

New Fidelity TDFs are funds of active and passive funds

By Editorial Staff *Fri, Sep 21, 2018*

'We are introducing the Freedom Blend funds to meet the growing demand for a target-date strategy that incorporates active and passive investment capabilities in a single mutual fund,' said Eric Kaplan, head of Target-Date Products.

Fidelity Investments has launched a new series of 13 target-date funds (TDFs), called Fidelity Freedom Blend Funds, with retail and advisor share classes. They use the same glide path, investment process, and resources as existing Fidelity target-date fund series but are combinations of index and actively managed funds.

"We have offered target-date blend strategies in commingled pools for the past five years. We are introducing the Freedom Blend funds to meet the growing demand from clients who have been asking for a target-date strategy that incorporates a balanced mix of active and passive investment capabilities in a single mutual fund," said Eric Kaplan, head of Target-Date Product, in a release.

"The Fidelity Freedom Blend Funds, just like the Fidelity and Fidelity Advisor Freedom Funds and Fidelity Freedom Index Funds, include a diversified mix of investments designed to help grow retirement savings during investors' earning years, support an individual's income needs through their retirement years, and provide protection from market volatility throughout an investor's lifetime," said Andrew Dierdorf, portfolio manager, Fidelity Investments.

Dierdorf and Brett Sumsion will co-manage the Freedom Blend funds. The pair also co-manages Fidelity Freedom Funds, for which they were nominated for 2017 Morningstar Fund Managers of the Year."

Each Freedom Blend Fund will launch with nine share classes offering different expense levels. For example, expenses for the retail and I share classes will range from 0.46%-0.54% depending on the target year, while the K6 and Z6 share classes will range from 0.26%-0.34%, the Fidelity release said.

The mix of active and low-cost passive investments will vary based on the target year with passive investments generally expected to range between 20% and 60% of each fund portfolio.

Fidelity Freedom Blend Income and 2005 through 2015 Funds seek high current income

and, as a secondary objective, capital appreciation. Fidelity Freedom Blend 2020 through 2060 Funds seek high total return until their target retirement date. Thereafter, each fund's priorities will be high current income and, secondarily, capital appreciation.

Reduced fee schedule for FIAM Blend Target Date Commingled Pools

Fidelity Investments is also introducing a new, reduced fee schedule for the Fidelity Institutional Asset Management (FIAM) Blend Target Date Commingled Pools. Current FIAM Blend Target Date customers are now eligible for either a lower price in an existing share class or a less expensive share class option, depending on their current FIAM target date assets. FIAM Blend Target Date Commingled Pools are available for institutional investors, including retirement plans. The new pricing is effective September 1, 2018.

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