October 15, 2024

Q&A: CHANGE TO FIDELITY'S EXCESSIVE TRADING POLICY

Q1: I see Fidelity is changing its excessive trading policy on its funds. What can you tell me?

A: That's correct. After careful deliberation and study, and with the approval of the Funds' Boards of Trustees, we have decided to amend the excessive trading policy by increasing the $10,000 per trade monitoring threshold to $25,000 for our mutual funds. This change will significantly reduce smaller dollar and less impactful "roundtrip" transactions from impacting shareholders' abilities to purchase Fidelity Funds while continuing to protect the funds and their long-term shareholder interests. As always, we will continue to analyze excessive trade monitoring results and reserve the right to adjust the monitoring threshold at any time without notice. The change goes into effect in the fourth quarter of 2024.

Q2: Why are you changing your excessive trading policy?

A: We have monitored for excessing trading for many years and performed a careful review before making this change. We have noticed that with the emergence of ETFs as a more favorable short-term investment option, the funds are less likely to be targeted by short-term traders. We also determined that the amended excessive trading policy will improve our client and shareholder experience, while aligning more closely with general industry practice. We do not expect any significant or impactful changes in how shareholders transact with the funds.

Q3: What is the goal of your excessive trading policy?

A: The excessive trading policy is designed to protect a fund's long-term shareholders from increased costs associated with short-term trading by limiting the number of times investors can trade in and out of a Fidelity fund within 30 days. We measure excessive trading activity by the size and number of "roundtrip" transactions in a shareholder's account. A roundtrip transaction occurs when a shareholder buys and then sells shares of a fund within 30 days of the purchase.

Q4: Aren't you concerned that by changing your excessive trading policy, you will encourage more short-term trading in your funds?

A: We don't expect any significant or impactful changes in how shareholders transact with the funds. We believe the funds' amended excessive trading policy will continue to be effective in limiting the number of times investors trade in and out of the funds within 30 days. In addition, the funds are less likely to be targeted by short-term traders than they were historically because of the availability of ETFs. Therefore, we believe short-term

trading in these funds will be minimized. At the same time, we will continue to monitor cash flows and shareholder trading activity in these funds, and we won't hesitate to make necessary adjustments to protect shareholders.

Q5: What do you say to shareholders who purchased the funds believing that the previous excessive trading policy provided them some comfort that their investment results wouldn't be negatively impacted by short-term trading?

A: At Fidelity, we have a long history of acting in the best interests of shareholders. After careful analysis, if we believed the net effect of the changes to the funds' excessive trading policy were negative to shareholders, we would not be making the changes, and the Independent Trustees who represent shareholders would not have approved them.

Q6: How much does Fidelity estimate that short-term trading by shareholders typically cost a fund in performance over the course of a year?

A: The cost to performance is virtually impossible to measure because there are so many factors at play. We believe that the funds' existing excessive trading policy and controls, which monitor and limit a shareholder's ability to purchase and sell shares within 30 days, has proven effective since they were introduced in 2004.

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Keep in mind that 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.

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