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## **Fidelity Launches Corporate Bond Fund**

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By Editor Test    *Tue, May 18, 2010*

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Fidelity Investments has launched a new Corporate Bond Fund that will invest at least 80% of assets in investment-grade corporate bonds and other corporate debt securities, and repurchase agreements for those securities.

“We saw a gap in our mutual fund lineup and interest from our advisor customers, and we think we can offer expertise in that area of the market,” said Sophie Launay, a Fidelity spokesperson.

The fund will track the Barclays Capital U.S. Credit Bond Index, a value-weighted index of investment-grade, corporate fixed-rate issues with maturities of one year or more. Retail and advisor shares will be offered.

“We currently offer investment-grade bond funds that invest in the entire market, as well as those that focus on specific underlying sectors or maturity ranges,” said John McNichols, senior vice president, Investment Product Management, Fidelity Personal Investments.

“With this new fund, we’re able to offer investors targeted exposure to corporate bonds, which represent about 20% of the investment-grade bond market. Through the fund, investors and advisors will gain access to the debt of many of the largest and most successful companies in America.”

McNichols added, “With the future possibility of rising interest rates, investors may be concerned about the near-term outlook for bond returns. However, historical data shows that even during periods of rising rates, the frequency and magnitude of negative returns for bonds was far lower than that for stocks, suggesting an allocation to bonds still reduced the volatility of an investment portfolio.”

Fidelity Corporate Bond Fund is co-managed by David Prothro and Michael Plage. Prothro currently manages credit-only strategies for institutional clients, as well as investment-grade bond portfolios available exclusively to Canadian retail and institutional investors. Plage, who joined Fidelity in 2005 as a fixed-income trader, also manages a number of credit-related portfolios for institutional investors.

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