2018 SHAREHOLDER UPDATE

FIDELITY INVESTMENTS

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CHAIRMAN'S LETTER

ABIGAIL P. JOHNSON
Chairman and CEO

DEAR SHAREHOLDERS:

Fidelity Investments had another successful and eventful year, highlighted by significant new product launches, solid growth in its major lines of business, and strong financial performance.

For the year, FMR LLC, comprising results from Fidelity Financial Services and FMR's diversified businesses, recorded revenue of $20.4 billion, surpassing 2017 revenue of $18.3 billion by 11.5%. Operating income, at $6.3 billion, was 18.6% higher than the $5.3 billion achieved in 2017. Both revenue and operating income were company records.

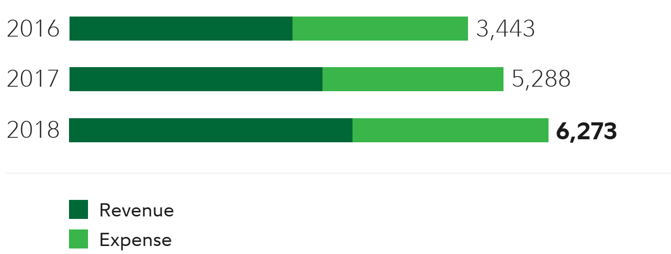
Full-year operating expense was $14.1 billion, compared with $13.0 billion in 2017, for a year-over-year increase of 8.6%. The increase in expense was primarily because of higher employee compensation costs resulting from the company's Share Program, which rewards employee shareholders with payments that are linked to the company's earnings.

We made extensive moves in 2018 to extend our product and service offerings across the retail brokerage, workplace benefits, and institutional investing marketplaces. When I look at today's financial services landscape compared with 30 years ago, the number of investment products and services available to individuals at very low cost, or no cost, is extraordinary. Fidelity has been among the firms most directly responsible for this expansion in customer choice and value, and we continued these efforts in 2018.

CUSTOMERS, ASSETS, AND FLOWS

Despite intense industry competition, each of Fidelity's primary customer-facing businesses was again able to grow its customer base. At year-end, Fidelity serviced 31.1 million workplace and health care participants, 20.8 million retail client accounts, and 7.1 million accounts managed by intermediaries on Fidelity's clearing and custody platform. These totals are 6.1%, 7.0%, and 6.5% higher, respectively, than at year-end 2017.

FMR LLC Revenue, Expense, and Operating Income* ($M)



*Results for FMR LLC are presented on an internal management basis. Operating income includes the impact of all ongoing expenses, including depreciation, and excludes nonoperating items such as interest and taxes.

For the first time since 2011, the stock and bond markets did not boost the levels of Fidelity's managed and administered assets. Instead, the late-year stock market decline contributed to Fidelity's assets under management (AUM) and assets under administration (AUA) ending slightly lower than where they began the year. AUM finished 2018 at $2.42 trillion, down 1.0% from the end of 2017, while AUA closed at $6.69 trillion, down 1.5% year over year. These drops were less than those seen in the stock market indexes. In 2018, on a total return basis, the S&P 500® Index lost 4.4% of its value; the Nasdaq index of technology companies declined 2.8%; and the MSCI® EAFE® Index, which measures international equity performance, fell 13.6%. The Bloomberg Barclays U.S. Aggregate Bond Index was essentially flat for the year.

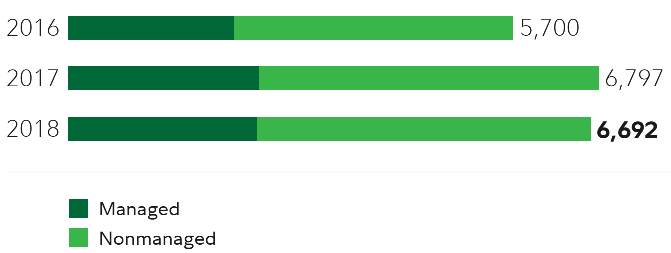
Fidelity's diverse group of businesses and broad set of investment solutions helped to offset the negative effects that the stock market's decline would have otherwise had on the company's asset levels. Net asset flows to Fidelity's platform, both managed and nonmanaged, totaled $309.0 billion. This represented a 19.6% increase from $258.3 billion in 2017. Net flows for discretionary products—inclusive of all Fidelity investment products, both direct managed products and managed accounts—totaled an annual record of $100.8 billion, up from $24.1 billion in 2017 and $9.3 billion in 2016.

While Fidelity's commitment to delivering a superior customer experience was undoubtedly a driving force behind our asset flows, another contributing factor was the significant enhancements we made to our investment solutions. Virtually every part of Fidelity's already extensive investment lineup introduced some type of innovation or new capability. We introduced new share classes, new internal building block investment strategies, new equity and fixed-income exchange-traded funds (ETFs), new model portfolios for financial advisors who work with Fidelity, and the industry's first zero-expense ratio index funds. Taken together, these features provide unprecedented value, simplicity, and product accessibility for Fidelity's customers.

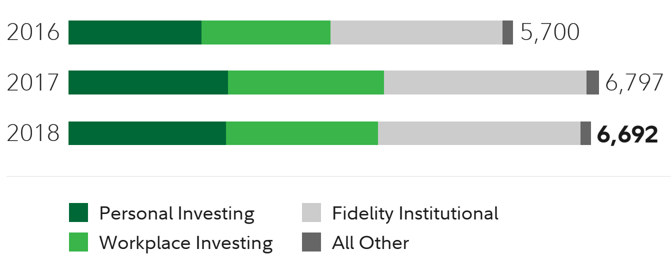
BUSINESS UNIT UPDATES

Fidelity's **Personal Investing (PI)** division delivered another strong year, achieving significant growth in asset flows and customer accounts. For the year, PI recorded net asset flows of $105.0 billion, up 18% year over year; gross retirement flows of $106.4 billion, up 7%; managed account gross sales of $62.7 billion, up 5%; insurance product sales of $11.5

Total Ending Assets Under Administration ($B)



Total Ending Assets Under Administration by Business ($B)



billion, up 26%; and daily average revenue trades (DARTs) of 393,000, up 33%. The Tax-Exempt Market group, which offers workplace savings plans to tax-exempt organizations and is co-managed by PI and the Workplace Investing (WI) business, won 19 client rebids and renewals, representing $17.8 billion in AUA.

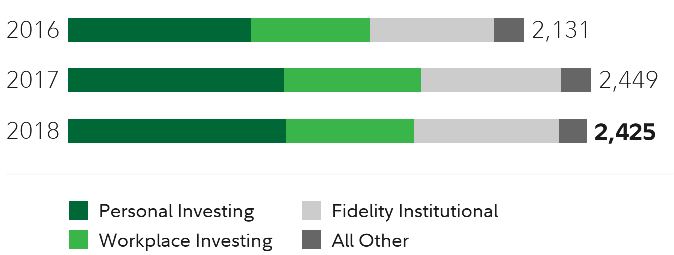
The biggest product announcement of the year for Fidelity retail investors was the Fidelity ZERO℠ funds, a suite of zero expense ratio index funds for individual investors. With these funds, investors pay a 0% fee, regardless of how much they invest in the funds, while gaining broad exposure to the domestic and global stock markets. Between August 1 and the end of the year, the ZERO funds garnered $2.9 billion in net asset flows.

The ZERO funds received extensive media coverage for being the first in the industry with a zero expense ratio. But equally if not more important were the additional changes the company made to increase customer value across our retail brokerage platform—zero investment minimums, zero account minimums, zero account fees, and zero domestic money movement fees.

At the same time as the ZERO funds launch, the company reduced expenses on most existing Fidelity index mutual funds, making them less expensive than our major competitors. In addition, PI and Asset Management (AM) expanded their target-date fund lineup by adding Fidelity Freedom® Blend Funds, which combine index and active management while using the same glide path and investment process as Fidelity's other target-date funds. Available in retail and advisor classes, the Freedom Blend Funds are a competitive differentiator for Fidelity, and a great example of building a solution based on customer feedback. Initial Freedom Blend Fund sales have been strong in both the retail and institutional markets.

During the year, PI partnered with Strategic Advisers LLC (SA), a registered investment adviser and Fidelity Investments company, to better serve the diverse needs of customers. Fidelity Go®, a low-cost digital planning and investing experience, has a simple-to-understand, flat advisory fee and no trading fees, no transfer fees, and no commissions. For investors who want or need a higher level of service, PI and WI worked with SA to jointly introduce a rebranded and enhanced managed account service, Fidelity Personalized Planning & Advice (PP&A), which offers digital planning and personalized advice from Fidelity's financial planning representatives. For investors who need even more personalized service, the company launched Fidelity Wealth Services, an

Total Ending Assets Under Management by Business ($B)



integrated offering combining a dedicated, one-on-one advisory relationship with multi-goal planning.

Collectively, all these new and improved offerings not only helped deliver asset growth, but contributed to growth in new households. PI households in 2018 were up 7% versus 2017, and households for investors under the age of 35 were up 10%.

Fidelity Institutional (FI)—which includes Fidelity Clearing & Custody Solutions® (FCCS), Fidelity Institutional Asset Management® (FIAM®), Fidelity Capital Markets, and Fidelity® FundsNetwork®—provides institutional investment and technology products and solutions; clearing and custody services; institutional trading products, services, and execution; and insights and expertise to intermediary and institutional firms.

For the fifth consecutive year, FCCS added more than $100 billion in net new client assets from its registered investment advisor, bank, broker-dealer, and family office segments. Managed account assets on the FCCS platform reached nearly $185 billion, as the secular growth of fee-based business models continued.

FCCS also made progress on its multiyear commitment to enhancing its advisor technology platform, Wealthscape℠. As part of this effort, in Q4 of 2017 FCCS launched the Fidelity Automated Managed Platform (AMP), FI's digital advice offering for advisors. AMP had strong growth in 2018 and ended the year with more than 40 firms live on the platform, with several additional firms in the implementation phase or sales pipeline.

FI functions as Fidelity's operations hub for institutional and retail brokerage trading execution. In 2018, FI processed approximately 241,000 daily average revenue trades (DARTs) for institutional clients, up 17% over the prior year, and 393,000 DARTs for retail customers, up 33% from 2017. The combined total of 634,000 DARTs was a Fidelity record. In addition, FCCS interest revenue increased 25%, driven by increased yields on cash balances and Securities Finance revenue.

The FIAM business achieved strong sales growth. In line with industry trends, active equity products continued to be in net redemption; however, FIAM saw rapid growth in the areas of integrated solutions and passive investing. Flows into FIAM's target-date solutions were up 105% year over year, while passive flows were up 235% year over year, as an expanded index product set drove broader client engagement. For the year, FIAM brought

Inclusive of both WI and the Fidelity Health Care Group, **2.5 million new participants** have been added from existing clients since 2015.

in nearly $115 billion in long-term gross sales, representing a 51% increase over the prior year.

Another notable launch was FIAM's Fidelity® Model Portfolios, a new offering designed to enhance the portfolio construction capabilities that FI currently provides to advisors. The model portfolios contain a mix of mutual funds and are designed to help advisors scale their capabilities and deliver consistent, high-quality investment management, while giving them more time to build client relationships and grow their businesses.

For Fidelity's **Workplace Investing (WI)** division—which provides employer-sponsored workplace retirement, stock plan, and benefits solutions—the combination of client growth, high service levels, and continued expense discipline delivered strong operating results in 2018. New and extended client relationships during the year resulted in nearly $92 billion in new defined contribution (DC) client assets and $12.2 billion in new stock plan compensation value. Inclusive of both WI and the Fidelity Health Care Group, 2.5 million new participants have been added from existing clients since 2015. Key DC clients retained included PepsiCo and Dow Chemical.

The Stock Plan Services (SPS) group in WI continued its rapid growth and closed 2018 with 454 clients and more than 2.1 million plan participants. New SPS client wins included Northern Trust.

Fidelity's rebranded and enhanced advice and managed account offering for individual investors, Fidelity Personalized Planning & Advice (PP&A), which PI introduced for the retail channel, was also rolled out to WI's workplace clients. PP&A is the fastest-growing DC managed account solution in the industry, as measured by asset growth. More than 5,000 employers on WI's platform currently offer PP&A to their employees. The number of individuals using Fidelity's workplace managed account service has grown 398% over the past five years.

During the year, we created the Fidelity **Health Care Group** to accelerate the company's goal of becoming a leading digital health care benefits provider. As it begins its first full year of operation in 2019, the Health Care Group has three main areas of solutions development: health savings accounts (HSAs); a new Health & Welfare benefits administration offering for the mid-size and large markets; and an integrated HR and payroll solution for the small market.

The Asset Management division partnered with Fidelity's customer-facing businesses to **create innovative new solutions** to meet evolving customer needs and preferences.

Over the past three years, the number of HSA accounts administered by Fidelity has more than doubled. The company's HSA customer base now includes more than 400 clients, a 43% year-over-year increase, and more than 925,000 funded accounts, a 32% year-over-year increase. In addition, Fidelity began making HSAs available through new distribution channels during 2018, including insurance carriers and, in partnership with PI, through the retail channel.

The **Asset Management (AM)** division delivered solid long-term investment performance in 2018 and partnered with Fidelity's customer-facing businesses to create innovative new solutions to meet evolving customer needs and preferences.

A challenging fourth quarter after three relatively strong quarters caused one-year performance versus peers to fall from prior-year levels. In aggregate, Fidelity's mutual funds beat 66%, 72%, and 76% of peers for the trailing one-, three-, and five-year periods, respectively, ending December 31, 2018. This compares with 78%, 77%, and 76% for the same periods in 2017. While the market decline in Q4 impacted one-year performance, Fidelity's consistent long-term performance—coupled with its deep product suite—helped drive significant improvement in overall asset flows compared with 2017. (See "Customers, Assets, and Flows" section above.)

In addition to working with PI on the creation and launch of Fidelity ZERO funds, the AM organization expanded its suite of sustainability-focused index funds with a new fixed-income offering, Fidelity® Sustainability Bond Index Fund. This new fund adds to Fidelity's commitment to offer customers choices to align their values with their investment strategies. With the addition of this new fund alongside Fidelity® U.S. Sustainability Index Fund and Fidelity® International Sustainability Index Fund, Fidelity is the only financial services firm to offer environmental, social, and governance (ESG) index funds in every major asset class.

The **Enterprise Services (ES)** division is a portfolio of small, agile, stand-alone organizations that support Fidelity's core financial services businesses. ES's business groups include Fidelity Labs, the firm's internal business incubator, and the Fidelity Center for Applied Technology (FCAT), which researches emerging technologies that have the potential to enhance the customer experience and spur growth for the company.

Among its work this past year, FCAT delivered proofs of concept for the use of augmented reality in Fidelity's customer offerings. This cutting-edge work will continue in 2019.

Our emphasis on mobility helped accelerate employee movement in 2018, as **more than 12,000 associates** took on added responsibilities or moved to new roles at the company.

Fidelity Digital Assets is a new company that provides eligible institutional investors with custody service for cryptocurrency, such as bitcoin and ether. The venture brings to the digital asset space a capability that many institutional investors have been seeking—an enterprise-quality custody service from a large financial services provider. After launching in October, Fidelity Digital Assets implemented its first institutional client in December.

ASSOCIATE EXPERIENCE

Fidelity's commitment to delivering an outstanding customer experience is dependent on our ability to attract, retain, and develop talented associates. We continue to improve how we attract diverse talent and candidates in emerging technology fields.

Another talent area we are focused on is associate mobility. Career mobility—encouraging associates to work in different parts of the firm to better understand the complexity and interconnectedness of Fidelity's businesses—provides expanded career and learning opportunities for associates and managers at all levels. Our emphasis on mobility helped accelerate employee movement in 2018, as more than 12,000 associates took on added responsibilities or moved to new roles at the company, a level that was 30% higher than the prior year.

We are also improving the learning programs that support and help associates develop, from career counseling to managerial effectiveness training. During the year, 1,250 associates received guidance from senior Fidelity leaders at coaching sessions in the myCareer Centers located in several Fidelity regions. We are continuing to expand the myCareer Center program. In late October, the newest center opened in North Carolina, furthering support of our associates' career growth.

Fidelity also invested in the associate experience through its continuing efforts to provide spaces that help our associates, businesses, and customers to thrive. The company modernized approximately 750,000 square feet of workspace and campuses in 2018, including adding dedicated areas for collaboration, contemplation, and community.

To engage and strengthen the Fidelity community and the communities in which we live and work, we continued to invest in Employee Resource Groups (ERGs). In 2018, 31% of Fidelity employees participated in one or more of Fidelity's six ERGs, which are self-organized cohorts of employees who share common interests around such issues as race, ethnicity, gender, and sexual orientation, or who share an affinity based on similar sets of experiences, such as military service, women's leadership, or creating a positive and inclusive work environment for employees of all abilities.

During the year, Fidelity received a 100% score on the Disability Equality Index, a comprehensive assessment tool created by the American Association of People with Disabilities.

Fidelity does a lot to support its associates, and our associates, in turn, do a lot to support local communities across the country. In 2018, more than 12,000 associates volunteered their time to causes through the Fidelity Cares® employee-volunteer program. One of the most important focus areas for these volunteer efforts is financial literacy. Fidelity Cares partners with key nonprofit organizations, such as the national Council for Economic Education and the Jump$tart Coalition, to hold training sessions with teachers across the country. Thousands of teachers have attended these financial literacy training sessions each year since the inception of the program in 2015. During 2018, many Fidelity associates participated in other large-scale volunteer events at schools and youth clubs, and also lent their time to support causes such as holiday giving, food banks, and veterans centers.

LOOKING AHEAD

One of Fidelity's greatest competitive advantages is our diversified set of successful businesses. But what really sets us apart is when the company's business units work together on common objectives and capabilities. There are few, if any, diversified financial services firms that can match Fidelity's ability to deliver personalized investment advice at scale, provide employers an integrated workplace benefits platform, and offer institutional clearing and custody solutions. And fewer still can match the power and breadth of Fidelity's cross-enterprise technology infrastructure and differentiated suite of investment products.

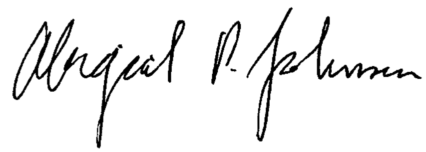
The driving force behind all these efforts is Fidelity's heritage as an investment management company. Fidelity was founded as an asset management company, and investment management will always be at the core of our identity. Our asset management culture is rooted in a philosophy that the markets are inefficient, and through rigorous, fundamental company analysis, it's possible to identify superior investment ideas for our fund shareholders and institutional clients. Across all our businesses, this investor mindset has given us the will and patience to weather the ups and downs of the markets, and the grit to take a long-term view on market opportunities, trends, and customer needs.

One of the most prominent trends in recent years has been the shift in customer preferences away from actively managed mutual funds. But perhaps because of our long-term, contrarian point of view, we think that focusing just on a single data point—such as the outflows in retail stock mutual funds—obscures the more fundamental issue. We believe that the core issue is that individual and institutional investors want access to a diverse set of investment styles, capabilities, and investment vehicles. This, in turn, means that active and passive investing strategies are being deployed and bundled together in new and innovative ways.

Fidelity's operating and financial performance in 2018 was one of the best in our history, but we are not a company that has ever spent much time celebrating past achievements. We like to keep our gaze focused on the future, and there are significant competitive challenges in Fidelity's path. In 2018, we increased the focus on retaining customers, but we still need to expand and deepen these relationships. We also need to capitalize on new revenue models to counteract the margin erosion that comes from relentless competition in mature markets.

The reason we exist hasn't changed since our founding: To strengthen and secure our clients' financial well-being. Our goal is to bring unmatched value to the people and companies we have the privilege to serve. We do this by delivering exceptional services and solutions to retail customers, institutional clients, and employers of all sizes. This approach served us well in 2018 and will continue to be a guidepost for the company in 2019 and beyond.

Sincerely,



Abigail P. Johnson
Chairman and CEO

PERSONAL INVESTING

Personal Investing (PI) is a multifaceted business unit focused on providing differentiated value and exceptional service to the millions of investors who turn to us to help them with a broad range of financial needs. PI's business supports a wide array of investors with services that include wealth management, retirement planning, active trading and brokerage services, workplace plan administration for the tax-exempt 403(b) market, college savings, and financial planning and engagement programs for women and millennial investors who are often underserved by the industry.

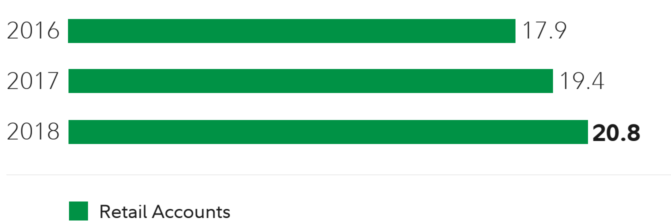
In 2018, PI delivered another strong year, achieving significant growth in asset flows and customer accounts.

For the year, PI recorded net asset flows of $105.0 billion, up 18% year over year; gross retirement flows of $106.4 billion, up 7%; managed account gross sales of $62.7 billion, up 5%; insurance product sales of $11.5 billion, up 26%; and daily average revenue trades of 393,000, up 33%. All these levels represent annual records for PI's business. Fidelity also achieved market share gains in key segments, including individual retirement accounts (IRAs), managed accounts, total annuity sales, and the tax-exempt market channel.

The Tax-Exempt Market (TEM) group, which offers workplace savings plans to tax-exempt organizations and is co-managed by PI and Workplace Investing (WI), ended 2018 with $9.3 billion in representative-driven flows, up 26% year over year; won 19 client rebids and renewals, representing $17.8 billion in assets under administration (AUA); and had seven new business wins, representing $3.4 billion in AUA. Vendor consolidation wins represented an additional transfer-of-assets opportunity of $4.7 billion. New clients either signed or implemented include Hartford HealthCare Corporation, Saint Luke's Health System, and Stanford Health Care.

KATHLEEN A. MURPHY
President, Personal Investing

Retail Accounts (M)



PI continues to invest in areas that strengthen its customer value proposition, including value-based investment solutions, differentiated service models, digital technology platforms, personalization capabilities, and employee development programs.

A major product announcement in 2018 was the launch of Fidelity ZERO℠ funds, a suite of zero expense ratio index funds for individual investors. With these funds, investors pay a 0% fee, regardless of how much they invest in the funds, while gaining exposure to nearly the entire global stock market. Between August 1 and the end of the year, the ZERO funds garnered $2.9 billion in net asset flows.

The funds are the industry's first with a zero expense ratio, but equally if not more important were the additional changes the company made to increase customer value across its retail brokerage platform—zero investment minimums, zero account minimums, zero account fees, and zero domestic money movement fees. Taken together, these features provide unprecedented value, simplicity, and product accessibility.

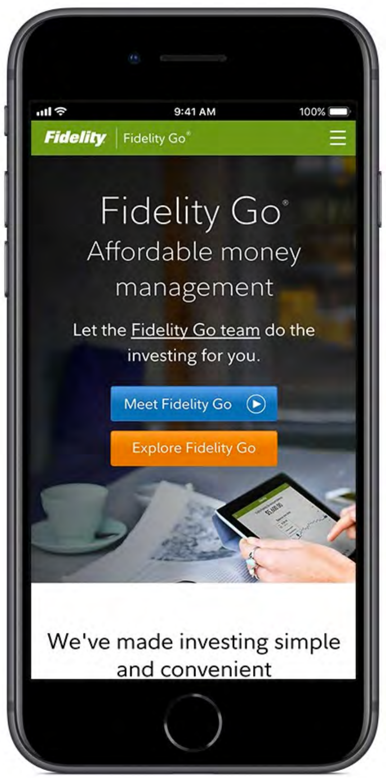
At the same time as the ZERO funds launch, the company reduced expenses on most existing Fidelity index mutual funds, making them less expensive than those of major competitors. These enhancements have contributed to strong inflows into the entire Fidelity index fund lineup across each of the major markets Fidelity serves, including individual investors, workplace plan sponsors and participants, financial advisors, and institutional investors. For the month of December 2018, Fidelity garnered 73.5% of industry index mutual fund flows, and from August 1 to December 31, 2018, Fidelity captured 50.2% of index fund flows and increased its market share by 70 basis points.

In addition, PI and Asset Management expanded their target-date lineup by adding Fidelity Freedom® Blend Funds, which combine indexing and active management while using the same glide path and investment process as Fidelity's other target-date funds.

Collectively, these low-cost funds helped deliver growth in both assets and new households. PI households in 2018 were up 7% versus 2017, and households for investors under the age of 35 were up 10%.

During the year, PI partnered with Fidelity's Strategic Advisers LLC (SA) to better serve the diverse needs of customers. Fidelity Go®, a low-cost digital planning and investment experience first launched in 2016, has a simple-to-understand, flat advisory fee and no trading fees, no transfer

During the year, PI broadened its **service and advice offerings** to better serve the diverse needs of its customers.



fees, and no commissions. For investors who want or need a higher level of service, PI and Workplace Investing worked with SA to jointly introduce Fidelity Personalized Planning & Advice, a re-branding and enhancement of our former Portfolio Advisory Service offering, which offers both digital planning and personalized advice from Fidelity's financial planning representatives. For investors who want even greater personalized service, PI launched Fidelity Wealth Services, an integrated offering combining a dedicated, one-on-one advisory relationship with multi-goal planning via the eMoney digital platform.

In recognition of PI's continuous focus on the customer experience, Fidelity won numerous industry awards. *Investor's Business Daily* ranked Fidelity's brokerage platform as delivering the "Best Customer Experience," the fourth consecutive year Fidelity has received this honor, and StockBrokers.com named Fidelity the "Top Overall" online broker among 13 competitors. The *e-Monitor Awards Report*, which Corporate Insight releases each year, details the best features of online brokerage offerings and functionalities. In 2018, for the eighth year in a row, Fidelity garnered the most gold medals. The company won four of the six categories, in Core Product Offerings; Account Information; Planning Tools; and Online Help, Education and Self-Servicing.

Internally, PI is sharply focused on developing its people and fostering a dynamic culture. In its distribution channels, PI has been on a multiyear journey to enhance the associate experience, from how Fidelity attracts talent to role design, learning, career growth and development, workspace setup, and technology tools. One of many examples is a new prototype associate experience in Fidelity's Regional Center in Jacksonville, Florida, featuring collaboration areas and mobile workstations that are now being planned for other sites.

In its home office groups, PI has advanced its focus on being a digitally led company through the adoption of an agile operating model. This effort aligns small, autonomous, cross-functional squads with the skills, expertise, and tools they need to deliver value to customers more quickly. In 2018, PI increased its product and technology releases by over 39% from the previous year.

FIDELITY INSTITUTIONAL

MICHAEL R. DURBIN
President, Fidelity Institutional

Fidelity Institutional (FI) provides investment and technology products and solutions; clearing and custody services; institutional trading products, services, and execution; and insights and expertise to intermediary and institutional firms. The organization's primary business groups include Fidelity Clearing & Custody Solutions® (FCCS), Fidelity Institutional Asset Management® (FIAM®), Fidelity Capital Markets (FCM), and Fidelity® FundsNetwork®.

FI ended the year with $2.6 trillion in assets under administration and $683 billion in assets under management. FCCS processed approximately 241,000 daily average revenue trades in 2018, up 17% over the prior year. In addition, FCCS interest revenue increased 25%, driven by increased yields on cash balances and Securities Finance revenue.

FI has been focused on bringing to bear all that Fidelity has to offer to attract new clients and deepen relationships with existing clients. For the fifth consecutive year, FCCS added more than $100 billion in net new client assets from its registered investment advisor, bank, broker-dealer, and family office segments. Managed account assets reached nearly $185 billion, as the secular growth of fee-based business models continued.

In September, FCCS completed its conversion of HD Vest, a leader in tax-smart wealth management services, bringing $21.8 billion in assets and 134,000 customer accounts to the Fidelity platform. FCCS's largest-ever "breakaway broker" client, Kore Private Wealth, also converted to Fidelity's platform during the year. Another breakaway win, Atlanta-based firm Sage Mountain Advisors, chose to work with FCCS because of its specialization in serving multi-family offices.

The FIAM business achieved strong sales during the year. In line with industry trends, active equity products continued to be in net redemption; however, FIAM saw rapid growth in the areas of integrated solutions and passive investing. Flows into FIAM target-date solutions were up 105% year over year. Passive flows were up 235% year over year, as an expanded product set drove broader client engagement. For the year, FIAM brought in nearly $115 billion in long-term gross sales, representing a 51% increase over the prior year.

Through FundsNetwork®, an industry leading open-architecture investment product platform, Fidelity provides access to more than 20,000 investment solutions from nearly 700 different asset managers to Fidelity's personal, workplace, and institutional customers. FundsNetwork remains a critical component of Fidelity's investment solution offering, and the organization has invested significantly in the platform infrastructure to drive more strategic relationships with external asset managers.

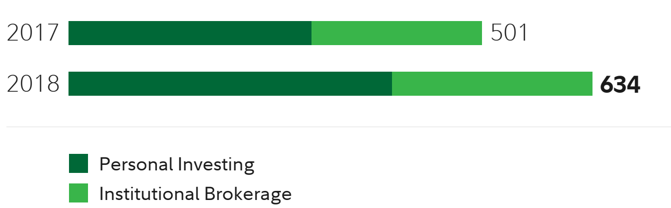
The Prime Services business within FCM continued to deliver robust growth, adding 23 new clients during the year. In addition, PB Optimize℠—FCM's technology solution that provides rate transparency in the securities lending market—continued to be a growth catalyst, with 79% of new clients who tried the tool converting to the Prime Services platform. The tool's new auto-bidding feature optimizes capital usage, and has helped FCM clients leverage and save significantly on their securities financing charges.

In addition to serving external clients, FCM provides institutional-quality trading execution to Fidelity's brokerage businesses, including FCCS, Personal Investing, and Stock Plan Services—and added substantial value to customers during a year of significant market volatility. FCM's equity execution quality was 33% better than the industry average this year. Equity and options price improvement in the form of aggregate savings passed on to Fidelity customers was a record $637 million, up 53% year over year.

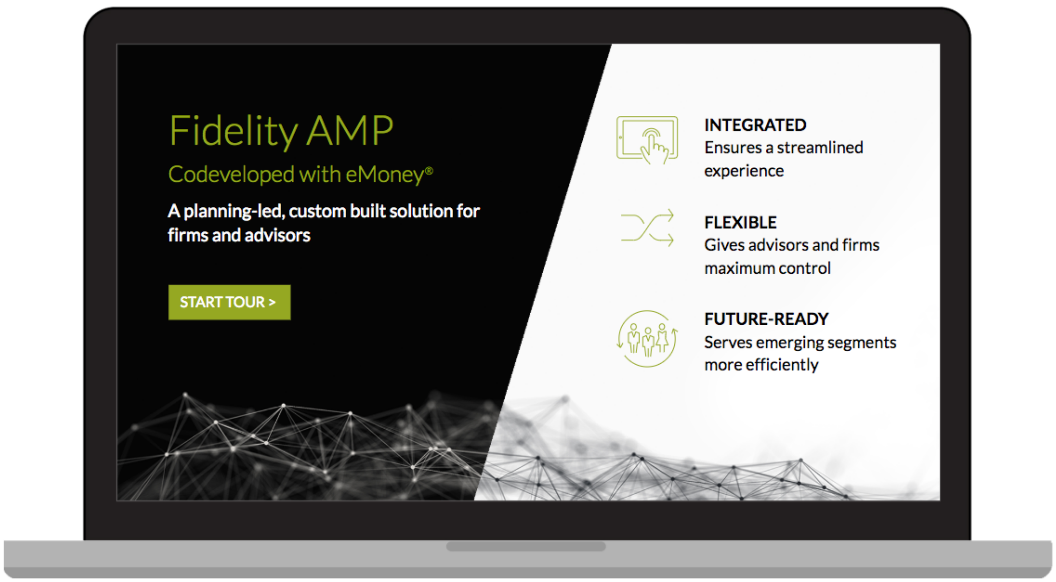
FCM's Fixed Income business facilitated more than 1.7 million trades, an increase of 89% over the prior year. This totaled $110 billion in par volume, a 78% increase year over year, for internal and external clients. Of note, liquidity aggregation efforts for secondary municipal and corporate bonds provided an average price improvement of $1.00 per bond (compared with major electronic venues, when available), which were passed directly back to customers.

FCCS has been delivering on a multiyear investment in an enhanced advisor technology platform, Wealthscape℠. As part of that effort, the Fidelity Automated Managed Platform (AMP), FCCS's digital

Total Average Daily Commissionable Trades (K)



The Fidelity **Automated Managed Platform (AMP)** has enjoyed strong market acceptance since its launch.



advice offering built for advisors and co-developed with eMoney, has enjoyed strong market acceptance since its official launch in Q4 of 2017. More than 40 firms are live on the platform, including Fifth Third Bank, Alera Investment Advisors, HD Vest and CBIZ Investment Advisory Services, LLC. Several additional firms are in the implementation phase or sales pipeline.

In October, FCCS launched Wealthscape[SM] Integration Xchange, an open architecture digital store. With Integration Xchange, wealth management firms can design and build their own tailored technology platforms—using not only Fidelity solutions but also their choice of more than 100 third-party technologies. The Xchange is another example of an innovative digital solution to meet the unique and evolving needs of FI's clients.

Another notable launch was FIAM's Fidelity Model Portfolios, a new offering designed to complement the portfolio construction capabilities that Fidelity currently provides to advisors. The model portfolios contain a mix of mutual funds and are designed to help advisors scale their capabilities and deliver consistent, high-quality investment management, while giving them more time to build client relationships and grow their businesses. In the fourth quarter, FIAM supplemented its initial offering with the addition of Fidelity Target Allocation Index-Focused Model Portfolios, offering five different asset allocation mixes that include Fidelity index funds, which are some of the most competitively priced in the industry.

This launch was the result of collaboration spanning multiple business units, including FIAM, the Investment Solutions and Innovation team, Asset Management, Strategic Advisers LLC, and FCCS. The effort was also a great example of speed to market, as the team took the project from approval to market launch in only six months. At year-end, FIAM had approval to distribute models at 98 firms.

WORKPLACE INVESTING

KEVIN BARRY
President, Workplace Investing

Fidelity's Workplace Investing (WI) division is the dominant leader in employer-sponsored financial services. In 2018, the combination of strong growth, high service levels, and continued expense discipline delivered strong operating results. WI closed the year with more than 22,000 clients, more than 28 million participant accounts,* and $1.9 trillion in customer assets under administration (AUA).

Companies who began or extended their relationship with WI during the year resulted in nearly $92 billion of new defined contribution (DC) client assets, $350.2 billion in retained DC assets, and $12.2 billion in new stock plan compensation value.

The business growth has been driven by several factors, including the growing number of employers who want to consolidate multiple workplace benefit plans onto a single platform to streamline administration and create a more simplified experience for employees. No competitor can match the depth and breadth of Fidelity's full workplace offering. Inclusive of both WI and the Fidelity Health Care Group, 2.5 million new participants have been added from existing clients since 2015.

Key DC clients retained in 2018 included AT&T, PepsiCo, and Dow Chemical. New client wins for WI's Stock Plan Services (SPS) business included Northern Trust.

SPS continued its rapid annual growth and closed 2018 with 454 clients and more than 2.1 million plan participants. The business ended the year with a market share of 32%. SPS continues to be a powerful addition to existing DC client relationships, and an attractive way for new clients to begin a relationship with Fidelity.

WI expanded its global footprint in 2018 by introducing new services for multinational companies. In addition to SPS adding multi-currency and security offerings to its core recordkeeping capabilities, Fidelity introduced the industry's first international retirement savings guidelines

* Number excludes health care group participants.

to help employees in the U.K., Germany, Japan, Hong Kong, and Canada begin to understand how much money they need to save for retirement. These guidelines will be increasingly important as workers around the globe are asked to assume greater responsibility for their retirement savings.

In 2018, WI and Personal Investing jointly introduced Fidelity Personalized Planning & Advice (PP&A), a re-branding and enhancement of our former Portfolio Advisory Service offering, designed to help individuals create, implement, and track a holistic financial plan. More than 5,000 employers currently offer PP&A to their employees. Fidelity's offering is the fastest-growing DC managed account solution in the industry, as measured by asset growth. The number of individuals using Fidelity's workplace managed account service has grown 398% over the past five years.

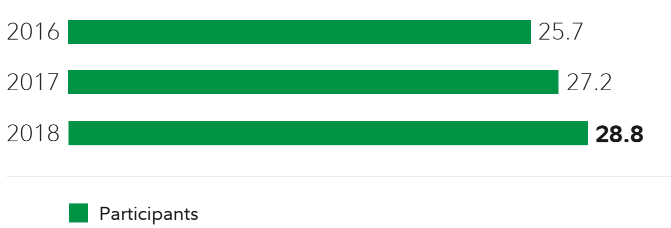
WI also launched a new Financial Wellness solution that employees use to create a targeted financial wellness plan designed to meet their unique financial needs.

The Student Debt Employer Contribution program, first introduced at the end of 2017, allows employers to help their employees pay off student debt through after-tax contributions toward participants' student loans. WI now offers this innovative solution to 25 plan sponsor clients, with more than 9,000 enrolled participants.

A key competitive differentiator for WI continues to be its exceptional service levels. Fidelity's "Green Client" score measures the percentage of clients for whom the company is meeting or exceeding client service expectations. At the end of the year, WI's Green Client score was at an all-time high of 99.3%.

Year-end 2018 was a busy one for WI's implementation team, with more than 2,000 projects in process on behalf of its clients. Looking ahead, WI has a healthy sales pipeline across its markets for 2019 and beyond.

Workplace Investing Participants (M)



HEALTH CARE GROUP

JAMES M. MACDONALD
President, Health Care Group

Health care is a multi-trillion-dollar industry—and one that impacts the lives of virtually every individual, family, and business. It is also an area that is evolving rapidly. As it has in so many other industries, technology is fundamentally changing health care benefits, medical delivery systems, payment systems, services, and access for millions of Americans.

During 2018, Fidelity created the Fidelity Health Care Group to establish a dedicated focus on the significant opportunity for Fidelity to become a leading digital health care benefits provider, and to deepen relationships with its customers.

The growing costs and complexity of health care are top concerns for both employer plan sponsors and individuals. Fidelity brings unique value to the health care benefits space with market-leading solutions and superior customer service, while continuing to build new solutions that integrate financial and health wellness.

As it begins its first full year of operation in 2019, the Health Care Group has three main areas of solutions development: health savings accounts (HSAs); a new Health & Welfare (H&W) benefits administration offering for the mid-size and large markets; and an integrated HR and payroll solution for the small market.

Over the past three years, the number of HSA accounts administered by Fidelity has more than doubled. The company's HSA customer base now includes more than 400 clients—a number that represents a 43% year-over-year increase—and more than 925,000 funded accounts, a 32% year-over-year increase. Collectively, these individuals held $3.5 billion in assets in HSA accounts at the end of 2018, up 37% from the end of 2017. Key new HSA client wins during the year included Eversource and Danaher.

This growth is expected to continue over the next several years. To drive that growth, the Health Care Group is focused on strengthening HSA product capabilities

The Health Care Group partnered with Personal Investing to **introduce HSAs to the retail channel.**

and expanding distribution channels. In 2018, the business delivered significant improvements to the customer experience, including savings guidance, simplified auto-investing, and a set of Fidelity HSA Funds to Consider. These capabilities have been well-received by clients, and more are scheduled to launch in 2019.

In addition, Fidelity began making HSAs available through new distribution channels. Many employers select an HSA provider based on referrals from their insurance carrier. In the fourth quarter, Fidelity signed its first carrier relationship; the business is working to expand to additional carriers in 2019. Also in the fourth quarter, the Health Care Group partnered with Personal Investing to introduce HSAs to the retail channel.

For the past two decades, Fidelity has maintained a Health & Welfare (H&W) offering for a number of its largest clients, and a payroll solution for small-market clients. In both markets, Fidelity is expanding its solutions to better meet customer needs. Late in the year, the business launched a new H&W platform focused on mid- and large-market companies. The first client went live successfully during the annual enrollment period.

There are significant opportunities for growth and innovation in the health care benefits space, and Fidelity is ideally positioned to lead the way in building industry-best customer solutions that will help Americans prepare and save for health care costs—both now and in preparation for retirement.

ASSET MANAGEMENT

STEPHEN C. NEFF
President, Asset Management

In 2018, Asset Management (AM) delivered superior overall long-term investment performance while evolving its product line and creating innovative new solutions to meet customer needs.

A challenging fourth quarter after three relatively strong quarters caused full-year performance versus peers to fall somewhat from prior-year levels. In aggregate, Fidelity's mutual funds beat 66%, 72%, and 76% of peers for the trailing one-, three-, and five-year periods, respectively, ending December 31, 2018. This compares with 78%, 77%, and 76% for the same periods in 2017.

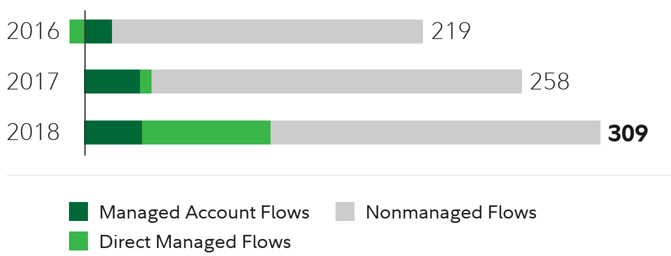
The late-year stock market turmoil was a significant detractor to Fidelity's equity performance for the year. In total, FMR's actively managed equity mutual funds—a category that includes domestic, international, and global funds, but excludes index and Select funds—beat 58%, 64%, and 73% of peers for the one-, three-, and five-year periods, respectively.

AM's Fixed Income division continued to excel. For the one-, three-, and five-year periods, fixed-income funds beat 76%, 81%, and 80% of their peers, respectively. Drilling down to fixed-income groups, FMR investment-grade bond funds beat 62%, 76%, and 74% of peers over the one-, three- and five-year periods, while Fidelity's industry-leading money market funds beat 81%, 83%, and 82% of peers over the same periods.

Among multi–asset class portfolios, global asset allocation funds beat 44%, 62%, and 70% of peers over one-, three-, and five-year terms, while the Strategic Advisers LLC (SA) group, excluding managed accounts, beat 44%, 63%, and 67% of peers over the same periods.

While the short-term challenges impacted one-year performance, Fidelity's long-term investment management strength and ability to provide customers with the right products to meet evolving needs helped asset flows improve dramatically over recent levels. Net flows for discretionary

Total Asset Flows ($B)



products—inclusive of all Fidelity investment products, such as mutual funds and managed accounts—totaled $100.8 billion, up from $24.1 billion in 2017 and from $9.3 billion in 2016.

Consistent with the overall industry trend toward passively managed investment vehicles, Fidelity's active-managed equity products realized net redemptions of $53.2 billion. But other areas saw strong inflows. For example, equity index product inflows of $40.8 billion helped offset the active-managed losses, as overall equity product outflows totaled $12.4 billion, a significant improvement compared with $33.7 billion in outflows in 2017. Managed accounts again showed strength, with inflows of $38.9 billion. As investors increasingly sought safety toward the end of the year, money market inflows accelerated, and for the year, money market products had inflows of $87.9 billion, compared with $19.3 billion in 2017.

The AM organization has made a commitment over the years to ensure Fidelity offers its customers a comprehensive array of choices. The focus is on helping to meet the needs of customers, regardless of investment style or product type.

Asset Management made significant progress adding to Fidelity's investment product lineup in 2018, launching vehicles to attract new customers to the company's platform. AM helped the Personal Investing (PI) division launch Fidelity ZERO funds, the industry's first zero expense ratio index funds.

Given the continued growth in investor interest in personalized, packaged solutions, AM also continued to work closely with the SA team and PI to drive customer growth and retention for our advisory and managed account offerings—like the new Fidelity Personalized Planning & Advice, a re-branding and enhancement of the Portfolio Advisory Service offering—to realize the significant potential of this opportunity.

In response to customer feedback, Fidelity expanded its suite of sustainability-focused index funds with a new fixed-income offering: Fidelity Sustainability Bond Index Fund, which, alongside Fidelity U.S. Sustainability Index Fund and Fidelity International Sustainability Index Fund, makes Fidelity the only firm to offer environmental, social, and governance (ESG) index funds in every major asset class.

AM further expanded its target-date lineup by adding Fidelity Freedom® Blend Funds, which combine indexing and active management while using the same glide path and investment process as Fidelity's other target-date funds. Available in retail and advisor classes, the Freedom Blend Funds are a competitive differentiator for Fidelity, and early sales results have been strong. AM also grew its exchange-traded fund (ETF) lineup with the introduction of Fidelity Low Duration Bond Factor ETF, Fidelity High Yield Factor ETF, Fidelity International Value Factor ETF, and Fidelity International High Dividend ETF.

At the end of the year, the AM division's president, Charlie Morrison, retired after an outstanding 32-year Fidelity career. He was succeeded by Steve Neff, the former head of Fidelity Technology and Global Services.

Going into 2019, as the global economic climate shifts and new investor needs develop, Asset Management will remain focused on delivering strong and consistent long-term investment performance while innovating and evolving its product line. The division is well positioned not only to grow its core mutual fund business, but also to continue delivering the integrated, personalized solutions that are an increasing part of the investment management landscape.

At the end of the year, Charlie Morrison retired after an outstanding 32-year Fidelity career.

ENTERPRISE SERVICES

MICHAEL E. WILENS
President, Enterprise Services

Enterprise Services (ES) is a portfolio of small, agile, stand-alone organizations, many of which support the Fidelity Financial Services businesses. The group's shared purpose is to serve as one of Fidelity's centers of innovation: developing new sources of business revenue, exploring emerging technologies, and collaborating with other Fidelity businesses to accelerate their growth, enhance their operational capabilities, and improve their (and the company's) overall customer experience.

The ES portfolio includes Fidelity Labs, the Fidelity Center for Applied Technology, Fidelity Digital Assets, Fidelity Business Consulting, Fidelity Corporate Business Development, Fidelity Corporate Actions Solutions, eMoney Advisor, Fidelity Charitable, Advanced Technologies for Investment Management, and Fidelity Marketplace.

Fidelity Labs, the firm's internal business incubator, continued to deliver on its mission to create and launch innovative new businesses. In 2018, Fidelity Labs helped several Fidelity businesses launch new pilots, including: Fidelity Goal Booster, a hybrid savings and investing platform designed to help millennial savers achieve their near-term financial goals, like buying a house; and College Success Planning, which helps families understand college costs, choose schools, and successfully navigate the admissions process.

While Fidelity Labs is focused on the accelerated development of new products and business lines, the **Fidelity Center for Applied Technology (FCAT)** helps Fidelity's clients and businesses imagine the possibilities of new ideas and emerging technologies to enhance the customer experience. Among its work this past year, FCAT delivered proofs of concept (POCs) for the use of augmented/virtual reality in Fidelity's customer offerings, including a POC developed on Amazon's Sumerian

Fidelity Digital Assets is a new company that provides sophisticated institutional investors with custody service for cryptocurrency, such as bitcoin and ether.

AR/VR platform to create Cora, a 3-D virtual assistant. Virtual reality has also been deployed in the training of the company's customer-facing associates. This important, cutting-edge work will continue in 2019.

Fidelity Digital Assets is a new company that provides sophisticated institutional investors with custody service for cryptocurrency, such as bitcoin and ether. The venture brings to the digital asset space something that institutional investors have long been seeking—an enterprise-quality custody service from a large financial services provider. After launching in October, Fidelity Digital Assets implemented its first institutional client in December.

Fidelity Business Consulting (FBC)—which provides strategy, operations, and technology consulting to the firm's businesses—established an Agile consulting capability that serves to accelerate the firm's transformation into a digital-first organization. The Digitally Enabled Business pilot is an experiment to try to improve Fidelity's ability to identify, prioritize, and accelerate high-value ideas from associates to drive new organic revenue.

Fidelity Corporate Business Development (FCBD) broadened its scope to include strategic ventures and partnerships. During the year, FCBD reviewed numerous potential M&A and venture transactions, submitting formal recommendations on five, and closed two minority investment deals.

Fidelity Corporate Actions Solutions (FCAS) provides global corporate actions data and workflow tools, supporting financial services firms as well as Fidelity business units. FCAS delivered one of its best sales performances in several years, closing five new clients during the year. Working with Fidelity Pricing & Cash Management Services, FCAS launched a new product—now being made available to other firms—supporting greater automation for corporate actions processing and entitlement calculations.

The **eMoney Advisor** group continued its growth, with its commercial software-as-a-service business surpassing 55,000 users and $100 million in annual recurring revenue in 2018. The group also introduced Foundational Planning, becoming the only wealth management platform in the market to provide both comprehensive cash flow and goal planning in a single digital experience.

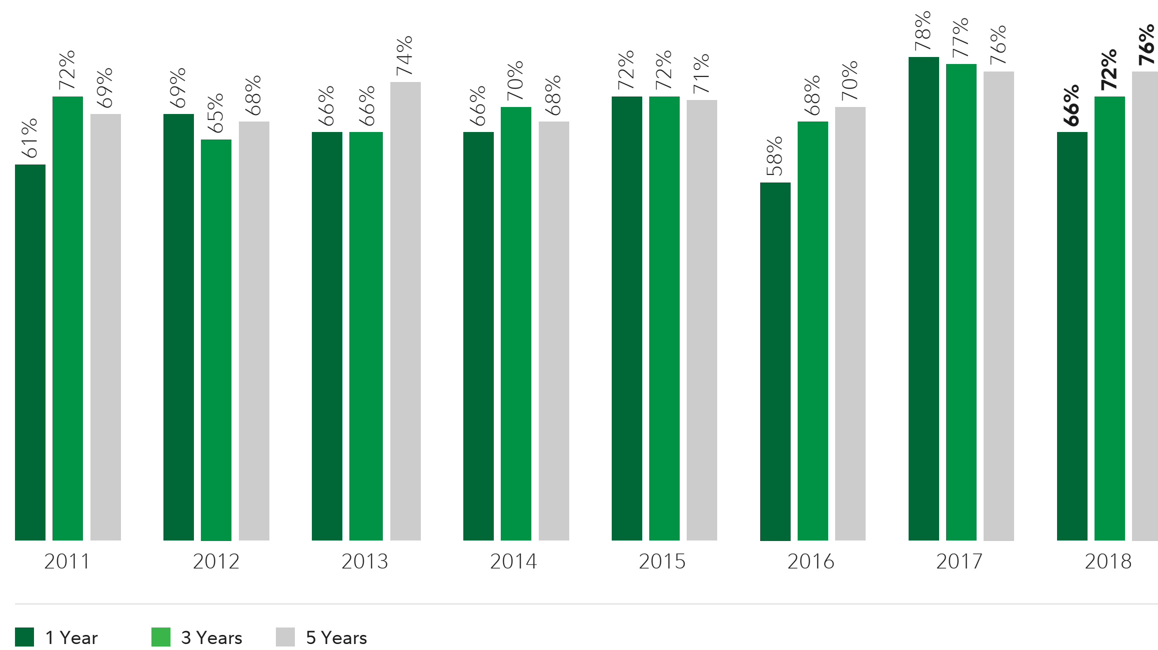
Fidelity Investments is a service provider to **Fidelity Charitable® (FC)**, an independent public charity with a donor-advised fund program. FC had another highly successful year furthering its mission to grow American philanthropy by providing programs that make charitable giving accessible, simple, and effective. In 2018, individuals and families opened 15,793 new accounts in FC's donor-advised fund program. Contributions to Fidelity Charitable totaled $7.8 billion, an 8% decrease from the previous year, while grants made by donors to their preferred charities totaled more than $5.2 billion, an increase of 17% from 2017.

To complement its programs for individuals and families, FC's focus in 2018 was on developing new offerings for employers. As part of a cross-enterprise effort with Workplace Investing, FC also developed and launched an online exchange platform, Workplace Giving, to facilitate engagement and transactions between donors and nonprofit organizations.

Several additional ES groups began operations in 2018. These groups include: **Advanced Technologies for Investment Management**, which is using high-performance computing and advanced artificial intelligence and machine learning to make institutional investment methodologies more accessible to investors; and the **Marketplace** team, charged with building out technology to simplify accessibility to third-party solutions within Fidelity products and services. These start-up groups will help the firm explore new revenue and product opportunities, as well as new technologies, while enhancing Fidelity's digital customer experience.

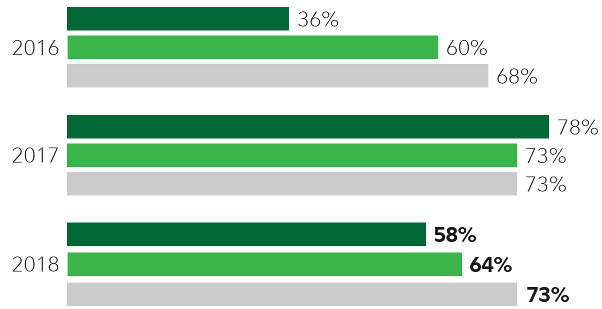
INVESTMENT PERFORMANCE

All Categories of Funds
(Weighted % of peers outperformed)

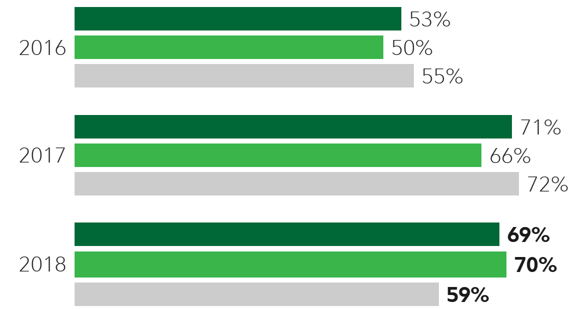


For the 12 months ending December 31, 2018, Fidelity funds in aggregate outperformed 66% of competitors' funds. Investment performance is calculated on a total-return basis and results are asset-weighted to reflect the proportion of assets maintained in large funds. Fidelity equity fund peer groups generally may use either one or a combination of Morningstar categories. High-yield, fixed-income, and money market funds generally use Lipper Objective.

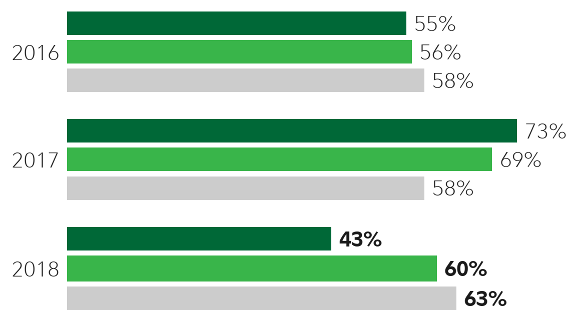
FMR Equity Funds
(Weighted % of peers outperformed)



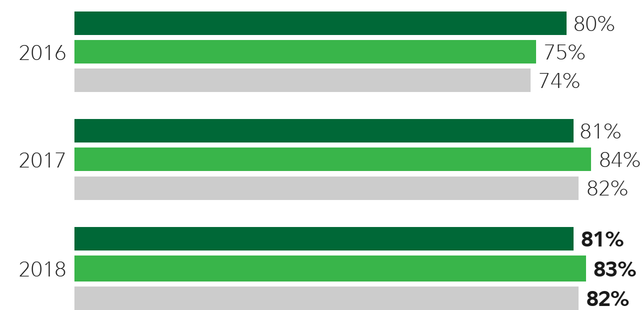
Municipal Bond Funds
(Weighted % of peers outperformed)



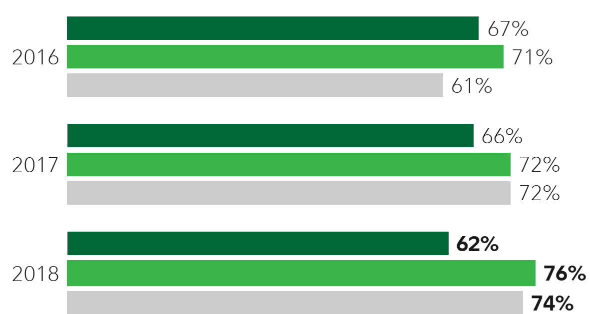
High-Income Funds
(Weighted % of peers outperformed)



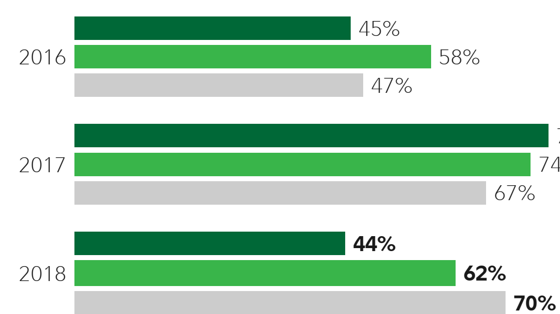
Money Market Funds
(Weighted % of peers outperformed)



Investment-Grade Bond Funds
(Weighted % of peers outperformed)



Multi-Asset Class Funds
(Weighted % of peers outperformed)



1 Year 3 Years 5 Years

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