Commentary | Second Quarter 2023

Quarterly Market Update

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Table of Contents

Fidelity INVESTMENTS

Market Summary

Asset Markets Rose amid a Bumpy Start to the Year

Financial markets digested multiple cross-currents during Q1, including stress in the U.S. and European banking systems, signs of persistent core inflation pressures, falling energy prices, and a solid upswing in Chinese economic data. With major central banks still tightening monetary policy, macroeconomic and policy uncertainty could remain high and warrant a degree of caution and ample portfolio diversification.

	MACRO	ASSET MARKETS
Q1 2023	• Inflationary pressures decelerated and global growth remained mixed.	• Most asset prices rose as interest rates modestly decreased.
OUTLOOK	• The global business cycle is less synchronized and faces multiple crosswinds. • The U.S. is in the late-cycle expansion phase. Banking stress adds to the elevated odds of a recession in the coming quarters. • China's post-COVID reopening and policy stimulus support a continued recovery, but the magnitude and length remain uncertain. • The rate of inflation is slowing, but persistent pressures imply greater economic slowing may be necessary to bring it down sustainably. • The Fed is likely nearing the end of its hiking cycle, but global monetary tightening is dampening liquidity and adding to growth risks.	• The markets still appear overly sanguine about how quickly and painlessly the Fed can pivot to easing monetary policy. • Slower liquidity growth, persistent inflation risk, tentative growth momentum, and greater monetary policy uncertainty raise the odds that market volatility will remain elevated. • Some of these challenging dynamics have been priced into markets in the form of more attractive valuations, particularly in fixed income and non-U.S. equities. • End-of-cycle positioning implies smaller cyclical tilts and a readiness for opportunities; high levels of long-term portfolio diversification remain warranted.

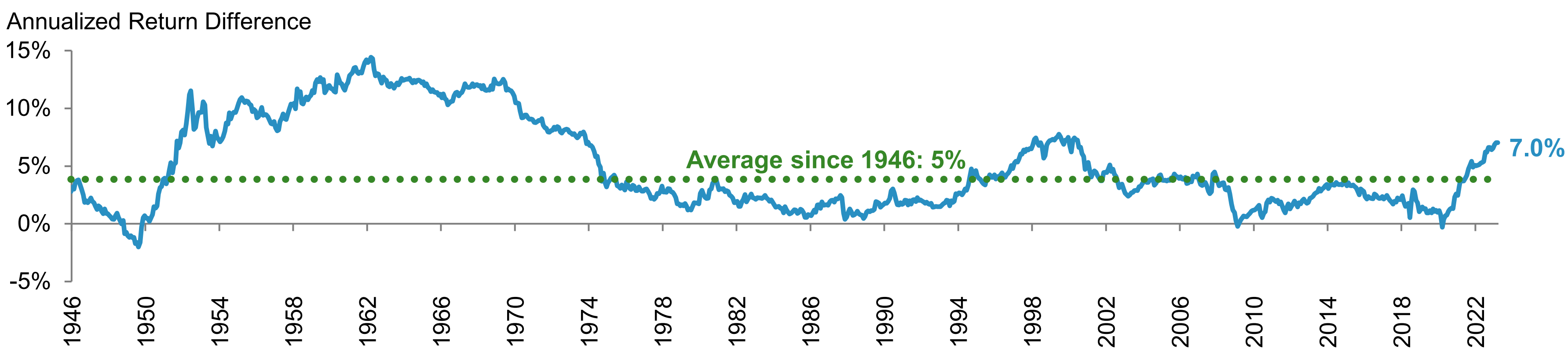
 Diversification does not ensure a profit or guarantee against a loss.

Broad-Based Rally Continued across Most Categories

Asset prices fluctuated considerably during Q1 but ended up posting their second consecutive quarter of widespread gains. A decline in U.S. Treasury yields helped boost both fixed income and equity returns, with gold, non-U.S. developed-market equities, and large cap growth stocks leading the way. Longer maturity bond categories posted the best fixed income gains, while commodity prices fell.

	Q1 2023	1 Year (%)		Q1 2023	1 Year (%)
U.S. Growth Stocks	13.9%	-10.9%	U.S. Corporate Bonds	3.5%	-5.3%
Non-U.S. Developed-Country Stocks	8.5%	-1.4%	Investment-Grade Bonds	3.0%	-4.8%
Gold	8.0%	1.6%	U.S. Small Cap Stocks	2.7%	-11.6%
U.S. Large Cap Stocks	7.5%	-7.7%	Real Estate Stocks	2.7%	-19.2%
Long Government & Credit Bonds	5.8%	-13.4%	Emerging-Market Bonds	1.9%	-6.9%
Emerging-Market Stocks	4.0%	-10.7%	U.S. Value Stocks	0.9%	-6.3%
High-Yield Bonds	3.7%	-3.6%	Commodities	-5.4%	-12.5%

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

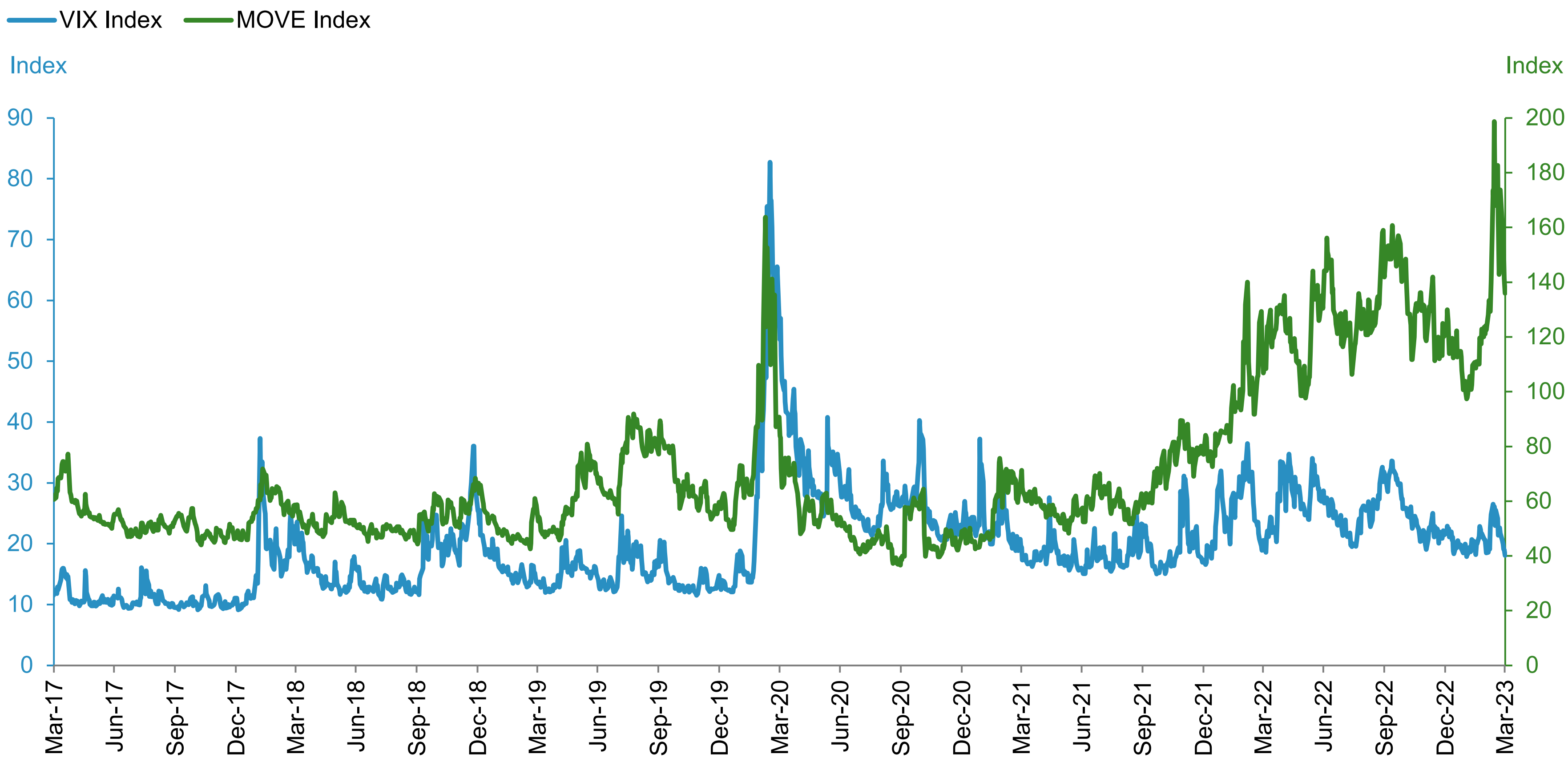


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. IG: Investment grade. Assets represented by: U.S Growth Stocks—Russell 3000 Growth Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Gold—Gold Bullion, LBMA PM Fix; U.S. Large Cap Stocks—S&P 500®; Long Government & Credit Bonds—Bloomberg Long Government & Credit Index; Emerging-Market Stocks—MSCI EM Index; High-Yield Bonds—ICE BofA High Yield Bond Index; U.S. Corporate Bonds—Bloomberg U.S. Credit Index; Investment-Grade Bonds—Bloomberg U.S. Aggregate Bond Index; U.S. Small Cap Stocks—Russell 2000® Index; Real Estate Stocks—FTSE NAREIT Equity Index; Emerging-Market Bonds—JP Morgan EMBI Global Diversified Composite Index;
U.S Value Stocks—Russell 3000® Value Index; Commodities—Bloomberg Commodity Index.
Source: Bloomberg Finance L.P., Haver Analytics,
Fidelity Investments Asset Allocation Research Team (AART), as of 3/31/23.

Bond Volatility Underpinned Market Gyrations

The MOVE Index, a measure of volatility in Treasury markets, spiked during Q1 to its highest level on record outside the global financial crisis period of 2008–2009. Banking sector turmoil and dramatic fluctuations in investor views of the outlook for inflation and monetary policy contributed to the volatility. In contrast, measures of equity-market volatility, such as the VIX Index, remained relatively range-bound.

Market Volatility Indicators

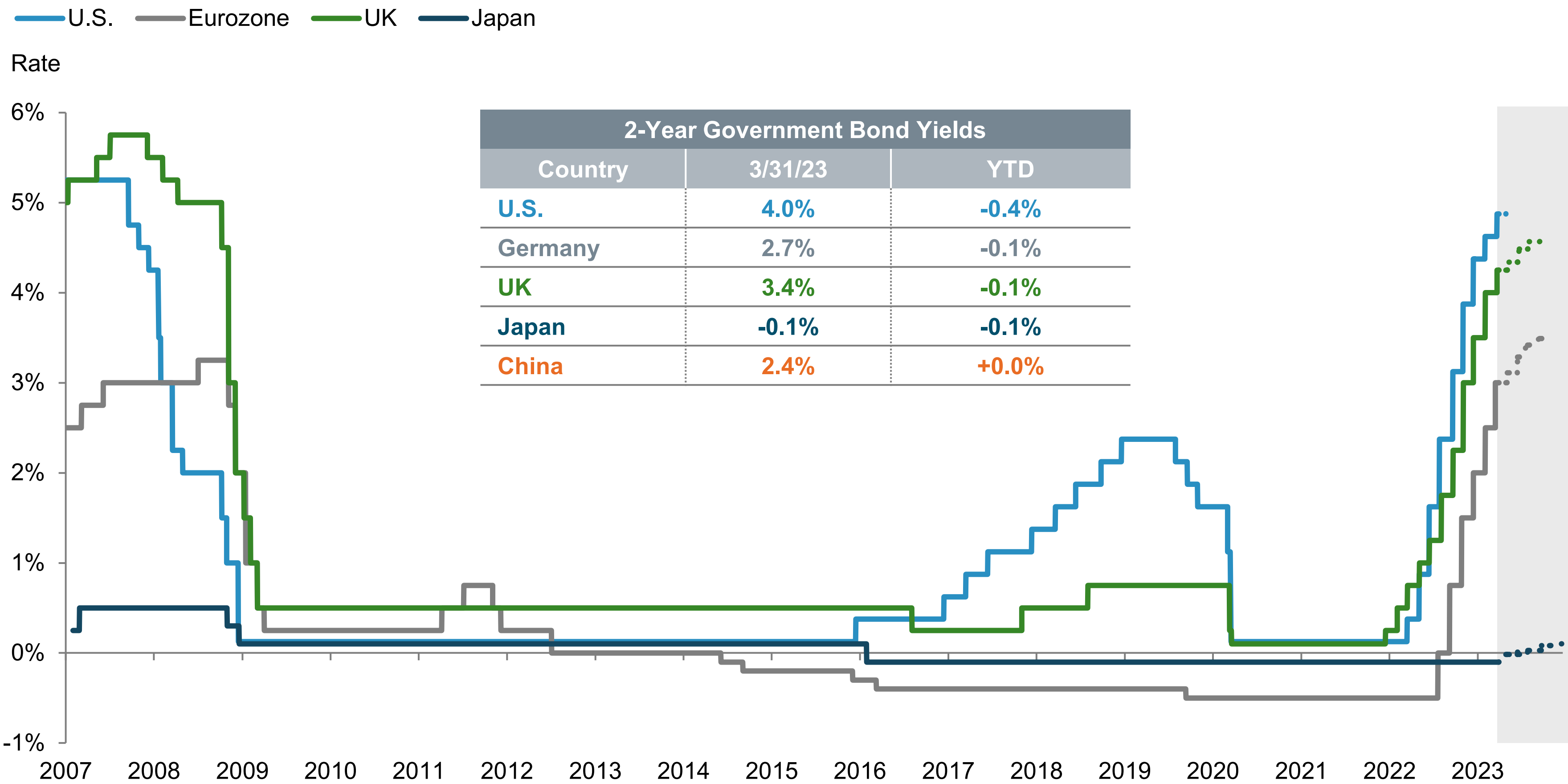


VIX is a measure of equity market volatility. MOVE is a measure of bond market volatility. Source: ICE BofA, CBOE, Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

Dramatic Global Hiking Cycle May Be Nearing a Peak

Aggressive monetary tightening by the world's major central banks continued during Q1, bringing global short-term interest rates to their highest levels in more than a decade. Most investors expect the pace of rate hikes to slow and eventually stop over the next two quarters, but the impact of the abrupt departure from the ultra-low rates era may weigh on financial conditions in the quarters to come.

Global Short-Term Policy Rates



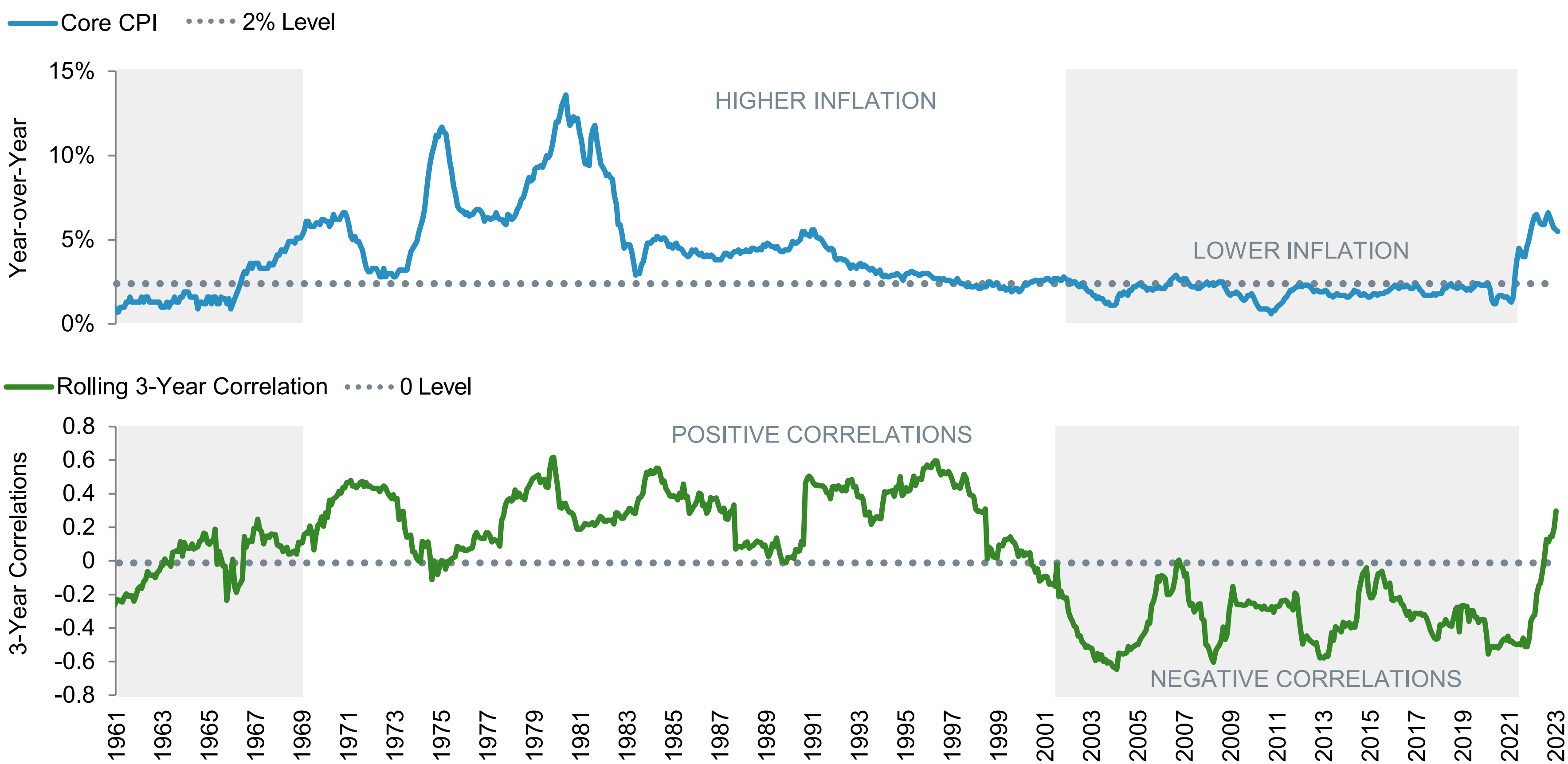
2-Year Government Bond Yields		
Country	3/31/23	YTD
U.S.	4.0%	-0.4%
Germany	2.7%	-0.1%
UK	3.4%	-0.1%
Japan	-0.1%	-0.1%
China	2.4%	+0.0%

Dotted line in the shaded area represent market rate expectations using OIS swaps. They end at the peak expected policy rate by the market.
Source: U.S. Federal Reserve Board, ECB, Bank of Japan, Bank of England, Haver Analytics, Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

High Inflation Drives Positive Stock-Bond Correlations

Over the past 20 years, subdued U.S. core inflation averaged about 2% and facilitated an environment of negative correlations between U.S. stocks and Treasury bonds, leading to strong portfolio diversification. Since 2021, the backdrop has been more akin to prior periods of high inflation and positive stock-bond correlations, where the performance of stocks and bonds moved in the same direction.

Stock and Treasury Bond Correlations vs. Inflation

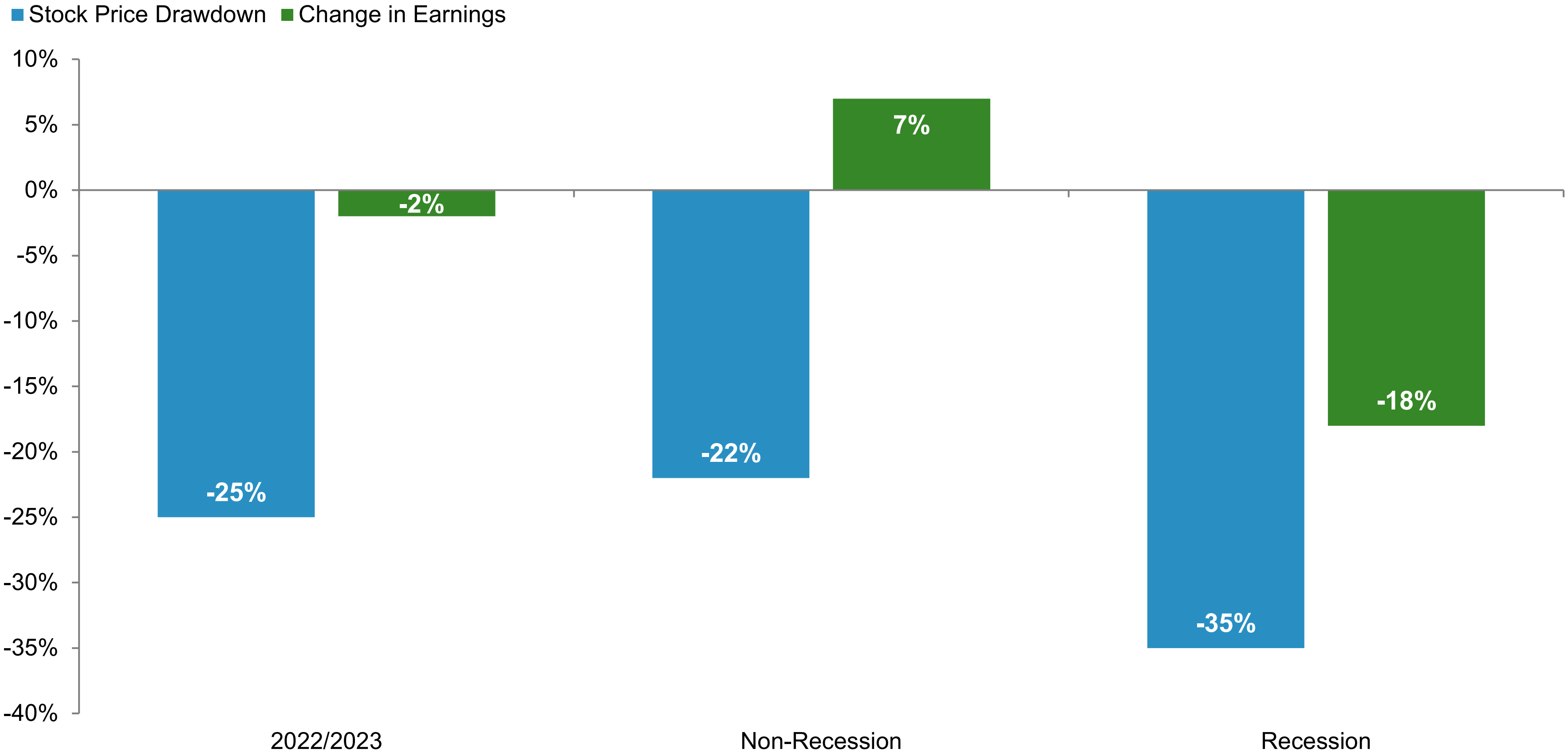


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Source: Bureau of Labor Statistics, Haver Analytics, Bloomberg Finance L.P., Fidelity Investments (AART), as of 2/28/23.

How Much Bad News Has the U.S. Bear Market Priced In?

Historically, most bear markets for stocks (declines of 20% or more) coincide with recessionary contractions in the economy and corporate profits. Sometimes bear markets occur without a recession, typically with positive earnings growth and lesser stock-price declines. Since the start of 2022, stock prices and earnings forecasts have been somewhere in the range between historical recession and non-recession bear markets.

Median Stock-Price Drawdowns and Earnings Changes during Bear Markets (1872–2023)



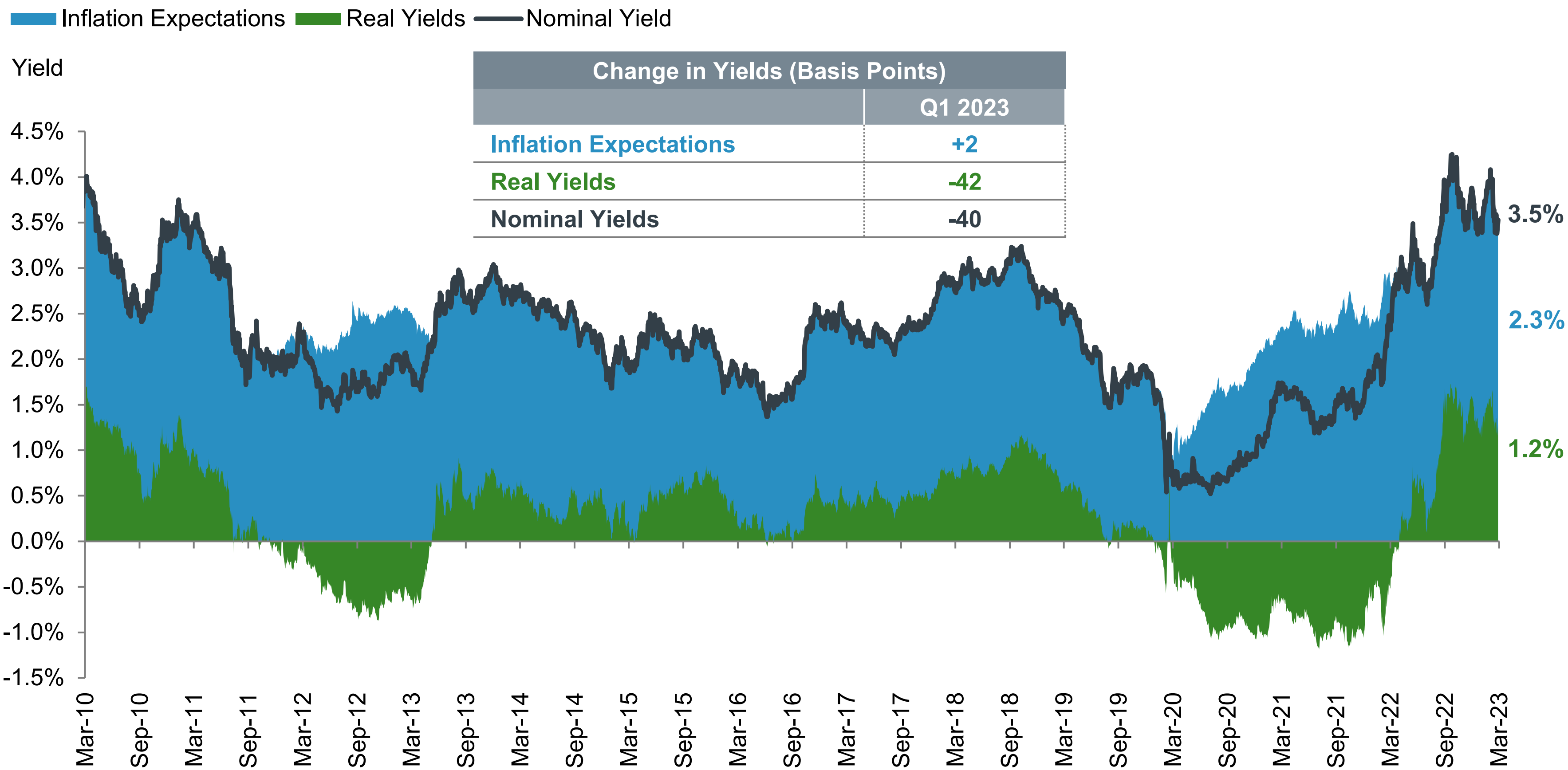
Price changes include intraday trading for the S&P 500 index. 2022/2023 change in earnings is the consensus forecast for 2023. Source: NBER, FactSet, Bloomberg Finance LLC, Haver Analytics, as of 3/31/23.

Yields Dropped, Still Around Multiyear Highs

Nominal 10-year Treasury bond yields declined during Q1, driven by a decrease in real yields—the inflation-adjusted cost of borrowing. However, both nominal and real yields remained at the upper end of their ranges over the past decade, supported by the Fed's monetary tightening. Inflation expectations finished little changed by the end of Q1 and have remained relatively steady over the past few quarters.

10-Year U.S. Government Bond Yields

Change in Yields (Basis Points)	
	Q1 2023
Inflation Expectations	+2
Real Yields	-42
Nominal Yields	-40

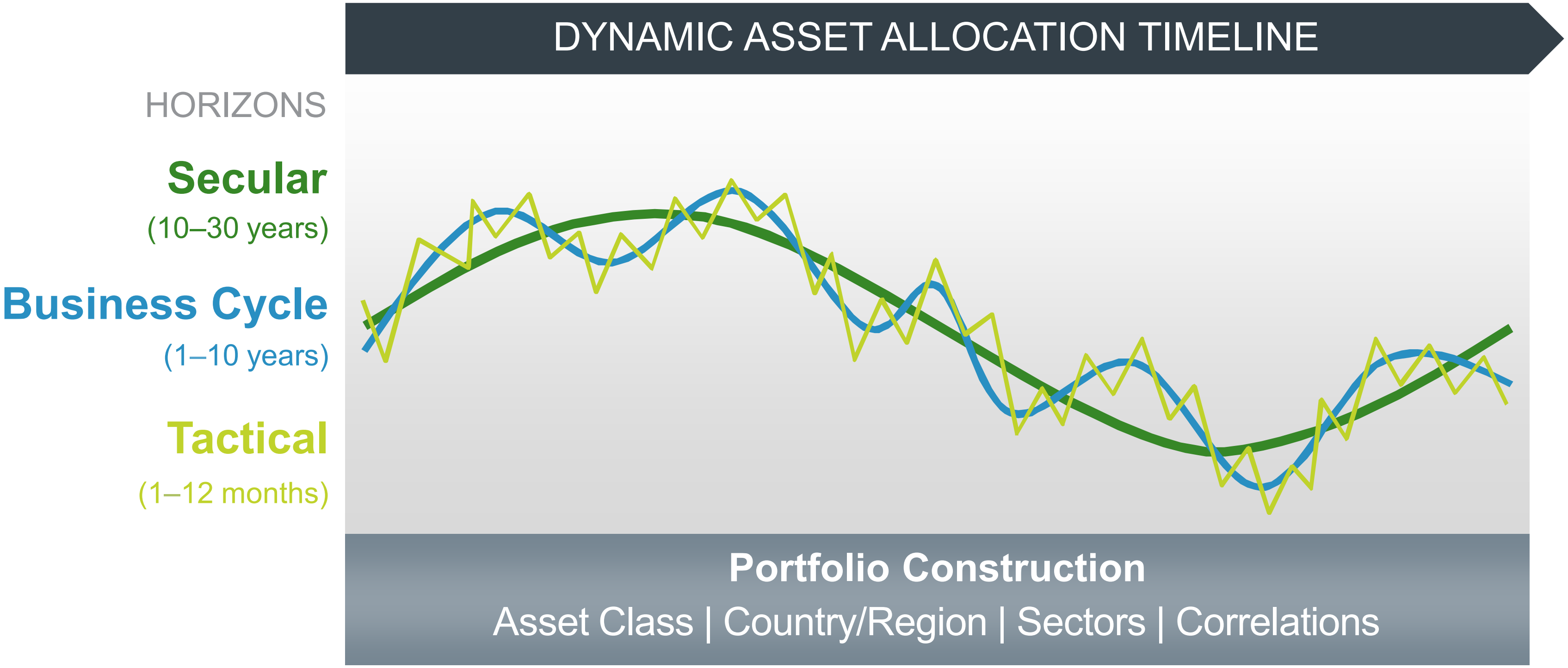


 Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

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 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 3/31/23.

Less Synchronized Global Business Cycle

Many economies face headwinds related to persistent inflationary pressures and tightening monetary and financial conditions. However, the global cycle has become less synchronized, with China accelerating amid a post-COVID reopening and Europe stabilizing amid falling energy prices. We believe the U.S. is in the late-cycle expansion phase, with a significant likelihood that recessionary pressures may increase in 2023.

Business Cycle Framework

Cycle Phases

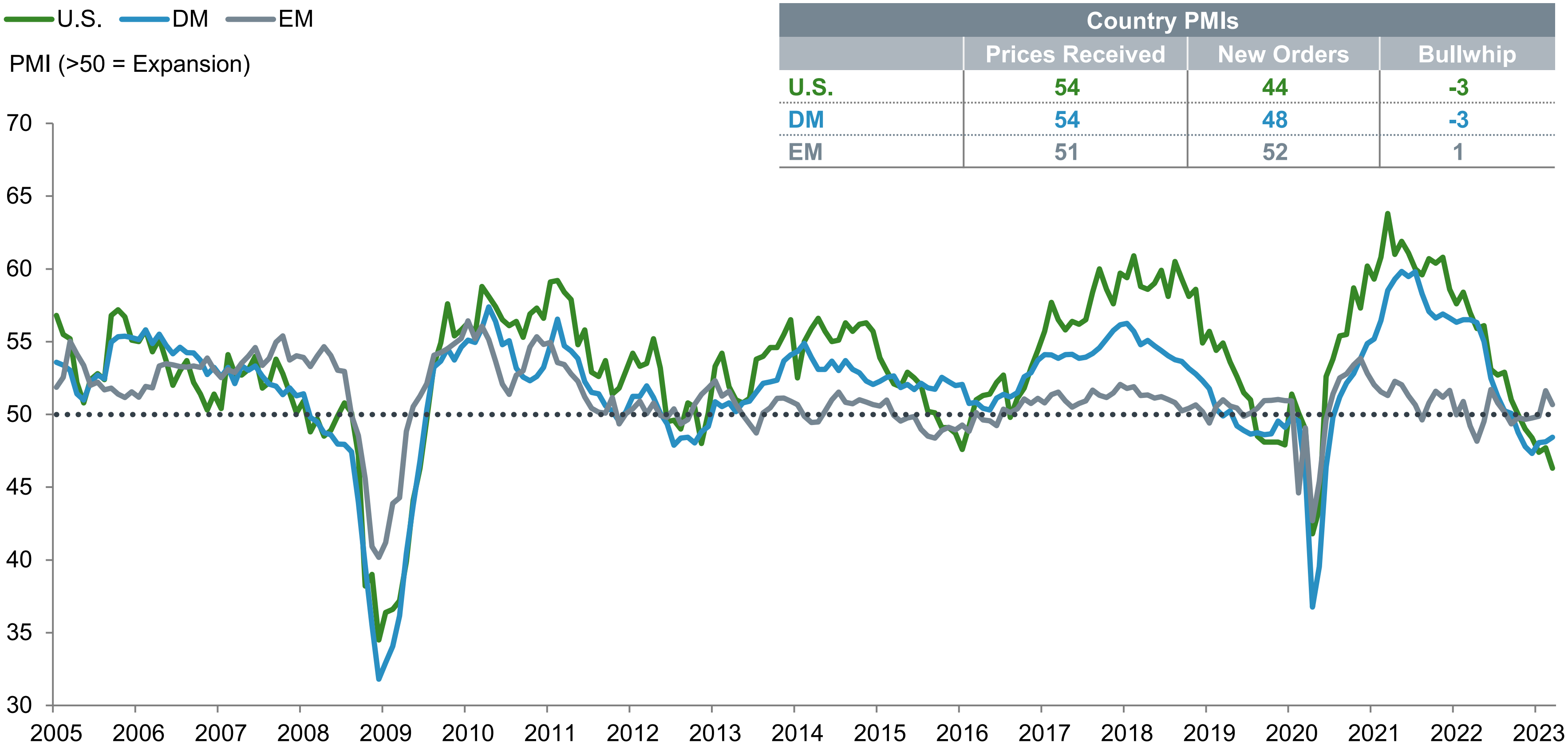
EARLY	MID	LATE	RECESSION
• Activity rebounds (GDP, IP, employment) • Credit begins to grow • Profits grow rapidly • Policy still stimulative • Inventories low; sales improve	• Growth peaking • Credit growth strong • Profit growth peaks • Policy neutral • Inventories, sales grow; equilibrium reached	• Growth moderating • Credit tightens • Earnings under pressure • Policy contractionary • Inventories grow, sales growth falls	• Falling activity • Credit dries up • Profits decline • Policy eases • Inventories, sales fall

A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term horizon. 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 3/31/23.

Regional Divergence in Global Industrial Activity

Global manufacturing activity in the U.S. and other developed markets (DM) continued to decelerate in Q1. DM bullwhips—new orders minus existing inventories—remained negative, typically a signal of more slowing ahead. However, industrial activity remained mildly expansionary in emerging-market countries, providing an asynchronous boost to a global manufacturing cycle that slowed significantly over the past year.

Global Manufacturing Surveys



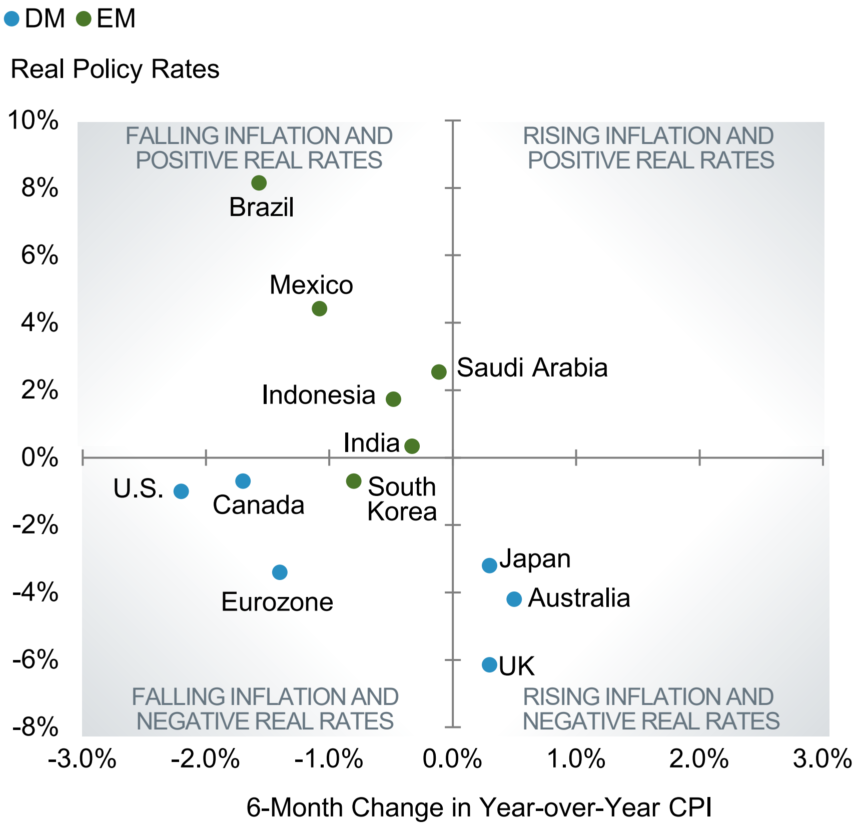
Country PMIs			
	Prices Received	New Orders	Bullwhip
U.S.	54	44	-3
DM	54	48	-3
EM	51	52	1

PMI: Purchasing managers' index. Readings above 50 indicate expansion. EM: Emerging markets. DM: Developed markets. Bullwhip: New Orders PMI less Inventories PMI (numbers may differ due to rounding). Source: Markit IPM, ISM (Institute for Supply Management), S&P Global, Haver Analytics, Fidelity Investments (AART), as of 3/31/23.

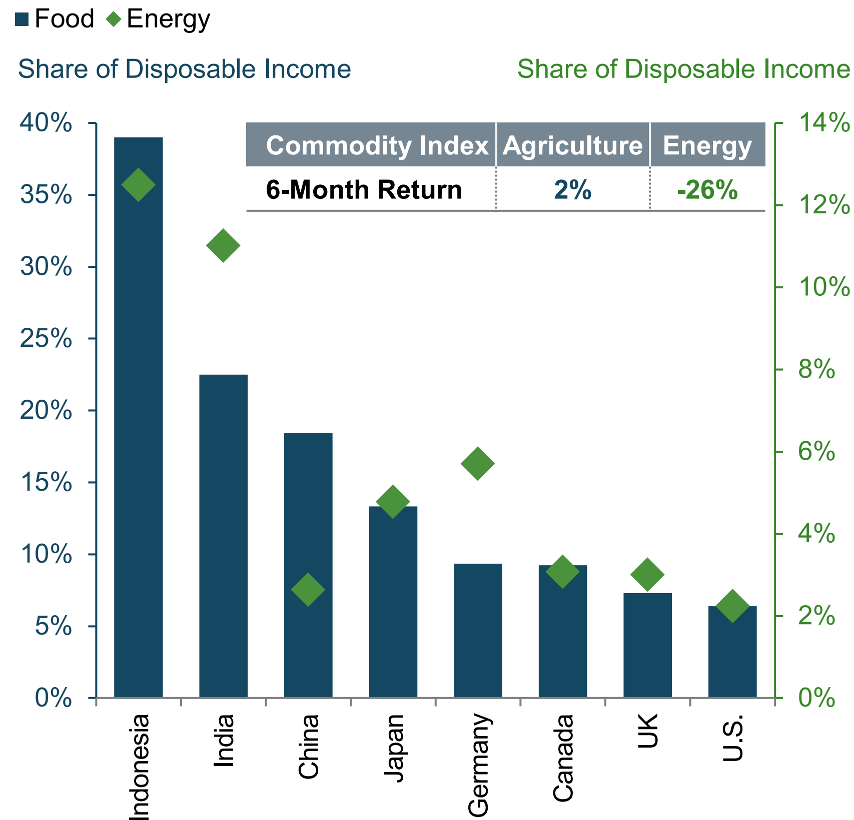
Adjustments to Higher Inflation Vary Across the World

Central banks tightened policies to address rising inflation over the past year at varying speeds and magnitudes. With inflation decelerating in recent months, many emerging markets (EM) appear nearer the end of their hiking cycles, while persistent pressures in many DM countries have kept policy rates below trailing inflation rates. EM consumers remain particularly exposed to volatility in food and energy prices.

Global Monetary Policy and Inflation Trend



Household Spending on Food and Energy



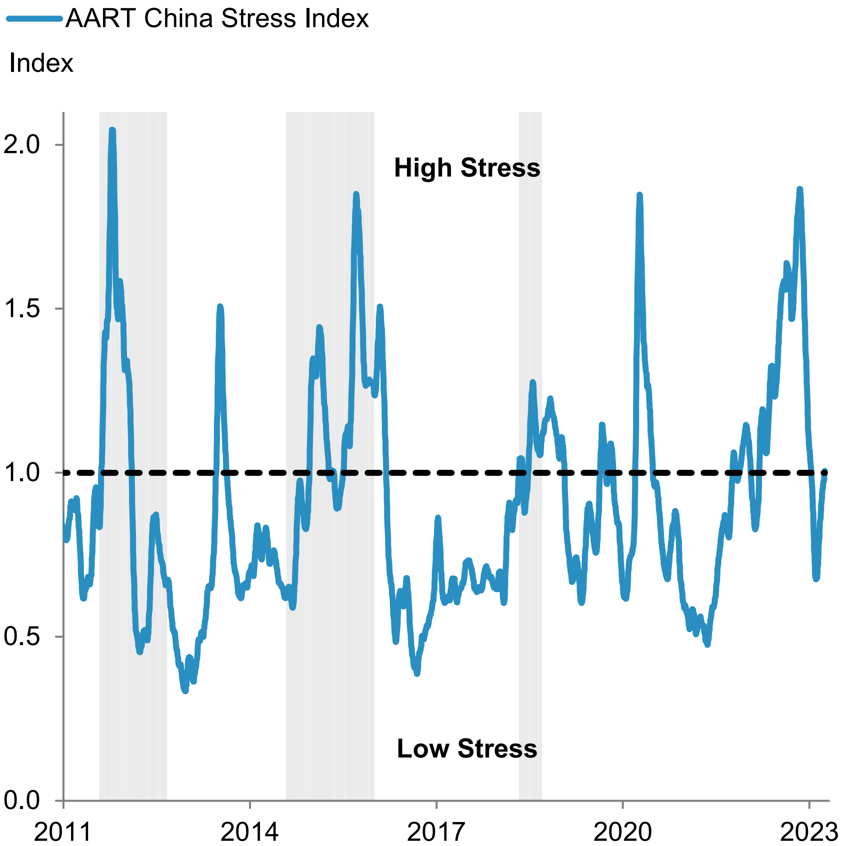
Commodity Index	Agriculture	Energy
6-Month Return	2%	-26%

LEFT: CPI: Consumer Price Index. Real policy rates is the policy rate of each central bank minus YoY CPI. 6-Month difference in YoY CPI. **RIGHT**: Food: at home; Energy: utilities, gasoline, gas, oil, water. Share of disposable income calculated from 2019 values. **TABLE**: It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Returns represented by Bloomberg commodity total return sub-indexes. Source: World Bank, Haver Analytics, Bloomberg Finance L.P., National statistical agencies, Fidelity Investments (AART), as of 3/31/23.

China: Traction amid Policy Easing but Risks Remain

China's economy gained steam in Q1 amid tailwinds from reopening and policy stimulus. In contrast to much of the rest of the world, China continued to ease monetary, fiscal, and regulatory policies aimed at boosting the property, manufacturing, and consumer sectors. The strength and length of China's upward momentum remain uncertain, with structural imbalances, such as excess leverage, property overhang, acting as counterweights.

China: Financial Stress



China: Other Trends

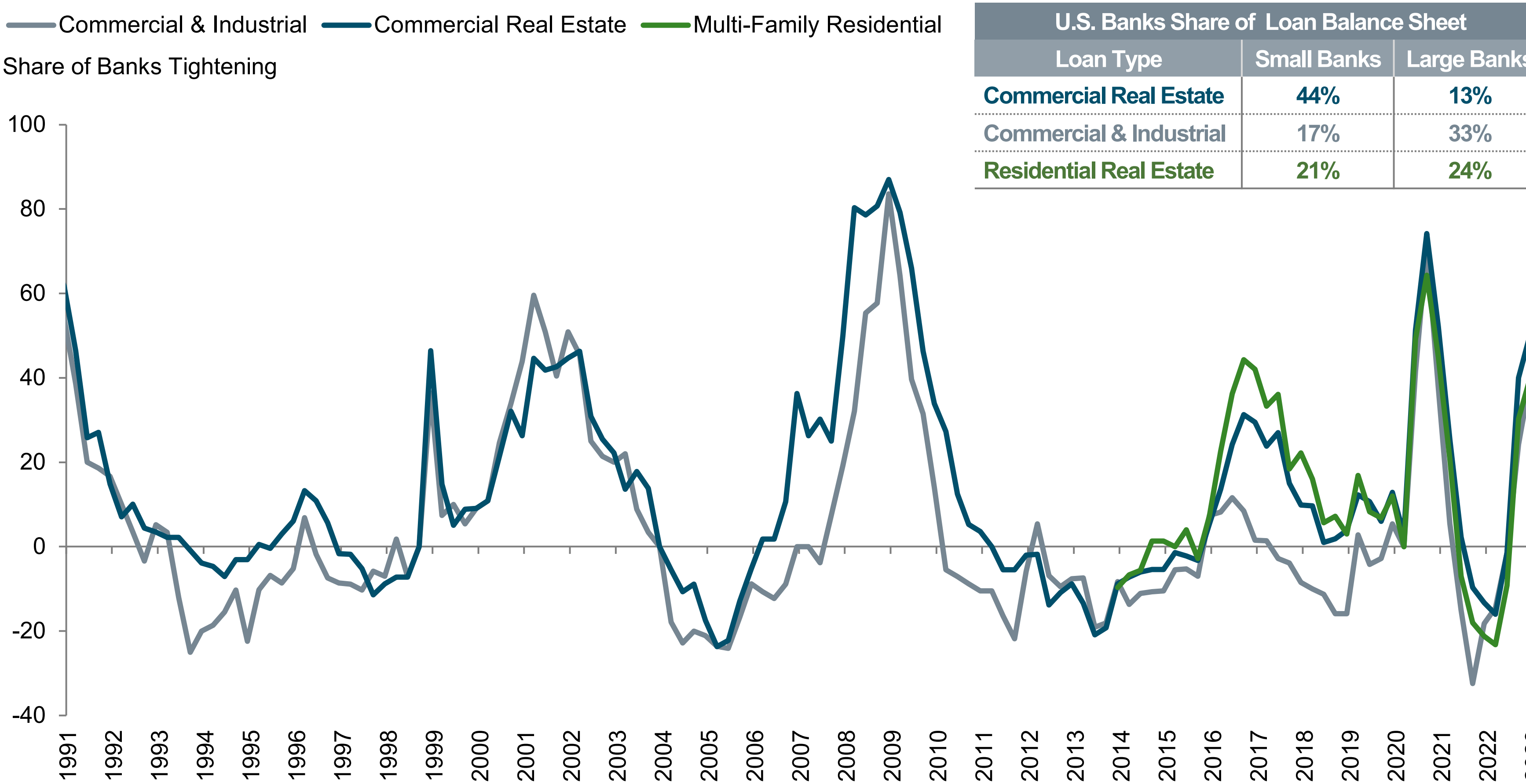
Positive	Negative
Removal of COVID restrictions	Structural imbalances (excess leverage, property overhang)
Property sector easing (fewer home buying restrictions, relaxation of three red lines)	Geopolitical risk
Monetary policy easing	Regulatory risk (focus on "common prosperity")
Fiscal policy support and infrastructure investments	
Policy easing in manufacturing and consumption sectors (tax cuts, EV subsidies)	

LEFT: Gray bars represent growth recessions as defined by AART. The AART China Stress Index is a proprietary measure of Chinese financial markets. The chart presents the series as a 20-day moving average. Source: China National Bureau of Statistics, People's Bank of China, Fidelity Investments (AART), as of 3/31/23.

Regional Bank Failures May Exacerbate Credit Tightening

In a typical late-cycle pattern, U.S. banks tightened lending standards in the latter half of 2022 across multiple loan categories. The banking stress experienced during Q1, highlighted by the failure of two regional banks, is likely to generate even greater caution and lead to further credit tightening. On average, smaller regional banks are more exposed to commercial real estate loans compared with large banks.

U.S. Banks Lending Standards by Loan Type



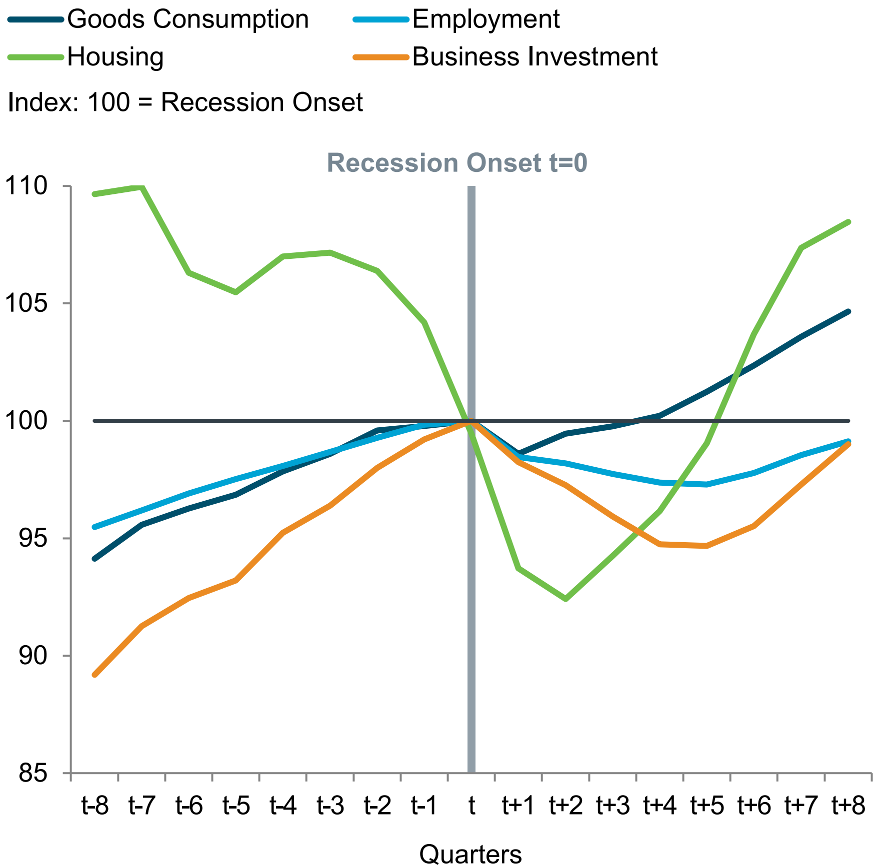
U.S. Banks Share of Loan Balance Sheet		
Loan Type	Small Banks	Large Banks
Commercial Real Estate	44%	13%
Commercial & Industrial	17%	33%
Residential Real Estate	21%	24%

TABLE: Large Banks: Top 25 U.S. Domestically Chartered ranked by domestic assets. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 3/31/23.

Housing Sector Fading but Big Differences with 2008

Historically, housing activity begins to contract well before a recession begins, acting as a leading indicator of economic weakness. Housing activity is down sharply over the past year; however, conditions appear very different from the 2008 Global Financial Crisis (GFC). The supply of homes for sale is much smaller, household debt levels (including mortgages) are lower, and the banking system is better capitalized.

Activity Around Recessions (1947-2022)



Macro & Financial Differences vs. GFC

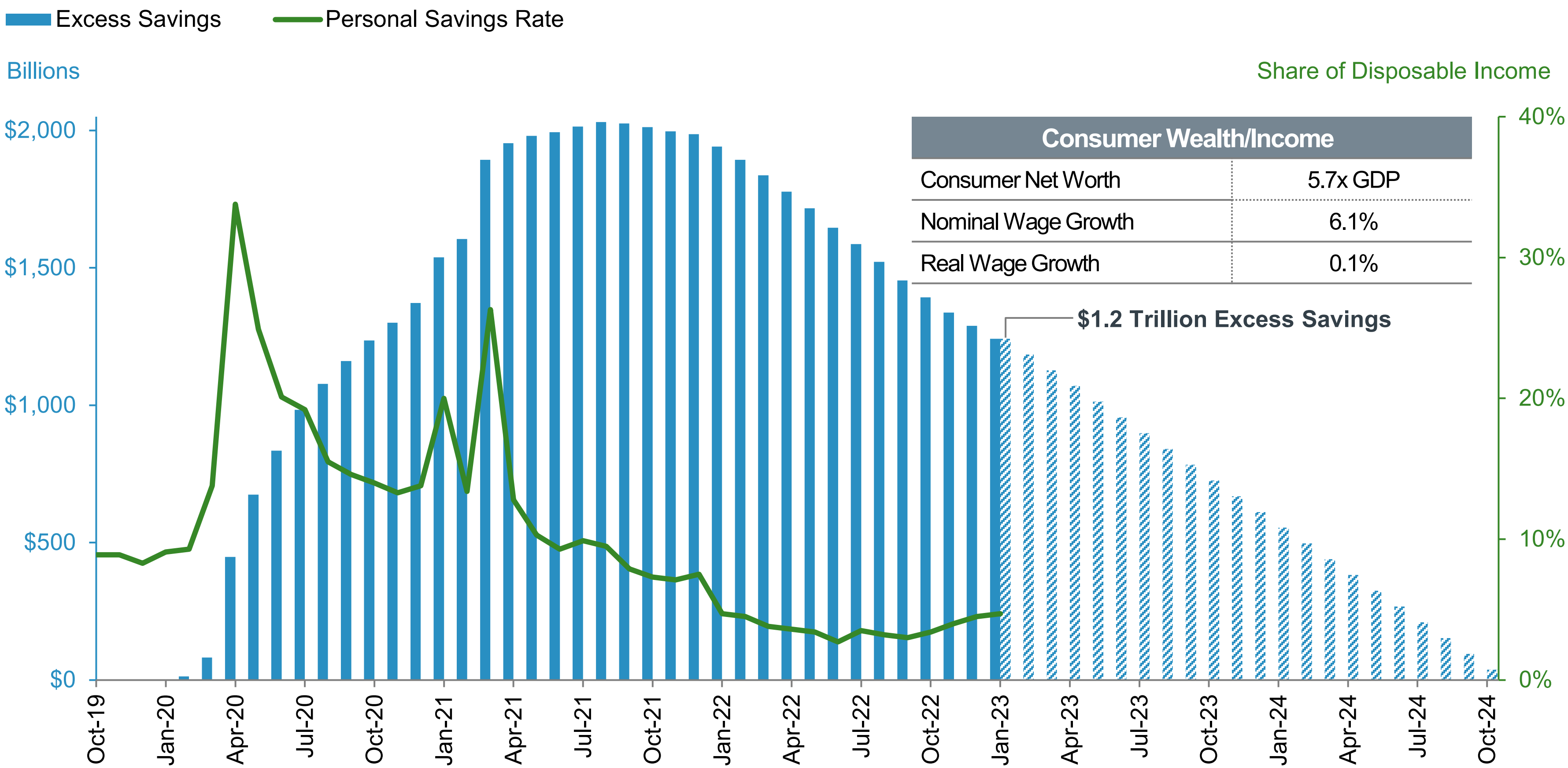
	Indicator	2008	2023
Lower housing supply	Months Supply	11 months	2.5 months
More manageable consumer leverage	Household Credit/GDP	100%	73%
Lower corporate debt service obligations	Interest Coverage	2.2x	6.9x
Better capitalized banking system	Tier One Capital Ratio	6%	12%

LEFT: Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 3/31/23. **RIGHT:** Tier One Capital Ratio: equity capital to total risk-weighted assets. Months Supply: Single family homes available for sale/sales of existing single family homes. Source: Bureau of Economic Analysis, Bank for International Settlements, Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

Consumers Still Solid, Spending Down Pandemic Savings

Over the past two years, rising prices ate into households' disposable incomes and wage gains, and consumers responded by lowering their savings rates and spending a good chunk of the excess savings accumulated during the pandemic. However, households still enjoy favorable employment conditions, near record high-net-worth levels, and roughly $1.2 trillion in excess savings.

Consumer Savings



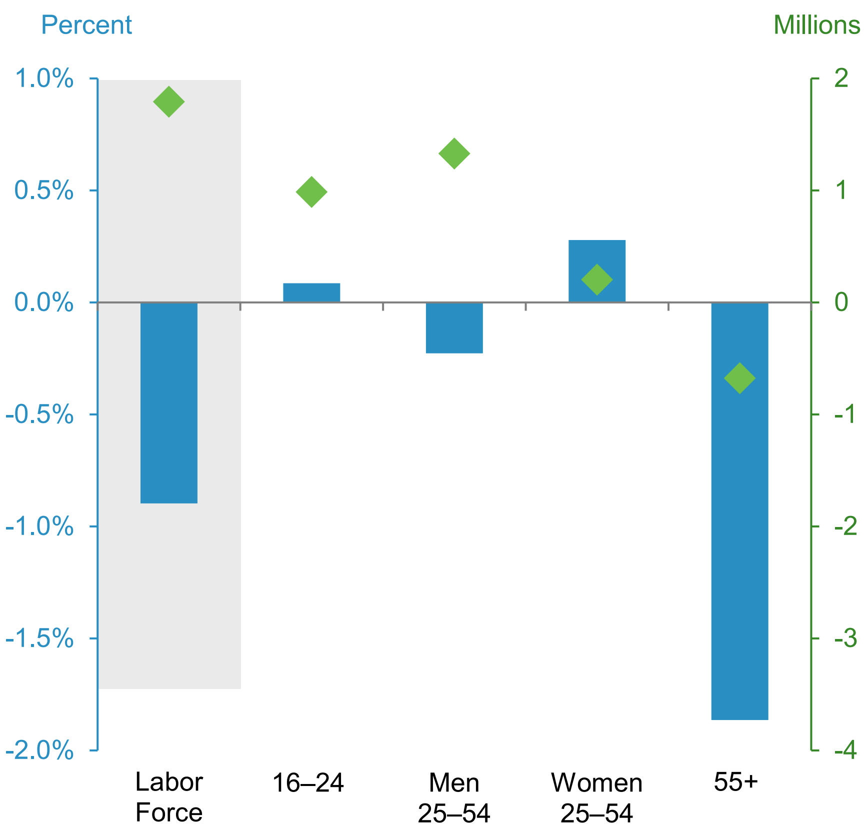
Consumer Wealth/Income	
Consumer Net Worth	5.7x GDP
Nominal Wage Growth	6.1%
Real Wage Growth	0.1%

CHART: Excess savings are relative to 2019. Estimates assume savings rate continues at the average rate over last 6 months. Source: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART), as of 3/31/23. **TABLE:** Nominal Wage Growth: Atlanta Fed Wage Growth Tracker. Source: Federal Reserve Bank of Atlanta, Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 3/31/23.

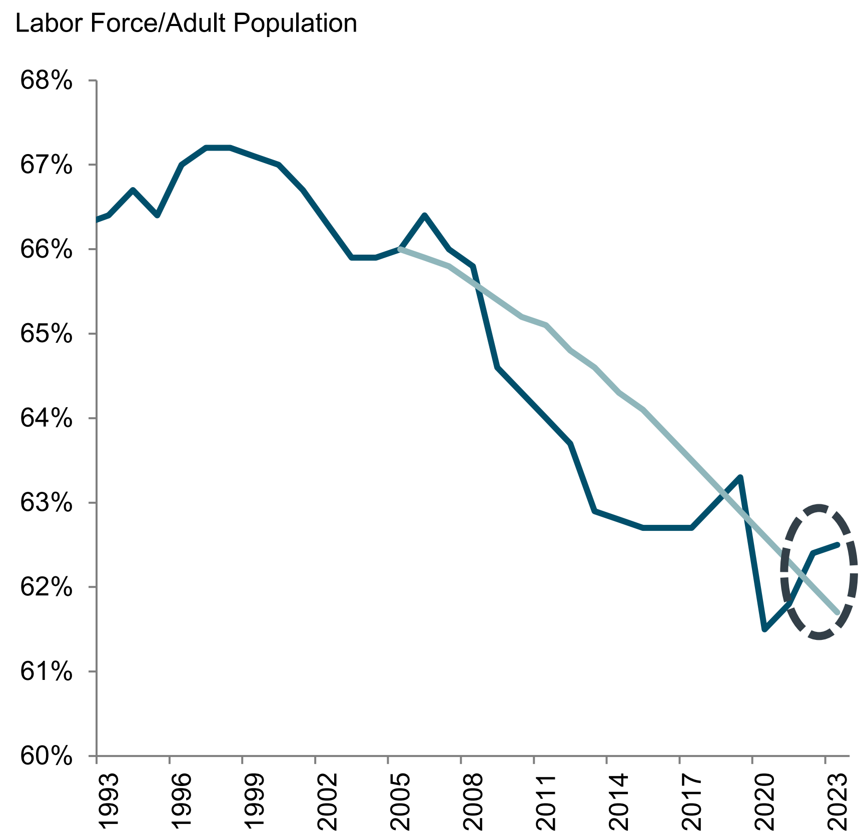
Labor Markets Remain Tight

The labor force grew by nearly two million people since February 2020, and labor-force participation rates have generally recovered to pre-pandemic levels for prime-age workers. However, lower participation by older (55+) workers has restrained labor supply. The Q1 participation rate is roughly in line with the level suggested by aging demographics, implying pressures on the supply of labor are unlikely to reverse any time soon.

U.S. Labor Force Change Since February 2020



Labor Force Participation Rate

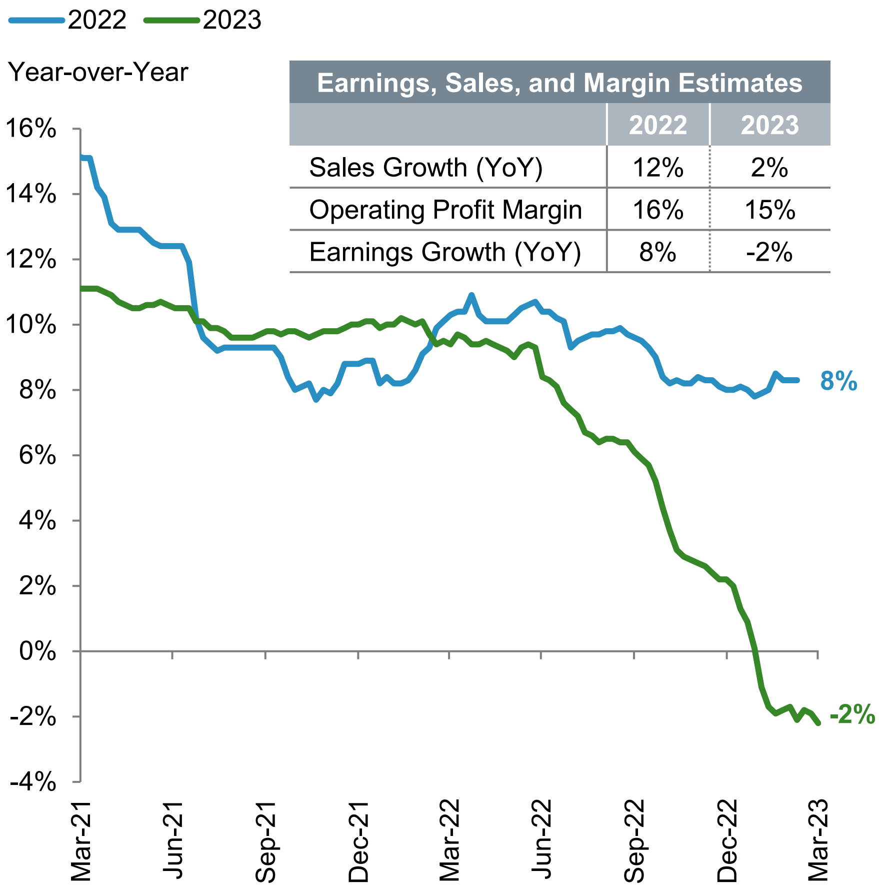


LEFT: Seasonally adjusted data. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 2/28/23. **RIGHT**: Source: Demographic projection: Fidelity calculation. Labor Force: Census Bureau, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 2/28/23.

Market Expects Weak Sales and Negative Earnings Growth

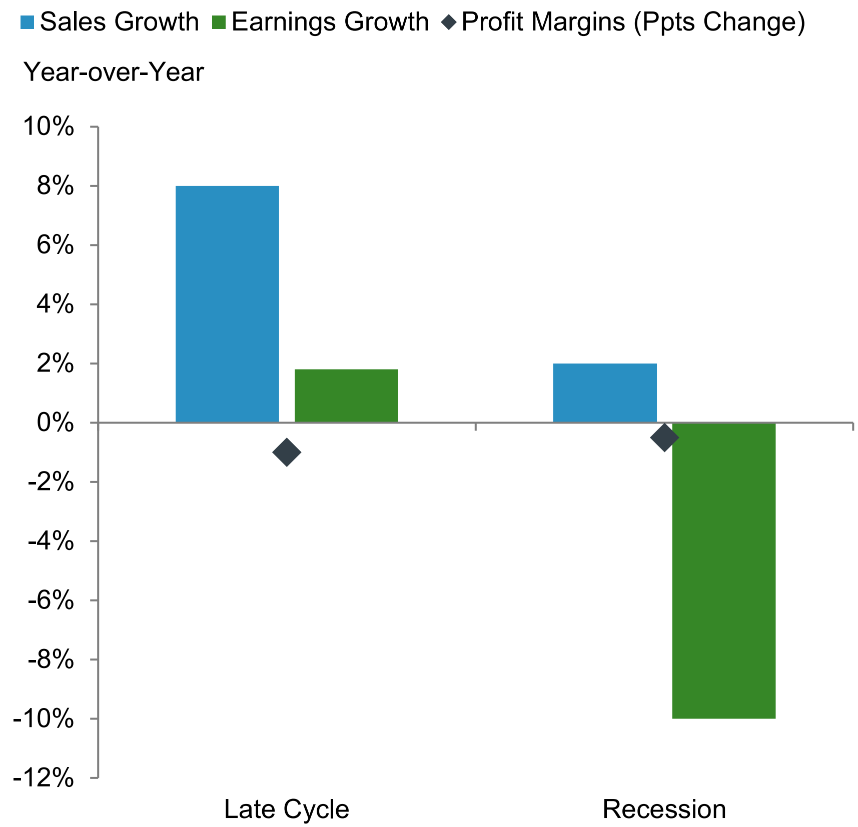
During a typical late cycle, top-line sales tend to hold up, but rising input costs reduce profit margins and pressure earnings growth. Despite rising costs in 2022, companies were generally able to pass along higher prices to grow earnings and maintain high profit margins. However, the earnings outlook deteriorated during Q1, with investors expecting slower sales growth and negative earnings growth for calendar-year 2023.

S&P 500 Earnings Growth Expectations



Earnings, Sales, and Margin Estimates	2022	2023
Sales Growth (YoY)	12%	2%
Operating Profit Margin	16%	15%
Earnings Growth (YoY)	8%	-2%

Business Cycle Averages (1950–2020)

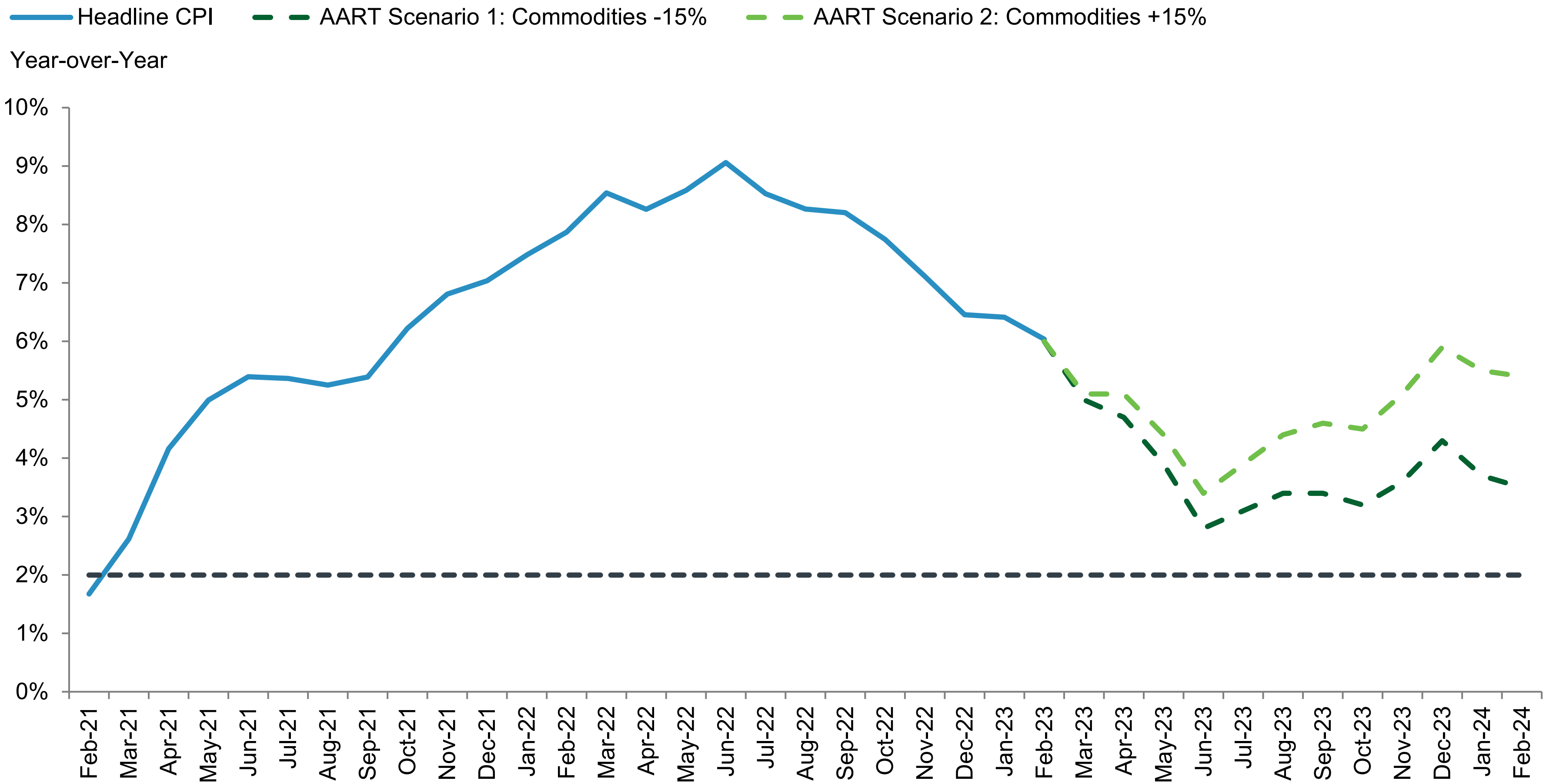


LEFT: Street estimates. Source: Bloomberg Financial LP, Fidelity Investments (AART), as of 3/31/23. **RIGHT:** Ppts: percentage points. Source: Bureau of Economic Analysis, Fidelity Investments (AART), as of 3/31/23.

Inflation to Moderate but May Be Tough to Reach 2%

U.S. consumer inflation rates continued to decelerate after reaching a multi-decade peak of 9.1% last year. We believe the moderating trend will continue in 2023, but it may be difficult to return to the stable, low-inflation environment of the past two decades. Energy prices ended the quarter well below their 2022 highs, but the potential for volatile commodity markets broadens the range of inflation outcomes.

Inflation Estimates under Different Commodity Price Scenarios

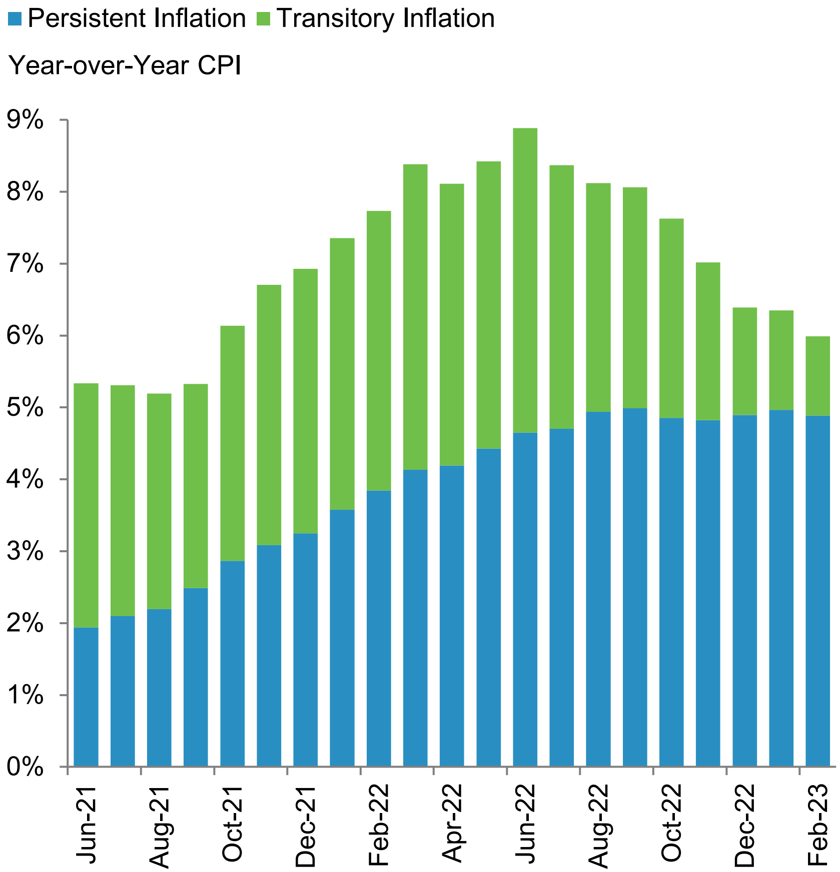


CPI: Consumer Price Index. Commodity prices are represented by the Bloomberg Commodity Index (BCOM) and their hypothetical changes over the next year are assumed to occur equally throughout the year. Source: Bureau of Labor Statistics, Bloomberg, Haver Analytics, Fidelity Investments (AART), as of 2/28/23.

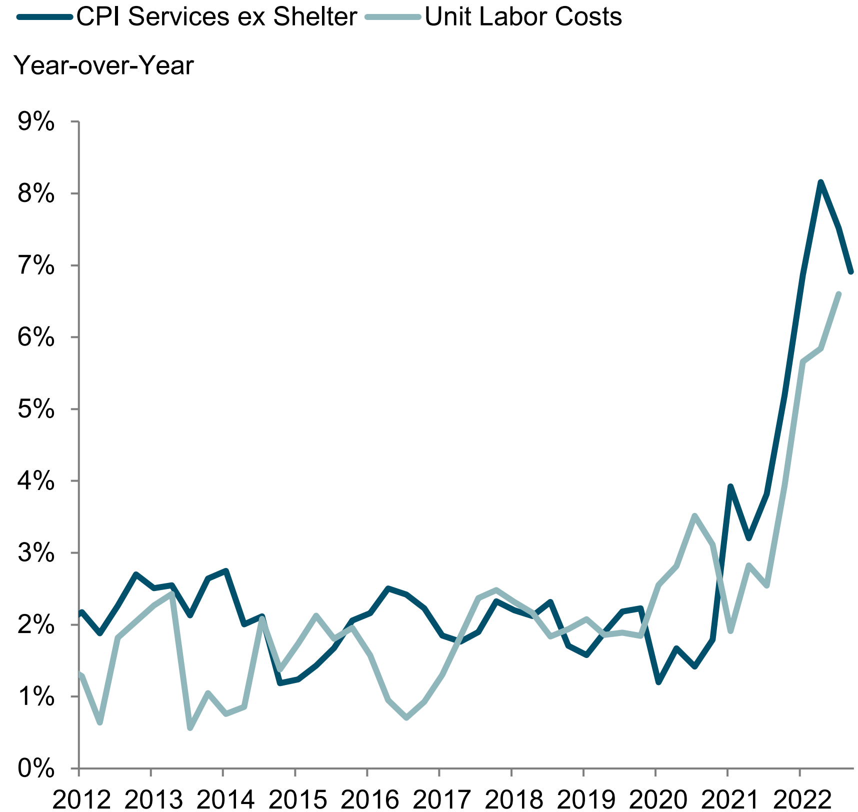
Persistent Factors Drove Recent Inflation Pressures

Many inflation pressures that tend to be more transitory, such as supply-chain disruptions, continued to fade in recent months. However, categories where price increases tend to be more persistent and more reliant on demand-side factors account for the bulk of current inflation drivers. If tight labor markets continue to boost unit labor costs, inflation in services sectors may linger for longer than investors expect.

Persistent vs. Transitory Inflation



Services Inflation vs. Labor Costs



CPI: Consumer Price Index. **LEFT**: Indicates the contribution to Year-over-Year CPI over the past 12 months. Persistent Categories include areas where, historically, inflation has taken longer to dissipate, such as Housing and Food & Beverages. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 2/28/23. **RIGHT**: Unit Labor Costs measured as 4-quarter moving average. Source: Bureau of Labor Statistics, Haver Analytics, Bloomberg, Fidelity Investments (AART), as of 2/28/23.

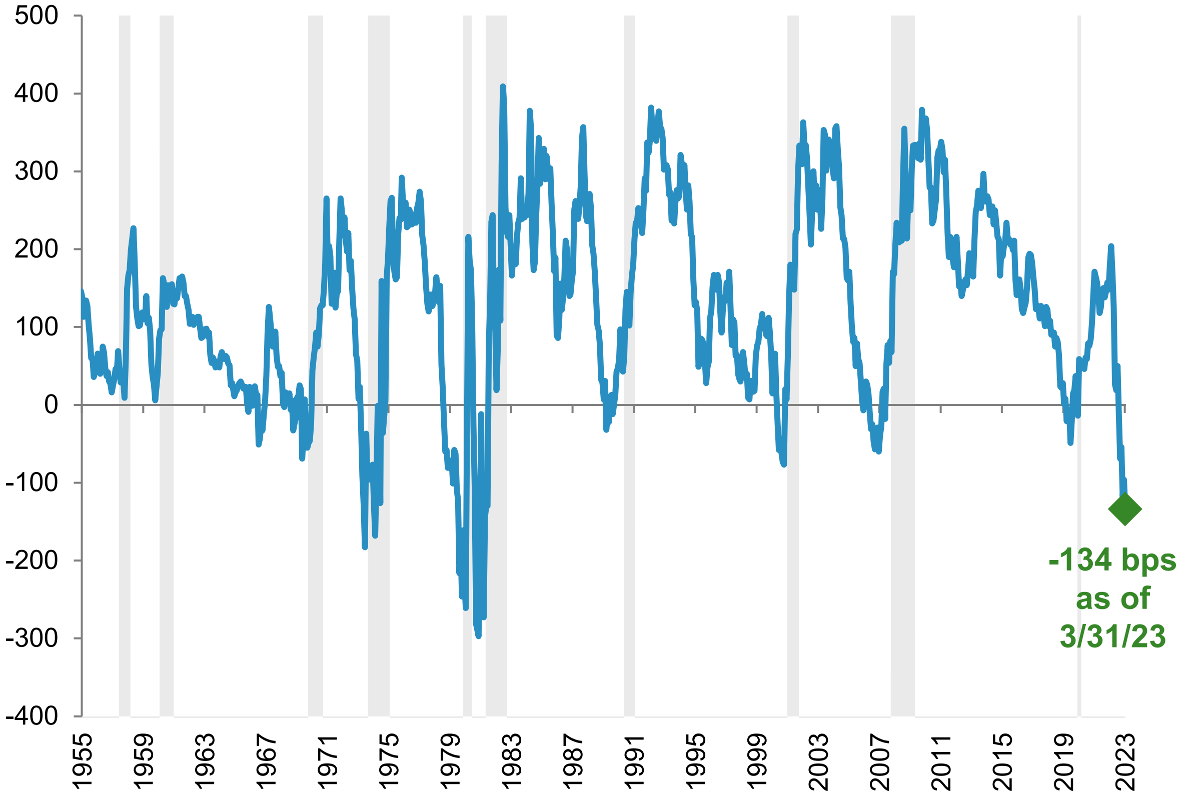
Inverted Yield Curve Is a Reliable Recession Indicator

Our preferred yield curve—the 10-year less 3-month Treasury yield—experienced its greatest inversion since 1981, as the Fed hiked short-term rates and longer-term rates fell due to growth concerns. Historically, the yield curve has been a reliable leading indicator of economic weakness, inverting before the last 8 recessions. The timing of recession after curve inversions is variable, ranging between 4 and 21 months historically.

Treasury Yield-Curve Spread

10-Year minus 3-Month

Basis Points



Yield-Curve Inversions since 1950 (10-year minus 3-month)

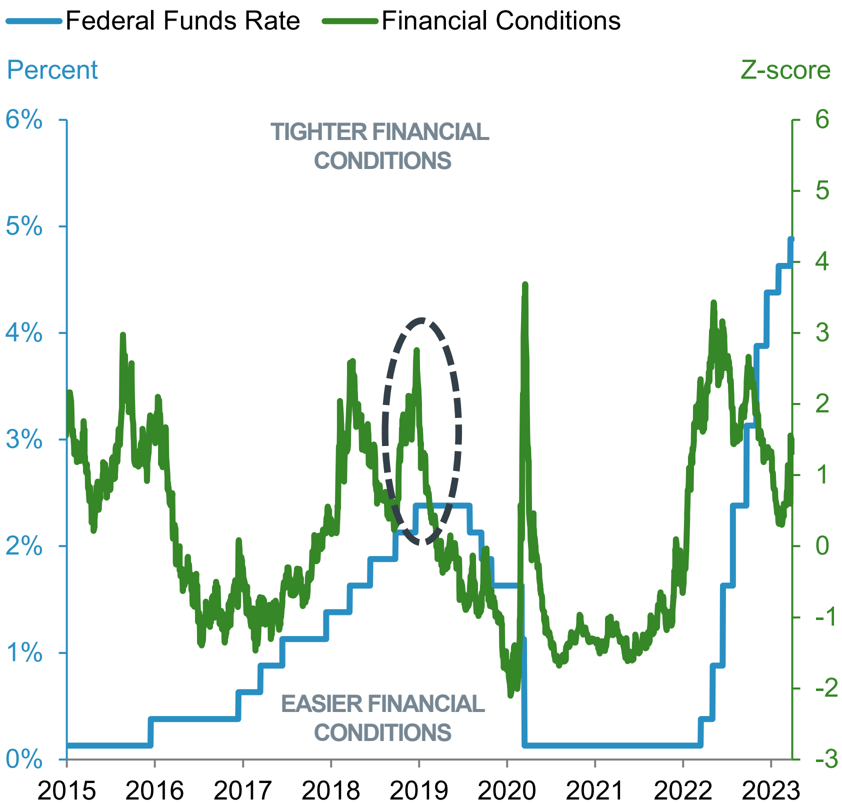
Occurred before the last 8 recessions
Occurred twice without a recession (1966,1998)
Peak inversion ranged from 35 to 373 basis points
Recessions started 4 to 21 months after, averaging ~1 year

Bps: basis points. Shaded areas denote U.S. recession. Source: U.S. Federal Reserve Board, NBER, Haver Analytics, Fidelity Investments (AART), as of 3/31/23.

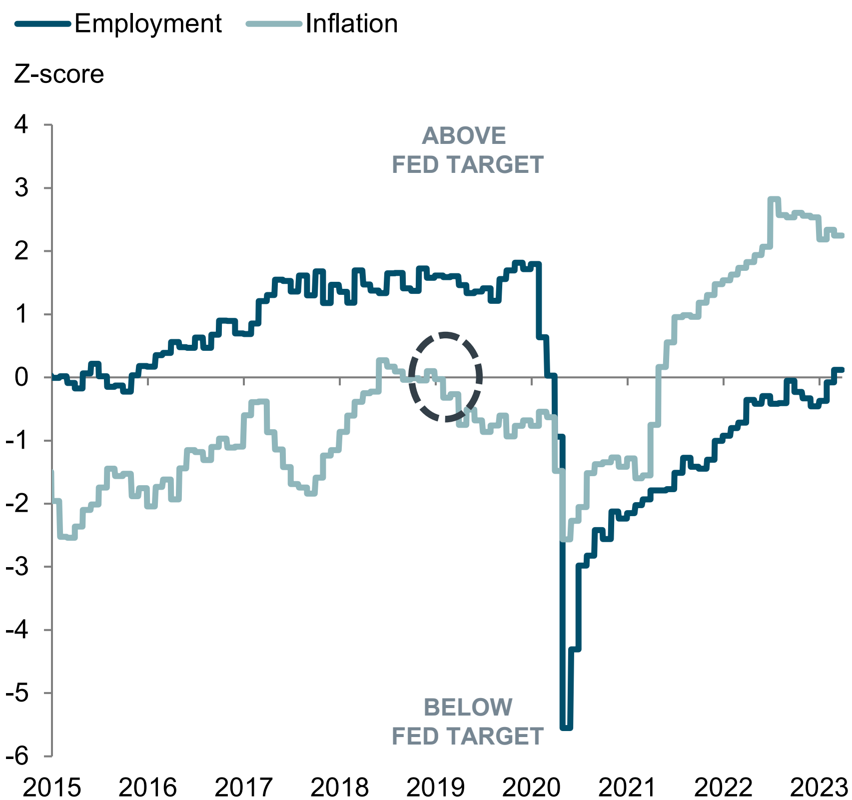
A Powerful Pivot by the Fed May Not Be Imminent

In the previous rate-hiking cycle that concluded in 2018, a sharp tightening in financial conditions motivated the Fed to abruptly stop raising rates. While financial conditions tightened last year, they remained at easier levels in Q1 than in 2018 despite the Fed Funds rate being twice as high. A sharp pivot to an easing stance may prove more difficult this time than it did in 2019 due to inflation remaining well above the Fed's target.

Fed Funds Rate vs. Financial Conditions



Dual Mandate: Employment and Inflation

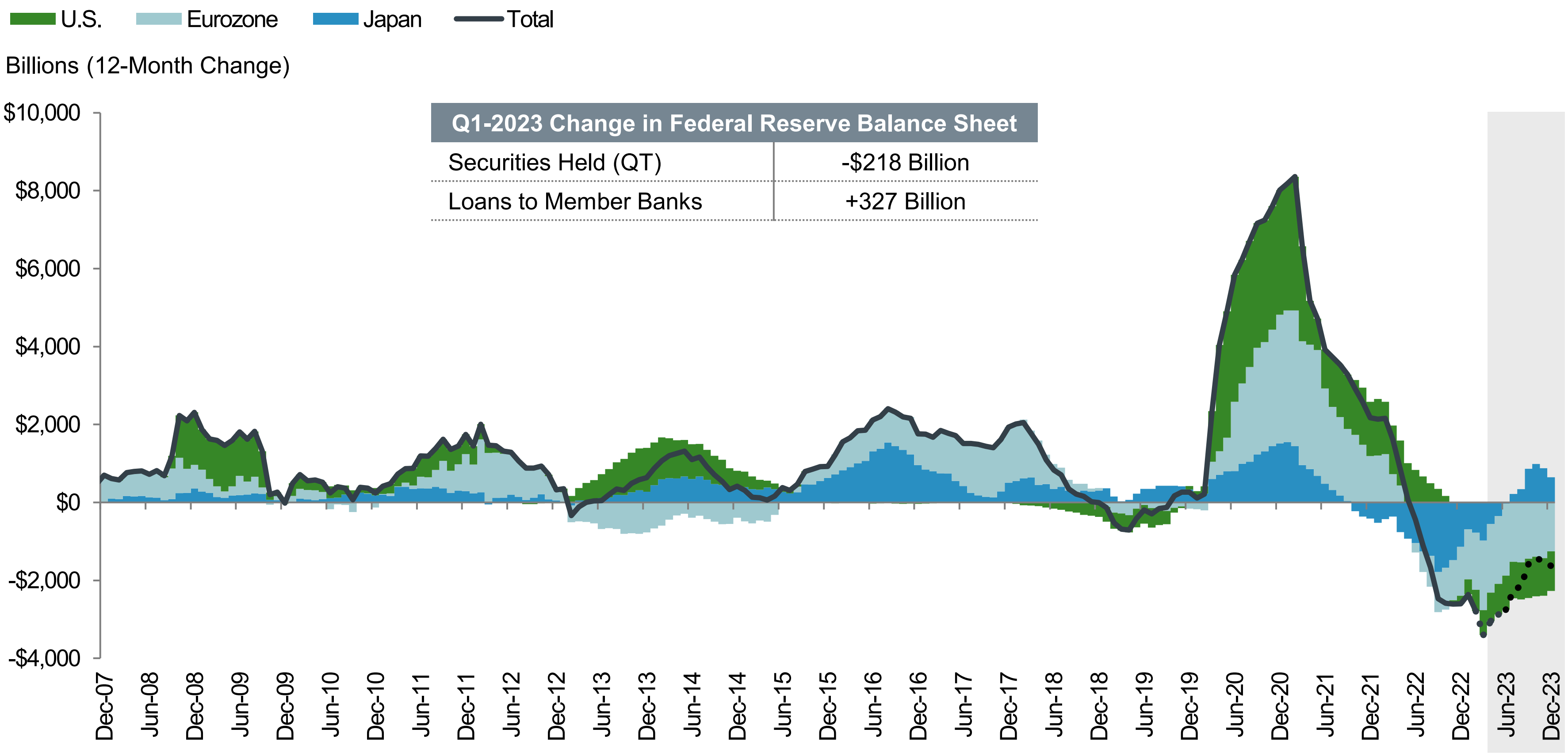


LEFT: Financial Conditions: Indicator part of AART's CRIC framework created using a number of financial conditions indexes and real rates viewed through a Federal Reserve lens. Source: Bloomberg Financial L.P., Federal Reserve Board, Fidelity Investments (AART), as of 3/31/23.
RIGHT: Employment/Inflation: Indicators part of AART's CRIC framework created based on an analysis of the Federal Reserve's stated employment and inflation target using a number of different employment and inflation metrics viewed through a Federal Reserve lens. Source: Bloomberg Financial L.P., Fidelity Investments (AART), as of 3/31/23.

Central Bank Tightening Implies Elevated Volatility

The Fed and European Central Bank employed quantitative tightening (QT) during Q1 aimed at reducing their balance sheets. The Fed also addressed banking turmoil by injecting liquidity via bank loans, including a new facility. The Bank of Japan may further adjust its Yield Curve Control policy at some point, and the generally tighter global monetary conditions may weaken global liquidity and contribute to elevated market volatility.

Central Bank Balance Sheets



Q1-2023 Change in Federal Reserve Balance Sheet	
Securities Held (QT)	-$218 Billion
Loans to Member Banks	+327 Billion

CHART: Gray bar to the right represents projected balances. QT: Quantitative Tightening. Dashed line and shaded area represent estimates based on the U.S. Federal Reserve conducting $80 billion of Quantitative Tightening per month, the European Central Bank conducting 15 billion euro of quantitative tightening per month and redeeming Targeted Long-Term Refinancing Operations throughout 2023 based on expected loan maturities, and the Bank of Japan purchasing assets at an average of the prior six months. Source: Federal Reserve, Bank of Japan, European Central Bank, Haver Analytics, Fidelity Investments (AART), as of 11/30/22.

TABLE: Loans include discount window and FDIC-related borrowing. Source: U.S. Federal Reserve Board, Fidelity Investments (AART), as of 3/31/23.

Debt Ceiling Looming; Fiscal Policy in Neutral Territory

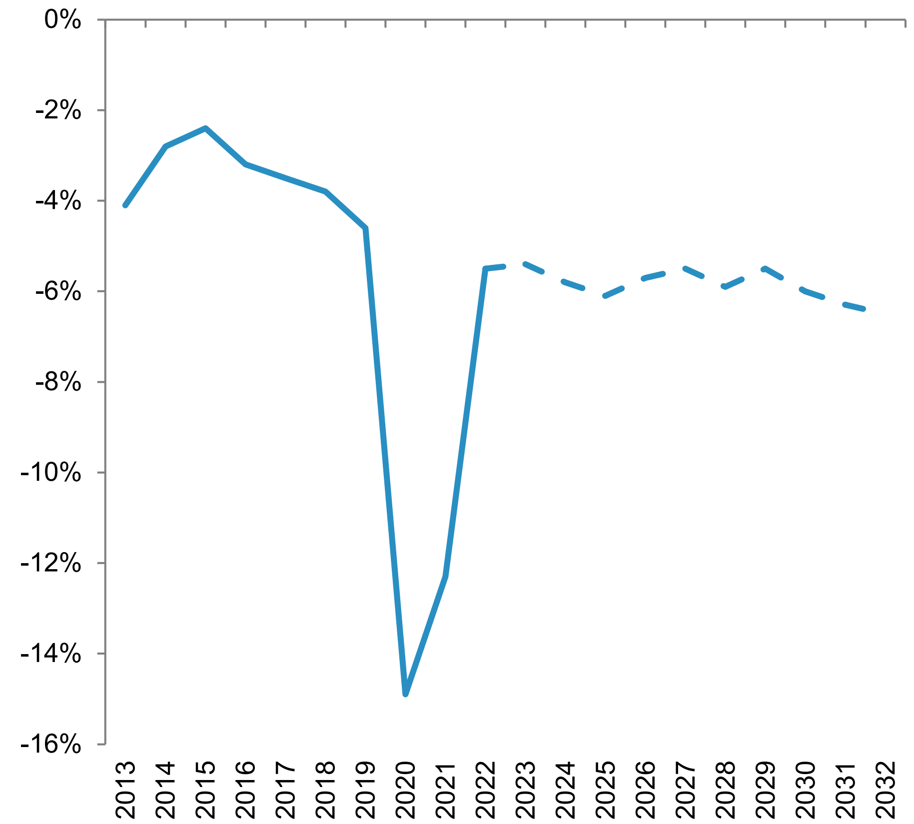
The debt ceiling must be raised at some point (likely this summer) to enable the government to meet its existing obligations. The U.S. Treasury began taking extraordinary measures during Q1 and drawing down its cash account at the Fed. Market uncertainty could create volatility, and rebuilding the Treasury account will likely be a subsequent headwind for liquidity. The year-over-year deficit outlook is relatively neutral for 2023.

Treasury General Account at the Fed

Billions

U.S. Fiscal Deficit

Share of GDP



LEFT: Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART) as of 3/29/23. **RIGHT**: Dashed line projection represents deficit baseline from the CBO. Source: Congressional Budget Office, Haver Analytics, Fidelity Investments (AART), as of 2/15/23.

Outlook: Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers across a variety of asset-allocation strategies, believes the inflation and monetary backdrop contributes to uncertainty and risks to the capital markets outlook. Diversification is both more important and more difficult to achieve. Members held differing views on some issues but generally held smaller active allocation positions compared with earlier in the cycle.

Business Cycle

U.S. in late-cycle phase with moderate recession risk

Non-U.S. cycles are becoming de-synchronized, with some countries experiencing better cyclical trends

Risks

Continued stress in the banking system would increase the risk of a hard landing

Corporate earnings are challenged by slowing growth, high inflation, and monetary tightening

Asset Allocation Implications

The late-cycle phase warrants smaller active allocation positions

Security selection may present additional return opportunities

Emphasize a focus on diversified and disciplined investment strategies

 For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 3/31/23.

Asset Markets

Most Asset Categories Up in Q1, Still Down Over Past Year

After a steep sell-off in 2022, the rally in information technology and communications services sectors powered U.S. growth stocks to the top of the leader board in Q1. All fixed-income categories finished in positive territory as yields dropped during Q1. Financial stocks and commodities lagged amid concerns about banking stress and commodity demand. Most categories remained in negative territory on a one-year basis.

U.S. Equity Styles Total Return

	Q1 2023	1 Year (%)
Growth	13.9%	-10.9%
Large Caps	7.5%	-7.7%
Mid Caps	4.1%	-8.8%
Small Caps	2.7%	-11.6%
Value	0.9%	-6.3%

U.S. Equity Sectors Total Return

	Q1 2023	1 Year (%)
Info Tech	21.8%	-4.6%
Communication Services	20.5%	-17.8%
Consumer Discretionary	16.0%	-19.7%
Materials	4.3%	-6.3%
Industrials	3.5%	0.1%
Real Estate	1.9%	-19.8%
Consumer Staples	0.8%	1.2%
Utilities	-3.2%	-6.2%
Health Care	-4.3%	-3.7%
Energy	-4.7%	13.4%
Financials	-5.6%	-14.3%

International Equities and Global Assets Total Return

	Q1 2023	1 Year (%)
ACWI ex-USA	6.9%	-5.1%
Europe	10.6%	1.4%
EAFE	8.5%	-1.4%
Japan	6.2%	-5.2%
EAFE Small Cap	4.9%	-9.8%
Canada	4.3%	-13.1%
EM Asia	4.8%	-9.4%
Emerging Markets	4.0%	-10.7%
Latin America	3.9%	-11.1%
EMEA	-1.1%	-17.8%
Gold	8.0%	1.6%
Commodities	-5.4%	-12.5%

U.S. Equity Factors Total Return

	Q1 2023	1 Year (%)
Quality	7.6%	-7.5%
Value	5.0%	-8.0%
Momentum	4.7%	-10.9%
Size	3.5%	-3.9%
Yield	3.5%	-4.3%
Low Volatility	3.4%	-3.0%

Fixed Income Total Return

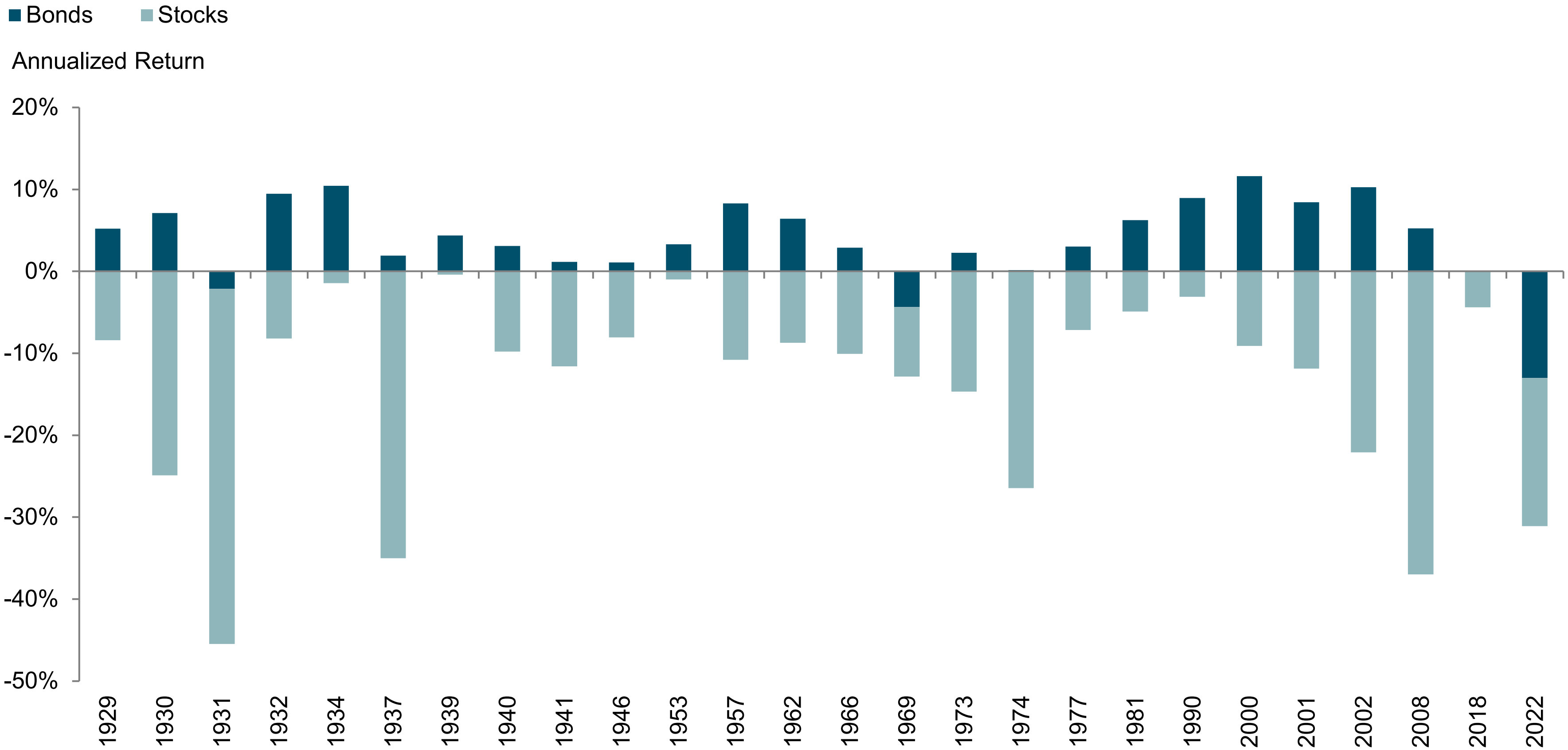
	Q1 2023	1 Year (%)
Long Govt & Credit	5.8%	-13.4%
High Yield	3.7%	-3.6%
Credit	3.5%	-5.3%
TIPS	3.3%	-6.1%
Leveraged Loan	3.2%	2.5%
Treasuries	3.0%	-4.5%
Aggregate	3.0%	-4.8%
Municipal	2.8%	0.3%
MBS	2.5%	-4.9%
Agency	2.1%	-1.8%
EM Debt	1.9%	-6.9%
ABS	1.9%	0.4%
CMBS	1.8%	-3.9%

EAFE: Europe, Australasia, and the Far East. 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 3/31/23.

2022 was an Unusually Bad Year for Bonds as Diversifiers

In 2022, broad measures of the two largest U.S. asset categories—large cap stocks and investment-grade bonds—both posted double-digit losses for the first time in modern history (since 1926). Historically, the bond market often registered a gain during the calendar years that equity prices declined, making 2022 the most challenging year in history for portfolio diversification.

Equity and Bond Returns in Years When Equities Fell (1926–2022)

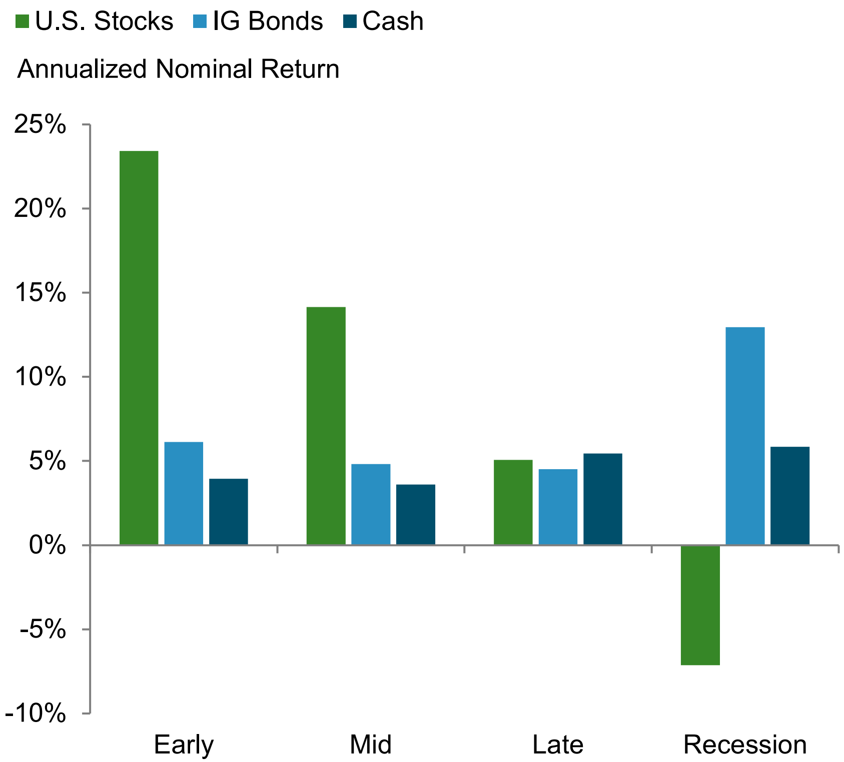


Stocks: S&P 500 index. Bonds: Bloomberg U.S. Aggregate Bond Index. Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Source: Fidelity Investments (AART), Haver Analytics, as of 12/31/22.

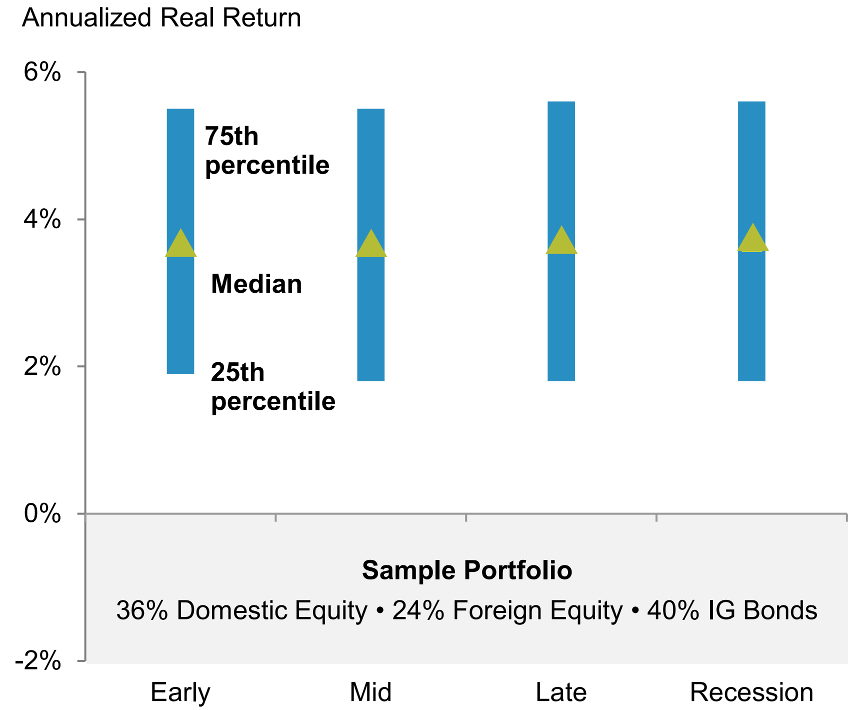
Business Cycle Important but Dissipates in the Long Run

The business cycle can be a critical determinant of asset performance over the intermediate term. Stocks have consistently outperformed earlier in the cycle, whereas bonds tend to outperform during recessions. 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 (20 years), regardless of the starting point of the cycle phase.

Asset Class Performance by Cycle Phase (1950–2020)



20-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 U.S. Aggregate Bond Index. Source: Fidelity Investments, Morningstar, Bloomberg Finance L.P., as of 3/31/23.

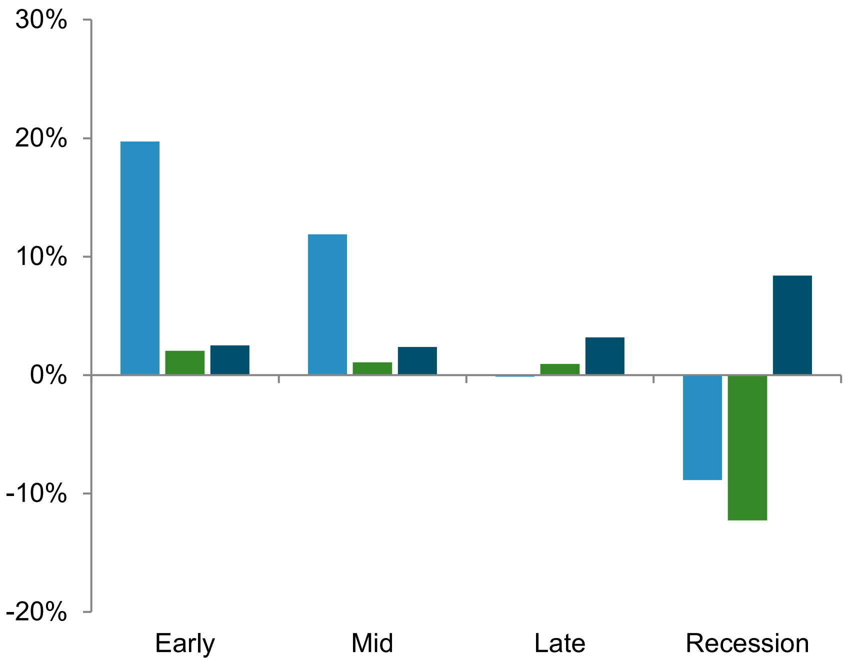
What High Inflation Implies for a Maturing Business Cycle

Unlike recent business cycles, high inflation has taken root. Historically, during high-inflation regimes, commodities tended to perform better than bonds during late-cycle expansion. However, fixed income tended to outperform once recession risk became dominant. Tilting a portfolio toward more-defensive exposures during recessions may provide diversification benefits regardless of the inflation regime.

Real Returns in Low-Inflation Regimes (1950–2020)

U.S. Equities Commodities Investment-Grade Bonds

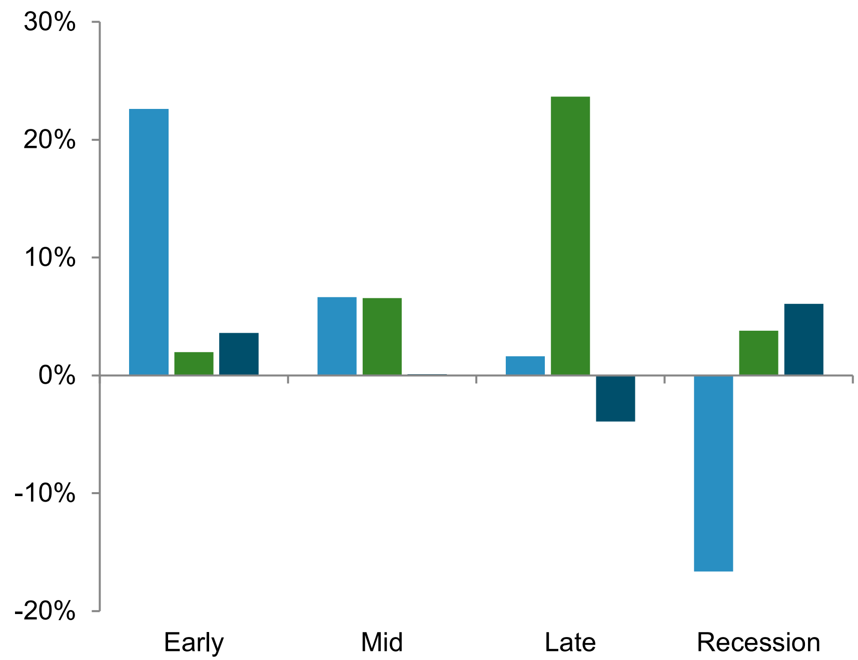
Annualized Average Real Return



Real Returns in High-Inflation Regimes (1950–2020)

U.S. Equities Commodities Investment-Grade Bonds

Annualized Average Real Return

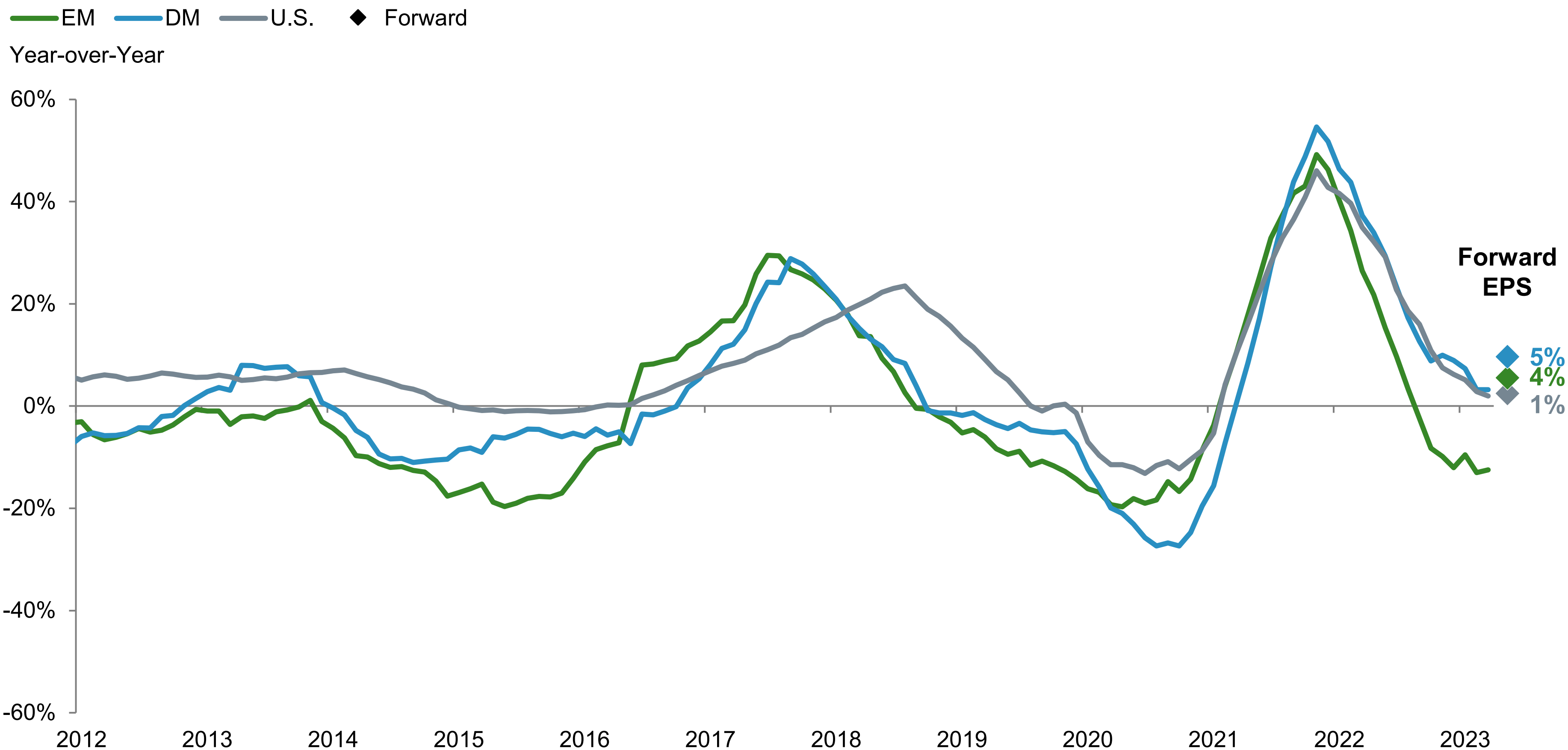


For illustrative purposes only. Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. See Appendix for important index information. Fidelity proprietary analysis using historical index returns. Domestic Equity—Dow Jones U.S. Total Stock Market Index; Commodities—Bloomberg Commodity Total Return Index; Investment-Grade (IG) Bonds—Bloomberg U.S. Aggregate Bond Index. Source: Fidelity Investments (AART), as of 4/30/22. Regimes: A period is categorized as a high-inflation regime if the secular component is greater than the long-term average inflation, or a low-inflation regime otherwise.

Global Earnings Growth Deceleration

Global earnings growth continued to slow in Q1, coming back to earth after a decade-high spike during the 2021 profit recovery associated with economic reopening. Emerging-market earnings, which were in contraction the last two quarters, declined slightly but may be bottoming as China's economy reopens. Global earnings growth expectations for the next 12 months are relatively muted across the entire world.

Global EPS Growth (Trailing 12 Months)

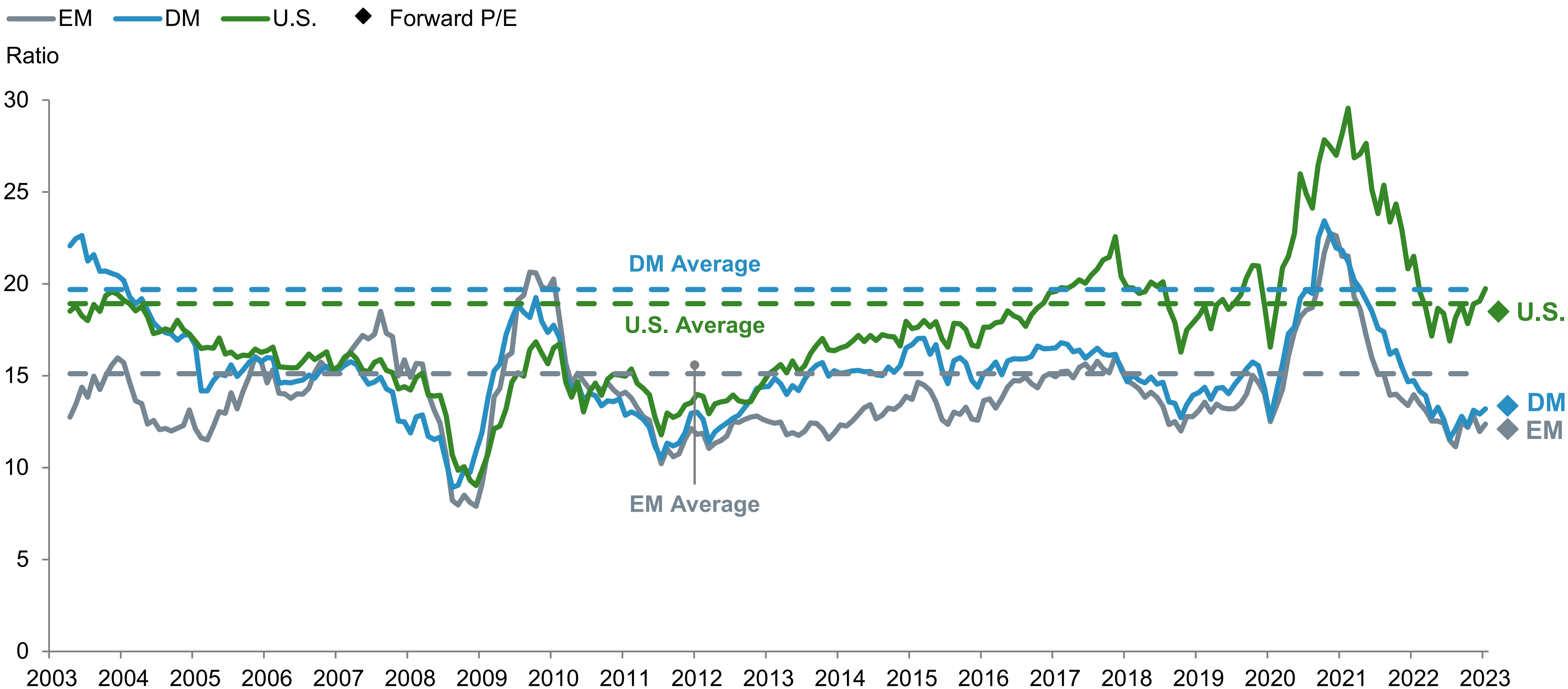


Past performance is no guarantee of future results. DM: Developed markets. EM: Emerging markets. EPS: Earnings per share. Forward EPS: Next 12 months' expectations. Indexes: DM—MSCI EAFE Index; EM—MSCI Emerging Markets Index; U.S.—S&P 500. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

Valuations Compressed; Non-U.S. Equities More Attractive

Valuations moved higher for U.S. and non-U.S. developed markets as stocks rallied during Q1. The trailing, one-year price-to-earnings (PE) ratios for non-U.S. stocks (developed markets and emerging markets) remained below their long-term averages, while the U.S. finished roughly in line with its long-term average.

Global Stock Market P/E Ratios

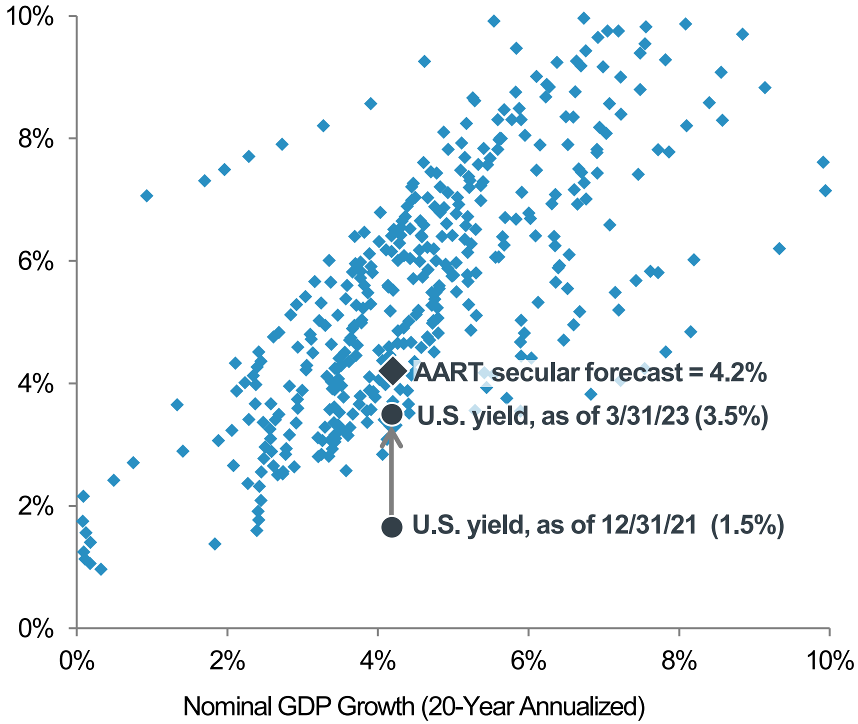


DM: Non-U.S. developed markets. EM: Emerging markets. Chart includes Trailing 12-month P/Es. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings (P/E) ratio (or multiple): Stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Long-term average P/E includes data from 9/30/95 to 9/30/22. Indexes: DM—MSCI EAFE Index; EM—MSCI Emerging Markets Index; U.S.—S&P 500. Source: Factset, Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

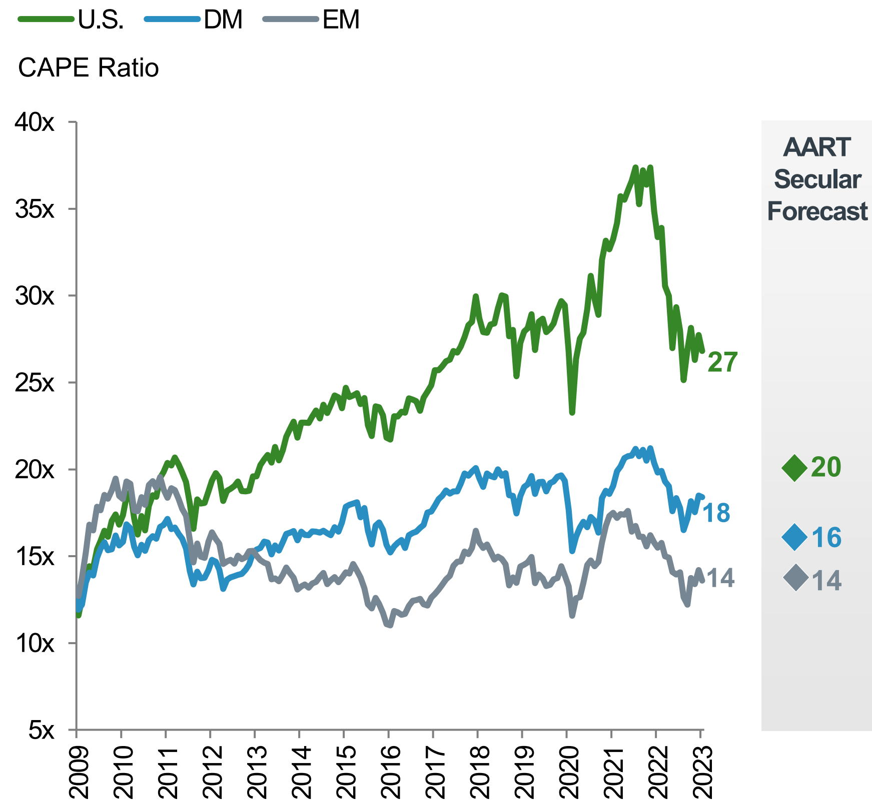
Relative Valuations May Provide Opportunities Ahead

Rising bond yields and equity volatility have provided a more attractive entry point for long-term stock and bond investors. Ten-year Treasury yields are much closer to our secular forecast of 4.2%, a huge improvement from the extreme valuations of the past decade. Based on our long-term expectations, cyclically adjusted price-to-earning ratios for non-U.S. markets provide more attractive opportunities.

10-Year Sovereign Bond Yields vs. GDP



Equity Valuations

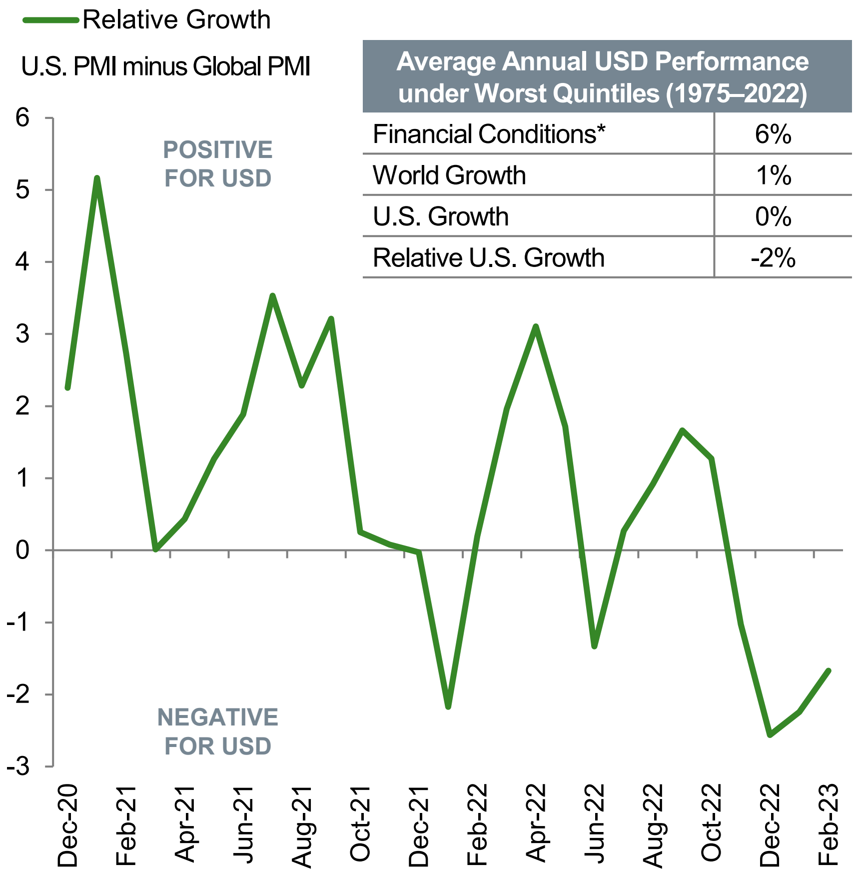


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. **LEFT:** Highlighted dots are U.S. 10-year Treasury bond yields. AART secular forecast refers to an estimate for U.S. nominal GDP (4.2%). Source: Official Country Estimates, Haver Analytics, Fidelity Investments (AART), as of 3/31/23. **RIGHT:** DM: Developed markets. EM: Emerging markets. 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, MSCI, Fidelity Investments (AART), as of 2/28/23.

Non-U.S. Currencies Appear Relatively Attractive

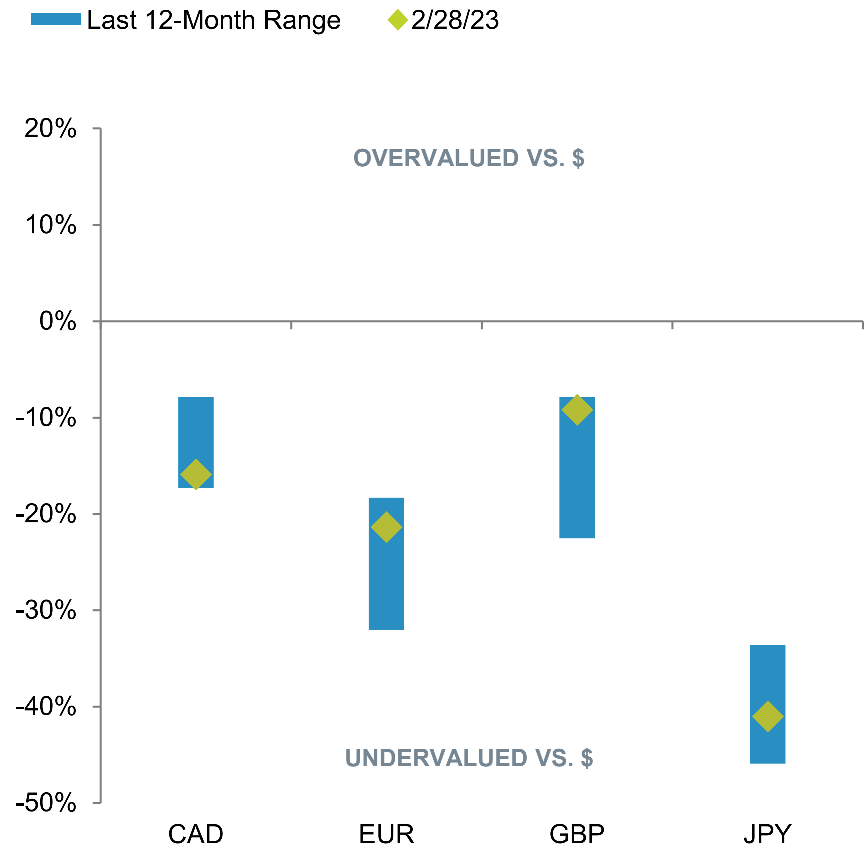
On a cyclical basis, weaker U.S. growth trends relative to the rest of world implies a more favorable medium-term outlook for non-U.S. currencies. On a long-term basis, non-U.S. currencies appear undervalued relative to the dollar. Historically, extreme financial turbulence or a severe global recession boosted the dollar, but we generally expect non-U.S. currencies to provide potential upside and portfolio diversification benefits.

Growth Influences on U.S. Dollar



Average Annual USD Performance under Worst Quintiles (1975–2022)	
Financial Conditions*	6%
World Growth	1%
U.S. Growth	0%
Relative U.S. Growth	-2%

FX Valuation: Purchasing Power Parity (PPP)

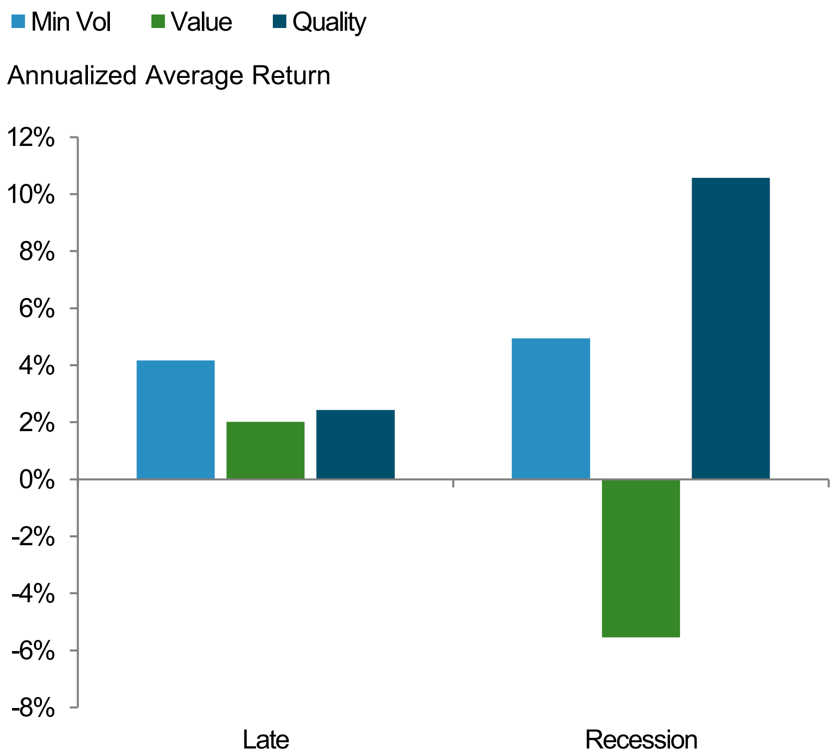


LEFT: FX: Foreign currency exchange rate. PMI: Purchasing Managers Index of manufacturing activity. **TABLE**: GDP measures span 1975–2022, *Financial Conditions measured by Citigroup's Macro Risk Index span 1997–2022. Sources: Bloomberg, Fidelity Investments, Haver Analytics, Markit IPM, and MSCI, as of 2/28/23. **RIGHT**: Sources: Bloomberg Finance L.P., Haver Analytics and Fidelity Investments, as of 2/28/23.

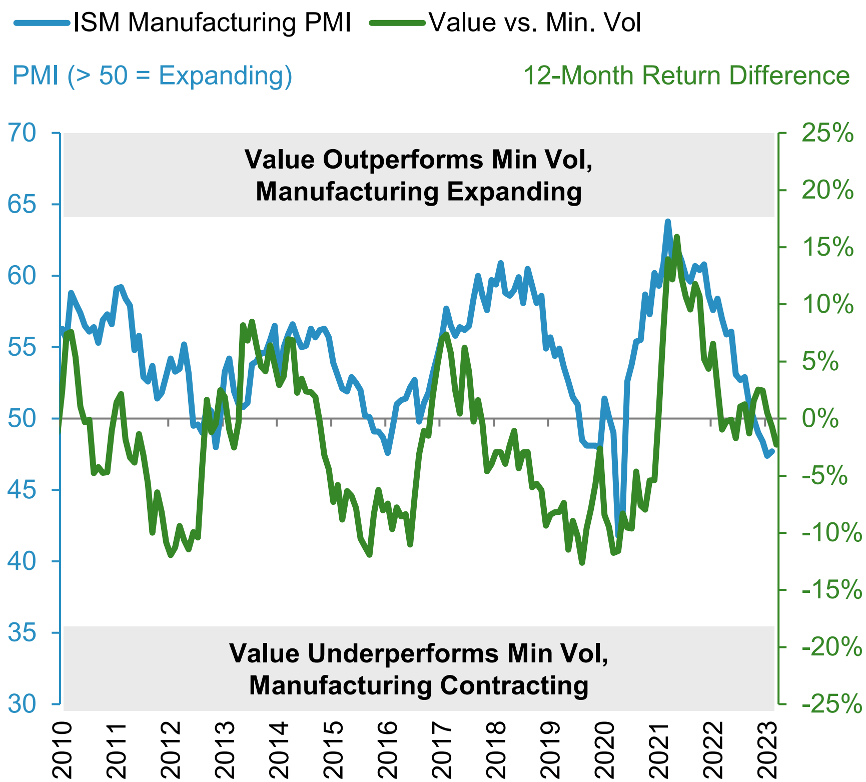
Decelerating Growth May Support Min Vol Factor

Historically more-defensive factors like min vol tends to outperform as manufacturing activity moderates, overall growth decelerates, and late-cycle dynamics take hold. The defensive min vol factor, in addition to quality, also tends to outperform the market during recessions.

Factor Returns vs. Market Through Cycle (1995–2022)



Relative Performance vs. Manufacturing Cycles



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. See Appendix for important index information. **LEFT**: Market—MSCI USA Index; Min Vol—MSCI USA Minimum Volatility Index, Value–MSCI USA Value Index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/22. **RIGHT**: Min Vol—MSCI USA Minimum Volatility Index, Value–MSCI USA Value Index. Source: ISM (Institute for Supply Management), Bloomberg Finance L.P., Haver Analytics, Fidelity Investments (AART), as of 3/31/23.

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 have tended 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 have tended to perform better, while more cyclical sectors underperform.	Since performance generally has been negative during recessions, investors should focus on the most defensive, historically stable sectors.

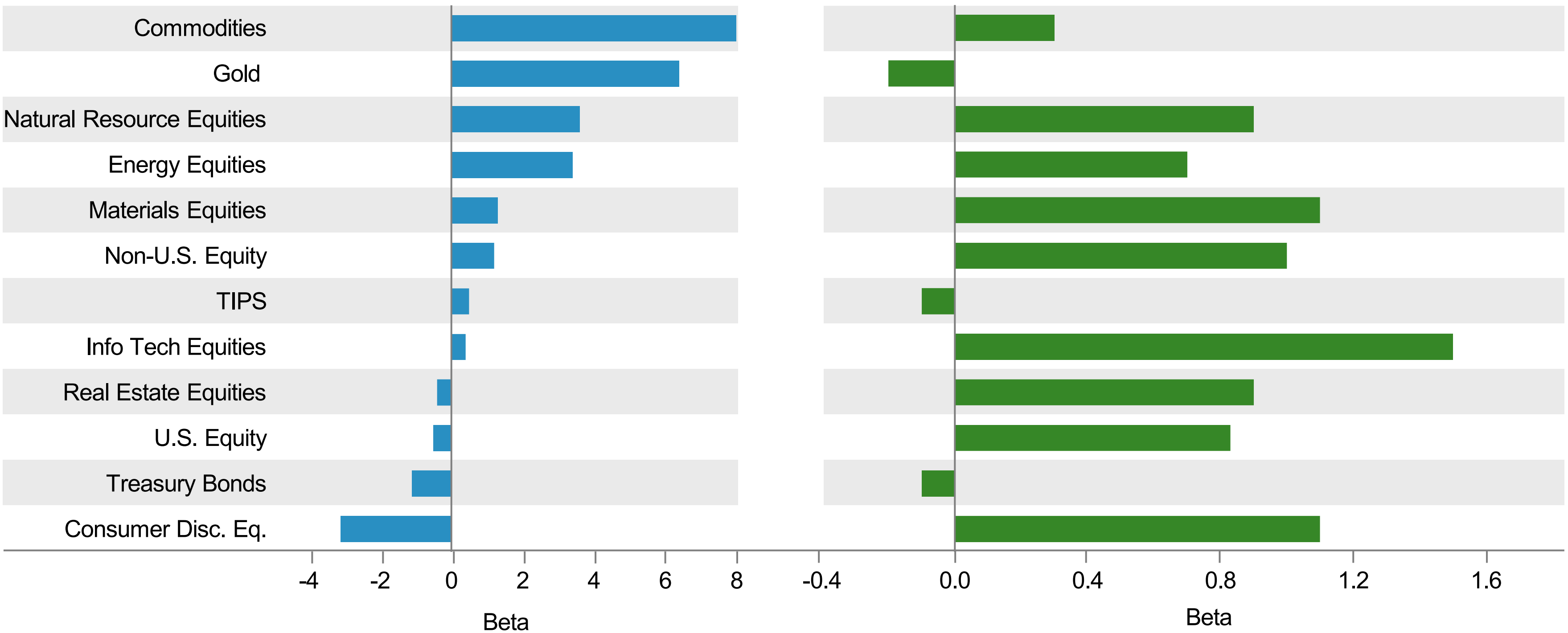
Past performance is no guarantee of future results. Sectors as defined by GICS. White line is a theoretical representation of the business cycle as it moves through early, mid, late, and recession phases. Green- and red-shaded portions above respectively represent over- or underperformance relative to 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 2021. Source: Fidelity Investments (AART), as of 3/31/23.

Inflation-Sensitive Assets Can Help Provide Diversification

The potential for a sustained period of higher inflation presents risks for a multi-asset portfolio. Inflation-resistant assets, including commodities and commodity-producer equities, can help hedge against surprise increases in inflation while providing potential for capital appreciation in a high nominal-growth environment. Inflation-hedging fixed-income assets, such as TIPS, have provided better diversification than Treasury bonds.

Return Sensitivity to Inflation Surprises (1972–2022)

Return Sensitivity to Growth Surprises (1972–2022)

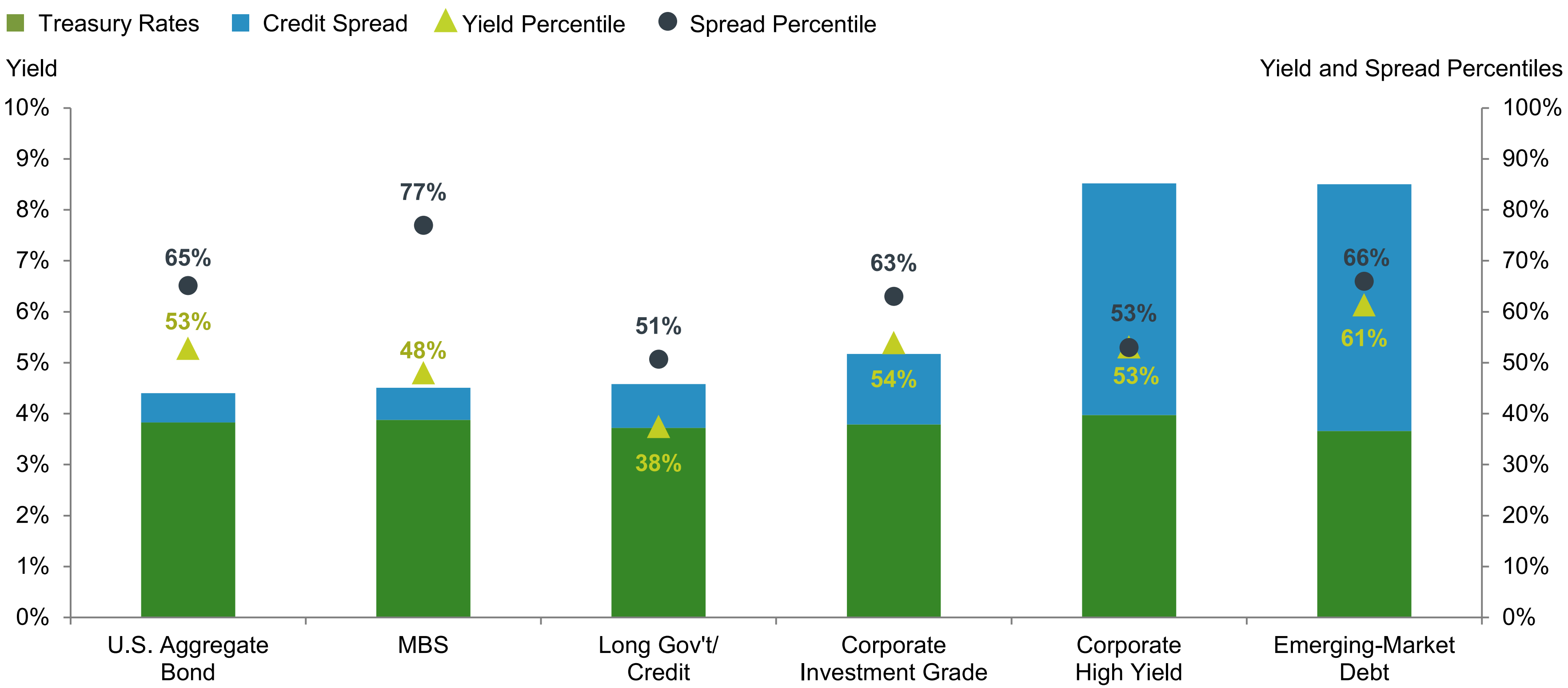


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against loss. Inflation sensitivity measured relative to CPI, an index that tracks the percentage change in the price of a specified "basket" of consumer goods and services. Growth sensitivity measured relative to the Purchasing Manager's Index (PMI) that shows the prevailing trends in the manufacturing and service sectors. Beta is a measure of a variable's sensitivity (response) relative to changes (volatility) in a reference (benchmark), which has a beta of 1. Indexes: U.S. Equity—Dow Jones U.S. Total Stock Market Index℠; Non-U.S. Equity (EM+DM)--MSCI ACWI ex USA Index; Commodities—Bloomberg Commodity Index Total Return℠. Commodity sectors represent categories within the Bloomberg Commodity Index Total Return℠. Equity sectors represent categories within MSCI as defined by the Global Industry Classification Standard (GICS®). See Appendix for index definitions and other important information. Source: Bureau of Labor Statistics, Fidelity Investments; data 1/1/72 through 2/28/22

Lower Yields, Mostly Higher Spreads to Start 2023

Treasury yields dropped and credit spreads widened across most fixed income categories during Q1, at least partly due to banking-sector turmoil. Most major bond categories' yields and spreads finished roughly at or above their averages over the past two decades. After many years of very low bond yields and tight credit spreads, fixed income assets may offer relatively better income opportunities with more attractive valuations.

Fixed Income Yields and Spreads (1993–2023)



U.S. Aggregate Bond—Bloomberg U.S. Aggregate Bond Index; MBS—Bloomberg MBS Index; Long Gov't/Credit Bonds—Bloomberg Long Government & Credit Index; Corporate Investment Grade—Bloomberg U.S. Corporate Bond Index; High-Yield Bonds—ICE BofA High Yield Bond Index; Emerging-Market Bonds—JP Morgan EMBI Global Diversified Composite Index. 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 2022. Treasury rates different across asset classes due to different duration for each index.
Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/23.

Long-Term Themes

Challenging Secular Trends Turbocharged by Pandemic

We believe the longstanding regime of investment-friendly political and economic conditions is under increasing duress. Many secular trends that suggest rising long-term risks have been exacerbated during the pandemic, including record-high debt and inequality, extraordinary monetary and fiscal policies, and rising deglobalization pressures. Inflation, policy, and profit risks warrant high levels of strategic diversification.

Broad Secular Changes	Secular Factors	Pre-Pandemic Trends	Pandemic Impact
Unprecedented Accumulation of Debt	Debt	Record high levels	Even higher
	Monetary policy	Financial repression Tolerance for higher inflation	Even more extreme
Rising Populist Demands	Fiscal policy	Large deficits	More public spending, higher multiplier
Geopolitical Instability	De-globalization pressures	Goods/labor disinflation ending	Even greater: Supply-chain shocks, self-sufficiency motivation
Anti-Globalization Pressure	Inequality	Record high levels	Wages/labor share rising
Widespread Aging Demographics	Aging demographics	Elderly people spend less (reducing demand) and work less (reducing supply)	Older workers leave labor force

RESULTS

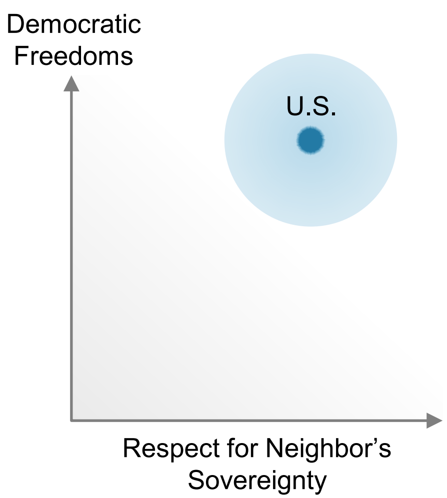
- Inflation Risk
- Policy Risk
- Financial Fragility
- Profit-Margin Pressures
- Higher Nominal Growth
- Shows Need for Strategic Diversification

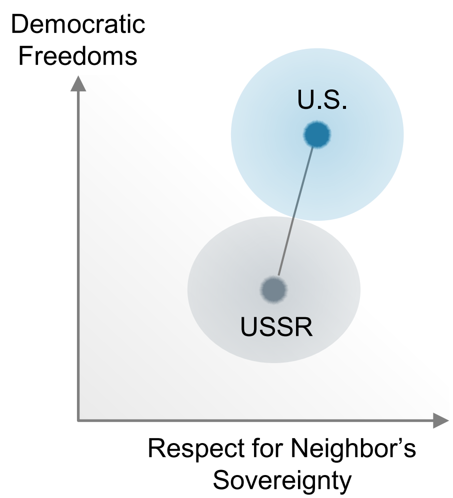
 Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 3/31/23.

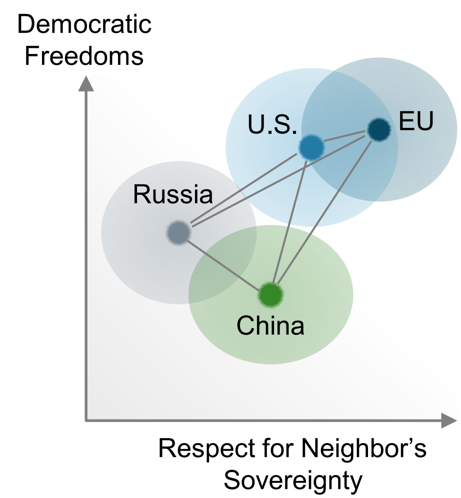
Geopolitical Risk: More Great Powers, Less Stability

The Ukraine war is a stark reminder that we've shifted to a secular environment of higher geopolitical risk. The distribution of power among the world's great powers determines the structure of the world order, and in recent decades, we enjoyed a stable, unipolar backdrop under U.S. global dominance. Today, power has become more evenly distributed among a number of countries, leaving the backdrop inherently more unstable.

UNIPOLAR	BIPOLAR	MULTIPOLAR
Very Stable	**Pretty Stable**	**Unstable**
1990s–Early 21st C.	**1960s–1980s**	**Today**







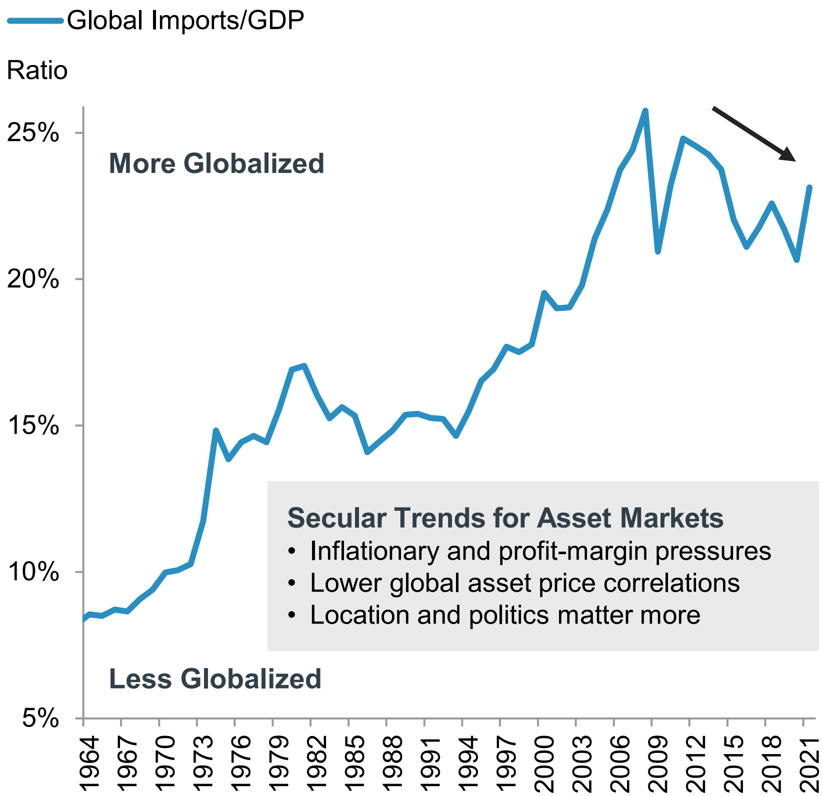
 Source: Fidelity Investments (AART), as of 3/31/23.

Geopolitical Risk at the Center of Deglobalization Trend

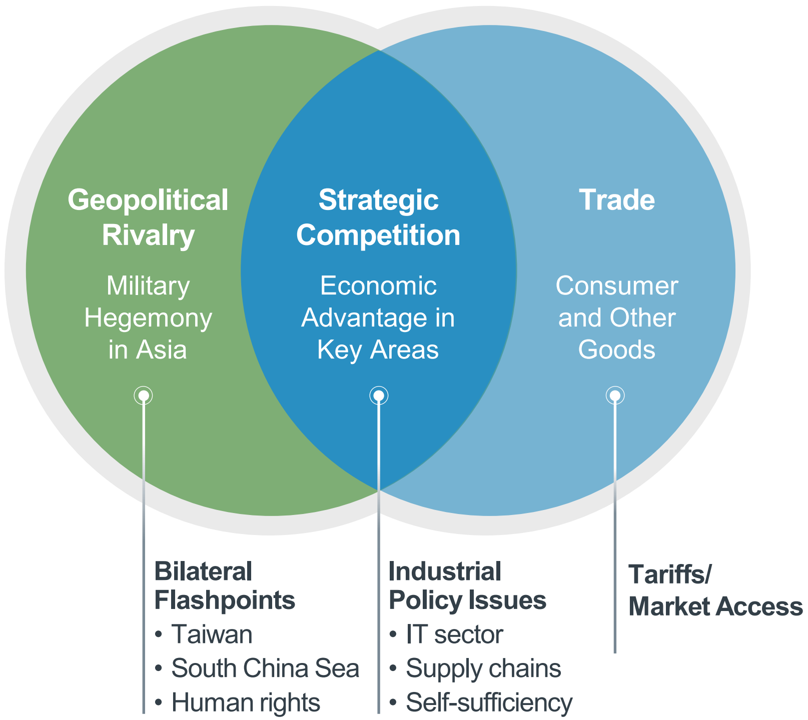
After decades of rapid global integration, economic openness has stalled in recent years. The deepening U.S.–China rivalry creates friction at the center of the globalized trading system, and it implies continued political risk for commercial activities, such as the bipolarization of the tech industry. The more domestic politics and location matter, the greater the potential benefits and active opportunities from global asset diversification.

LONG-TERM

Trade Globalization



U.S.–China Relationship



Diversification does not ensure a profit or guarantee against a loss. Source: International Monetary Fund (IMF), World Bank, Haver Analytics, Fidelity Investments (AART), as of 12/31/22.

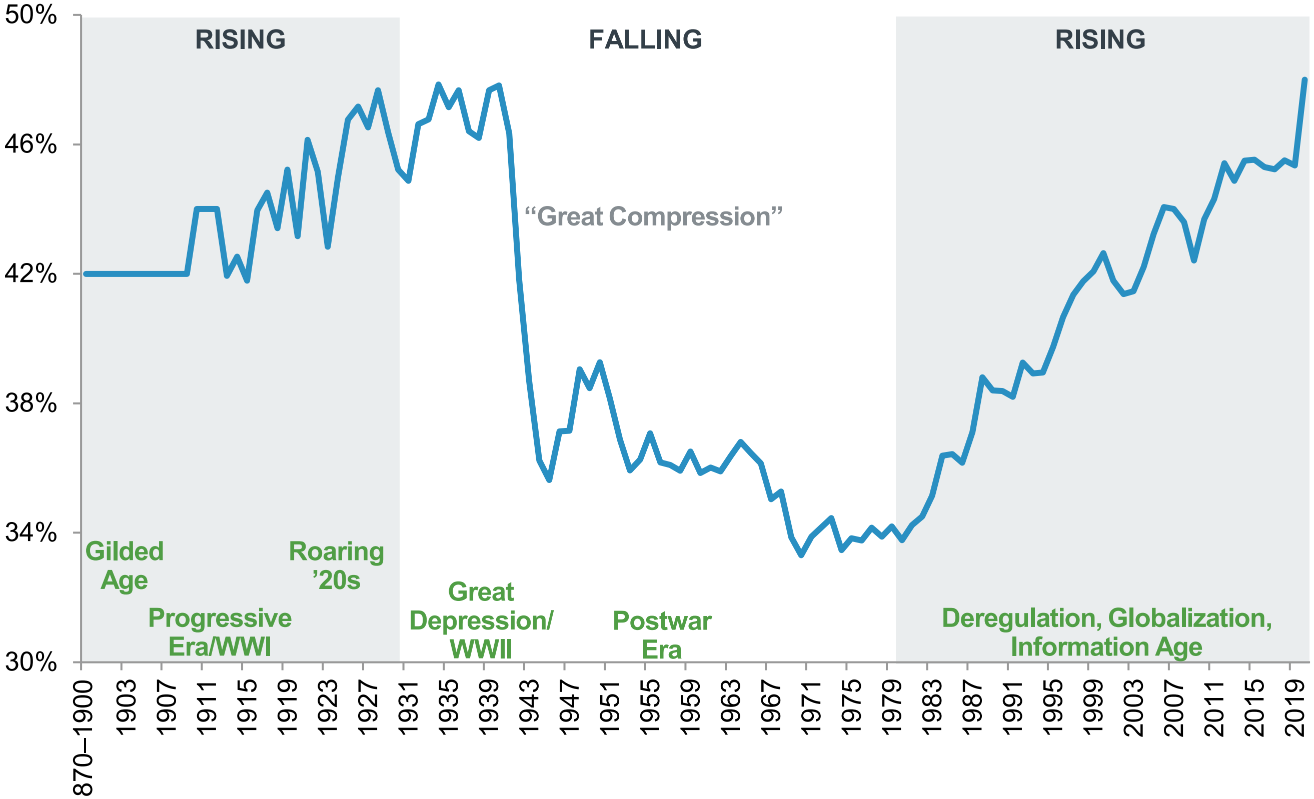
Fidelity INVESTMENTS

Policy Shift toward Addressing Record-High Inequality

After decades of rapid technological change and policies that concentrated economic gains in the upper tiers, income inequality has reached a 100-year high. Political trends are shifting toward policy changes aimed at reducing inequality, directionally similar to the postwar "Great Compression" era. This may include broad public investments, a more progressive tax regime, and greater support for low- and middle-income workers.

U.S. Income Inequality

Top 10% Earners' Share of Total Income



Modern Era Policies 1980–Present

- Rapid globalization, immigration
- Corporate power, de-unionization
- Less-progressive tax rates
- Declining public investment
- Easy monetary policy
- High costs for education, health care
- Oligopolistic markets

Source: World Inequality Database, T. Piketty Capital and Ideology HUP 2020, 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 economic 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%	2.0%

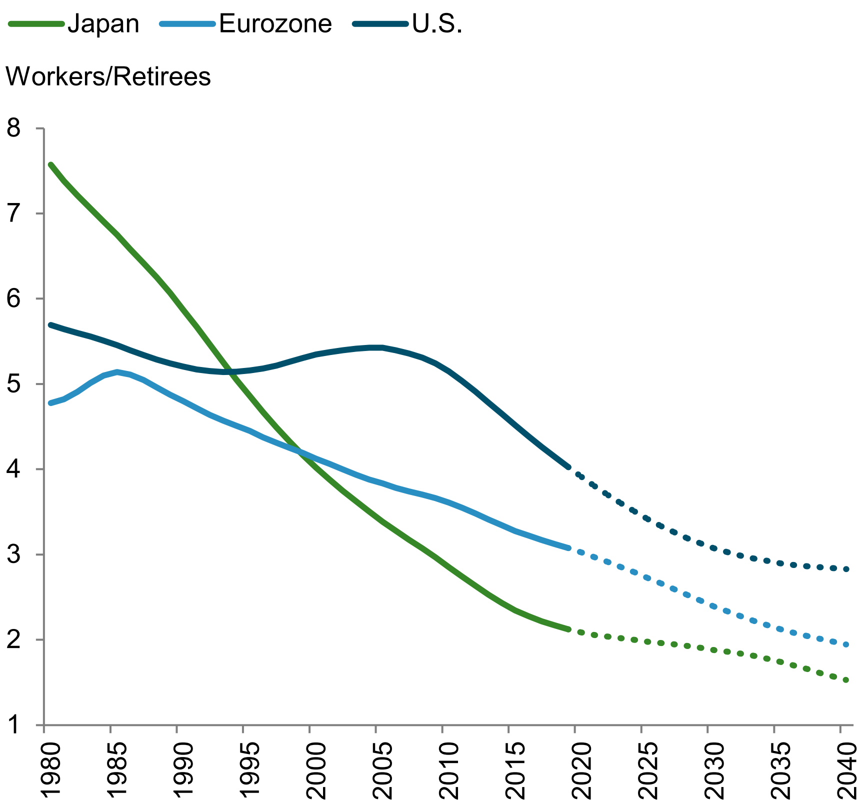
Past performance is no guarantee of future results. EM: Emerging markets. GDP: Gross domestic product.
Source: OECD, Fidelity Investments (AART), as of 5/31/22.

Fidelity INVESTMENTS

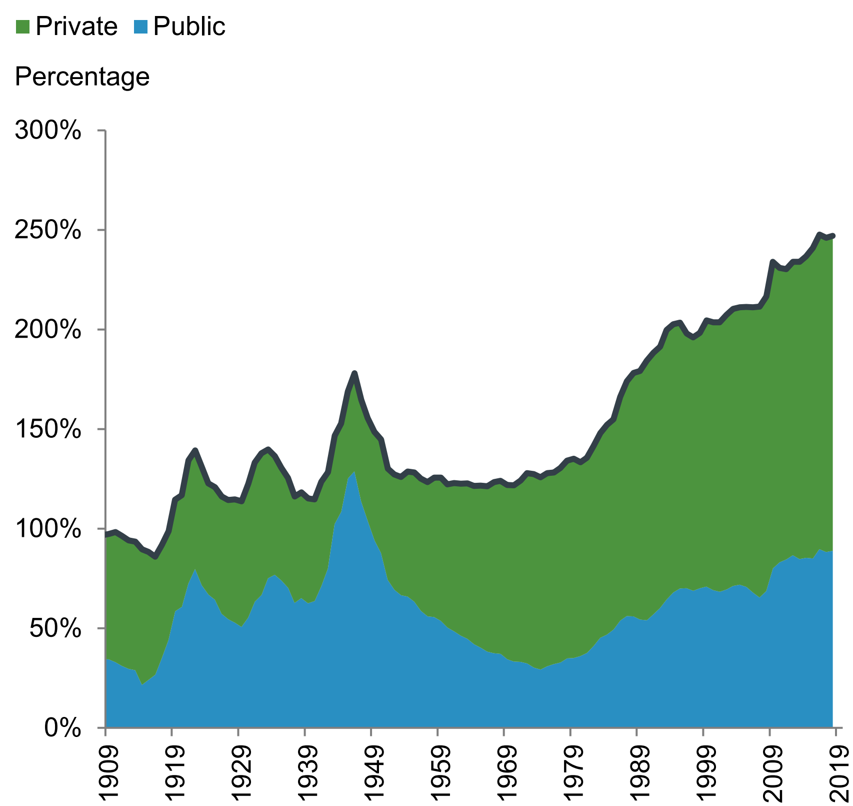
Unprecedented Debt Levels amid Aging Demographics

Most major economies face deteriorating demographic trends. With fewer new workers to support a growing number of retirees, greater fiscal pressures are ahead due to rising spending on pensions and health care. The dramatic worldwide rise in public and private debt in recent decades has been sustained by extraordinary monetary accommodation, leaving the system more dependent than ever on low interest rates.

Demographic Support Ratio



Global Debt as a Share of GDP



LEFT: The demographic support ratio is calculated as the number of workers (15–64 years old)/number of retirees (65 and older). Dotted line represents a projection. Source: United Nations, Haver Analytics, Fidelity Investments (AART), as of 10/31/19.

RIGHT: 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, as of 12/31/19.

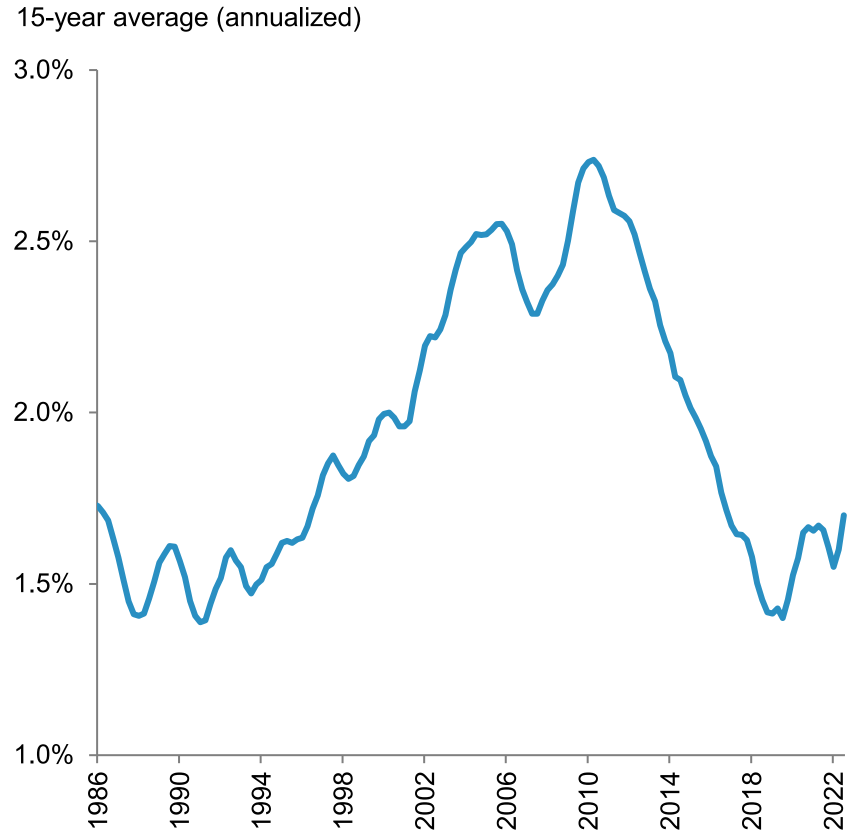
Higher Secular Inflation Risks

Several long-term trends have become more inflationary in recent years, raising the odds that we've entered a secular high-inflation regime. These factors include supply-side pressures from deglobalization, fiscal and monetary policies inclined toward excessive accommodation, and decelerating long-term productivity rates. In the past decade, labor productivity growth has remained stuck in one of its lowest ranges in modern history.

Possible Secular Impact on Inflation

Secular Factors	Long-Term Trends	Risks to Inflation
Policy	Fed tolerates higher inflation	↑
	More-stimulative fiscal policy	↑
Peak Globalization	• More-expensive goods & labor	↑
	• Geopolitical friction	↑
Aging Demographics	Older adults:	
	• Spend less (reducing demand)	↓
	• Work less (reducing supply)	↑
Technological Progress	More robots, Amazon effect	↓
	Declining long-term productivity	↑
Climate Change	More-volatile weather, supply damage	↑
	Greater innovation/R&D in clean energy	↓

U.S. Labor Productivity Growth

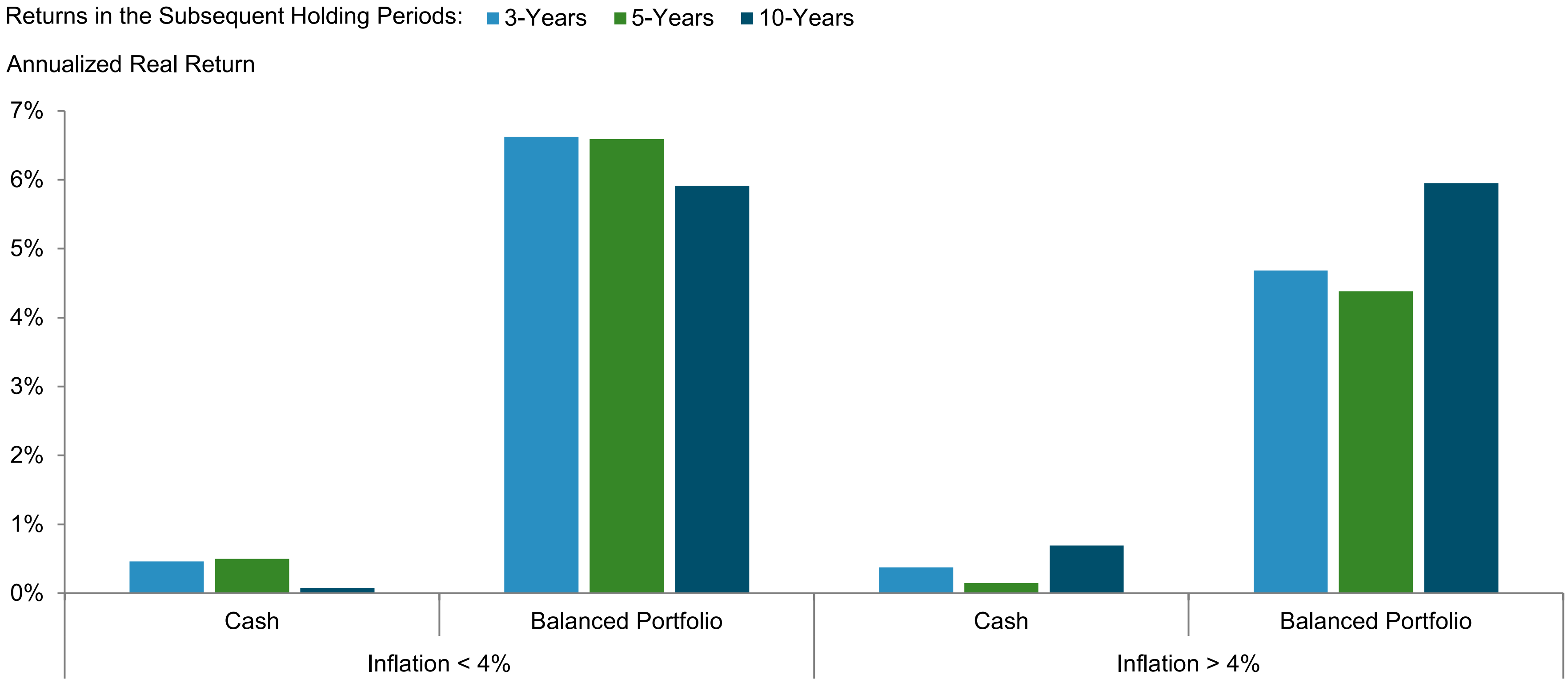


LEFT: Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 12/31/22. **RIGHT**: U.S. Nonfarm Business Sector Output Per Hour. Sources: Bureau of Labor Statistics, Fidelity Investments (AART), as of 12/31/22.

Diversification Important Even Starting in High Inflation

Periods of high inflation tend to lead to greater volatility and a challenging market landscape. Historically, however, fleeing to cash once inflation was already high failed to provide better returns over medium- and long-term holding periods. Over the past century, holding a balanced, diversified portfolio when inflation had already hit 4% (or above) far surpassed cash returns over the subsequent 3- to 10-year periods.

Real Returns to Diversified Portfolio vs. Cash Starting in Different Inflation Periods (1926–2022)



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. Balanced Portfolio: 42% Domestic Equity—Dow Jones U.S. Total Stock Market Index; 18% Foreign Equity—MSCI ACWI ex USA Index; 35% Investment-Grade (IG) Bonds—Bloomberg U.S. Aggregate Bond Index, 5% Cash—Bloomberg 1-3 Month T-Bills. Inflation: 12-Month rolling CPI-Urban Index. Returns are calculated starting in inflation period but include all subsequent periods for their holding horizon. Source: Bureau of Labor Statistics, Haver Analytics, and Fidelity Investments (AART). Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Bloomberg, ICE BofA, and a Fidelity Investments proprietary analysis of historical asset class performance, which is not indicative of future performance, as of 4/30/22.

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

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Legend
32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	43%	16%	14%	Growth Stocks
26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	29%	-8%	8%	Foreign-Developed Country Stocks
21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	27%	-11%	7%	Large Cap Stocks
18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	26%	-13%	6%	60% Large Cap 40% IG Bonds
17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	25%	-14%	4%	Emerging-Market Stocks
11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	17%	-16%	4%	High-Yield Bonds
11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	15%	-18%	3%	Investment-Grade Bonds
9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	11%	-20%	3%	Small Cap Stocks
8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	5%	-20%	3%	REITs
7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	-2%	-24%	1%	Value Stocks
4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-3%	-29%	-5%	Commodities

Past performance is no guarantee of future results. Diversification/asset allocation 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. 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 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 3/31/23.

Appendix: Important Information

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or a solicitation to buy or sell any securities. Views expressed are as 3/31/22, 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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Before making any investment decisions, you should consult with your own professional advisers and take into account all of the particular facts and circumstances of your individual situation. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in these materials 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 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.

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 a 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.

There is no guarantee that a factor-based investing strategy will enhance performance or reduce risk. Before investing, make sure you understand how a factor investment strategy may differ from a more traditional index-based or actively managed approach. Depending on market conditions, factor-based investments may underperform compared to investments that seek to track a market-capitalization-weighted index or investments that employ full active management.

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 30 represented by: Growth—Russell 3000® Growth Index; Small Cap—Russell 2000® Index; Large Cap—S&P 500®; Mid Cap—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 U.S. TIPS Index; EM Debt (Emerging-Market Debt)—JP Morgan EMBI Global Diversified Composite Index; CMBS (Commercial Mortgage-Backed Securities)—Bloomberg Investment-Grade CMBS Index; Credit—Bloomberg U.S. Credit Bond Index; Municipal—Bloomberg Municipal Bond Index; Long Government & Credit (Investment-Grade)—Bloomberg Long Government & Credit Index; ABS (Asset-Backed Securities)—Bloomberg ABS Index; Aggregate—Bloomberg U.S. Aggregate Bond Index; Agency—Bloomberg U.S. Agency Index; Treasuries—Bloomberg U.S. Treasury Index; MBS (Mortgage-Backed Securities)—Bloomberg 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 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 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 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 U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L)** is a market value-weighted index that measures the that have a remaining maturity of 10 or more years, are rated investment grade, anperformance of inflation-protected securities issued by the U.S. Treasury. **Bloomberg Long U.S. Government Credit Index** includes all publicly issued U.S. government and corporate securities d have $250 million or more of outstanding face value. **Bloomberg 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 Municipal Bond Index** is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more.

Bloomberg 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 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 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.

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 Diversified Composite Index comprises of USD denominated Brady bonds, Eurobonds and Traded loans issued by sovereign and quasi sovereign entities. The Diversified version limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding. This provides a more even distribution of weights within the countries in the index

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.

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.

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.

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.

Appendix: Important Information

Market Indexes (continued)

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**: 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; 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. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

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.

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

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.

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.

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.

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.

The London Bullion Market Association (LBMA) publishes the international benchmark price of gold in USD, twice daily. The LBMA gold price auction takes place by ICE Benchmark Administration (IBA) at 10:30 a.m. and 3:00 p.m.

Consumer Price Index (CPI) is an inflationary indicator published monthly by the U.S. Bureau of Labor Statistics that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

Personal consumption expenditure (PCE) indexes, published by the U.S. Bureau of Economic Analysis, are a primary measure of actual and imputed household expenditures on goods (durable and non-durable) and services. Core PCE, the Federal Reserve's preferred measure of consumer price inflation, excludes volatile food and energy prices. Definitions, data, and related resources regarding CPI and PCE variants are available at https://www.atlantafed.org/research/inflationproject/underlying-inflation-dashboard.

Appendix: Important Information

Market Indexes (continued)

Bloomberg Commodity Total Return Sub-indexes are composed of futures contracts and reflect the returns on fully collateralized commodity investments in metals, agriculture, energy, and precious metals. The sub-indexes are the Bloomberg Industrial Metals Subindex Total Return Index, Bloomberg Agriculture Subindex Total Return Index, Bloomberg Energy Subindex Total Return Index, and the Bloomberg Precious Metals Subindex Total Return Index.

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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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