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FIDELITY INTRODUCES NEW APPROACH TO ESG INVESTING FOR ADVISORS

*Through New Relationship with Ethic, a Tech-Driven Asset Management Platform,
Advisors Can Meet the Needs of Clients Looking for Investments that Align with Their Values*

BOSTON & NEW YORK, Sept. 25, 2019 – Fidelity Investments®, one of the world’s largest and most diversified financial services companies, announced today a new relationship with Ethic, which offers advisors working with Fidelity a solution to create personalized portfolios for their clients based on their values and the issues that are important to them. With a focus on helping investors meet their financial goals, Ethic’s “values-aligned” separately managed accounts (SMAs) complement Fidelity’s portfolio construction resources to help advisory firms incorporate ESG (Environmental, Social and Governance) investing into their business. This approach, which will be available to a limited number of firms initially, also provides a client engagement strategy that will help advisors connect with the next generation of investors.

“We see a significant growth opportunity for advisors who incorporate an ESG investing approach because it drives more meaningful conversations with clients. That leads to advisors better understanding their clients’ life goals and how they can help them feel more fulfilled,” said Bob Little of Fidelity Institutional Asset Management. “Not only do we believe this will help advisors and their firms differentiate themselves, but it will also accelerate our industry’s move toward sustainable investing and further Fidelity’s goal to offer investment options that align with investors’ values.”

The demand from investors is already there: according to Morningstar data, ESG funds attracted \$8.9 billion in the first six months of 2019 alone, compared to \$5.5 billion in all of 2018.ⁱ And in fact, the potential for ESG investing is exponential. Today, ESG is a discrete category of investments, whereas in the future, Fidelity sees the possibility that consideration of ESG factors in asset selection could become the “new normal.”ⁱⁱ

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“The role of the advisor has evolved in recent years, first extending beyond portfolio creation and now outgrowing financial planning. Increasingly, clients require guidance in all areas of their financial life – including how best to align their portfolios with their unique values,” said Jay Lipman, co-founder at Ethic. “Ethic empowers advisors to seamlessly become sustainability experts and take ownership of that conversation, engaging and retaining existing clients while simultaneously attracting new ones.”

Advisors often note the challenges with ESG investing, primarily around investment performance and the concern with how to broach the topic with clients. Many investors have questioned whether ESG strategies require them to settle for lower returns or higher fees when they choose to invest with their values, but research continues to show that ESG investors do not necessarily need to sacrifice performance or pay higher fees.ⁱⁱⁱ Ethic offers actionable insights and education to help advisors enter those client discussions with confidence, regardless of whether or not they have prior expertise in the area. In addition, Ethic’s offering also provides specific reporting on how those investments translate into real-world impact related to things like carbon emissions saved, shrinking the gender wage gap, and governance incidents avoided.

Ethic’s solution draws from several data sources to aggregate, analyze and predict sustainability issues, and uses quantitative portfolio construction to tightly track underlying benchmarks. Advisors can use Ethic’s technology platform to either select existing ESG models built around certain themes, or to create a custom allocation using direct indexing. Ethic aggregates several data sources to analyze and predict sustainability issues, and to build “clean” portfolios.

“We strive to use technology and innovative thinking to deliver more for our clients. Values-aligned investing has not only filled an important need, but helped us forge deeper relationships,” said Jennie Sowers, partner at Kore Private Wealth. “When we’re talking with a client about how they can align their beliefs and their values with their portfolio, the body language changes almost immediately and it’s allowed us to change the conversations we have with clients.”

Ethic’s solution is currently being offered through a referral agreement to advisors who work with Fidelity. For more information, please contact your Fidelity relationship manager. In addition to this solution, Fidelity provides its tens of millions of individual investors access to a wide range of ESG-focused products and services, including dedicated index funds in every major asset class. Fidelity’s ESG funds include Fidelity® US Sustainability Index Fund (FITLX), Fidelity® International Sustainability Index Fund (FNIDX), Fidelity® Select Environment & Alternative Energy Portfolio (FSLEX), Fidelity® Sustainability Bond Index Fund (FNDSX), and Fidelity® Women’s Leadership Fund (FWOMX). For more information on ESG investing at Fidelity, please [visit our website](#).

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About Ethic

Ethic is a tech-driven asset manager that powers the creation of personalized sustainable solutions for wealth advisors and institutional investors. The company is backed by both institutional and impact investors, including Fidelity Investments. Ethic is an SEC Registered Investment Adviser based in New York City. Learn more about Ethic at ethicinvesting.com.

About Fidelity Institutional Asset Management

Fidelity Institutional Asset Management® (FIAM®) is one of the largest organizations serving the U.S. institutional marketplace. It works with financial advisors and advisory firms, offering them resources to help investors plan and achieve their goals; it also works with institutions and consultants to meet their varying and custom investment needs. FIAM provides actionable strategies, enabling its clients to stand out in the marketplace, and is a gateway to Fidelity's original insight and diverse investment capabilities across equity, fixed income, high-income and global asset allocation. Fidelity Institutional Asset Management is a division of Fidelity Investments.

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$7.7 trillion, including managed assets of \$2.8 trillion as of August 31, 2019, we focus on meeting the unique needs of a diverse set of customers: helping more than 30 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 financial advisory firms with investment and technology solutions to invest their own clients' money. Privately held for more than 70 years, Fidelity employs more than 40,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit <https://www.fidelity.com/about>.

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Investing based on environmental, social and corporate governance ("ESG") factors may cause a strategy to forgo certain investment opportunities available to strategies that do not use such criteria. Because of the subjective nature of ESG investing, there can be no guarantee that ESG criteria used by Ethic in its ESG strategies will reflect the beliefs or values of any particular client. Additionally, Ethic must rely upon ESG-related information and data obtained through third-party reporting that may be incomplete or inaccurate, which could result in Ethic imprecisely evaluating an issuer's practices with respect to ESG factors.

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ⁱ Morningstar.com, “ Sustainable Funds in the U.S. Saw Record Flows in the First Half,” July 11, 2019.

ⁱⁱ Based on Fidelity analysis of data and reports from Morningstar, Cerulli Associates, and McKinsey & Co.

ⁱⁱⁱ Fidelity Research Institute: The Morningstar Category Average for Returns, Risk Measures and Net Expense Ratio are calculated and provided by Morningstar based on the number of funds and share classes in that category, for the period shown. The ESG Average for Returns and Risk Measures are Fidelity calculations based on the same Morningstar data, using the simple arithmetic average of the returns and risk measures of the mutual funds that are tagged by Morningstar as “Sustainable Investment” in their respective category, for the period shown. Individual fund returns and risk measures are Morningstar data. All averages assume reinvestment of dividends and capital gains, if any, and excludes sales charges.