

# Fidelity® U.S. Bond Index Fund

## Investment Approach

- Fidelity® U.S. Bond Index Fund is a diversified fixed-income strategy that seeks to closely track the returns and characteristics of the benchmark Bloomberg U.S. Aggregate Bond Index.
- Given the large number of securities in the benchmark and the significant costs associated with full replication of the index, we construct the portfolio using optimization. This approach minimizes the differences between risk exposures of the fund relative to the index. Exposures include duration, key rate durations, credit quality, sector and issuer allocation, and other factors.
- The Bloomberg U.S. Aggregate Bond Index is an unmanaged market-value-weighted index for U.S.-dollar-denominated investment-grade fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities with maturities of at least one year.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/LOF <sup>1</sup>
Fidelity U.S. Bond Index Fund Gross Expense Ratio: 0.025% <sup>2</sup>	6.63%	5.55%	5.55%	-3.40%	1.06%	1.78%
Bloomberg US Aggregate Bond Index	6.82%	5.53%	5.53%	-3.31%	1.10%	1.81%
Lipper Core Bond Funds Classification	6.73%	5.84%	5.84%	-3.32%	1.24%	1.73%
Morningstar Fund Intermediate Core Bond	6.47%	5.59%	5.59%	-3.27%	1.05%	1.66%

<sup>1</sup> Life of Fund (LOF) if performance is less than 10 years. Fund inception date: 03/08/1990.

<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, or estimated amounts for the current fiscal year in the case of a newly launched fund. 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. To learn more or to obtain the most recent month-end performance, visit [fidelity.com/performance](https://fidelity.com/performance), [institutional.fidelity.com](https://institutional.fidelity.com), or [401k.com](https://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):

Brandon Bettencourt  
Richard Munclinger

### Trading Symbol:

FXNAX

### Start Date:

March 08, 1990

### Size (in millions):

\$58,461.97

### Morningstar Category:

Fund Intermediate Core Bond

*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 and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks. The fund can invest in securities that may have a leveraging effect (such as derivatives and forward-settling securities) which may increase market exposure, magnify investment risks, and cause losses to be realized more quickly.*



Not FDIC Insured • May Lose Value • No Bank Guarantee

## Taxable Bond Market Review

Global capital markets staged a broad-based relief rally in the fourth quarter of 2023, after the U.S. Federal Reserve indicated it was likely done with the interest-rate-hiking program it began in March of 2022, and signaled it may be ready to pivot toward easing monetary policy in 2024.

U.S. taxable investment-grade bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, gained 6.82% for the quarter and 5.53% for full-year 2023. This performance followed a historically difficult 2022 in which the index recorded its worst-ever annual result of -13.01%.

The quarter started inauspiciously, as October saw a continuation of the bond market downturn that began in April and intensified in September when the Fed, citing stronger-than-expected economic growth, adopted a "higher for longer" policy stance on interest rates and, while holding rates steady, left open the possibility of additional increases – at that time, dashing investors' hopes of the central bank declaring an official end to its hiking cycle. The Aggregate index returned -1.58% in October, its sixth consecutive monthly decline.

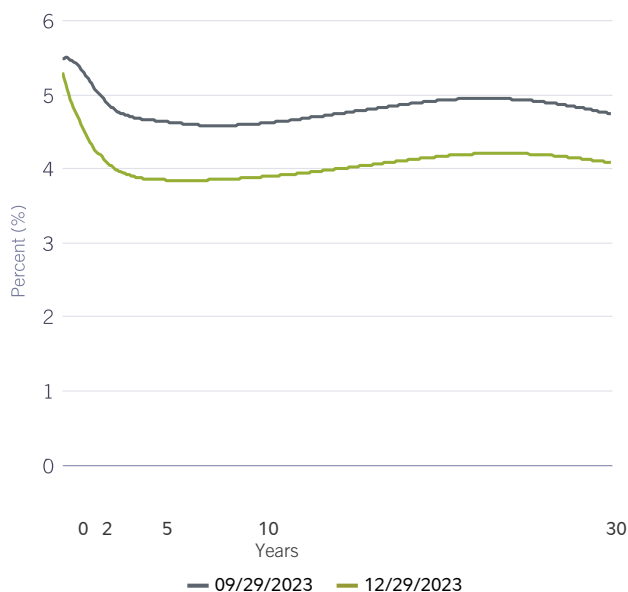
On November 1, however, the backdrop for bonds began to improve. At its FOMC committee meeting that day, the Fed again held rates steady and in a post-meeting press conference, Chair Jerome Powell struck a new, more optimistic tone, highlighting how much inflation had fallen. Then, on November 14, a consumer price index report showing milder-than-anticipated inflation for the month of October further stoked positive market sentiment. In response, bond yields, which had soared in September and October, fell sharply, and prices rose. The index gained 4.53% in November, its best monthly advance since the 1980s.

At its final committee meeting of the year on December 12–13, the Fed again held the line on interest rates, and Chair Powell suggested – without stating a timetable – that the central bank might soon be turning its attention to rate cuts. Ten days later, the latest monthly consumer price index reading indicated that the Fed's preferred inflation measure, the personal-consumption expenditures index, fell on a month-over-month basis for the first time since April 2020. The bond market closed the year with a further 3.83% advance in December, and nominal 10-year Treasury bond yields, after rising to nearly 5% in October, finished 2023 at 3.88% – roughly where they began it.

All major segments of the bond market posted a robust gain for the three months. In the risk-on environment, lower-quality (BAA and A) issues outperformed higher-quality (AAA and AA) bonds, while long-term maturities notably outpaced short term, reversing a trend that had largely persisted since 2022. Yield-advantaged, credit-sensitive sectors delivered strong excess returns in Q4, but results were mixed on a total-return basis, with investment-grade corporate bonds (+8.50%) handily surpassing U.S. Treasuries (+5.66%), while U.S. government-related securities advanced 5.47%. Among securitized segments, mortgage-backed securities (+7.48%) rebounded as investors looked forward to lower interest rates, though commercial mortgage-backed securities (+5.25%) and asset-backed securities (+3.48%) underperformed Treasuries.

Outside the index, U.S. corporate high-yield bonds (+7.16%) and high-yield emerging-markets debt (+9.73%) had strong showings, while U.S. Treasury Inflation-Protected Securities (+4.71%) had a more muted gain, per Bloomberg. ■

### U.S. TREASURY YIELD CURVE



### THREE-MONTH FIXED-INCOME SECTOR RETURNS

Sector	Total Return	Excess Return*
Government-Related	5.47%	0.33%
U.S. Mortgage-Backed Securities	7.48%	1.33%
Asset-Backed Securities	3.48%	0.37%
Commercial Mortgage-Backed Securities	5.25%	0.67%
U.S. Corporate Investment Grade	8.50%	2.03%
U.S. Corporate High Yield	7.16%	3.31%
Emerging Markets: Investment Grade	7.18%	0.98%
Emerging Markets: High Yield	9.73%	5.33%
U.S. Treasury	5.66%	0.00%

Source: Bloomberg

\*Over similar-duration Treasuries

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Portfolio Weight	Index Weight
U.S. Treasury	40.71%	41.39%
U.S. Agency	0.72%	0.98%
Other Government Related (U.S. & Non-U.S.)	3.02%	3.85%
Corporate	26.49%	25.08%
MBS Pass-Through	26.19%	26.52%
ABS	0.35%	0.52%
CMBS	1.71%	1.66%
CMOs	0.00%	0.00%
Cash	0.52%	0.00%
Net Other Assets	0.29%	0.00%
Futures, Options & Swaps	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.

## CHARACTERISTICS

	Portfolio	Index
Duration	6.12 years	6.14 years
30-Day SEC Yield	4.25%	--
30-Day SEC Restated Yield	--	--
Net Asset Value	\$10.43	--

## CREDIT-QUALITY DIVERSIFICATION

Credit Quality	Portfolio Weight	Index Weight
U.S. Government	68.48%	69.74%
AAA	2.91%	3.59%
AA	4.75%	4.54%
A	12.24%	11.51%
BBB	10.81%	10.62%
BB	0.00%	0.00%
B	0.00%	0.00%
CCC & Below	0.01%	0.00%
Short-Term Rated	0.00%	0.00%
Not Rated/Not Available	0.00%	0.00%
Cash & Net Other Assets	0.80%	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 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.

## Definitions and Important Information

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### 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 U.S. 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-back securities (agency fixed-rate pass-throughs), asset-backed securities and collateralized mortgage-backed securities (agency and non-agency).

### 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, a Refinitiv company, is a nationally recognized organization that ranks the performance of mutual funds.

### MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the fund may invest, and may not be representative of the fund's current or future investments. They should not be construed or used as a recommendation for any sector or industry.

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## 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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