Commentary | First Quarter 2021

Quarterly Market Update

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Fidelity INVESTMENTS

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Market Summary

Tumultuous 2020 Ended with More Hopeful Expectations

Despite the recent U.S. surge in COVID-19 cases, financial markets continued to recover from pandemic- and recession-related declines experienced in the first half of the year. The cyclical outlook for most economies is constructive amid maturing recoveries, supportive policies, and vaccine-assisted reopenings on the horizon. Lofty asset valuations, combined with policy and inflation uncertainty, may keep volatility elevated in 2021.

	MACRO	ASSET MARKETS
Q4 2020	• Global economic recovery continued, with some moderation amid rise in virus cases.	• Big gains for riskier asset prices, including a shift toward reflationary leadership.
OUTLOOK	• Most major countries' recoveries should broaden into expansions as vaccine-related full reopening occurs. • Near-term headwinds from the recent spike in virus cases are unlikely to cause a double-dip recession. • China's economy remains a bit ahead of the rest of the world, underpinned by strength in global manufacturing activity. • Monetary policy remains extraordinarily supportive of liquidity and financial conditions. • Fiscal policy is likely to become even more stimulative and supportive of inflation.	• Policy decisions and their impact on real interest rates are likely to have an increasingly large influence on asset returns. • Buoyant asset valuations reflect positive expectations built into asset prices. • Market volatility may return as expectations adjust to the post-pandemic landscape. • Potential shifts in long-term trends, including the possibility of a more inflationary backdrop, also loom. • Cyclical outlook remains constructive, but portfolio diversification is as important as ever.

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

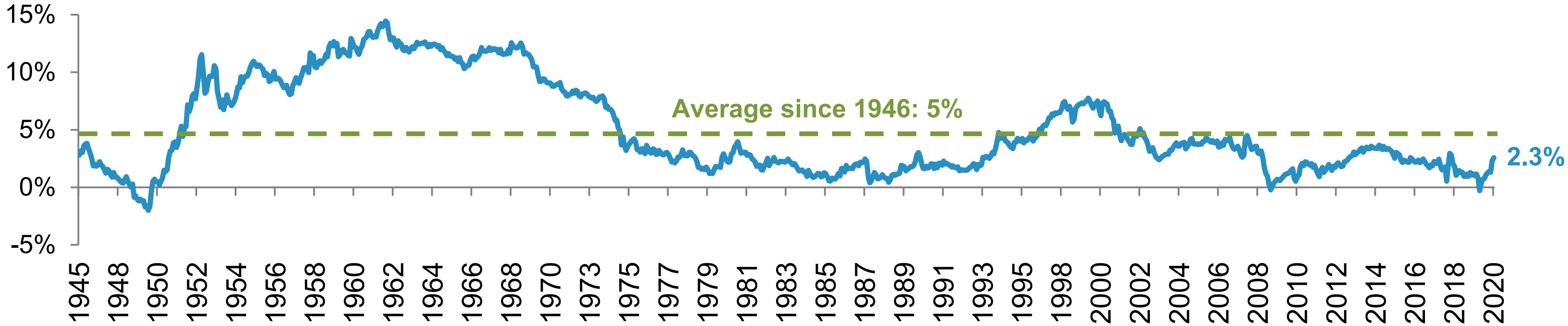
Q4 Stock Rally Accentuated Strong Year for Asset Returns

A reflation rally powered riskier assets to strong gains in Q4, with small cap and non-U.S. equities leading the way. For the year, the sharp second-half recovery led to above-average, double-digit returns for U.S. and emerging-market stocks. Safer assets also prospered, as gold and long-duration bonds benefited from monetary stimulus and a drop in real yields, and all bond categories generated solid returns.

	Q4 2020 (%)	1 Year (%)		Q4 2020 (%)	1 Year (%)
Gold	0.7	25.1	U.S. Corporate Bonds	2.8	9.4
U.S. Small Cap Stocks	31.4	20.0	Non-U.S. Developed-Country Stocks	16.0	7.8
U.S. Large Cap Stocks	12.1	18.4	Investment Grade Bonds	0.7	7.5
Emerging-Market Stocks	19.7	18.3	High Yield Bonds	6.5	6.2
U.S. Mid Cap Stocks	19.9	17.1	Emerging-Market Bonds	5.5	5.9
Long Government & Credit Bonds	1.7	16.1	Commodities	10.2	-3.1
Non-U.S. Small Cap Stocks	17.3	12.3	Real Estate Stocks	11.6	-8.0

20-Year U.S. Stock Returns Minus IG Bond Returns since 1946

Annualized Return Difference (%)

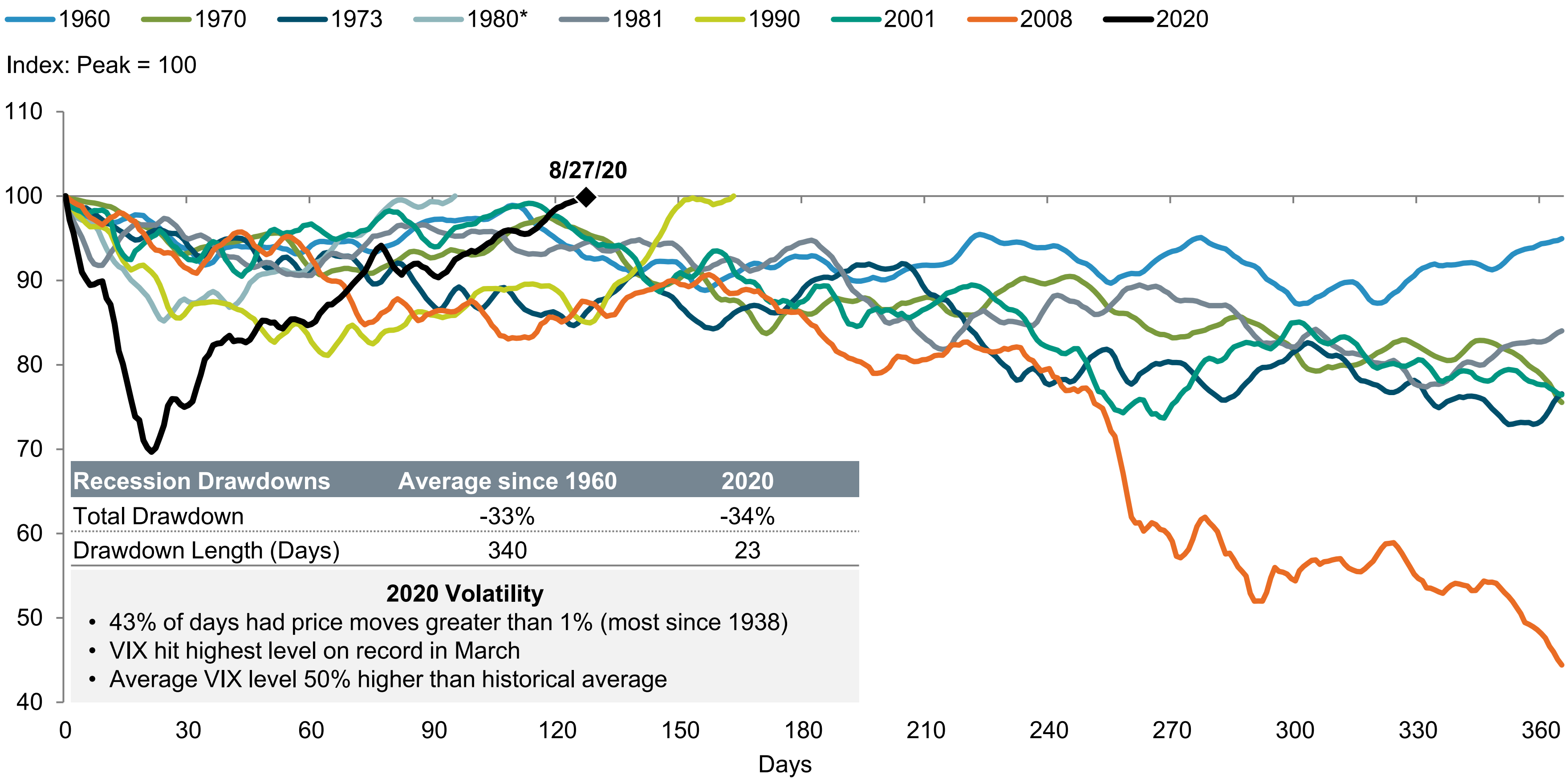


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Assets represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Bonds—JP Morgan EMBI Global Index; Emerging-Market Stocks—MSCI EM Index; Gold—Gold Bullion, LBMA PM Fix; High-Yield Bonds—ICE BofA 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®; 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 12/31/20.

Historic Market Volatility in 2020

By several measures, U.S. stock prices experienced one of the most volatile years in history. Compared with other recessionary sell-offs in recent decades, 2020 marked the swiftest drop as well as the quickest, sharpest bounce back to prior peak. The entire year was characterized by large, frequent daily price swings in both directions, and implied volatility remained elevated throughout.

U.S. Stock Market Drawdowns during Recessions (1960–2020)



Recession Drawdowns	Average since 1960	2020
Total Drawdown	-33%	-34%
Drawdown Length (Days)	340	23

2020 Volatility

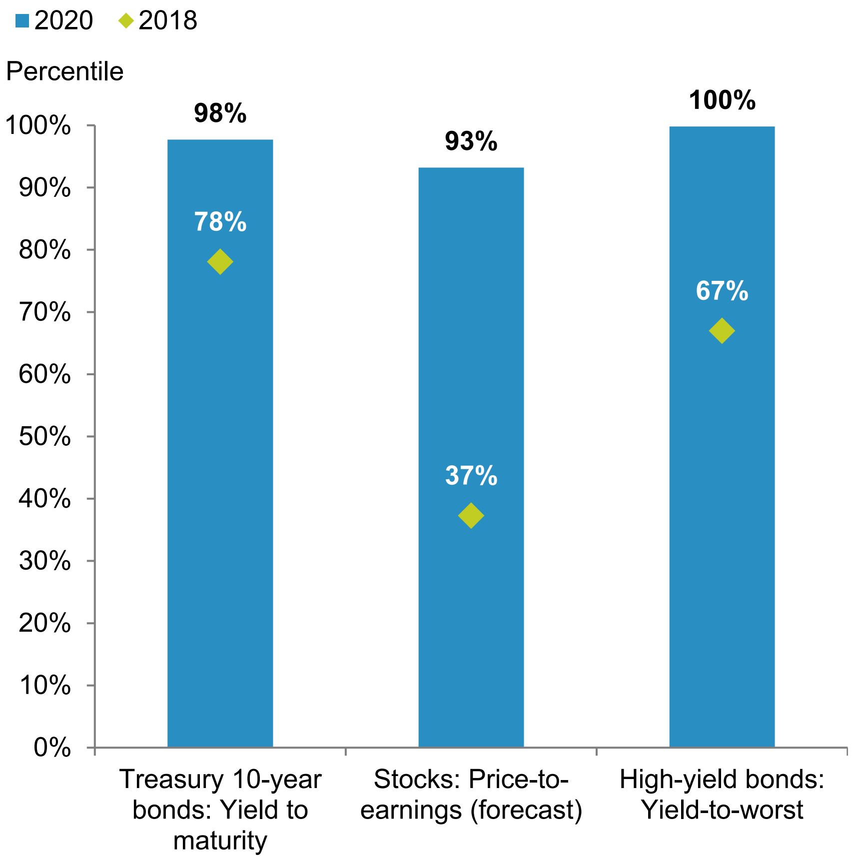
- 43% of days had price moves greater than 1% (most since 1938)
- VIX hit highest level on record in March
- Average VIX level 50% higher than historical average

* Since the 1973 peak is not regained until after the 1980 recession, the 1980 line starts at its near-term high on 2/20/80. Index: S&P 500®. Lines represent a 5-day moving average, table uses daily values, and 1973 recession not included in average for return to peak. All indexes are unmanaged. You cannot invest directly in an index. **Past performance is no guarantee of future results**. Source: Standard & Poor's, Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/20.

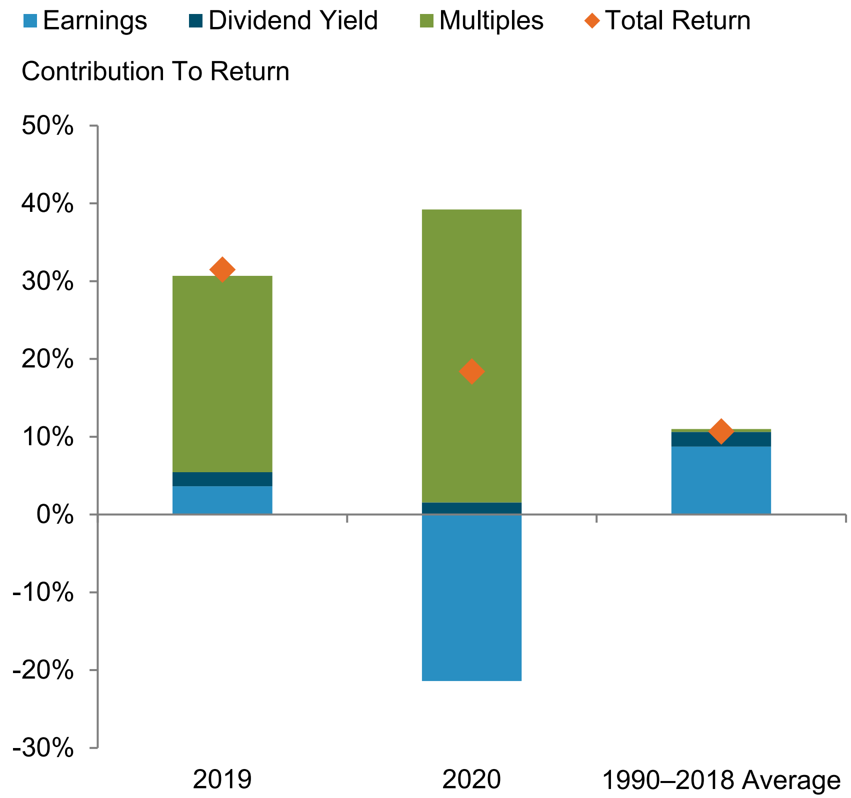
Lofty U.S. Asset Valuations Reflect High Expectations

A bullish reversal in market sentiment in the second half of 2020, combined with easy monetary policies, catalyzed a sizable rise in asset valuations across most major categories. These valuations—from high price-to-earnings (P/E) ratios for stocks to low Treasury bond yields—are among the most extreme on record. After two straight years of valuation-driven stock rallies, a strong earnings recovery could be critical to the outlook.

Valuations of U.S. Assets (1989–2020)



Decomposition of S&P 500 Total Return

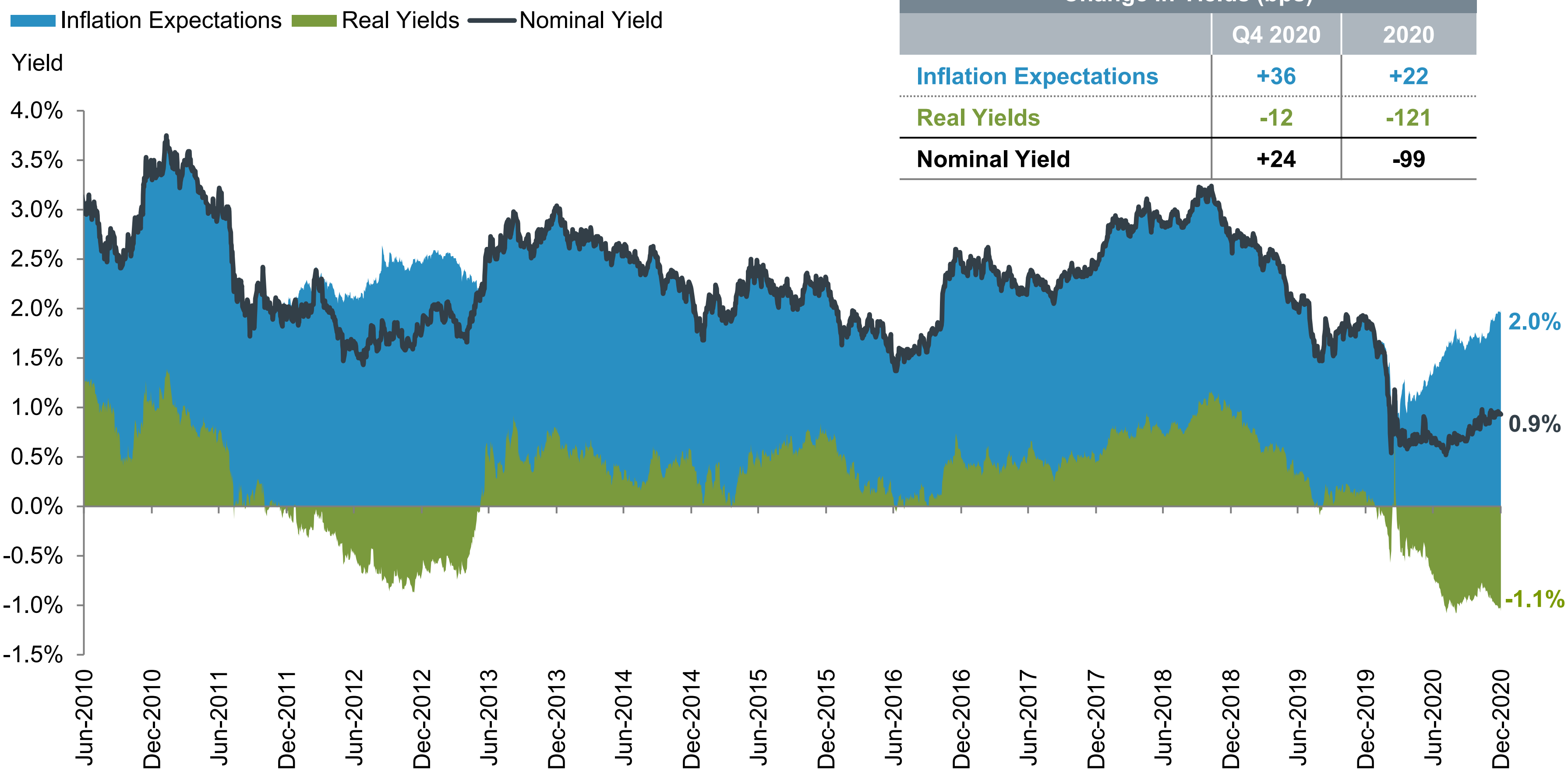


LEFT: Stocks are S&P 500 Index; High-yield bonds are Bloomberg Barclays U.S. Corporate High Yield Index. Source: Bloomberg, FactSet, Fidelity Investments (AART) as of Dec 31, 2020. **RIGHT:** Source: Standard & Poor's, Haver Analytics, Fidelity Investments (AART) as of 12/31/20.

Bond Yields Ticked Up but Remained Near Record Lows

U.S. 10-year Treasury yields rose about 20 basis points during Q4 but remained roughly one percentage point lower versus 2020's start. Inflation expectations continued to recover and finished at their highest levels of 2020. The real cost of borrowing remained deeply negative, although the most negative real yields in U.S. history occurred during periods of monetary accommodation and higher inflation in the late 1940s and the mid-1970s.

10-Year U.S. Government Bond Yields



Change in Yields (bps)		
	Q4 2020	2020
Inflation Expectations	+36	+22
Real Yields	-12	-121
Nominal Yield	+24	-99

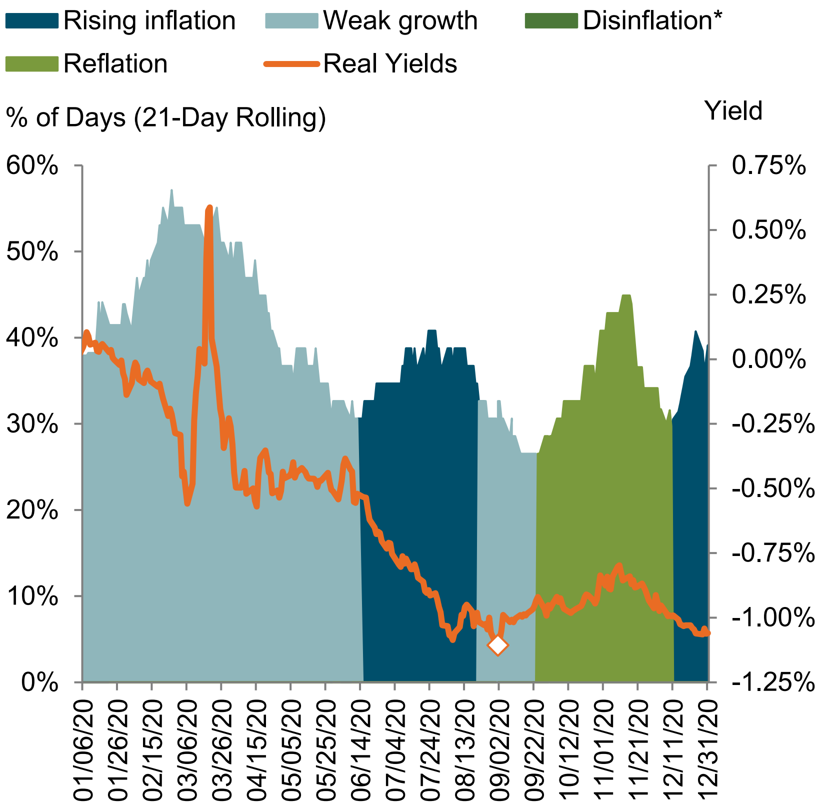
Bps: basis points. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/20.

Reflation Performance Consistent with Real Yield Patterns

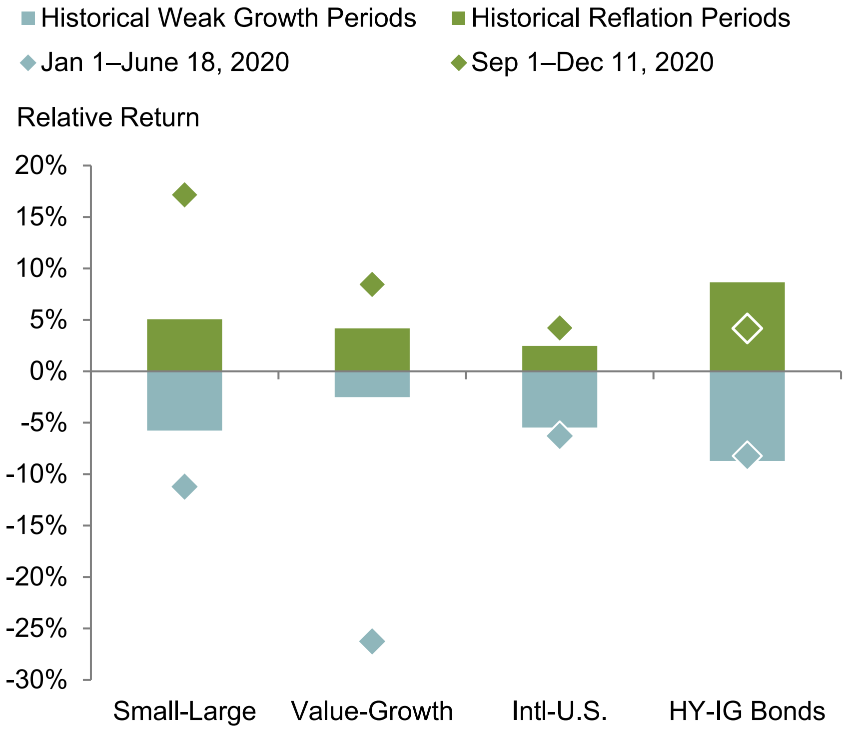
We can classify historical relative return patterns into regimes based on the movement and drivers of real bond yields. Positive vaccine developments and expectations for economic reopening in 2021 generated a "reflation" regime that put upward pressure on yields during the final months of 2020. This reflation dynamic reversed prior asset patterns, with small cap, value, and international stocks spearheading market gains.

SUMMARY

Real Yield Regimes in 2020



Relative Performance in Real Yield Regimes

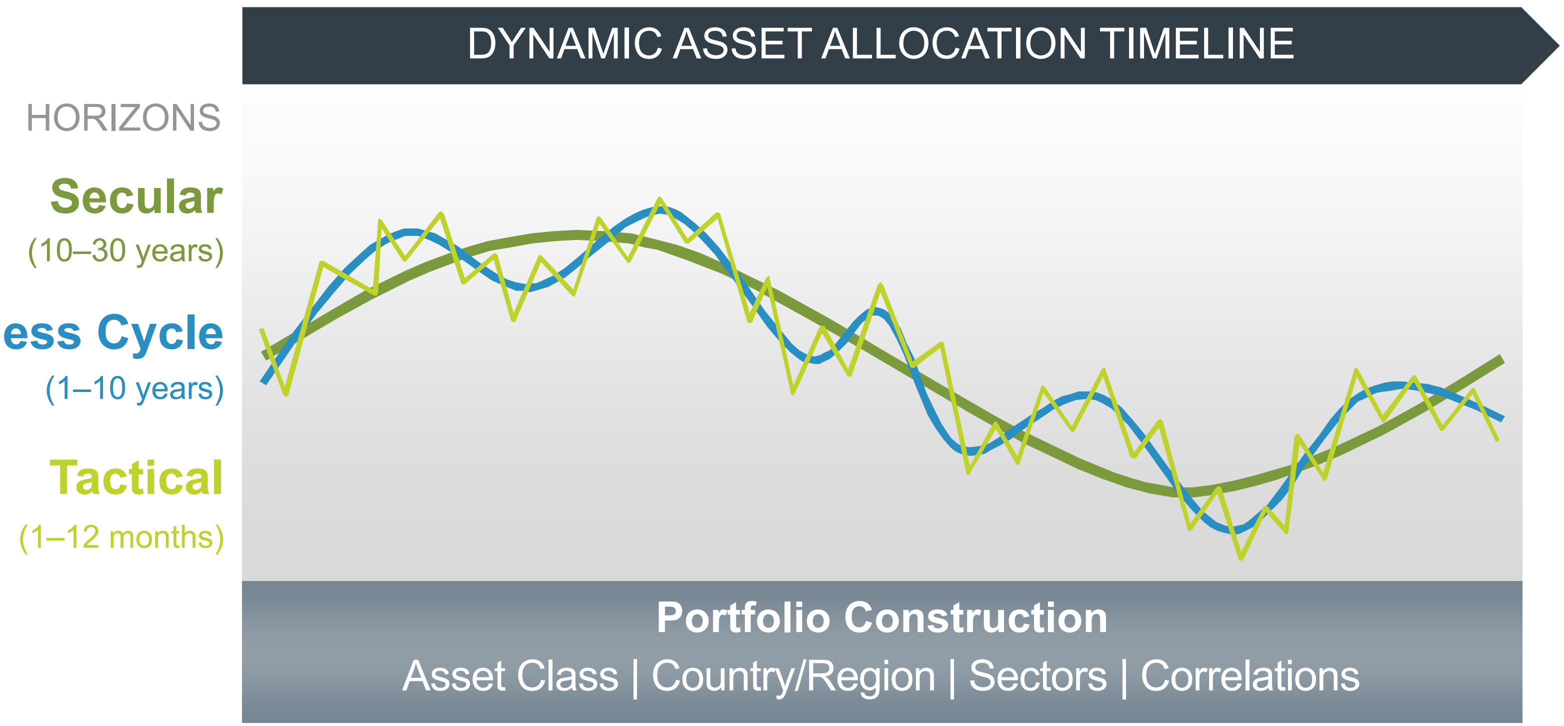


LEFT: * Disinflation not observed this period. Shaded areas represent regimes with respect to the direction of real rates. Regimes determined by dominating factor between the change in 10-Year Treasury bond yields and 10-Year breakeven rates as implied by Treasury Inflation Protected Securities. Source: Bloomberg Financial L.P., Fidelity Investments (AART), as of 12/31/20. **RIGHT**: Intl: Global Equities ex U.S. HY: High Yield. IG: Investment Grade. Historical period returns 1950–2019 annualized. Source: Bloomberg Financial L.P., Fidelity Investments (AART), as of 12/31/20.

Economy/Macro Backdrop

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 12/31/20.

Global Business Cycle in a Maturing Recovery

The U.S. and most major economies enter 2021 in maturing recoveries. Some face near-term, virus-related headwinds, whereas China's progression is advanced due partly to its quicker emergence from lockdowns. Activity remains below 2019 levels in most countries, but the prospect of a vaccine-assisted full reopening over the coming year has us constructive on continued broadening of the global economic expansion.

Business Cycle Framework

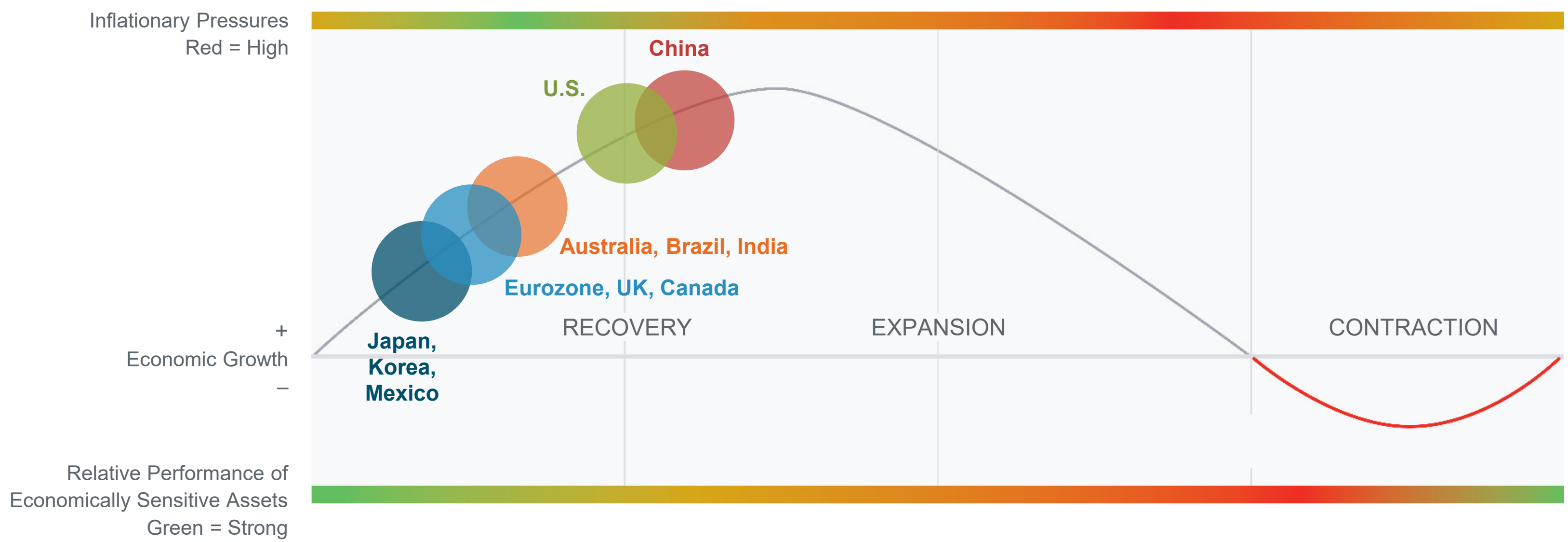
Cycle Phases

EARLY
- Activity rebounds (GDP, IP, employment, incomes)
- Credit begins to grow
- Profits grow rapidly
- Policy still stimulative
- Inventories low; sales improve

MID
- Growth peaking
- Credit growth strong
- Profit growth peaks
- Policy neutral
- Inventories, sales grow; equilibrium reached

LATE
- Growth moderating
- Credit tightens
- Earnings under pressure
- Policy contractionary
- Inventories grow, sales growth falls

RECESSION
- Falling activity
- Credit dries up
- Profits decline
- Policy eases
- Inventories, sales fall

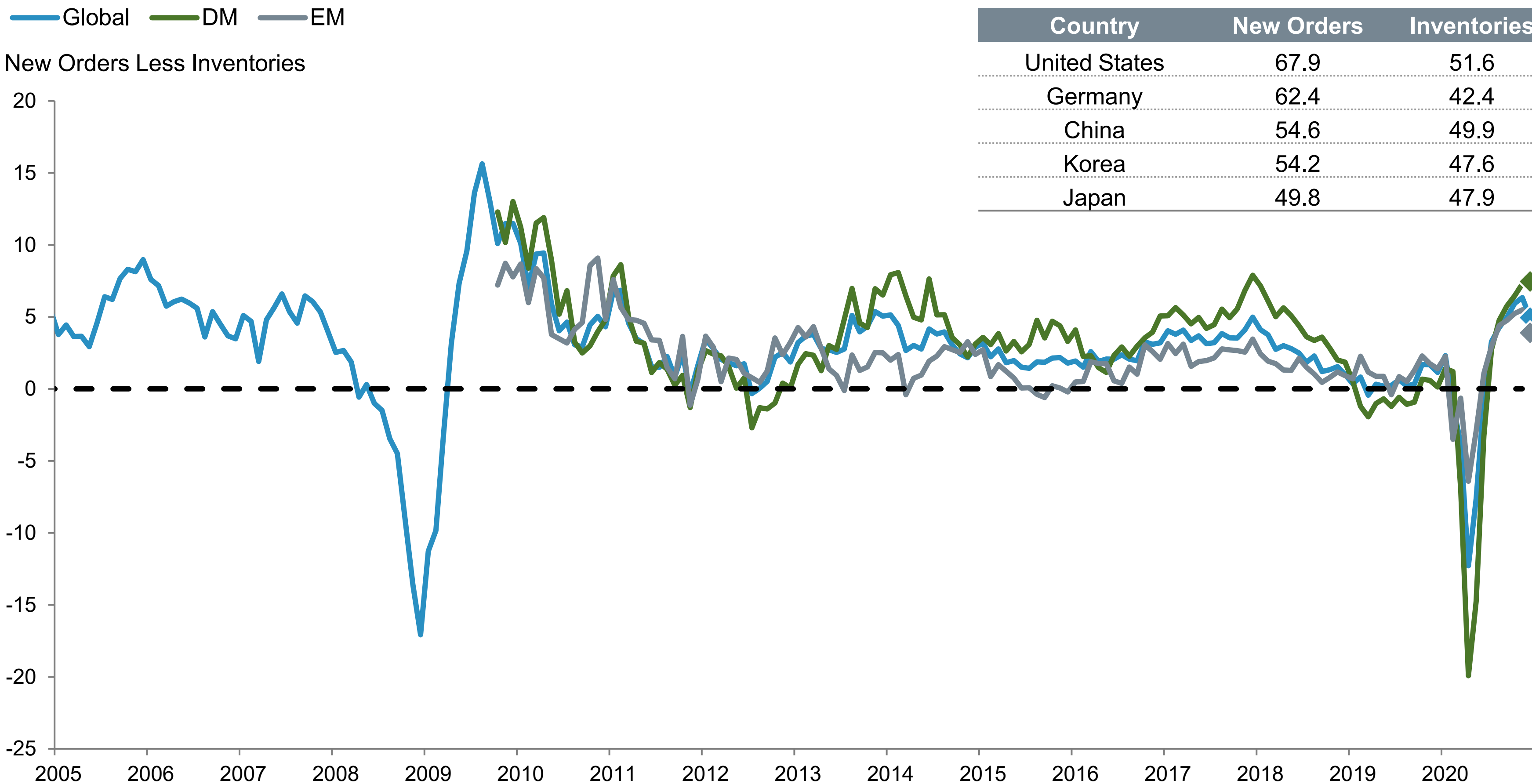


Note: The diagram above is a hypothetical illustration of the business cycle. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source: Fidelity Investments (AART), as of 12/31/20.

Synchronized Global Rebound in Manufacturing

Healthy levels of manufacturing bullwhips—leading indicators that measure the gap between the demand from new orders and the supply from existing inventories—point to an ongoing rebound in global industrial activity. The manufacturing recovery has been broad-based and unusually rapid across regions, due partly to increased demand for household and technology goods as virus-related restrictions curbed mobility.

Global Manufacturing Bullwhips



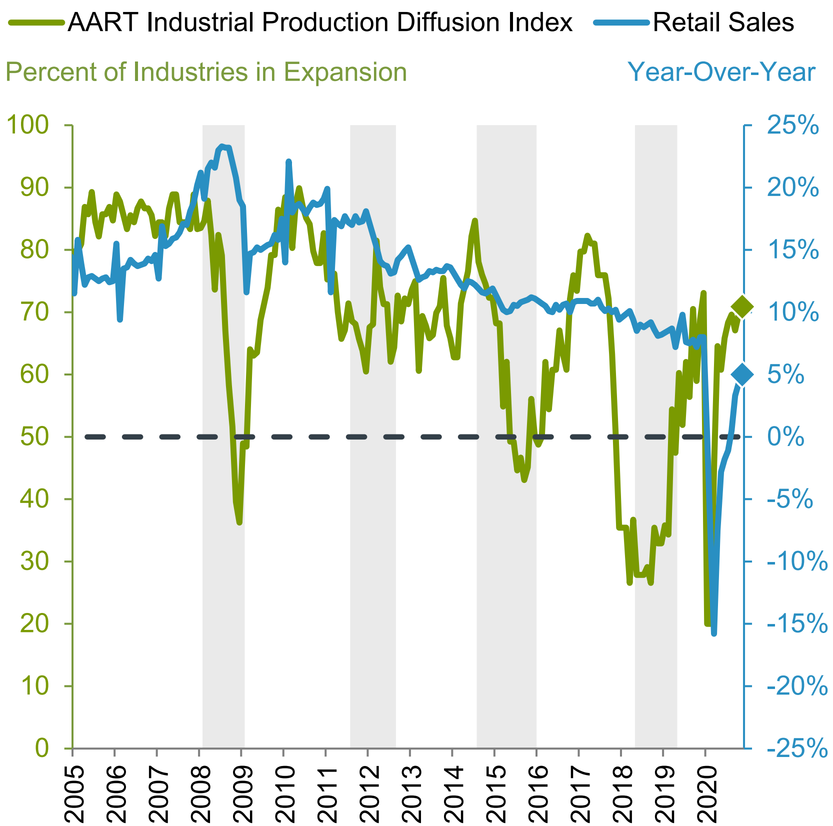
Country	New Orders	Inventories
United States	67.9	51.6
Germany	62.4	42.4
China	54.6	49.9
Korea	54.2	47.6
Japan	49.8	47.9

PMI: Purchasing Managers Index. New orders and inventories are sourced from country level PMIs. **Graph:** Source: ISM, HIS Markit, Haver Analytics, Fidelity Investments (AART), as of 12/31/20. **TABLE:** Source: Caixin, ISM, IHS Markit, Haver Analytics, Fidelity Investments (AART), as of 12/31/20.

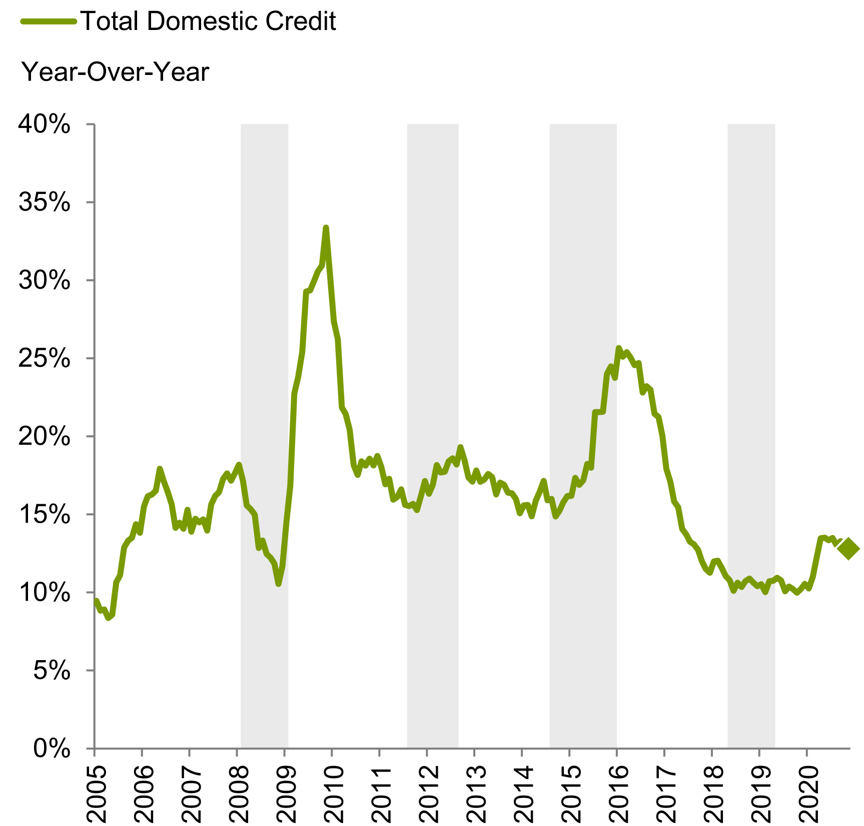
Consumption to Drive China's Growth in 2021

China has managed an impressive industrial-led recovery following the outbreak of COVID-19, but the rate of overall economic improvement is likely to moderate as the expansion matures. Consumption continues to show signs of improvement and, in our view, will likely be the incremental driver of growth in 2021. Policy is becoming less supportive, with credit growth peaking and monetary policy shifting toward a neutral stance.

China Industrial Production and Retail Sales



China Credit Growth

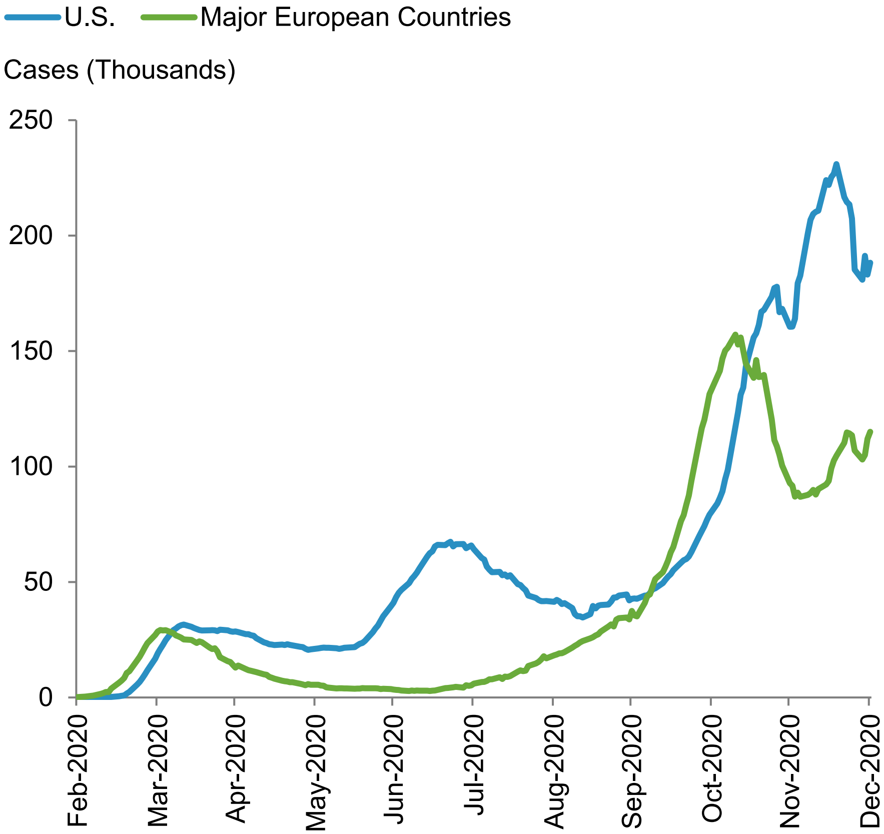


Grey bars represent China growth recessions as defined by AART. **LEFT**: Source: People's Bank of China, Haver Analytics, Fidelity Investments (AART), as of 11/30/20. Source: Markit, Haver Analytics, Fidelity Investments (AART). **RIGHT**: AART Industrial Production Diffusion Index is a proprietary index based on industrial production data. Source: China National Bureau of Statistics, Haver Analytics, Fidelity Investments (AART), as of 11/30/20.

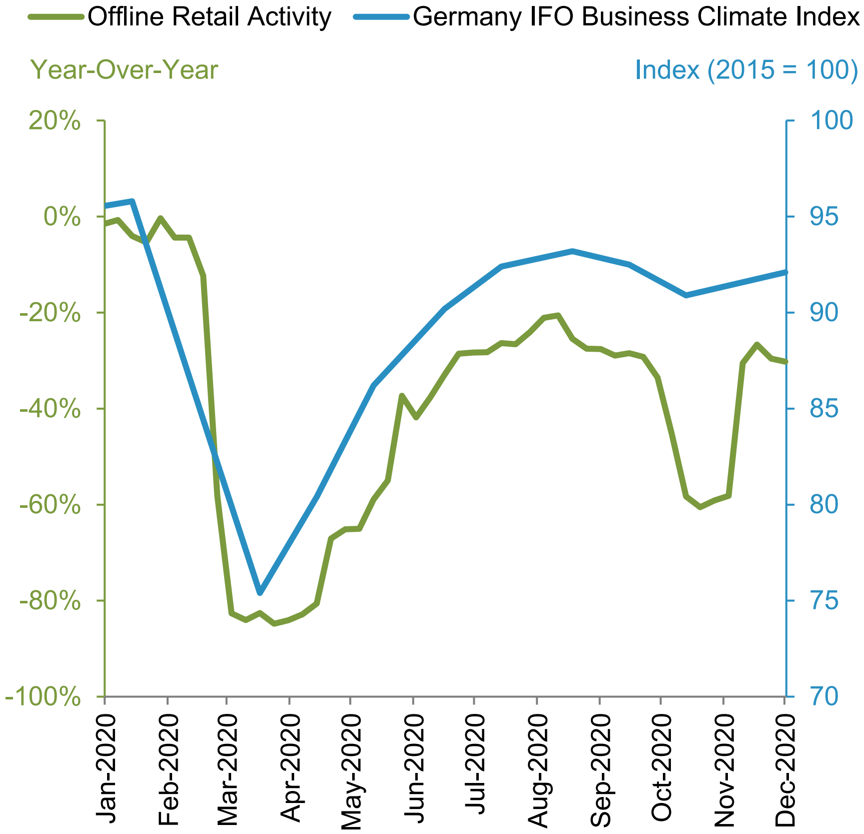
New Virus Cases, but Europe Shows Signs of Resilience

Europe implemented varying degrees of lockdowns during Q4 amid the spike in COVID-19 cases. Subsequent new-case levels dropped and have remained far below those observed in the United States. The negative effects on economic activity have lately been less severe than they were during the spring, and major drivers of business cycle momentum, such as business confidence and manufacturing, have remained resilient.

Newly Reported COVID-19 Cases



European Economic Activity

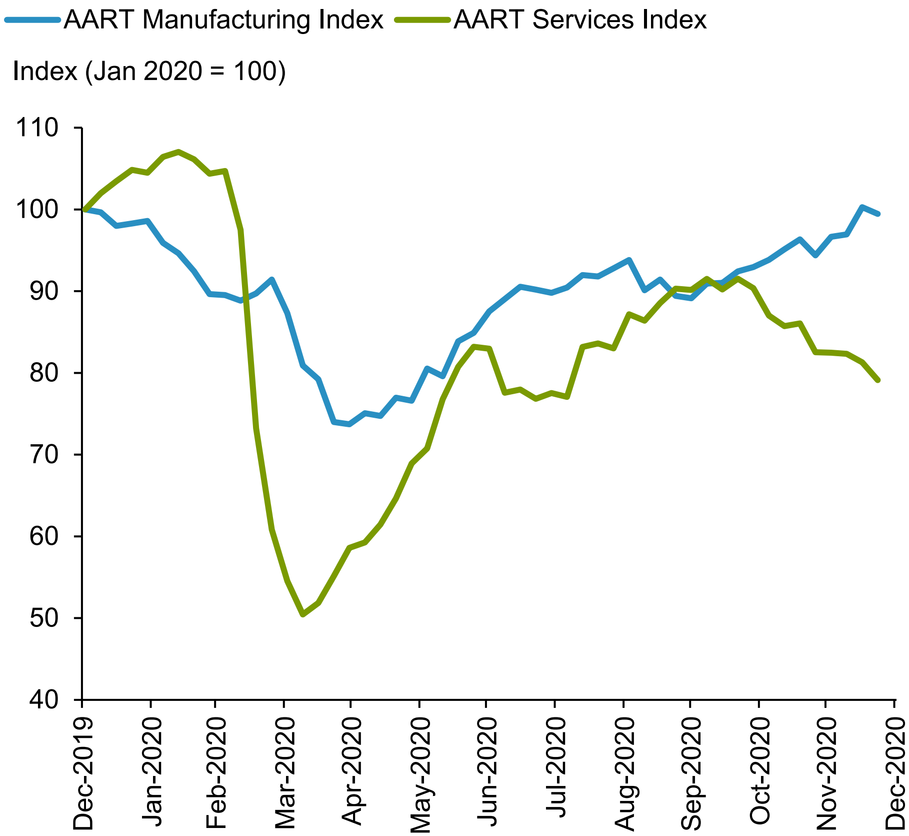


LEFT: Seven-day moving average of newly reported COVID-19 cases. Major European countries include France, Germany, Spain, Italy, Ireland, and the UK. Source: WHO, Bloomberg finance, L.P., Fidelity Investments (AART), as of 12/31/20. **RIGHT:** Offline retail activity reflects high-frequency foot traffic and retail sales in Ireland, France, and the UK. Source: ShopperTrak, Bloomberg Finance, L.P., Ifo-Institut fur Wirtschaftsforschung, Haver Analytics, Fidelity Investments (AART), as of 12/21/20.

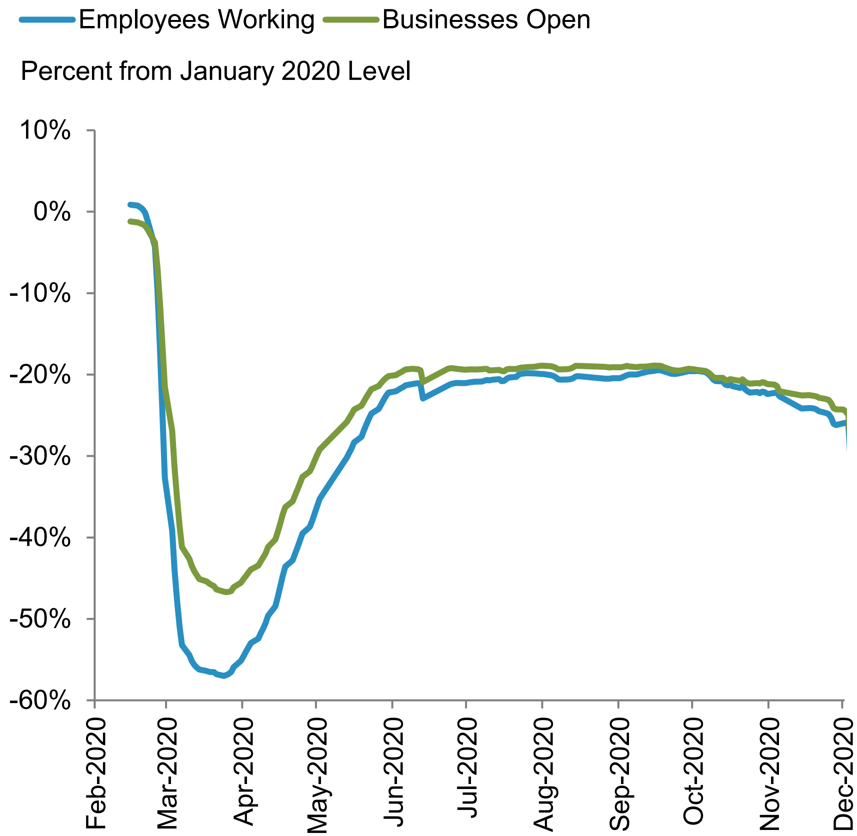
U.S. Near-Term Activity Lull Due to Virus Outbreak

Versus most past recessions, manufacturing activity in the U.S. declined less and recovered faster than did services activity. The recent surge in new COVID-19 cases suggests that services industries and small businesses hit hardest by virus-related restrictions may continue to lose momentum over the rest of winter, leaving them far below normal activity levels but still well above the troughs experienced in the spring of 2020.

U.S. High-Frequency Economic Indicators



Small Business Activity

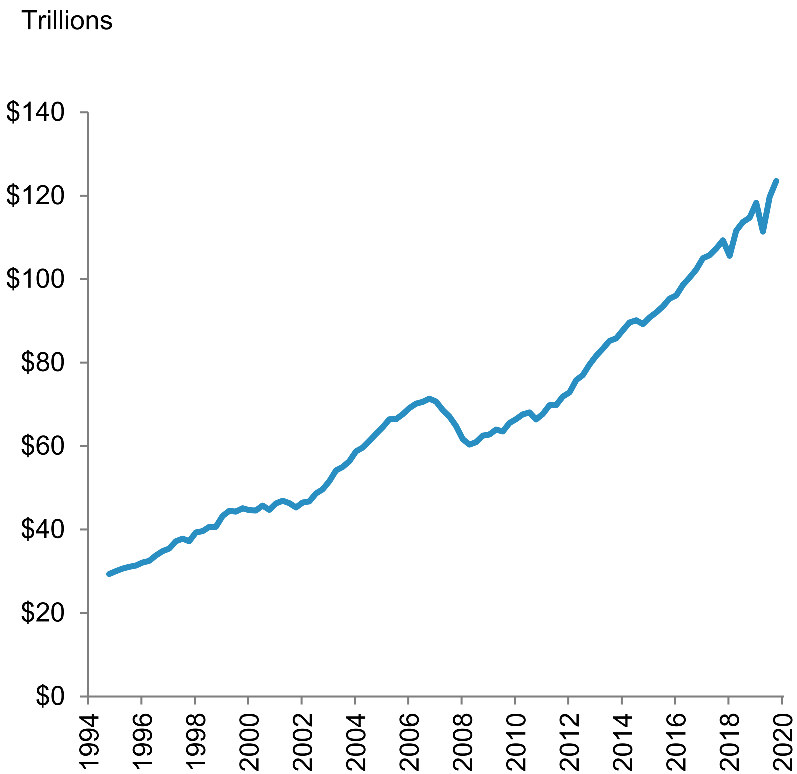


LEFT: AART Services and Manufacturing Indices are proprietary indices based on high-frequency data from multiple and variable sources. Source: Haver Analytics, Fidelity Investments (AART), as of 12/23/20. **RIGHT:** Five-day moving average. Data immediately following Memorial Day, the Fourth of July, Labor Day, Thanksgiving, and Christmas are not displayed. Source: Homebase, Haver Analytics, Fidelity Investments (AART), as of 12/21/20.

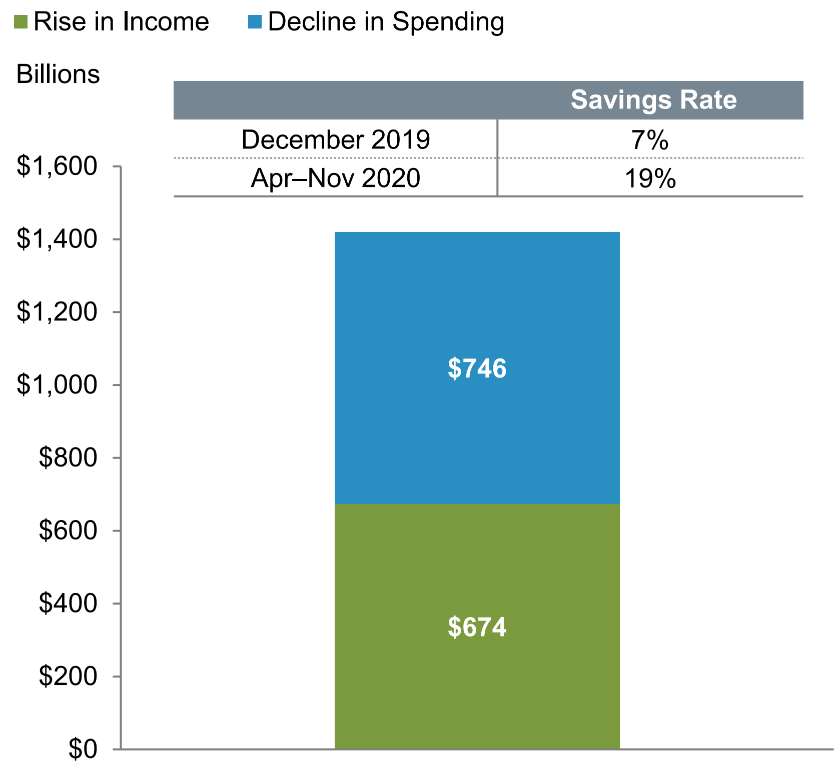
U.S. Asset Rally, Stimulus, and Savings Provide a Cushion

In aggregate, U.S. consumers are better situated to weather the near-term economic lull, making a double-dip recession unlikely, in our view. The broad-based rise in prices for financial assets and housing boosted U.S. household net worth by more than 10% from March to September of 2020. Consumers accumulated more than $1.4 trillion of excess savings during 2020 due to reduced spending plus income gains from fiscal stimulus.

Household Net Worth



Excess Personal Savings (2020)



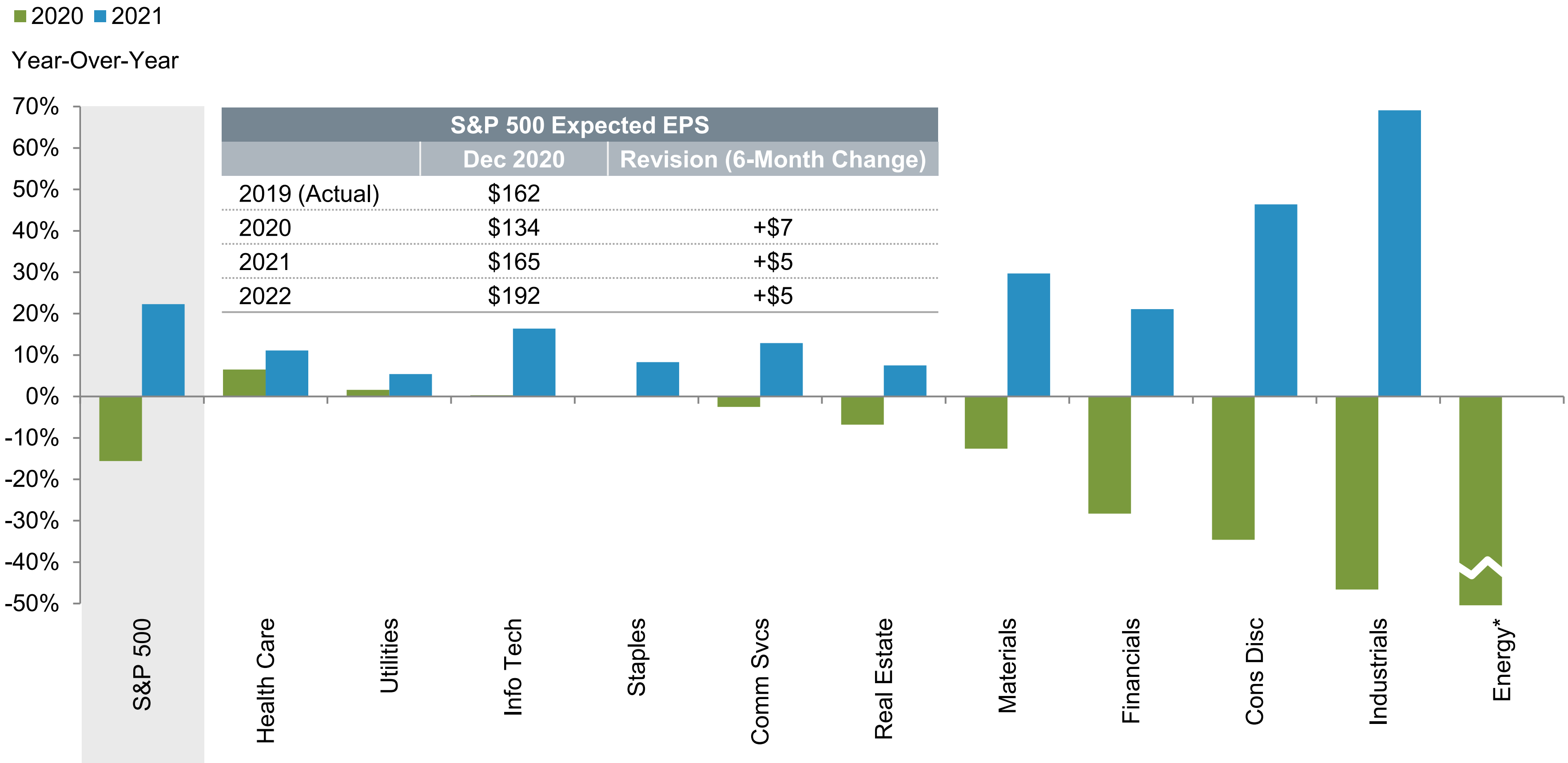
	Savings Rate
December 2019	7%
Apr–Nov 2020	19%

LEFT: Households and nonprofit organizations. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 11/30/20.
RIGHT: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART), as of 11/30/20.

Earnings Revised Higher as Market Expects Sharp Recovery

After 2020's steep earnings decline, investors expect profits in the hardest-hit sectors to rebound sharply and the overall market to fully reclaim its pre-pandemic earnings levels by the end of 2021. Earnings estimates were revised higher during the second half of 2020, helped by vaccine-related optimism. If earnings meet expectations, we could see a significantly faster recovery versus past recessions.

Market Expectations for Earnings Growth by Sector



S&P 500 Expected EPS		
	Dec 2020	Revision (6-Month Change)
2019 (Actual)	$162	
2020	$134	+$7
2021	$165	+$5
2022	$192	+$5

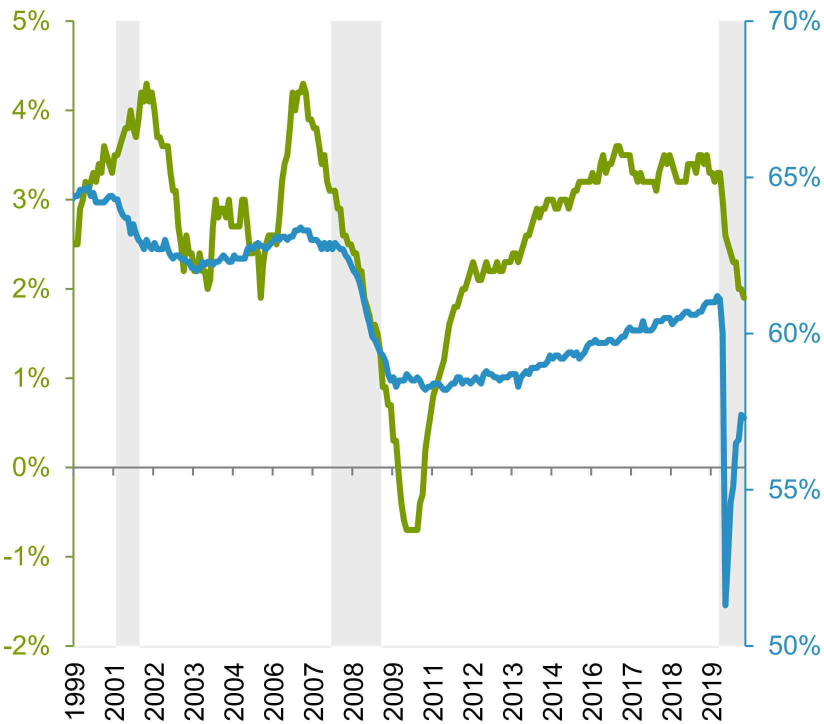
* Energy is expected to have negative earnings in 2020, which makes growth numbers non-numeric. EPS: Earnings per share.

Past performance is no guarantee of future results. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/20.

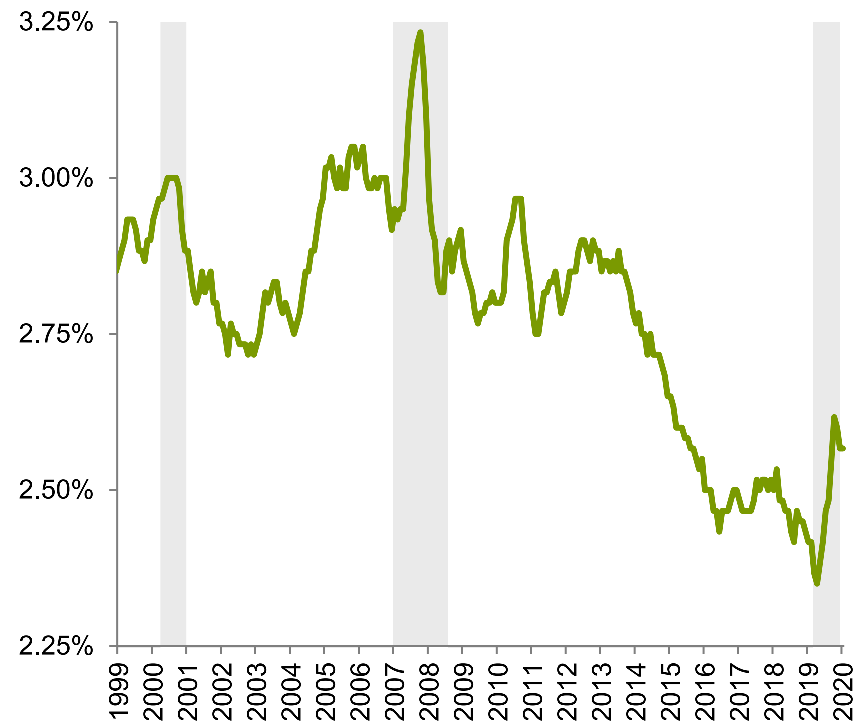
Wages and Shelter Key to Near-Term Inflation Outlook

Headline CPI halved to 1% by year-end, primarily from weak demand and the deceleration in shelter prices. Labor market slack remains high, with the employment-to-population ratio improved but still near its lowest point in more than three decades. Weak growth in wages and rents likely will keep inflation subdued in the near term, but a reopening boost may help sustain the 2020 rise in long-run consumer inflation expectations.

Labor Market vs. Inflation



Consumer Inflation Expectations

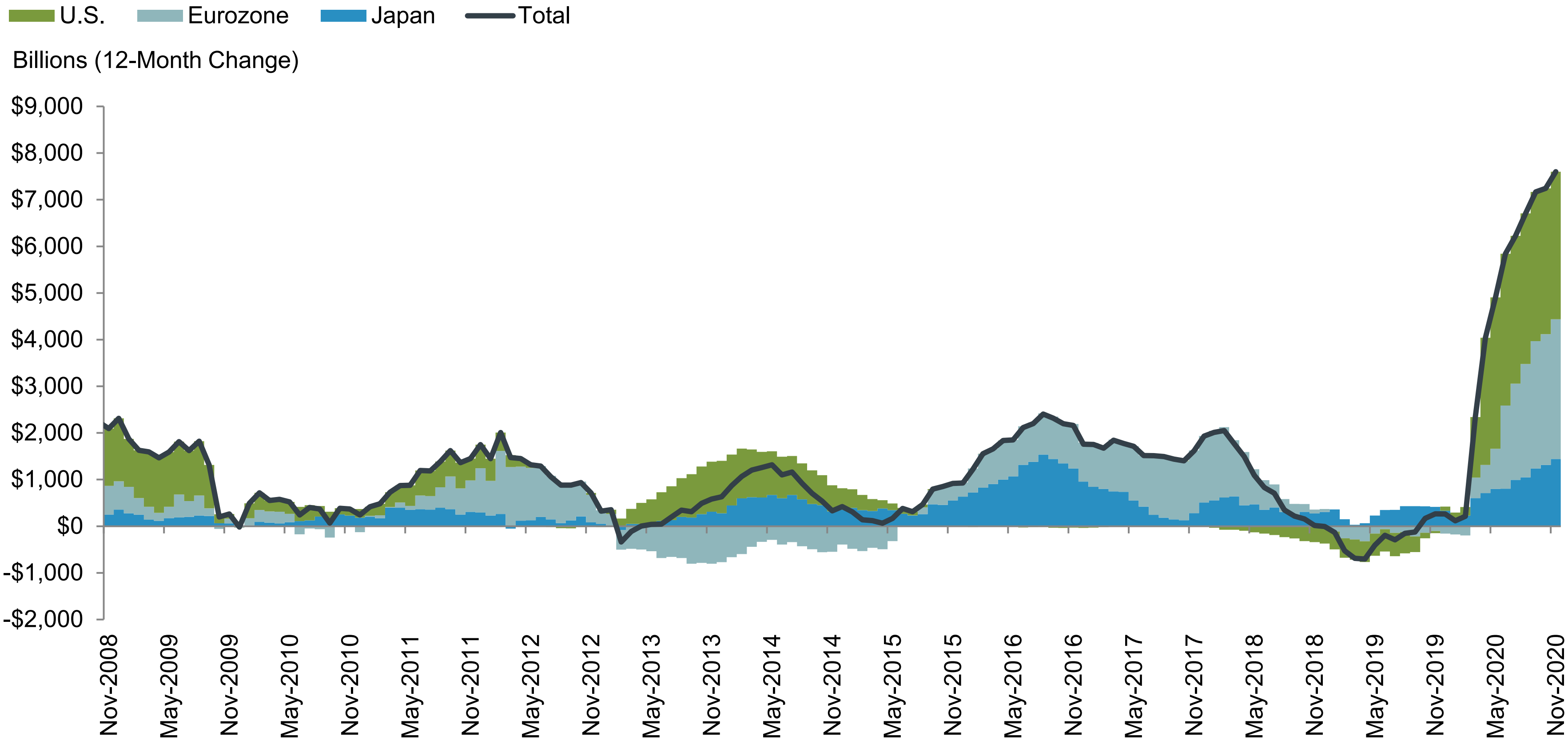


LEFT: Shelter Prices are a component of the Consumer Price Index. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 11/30/20. **RIGHT:** Source: University of Michigan, Haver Analytics, Fidelity Investments (AART), as of 11/30/20.

Monetary Accommodation Still Supportive of Asset Prices

Over the course of 2020, global central banks injected nearly $8 trillion of liquidity into financial markets. Most of the easing came in the form of QE, helping support asset prices. The pace of balance-sheet expansion has lately been less forceful than it was at the beginning of the pandemic, but the Federal Reserve's monthly asset purchases of $120 billion and its commitment to keep rates low continue to support asset-market liquidity.

Central Bank Balance Sheets

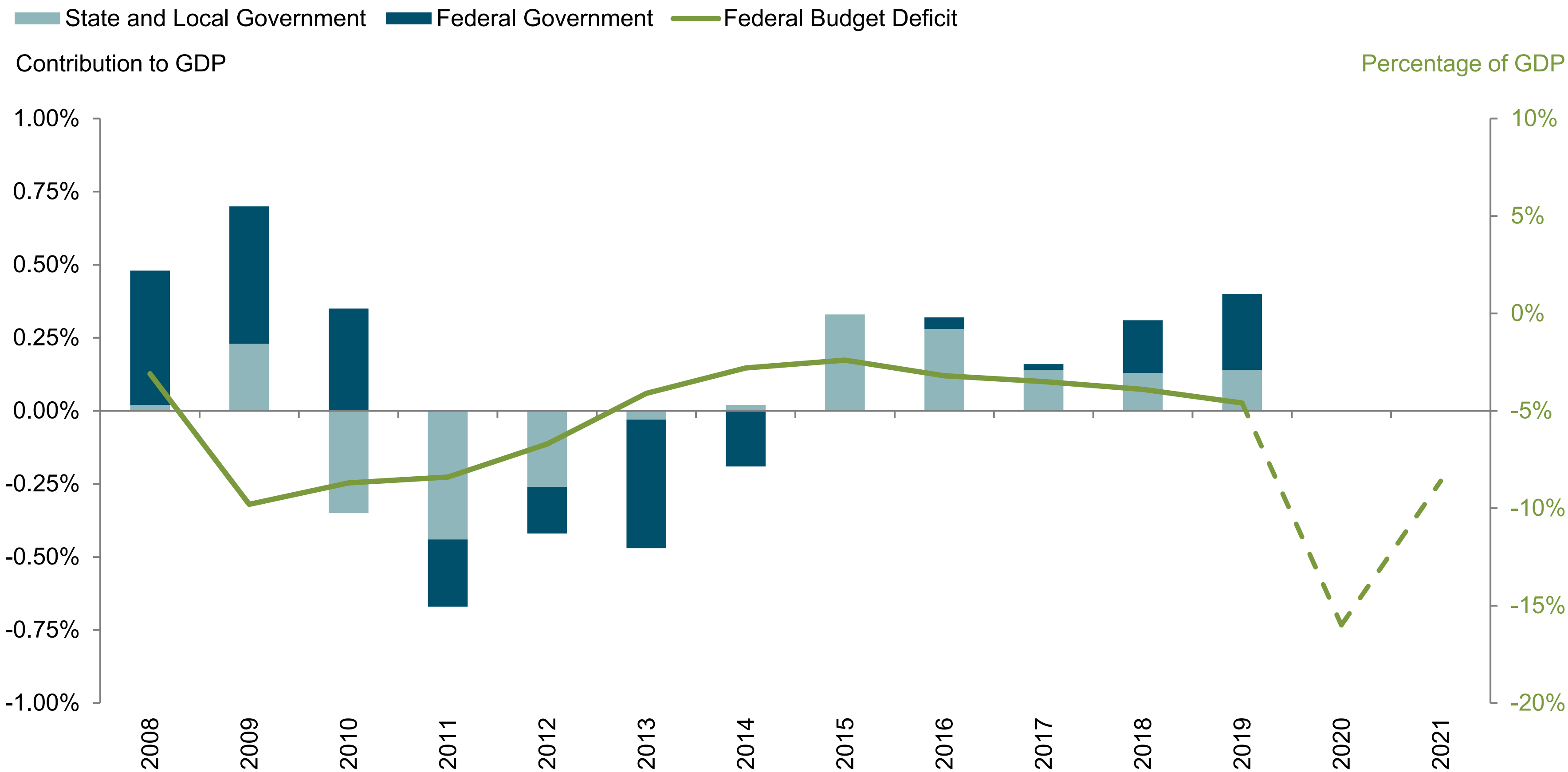


QE: Quantitative Easing. Source: Federal Reserve, Bank of Japan, European Central Bank, Haver Analytics, Fidelity Investments (AART), as of 11/30/20.

More Fiscal Stimulus Approved, More May Be on the Way

At the end of 2020, the U.S. government approved roughly $900 billion of additional emergency fiscal stimulus, providing important support to counter pandemic-limited economic activity. Absent additional support, the very large 2020 fiscal deficit is projected to tighten during 2021. Coupled with severe budget shortfalls among state and local governments, ongoing federal support may be needed to avoid a fiscal drag on the economy.

U.S. Federal Fiscal Deficit and Government Impact on GDP

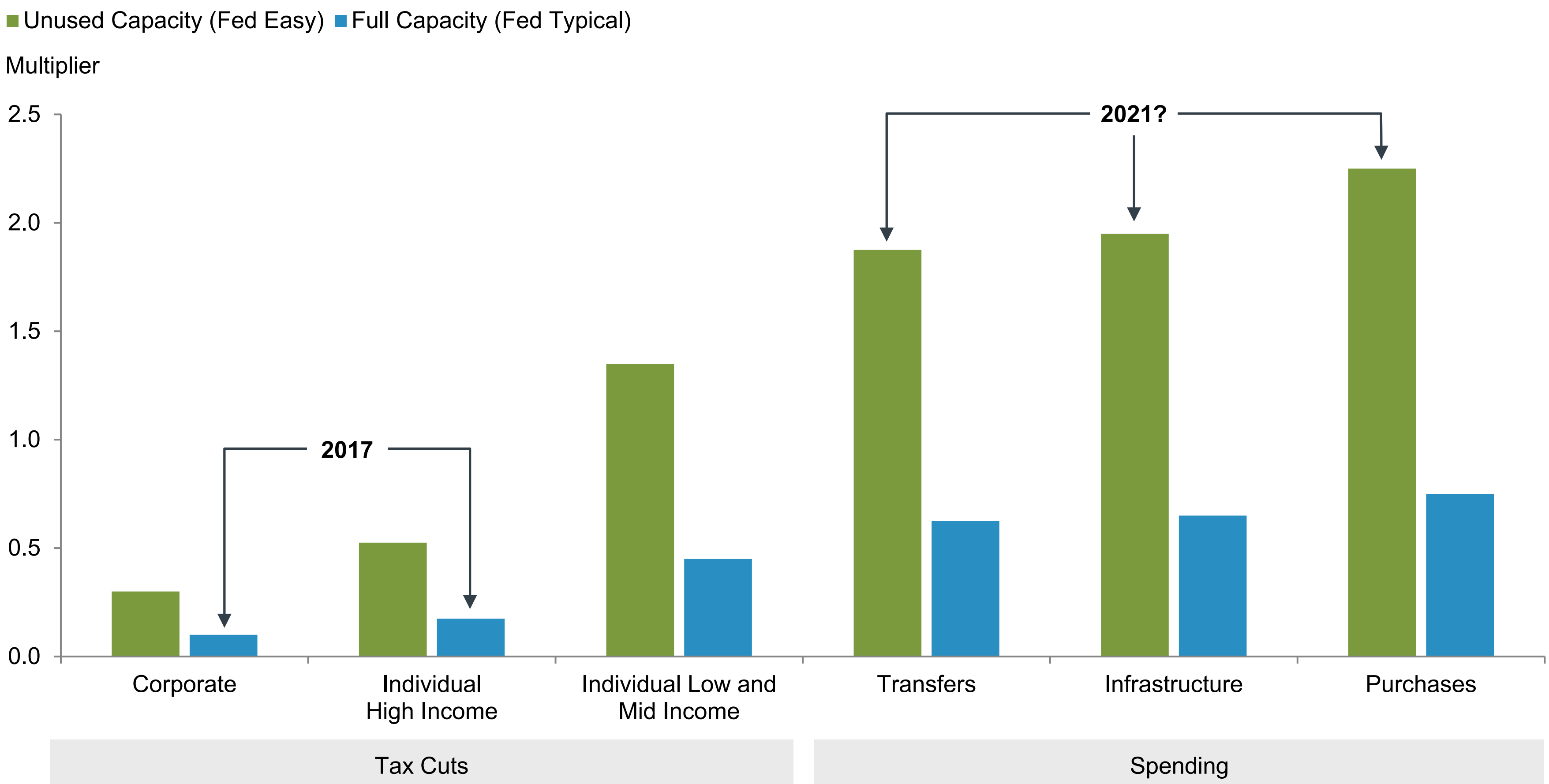


GFC: The great financial crisis of 2007–2008. GDP: Gross domestic product. Source: Congressional Budge Office (CBO), Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART); as of 12/31/20. 2020 and 2021 Budget Deficits are CBO projections.

High-Multiplier Spending May Be on the Horizon

In winning control of the federal government, Democrats may be inclined and able to raise high-multiplier government spending. Fiscal multipliers—estimates of the increase in economic activity generated by fiscal stimulus—tend to be stronger during periods of easy monetary policy and economic weakness. High-multiplier spending may also be more inflationary, and Democratic plans may include higher corporate taxes.

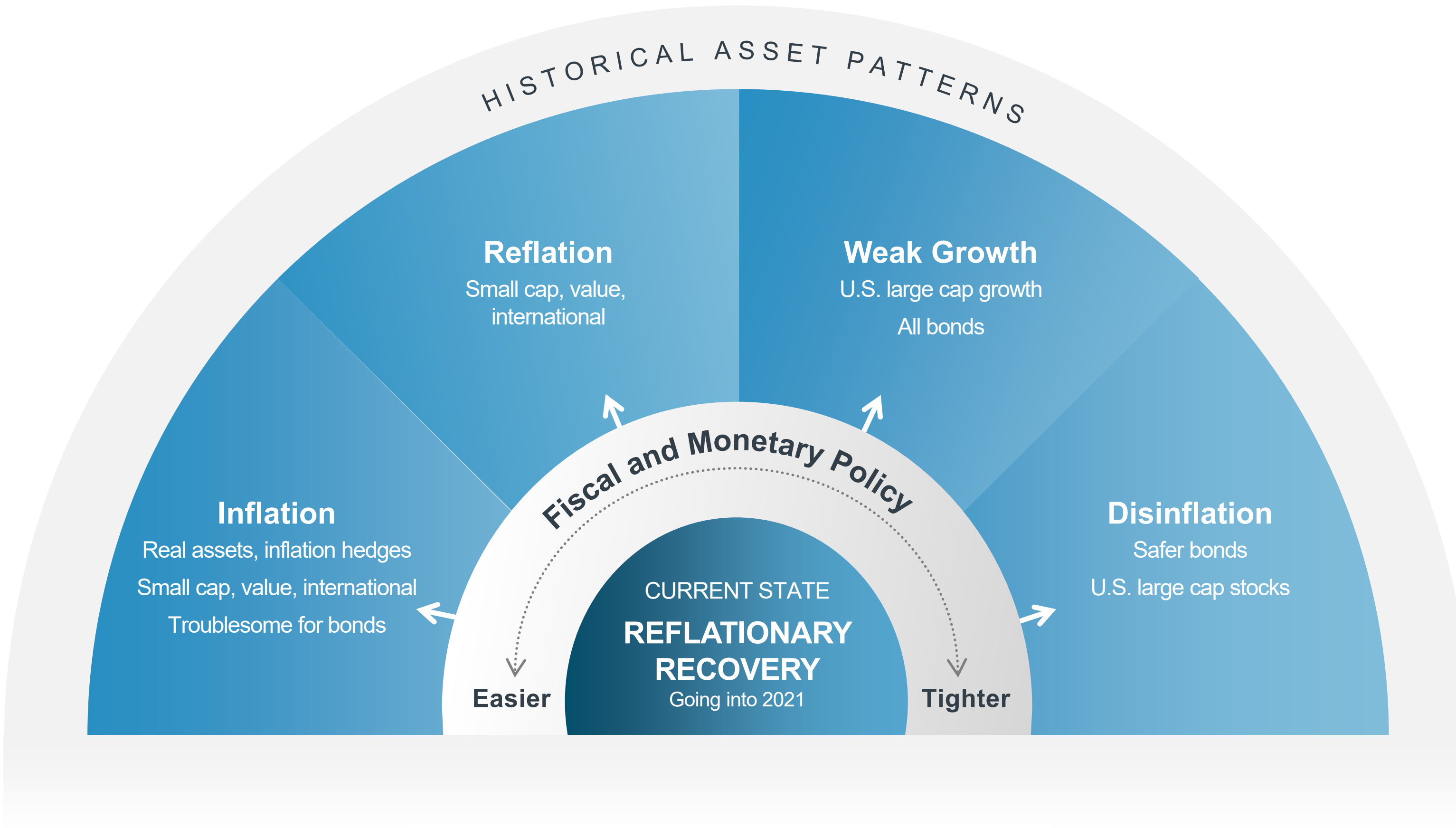
Fiscal Multipliers by Policy Category and Economic Conditions



 Source: Federal Reserve, Bank of Japan, European Central Bank, Haver Analytics, Fidelity Investments (AART), as of 8/31/20.

Policy and Inflation Direction Critical to 2021 Outlook

Markets enter 2021 with a reflationary recovery dynamic. As economic reopening occurs, patterns may be influenced by the trajectories of policy, inflation, and real interest rates. More accommodative monetary and fiscal policies could generate inflationary pressure, whereas a move toward policy normalization could result in a growth disappointment. We expect the potential for elevated volatility in 2021.



Outlook: Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers responsible for a variety of global asset allocation strategies, is constructive on the global economic outlook for 2021. Board members hold a wide range of views but collectively tend to believe that, after a strong run of market performance, active opportunities may be greater in security selection and within asset classes than among broad asset classes.

Business Cycle

U.S. continues to recover from a brief but sharp recession

Monetary policymakers appear committed to providing abundant support

Risks

Benefits of economic recovery have not accrued equally

Lack of clarity on additional fiscal support and the full extent of credit losses

Asset Allocation Implications

Emphasize focus on diversified and disciplined investment strategies

High valuations imply more attractive intra-asset class tilts and more selective inter-asset class positions

Opportunities include non-U.S. assets, U.S. small cap and value equities, TIPS, gold, and high-yield bonds

 For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 12/31/20.

Asset Markets

Continued Broad-Based Recovery across Asset Categories

Almost all asset categories posted positive returns for Q4, with leadership shifting toward small cap and value stocks, non-U.S. markets, and sectors such as energy and financials. Even so, large cap U.S. growth, including tech stocks, still finished atop the 2020 leaderboard. Riskier fixed income credit segments such as high yield and EM debt maintained their strong rally in Q4, but long-duration bonds and TIPS were ahead for 2020 overall.

U.S. Equity Styles Total Return

	Q4	2020
Growth	12.4%	38.3%
Small Caps	31.4%	20.0%
Large Caps	12.1%	18.4%
Mid Caps	19.9%	17.1%
Value	17.2%	2.9%

U.S. Equity Sectors Total Return

	Q4	2020
Info Tech	11.8%	43.9%
Consumer Discretionary	8.0%	33.3%
Communication Services	13.8%	23.6%
Materials	14.5%	20.7%
Health Care	8.0%	13.4%
Industrials	15.7%	11.1%
Consumer Staples	6.4%	10.7%
Utilities	6.6%	0.5%
Financials	23.2%	-1.8%
Real Estate	4.9%	-2.2%
Energy	27.8%	-33.7%

International Equities and Global Assets Total Return

	Q4	2020
ACWI ex USA	17.0%	10.7%
Japan	15.3%	14.5%
EAFE Small Cap	17.3%	12.3%
EAFE	16.0%	7.8%
Europe	15.6%	5.4%
Canada	13.9%	5.3%
EM Asia	18.9%	28.4%
Emerging Markets	19.7%	18.3%
EMEA	16.3%	-6.9%
Latin America	34.8%	-13.8%
Gold	0.7%	25.1%
Commodities	10.2%	-3.1%

U.S. Equity Factors Total Return

	Q4	2020
Momentum	9.9%	22.0%
Quality	10.7%	16.5%
Low Volatility	8.6%	12.7%
Size	21.8%	9.2%
Value	14.3%	9.2%
Yield	16.7%	3.1%

Fixed Income Total Return

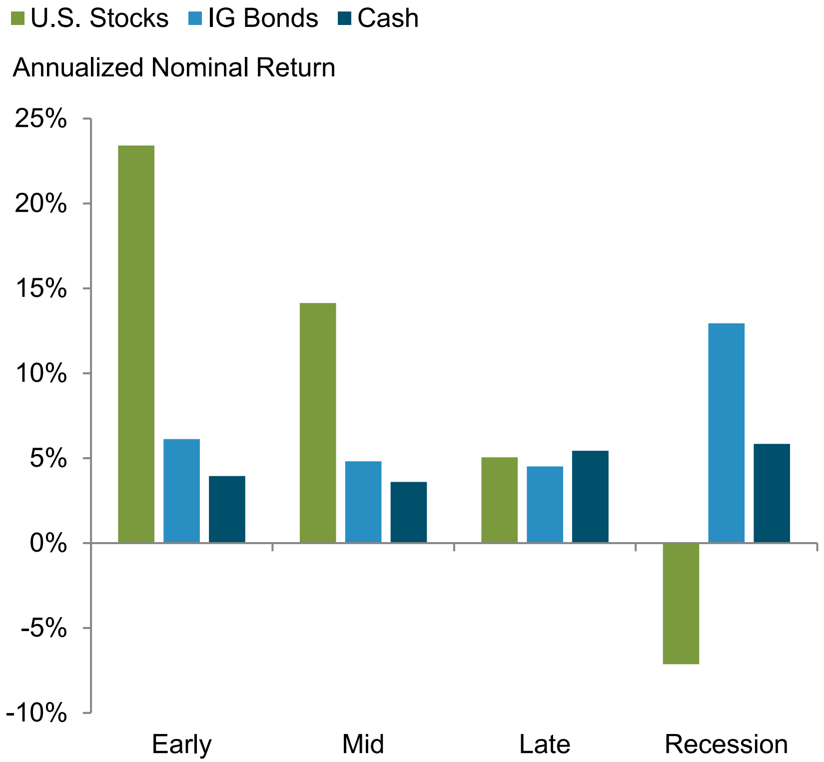
	Q4	2020
Long Govt & Credit	1.7%	16.1%
TIPS	1.6%	11.0%
Credit	2.8%	9.4%
CMBS	1.0%	8.1%
Treasuries	-0.8%	8.0%
Aggregate	0.7%	7.5%
High Yield	6.5%	6.2%
EM Debt	5.5%	5.9%
Agency	0.0%	5.5%
Municipal	1.8%	5.2%
ABS	0.4%	4.5%
MBS	0.2%	3.9%
Leveraged Loan	3.8%	3.1%

EM: Emerging Markets. EMEA: Europe, the Middle East, and Africa. For indexes and other important information used to represent above asset categories, see Appendix. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Sector returns represented by S&P 500 sectors. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in more diversified baskets of securities. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/20.

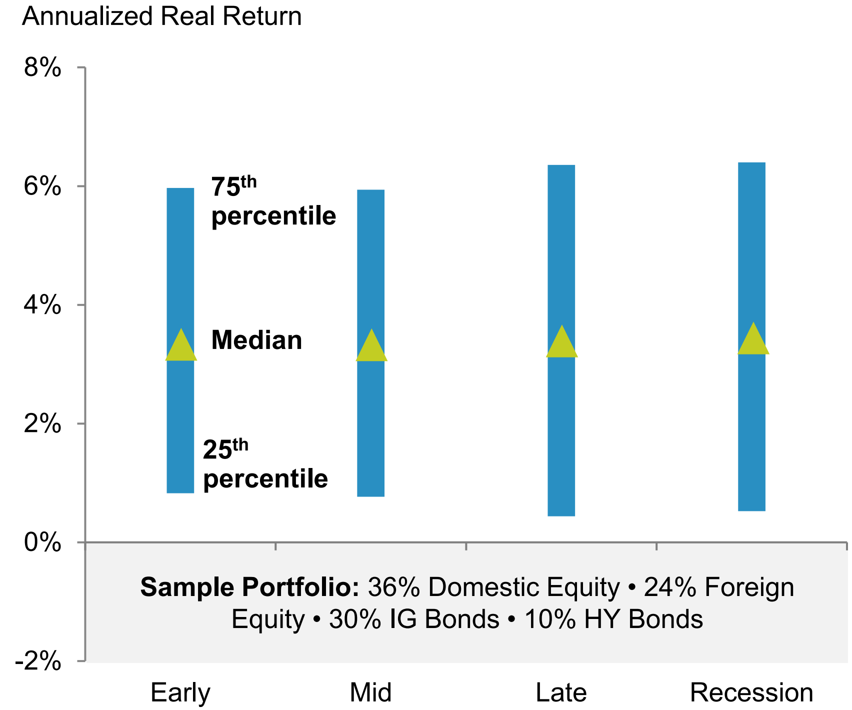
Business Cycle Important, but Dissipates in the Long Run

The business cycle can be a critical determinant of asset performance over the intermediate term. Stocks have consistently performed better earlier in the cycle, whereas bonds tend to outperform during recession. While we believe a business cycle approach to actively managed asset allocation can add value, portfolio returns are expected to even out over the long term (>10 years), regardless of the starting point of the cycle phase.

Asset Class Performance by Cycle Phase (1950–2020)



10-Year Portfolio Return Distribution by Cycle Phase Starting Point

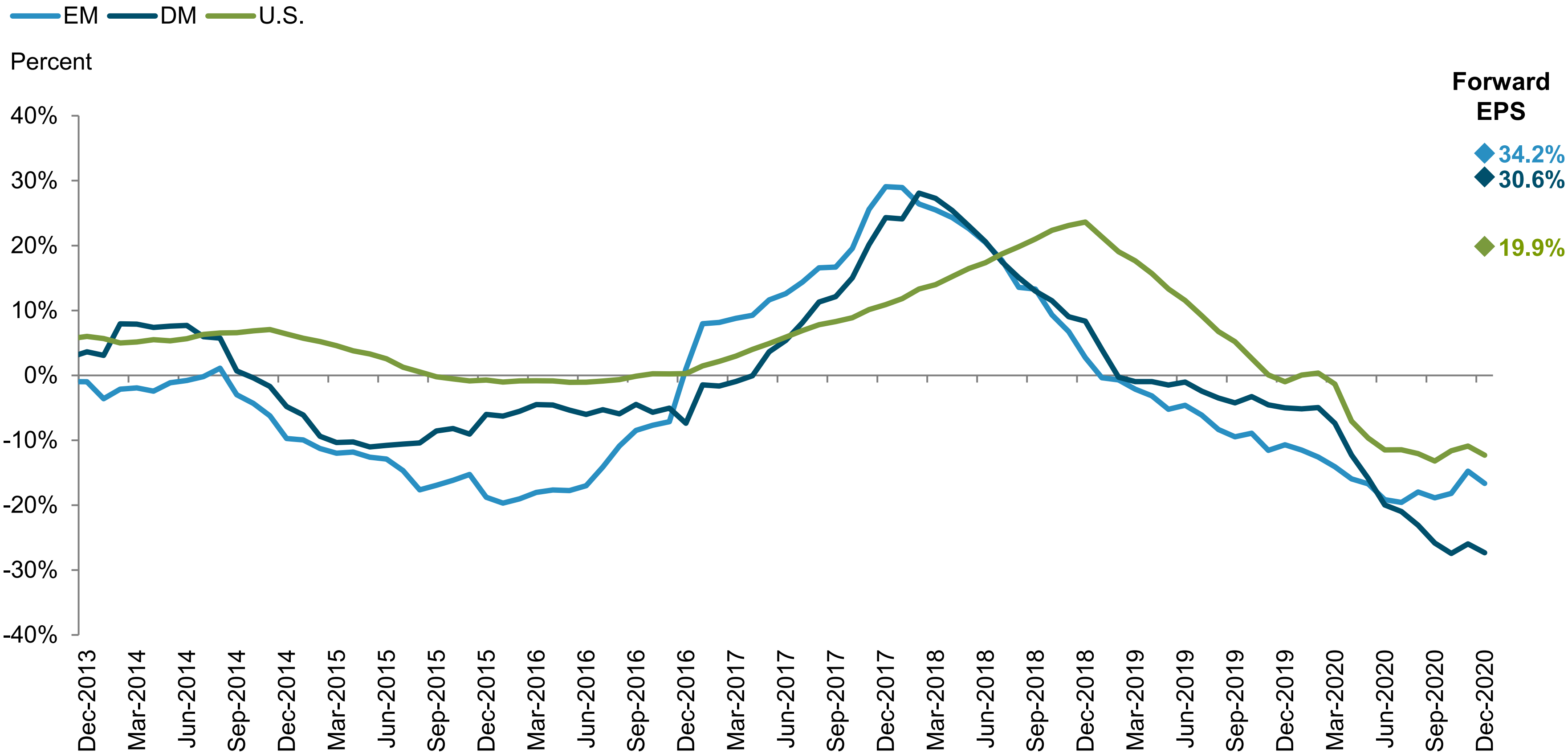


For illustrative purposes only. Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Fidelity proprietary analysis based on Monte Carlo simulations using historical index returns. Domestic Equity: Dow Jones U.S. Total Stock Market Index; Foreign Equity: MSCI ACWI ex USA Index; Investment Grade (IG) Bonds: Bloomberg Barclays U.S. Aggregate Bond Index; High Yield (HY) Bonds: ICE BofA U.S. High Yield Index. Source: Fidelity Investments, Morningstar, Bloomberg Barclays; data as of 12/31/20.

Expectations of a Strong Global Earnings Growth Rebound

Trailing earnings remained in negative territory, with all major regions ending the year with double-digit declines. Forward expectations continued to improve, indicating hope that earnings will rebound sharply over the next 12 months, with double-digit growth rates in all regions, led by emerging markets.

Global EPS Growth (Trailing 12 Months)

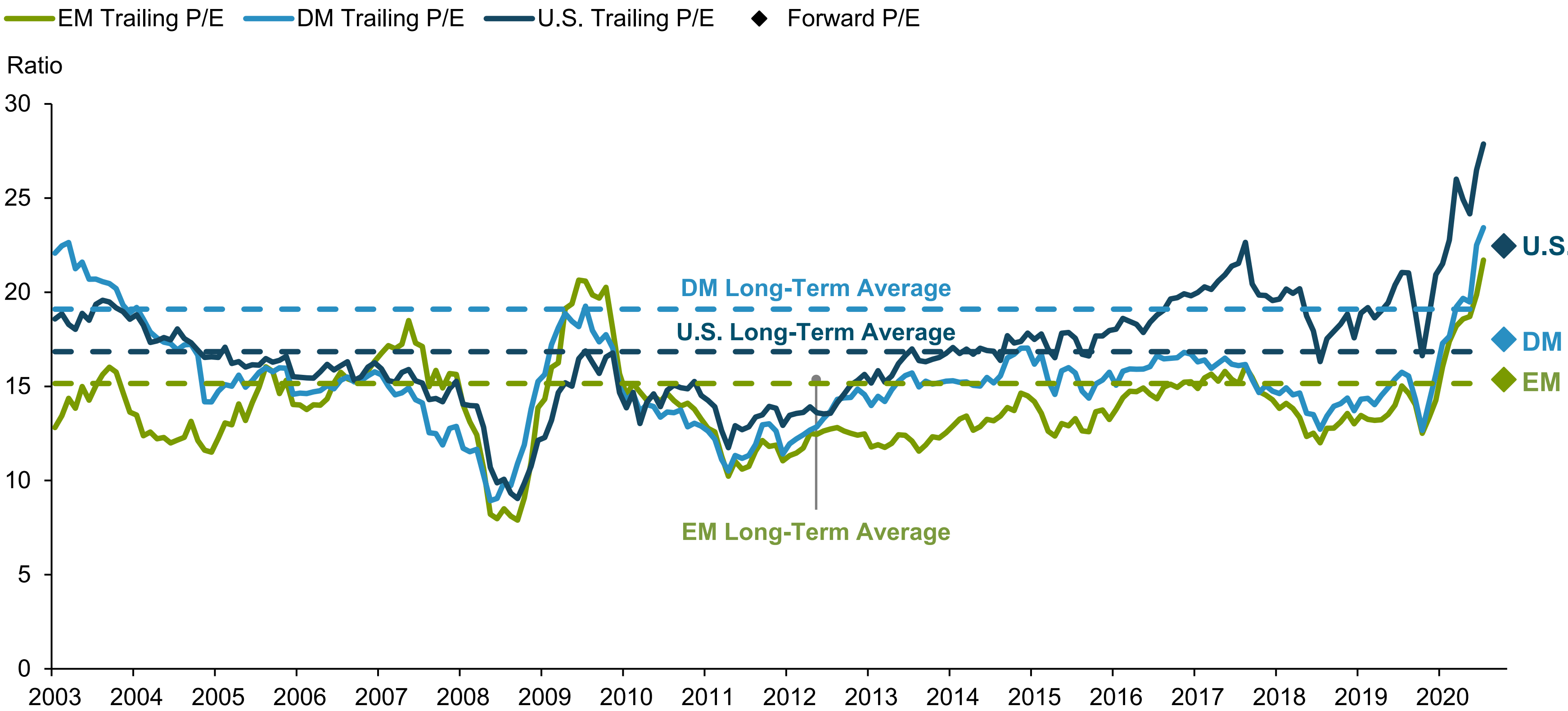


Past performance is no guarantee of future results. DM: Developed Markets. EM: Emerging Markets. EPS: Earnings per share. Forward EPS: Next 12 months expectations. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/20.

Equity Valuations Became Even More Elevated

With stock prices rising and earnings still cyclically depressed, equity valuations rose to multi-decade highs. Price-to-earnings ratios across all major global regions finished the year well above their long-term historical valuation averages. Forward-looking P/E ratios indicate expectations for the U.S. to remain above its long-term historical average while non-U.S. developed and emerging markets move back closer to theirs.

Global Stock Market P/E Ratios

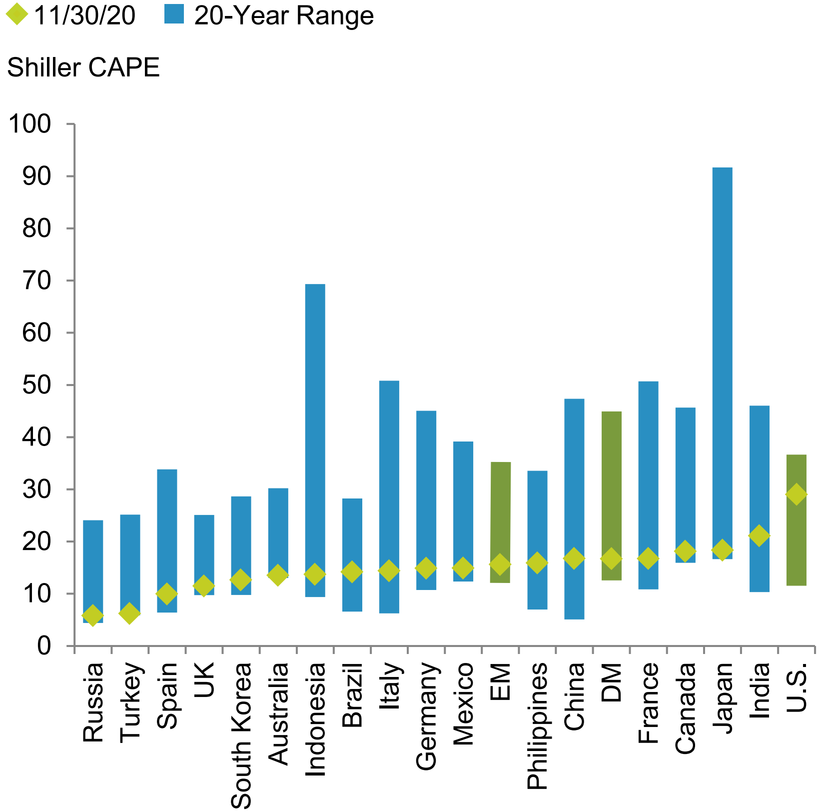


DM: Non-U.S. Developed Markets. EM: Emerging Markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings ratio (P/E): stock price divided by earnings per share. Also known as the multiple, P/E gives investors an idea of how much they are paying for a company's earnings power. Long-term average P/E for Emerging Markets includes data for 1988–2017; for Non-U.S. Developed Markets, 1973–2016; for the United States, 1926–2017. Indexes: DM—MSCI EAFE Index; EM—MSCI EM Index; United States—S&P 500. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/20.

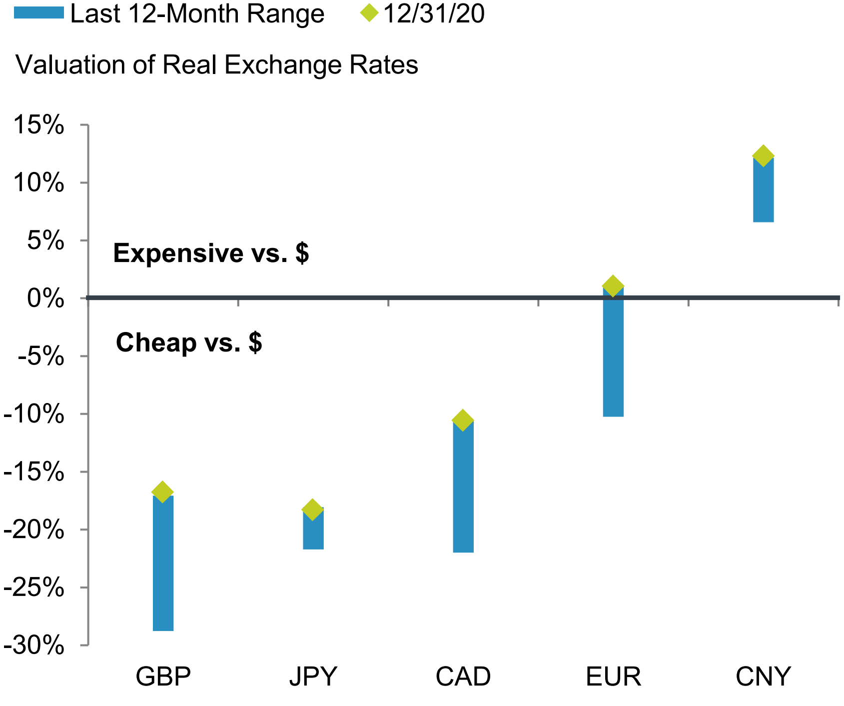
Dollar Dropped, but Non-U.S. Currencies Still Attractive

Cyclically adjusted P/E (CAPE) ratios for non-U.S. equities remained below U.S. valuations, indicating an attractive long-term backdrop for non-U.S. stocks. The U.S. dollar experienced a broad-based decline in 2020, and other primary currencies such as the euro and Japanese yen ended at the upper bound of their 12-month ranges. The dollar, however, still appears relatively expensive against most major currencies.

Cyclically Adjusted P/Es



Valuation of Major Currencies vs. USD



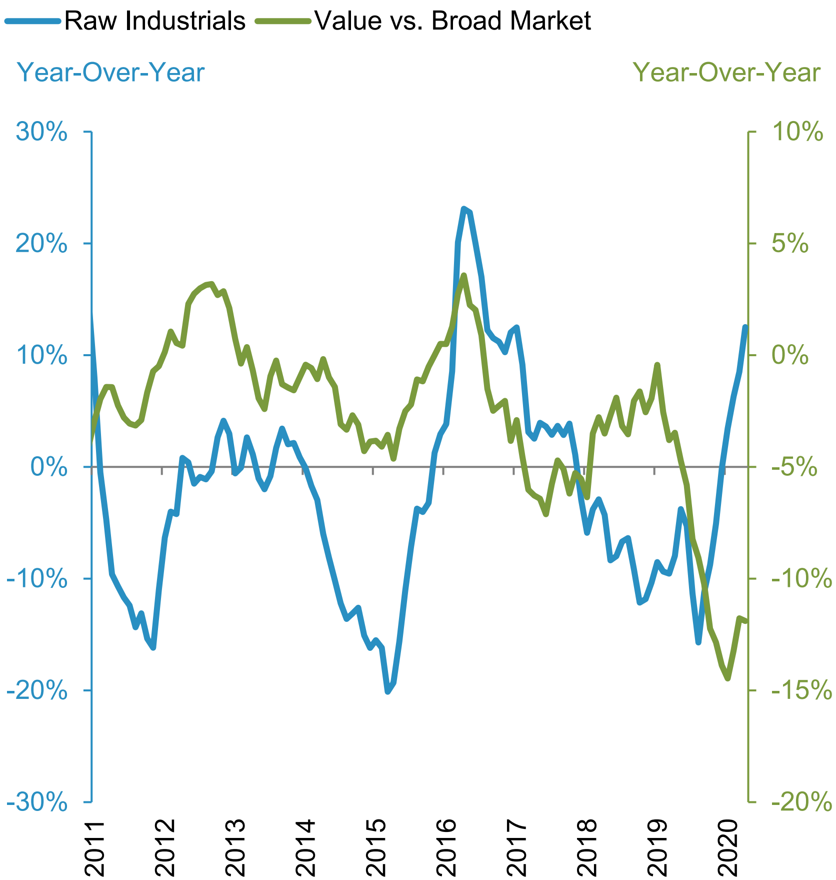
DM: Developed Markets. EM: Emerging Markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. **LEFT:** Price-to-earnings (P/E) ratio (or multiple): stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Cyclically adjusted earnings are 10-year averages adjusted for inflation. Source: FactSet, countries' statistical organizations, Haver Analytics, Fidelity Investments (AART), as of 11/30/20. **RIGHT:** GBP—British pound; JPY—Japanese yen; CAD—Canadian dollar; EUR—euro; CNY—Chinese yuan. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 12/31/20.

Fidelity INVESTMENTS

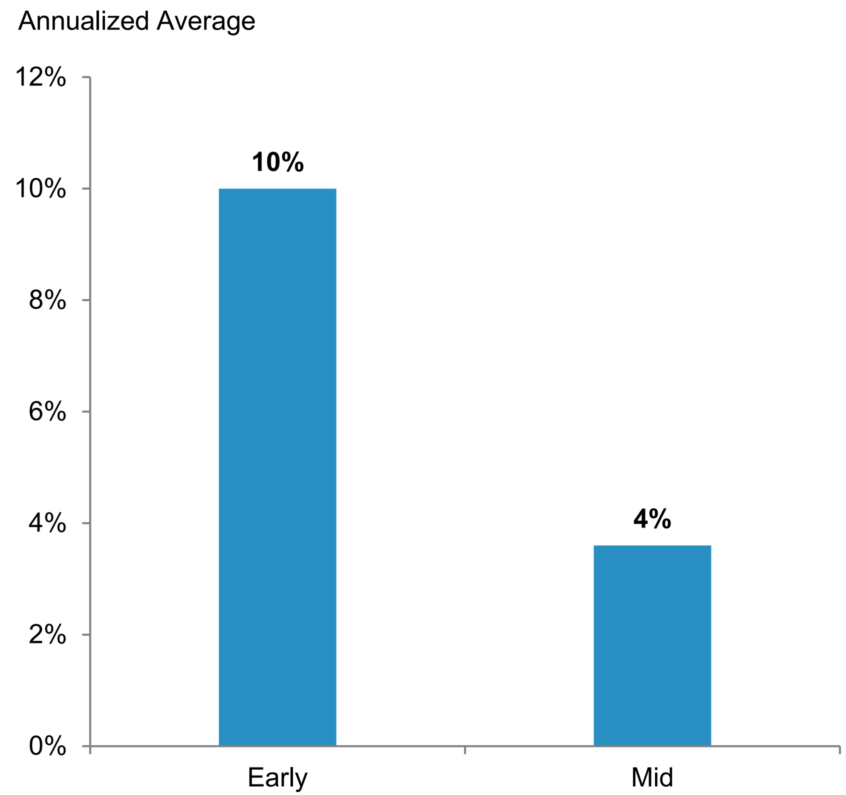
Value Factor Supported by Global Growth Trend

Value stocks' performance versus the broader market historically has been correlated to movements in raw industrials prices, which tend to reflect demand for commodities and global growth momentum. In the second half of 2020, raw industrials prices rebounded alongside the global recovery. Historically, the earlier phases of the U.S. business cycle have been positive for raw industrials and should continue to support value equities.

U.S. Value Stocks vs. Raw Industrials Prices



Raw Industrials Prices (1950–2020)



LEFT: Broad Market is represented by Russell 1000 and Value is the Russell 1000 Value. Source (left and right): Commodity Research Bureau, Haver Analytics, Russell, Fidelity Investments (AART), as of 12/31/20.

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 sectors with relatively more stable earnings growth have tended to outperform in weaker environments.

Business Cycle Approach to Sectors

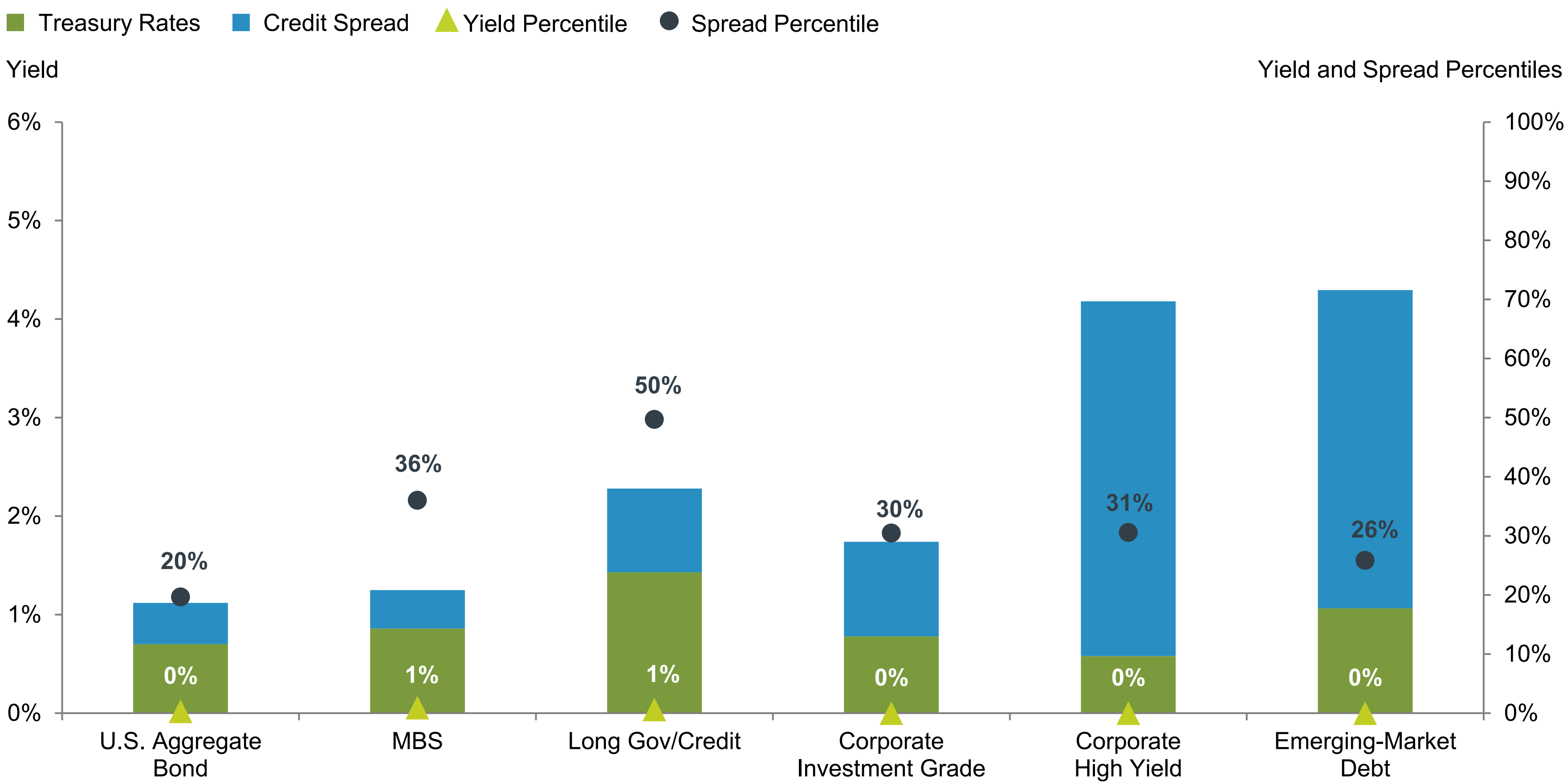
Sector	EARLY CYCLE Rebounds	MID CYCLE Peaks	LATE CYCLE Moderates	RECESSION Contracts
Financials	+			
Real Estate	++			--
Consumer Discretionary	++	-	--	
Information Technology	+	+	--	--
Industrials	++			--
Materials	+	--	+	
Consumer Staples			++	++
Health Care	--		++	++
Energy	--		++	
Communication Services		+		-
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 2020. Source: Fidelity Investments (AART), as of 12/31/20.

Yields Near All-Time Lows as Spreads Tightened Further

Credit spreads tightened across fixed income asset classes for the third quarter in a row, with almost all categories finishing the year below their long-term averages. During 2020, extraordinary central bank accommodation in both the Treasury and credit markets put downward pressure on both rates and spreads, helping push bond yields in high-quality debt categories near their lowest levels on record.

Fixed Income Yields and Spreads (1993–2020)



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 2020. MBS: mortgage-backed securities. Source: Bloomberg Barclays, Bank of America Merrill Lynch, JP Morgan, Fidelity Investments (AART), as of 12/31/20.

Long-Term Themes

Performance Rotations Underscore Need for Diversification

The performance of different assets has fluctuated widely from year to year, and the magnitude of returns can vary significantly among asset classes in any given year—even among asset classes that are moving in the same direction. A portfolio allocation with a variety of global assets illustrates the potential benefits of diversification.

Periodic Table of Returns

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
32%	14%	26%	56%	32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%
26%	8%	10%	47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%
12%	5%	4%	39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%
8%	2%	-2%	37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%
-1%	-2%	-6%	31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%
-3%	-4%	-9%	31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%
-5%	-4%	-15%	29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%
-9%	-12%	-16%	28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%
-14%	-20%	-20%	24%	8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%
-22%	-20%	-22%	19%	7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%
-31%	-21%	-28%	4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%

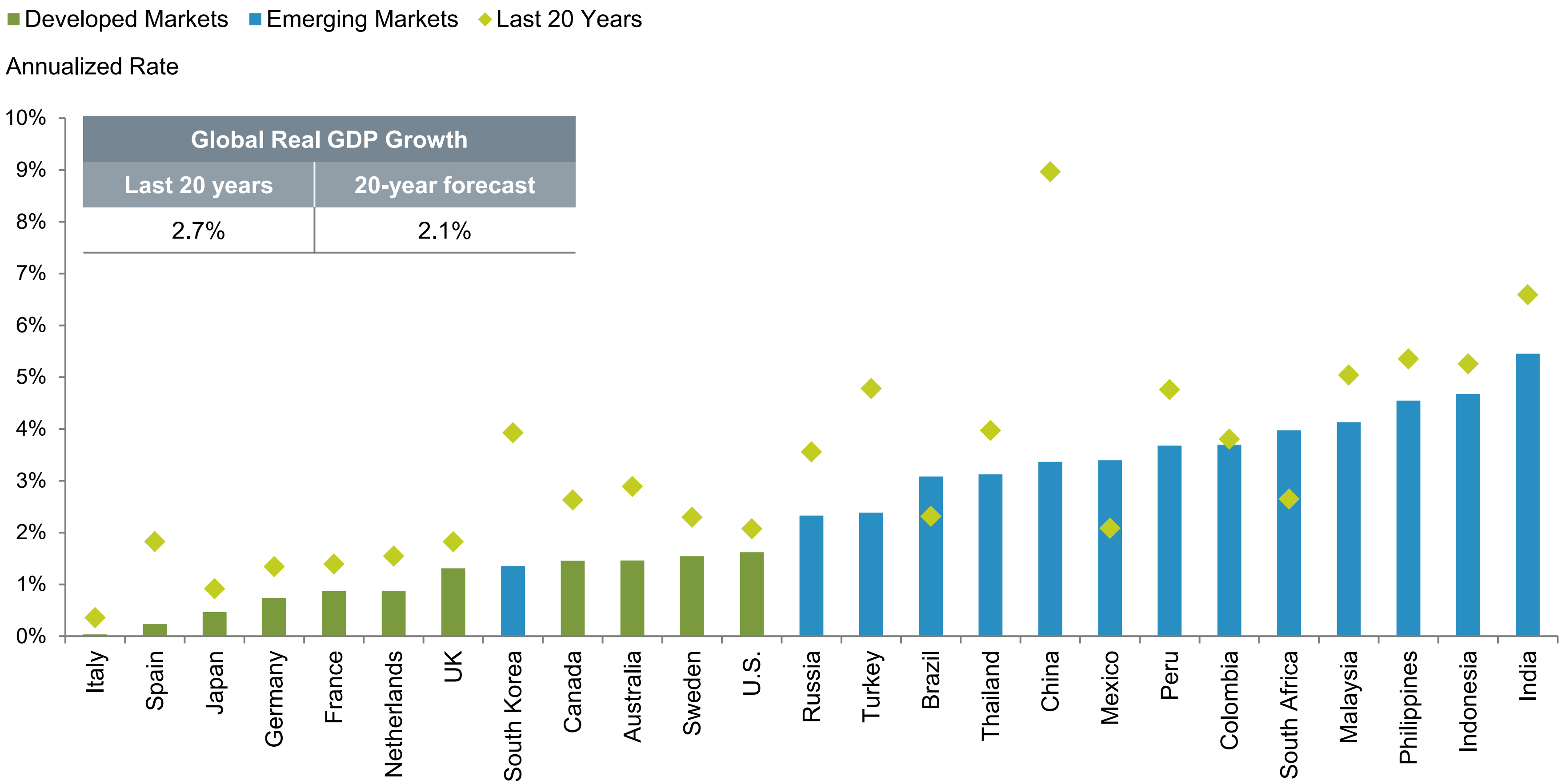
Legend
Growth Stocks
Small Cap Stocks
Large Cap Stocks
Emerging-Market Stocks
60% Large Cap 40% IG Bonds
Foreign-Developed Country Stocks
Investment-Grade Bonds
High-Yield Bonds
Value Stocks
Commodities
REITs

Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Asset classes represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Stocks—MSCI Emerging Markets Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Growth Stocks—Russell 3000 Growth Index; High-Yield Bonds—ICE BofA U.S. High Yield Index; Investment-Grade Bonds—Bloomberg Barclays U.S. Aggregate Bond Index; Large Cap Stocks—S&P 500 index; Real Estate/REITs—FTSE NAREIT All Equity Total Return Index; Small Cap Stocks—Russell 2000 Index; Value Stocks—Russell 3000 Value Index. Source: Morningstar, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 12/31/20.

Secular Forecast: Slower Global Growth, EM to Lead

Slowing labor force growth and aging demographics are expected to tamp down global growth over the next two decades. We expect GDP growth in emerging markets to outpace that of developed markets over the long term, providing a relatively favorable secular backdrop for emerging-market equity returns.

Real GDP 20-Year Growth Forecasts vs. History



Global Real GDP Growth	
Last 20 years	20-year forecast
2.7%	2.1%

Past performance is no guarantee of future results. EM: Emerging Markets. GDP: Gross Domestic Product.
Source: OECD, Fidelity Investments (AART), as of 6/30/20.

Secular: Rising Policy and Political Risk

LONG-TERM

We believe the longstanding global regime of relatively stable and investment-friendly policies, politics, and regulation is nearing an end. Rising populism, geopolitical destabilization, and de-globalization pressures are key drivers of this change. We expect greater government intervention may inhibit corporate profitability, distort market signals, and lead to higher political risk in investment decisions throughout the world.

Regime Shift Driven by Powerful Underlying Dynamics

- Rising Populist Demands
- Geopolitical Instability
- Anti-Globalization Pressure
- Widespread Aging Demographics
- Unprecedented Accumulation of Debt

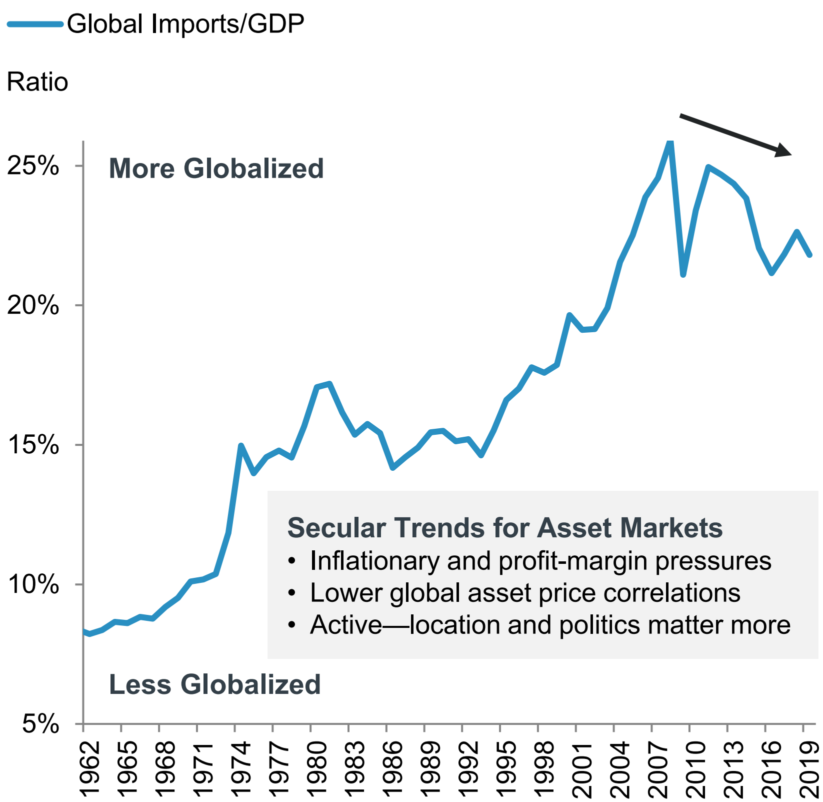
Policy Dynamic	Expected Shift
Monetary	• Increased political influence on decisions • Sustained financial repression • More active role in financial markets • More permissive of inflation
Global	• Less rules-based and less market-oriented global system • Trade, capital, and labor flows more restricted • Weaponized economic measures for geopolitical ends
Fiscal	• More permissive of large deficits and rising debt levels
Regulatory	• Trend toward greater interventionism
Political risk	• More commonplace in economic and commercial affairs

 Source: Fidelity Investments (AART), as of 12/31/20.

Secular Trends: De-Globalization, Higher Geopolitical Risk

After decades of rapid global integration, economic openness stalled in recent years in many advanced economies. The deepening U.S.-China rivalry implies continued risks and bipolarization of the tech industry, even as the policy tone and tools shift under the new U.S. administration. The more that domestic politics and location matter, the greater may be the benefits and active opportunities from global asset diversification.

Trade Globalization



U.S.-China Relationship

Diversification does not ensure a profit or guarantee against loss. Source: International Monetary Fund (IMF), World Bank, Haver Analytics, Fidelity Investments (AART), as of 12/31/20.

Unintended Consequences of Extraordinary Monetary Policy

Over the past decade, global central banks have continued to employ extraordinary monetary accommodation. These policies have had mixed and unintended effects on the global economy, including increased risk in financial systems, deflationary impulses, and a weak consumer response. With many investors having grown accustomed to routine intervention, central banks may find it increasingly difficult to normalize their policies.

Extraordinary Monetary Policy Goals vs. Consequences

Intended Central Bank Goals

Substitution effect
Ease credit conditions
Reduce debt-service burden
Improve export competitiveness

↓

Consumption up
Bank lending up
Lower interest expense
Weaker currency

Unintended Consequences

Income effect
Price controls
Weaker productivity
Currency wars

↓

Savings up
Bank lending down
Less-productive firms stay in business
Limited impact on currency

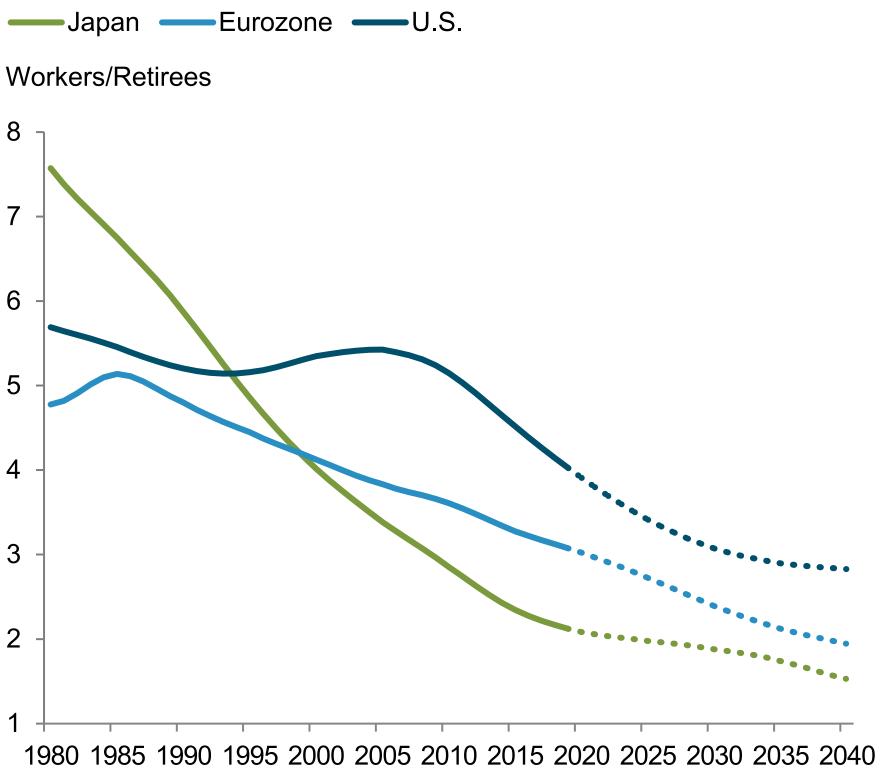
 Source: Fidelity Investments (AART), as of 12/31/20.

Demographic Deterioration Exacerbates Fiscal Pressures

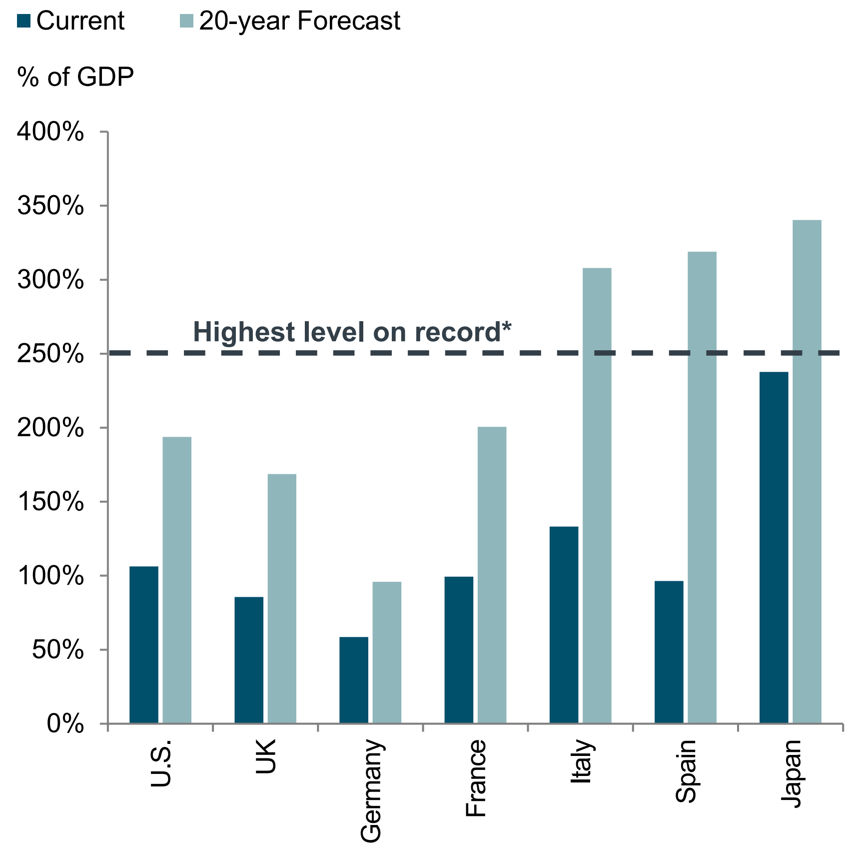
For most advanced economies, deteriorating demographic trends will only worsen in coming decades, with fewer new workers to support a growing number of retirees. This creates even greater fiscal pressure due to rising spending on pensions and health care. The already elevated levels of government debt/GDP are likely to rise much further, with some major economies on pace to surpass the highest debt levels ever recorded.

LONG-TERM

Demographic Support Ratio



Gross Government Debt



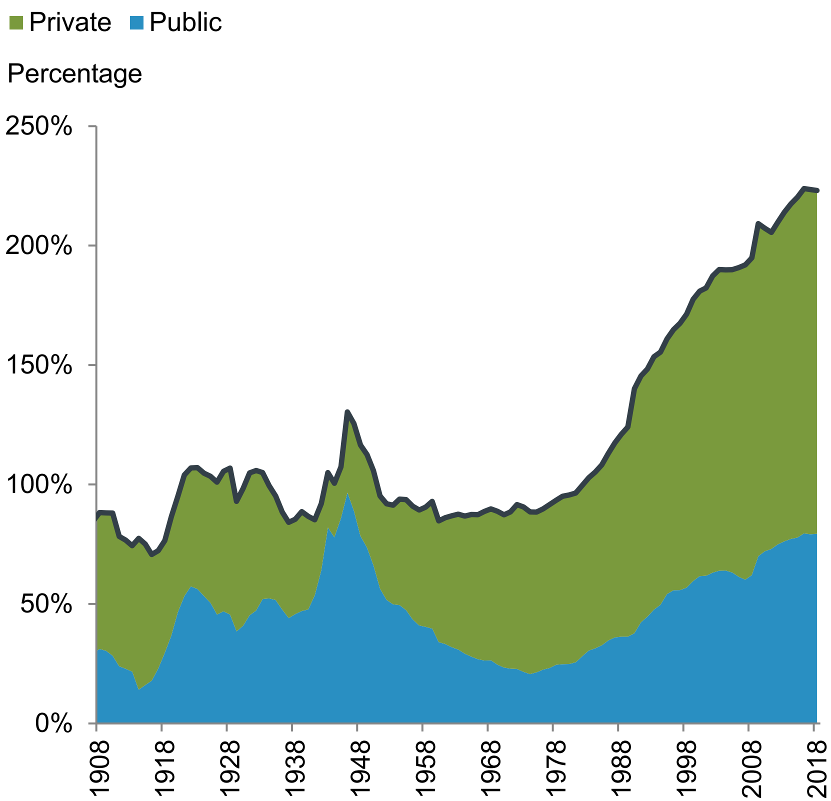
LEFT: The demographic support ratio is calculated as the number of workers (15–64 years old)/number of retirees (65 and older). Source: United Nations, Haver Analytics, Fidelity Investments (AART), as of 10/31/19. **RIGHT:** * This level attained by the UK (1821), Netherlands (1834), France (1944), and Japan (1945). Forecasts by Fidelity Investments (AART). Source: International Monetary Fund, United Nations, Fidelity Investments (AART), as of 5/31/20.

Fidelity INVESTMENTS

Rising Debt: Will Policy Response Be Inflationary?

The dramatic worldwide rise in public and private debt in recent decades reflects monetary and fiscal policymakers' proclivity to use low interest rates and government support in an attempt to boost growth rates. While technology and other factors have kept inflation in check, we believe greater policy experimentation and "peak globalization" trends will eventually cause long-term inflation to rise faster than expected.

Global Debt as a Share of GDP



Possible Secular Impact on Inflation

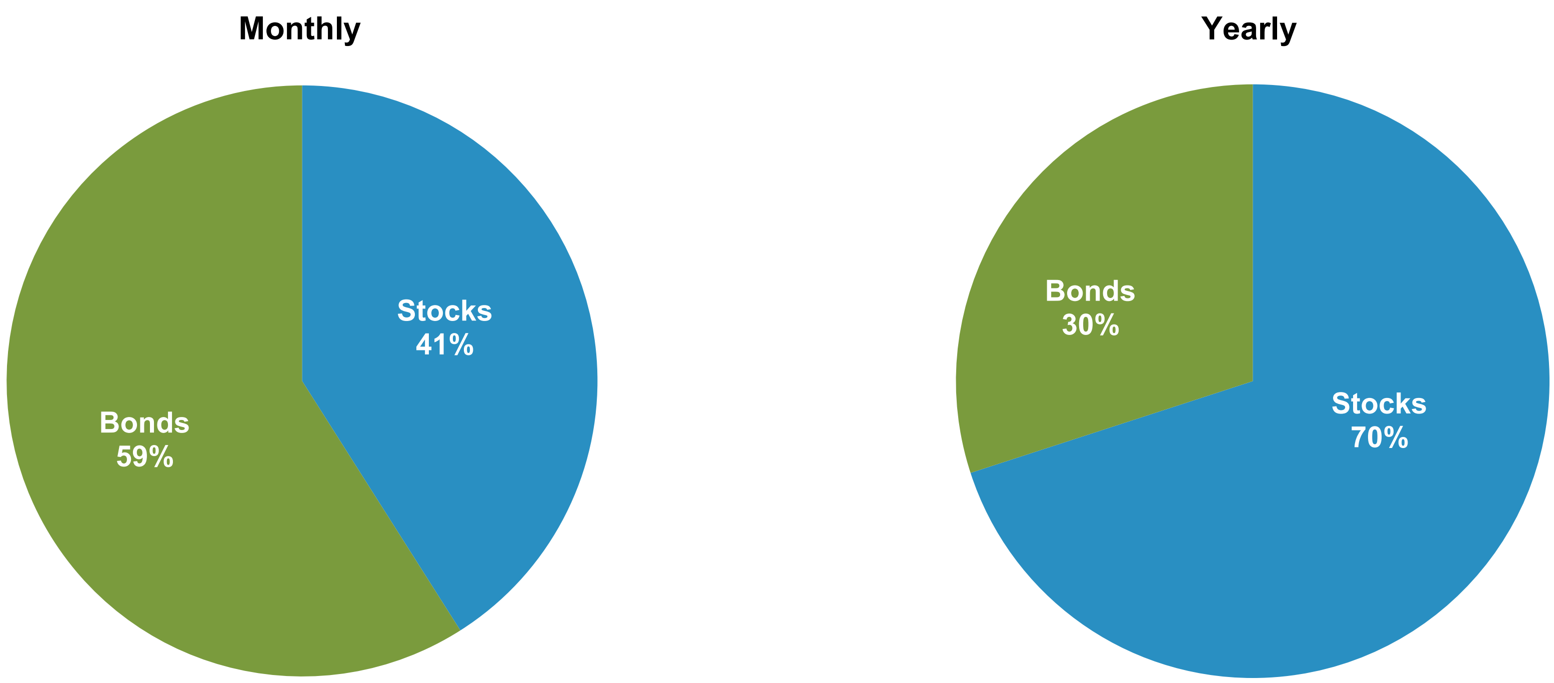
Secular Factors	Possible Developments	Risks to Inflation
Policy	Fed targets higher inflation	↑
	More stimulative fiscal policy	↑
Aging Demographics	Elderly people:	
	• Spend less (reducing demand)	↓
	• Work less (reducing supply)	↑
Peak Globalization	More expensive goods/labor	↑
Technological Progress	More robots, Amazon effect	↓

LEFT: Source: Bank of International Settlements, International Monetary Fund, Maddison Project, Fidelity Investments (AART), and the Jordà-Schularick-Taylor Macrohistory Database, compiled by Oscar Jordà, Moritz Schularick, and Alan M. Taylor. Accessed through www.macrohistory.net, as of 12/31/18. **RIGHT:** Source: Fidelity Investments (AART), as of 3/31/20.

“Myopic Loss Aversion” Prompts Risk-Averse Behavior

Myopic loss aversion describes a common bias in which greater sensitivity to losses than to gains is compounded by the frequent evaluation of outcomes. Historically, investors who review their portfolios more frequently have tended to shift toward more conservative exposures, as increased monitoring raises the likelihood of seeing (and reacting to) a loss.

Impact of Feedback Frequency on Investment Decisions



In a study, subjects were assigned simulated conditions that were similar to making portfolio decisions on a monthly or yearly basis. Source: Thaler, R.H., A. Tversky, D. Kahneman, and A. Schwartz. “The Effect of Myopia and Loss Aversion on Risk Taking: An Experimental Test.” *The Quarterly Journal of Economics* 112.2 (1997), used by permission of Oxford University Press; Fidelity Investments (AART), as of 12/31/20.

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.

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

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. Corporate High Yield Bond Index** is a market value-weighted index covering the universe of dollar-denominated, fixed-rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets are excluded.

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 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 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 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 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. 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 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 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 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). **FTSE NAREIT All Equity Total Return Index** is a market capitalization–weighted index that is designed to measure the performance of tax-qualified real estate investment trusts (REITs) listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List.

ICE BofA 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 (EMEA) 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 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 1000® Index is a market capitalization-weighted index designed to measure the performance of the large-cap segment of the U.S. equity market. **Russell 1000 Growth Index** is a market-capitalization-weighted index designed to measure the performance of the large-cap growth segment of the U.S. equity market. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth rates. **Russell 1000 Value Index** is a market-capitalization-weighted index designed to measure the performance of the large-cap value segment of the U.S. equity market. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth rates.

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.

Appendix: Important Information

Other Indexes

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.

VIX® is the Chicago Board Options Exchange Volatility Index®, a weighted average of prices on S&P 500 options with a constant maturity of 30 days to expiration. It is designed to measure the market's expectation of near-term stock market volatility.

ICE BofA MOVE (Merrill Option Volatility Estimate) Index is a measure of U.S. interest rate volatility that tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries.

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.

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.

Fidelity Institutional℠ provides investment products through Fidelity Distributors Company LLC; clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC (Members NYSE, SIPC); and institutional advisory services through Fidelity Institutional Wealth Adviser LLC.

Personal and workplace investment products are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC.

Institutional asset management is provided by FIAM LLC and Fidelity Institutional Asset Management Trust Company..

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