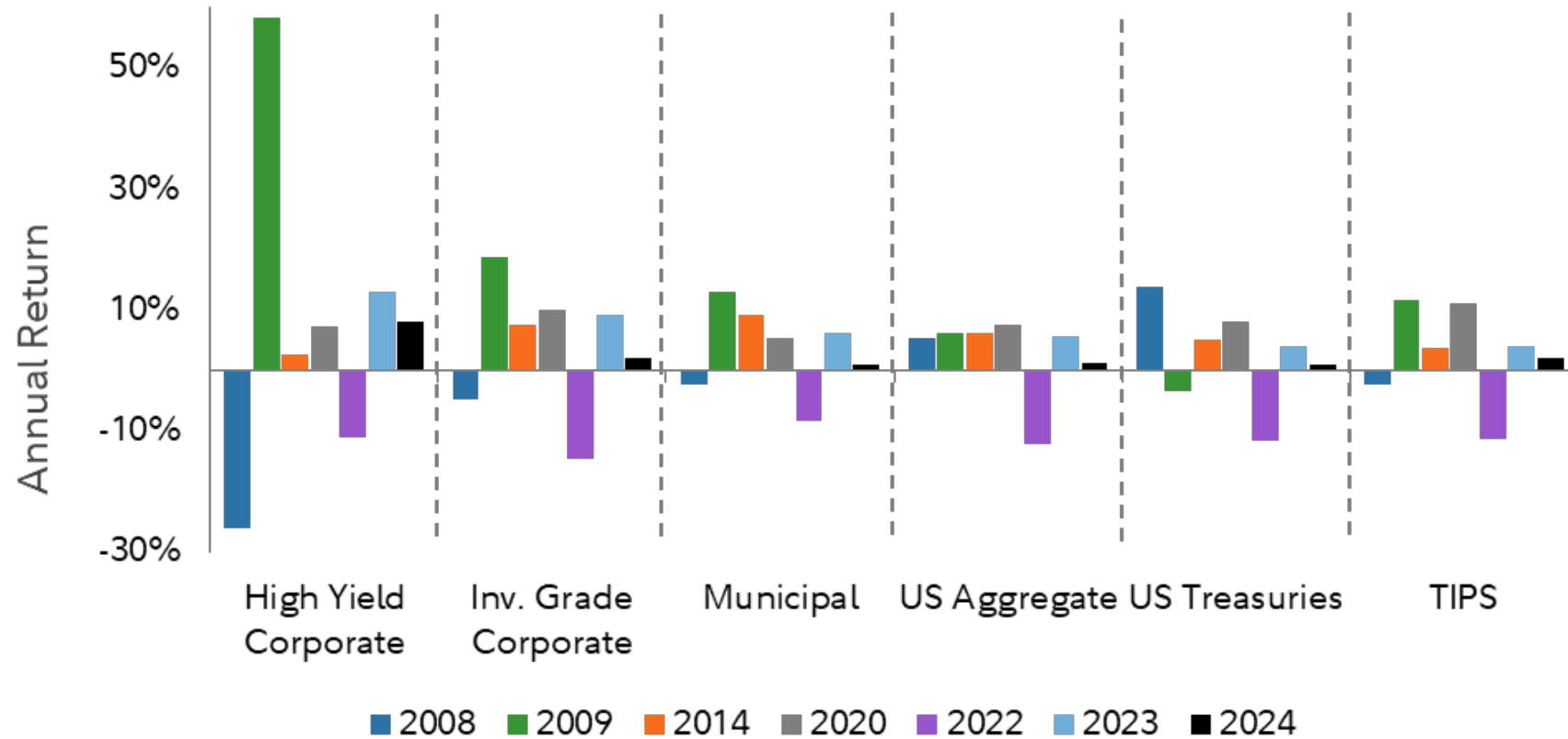


Implications

- Compare pre & post 2022 Federal Reserve's interest rate increases
- Pre 2022 -> "Normal", positive sloping yield curve but low absolute levels
- Post 2022 -> Inverted, negative sloping yield curve, recently turned positive

Source: Federal Reserve.
Past Performance is no guarantee of future results.

BOND RETURNS VARY BY BOND SECTOR BY YEAR



Considerations when Investing in Bonds:

1. Assessing bond sectors and features
2. Assessing credit ratings
3. Assessing liquidity
4. Assessing diversification

HY Corp—Bloomberg U.S. High Yield Index, IG Corp—Bloomberg U.S. Corporate Investment Grade Index, Muni—Bloomberg Municipal Bond Index, U.S. Agg—Bloomberg U.S. Aggregate Index, U.S. Treasuries —Bloomberg U.S. Treasury Index, TIPS – Bloomberg U.S. Treasury Inflation Protected Securities Index.

Past performance is no guarantee of future results.

Source: Bloomberg. January 17, 2024

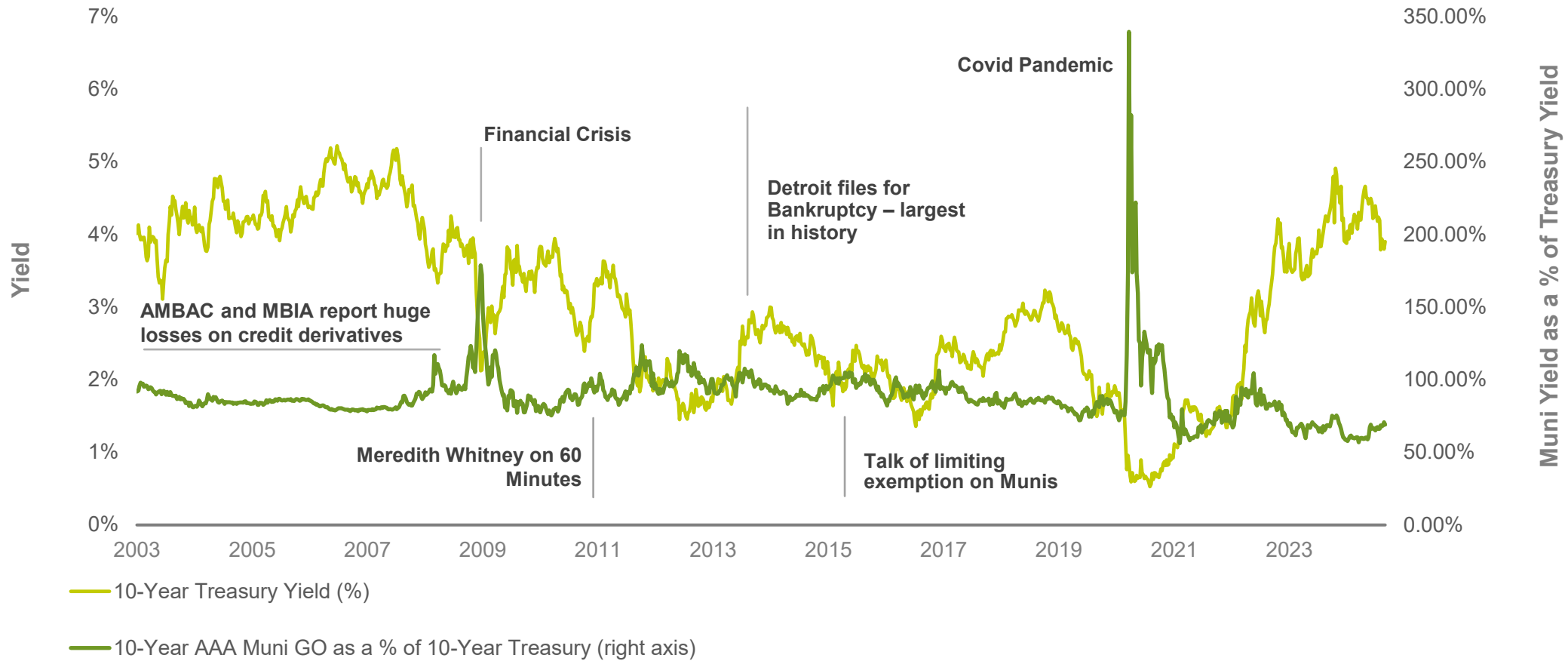
10-Year US Treasury Yields – 1962 - 2025



Sources: 10-year US Treasury yields: Federal Reserve. Quoted yields as of: Jan-1-1962, Sep-30-1981, and Feb-5-2025

Inflation data: Federal Reserve Bank of Minneapolis and US Bureau of Labor Statistics.

Past Performance is no guarantee of future results.



Past performance is no guarantee of future results.

Source: Bloomberg, September 2024

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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.

Interest rate increases can cause the price of a debt security to decrease. Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

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. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

The municipal market can be affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal funds. Although municipal funds seek to provide interest dividends exempt from federal income taxes and some of these funds may seek to generate income that is also exempt from the federal alternative minimum tax, outcomes cannot be guaranteed, and the funds may generate some income subject to these taxes. Income from these funds is usually subject to state and local income taxes. Generally, municipal securities are not appropriate for tax-advantaged accounts such as IRAs and 401(k)s.

A bond ladder, depending on the types and amount of securities within it, may not ensure adequate diversification of your investment portfolio. While diversification does not ensure a profit or guarantee against loss, a lack of diversification may result in heightened volatility of your portfolio value. You must perform your own evaluation as to whether a bond ladder and the securities held within it are consistent with your investment objectives, risk tolerance, and financial circumstances. To learn more about diversification and its effects on your portfolio, contact a representative.

All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

Index Definitions:

Bloomberg U.S. High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below

Bloomberg U.S. Corporate Investment Grade Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers

Bloomberg Municipal Bond Index is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more.

The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate pass-throughs), asset-backed securities and collateralized mortgage-backed securities (agency and non-agency)

Bloomberg U.S. Treasury Index is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more.

Bloomberg US Treasury Inflation-Protected Securities (TIPS) Index is a market value-weighted index that measures the performance of inflation-protected securities issued by the US Treasury.

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Consumer Price Index (CPI) is an inflationary indicator published monthly by the U.S. Bureau of Labor Statistics that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

Personal consumption expenditure (PCE) indexes, published by the U.S. Bureau of Economic Analysis, are a primary measure of actual and imputed household expenditures on goods (durable and non-durable) and services. Core PCE, the Federal Reserve's preferred measure of consumer price inflation, excludes volatile food and energy prices. Definitions, data, and related resources regarding CPI and PCE variants are available at <https://www.atlantafed.org/research/inflationproject/underlying-inflation-dashboard>.

Sources:

100 years of US stock market returns after inflation: Business Insider, Jan 2, 2025, using data: pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

Equity market returns: S&P 500 Index, of 12/31/24

Inflation and CPI data: US Bureau of Labor Statistics, December 2024.

Credit card rates: Federal Reserve and Lending Tree, 2/7/25: <https://www.lendingtree.com/credit-cards/study/average-credit-card-interest-rate-in-america/>

30-yr fixed mortgage rates: Freddie Mac, 2/6/25: <https://www.freddiemac.com/pmms#:~:text=The%2030%2Dyear%20fixed%2Drate,latent%20demand%20in%20the%20market.>

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