Quarterly Market Update

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Policy Improvement in an Uneven, Mature Expansion

Favorable policy developments, including further monetary easing by the Federal Reserve and a de-escalation of the U.S.-China trade confrontation, provided additional fuel to power stock markets to a strong finish in 2019. The global business cycle registered signs of improvement in some areas, although it remains relatively mature and the late-cycle U.S. backdrop continues to warrant smaller allocation tilts compared with earlier in the cycle.

	MACRO	ASSET MARKETS
Q4 2019	• Favorable policy developments occurred amid signs global growth is no longer deteriorating.	• Riskier assets rallied sharply.
OUTLOOK	• The U.S. is firmly in the late-cycle phase. • The global cycle is still mature but becoming less synchronized. • Incipient signs that the global trade and industrial recession is ending. • Monetary easing is boosting liquidity, though it may be insufficient to materially reaccelerate global growth. • Trade and other policy uncertainty has not been eliminated but may be ebbing.	• Late-cycle phases typically exhibit higher volatility with a wider dispersion of potential outcomes. • The near-term backdrop may favor more global assets over U.S. • Smaller allocation tilts are warranted compared with earlier in the cycle. • Prioritize diversification—including inflation-resistant assets—amid significant uncertainty.

Diversification does not ensure a profit or guarantee against a loss.

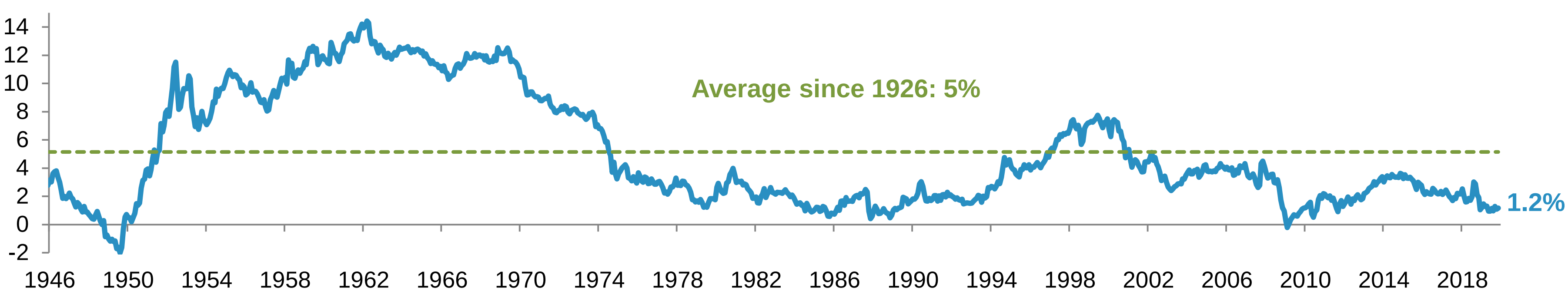
Global Equities Finished Terrific 2019 on a High Note

The emerging-market and non-U.S. small cap equity segments led the widespread fourth-quarter gains that put an exclamation point on the best returns for global stocks in several years. For the full year 2019, all major asset categories posted strong results. The shift to monetary easing and lower interest rates boosted returns to bonds, and U.S. large cap equities led the outperformance of U.S. versus non-U.S. stocks.

	Q4 2019 (%)	1 Year (%)		Q4 2019 (%)	1 Year (%)
U.S. Large Cap Stocks	9.1	31.5	Emerging-Market Stocks	11.8	18.4
U.S. Mid Cap Stocks	7.1	30.5	Gold	3.0	18.3
Real Estate Stocks	-0.8	26.0	Emerging-Market Bonds	2.1	14.4
U.S. Small Cap Stocks	9.9	25.5	High Yield Bonds	2.6	14.4
Non-U.S. Small Cap Stocks	11.5	25.0	U.S. Corporate Bonds	1.1	13.8
Non-U.S. Developed-Country Stocks	8.2	22.0	Investment-Grade Bonds	0.2	8.7
Long Government & Credit Bonds	-1.1	19.6	Commodities	4.4	7.7

20-Year U.S. Stock Returns Minus IG Bond Returns since 1926

Annualized Return Difference (%)



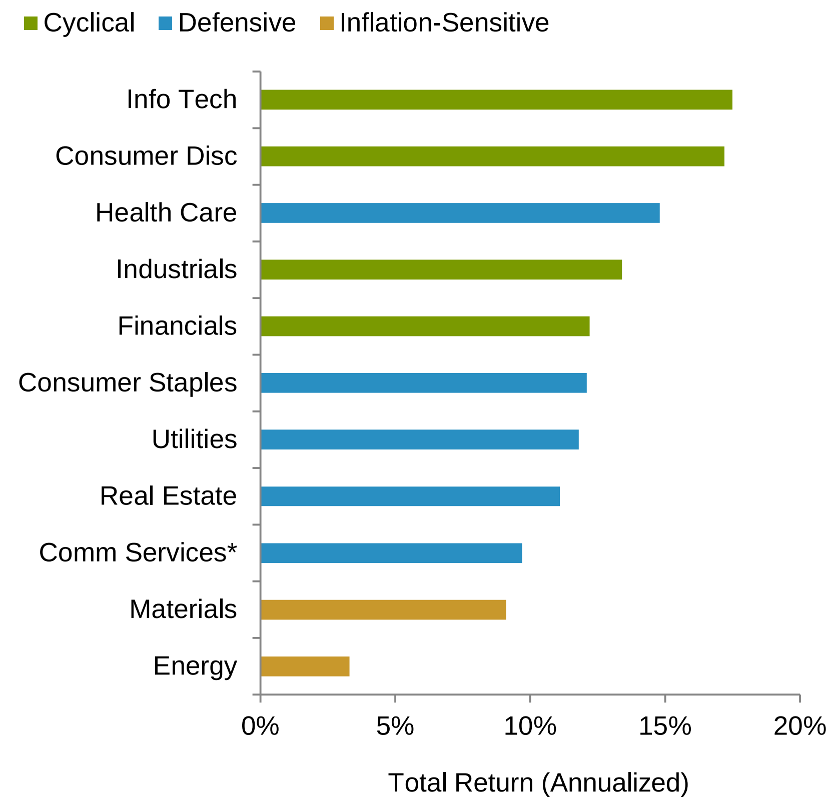
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Assets represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Bonds—JP Morgan EMBI Global Index; Emerging-Market Stocks—MSCI EM Index; Gold—Gold Bullion, LBMA PM Fix; High-Yield Bonds—ICE BofAML High Yield Bond Index; Investment-Grade Bonds—Bloomberg Barclays U.S. Aggregate Bond Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Non-U.S. Small Cap Stocks—MSCI EAFE Small Cap Index; Real Estate Stocks—FTSE NAREIT Equity Index; U.S. Corporate Bonds—Bloomberg Barclays U.S. Credit Index; U.S. Large Cap Stocks—S&P 500® Index; U.S. Mid Cap Stocks—Russell Midcap® Index; U.S. Small Cap Stocks—Russell 2000® Index; Long Government & Credit Bonds—Bloomberg Barclays Long Government & Credit Index. Source: Bloomberg Finance L.P., Haver Analytics, Fidelity Investments Asset Allocation Research Team (AART), as of 12/31/19.

U.S. Growth and Tech Stocks Dominated the Decade

The supremacy of U.S. large cap equity returns during 2019, particularly in the technology sector, underscored the 10-year outperformance of growth stocks along with U.S. assets more generally. For the decade, the more cyclical U.S. equity sectors performed best, whereas non-U.S. assets, as well as market segments and equity sectors tied to global commodities, fared relatively poorly.

Performance of Major Risk Assets (2010–2019)

U.S. Equity Sector Performance (2010–2019)

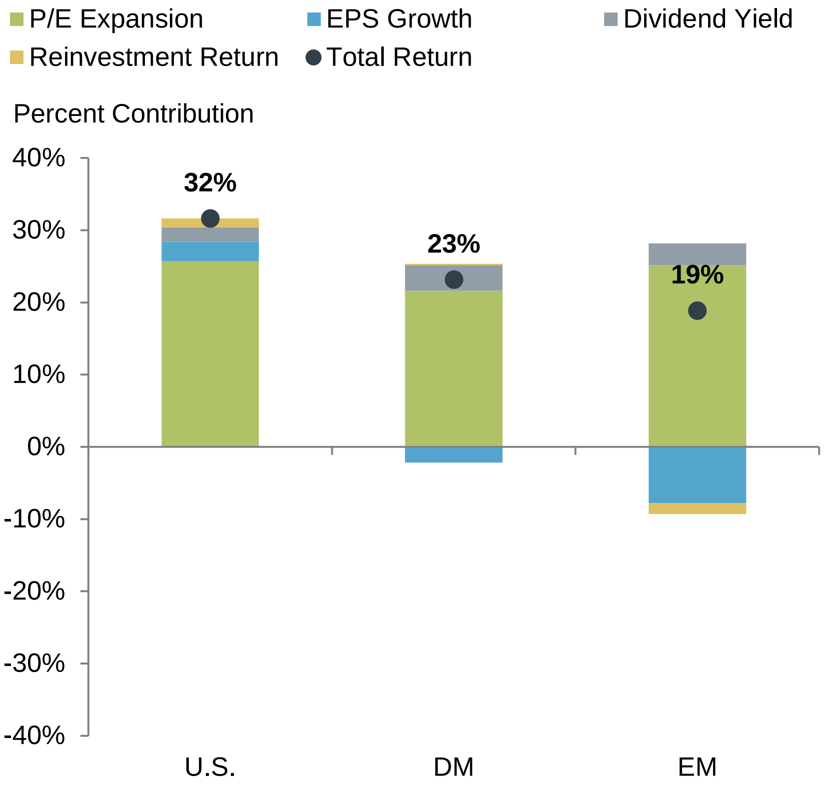


* Sector was defensive for majority of period until change to GICS structure in 2018. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Assets represented by: Growth—Russell 3000® Growth Index; Large Caps—S&P 500; Small Caps—Russell 2000® Index; Value—Russell 3000® Value Index; High-Yield (HY) Bonds—ICE BofAML High Yield Bond Index; Emerging-Market (EM) Debt—JP Morgan EMBI Global Index; Non-U.S. Developed-Market (DM) Equities—MSCI EAFE Index; EM Equities—MSCI EM Index; Gold—Gold Bullion, LBMA PM Fix; Commodities—Bloomberg Commodity Index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.

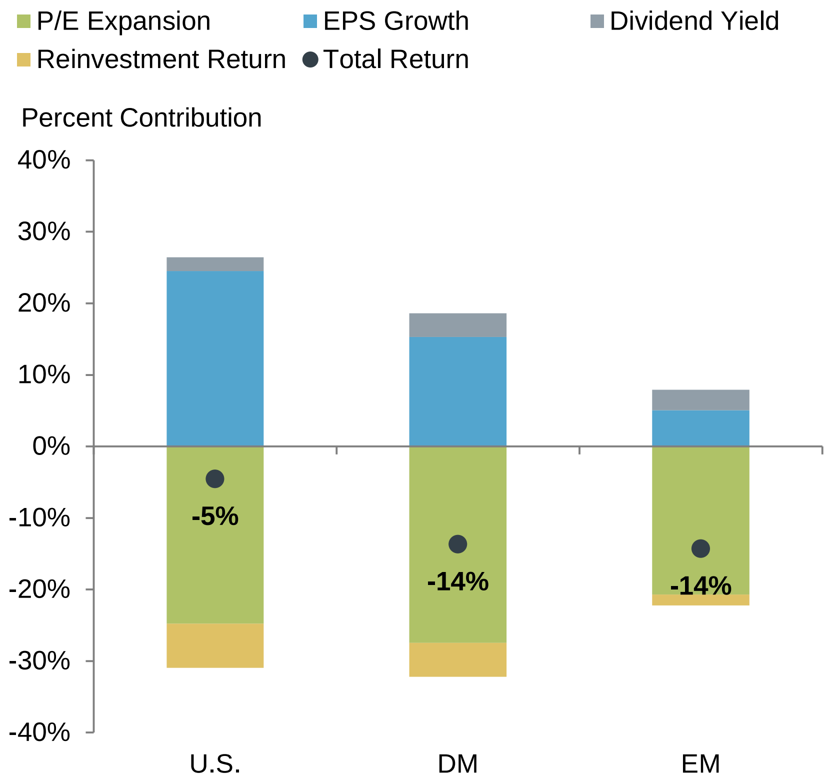
Rising Valuations Powered Equity Performance in 2019

The expansion of price-to-earnings (P/E) multiples accounted for the bulk of the stellar gains for global equities in 2019. In contrast to 2018, when rapid corporate profit growth was negated by reduced P/E ratios, earnings growth was relatively weak in 2019. Declining interest rates and ebbing policy uncertainty likely supported the sizable appreciation in valuations.

Equity Index Performance for 2019



Equity Index Performance for 2018

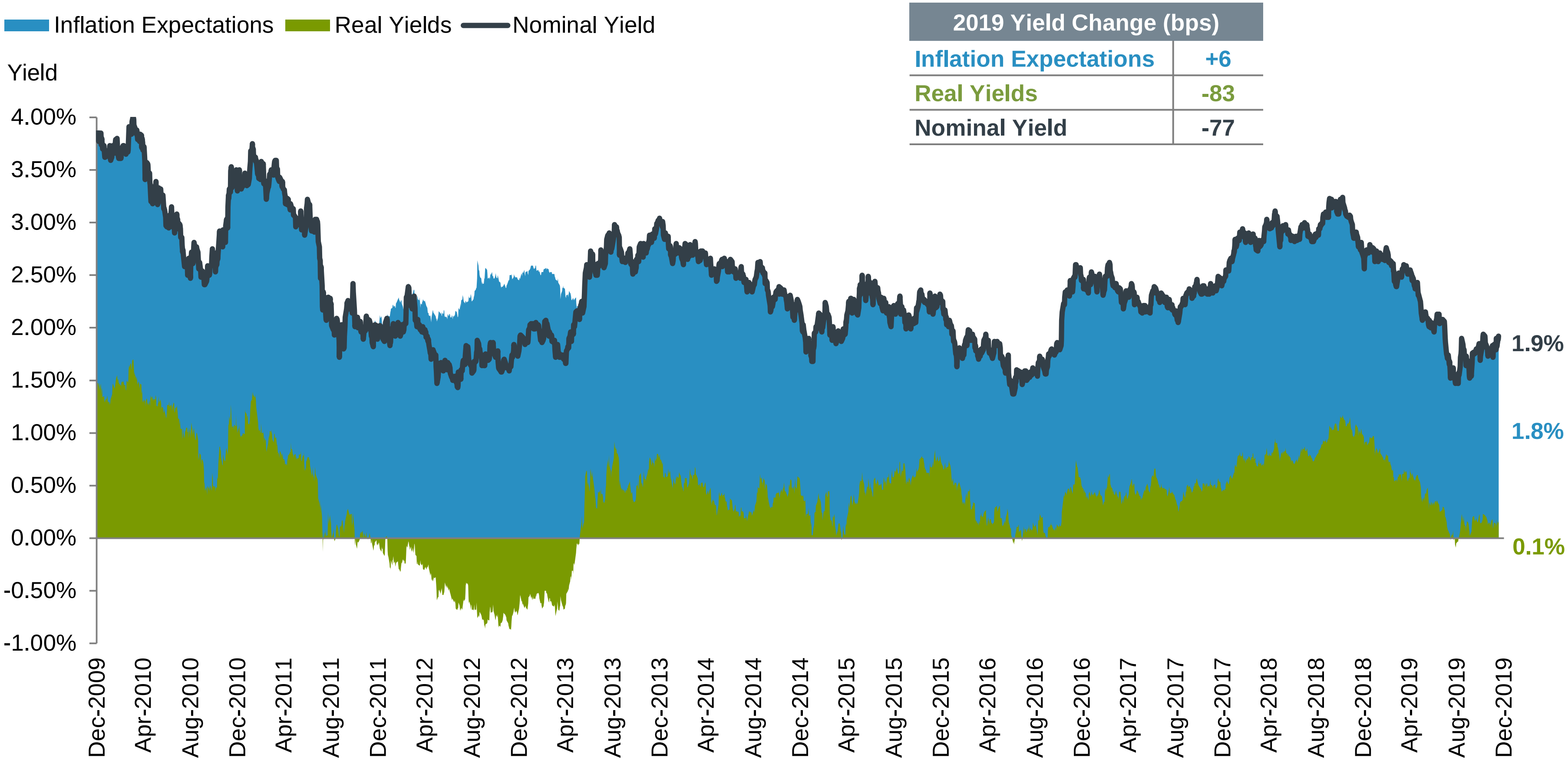


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. DM: Non-U.S. Developed Markets. EM: Emerging Markets. Returns are Gross, USD. Equity indexes: United States—MSCI USA Index; DM—MSCI World ex USA Index; EM—MSCI Emerging Markets Index. Reinvestment Return is defined by Morningstar as the difference between compounded monthly total returns and the sum of the sub-components. Source: MSCI, Fidelity Investments (AART), as of 12/31/19.

Bond Yields Ticked Up in Q4 but Sank Notably for the Year

Government bond yields declined around the world during 2019, with U.S. 10-year Treasury bonds dropping roughly 80 basis points. Global central banks' shift toward monetary easing—particularly the Fed's pivot—drove down the real cost of borrowing, and real U.S. yields finished the year in barely positive territory. Inflation expectations rose modestly during Q4, boosting yields amid signs of global economic improvement.

10-Year U.S. Government Bond Yields

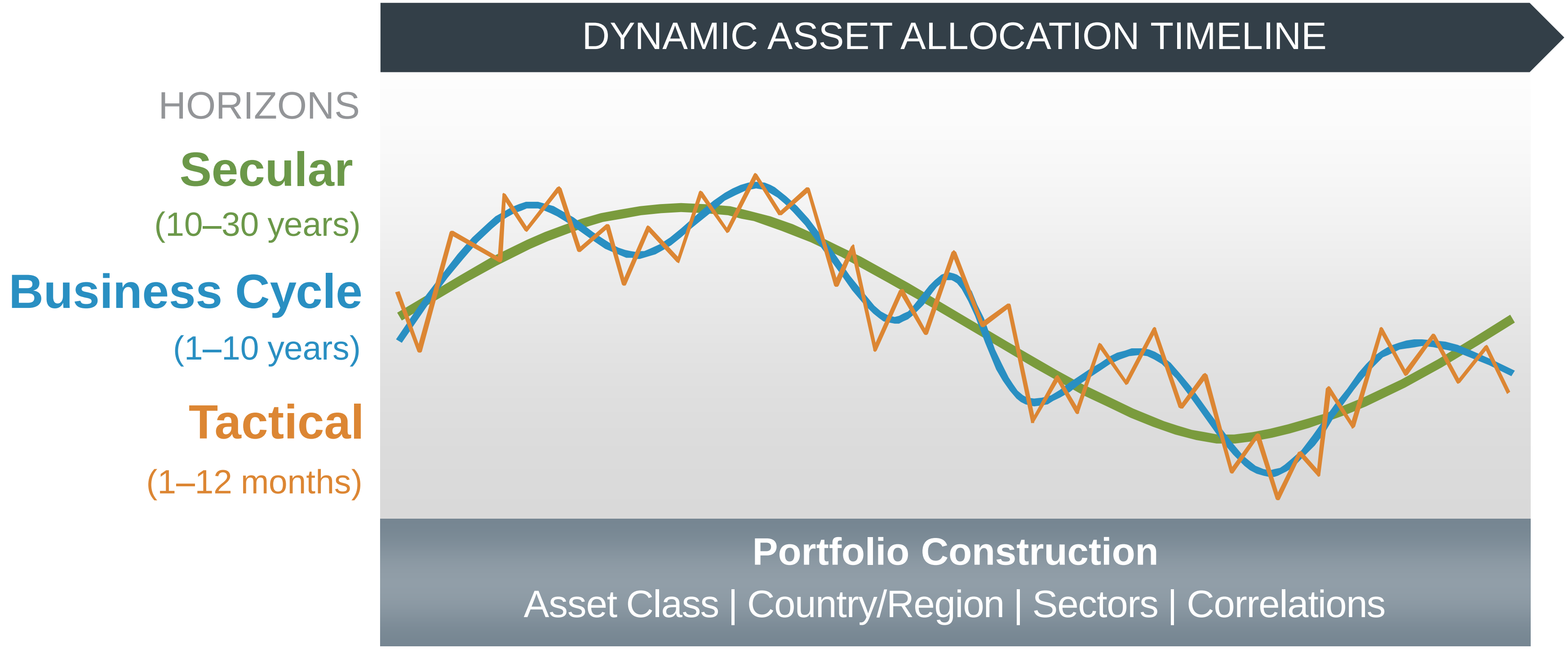


2019 Yield Change (bps)	
Inflation Expectations	+6
Real Yields	-83
Nominal Yield	-77

Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.

Multi-Time-Horizon Asset Allocation Framework

Fidelity's Asset Allocation Research Team (AART) believes that asset-price fluctuations are driven by a confluence of various factors that evolve over different time horizons. As a result, we employ a framework that analyzes trends among three temporal segments: tactical (short term), business cycle (medium term), and secular (long term).

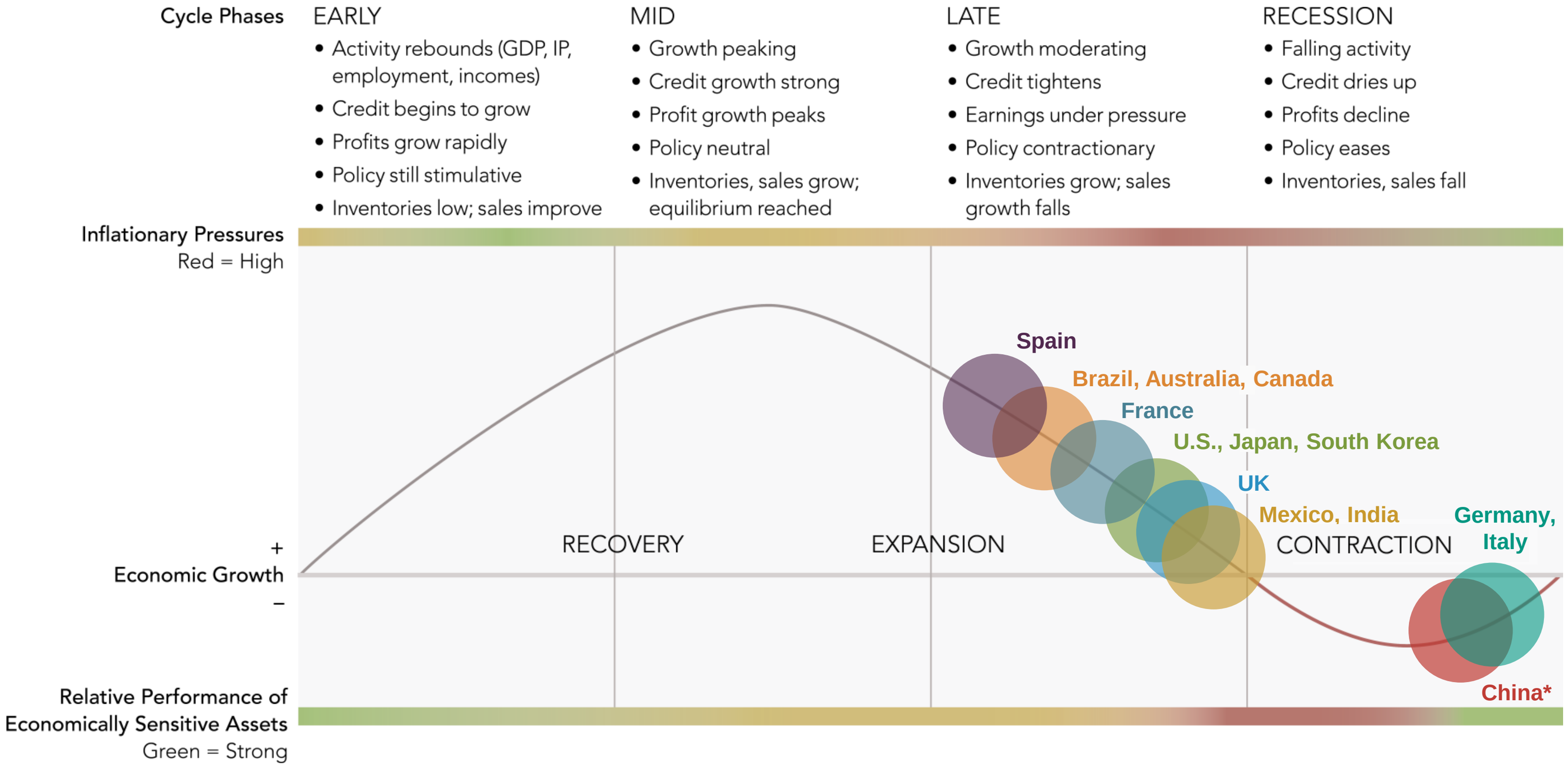


For illustrative purposes only. Source: Fidelity Investments (AART), as of 12/31/19.

Mature but Less Synchronized Global Business Cycle

The global economy remains sluggish, but we see signs that conditions are no longer deteriorating. The U.S. is firmly in the late-cycle phase, whereas recessionary conditions in major European nations such as Germany and Italy may be poised for improvement. Overall, the global cycle remains in a mature expansion but with hints of improvement in some areas along with signs of a bottoming in global trade and industrial activity.

Business Cycle Framework



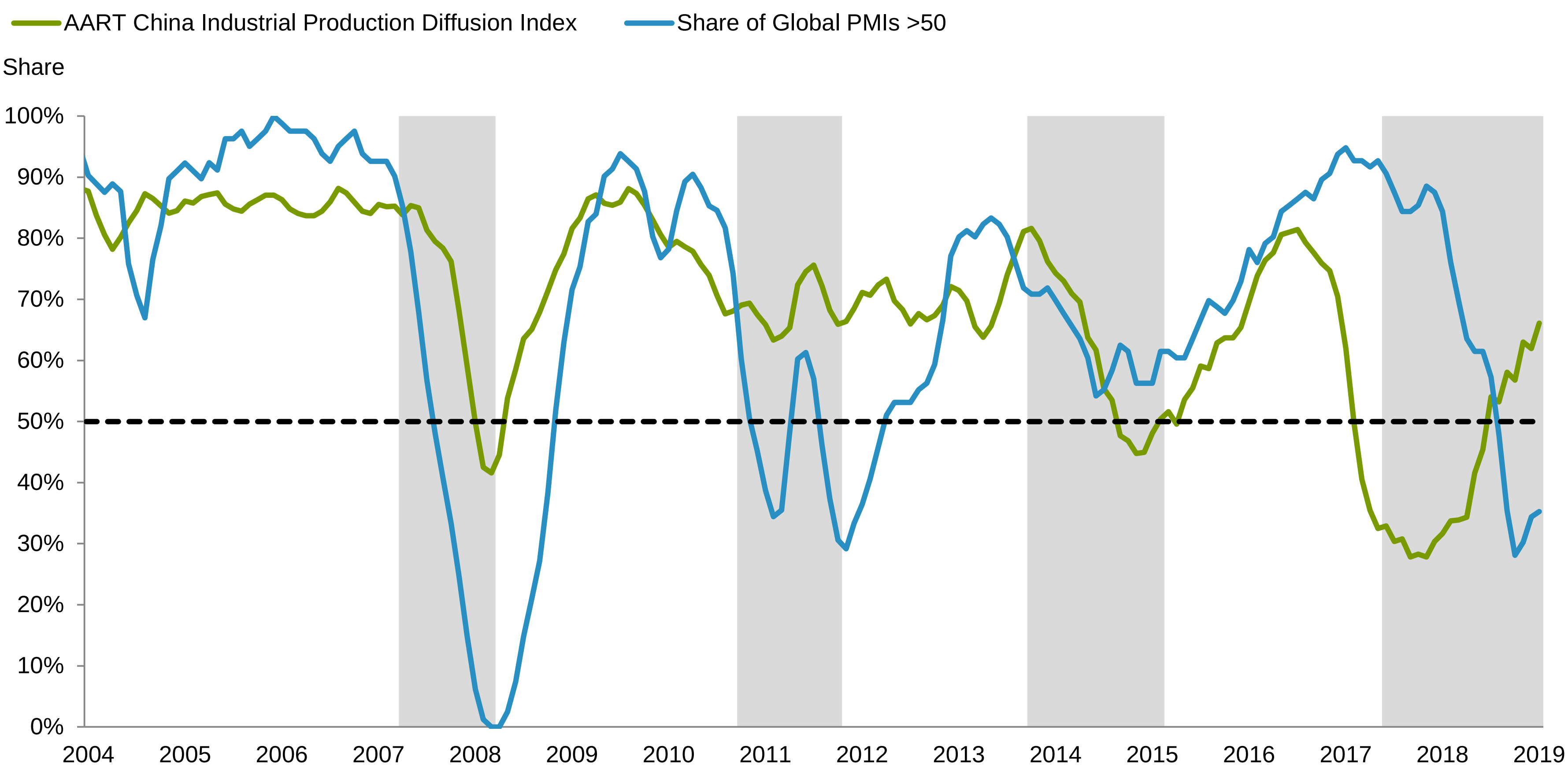
Note: The diagram above is a hypothetical illustration of the business cycle. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. * A growth recession is a significant decline in activity relative to a country's long-term economic potential. We use the "growth cycle" definition for most developing economies, such as China, because they tend to exhibit strong trend performance driven by rapid factor accumulation and increases in productivity, and the deviation from the trend tends to matter most for asset returns. We use the classic definition of recession, involving an outright contraction in economic activity, for developed economies.

Source: Fidelity Investments (AART), as of 12/31/19.

Industrial Recession Ending but Upside Uncertain

China's industrial sector stabilized in early 2019, but unlike it has during prior upturns, the sector's recovery has not yet catalyzed a sharp rebound in global trade and manufacturing activity. Only 35% of major countries' Purchasing Manager Indexes are in expansionary territory—near the lowest levels of the past decade. This ratio appears to have bottomed, though, and trade-policy uncertainty may produce less of a headwind in 2020.

Global Manufacturing and China Industrial Production

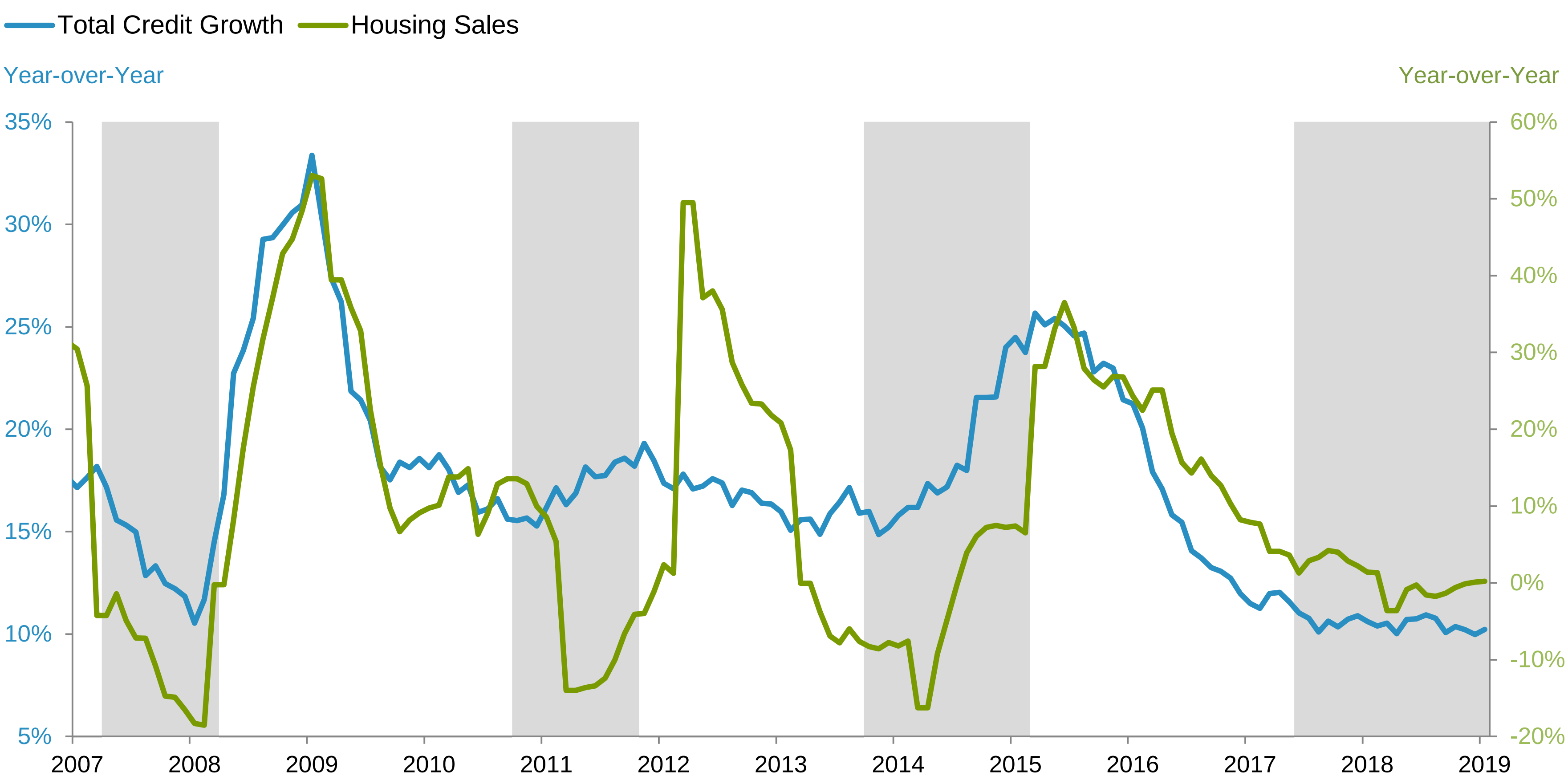


AART China Diffusion Index represents share of components rising over previous six months. Gray bars represent China growth recessions as defined by AART. Source: ISM, Markit, China National Bureau of Statistics (official data), Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

China Emphasizing Stability Over Outright Stimulus

Unlike during other periods of global softening over the past decade, China's policymakers are lately emphasizing just enough fiscal and monetary support to maintain stability, but not so much as to reaccelerate growth. In an effort to deal with the aftermath of a decade-long property and leverage boom, policymakers are selectively easing, with an objective of keeping credit growth and the housing market relatively range-bound.

China Credit and Property Market

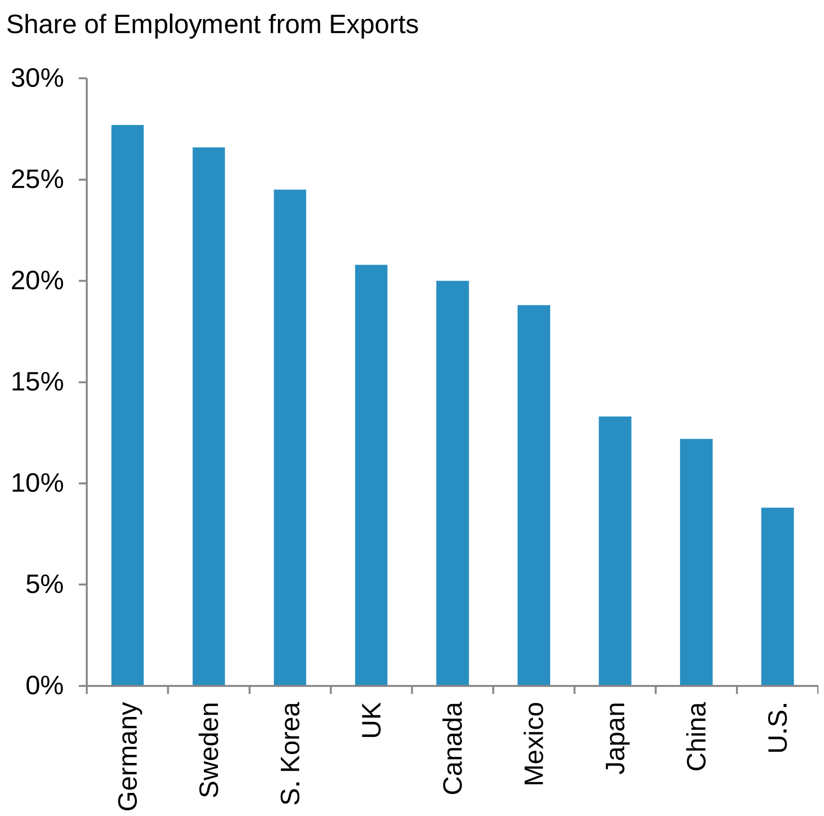


Gray bars represent China growth recessions as defined by AART. Source: China National Bureau of Statistics (official data), Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

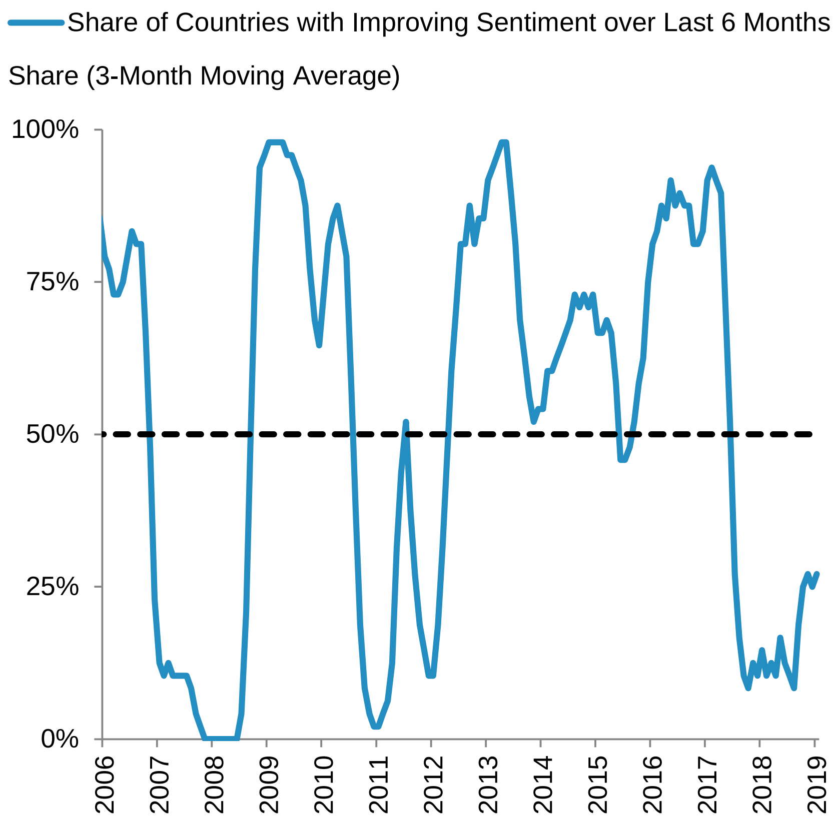
Europe: Trade Drag Might be Ebbing, Sentiment Improving

The global industrial and trade recession sapped momentum from major European economies, particularly those like Germany, where domestic growth relies heavily on the country's export sector. In late 2019, signs of a bottoming in manufacturing activity and a de-escalation of trade tensions helped lift business and economic sentiment from depressed levels.

Employment Reliance on Foreign Trade



Eurozone Economic Sentiment



LEFT: Share of domestic business sector employment sustained by exporting activities. Source: OECD, Fidelity Investments (AART), as of 9/30/19.
RIGHT: European Commission, Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

U.S. Economy in Late Cycle, but Credit Not Yet Tighter

Late cycle is often characterized as the phase during which economic and corporate activity peaks. Inflation rates are not always high, but tight labor markets tend to spur faster wage growth, which in turn can lead to more restrictive monetary policy, a flatter yield curve, and pressure on corporate profit margins. The U.S. has hit all of the typical late-cycle milestones, with the exception that credit conditions remain generally favorable.

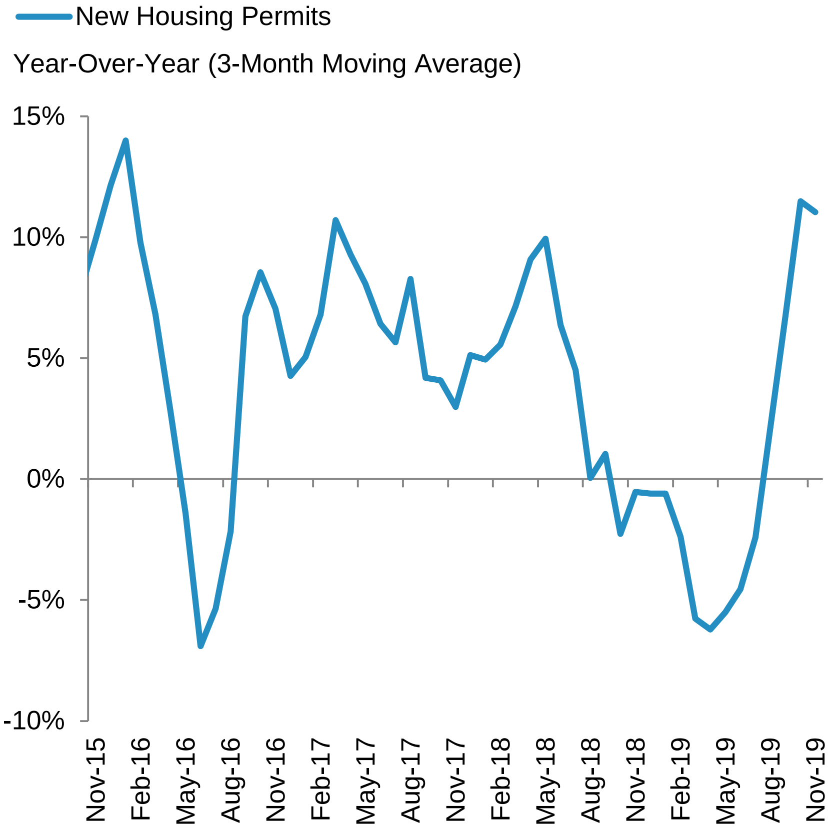
INDICATOR	TYPICAL LATE-CYCLE TREND	THIS CYCLE
Employment/Wages	Tighter labor markets, higher wages	✓
Monetary Policy	Tighter	✓
Yield Curve	Flatter then inverted	✓
Credit	Tighter lending standards and wider credit spreads	X
Corporate Profits	Margins decline, slower earnings growth	✓

Source: Fidelity Investments (AART), as of 12/31/19.

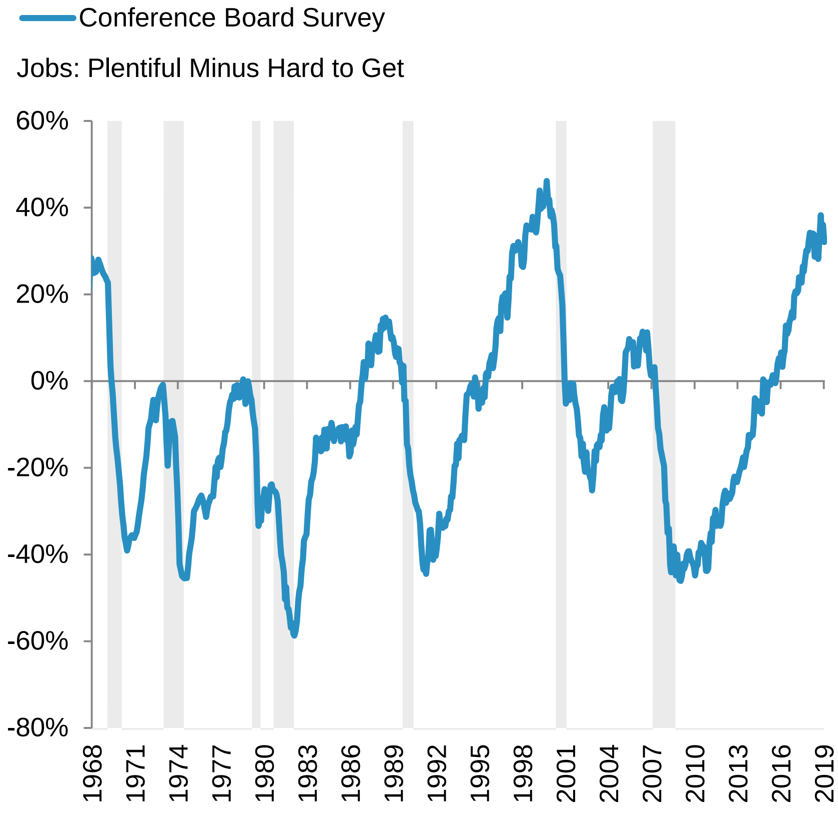
U.S. Bright Spots: Housing, Labor Market, and Consumer

The near-term risk of U.S. recession remains relatively low, with falling interest rates boosting housing activity and keeping consumers' debt service manageable. Tight employment conditions support consumer spending. However, some leading indicators suggest the labor market is nearing peak levels, including consumers' extremely favorable assessment of the job market, which tends to be most elevated just prior to recession.

U.S. Housing



Consumer Assessment of Labor Market

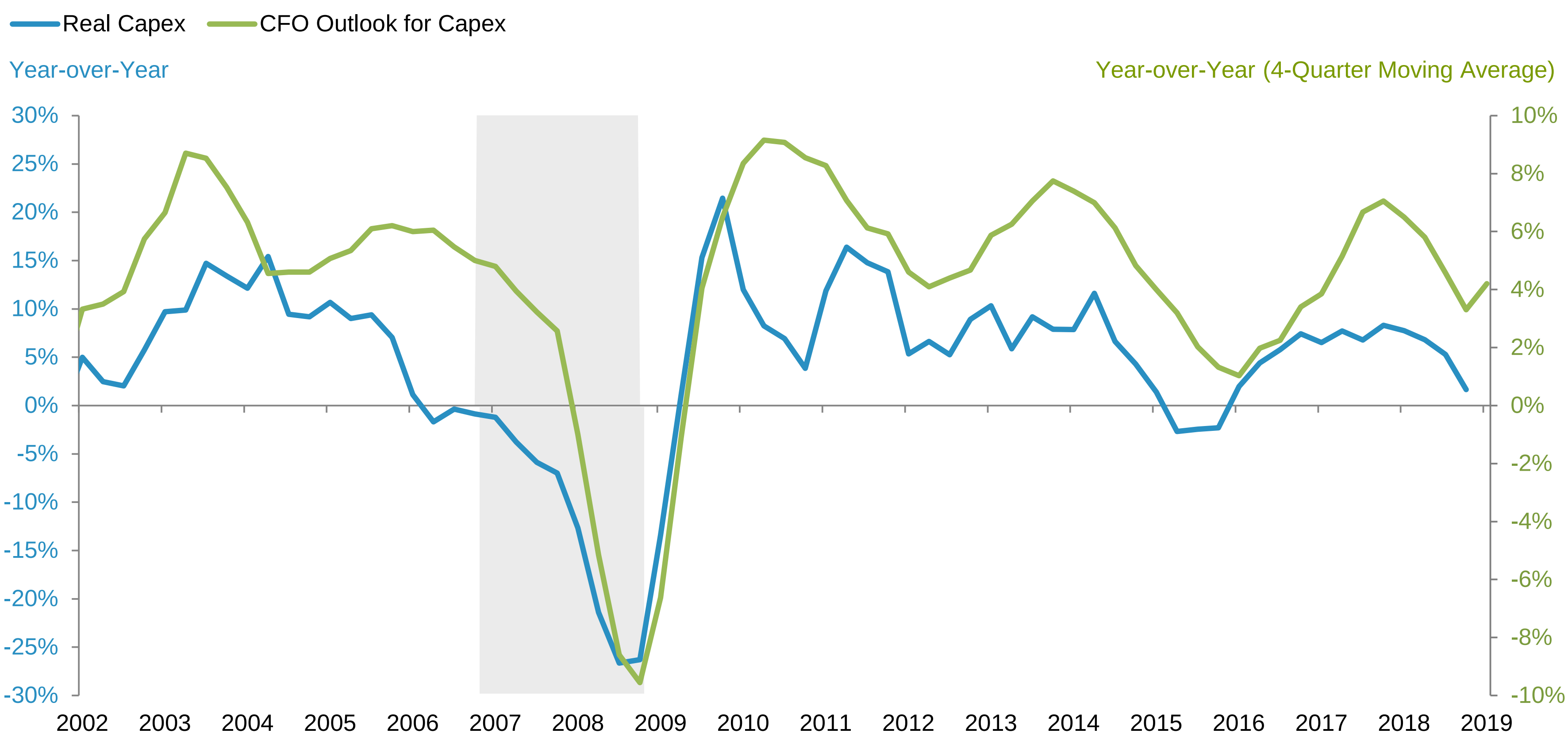


LEFT: Source: Census, Haver Analytics, Fidelity Investments (AART), as of 11/30/19. **RIGHT:** Shading represents U.S. economic recession as defined by the National Bureau of Economic Research (NBER). Source: Conference Board, NBER, Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

Improving Sentiment Could Reduce the Drag on Capex

Capital spending slumped in 2019 amid weak growth and trade-policy disruption, although recent sentiment indicators suggest business confidence may no longer be deteriorating. The de-escalation of the U.S.-China tariff confrontation could provide a boost to business sentiment, although the apparently narrow scope of the deal is considered unlikely to clear the air and spur investment activity on its own.

U.S. Capital Investment

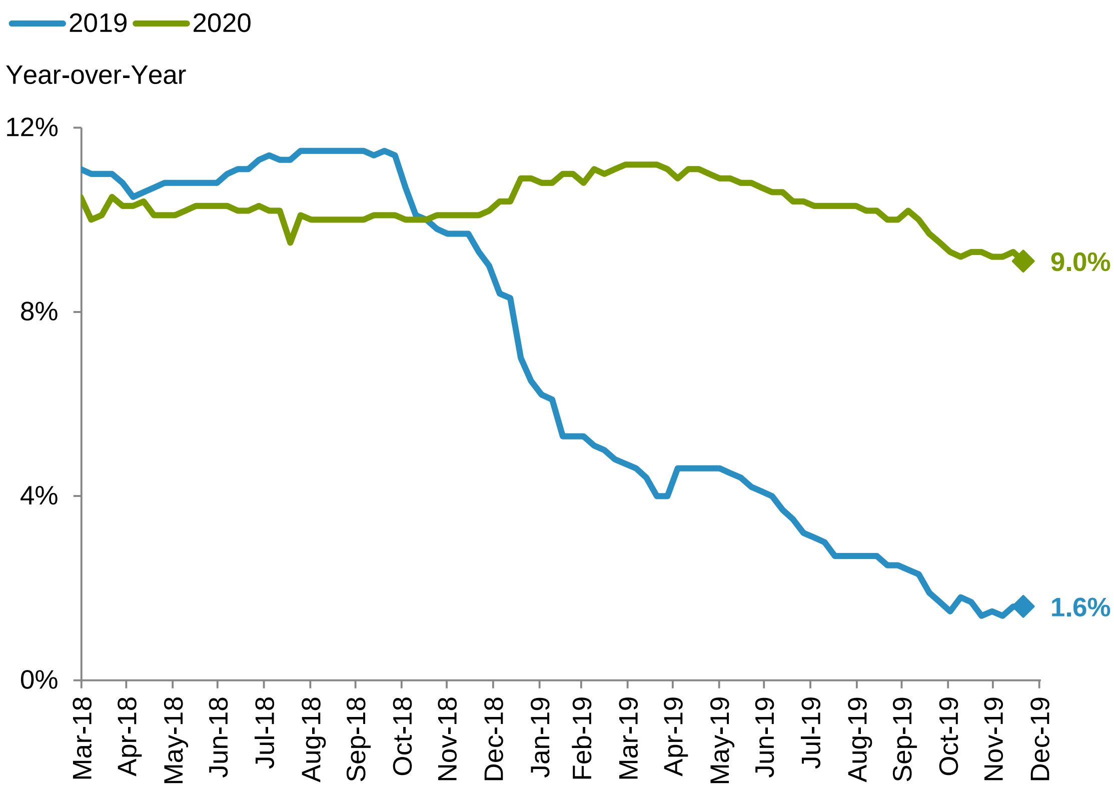


Shaded area represents U.S. recession. Source: Bureau of Economic Analysis, Duke Fuqua School of Business/CFO Magazine, Haver Analytics, Fidelity Investments (AART), as of 12/11/19.

Earnings Face A Difficult Expectations Hurdle for 2020

Market consensus expectations for 2020 earnings growth stand at 9%, which would be a big rebound from 2019's expectations, which declined steadily down to 1.6%. With companies facing an extremely tight labor market, it's difficult for earnings growth to accelerate meaningfully absent material improvement in the global economic environment. Thus, we expect profit growth to act as a fundamental late-cycle headwind in 2020.

S&P 500 Earnings Growth Estimates



Typical Forms of Earnings Support

Top-Line Revenues	
Global recovery	Boosts sales for exporters and large multi-nationals
Weaker dollar	
Higher oil prices	Helps energy sector
Profit Margins	
Slower wage growth	Lowers input costs
Dovish Fed	Lowers interest expense
Financial Engineering	
Buybacks	Boosts EPS

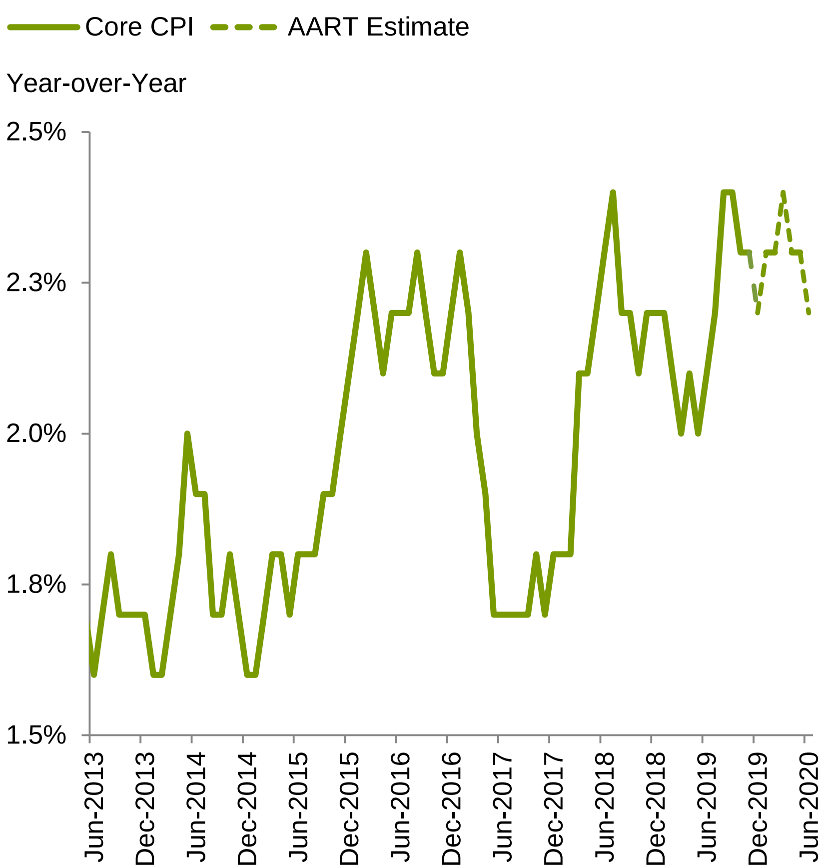
Past performance is no guarantee of future results. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/27/19.

Fidelity INVESTMENTS

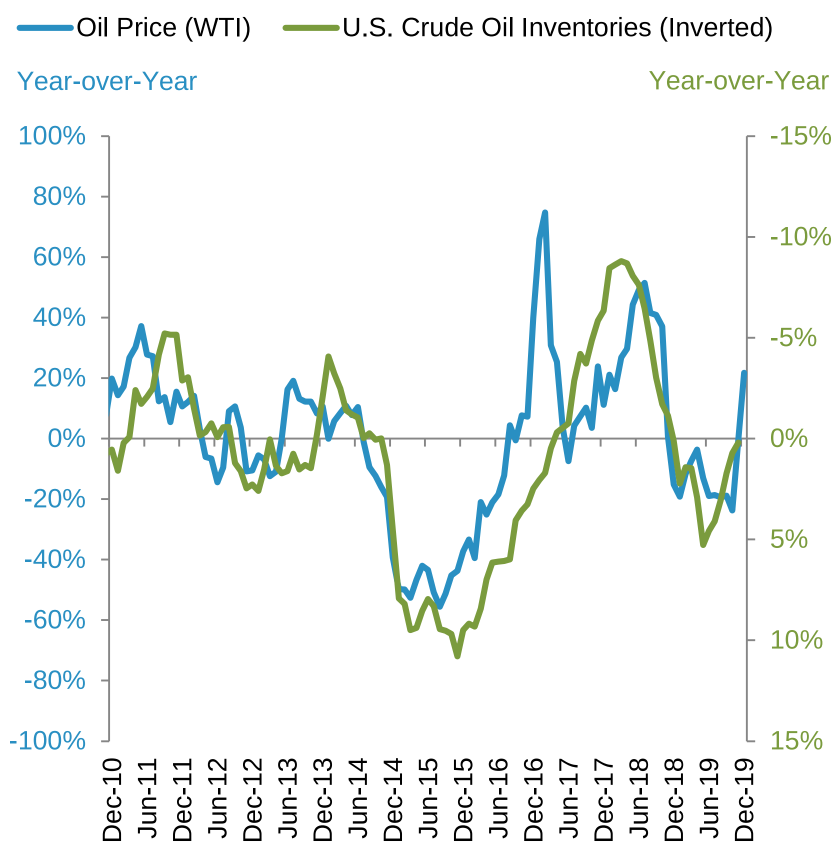
Inflation Outlook Firm; Federal Reserve Likely on Pause

Core inflation has been generally stable at around 2% in recent years, with near-term expectations holding firm. The outlook for oil also is supportive, as prices have generally trended higher over the past several months amid a decline in inventories. The Fed is likely to be more permissive of inflationary pressure than in the past, implying an inclination to keep rates at current levels absent a major inflection in growth or inflation.

U.S. Inflation



Oil Price and Inventories

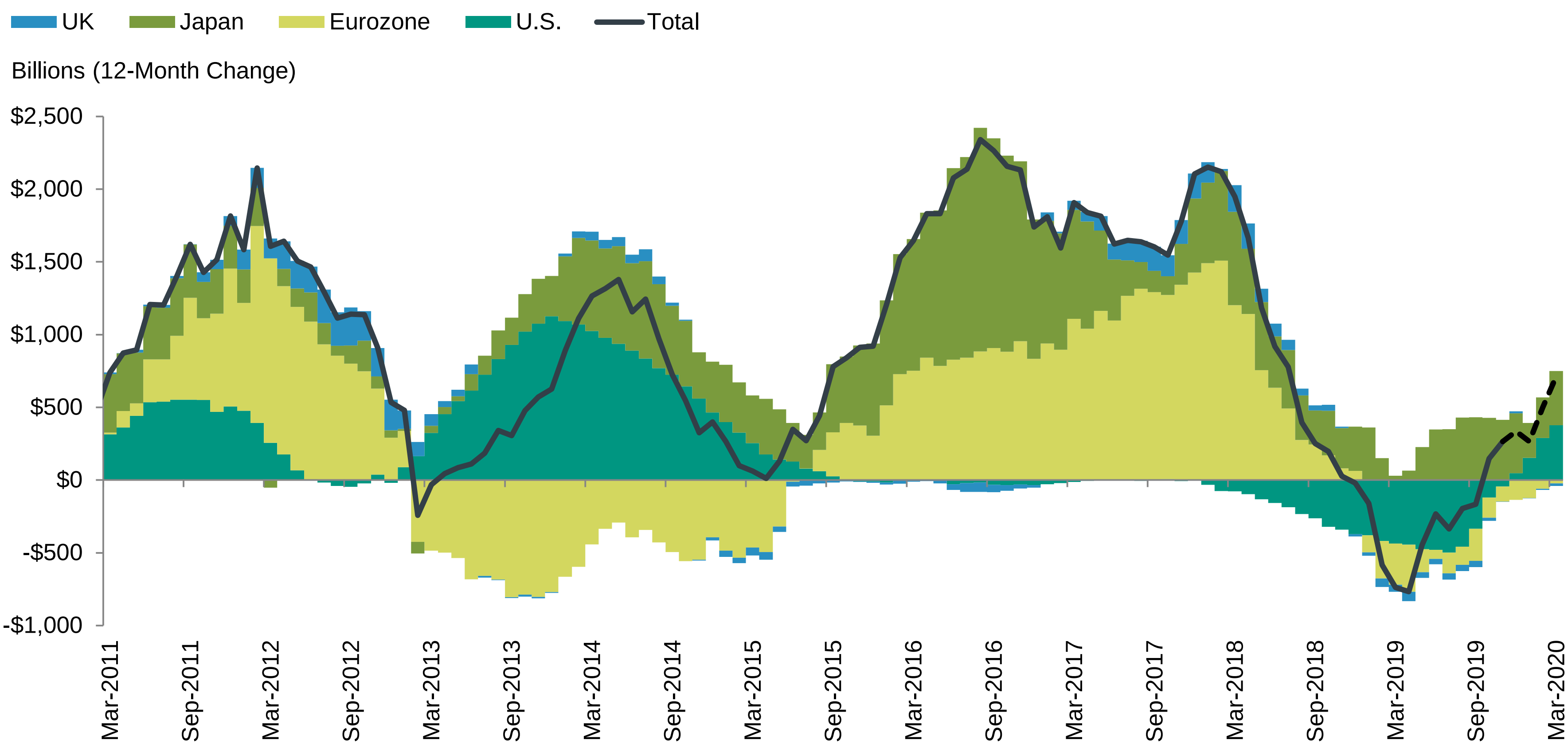


LEFT: Core CPI: Consumer Price Index excluding food and energy. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 11/30/19. **RIGHT:** Source: EIA, CME, Haver Analytics, Fidelity Investments (AART), as of 12/31/19.

Central Banks' Easing Boosts Global Liquidity Growth

After normalizing balance sheets for much of 2018, major central banks re-engaged in extraordinary monetary policy in 2019. The ECB restarted QE with 20 billion euros of monthly security purchases, and the Fed began buying $60B of Treasury bills monthly and expanded its repo operations to relieve money market stress. These actions helped boost asset prices and provide a positive liquidity environment to start 2020.

Central Bank Balance Sheets



Dotted line estimates future central bank assets: Federal Reserve to purchase $60B of Treasury bills per month in 2020 Q1, European Central Bank (ECB) to purchase €20B per month in Q1, Bank of England to maintain constant balance sheet, Bank of Japan to purchase at annualized rate of average purchases over last 12 months. Source: Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

Policy Uncertainty Abated as 2020 Approached

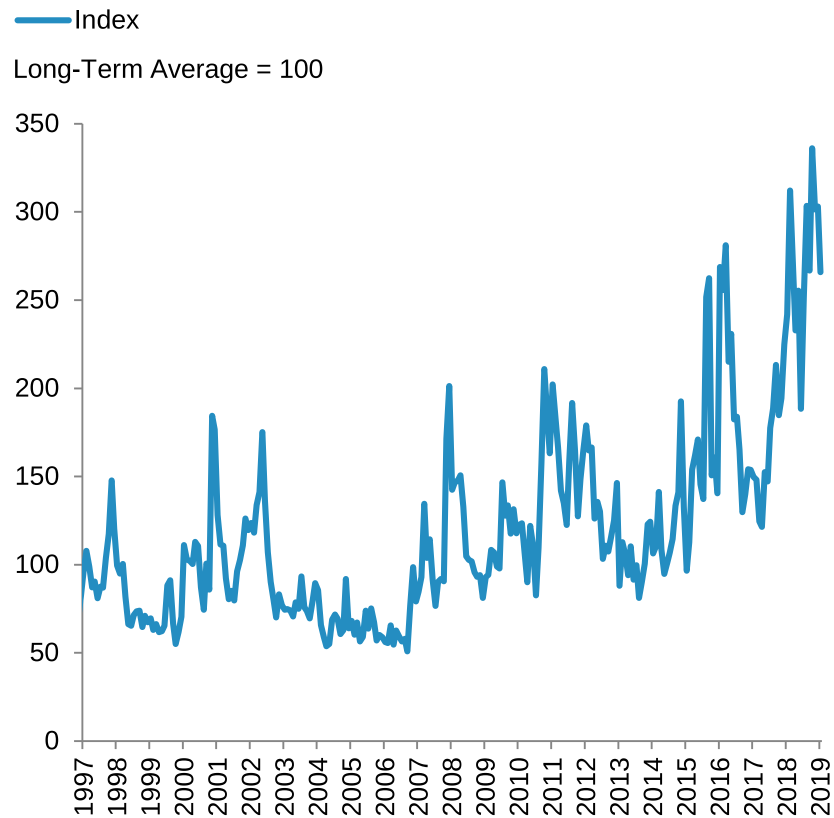
Global economic policy uncertainty rose to unprecedented levels in recent years amid an unclear outlook for monetary policies, trade conflict, Brexit, and a host of other issues. However, central banks' shift to global monetary easing and the de-escalation of the U.S.-China trade confrontation late in 2019 offered hope that uncertainty may prove less of a headwind for business confidence in 2020.

Policy Outlook Scorecard

Unfavorable Favorable Cautious

	2019	2020	Potential Trend Change
Deregulation			
Monetary Policy			
U.S. Fiscal			
ROW Fiscal			Easier policies in Japan, China, Europe?
Trade Policy			U.S.-China de-escalation continues?
U.S. Elections			Rising uncertainty?

Global Economic Policy Uncertainty

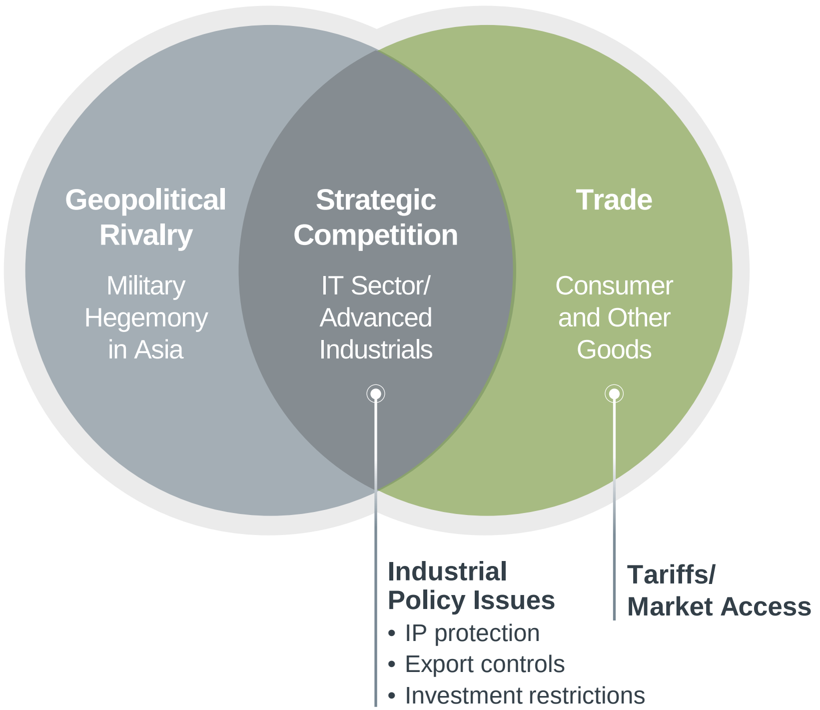


LEFT: ROW: Rest of world Source: Fidelity Investments (AART), as of 12/31/18. **RIGHT:** Source: Economic Policy Uncertainty, Fidelity Investments (AART), as of 11/30/19.

U.S.-China De-Escalation Positive but No Game Changer

The U.S. and China reportedly reached an agreement during Q4 to reduce certain U.S. tariffs, providing a tactical boost to sentiment after sustained escalation over the past two years generated a confidence headwind for businesses. However, the deepening geopolitical rivalry makes broader agreement on bilateral commercial issues less tractable, implying U.S.-China tensions remain a medium-term risk to the global trade system.

U.S.-China Relationship



Global Trade Interdependence

RIGHT: The size of the circles represents total trade. The thickness of lines represents the volume of trade flows. The size of the circle and proximity to other countries represent importance and interconnectedness. Gray circles represent other countries.
Source: International Monetary Fund, Haver Analytics, Fidelity Investments (AART), as of 12/31/15.

Outlook: Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers responsible for a variety of global asset allocation strategies, believes that, outside of the U.S., the global economy is showing signs of stabilization after several quarters of deterioration. The Board believes that any advances from here hinge on sustained improvement in corporate sentiment and the effectiveness of global monetary stimulus.

Business Cycle

U.S. firmly in late-cycle phase

China's economic slowdown has stabilized

Risks

Monetary and trade policy uncertainty

China's uncertain outlook and policy response

Asset Allocation Implications

Current environment warrants smaller asset allocation tilts and a diversified strategy

Policymakers' shift to a more accommodative stance may support global asset markets

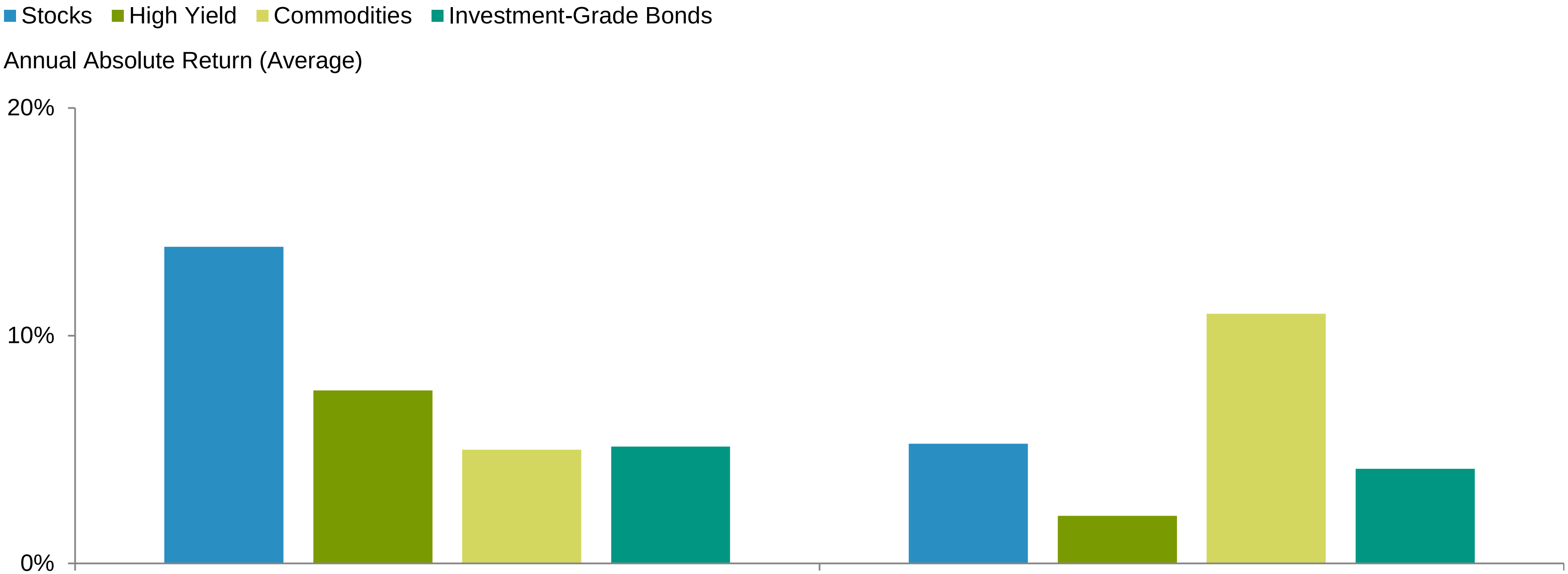
Non-U.S. equities and inflation-sensitive assets are attractive from valuation and diversification perspectives

 For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 12/31/19.

Late Cycle: Less Favorable Risk-Return Profile

Typically, the mid-cycle phase favors riskier asset classes, resulting historically in broad-based gains across most asset categories. Meanwhile, late cycle has produced the most mixed performance results of any business-cycle phase. Another frequent feature of the late cycle has been an overall more limited upside for a diversified portfolio, although returns for most asset categories have, on average, been positive.

Asset Class Performance in Mid- and Late-Cycle Phases (1950–2016)



Mid Cycle: Strong Asset Class Performance

- Favor economically sensitive assets
- Broad-based gains

Late Cycle: Mixed Asset Class Performance

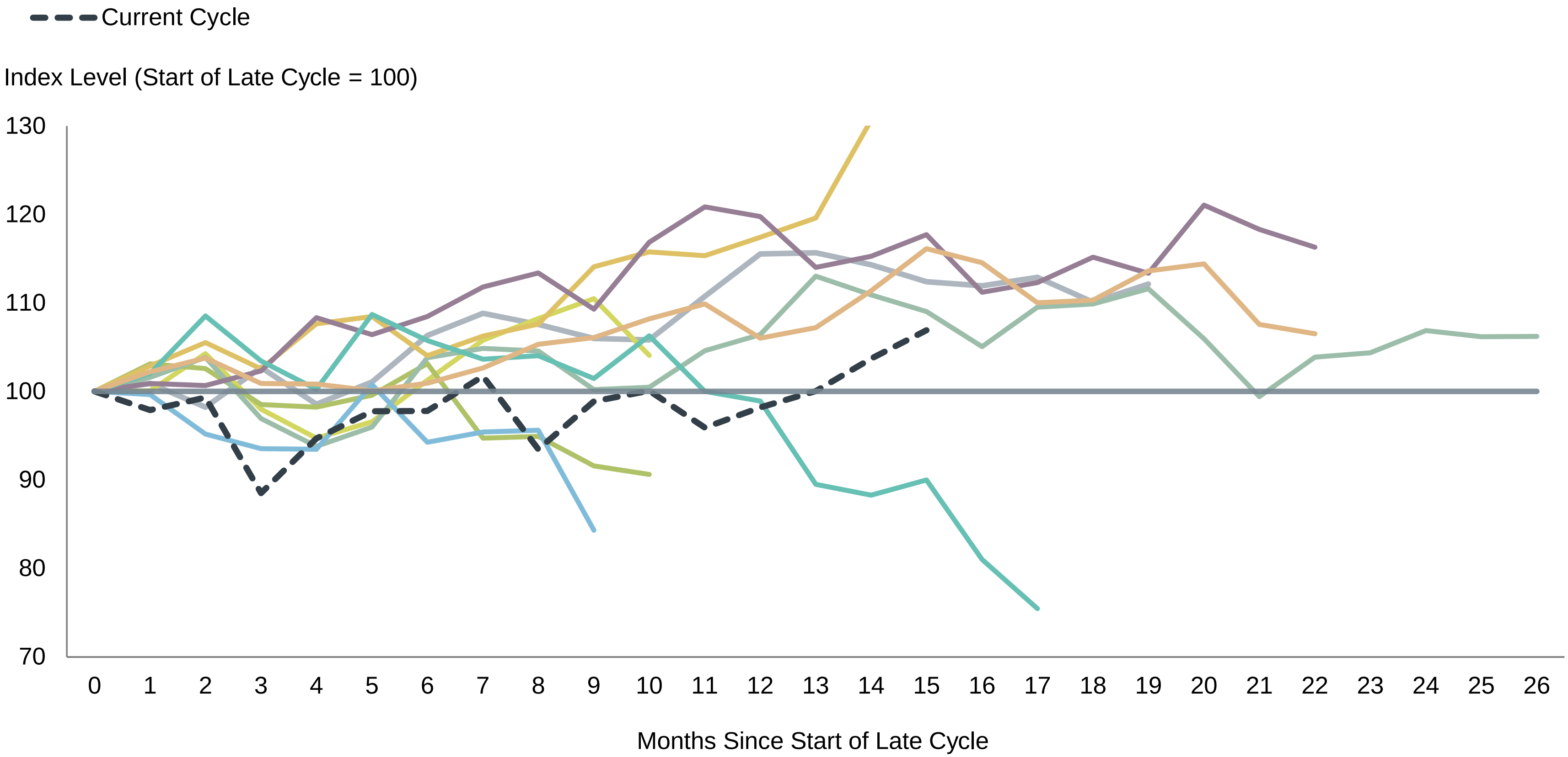
- Favor inflation-resistant assets
- Gains more muted

Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg Barclays. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance.

Stock Performance Less Consistent During Late Cycle

Historically, U.S. stocks have outperformed bonds during the late-cycle phase. However, performance patterns in late cycle have tended to be more mixed than during other cycle phases. From late-cycle starts since 1950, stocks have fallen about one-third of the time. Since October 2018—the month we believe the U.S. entered the late-cycle phase—U.S. stocks have outperformed bonds, albeit with significantly greater volatility.

U.S. Equity Less IG Debt Cumulative Performance in Late Cycle (1950–2019)



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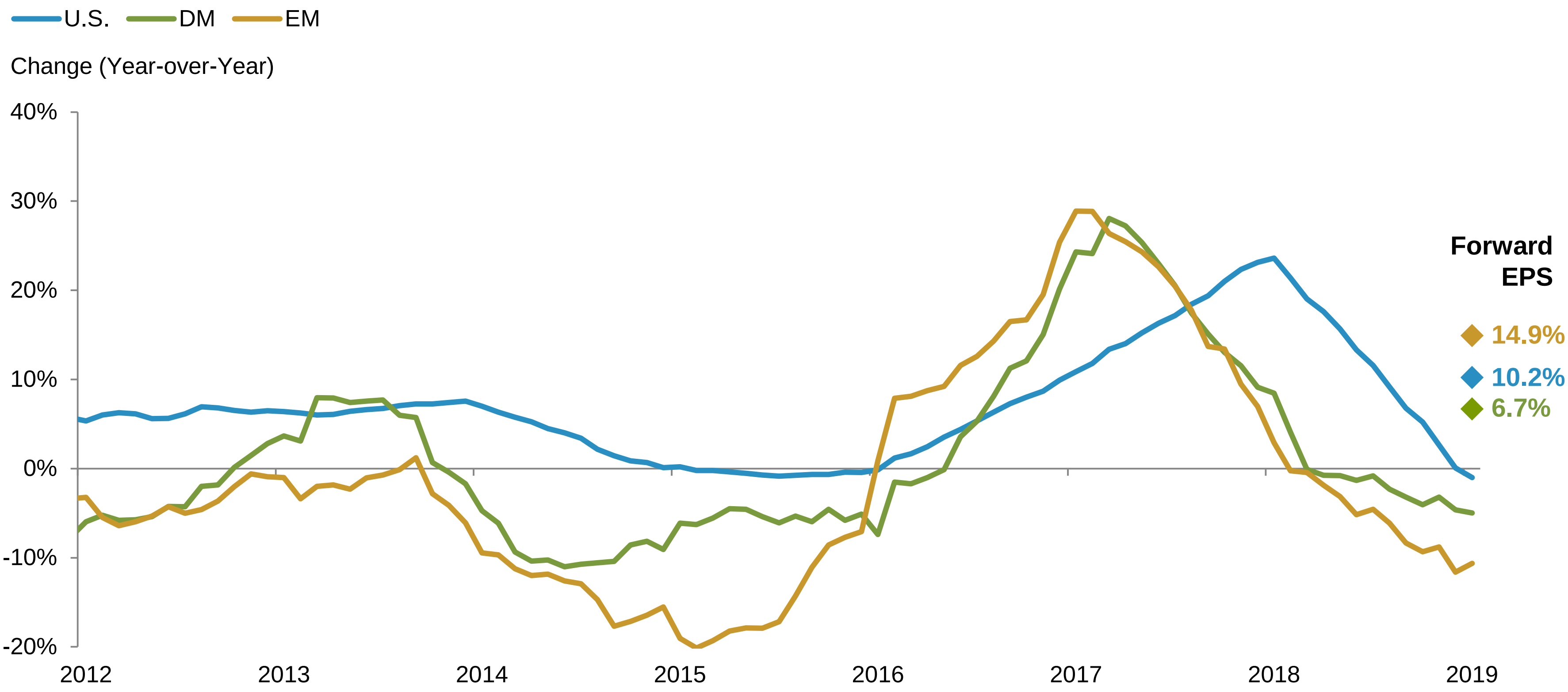
Expectations for a Reacceleration in Global Earnings

Earnings growth across all regions finished the year on a weak note. U.S profit growth continued to slow following the tax-reform boost in 2018, while non-U.S. earnings growth spent the entire year of 2019 in negative territory. Forward estimates point to market expectations for a significant recovery in earnings growth in 2020, which may be difficult to achieve absent a sustained reacceleration of global growth.

Global EPS Growth (Trailing 12 Months)

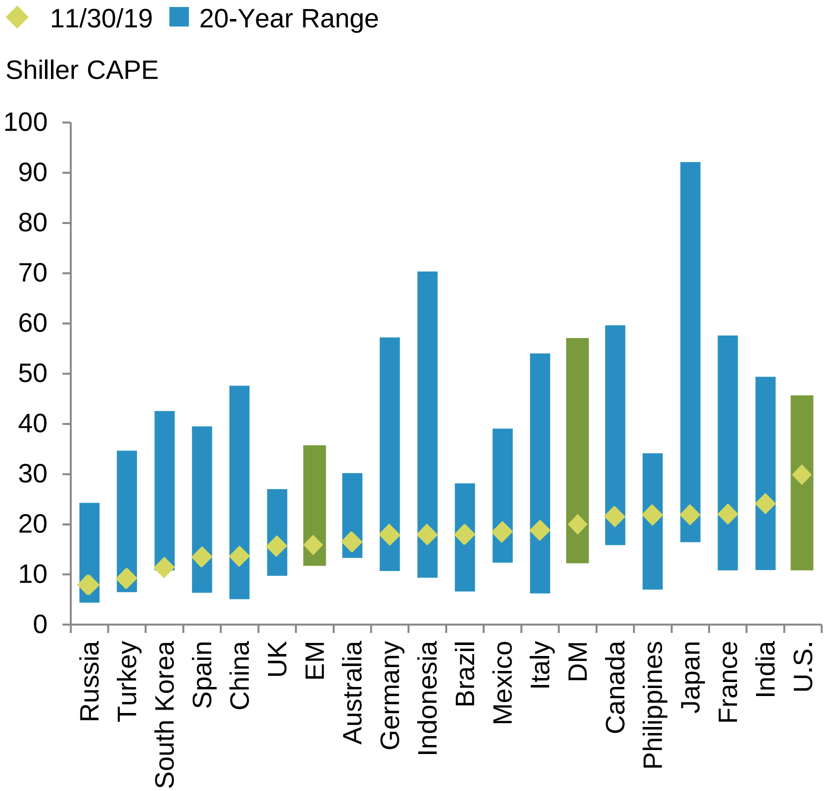


Past performance is no guarantee of future results. DM: Developed Markets. EM: Emerging Markets. EPS: Earnings per share. Forward EPS: Next 12 months expectations. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.

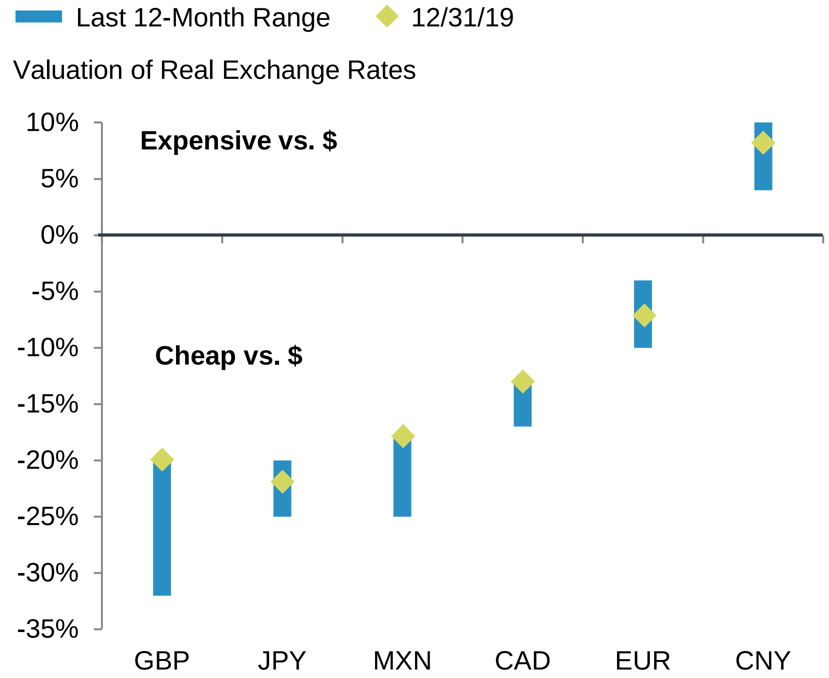
Non-U.S. Equity and Currency Valuations Remain Attractive

CAPE (cyclically adjusted P/E) ratios for international developed- and emerging-market equities remained below those for the U.S., providing a relatively favorable long-term valuation backdrop for non-U.S. stocks. In Q4, the U.S. dollar generally depreciated against many of the world's major currencies; nevertheless, U.S. dollar valuations still remain relatively expensive overall.

Cyclically Adjusted P/Es



Valuation of Major Currencies vs. USD

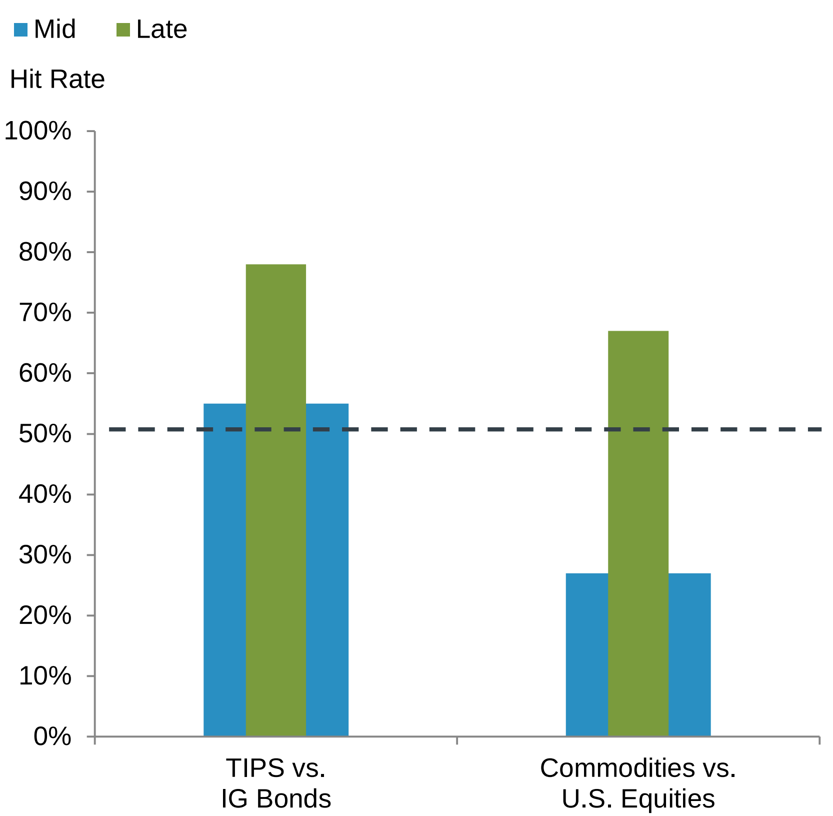


DM: Developed Markets. EM: Emerging Markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. **LEFT:** Price-to-earnings (P/E) ratio (or multiple): stock price divided by earnings per share, which indicates how much investors are paying for a company's power. Cyclically adjusted earnings are 10-year averages adjusted for inflation. Source: FactSet, countries' statistical organizations, Haver Analytics, Fidelity Investments (AART), as of 11/30/19.
RIGHT: GBP—British pound; JPY—Japanese yen; MXN—Mexican peso; CAD—Canadian dollar; EUR—euro; CNY—Chinese yuan.
Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 12/31/19.

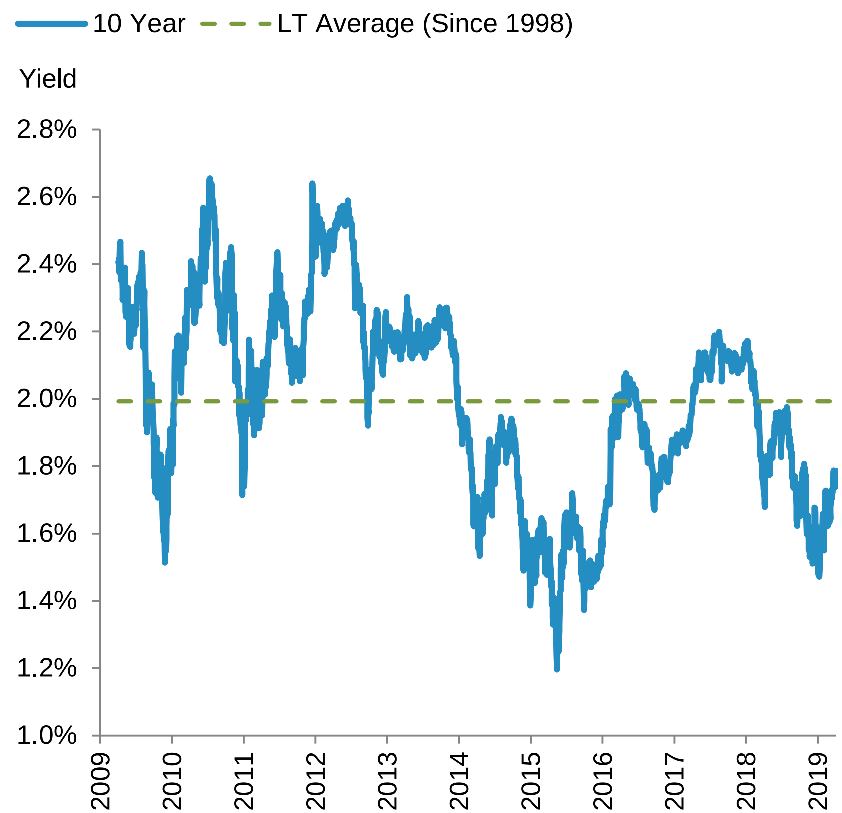
Muted Inflation Expectations Relative to Recent History

Historically, the late cycle has often experienced rising inflation pressure, which has tended to enhance the attractiveness of inflation-sensitive assets such as TIPS and commodities. Our near-term outlook for core inflation is relatively range-bound, but market expectations for inflation (represented by TIPS' breakeven rates) are at the lower end of their decade-long range, suggesting inflation protection is relatively inexpensive.

Relative Asset Performance by Cycle Phase (1950–2016)



U.S. Treasury Breakeven Inflation Rates



Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged.
TIPS: Treasury Inflation-Protected Securities. Hit Rate: frequency of one asset class outperforming another. Results are the difference between total returns of the respective periods represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg Barclays.
Fidelity Investments source: proprietary analysis of historical asset class performance, which is not indicative of future performance, as of 12/31/19.

Business-Cycle Approach to Equity Sectors

A disciplined business-cycle approach to sector allocation seeks to generate active returns by favoring industries that may benefit from cyclical trends. Economically sensitive sectors historically have performed better in the early and mid-cycle phases of an economic expansion. Meanwhile, companies in defensive and more inflation-sensitive sectors have tended to outperform late in the cycle.

Business-Cycle Approach to Sectors

Sector	EARLY CYCLE Rebounds	MID CYCLE Peaks	LATE CYCLE Moderates	RECESSION Contracts
Financials	+			
Real Estate	++			--
Consumer Discretionary	++	-	--	
Information Technology	+	+	--	--
Industrials	++			--
Materials	+	--	++	
Consumer Staples			++	++
Health Care	--		++	++
Energy	--		++	
Communication Services		+		-
Utilities	--	-	+	++
	Economically sensitive sectors may tend to outperform, while more defensive sectors have tended to underperform.	Making marginal portfolio allocation changes to manage drawdown risk with sectors may enhance risk-adjusted returns during this cycle.	Defensive and inflation-resistant sectors tend to perform better, while more cyclical sectors underperform.	Since performance is generally negative in recessions, investors should focus on the most defensive, historically stable sectors.

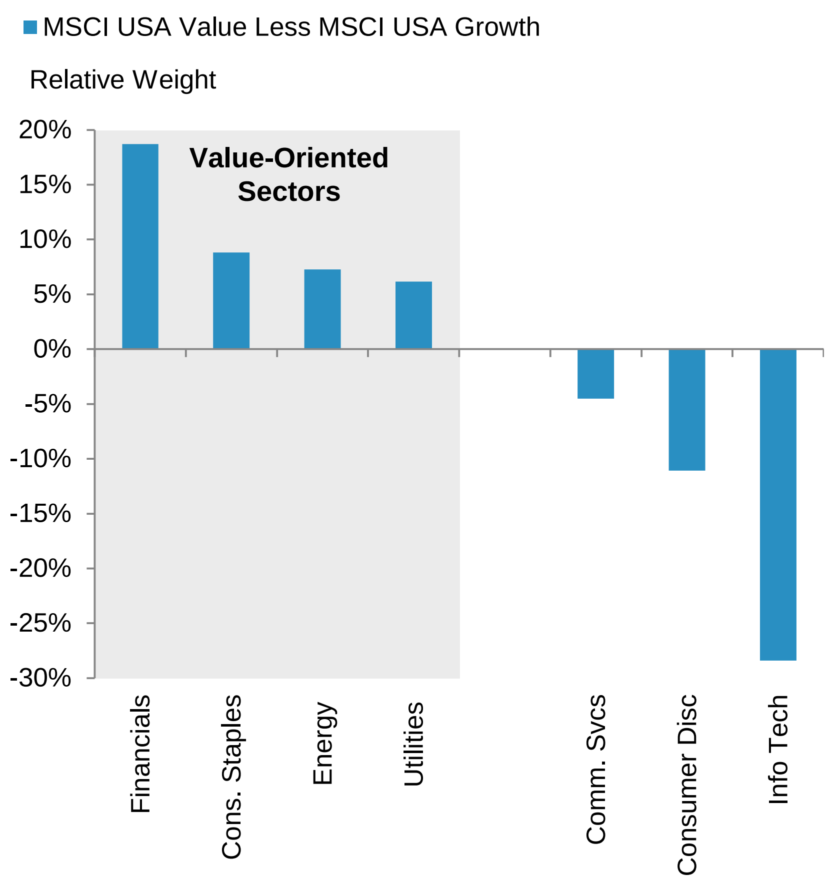
Past performance is no guarantee of future results. Sectors as defined by GICS. White line is a theoretical representation of the business cycle as it moves through early, mid, late, and recession phases. Green and red shaded portions above respectively represent over- or underperformance relative to the broader market; unshaded (white) portions suggest no clear pattern of over- or underperformance. Double +/– signs indicate that the sector is showing a consistent signal across all three metrics: full-phase average performance, median monthly difference, and cycle hit rate. A single +/– indicates a mixed or less consistent signal. Return data from 1962 to 2016. Source: Fidelity Investments (AART), as of 12/31/19.

Equity Styles: Value Starting to Look Attractive

Growth outperformed value stocks over the past decade by 3.5 percentage points on an annualized basis. The growth-value relative performance was highly correlated with commodity prices, which may have stopped declining amid a stabilizing global economy. Equity sectors with a high concentration of value stocks, including financials and energy, could benefit in such an environment.

Equity Styles and Commodities

Relative Equity Sector Weights by Style Index

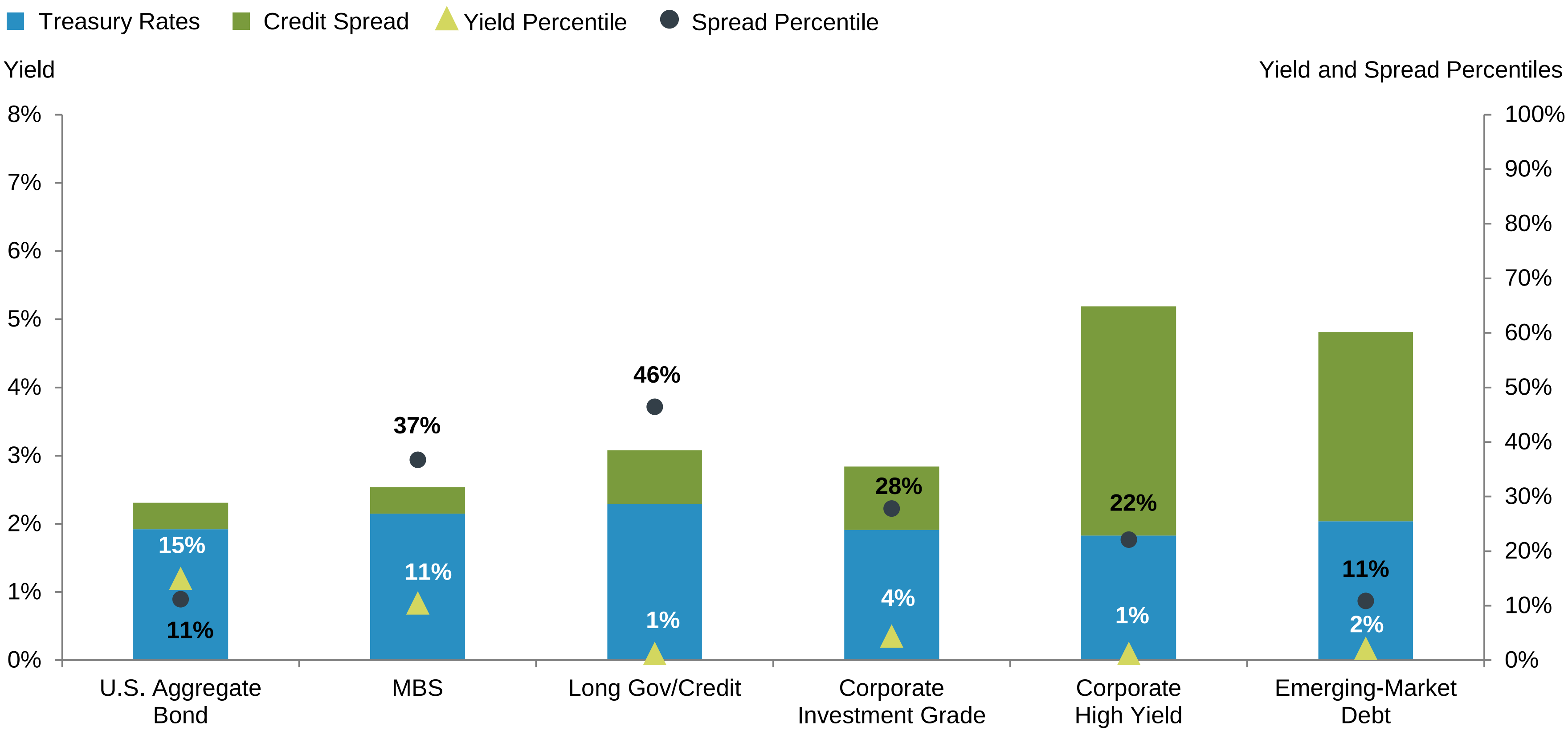


Past performance is no guarantee of future results. **LEFT:** Value: MSCI USA Value Index; Growth: MSCI USA Growth Index; Raw Industrials: CRB Raw Industrials Index. Source: Commodity Research Bureau, MSCI, Haver Analytics, Fidelity Investments (AART), as of 12/31/19.

Tightening Spreads Pushed Bond Valuations Higher

During Q4, risk-on sentiment contributed to modestly higher Treasury rates—but even tighter credit spreads across most bond categories. As a result of accommodative global central banks and benign credit conditions, bond yields generally remain in their lowest decile relative to history, and credit spreads in most categories are generally well below their long-term averages.

Fixed Income Yields and Spreads (1993–2019)



Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Percentile ranks of yields and spreads based on historical period from 1993 to 2019. MBS: mortgage-backed securities. Source: Bloomberg Barclays, Bank of America Merrill Lynch, JP Morgan, Fidelity Investments (AART), as of 12/31/19.

Appendix: Important Information

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy or sell any securities. Views expressed are as of the date indicated, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the authors and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

Information provided in this document is for informational and educational purposes only. To the extent any investment information in this material is deemed to be a recommendation, it is not meant to be impartial investment advice or advice in a fiduciary capacity and is not intended to be used as a primary basis for you or your client's investment decisions. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in them, and receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. Nothing in this content should be considered to be legal or tax advice, and you are encouraged to consult your own lawyer, accountant, or other advisor before making any financial decision. These materials are provided for informational purposes only and should not be used or construed as a recommendation of any security, sector, or investment strategy.

Fidelity does not provide legal or tax advice and the information provided herein is general in nature and should not be considered legal or tax advice. Consult with an attorney or a tax professional regarding your specific legal or tax situation.

Past performance and dividend rates are historical and do not guarantee future results.

Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, and other expenses, which would reduce performance.

Indexes are unmanaged. It is not possible to invest directly in an index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall, and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments.

Additionally, bonds and short-term investments entail greater inflation risk—or the risk that the return of an investment will not keep up with increases in the prices of goods and services—than stocks. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease.

Stock markets, especially non-U.S. markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

The securities of smaller, less well-known companies can be more volatile than those of larger companies.

Growth stocks can perform differently from the market as a whole and from other types of stocks, and can be more volatile than other types of stocks. Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time.

Lower-quality debt securities generally offer higher yields but also involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

Floating rate loans generally are subject to restrictions on resale, and sometimes trade infrequently in the secondary market; as a result, they may be more difficult to value, buy, or sell. A floating rate loan may not be fully collateralized and therefore may decline significantly in value.

The municipal market can be affected by adverse tax, legislative, or political changes, and by the financial condition of the issuers of municipal securities. Interest income generated by municipal bonds is generally expected to be exempt from federal income taxes and, if the bonds are held by an investor resident in the state of issuance, from state and local income taxes. Such interest income may be subject to federal and/or state alternative minimum taxes. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets. Generally, tax-exempt municipal securities are not appropriate holdings for tax-advantaged accounts such as IRAs and 401(k)s.

The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

The gold industry can be significantly affected by international monetary and political developments, such as currency devaluations or revaluations, central bank movements, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries.

Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

Leverage can magnify the impact that adverse issuer, political, regulatory, market, or economic developments have on a company. In the event of bankruptcy, a company's creditors take precedence over the company's stockholders.

Appendix: Important Information

Market Indexes

Index returns on slide 27 represented by: Growth—Russell 3000® Growth Index; Large Caps—S&P 500® index; Mid Caps—Russell Midcap® Index; Small Caps—Russell 2000® Index; Value—Russell 3000® Value Index; ACWI ex USA—MSCI All Country World Index (ACWI); Canada—MSCI Canada Index; Commodities—Bloomberg Commodity Index; EAFE—MSCI EAFE (Europe, Australasia, Far East) Index; EAFE Small Cap—MSCI EAFE Small Cap Index; EM Asia—MSCI Emerging Markets Asia Index; EMEA (Europe, Middle East, and Africa)—MSCI EM EMEA Index; Emerging Markets (EM)—MSCI EM Index; Europe—MSCI Europe Index; Gold—Gold Bullion Price, LBMA PM Fix; Japan—MSCI Japan Index; Latin America—MSCI EM Latin America Index; ABS (Asset-Backed Securities)—Bloomberg Barclays ABS Index; Agency—Bloomberg Barclays U.S. Agency Index; Aggregate—Bloomberg Barclays U.S. Aggregate Bond Index; CMBS (Commercial Mortgage-Backed Securities)—Bloomberg Barclays Investment-Grade CMBS Index; Credit—Bloomberg Barclays U.S. Credit Bond Index; EM Debt (Emerging-Market Debt)—JP Morgan EMBI Global Index; High Yield—ICE BofAML U.S. High Yield Index; Leveraged Loan—S&P/LSTA Leveraged Loan Index; Long Government & Credit (Investment-Grade)—Bloomberg Barclays Long Government & Credit Index; MBS (Mortgage-Backed Securities)—Bloomberg Barclays MBS Index; Municipal—Bloomberg Barclays Municipal Bond Index; TIPS (Treasury Inflation-Protected Securities)—Bloomberg Barclays U.S. TIPS Index; Treasuries—Bloomberg Barclays U.S. Treasury Index; Low Volatility—Fidelity U.S. Low Volatility Factor Index; Value—Fidelity U.S. Value Factor Index; Quality—Fidelity U.S. Quality Factor Index; Size—Fidelity Small-Mid Factor Index; Momentum—Fidelity U.S. Momentum Factor Index TR; Yield—Fidelity High Dividend Index.

Bloomberg Barclays ABS Index is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing.

Bloomberg Barclays CMBS Index is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch, respectively, with maturities of at least one year. **Bloomberg Barclays Long U.S. Government Credit Index** includes all publicly issued U.S. government and corporate securities that have a remaining maturity of 10 or more years, are rated investment-grade, and have $250 million or more of outstanding face value.

Bloomberg Barclays Municipal Bond Index is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more. **Bloomberg Barclays U.S. Agency Bond Index** is a market value-weighted index of U.S. Agency government and investment-grade corporate fixed-rate debt issues. **Bloomberg Barclays U.S. Aggregate Bond** is a broad-based, market value-weighted benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Credit Bond Index** is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays U.S. MBS Index is a market value-weighted index of fixed-rate securities that represent interests in pools of mortgage loans, including balloon mortgages, with original terms of 15 and 30 years that are issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corp. (FHLMC).

Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L) is a market value-weighted index that measures the performance of inflation-protected securities issued by the U.S. Treasury. **Bloomberg Barclays U.S. Treasury Bond Index** is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more. **Bloomberg Commodity Index** measures the performance of the commodities market. It consists of exchange traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.

Dow Jones U.S. Total Stock Market Index℠ is a full market capitalization-weighted index of all equity securities of U.S.-headquartered companies with readily available price data.

Fidelity U.S. Low Volatility Factor Index is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies with lower volatility than the broader market. **Fidelity U.S. Value Factor Index** is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies that have attractive valuations. **Fidelity U.S. Quality Factor Index** is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies with a higher quality profile than the broader market. **Fidelity Small-Mid Factor Index** is designed to reflect the performance of stocks of small and mid-capitalization U.S. companies with attractive valuations, high quality profiles, positive momentum signals, and lower volatility than the broader market. **Fidelity U.S. Momentum Factor Index** is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies that exhibit positive momentum signals. **Fidelity High Dividend Index** is designed to reflect the performance of stocks of large and mid-capitalization dividend-paying companies that are expected to continue to pay and grow their dividends.

FTSE® National Association of Real Estate Investment Trusts (NAREIT®) All REITs Index is a market capitalization-weighted index that is designed to measure the performance of all tax-qualified REITs listed on the NYSE, the American Stock Exchange, or the NASDAQ National Market List. **FTSE® NAREIT® Equity REIT** Index is an unmanaged market value-weighted index based on the last closing price of the month for tax-qualified REITs listed on the New York Stock Exchange (NYSE).

ICE BofAML U.S. High Yield Index is a market capitalization-weighted index of U.S. dollar-denominated, below-investment-grade corporate debt publicly issued in the U.S. market.

JPM® EMBI Global Index, and its country sub-indexes, tracks total returns for the U.S. dollar-denominated debt instruments issued by emerging-market sovereign and quasi-sovereign entities, such as Brady bonds, loans, and Eurobonds.

MSCI All Country World Index (ACWI) is a market capitalization-weighted index designed to measure the investable equity market performance for global investors of developed and emerging markets. **MSCI ACWI (All Country World Index) ex USA Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors of large and mid cap stocks in developed and emerging markets, excluding the United States.

Appendix: Important Information

Market Indexes (continued)

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in emerging markets. **MSCI EM Asia Index** is a market capitalization-weighted index designed to measure equity market performance of EM countries of Asia. **MSCI EM Europe, Middle East, and Africa Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in the EM countries of Europe, the Middle East, and Africa. **MSCI EM Latin America Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in Latin America.

MSCI Europe, Australasia, Far East Index (EAFE) is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in developed markets, excluding the U.S. and Canada. **MSCI EAFE Small Cap Index** is a market capitalization-weighted index designed to measure the investable equity market performance of small cap stocks for global investors in developed markets, excluding the U.S. and Canada.

MSCI USA Index is a market capitalization-weighted index designed to measure the performance of the large- and mid-cap segments of the U.S. equity market. **MSCI USA Value Index** is a market capitalization-weighted index designed to measure the performance of the large- and mid-cap segments of the U.S. equity market exhibiting overall value style characteristics. **MSCI USA Growth Index** is a market capitalization-weighted index designed to measure the performance of the large- and mid-cap segments of the U.S. equity market exhibiting overall growth style characteristics.

MSCI Europe Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors of the developed markets in Europe. **MSCI Canada Index** is a market capitalization-weighted index designed to measure equity market performance in Canada. **MSCI Japan Index** is a market capitalization-weighted index designed to measure equity market performance in Japan.

Russell 2000® Index is a market capitalization-weighted index designed to measure the performance of the small cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index. **Russell 3000® Index** is a market capitalization-weighted index designed to measure the performance of the 3,000 largest companies in the U.S. equity market. **Russell 3000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates. **Russell 3000 Value Index** is a market capitalization-weighted index designed to measure the performance of the small to mid cap value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates. **Russell Midcap® Index** is a market capitalization-weighted index designed to measure the performance of the mid cap segment of the U.S. equity market. It contains approximately 800 of the smallest securities in the Russell 1000 Index.

S&P 500® is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. S&P 500 is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates.

Sectors and **Industries** are defined by Global Industry Classification Standards (GICS®), except where noted otherwise. **S&P 500 sectors** are defined as follows: Consumer Discretionary—companies that tend to be the most sensitive to economic cycles. Consumer Staples—companies whose businesses are less sensitive to economic cycles. Energy—companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials—companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and mortgage real estate investment trusts (REITs). Health Care—companies in two main industry groups: health care equipment suppliers, manufacturers, and providers of health care services; and companies involved in research, development, production, and marketing of pharmaceuticals and biotechnology products. Industrials—companies that manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. Information Technology— companies in technology software and services and technology hardware and equipment. Materials—companies that engage in a wide range of commodity-related manufacturing. Real Estate—companies in real estate development, operations, and related services, as well as equity REITs. Communication Services—companies that facilitate communication and offer related content through various media; it includes media companies moved from Consumer Discretionary and internet services companies moved from Information Technology. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

Standard & Poor's/Loan Syndications and Trading Association (S&P/LSTA) Leveraged Performing Loan Index is a market value-weighted index designed to represent the performance of U.S. dollar-denominated institutional leveraged performing loan portfolios (excluding loans in payment default) using current market weightings, spreads, and interest payments.

Other Indexes

Commodity Research Bureau (CRB) Raw Industrials Index is a sub-index of 13 markets: burlap, copper scrap, cotton, hides, lead scrap, print cloth, rosin, rubber, steel scrap, tallow, tin, wool tops, and zinc.

Consumer Price Index (CPI) is a monthly inflation indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

London Bullion Market Association (LBMA) publishes the international benchmark price of gold in USD, twice daily. **LBMA Gold price** auction takes place by ICE Benchmark Administration (IBA) at 10:30 and 15:00 with the price set in USD per fine troy ounce.

Appendix: Important Information

Definitions

Correlation coefficient measures the interdependencies of two random variables that range in value from −1 to +1, indicating perfect negative correlation at −1, absence of correlation at 0, and perfect positive correlation at +1.

Price-to-Earnings (P/E) ratio is the ratio of a company's current share price to its current earnings, typically trailing 12-months earnings per share. A Forward P/E calculation will typically use an average of analysts' published estimates of earnings for the next 12 months in the denominator.

Excess return is the amount by which a portfolio's performance exceeds its benchmark,
net (in the case of the analysis in this article) or gross of operating expenses, in percentage points.

Option-Adjusted Spread (OAS) is the measurement of the spread between a fixed-income security's rate and the risk-free rate of return, which is adjusted to take into account any embedded options.

The Chartered Financial Analyst® (CFA®) designation is offered by CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least four years of qualifying work experience, among other requirements.

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