Navigating fixed income: traditional fixed income, private credit and liquid alternative credit

A quick comparison of market access, liquidity, risk exposures and portfolio role across key fixed income approaches.

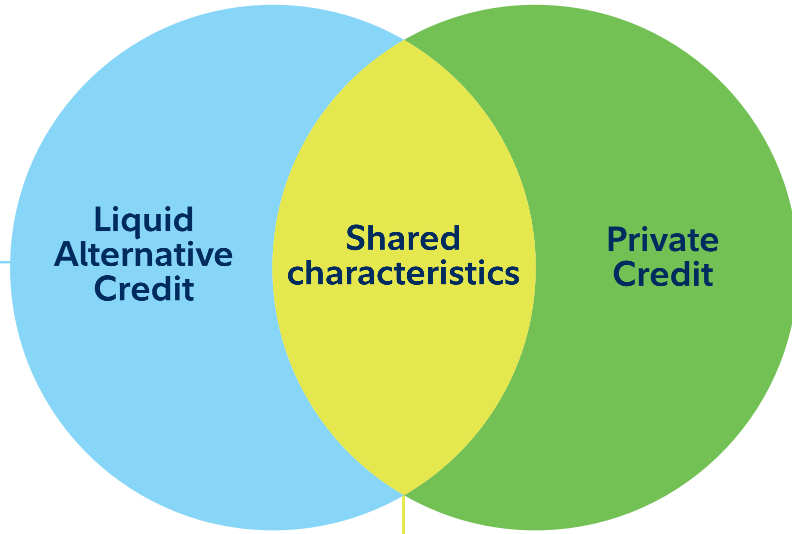
Public market instruments
Invests in various fixed income instruments that trade in public markets

Daily liquidity
Investments can typically be bought or sold in a single day without a material impact on price

Long and short positioning
Can invest in securities expected to perform well and position for those expected to weaken or fall

Expanded use of derivatives and leverage
May be beneficial for hedging purposes or reduction of risk, increased income or additional total return

Additional flexibility in managing duration and credit exposure
Interest rate and credit risks can be adjusted more dynamically relative to traditional fixed income



Private market investments
Invests directly in loans or credit opportunities that are not publicly traded

Limited liquidity
Capital is typically committed for longer periods and may not immediately be redeemed

Less frequent valuation
Investments are typically valued monthly, quarterly, or annually rather than intraday

Potential access to an illiquidity premium
Investors may earn additional return in exchange for less liquidity

Exposure to interest rate / credit risk
All approaches involve lending to, or investing in issuers, that may be impacted by changes in interest rates or credit spreads

Potential to generate income
Each approach typically generates income for investors and returns are primarily driven by contractual interest payments

Play a role in portfolio diversification
These strategies can complement other asset classes within a portfolio by improving diversification alongside traditional fixed income

Traditional fixed income

Public market investments
Invests in various instruments that trade in public markets

Daily liquidity
Positions can typically be bought or sold on a daily basis.

Primarily long-only exposure
Generally invests in securities expected to perform well over time

Duration and credit risk actively managed
Managers adjust interest rate sensitivity and credit exposure within a long-only framework.

Returns driven by income and changes in rates and spreads
Performance is influenced by yield, interest rate movements and credit conditions.

Navigating fixed income: traditional fixed income, private credit and liquid alternative credit

	Traditional Fixed Income	Private Credit	Liquid Alternative Credit
Market access	Public markets	Private markets	Public markets
Liquidity	Daily liquidity	Limited liquidity	Daily liquidity
Investment approach	Primarily long-only	Long-only lending	Long and short flexibility
Duration profile	May or may not be actively managed	Typically less rate-sensitive	Typically actively managed
Portfolio role	Core allocation	Income/yield enhancement	Diversifier/complement to core fixed income
Valuation transparency	High	Lower	High

To learn more, visit fidelity.ca/**alternatives**

FIC-4266604 05/26 4288356-v2026528