Commentary | Third Quarter 2024

Quarterly Market Update

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- Market summary
- Economy/macro backdrop
- Asset markets
- Long-term themes

Market summary

Stable economic backdrop underpinned low market volatility

The global economic and earnings growth backdrop remained largely constructive during the second quarter, which underpinned a period of relatively low market volatility. The move toward global monetary easing inched forward, although persistent core inflation in the U.S. continued to keep the Federal Reserve on hold. The U.S. expansion demonstrates evidence of both mid- and late-cycle dynamics and muted near-term recession risks, although upside surprises may be more difficult amid higher asset valuations.

	MACRO	ASSET MARKETS
Q2 2024	• Global economic expansion continued.	• Stock prices rose amid relatively stable bond yields.
OUTLOOK	• The global business cycle remains in expansion, with reasonably healthy stabilization across geographies. • The U.S. economic expansion demonstrates evidence of both mid- and late-cycle dynamics. • Disinflation trends and the move to monetary easing progressed globally, but persistent core inflation in the U.S. is making the “last mile” of disinflation toward the Fed’s target more difficult. • Near-term recession risks appear muted, but a full pivot to a disinflationary mid-cycle environment remains uncertain.	• Markets continue to enjoy favorable momentum and easier financial conditions, even though the pace and magnitude of global monetary easing remains uncertain. • Upside surprises may be more difficult amid low market volatility and higher valuations for riskier assets. • The base case of a prolonged cycle implies a near-term preference for more economically sensitive assets, but the stubborn inflation outlook and late-cycle flavor implies some restraint on active risk.

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

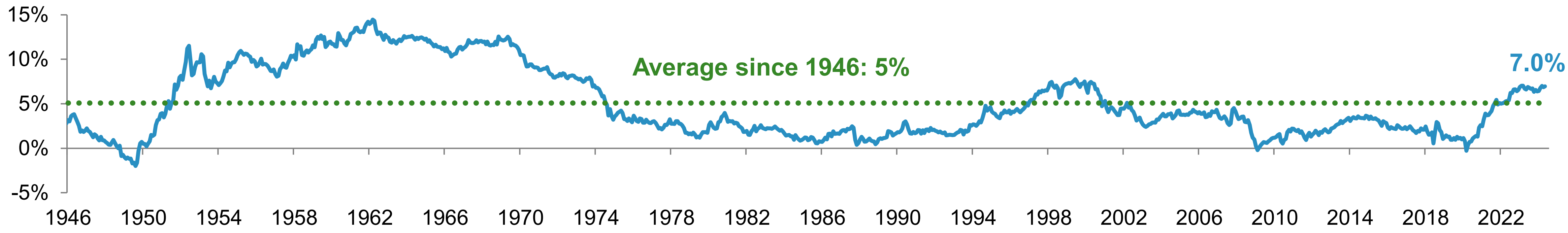
A narrow stock rally continued during a mixed Q2

U.S. large cap growth stocks once again topped the asset performance leaderboard during Q2, adding to strong year-to-date gains in what was otherwise a relatively quiet quarter for asset markets. Other categories of U.S. and non-U.S. equities finished with mixed results, and fixed income assets posted generally flat returns amid a modest uptick in interest rates. Emerging-market equities and commodities, led by precious and industrial metals, registered solid quarter performance and added to their 2024 gains.

	Q2 2024	YTD		Q2 2024	YTD
U.S. Growth	7.8%	19.9%	Investment-Grade Bonds	0.1%	-0.7%
Emerging-Market Stocks	5.0%	7.5%	Real Estate Stocks	0.1%	-0.1%
Gold	4.3%	12.8%	U.S. Corporate Bonds	0.0%	-0.5%
U.S. Large Cap Stocks	4.3%	15.3%	Non-U.S. Developed-Country Stocks	-0.4%	5.3%
Commodities	2.9%	5.1%	Long Government & Credit Bonds	-1.7%	-4.1%
High Yield Bonds	1.1%	2.6%	U.S. Value	-2.3%	6.2%
Emerging-Market Bonds	0.3%	2.3%	U.S. Small Cap Stocks	-3.3%	1.7%

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

Annualized Return Difference

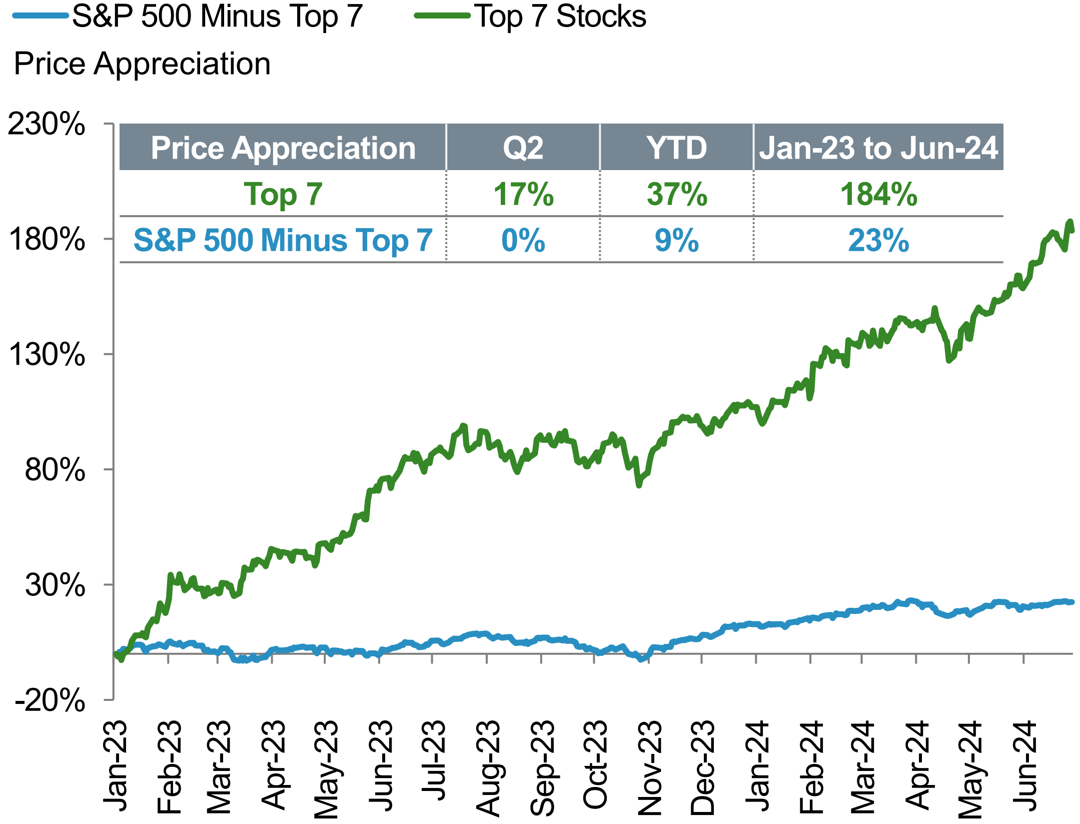


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. IG: Investment grade. Assets represented by: U.S Growth Stocks—Russell 3000 Growth Index; Non-U.S. Developed-Country Stocks—MSCI 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., Fidelity Investments Asset Allocation Research Team (AART), as of 6/30/24.

Big gains by the largest stocks once again led the way

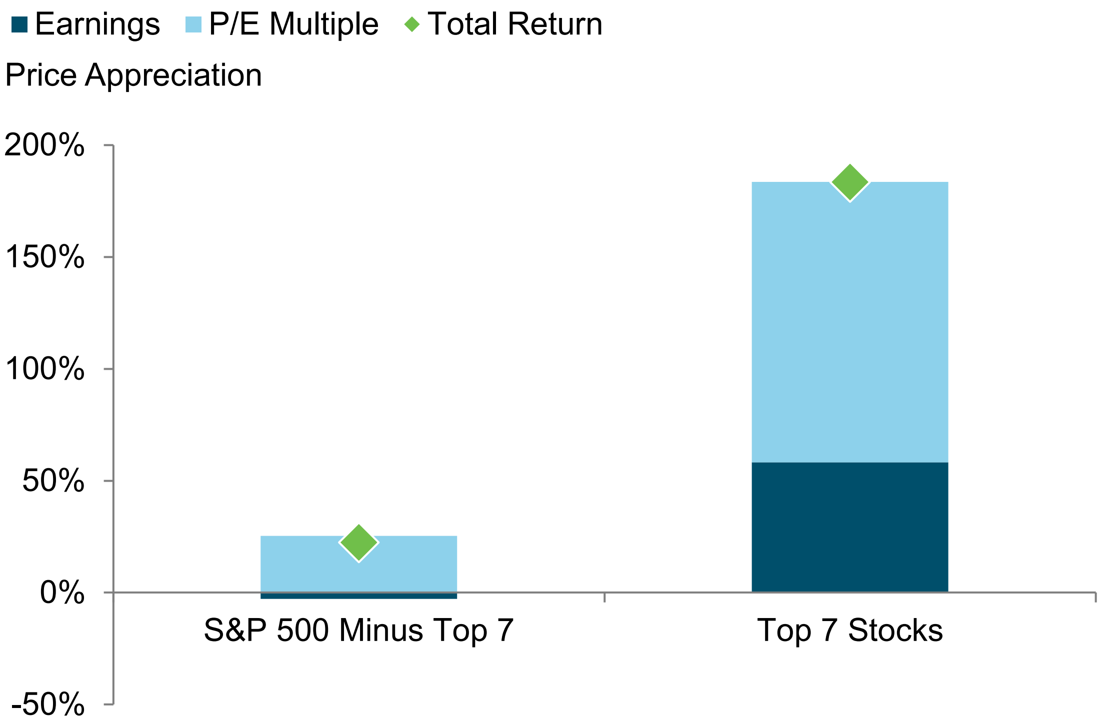
A continued rally in the stock prices of the largest U.S. companies by market capitalization—concentrated in the technology and communications sectors—once again drove the U.S. equity market's gain. After a steep downturn in 2022, the share prices of the largest seven companies have nearly tripled since the beginning of 2023. An earnings rebound boosted the top seven stocks, although the bulk of their gains—as well as the returns of the overall market—were propelled by an expansion in valuation multiples.

Top 7 Stock Performance vs. Rest of S&P 500



Price Appreciation	Q2	YTD	Jan-23 to Jun-24
Top 7	17%	37%	184%
S&P 500 Minus Top 7	0%	9%	23%

Composition of U.S. Equity Returns (Jan 2023 to Jun 2024)

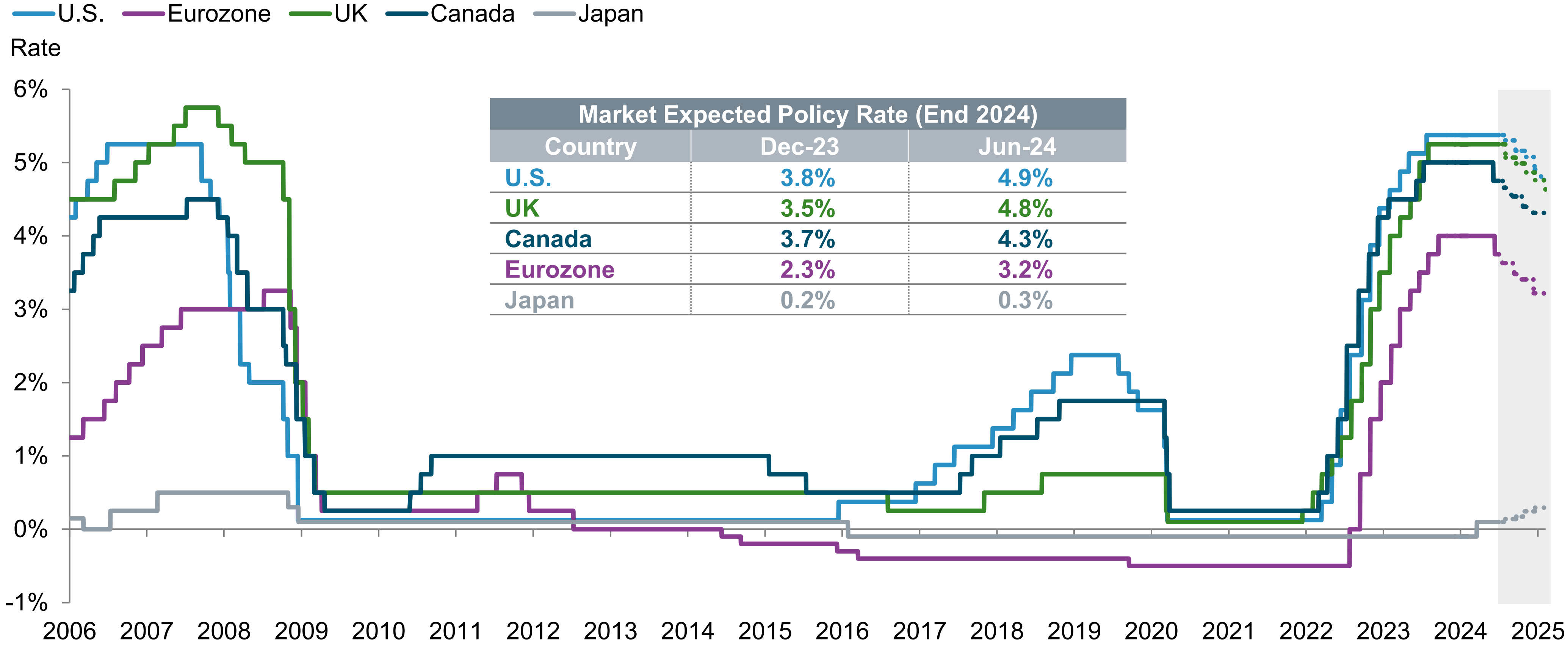


Largest seven U.S. stocks by market capitalization: Nvidia, Alphabet, Meta, Microsoft, Apple, Amazon, and Tesla. **LEFT:** YTD: Year to date. Source: Bloomberg Financial LP, Fidelity Investments, as of 6/30/24. **RIGHT:** Earnings: Trailing 12-month diluted earnings per share growth. P/E Multiple: Price-to-Earnings ratio for trailing 12-month diluted earnings. P/E Multiple and earnings use street estimates for Q1-2024. Calculation of P/E multiple is includes all factors impacting total return excluding earnings per share. Source: Bloomberg Financial LP, Fidelity Investments, as of 6/30/24.

Some progress in the long-delayed global monetary easing

The European Central Bank and the Bank of Canada both cut their policy interest rates by 25 basis points during Q2, becoming the first major central banks to ease policy after the rapid tightening cycle that began in 2022. Market projections signal an expectation of more rate cuts in 2024, including from the Federal Reserve and Bank of England, but the timing and pace of easing is significantly diminished compared with expectations entering this year.

Global Short-Term Policy Rates



Market Expected Policy Rate (End 2024)		
Country	Dec-23	Jun-24
U.S.	3.8%	4.9%
UK	3.5%	4.8%
Canada	3.7%	4.3%
Eurozone	2.3%	3.2%
Japan	0.2%	0.3%

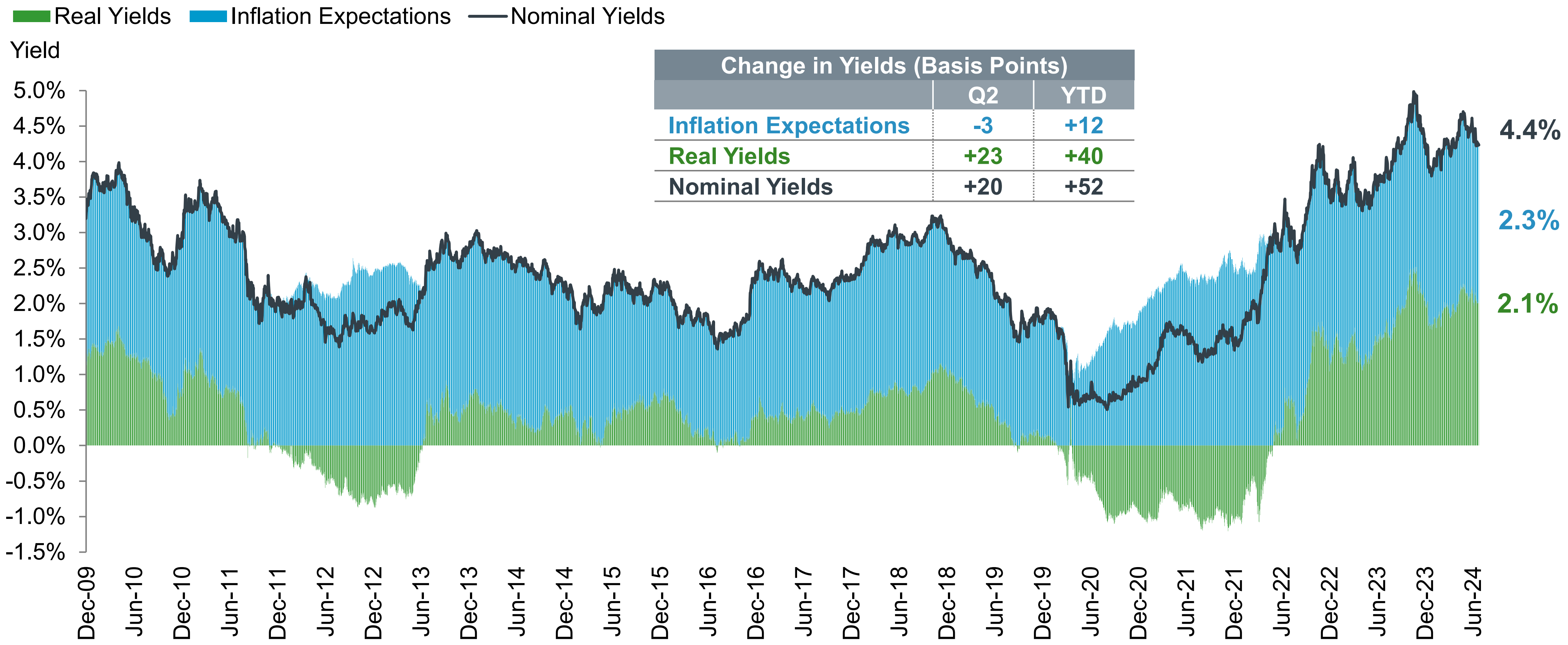
Dotted lines in the shaded area represent market rate expectations using overnight index swaps. Source: U.S. Federal Reserve Board, ECB, Bank of Japan, Bank of England, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/24.

Treasury yields ticked higher, driven by the rise in real rates

Nominal 10-year U.S. Treasury bond yields ticked modestly higher during Q2, finishing at 4.4%. Higher nominal yields were the result of a rise in real yields—the inflation-adjusted cost of borrowing. Real yields finished at 2.1%, near their highest level in the past 15 years, and appeared to signal to investors that the Federal Reserve may keep monetary policy tighter for longer compared with the past decade.

10-Year U.S. Government Bond Yields

Change in Yields (Basis Points)	Q2	YTD
Inflation Expectations	-3	+12
Real Yields	+23	+40
Nominal Yields	+20	+52

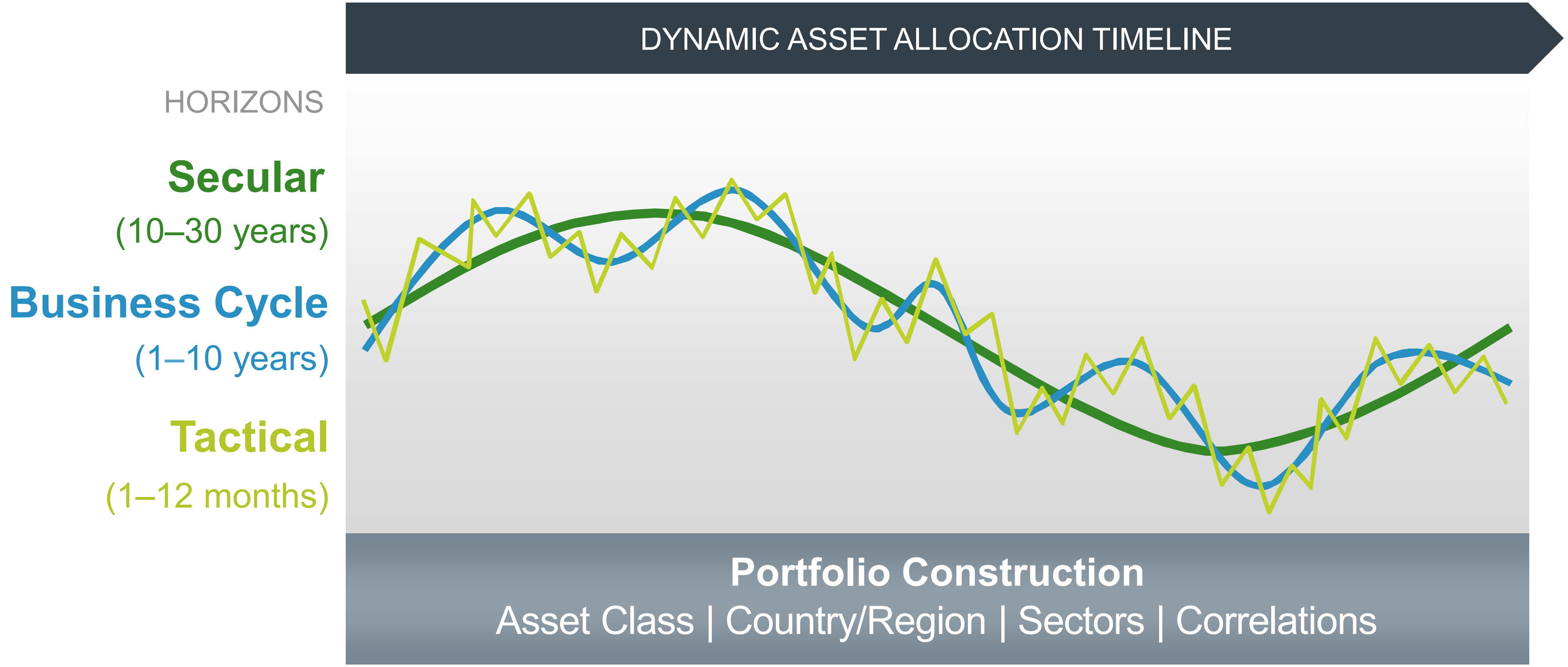


Nominal Yields are U.S. Generic Govt 10-Year yields, inflation expectations are the U.S. Breakeven 10-Year rates. TIPS: Treasury Inflation Protected Securities. Source: Bloomberg, Federal Reserve, Macrobond, Fidelity Investments (AART) as of 6/30/24.

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 6/30/24.

Global business cycle in prolonged expansion

Major economies demonstrated persistent expansion amid improved global financial conditions and firmer manufacturing activity, even as the global environment became more varied. The U.S. and several large developing economies—India, Mexico, and Brazil—showed a rise in mid-cycle dynamics, while the U.S. still displayed significant late-cycle characteristics. Japan and Europe remained solidly late-cycle, Canada showed increasing recession risks, and China continued to struggle to emerge from its growth slump.

Business Cycle Framework

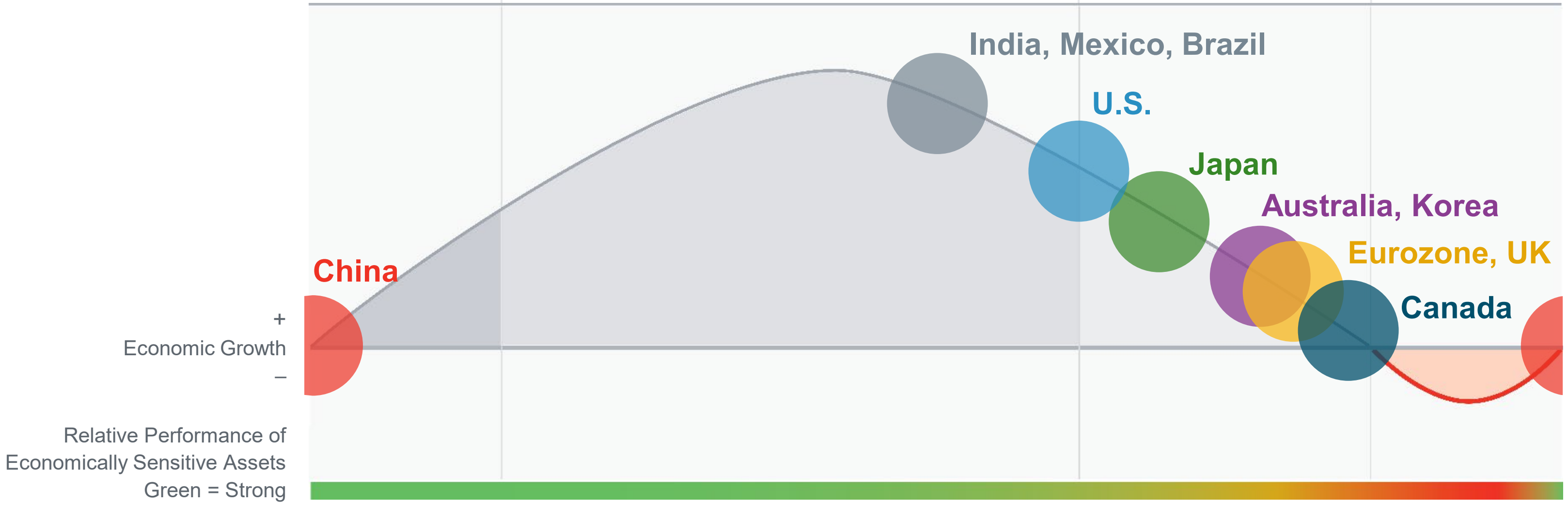
Cycle Phases

EARLY
- Activity rebounds (GDP, IP, employment)
- 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

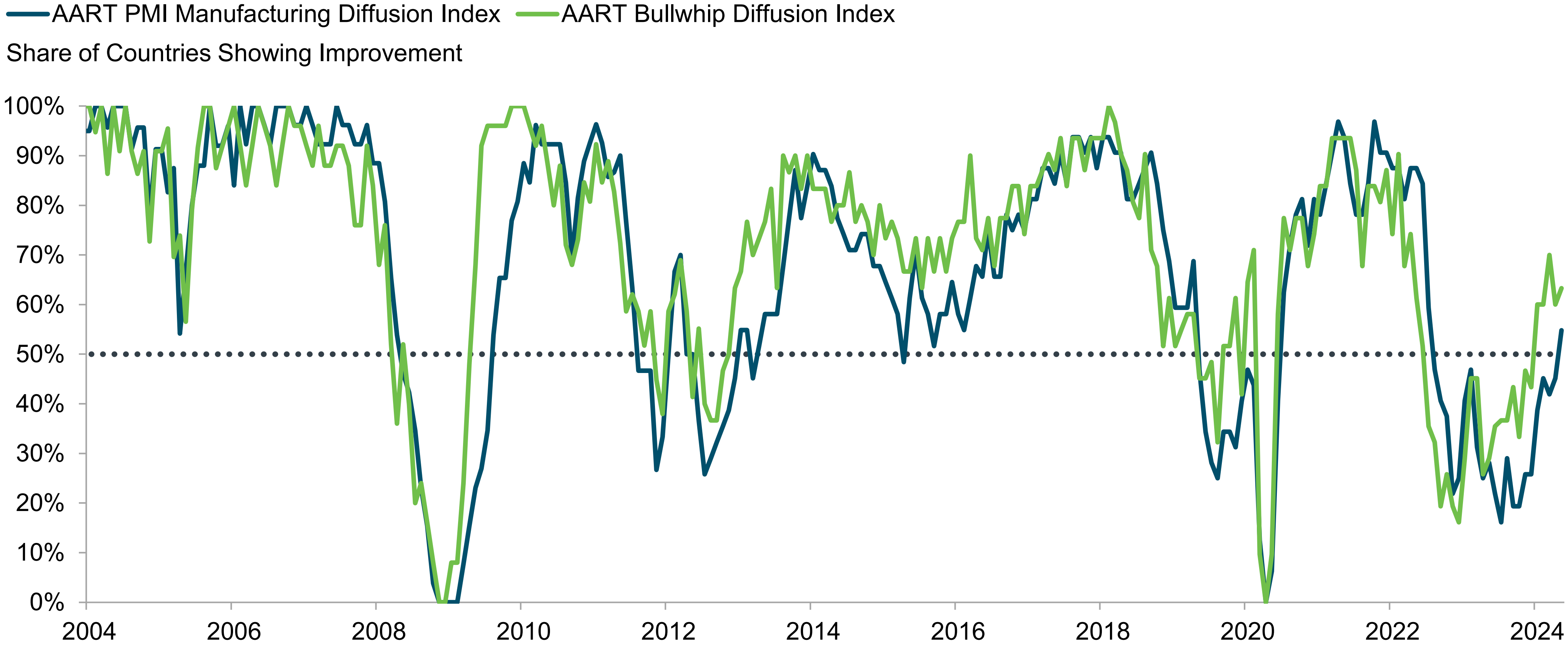


A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term 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 6/30/24.

Broadening global cyclical improvement

Global manufacturing momentum appeared to broaden across a wider swath of countries during Q2. Manufacturing activity improved, moving into expansionary territory across a majority of the world's largest economies for the first time since 2022. Manufacturing bullwhips—leading indicators of industrial activity measured by new orders minus inventories—remained in positive territory for more than 60% of the world's biggest economies.

Global Manufacturing Activity

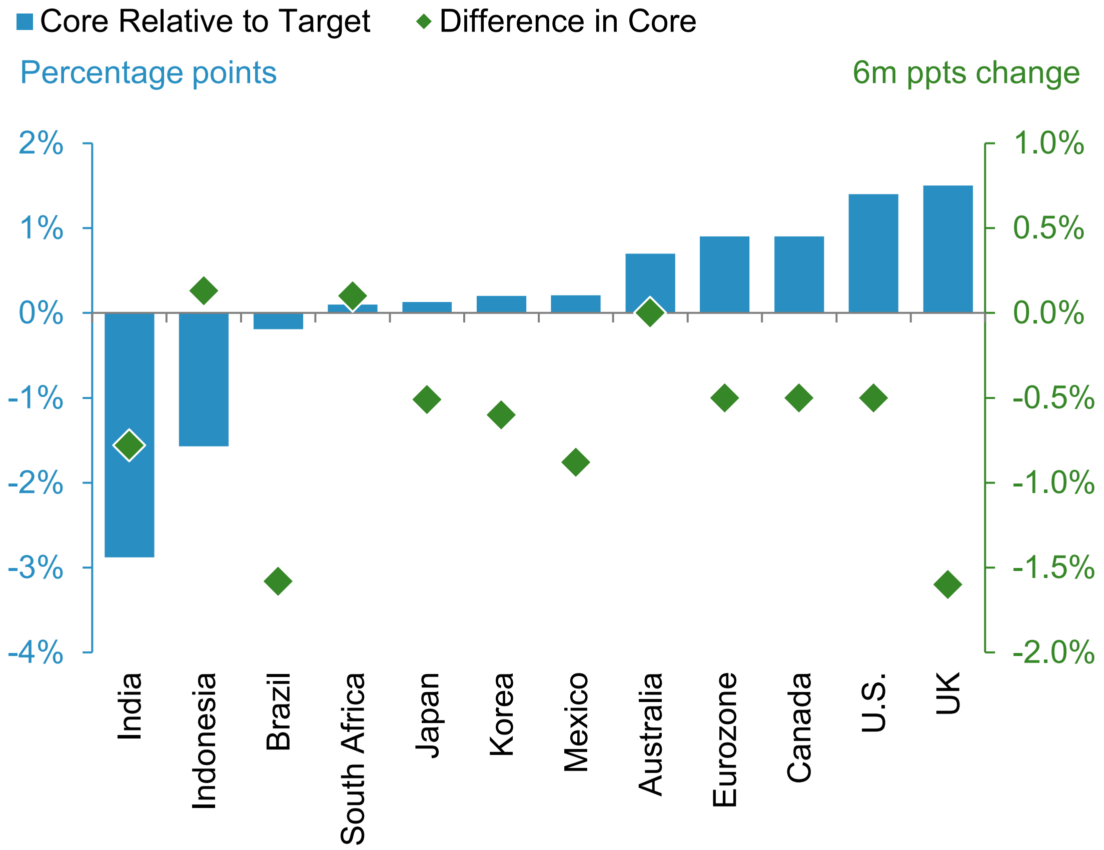


PMI: Purchasing managers' index. Readings above 50 indicate expansion. Bullwhip: New Orders PMI less Inventories PMI. AART PMI Manufacturing Index (Diffusion Index): Percent of the world's 32 largest economies with Manufacturing PMIs above 50. AART Bullwhip Diffusion Index: Percent of the world's 32 largest economies with positive bullwhips. Source: Markit, Institute for Supply Management, S&P Global, Macrobond, Fidelity Investments (AART), as of 5/31/24.

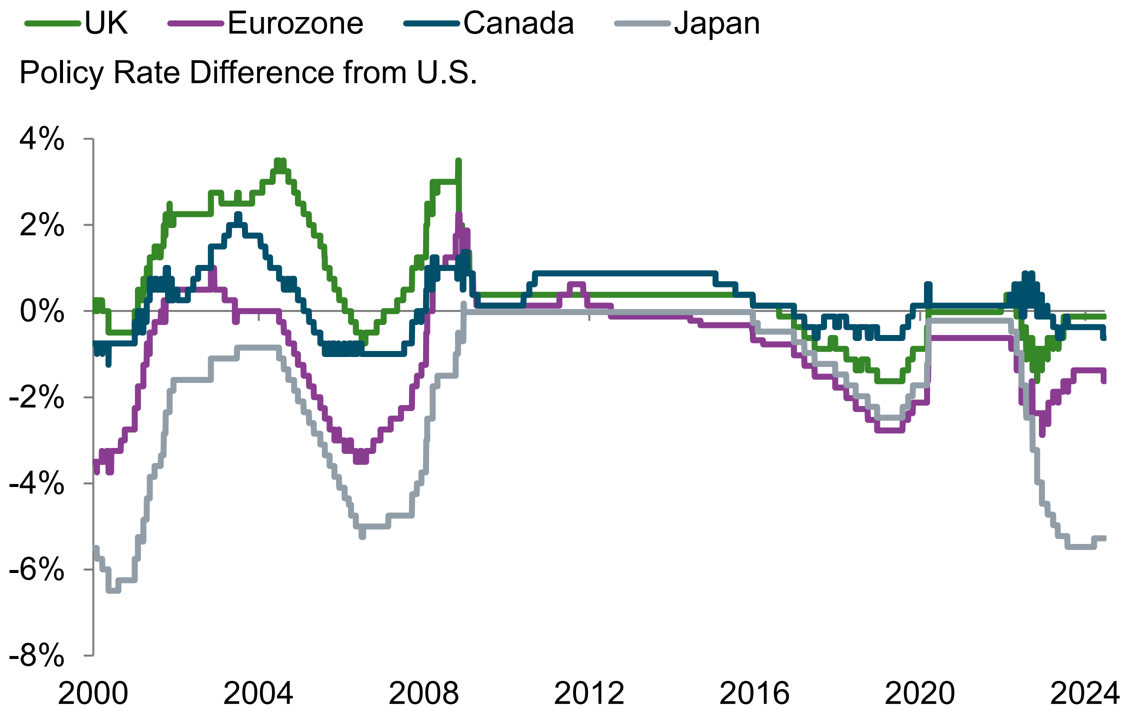
Uneven global disinflation and monetary policy divergence

Global disinflation trends continued, but progress remained uneven. Core inflation rates moderated in several emerging market (EM) countries, while developed market (DM) countries, including the UK and U.S., continued to face persistent core inflation. In Q2 the Eurozone and Canada joined EM countries such as Brazil and Mexico in cutting policy rates. Although these policy rate cuts created a greater divergence from U.S. rates, they remained within the historical bounds of DM central bank policy-rate differentials.

Global Core Inflation



Global Monetary Policy Rate Divergence

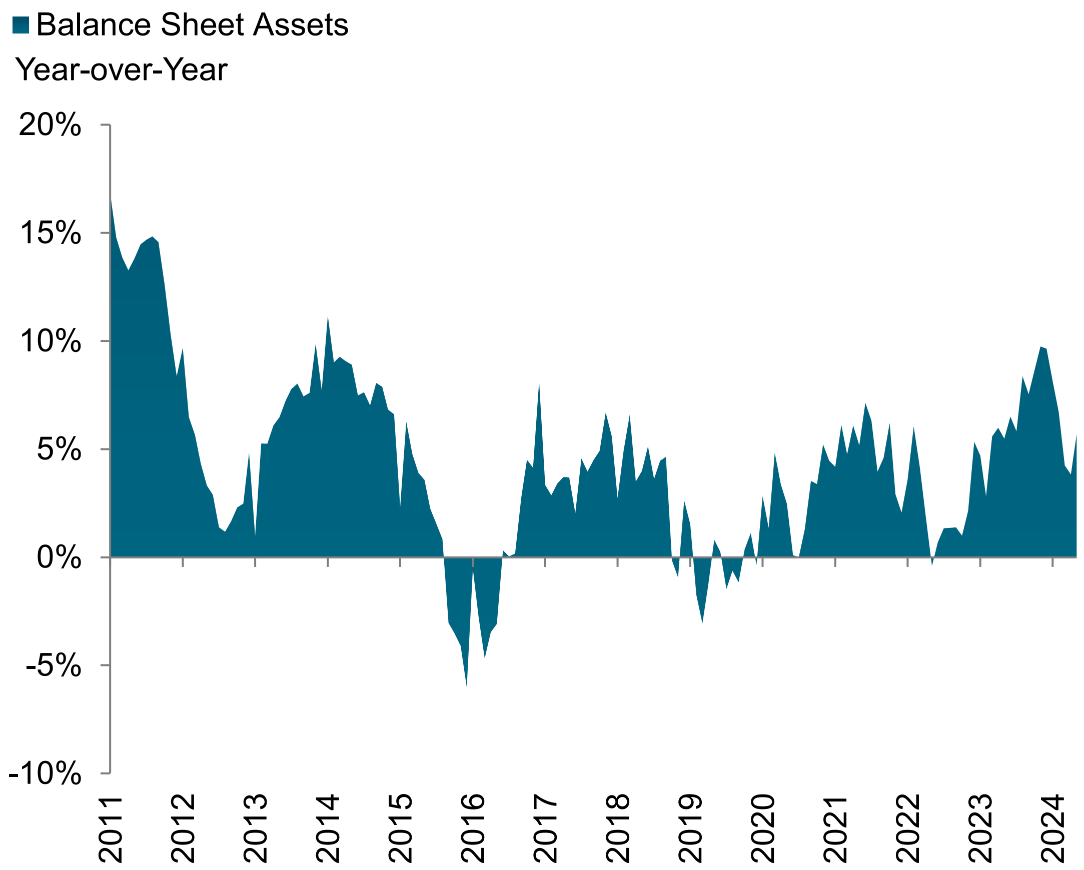


LEFT: Ppts: Percentage Points. Core Relative to Target: YoY core CPI relative to upper bound target of each central bank (target rates differ between central banks). Difference in Core: Difference between core inflation (excludes energy and food) now vs. 6m ago. Source: Bloomberg Finance L.P., National statistical agencies, Fidelity Investments (AART), as of 5/31/24. **RIGHT**: Difference between central bank policy rate and the Fed Funds rates. Source: U.S. Federal Reserve Board, ECB, Bank of Japan, Bank of England, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/24.

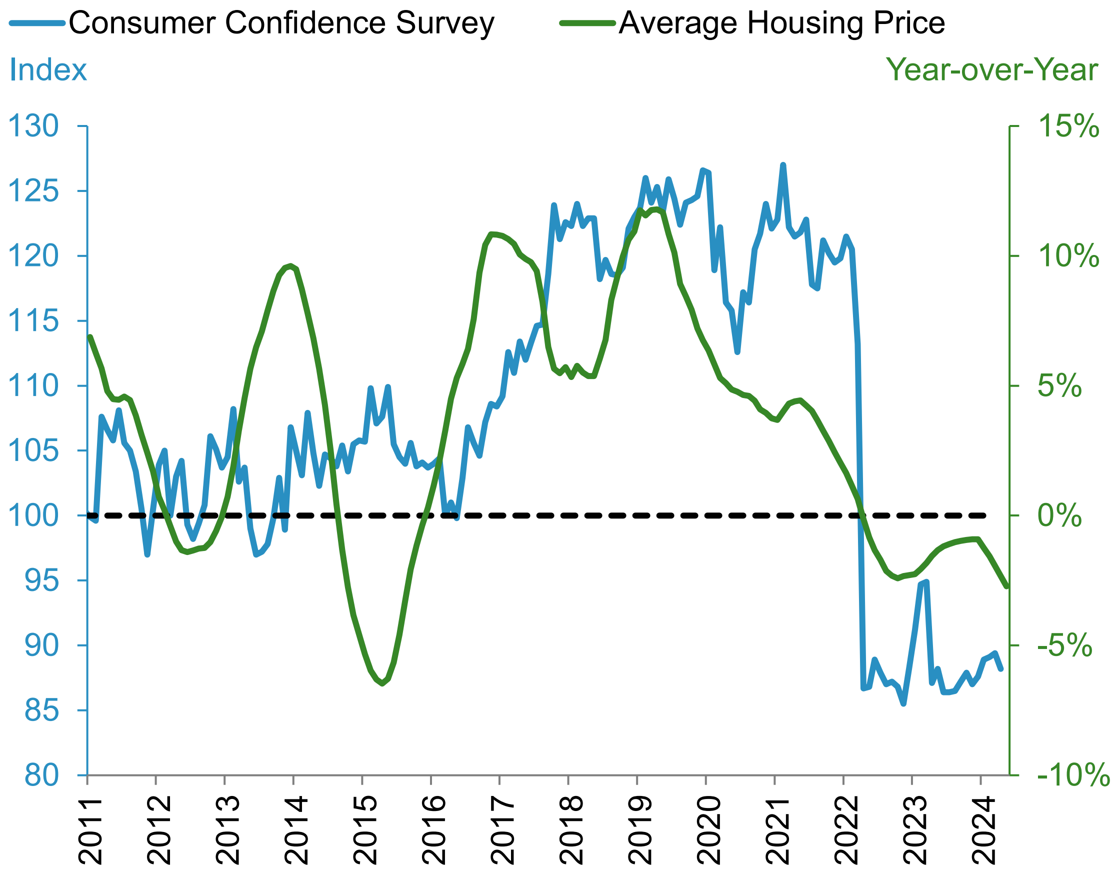
China's policy easing continued but has yet to catalyze recovery

China's policymakers remained in easing mode, although monetary support in recent months gave way to a greater emphasis on regulatory actions. China's cyclical trends are mixed, and it remains uncertain whether policy easing will translate into a full-blown economic reacceleration. Structural imbalances within the Chinese economy, including excess capacity and a debt overhang in the real estate sector, still create headwinds for the housing market and consumer confidence.

China Central Bank



Sentiment and Housing Market

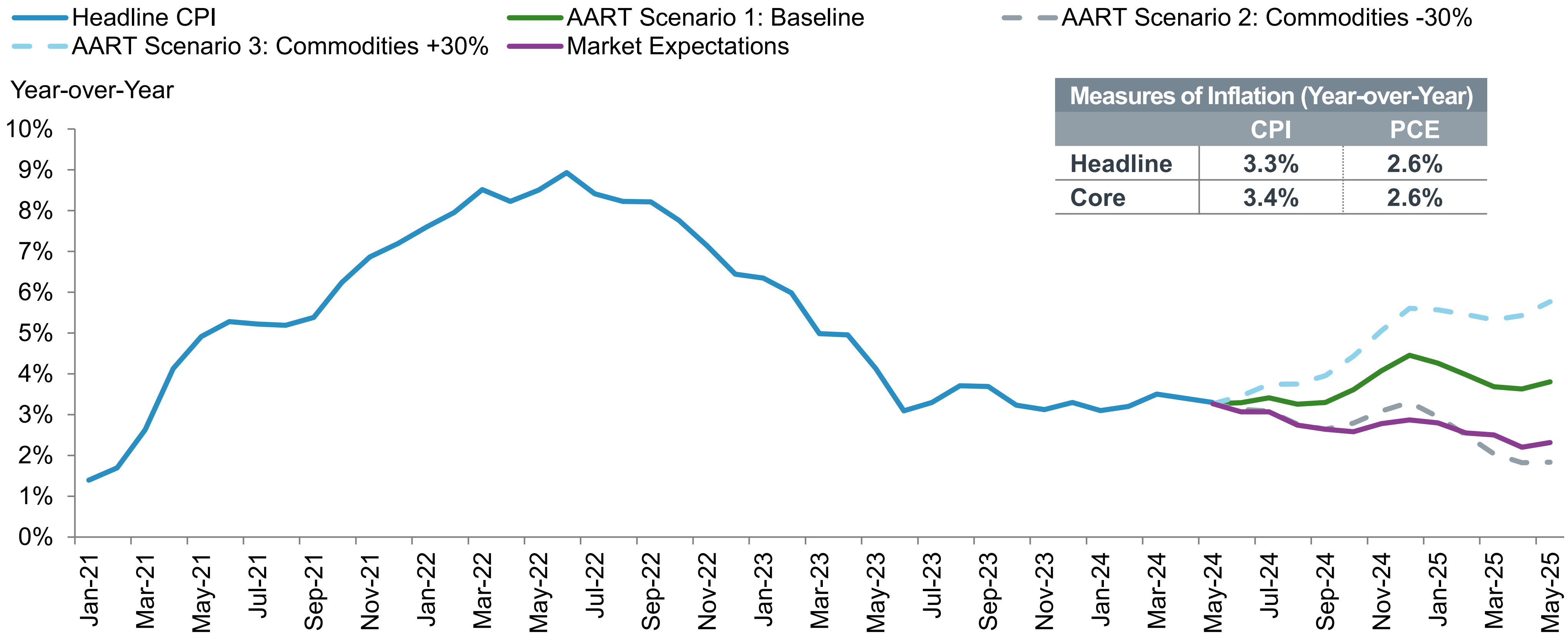


LEFT: Source: National Bureau of Statistics, People's Bank of China, Macrobond, Fidelity Investments (AART), as of 5/31/24. **RIGHT:** Average Housing Price: index of the average housing prices across 70 cities. Source: National Bureau of Statistics, People's Bank of China, China Economic Monitoring and Analysis Center (CEMAC), Macrobond Fidelity Investments (AART), as of 5/31/24.

After significant disinflation, reaching 2% may prove challenging

After declining significantly from 2022's highs, both headline and core CPI have remained above 3% in 2024. The Fed's preferred inflation metric, PCE, registered lower price gains compared with other measures of inflation, but our forecasts (for both CPI and PCE) continue to indicate a flattish trend for inflation over the next year rather than the disinflationary path signaled by market expectations. We believe returning to the stable, low core-inflation backdrop of the past 20 years will be challenging.

Inflation Estimates under Different Commodity Price Scenarios



Measures of Inflation (Year-over-Year)		
	CPI	PCE
Headline	3.3%	2.6%
Core	3.4%	2.6%

The December 2024 increase in the AART Scenario 1 Baseline forecast is due to seasonal factors. CPI: Consumer Price Index. PCE: Personal Consumption Expenditures. Market expectations: inflation swaps. 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. PCE table values are as of 4/30/24. Source: Federal Reserve Bank of Cleveland, Macrobond, Bureau of Labor Statistics, Bloomberg, Haver Analytics, Fidelity Investments (AART), as of 6/30/24.

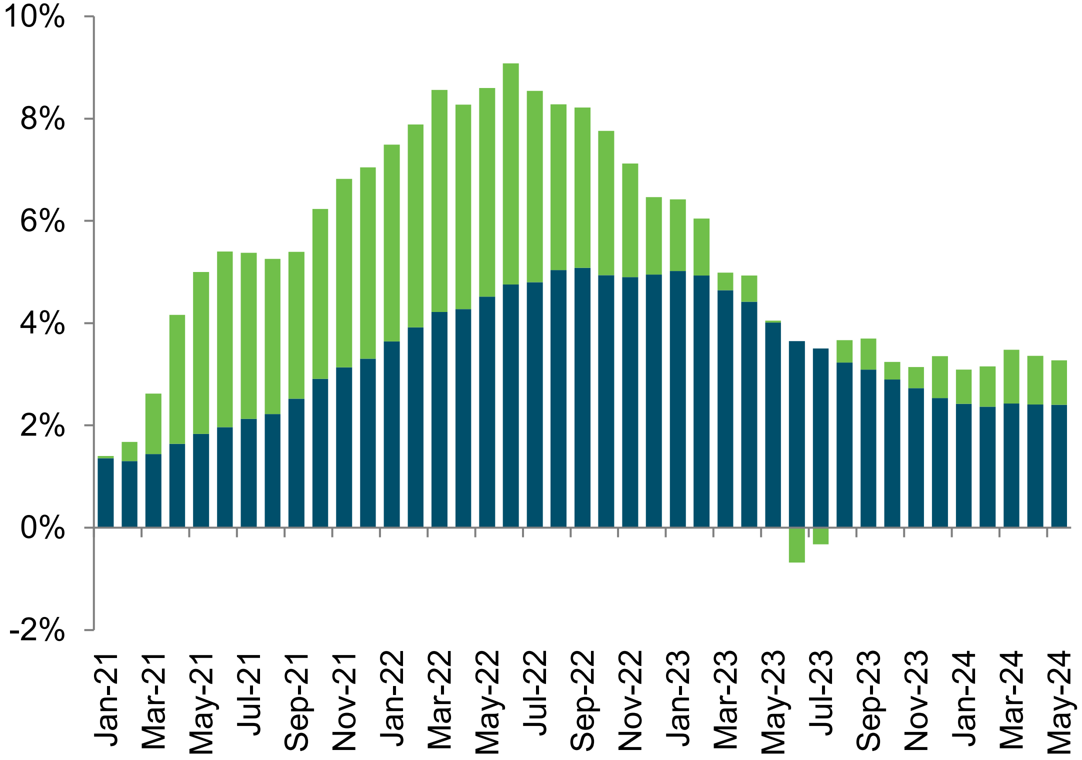
Persistent services inflation, with goods disinflation moderating

Inflation pressures that tend to be more persistent, such as housing and other services, haven't abated in recent months and continued to drive most of the recent inflation. Transitory pressures, such as supply-chain disruptions, had receded, but have now stabilized as the big disinflation in the goods sector subsided. Services inflation, likely boosted by wage pressures, remained stubborn, while rental disinflation remained slow, underscoring the continued persistence of core inflationary pressures.

Persistent vs. Transitory Components of Consumer Price Index

Persistent Inflation Transitory Inflation

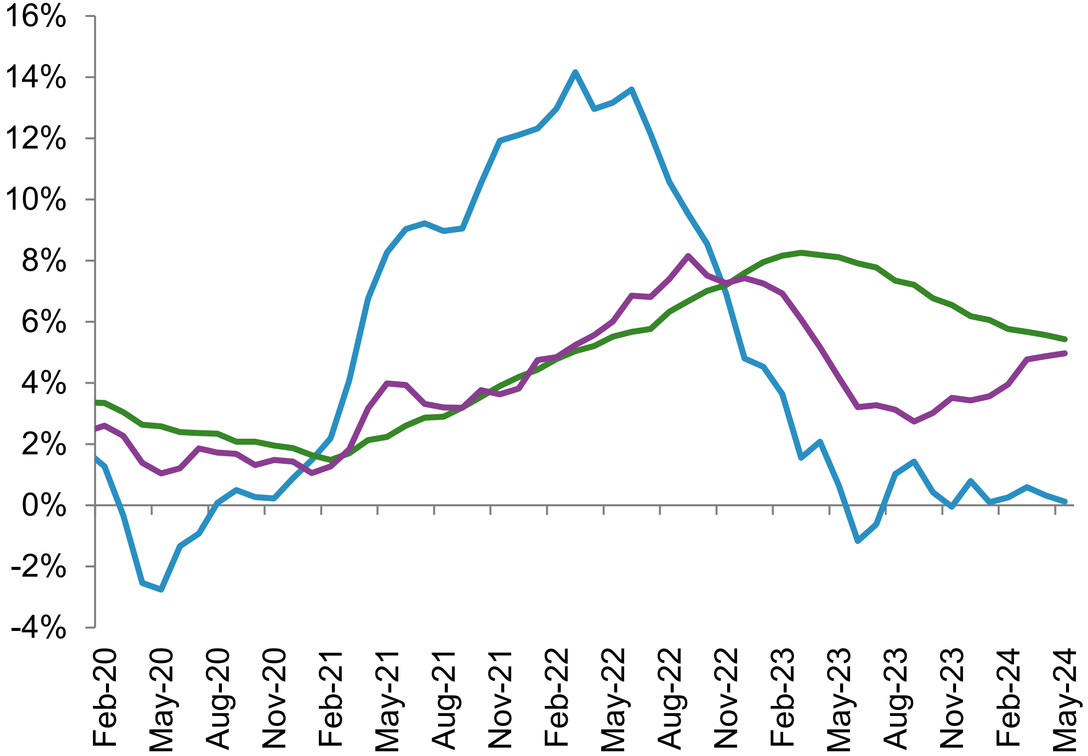
Year-over-Year



Components of Consumer Price Index

Goods Rent of Shelter Services Less Rent of Shelter

Year-over-Year



LEFT: Contribution to Year-over-Year Consumer Price Index over the past 12 months. Persistent Inflation categories are housing, education, food and beverage, and apparel. Transitory categories are transportation, recreation, other goods and services, and medical care. Source: Bureau of Labor Statistics, Macrobond, Fidelity Investments, AART, as of 6/30/24. RIGHT: Source: Bureau of Labor Statistics, Federal Reserve, Federal Reserve Bank of New York, Macrobond, Fidelity Investments (AART), as of 6/30/24.

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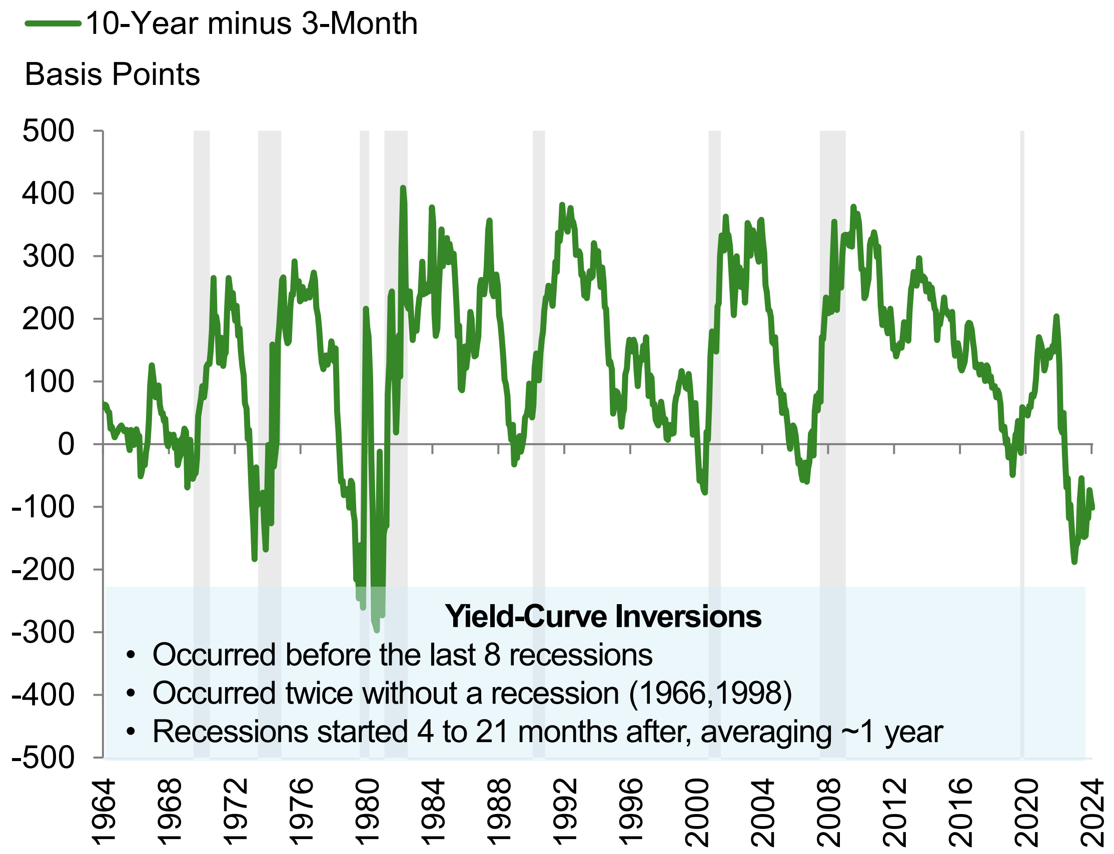
Structural support remains solid despite a late-cycle yield curve

As is typical during a late cycle expansion, the yield curve remains inverted. Our preferred yield curve—the 10-year less 3-month Treasury yield—has historically been a reliable leading indicator of recessions but has been inverted longer than almost all prior cycles. Several facets of the economy are well positioned compared with past cycles, including low housing supply, manageable household and corporate leverage, a well-capitalized banking system, and healthier consumer balance sheets.

Treasury Yield-Curve Spread



Macro and Financial Differences vs. History

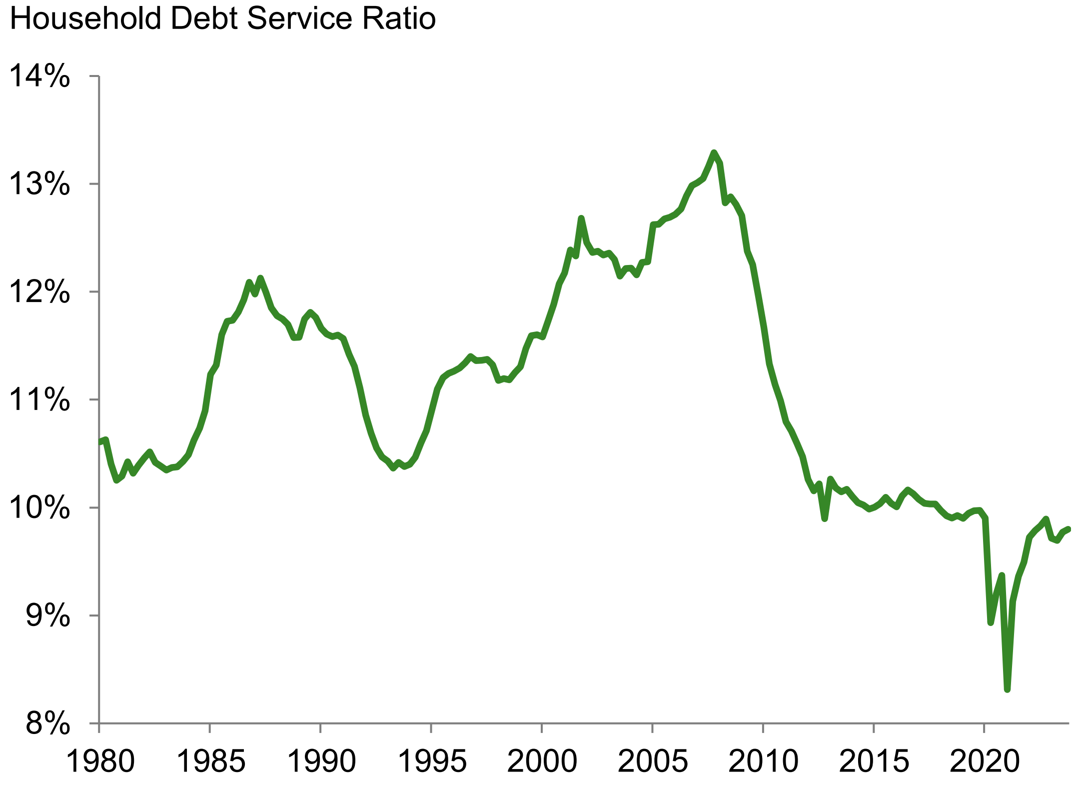
	Indicator	2000–2019 Average	2024
Lower housing supply	Months Supply	6 months	3.5 months
More manageable consumer leverage	Household credit/GDP	84%	73%
More manageable corporate debt	Interest Coverage	3x	10x
Better capitalized banking system	Tier One Capital Ratio	11%	14%
Stronger household balance sheets	Net Worth/ Disposable Income	6x	8x

Shaded areas denote U.S. recession. **LEFT:** Source: U.S. Federal Reserve Board, NBER, Bloomberg Financial LP, Fidelity Investments (AART), as of 6/30/24. **RIGHT:** Data as of most recent publications. Source: Federal Reserve Board, National Association of Realtors, NBER, Macrobond, Fidelity Investments (AART), as of 6/30/24.

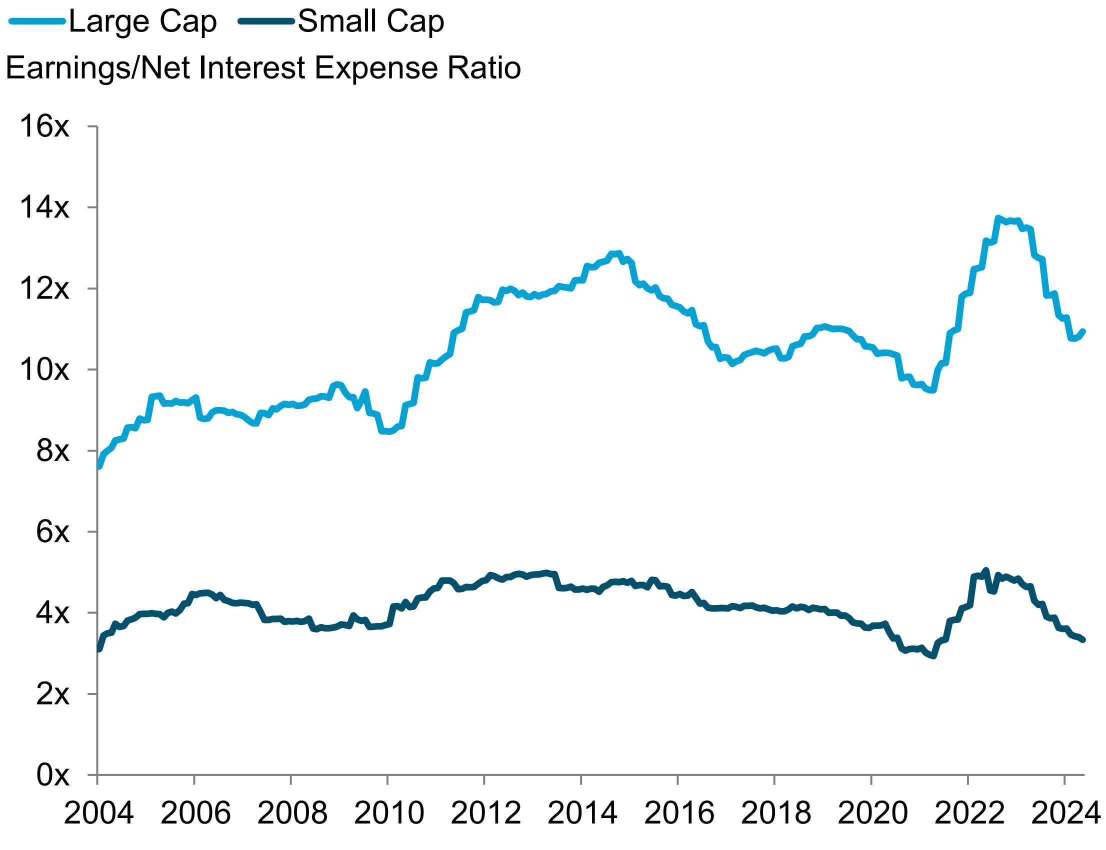
Low rate sensitivity aids consumers and large businesses

The U.S. economy has been less sensitive to the steep rise in interest rates due to the benefits of the 15-year low-rate environment that preceded it. Many consumers locked in long-term, fixed-rate mortgages at extremely low rates, while large companies issued low-rate, long maturity bonds. Meanwhile, smaller companies are more exposed to higher rates as they tend to have more variable-rate, shorter-maturity debt, with lower profit margins to help mitigate higher debt-service costs.

Consumer Interest Rate Exposure



Corporate Interest Coverage



LEFT: Total household debt service ratio includes both mortgage and consumer debt as a share of disposable income. Source: Federal Reserve, Macrobond, Fidelity Investments (AART) as of 12/31/23 **RIGHT:** Large cap measured by S&P 500 and small cap measured by Russell 2000. Source: Factset, Macrobond, Fidelity Investments (AART) as of 5/31/24.

Labor market cooling but not cool; supply may be peaking

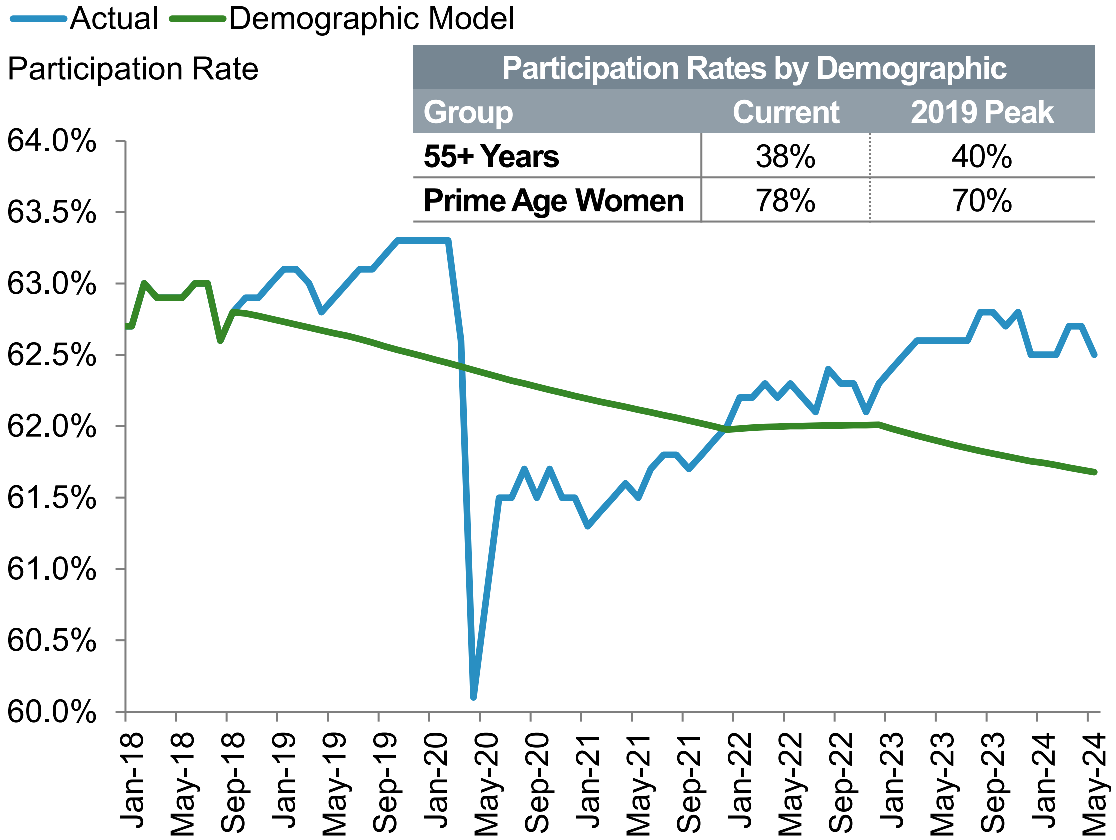
Job creation, worker sentiment, and wage increases moderated in Q2, indicating a slowing in labor demand. However, employment markets remained historically tight, and some key indicators are still near peak pre-pandemic levels. On the supply side, the rally in participation rates has stalled, and our demographic estimates imply there may be fewer opportunities for labor force growth going forward. To this point, we characterize labor market activity as normalizing from high levels but not decisively turning disinflationary.

Labor Market Indicators

Most recent vs. 2023 and pre-Covid

		Labor demand softening …	… but not yet cool
3-Month Moving Average	May 2024	April 2023	Dec 2019
Unemployment Rate	3.9%	3.5%	3.6%
Job Openings per Unemployed Worker	1.3	1.7	1.3
Survey: Jobs Plentiful, Less Hard to Get	25	38	34
Year-over-Year Change in Wages*	4.9%	6.2%	3.6%

Participation Rate vs. AART Demographic Model



Participation Rates by Demographic		
Group	Current	2019 Peak
55+ Years	38%	40%
Prime Age Women	78%	70%

LEFT: Wages are not adjusted for inflation. *Wage data is as of 3/31/24. **RIGHT:** AART Demographic Model is a model-estimated participation rate based on the Civilian Labor Force and Civilian Noninstitutional Population by age group and gender as of 6/30/24. Current shows overshoot as of 6/30/24. Source: Bureau of Labor Statistics, Conference Board, Macrobond, Fidelity Investments (AART) as of 6/30/24.

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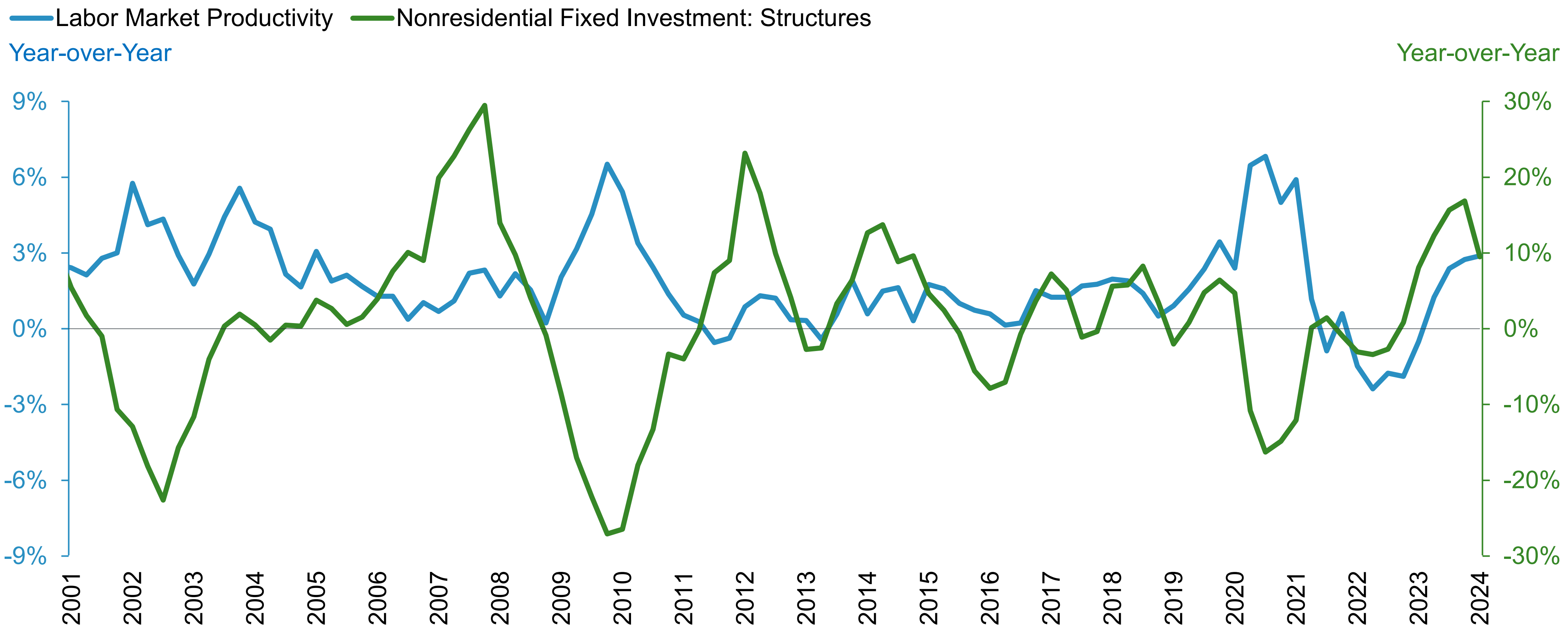
Solid capital spending and productivity growth

The growth in business investment and labor-market productivity remained in an upswing. Capital expenditures (capex) likely received a boost from AI projects as well as domestic manufacturing reshoring, with new factory construction boosting investment in structures. If sustained, growth in capex and productivity could provide a disinflationary path for increased wages and profits that may raise the odds of returning to mid cycle. However, new investments often take multiple years to sustainably raise productivity rates.

Productivity vs. Capital Expenditures

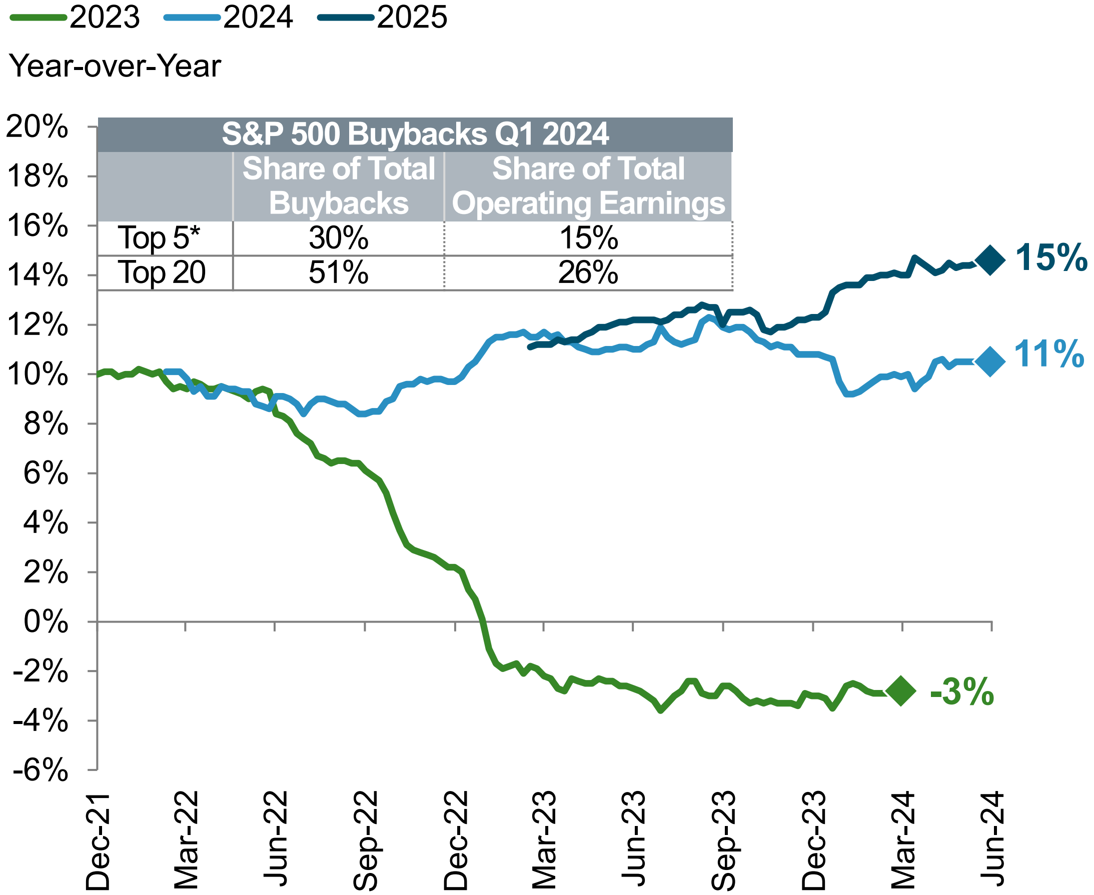


Nonresidential Fixed Investment is Real Private Nonresidential Fixed Investment for Structures: seasonally adjusted annual rate, chained to 2017 USD. Labor Market Productivity is the real output per hour of all persons in the nonfarm business sector: seasonally adjusted and indexed to 2017 = 100. Source: U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, Fidelity Investments (AART), as of 3/31/24.

Stabilizing margins provide market optimism for 2024 earnings

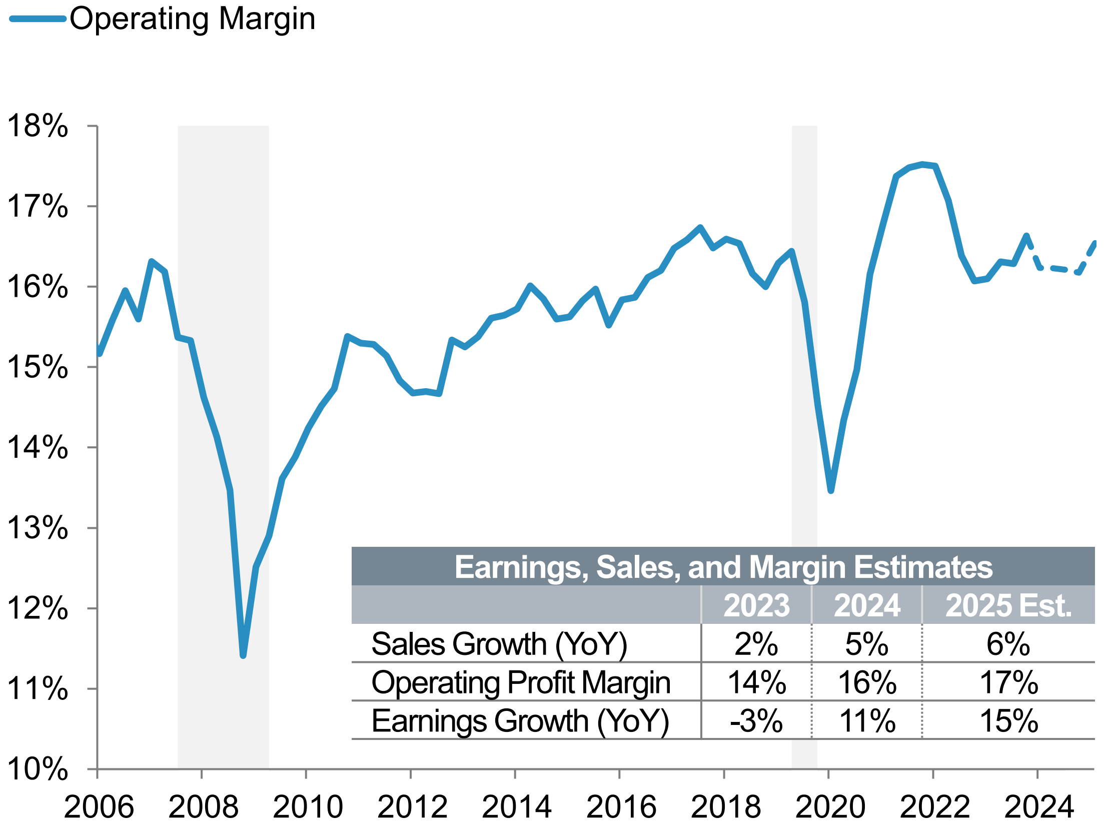
After contracting modestly in 2023, investors expect a double-digit rebound for corporate earnings growth in 2024 and beyond. Buybacks remain a tool to boost aggregate EPS but have been highly concentrated. The largest 20 companies accounted for half of all buybacks this year. After dropping from record-high levels, profit margins have stabilized. Investors expect margins to remain elevated, but the ability of companies to maintain pricing power will be key to the outlook.

S&P 500 Earnings Growth Expectations



S&P 500 Buybacks Q1 2024		
	Share of Total Buybacks	Share of Total Operating Earnings
Top 5*	30%	15%
Top 20	51%	26%

S&P 500 Profit Margins



Earnings, Sales, and Margin Estimates			
	2023	2024	2025 Est.
Sales Growth (YoY)	2%	5%	6%
Operating Profit Margin	14%	16%	17%
Earnings Growth (YoY)	-3%	11%	15%

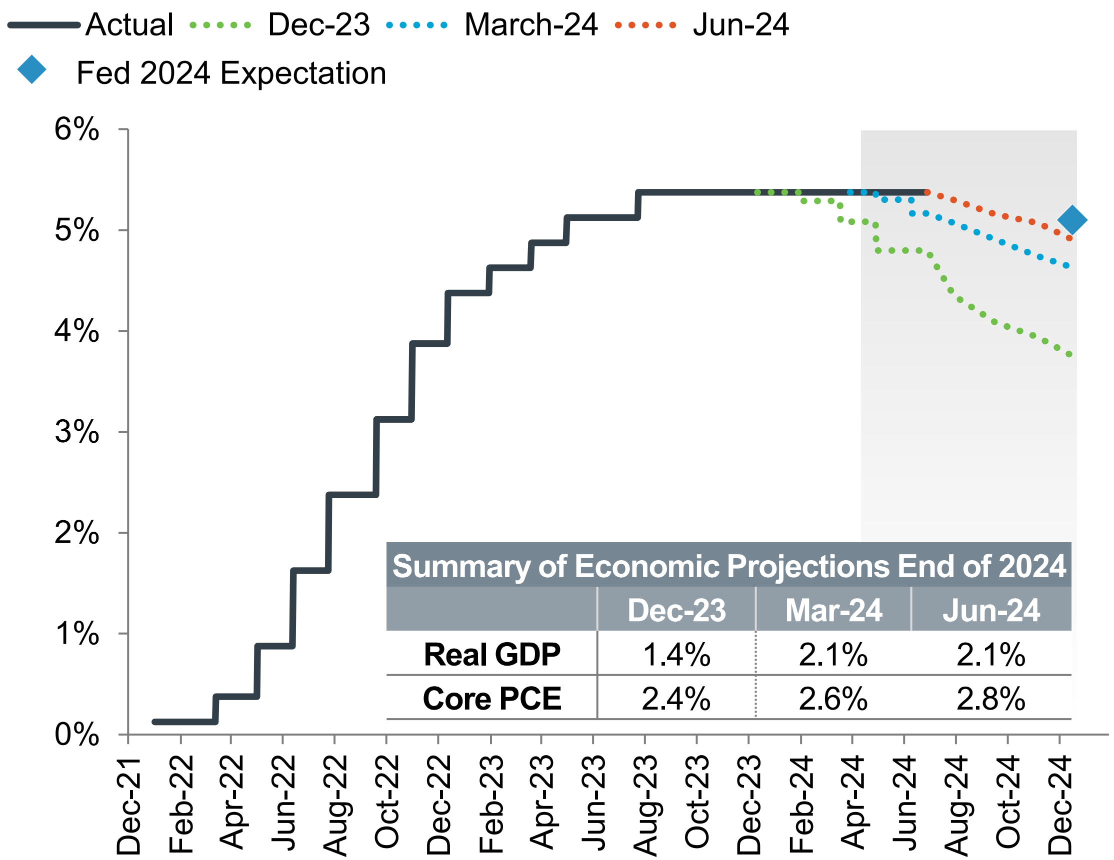
LEFT: * Apple, Google, Meta, Nvidia, Microsoft. Earnings are Street estimates. Source: Bloomberg Financial LP, Fidelity Investments (AART), as of 6/30/24. **RIGHT:** Dotted portion of line indicates consensus expectations. Source: Bloomberg, Fidelity Investments (AART), as of 6/30/24.

Fidelity INVESTMENTS®

Fed still expected to ease but fewer cuts priced in

During the June FOMC meeting, the Fed bumped up its inflation forecast and reduced its outlook for 2024 to one cut from three. The market followed suit, reducing its rate-cut expectations for the second straight quarter. Historically, asset prices rallied during the period between the last hike and the first cut, with a more uncertain path for stocks after the Fed cuts began. So far this time, stocks and bonds have posted positive returns since the last Fed hike, with stock performance at the upper end of its historical range.

Fed Funds Rate Expectations



Summary of Economic Projections End of 2024

	Dec-23	Mar-24	Jun-24
Real GDP	1.4%	2.1%	2.1%
Core PCE	2.4%	2.6%	2.8%

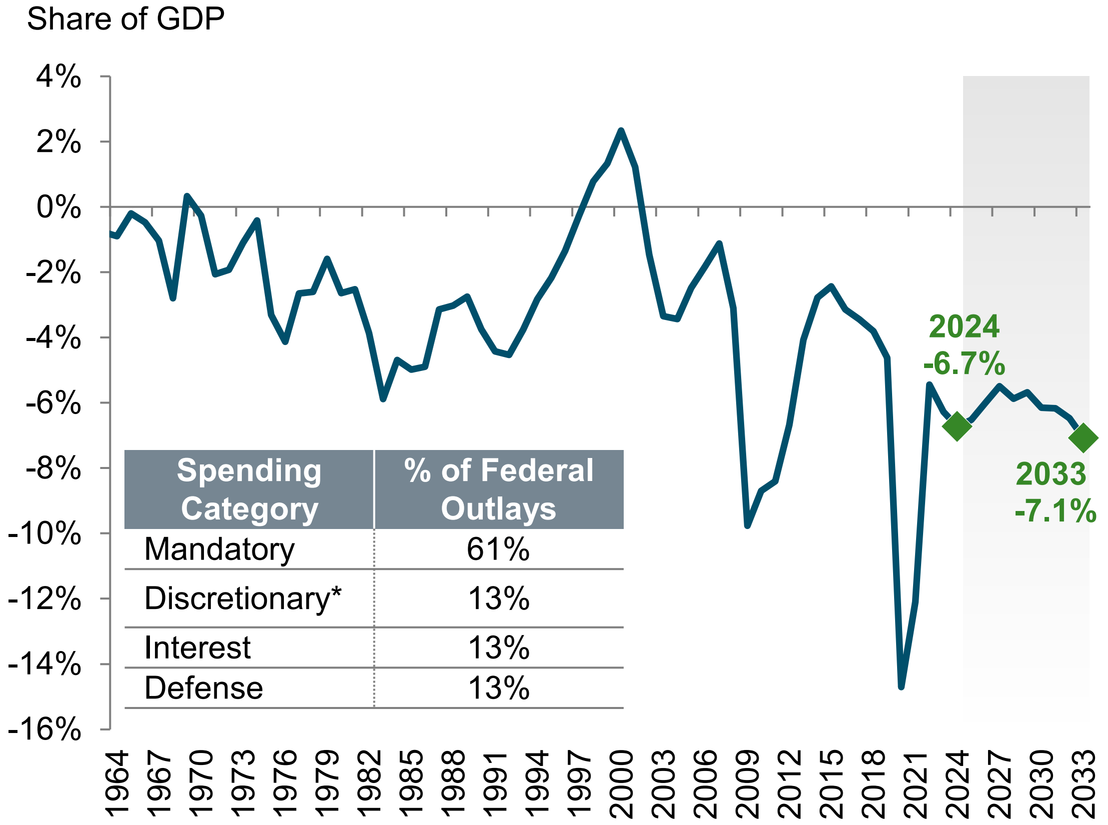
Asset Class Returns Around Fed's Last Hike & First Cut (1969–2024)

LEFT: Dotted lines represent Fed funds rate expectations using OIS swaps, Fed 2024 Expectation from the Fed's June Summary of Economic Projections. Source: Bloomberg Finance L.P., Federal Reserve Board, Fidelity Investments (AART), as of 6/30/24. **RIGHT:** Stocks: Dow Jones Total Stock Market, Federal Reserve Board, Bonds: Bloomberg U.S. Aggregate Bond, Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/24.

Fiscal policy: 2025 discussions loom over rate outlook

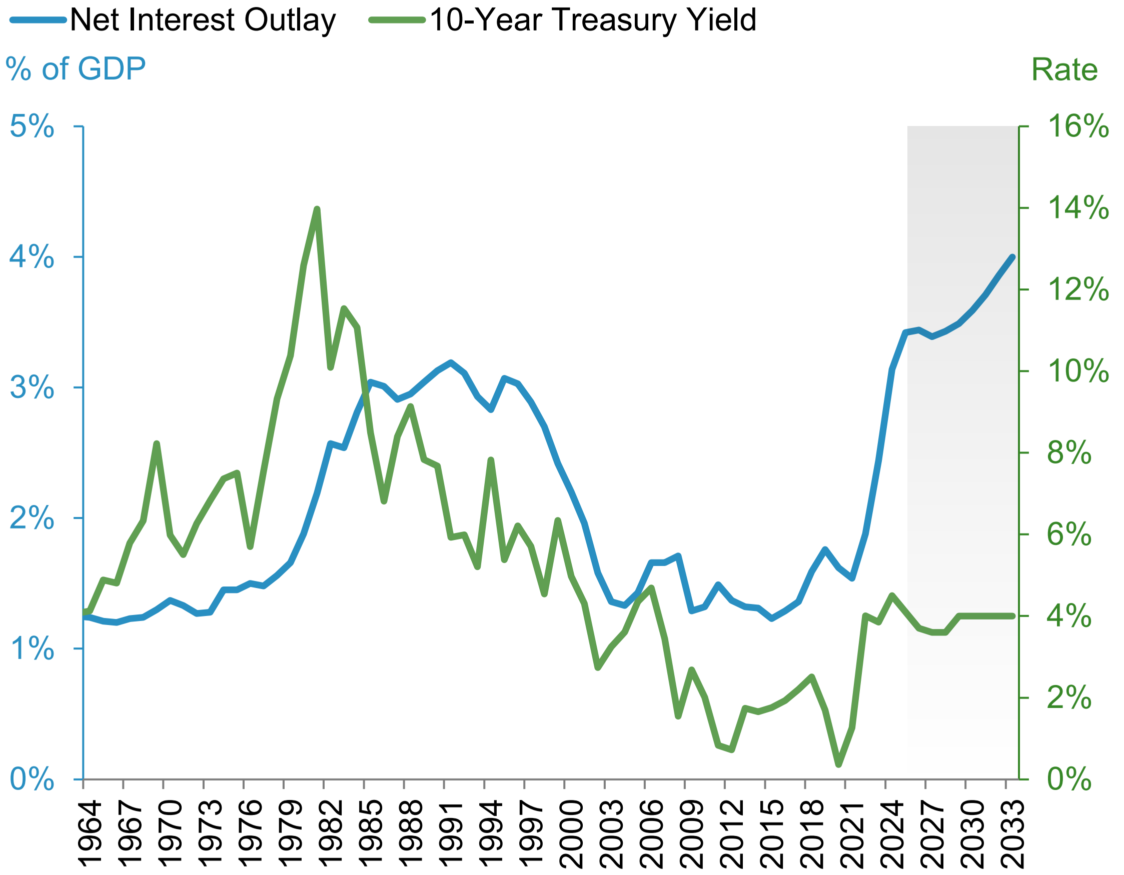
The November elections will determine who decides how to address the $4.5 trillion of 2017 personal income tax cuts that expire at the end of 2025. The fiscal deficit is expected to remain large over the next several years (6%–7% of GDP), in part due to rising interest-rate payments on federal debt. Interest payments are set to grab an even larger share of deficits over the next several years even if rates don't rise, making fiscal choices even more politically difficult. Bond markets may watch the fiscal situation closely in 2025.

U.S. Government Deficit



Spending Category	% of Federal Outlays
Mandatory	61%
Discretionary*	13%
Interest	13%
Defense	13%

U.S. Government Interest Outlay vs. Borrowing Rates



* Non-defense discretionary spending. Shaded areas represent CBO baseline estimates. **LEFT:** Source: Congressional Budget Office, Macrobond, Fidelity Investments (AART), as of 6/30/24. **RIGHT:** Source: Congressional Budget Office, Bloomberg Financial L.P. Fidelity Investments (AART), as of 6/30/24.

Asset markets

Mixed results across asset categories during Q2

Global equity returns, led by large technology and communications growth stocks, were positive during Q2. However, the rally was relatively narrow, with a significant swath of industry sectors and countries posting losses. U.S. credit-sensitive sectors, such as leveraged loans and high-yield corporate bonds, registered modest gains, with most fixed-income sectors finishing roughly flat. For the first half of the year, equities and credit posted solidly positive returns across most categories.

U.S. Equity Styles Total Return

	Q2 2024	YTD
Growth	7.8%	19.9%
Large Caps	4.3%	15.3%
Value	-2.3%	6.2%
Small Caps	-3.3%	1.7%
Mid Caps	-3.3%	5.0%

U.S. Equity Sectors Total Return

	Q2 2024	YTD
Info Tech	13.8%	28.2%
Communication Services	9.4%	26.7%
Utilities	4.7%	9.4%
Consumer Staples	1.4%	9.0%
Consumer Discretionary	0.6%	5.7%
Health Care	-1.0%	7.8%
Real Estate	-1.9%	-2.4%
Financials	-2.0%	10.2%
Energy	-2.4%	10.9%
Industrials	-2.9%	7.8%
Materials	-4.5%	4.0%

Non-U.S./Global Assets Total Return

	Q2 2024	YTD
ACWI ex-USA	1.0%	5.7%
Europe	0.5%	5.8%
EAFE	-0.4%	5.3%
EAFE Small Cap	-1.8%	0.5%
Canada	-2.1%	1.7%
Japan	-4.3%	6.3%
EM Asia	7.4%	11.0%
Emerging Markets	5.0%	7.5%
EMEA	1.6%	2.7%
Latin America	-12.2%	-15.7%
Gold	4.3%	12.8%
Commodities	2.9%	5.1%

U.S. Equity Factors Total Return

	Q2 2024	YTD
Momentum	5.8%	20.8%
Quality	4.5%	13.7%
Yield	3.9%	12.5%
Low Volatility	1.9%	8.7%
Value	1.4%	9.6%
Size	-2.6%	5.0%

Fixed Income Total Return

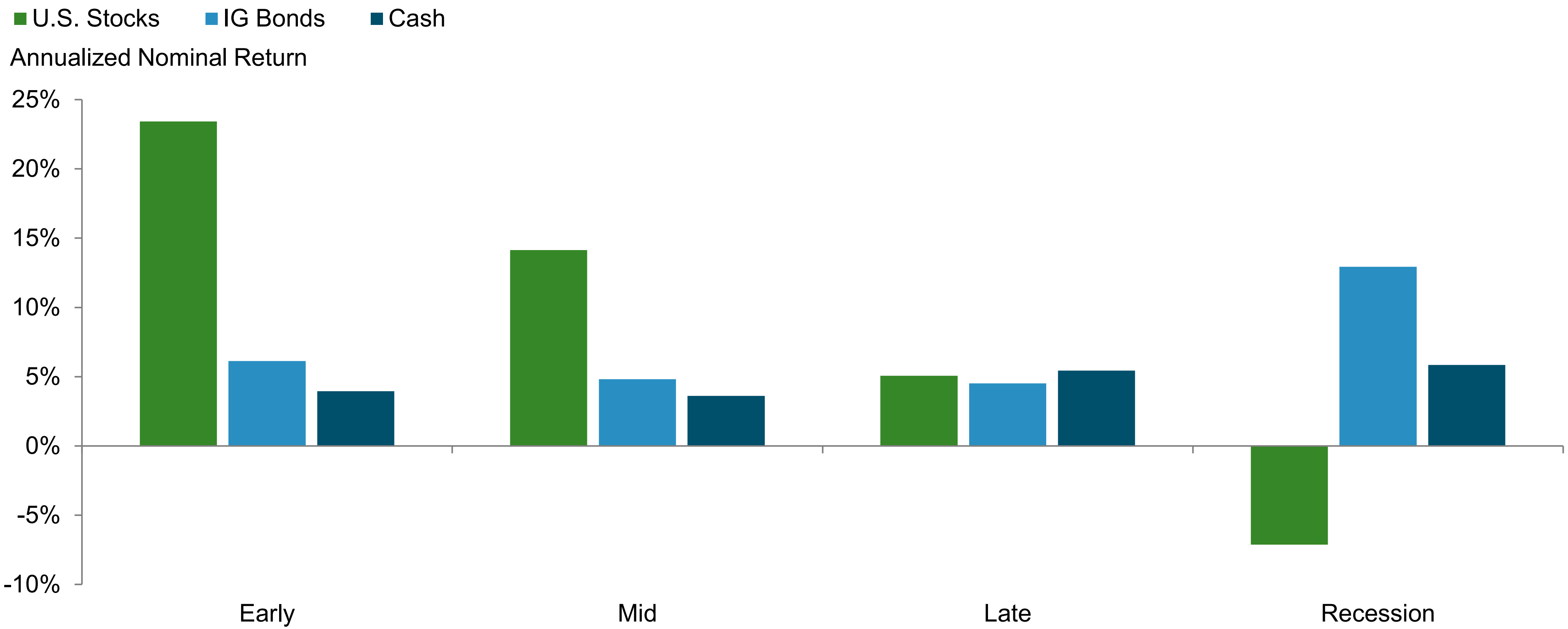
	Q2 2024	YTD
Leveraged Loan	1.9%	4.4%
High Yield	1.1%	2.6%
ABS	1.0%	1.7%
TIPS	0.8%	0.7%
Agency	0.8%	0.8%
CMBS	0.7%	1.5%
EM Debt	0.3%	2.3%
Treasuries	0.1%	-0.9%
MBS	0.1%	-1.0%
Aggregate	0.1%	-0.7%
Municipal	0.0%	-0.4%
Credit	0.0%	-0.5%
Long Govt & Credit	-1.7%	-4.1%

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 6/30/24.

Business cycle road map a starting point for near-term allocation

The business cycle can be a critical determinant of asset performance over the short-to-intermediate term. Stocks have consistently outperformed earlier in the cycle, whereas bonds have outperformed during recessions. We believe a business cycle approach to actively managed asset allocation has the potential to help smooth portfolio performance amid cyclical fluctuations, but portfolio returns over the long term have tended to be driven by secular factors.

Asset Class Performance by Cycle Phase (1950–2020)

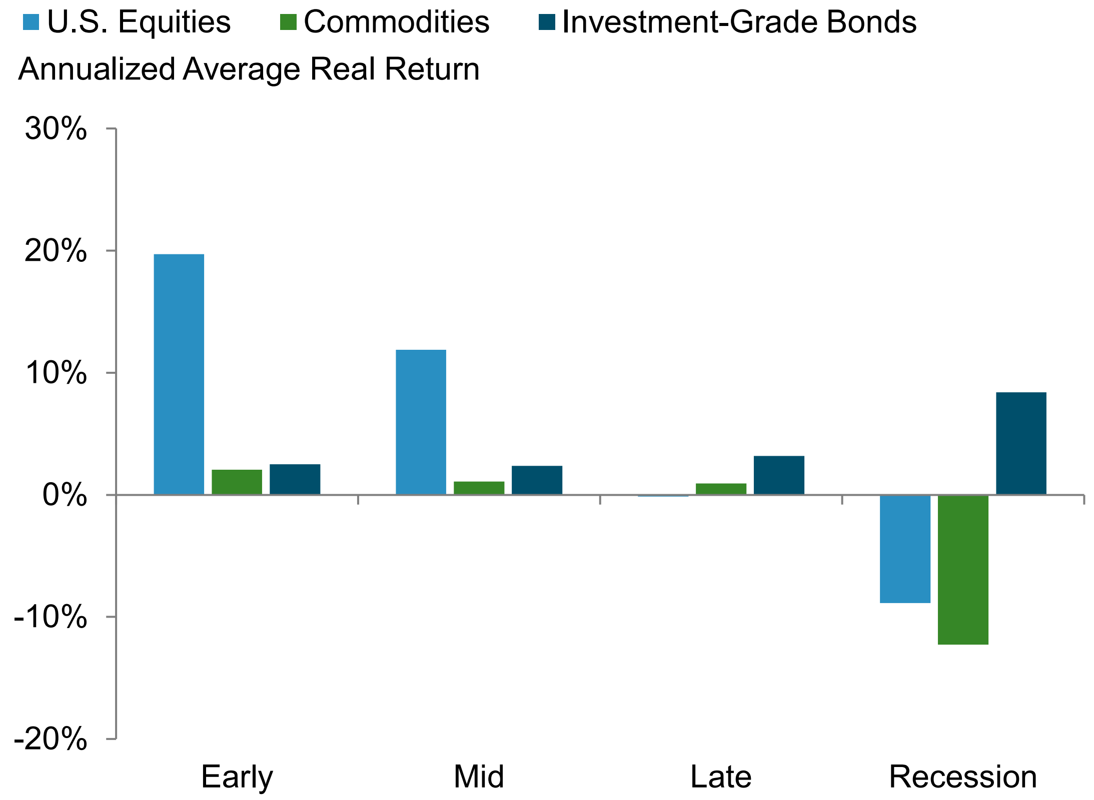


For illustrative purposes only. **Past performance is no guarantee of future results.** Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Domestic Equity—Dow 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 6/30/24.

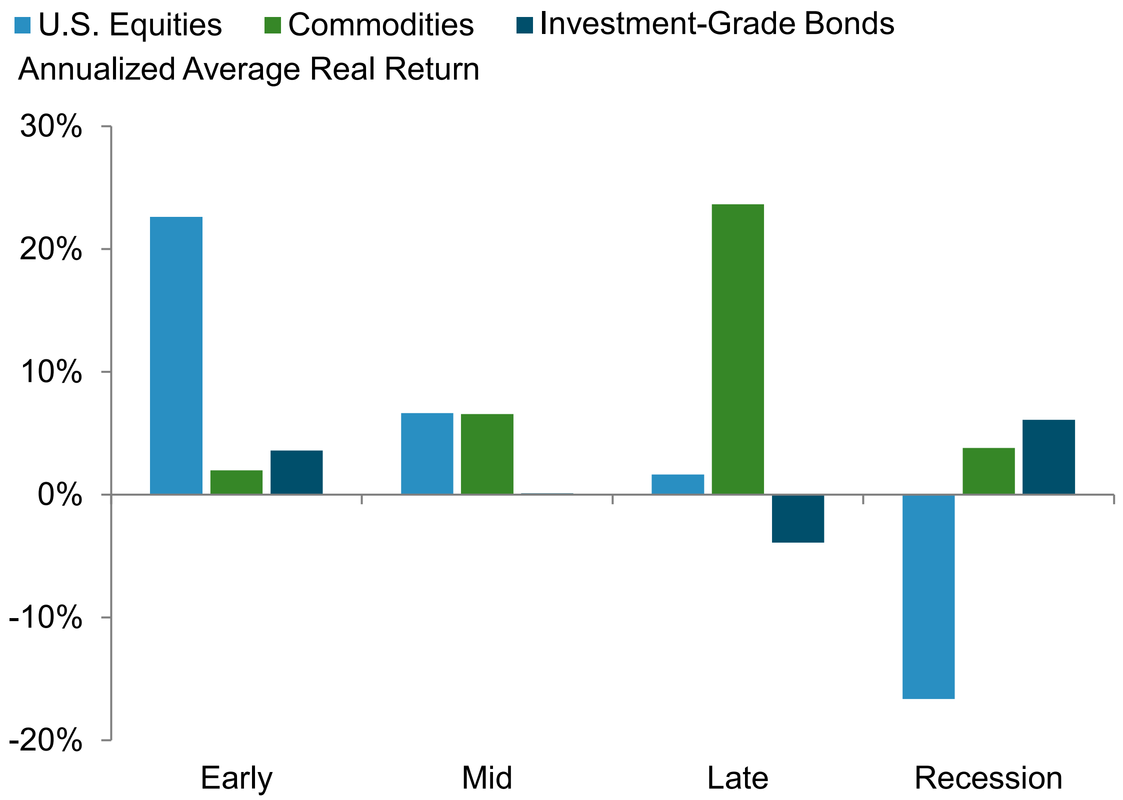
What high inflation implies for a maturing business cycle

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)



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

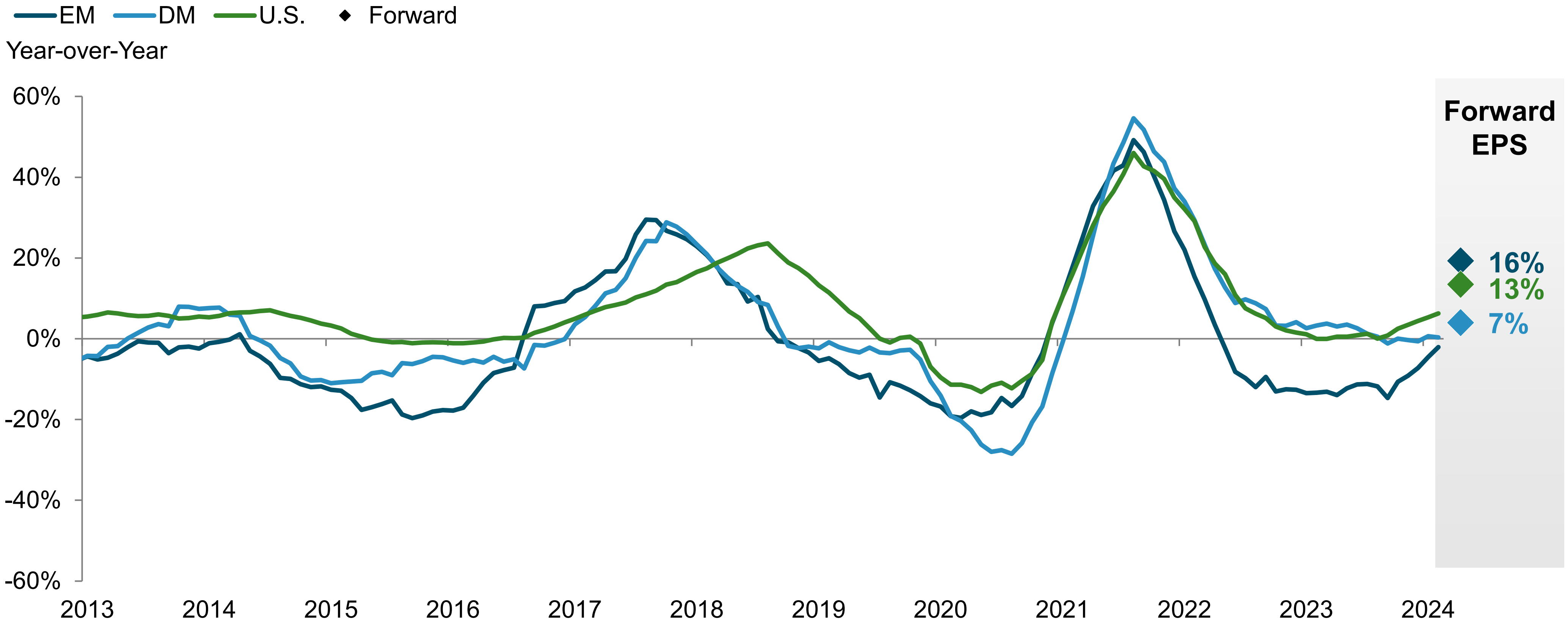


For illustrative purposes only. **Past performance is no guarantee of future results.** Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. See Appendix for important index information. Fidelity proprietary analysis using historical 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 6/30/24. 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.

Relatively positive global earnings-growth momentum

Global earnings growth displayed relatively positive earnings growth momentum. Year-over-year growth accelerated for the U.S., trended upward for EM after a prolonged slump, and remained flat for DM. Investors continue to anticipate a broad-based rebound for global earnings growth in 2024.

Global EPS Growth (Trailing 12 Months)

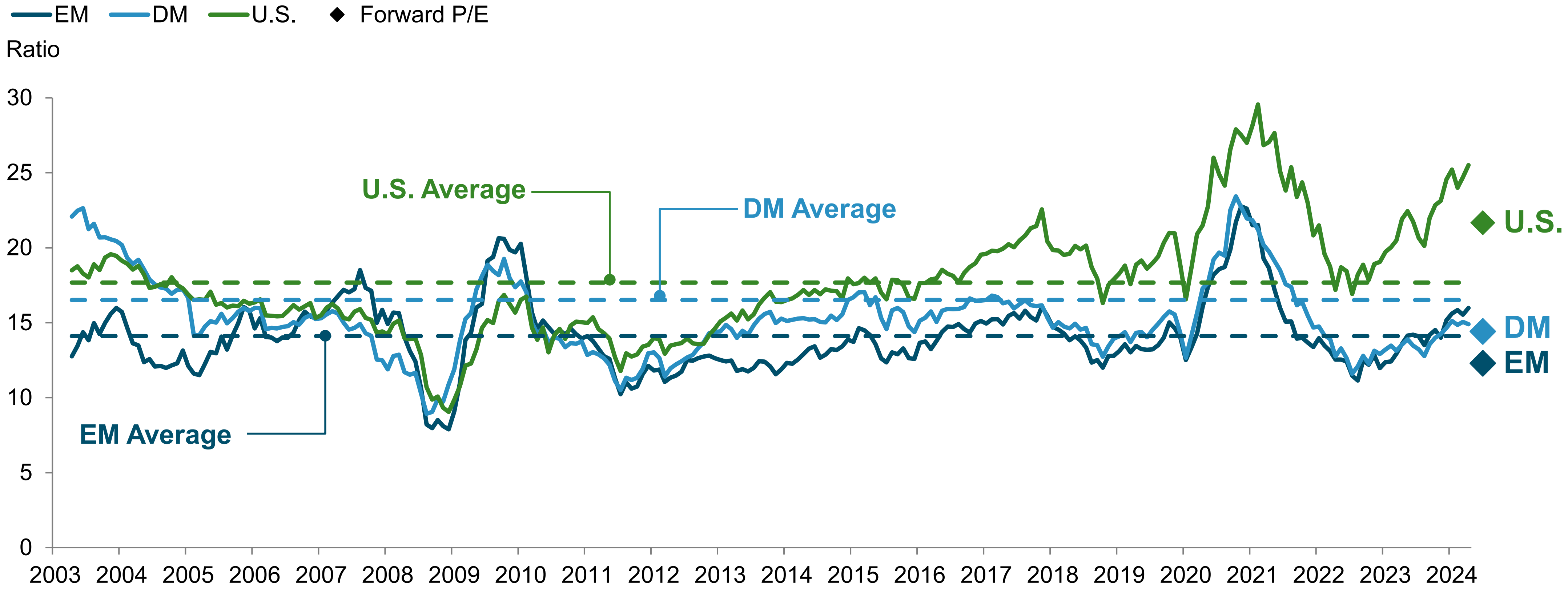


Past performance is no guarantee of future results. DM: Developed markets. EM: Emerging markets. EPS: Earnings per share. Forward EPS: Next 12 months' expectations. Indexes: DM—MSCI EAFE Index; EM—MSCI Emerging Markets Index; U.S.—S&P 500. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/24.

Equity valuations rose, non-U.S. still looks relatively attractive

Valuations became somewhat more expensive amid the Q2 stock rally, especially for the U.S. The trailing one-year price-to-earnings (PE) ratio for U.S. stocks remained well above its long-term average. Emerging markets trailing valuations are slightly above their long-term average, while DM finished below. The expected earnings recovery in the next 12 months implies the forward P/E ratios for DM and EM are substantially lower than their trailing valuations.

Global Stock Market P/E Ratios

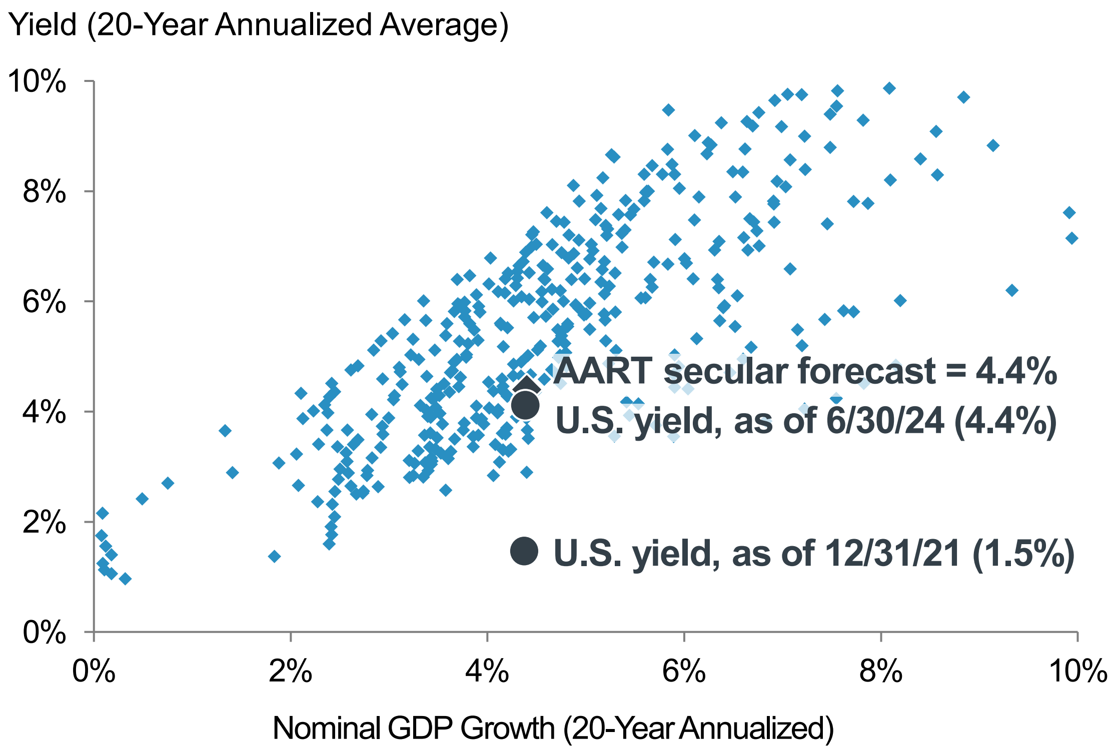


DM: Non-U.S. developed markets. EM: Emerging markets. Chart includes trailing 12-month P/Es. **Past performance is no guarantee of future results.** It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings (P/E) ratio (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 12/31/04 to 3/31/24. 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 6/30/24.

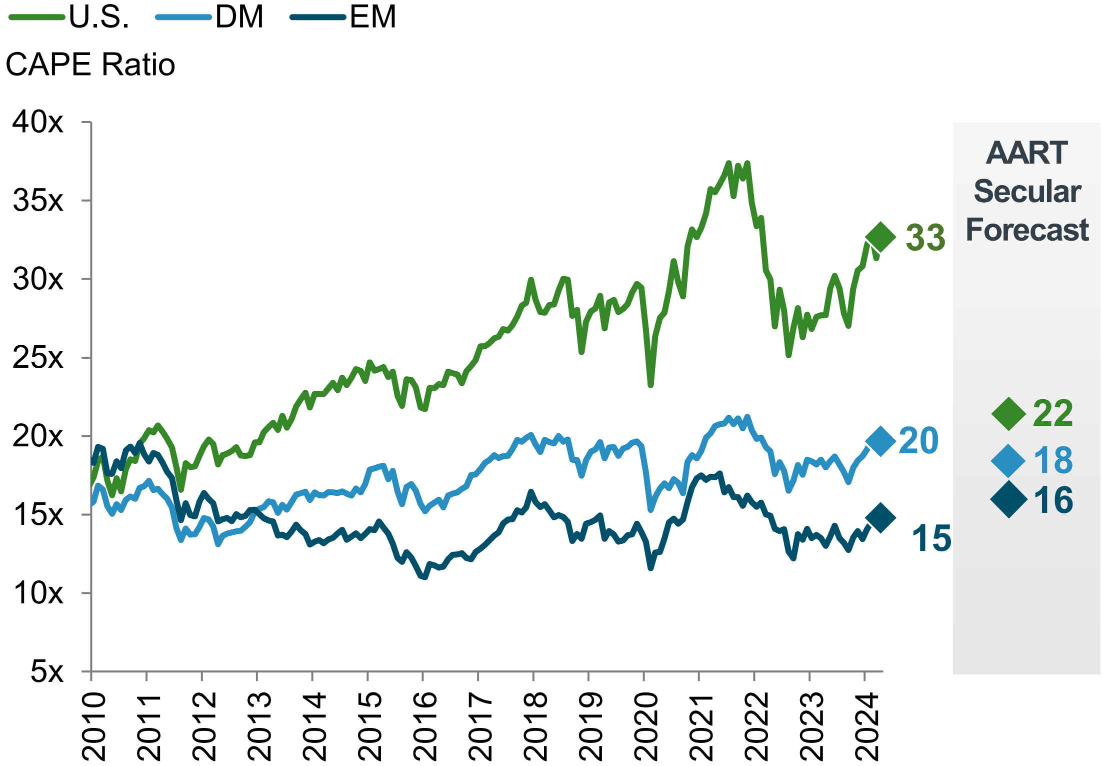
Relative valuations may provide opportunities ahead

Based on our long-term valuation metrics, some assets appear relatively attractive. Ten-year Treasury yields are now near our secular forecast of 4.4%, but bond valuations remain favorable compared to the past decade and relative to equities. Cyclically adjusted price-to-earning ratios for non-U.S. stock markets appear relatively attractive as well, particularly when compared to current U.S. valuations, which are well above our secular forecasts.

10-Year Sovereign Bond Yields vs. GDP



Equity Valuations

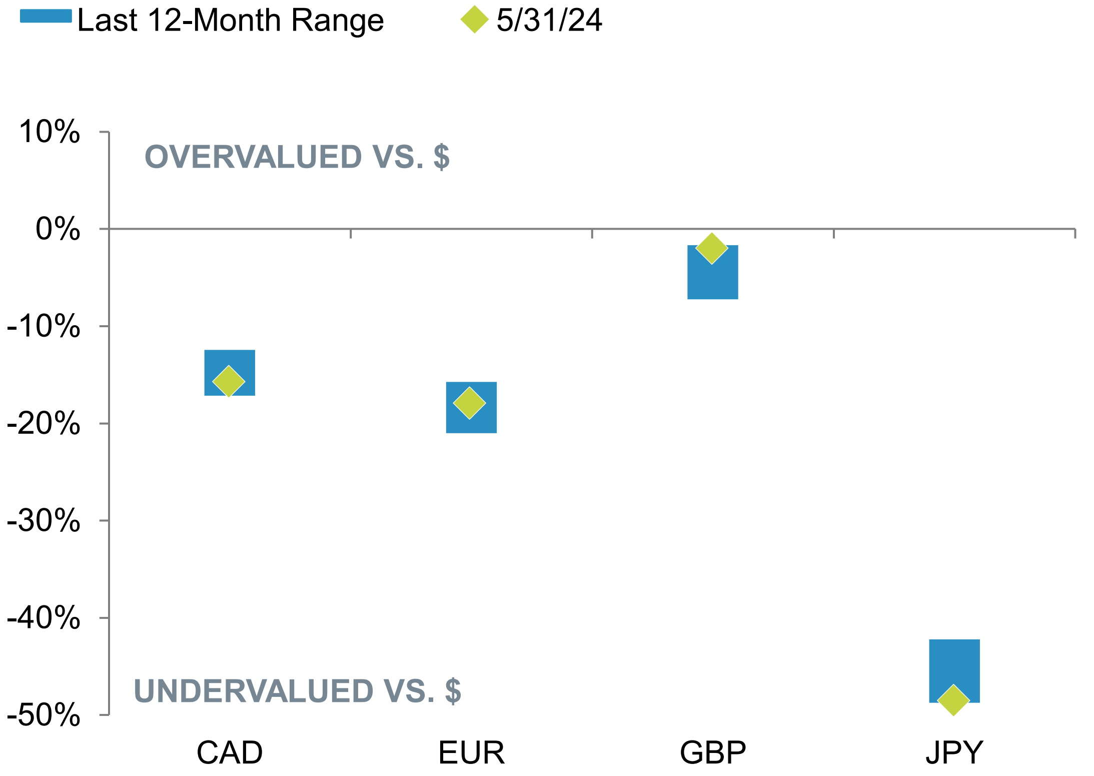


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. **LEFT:** Highlighted dots are U.S. 10-year Treasury bond yields. AART secular forecast refers to an estimate for U.S. nominal GDP (4.4%). Source: Official Country Estimates, Haver Analytics, Fidelity Investments (AART), as of 6/30/24. **RIGHT:** CAPE: Cyclically adjusted price-earnings. 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 5/31/24.

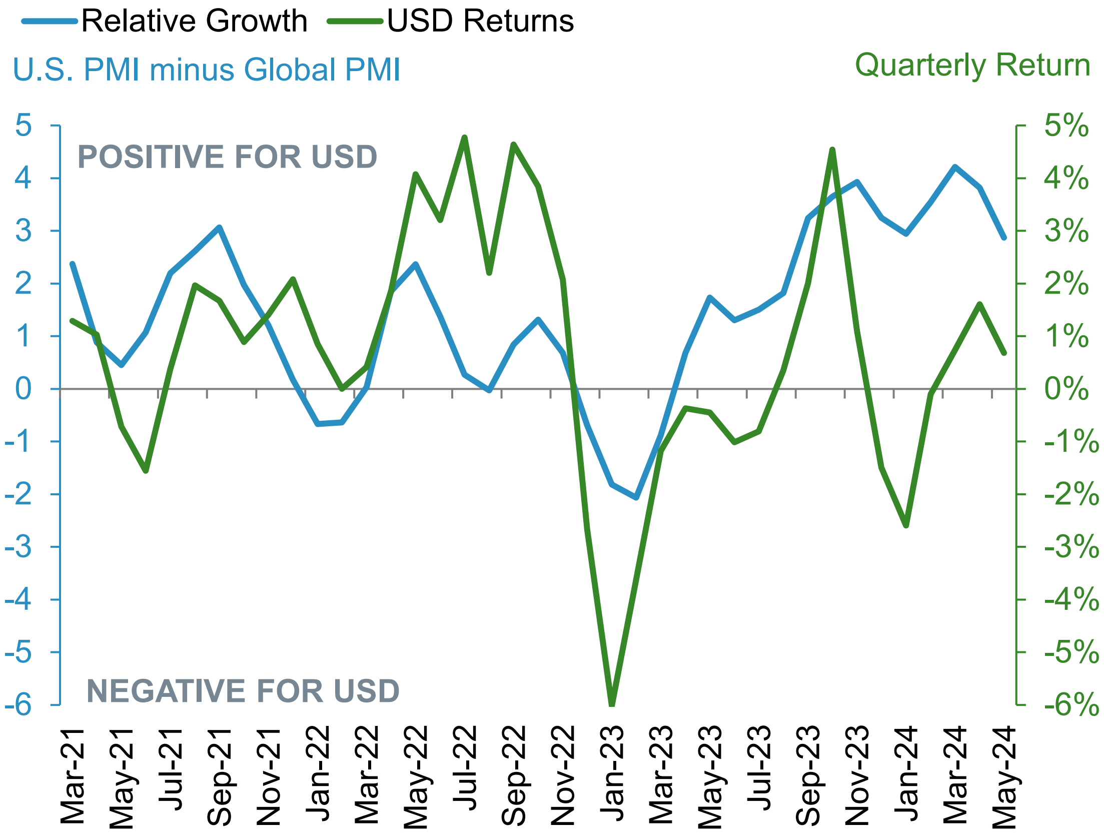
Dollar strength continued; non-U.S. currency valuations attractive

The dollar rally extended through Q2, continuing a multiyear trend of relative outperformance underpinned by strong U.S. economic growth. However, there are some signs that the degree of U.S. economic outperformance is no longer supporting the value of the dollar at the same rate. With the dollar expensive according to long-term valuation metrics, major non-U.S. currencies could provide portfolio diversification benefits to U.S. investors.

FX Valuation: Purchasing Power Parity (PPP)



Growth Influences on U.S. Dollar

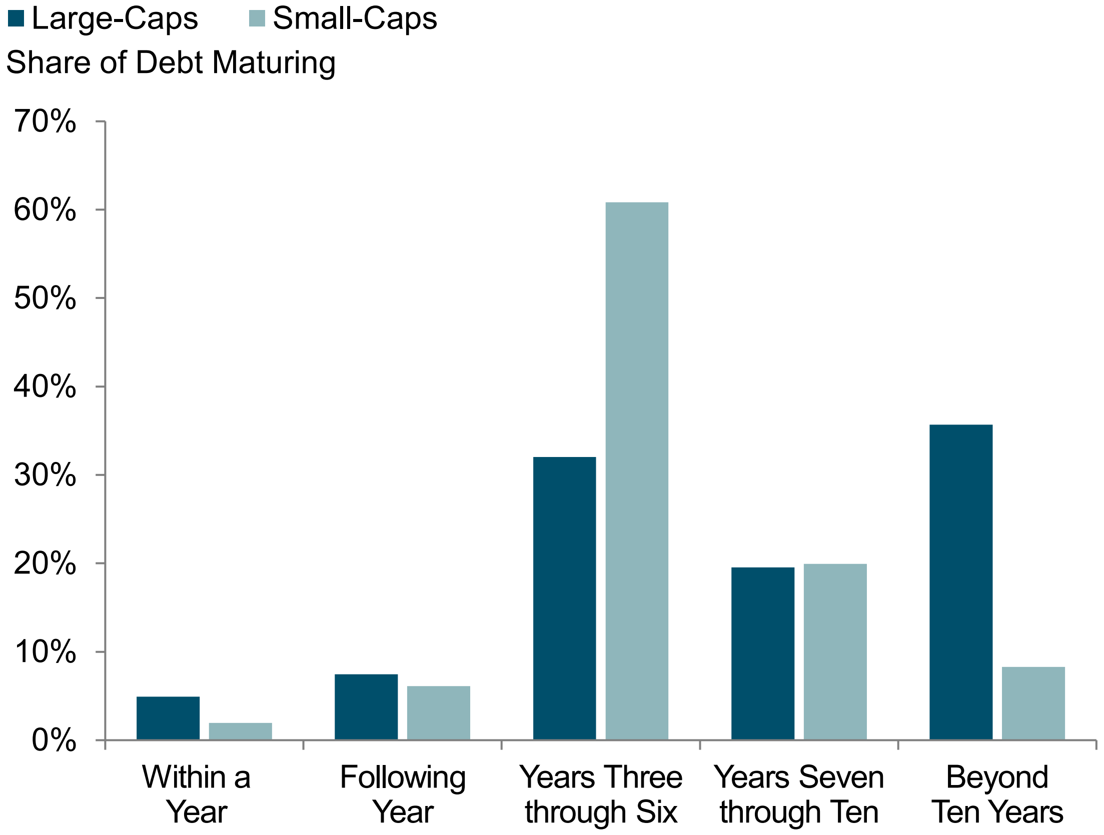


LEFT: FX: Foreign currency exchange rate. Source: Bloomberg Finance L.P., Macrobond, and Fidelity Investments, as of 6/30/24. **RIGHT:** PMI: Purchasing Managers Index of manufacturing activity. USD returns calculated as rolling quarter-over-quarter returns based on US Broad Trade Weighted Index. Global PMI measured by market cap weighting. Relative Growth measured as 3-month moving average. Sources: Bloomberg, Fidelity Investments, Macrobond, S&P Global, and Federal Reserve, as of 6/30/24.

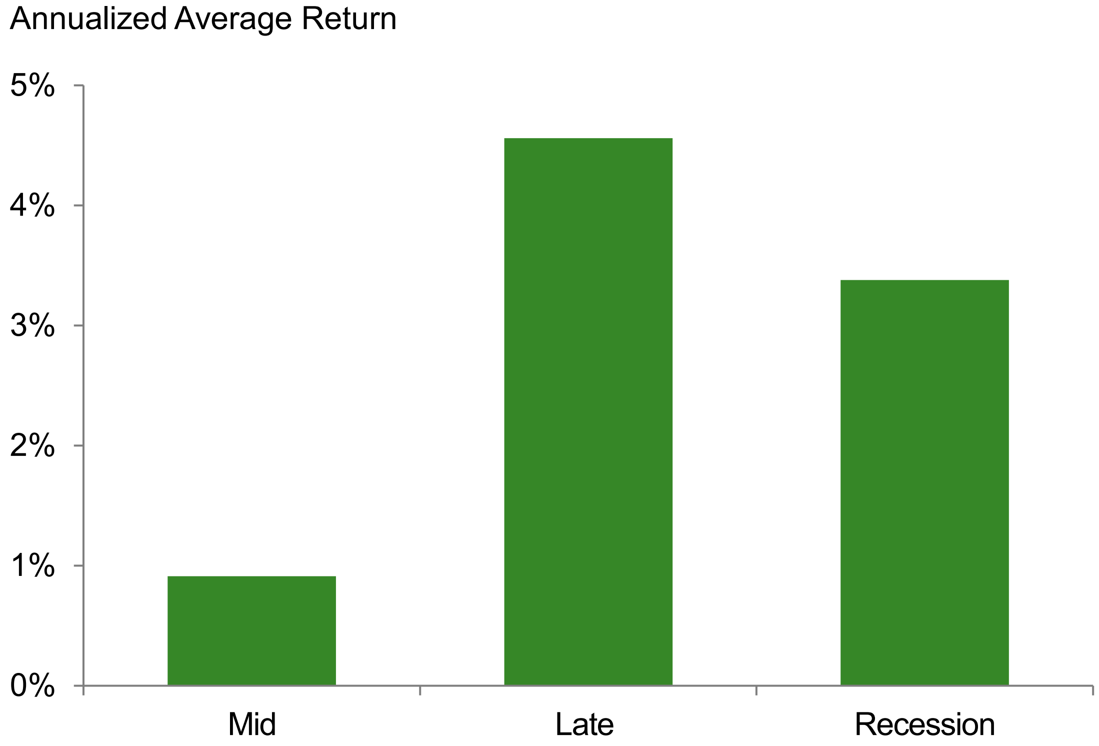
Cyclical and medium-term backdrop supports quality factor

Over the medium term, a higher cost of capital backdrop favors companies with higher quality earnings and balance sheets, and larger companies that tend to have lower near-term debt re-financing needs compared to smaller ones. The quality factor—which emphasizes companies with better returns on equity, earnings stability, and capital structure—has historically been a leading performer during mature expansions and recessionary periods.

Large and Small Cap Stocks Debt by Maturity



U.S Quality Factor Returns vs. Market (1986–2020)



LEFT: Excludes financial and real estate stocks. Source: Empirical Research Partners Analysis, Fidelity Investments (AART) as of 8/31/23. **Past performance is no guarantee of future results. RIGHT:** 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 6/30/24.

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

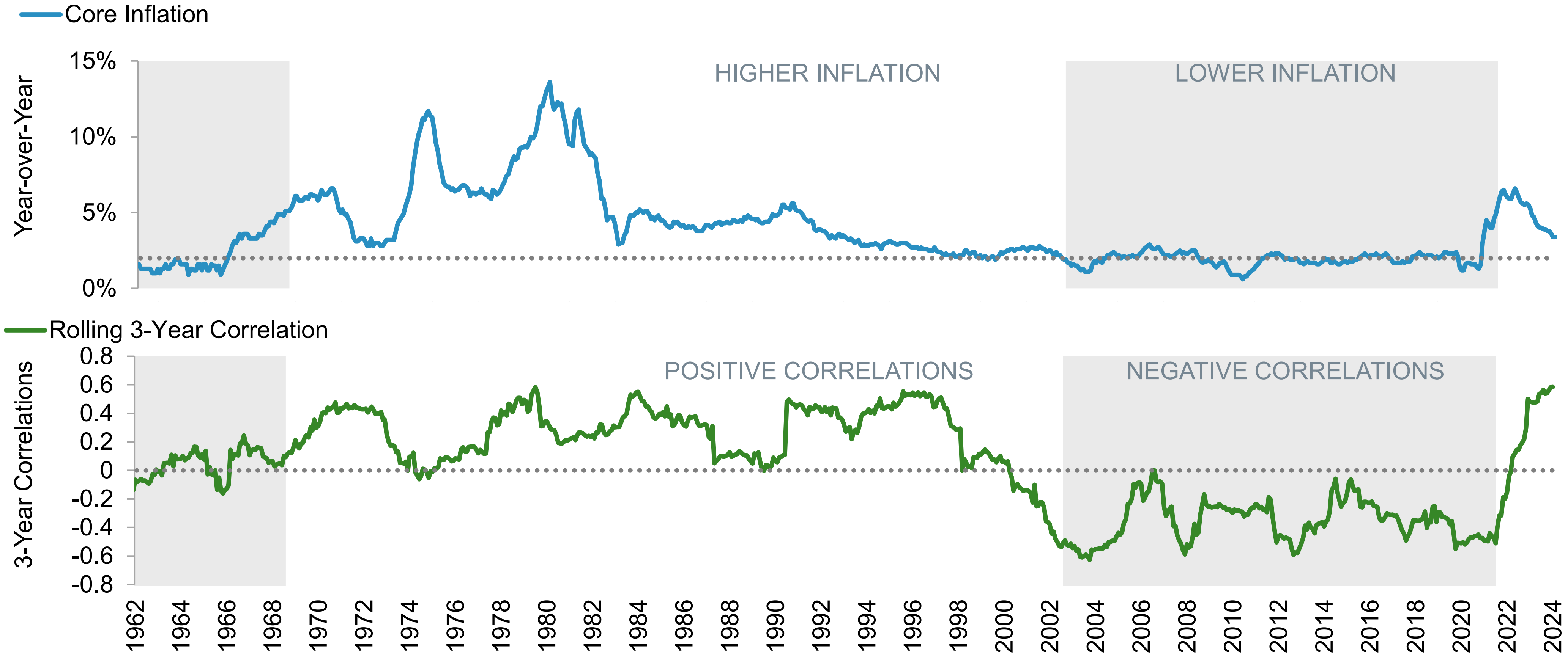
Sector	**EARLY CYCLE**—Rebounds	**MID CYCLE**—Peaks	**LATE CYCLE**—Moderates	**RECESSION**—Contracts
Financials	+			–
Real Estate	++	–	+	––
Consumer Discretionary	++		––	
Information Technology	+	+	–	––
Industrials	++			––
Materials	+	––		–
Consumer Staples	––	–	+	++
Health Care	––			++
Energy	––		++	––
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 represent over- or underperformance, respectively, 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 6/30/24.

High inflation drives positive stock-bond correlations

Over the past 20 years, subdued and relatively stable 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.

Stock and Treasury Bond Correlations vs. Inflation

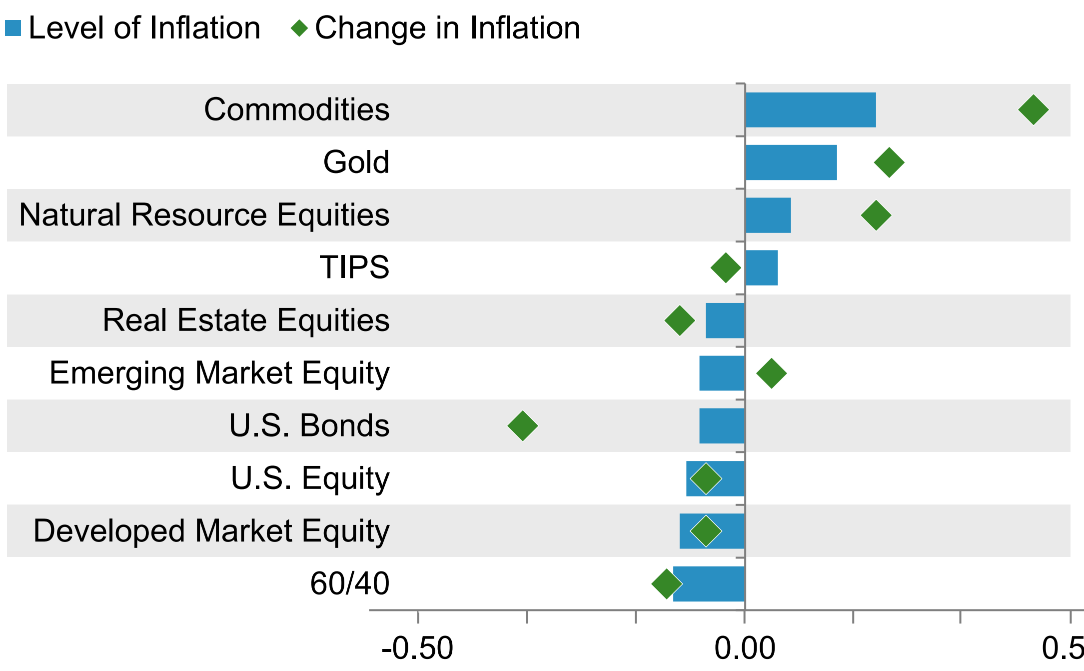


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Stocks measured by the Dow Jones U.S. Total Stock Market Index (Total Return). U.S. Treasuries measured by the Bloomberg U.S. Intermediate Treasury Bond Index (Total Return). Source: Bureau of Labor Statistics, Macrobond, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/24.

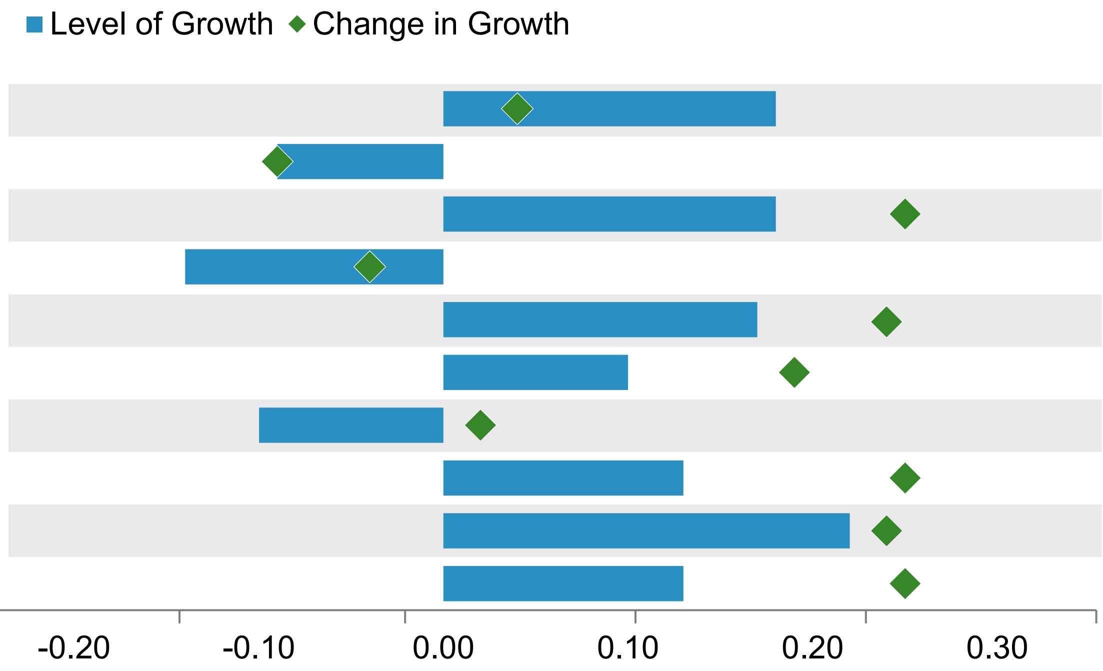
Inflation-sensitive assets can help provide diversification

The potential for a sustained period of elevated inflation risks presents challenges for a traditional, 60/40 multi-asset portfolio. Inflation-resistant assets, including commodities and commodity-producer equities, can help hedge against high and rising inflation while also providing potential for capital appreciation in a strong growth environment. Inflation-hedging fixed income assets, such as TIPS, historically have provided better inflation diversification than investment-grade nominal bonds.

Return Correlation to U.S. Inflation (1970–2024)



Return Correlation to U.S. Growth (1970–2024)

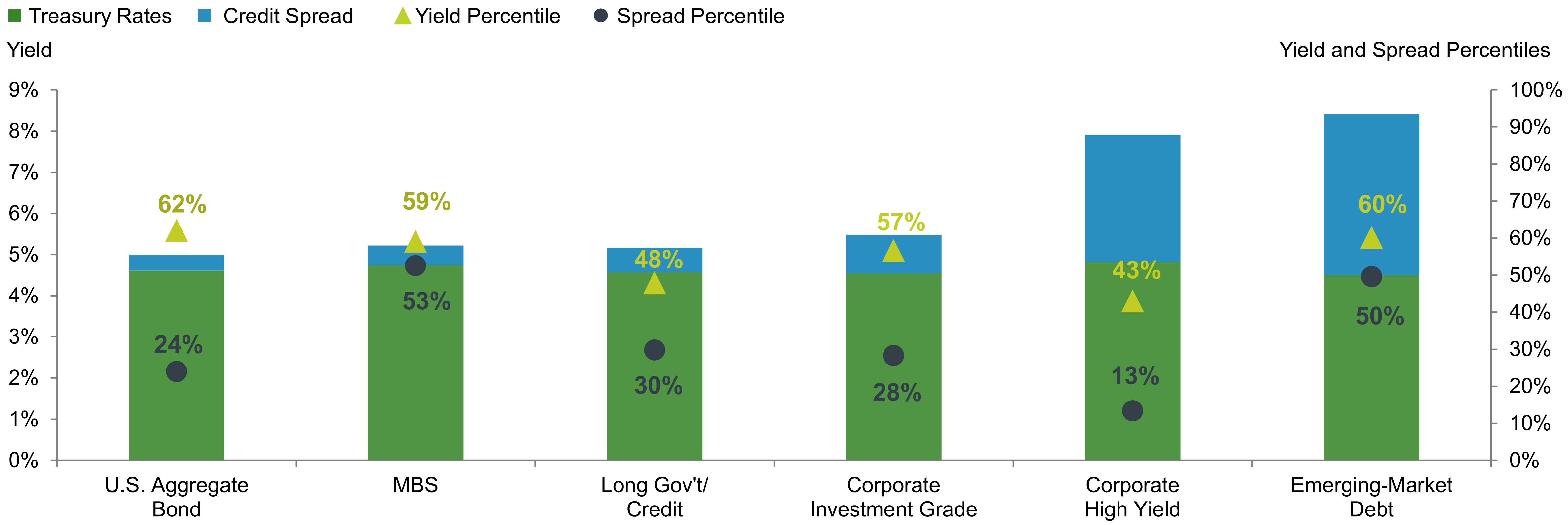


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against loss. Indexes: U.S. Equity—S&P 500 Total Return; Developed Market Equity—MSCI EAFE Total Return; Emerging Market Equity—MSCI EM Total Return; Natural Resource Equities—S&P North America Natural Resource Sector Total Return; Real Estate Equities—Dow Jones US Select REITs; U.S. Bonds—Bloomberg US Aggregate Total Return; TIPS(Treasury Inflation Protected Notes)—Bloomberg US Treasury Inflation Notes Total Return; Commodities—Bloomberg Commodity Index Total Return; Gold—Bloomberg Gold Subindex Total Return. See Appendix for index definitions and other important information. 60/40 is a portfolio allocated 60% to the MSCI ACWI Total Return Index and 40% to the Bloomberg US Aggregate Total Return Index. The frequency of all data is quarterly. Level of inflation is measured as the trailing annual percentage change in the Consumer Price Index. Change in inflation is the quarterly change in the level. Level of growth is measured as the annual percentage change in real Gross Domestic Product, led by 1 quarter. Change in growth is the quarterly change in the level. Source: Bureau of Labor Statistics, Bureau of Economic Analysis, Fidelity Investments; data 1/1/70 through 3/31/24.

Fixed income stable in Q2; yields attractive vs. prior decade

Treasury rates rose modestly during Q2, with most fixed-income categories ending with yields near their long-term historical averages. Credit spreads ticked up in most sectors, generally ending the quarter around the lower end of their historical range. Overall, fixed income yields suggest valuations that are roughly in line with long-term averages and better than the past decade of low yields.

Fixed Income Yields and Spreads (1993–2024)



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 2024. Treasury rates different across asset classes due to different duration for each index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/24.

Long-term themes

Secular trends present new challenges for asset markets

We believe shifting long-term trends in economic and policy conditions imply a secular regime change for financial markets. Record-high debt and widespread aging demographics create challenges for fiscal and monetary policy, while more unstable geopolitics and peaking global integration represent a different direction from recent decades. Inflation, policy, and profit risks warrant higher levels of strategic diversification.

Broad Secular Trends	Secular Factors	Impact
Unprecedented Debt Levels	Monetary policy	More uncertain with bigger swings between financial repression and fighting inflation
Widespread Aging Demographics	Fiscal policy	Higher structural deficits
Peak Globalization	Labor force	Supply constrained
Geopolitical Instability	Supply-chain self sufficiency, reliability	Less goods and labor disinflation
	National security-oriented policies	Business backdrop less market-driven

RESULTS

- Inflation and interest rates more volatile
- Policy and political risks higher
- Financial fragility
- Profit-margin pressures
- Higher asset price volatility
- Lower global asset correlations

Shows Need for
Strategic Diversification:
More nuanced diversification and less reliance on simple extrapolation of past trends

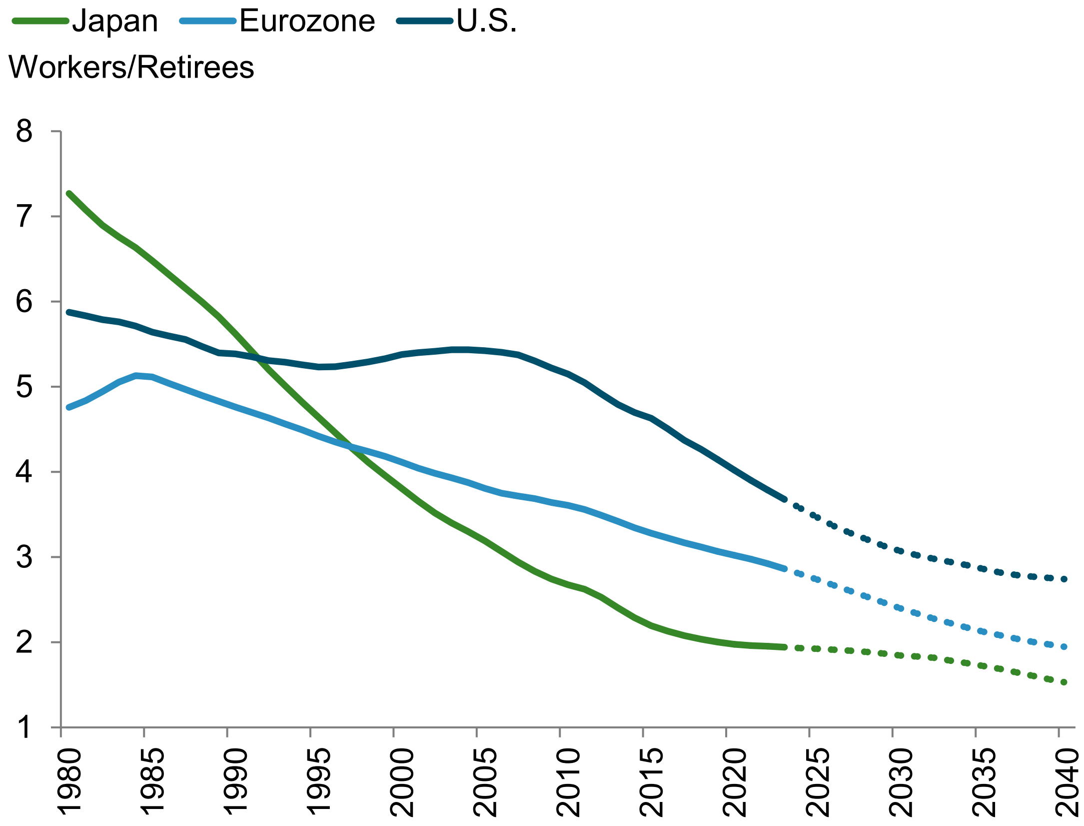
Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss.

Unprecedented debt levels amid aging demographics

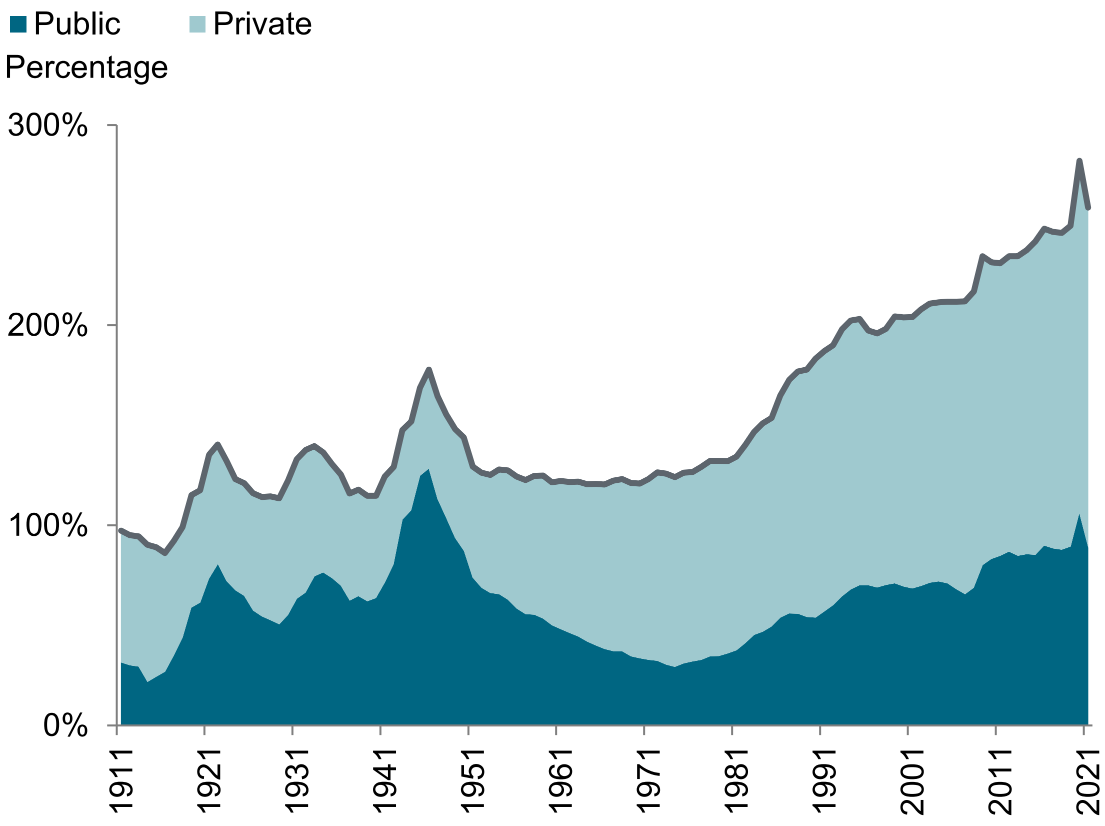
Most major economies face deteriorating demographic trends. With fewer new workers to support a growing number of retirees, greater fiscal pressures are ahead due to rising spending on pensions and health care. The dramatic worldwide rise in public and private debt in recent decades has been sustained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

LONG-TERM

Demographic Support Ratio



Global Debt as a Share of GDP



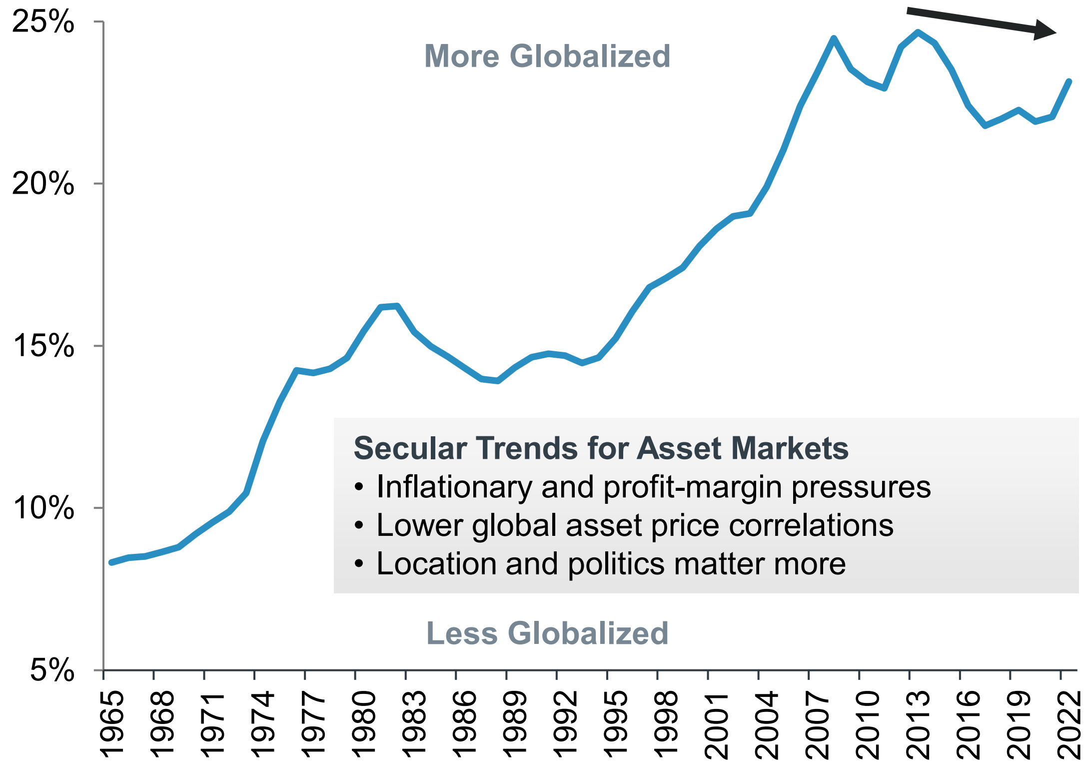
LEFT: The demographic support ratio is calculated as the number of workers (15–64 years old)/number of retirees (65 and older). Dotted line represents a projection. Source: United Nations, Haver Analytics, Fidelity Investments (AART), as of 7/31/22. **RIGHT:** Source: Bank of International Settlements, 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 12/31/21.

Fidelity INVESTMENTS

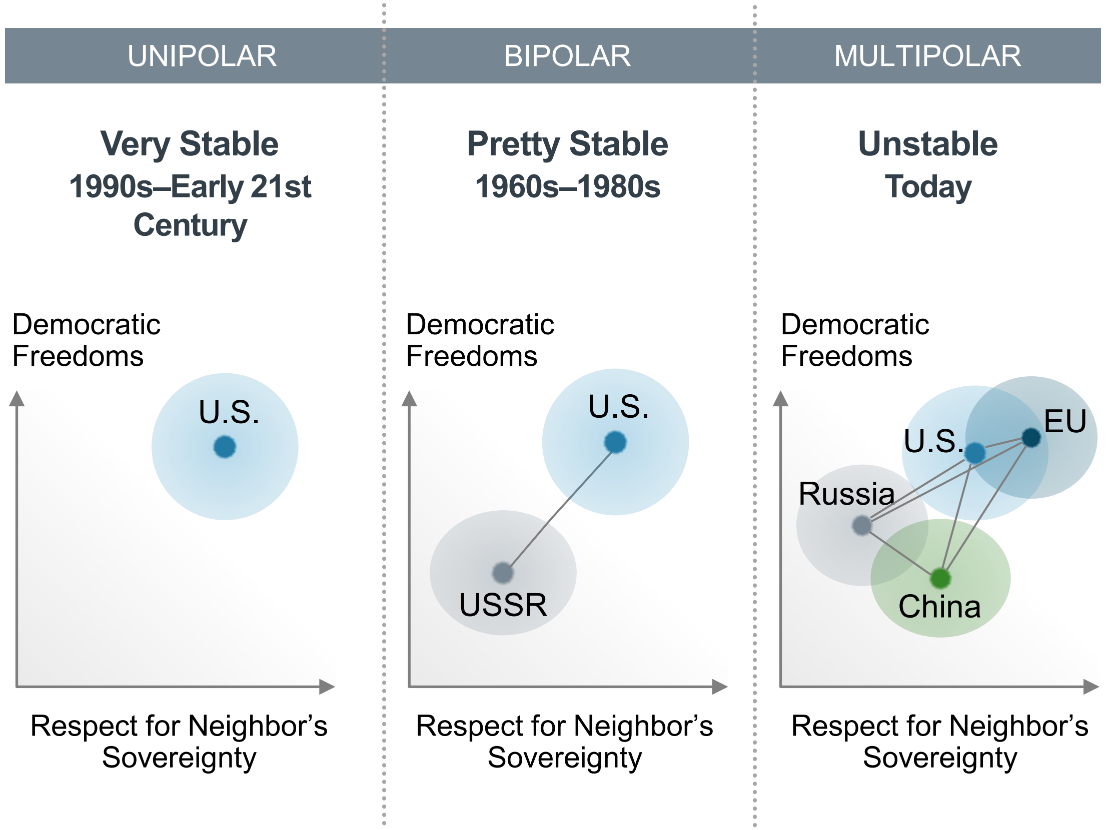
Multi-polar geopolitical instability at the heart of peak globalization

The stable, unipolar backdrop under U.S. dominance fostered rapid global integration, but economic openness has stalled in recent years. At the heart of "peak globalization" is a secular environment of higher geopolitical risk. The shift to today's multi-polar environment implies more great-power competition, particularly the deepening U.S.-China rivalry, and a less stable global backdrop. The more politics and location matter, the greater the potential benefits and active opportunities from global asset diversification.

Trade Globalization



Global Regime Stability

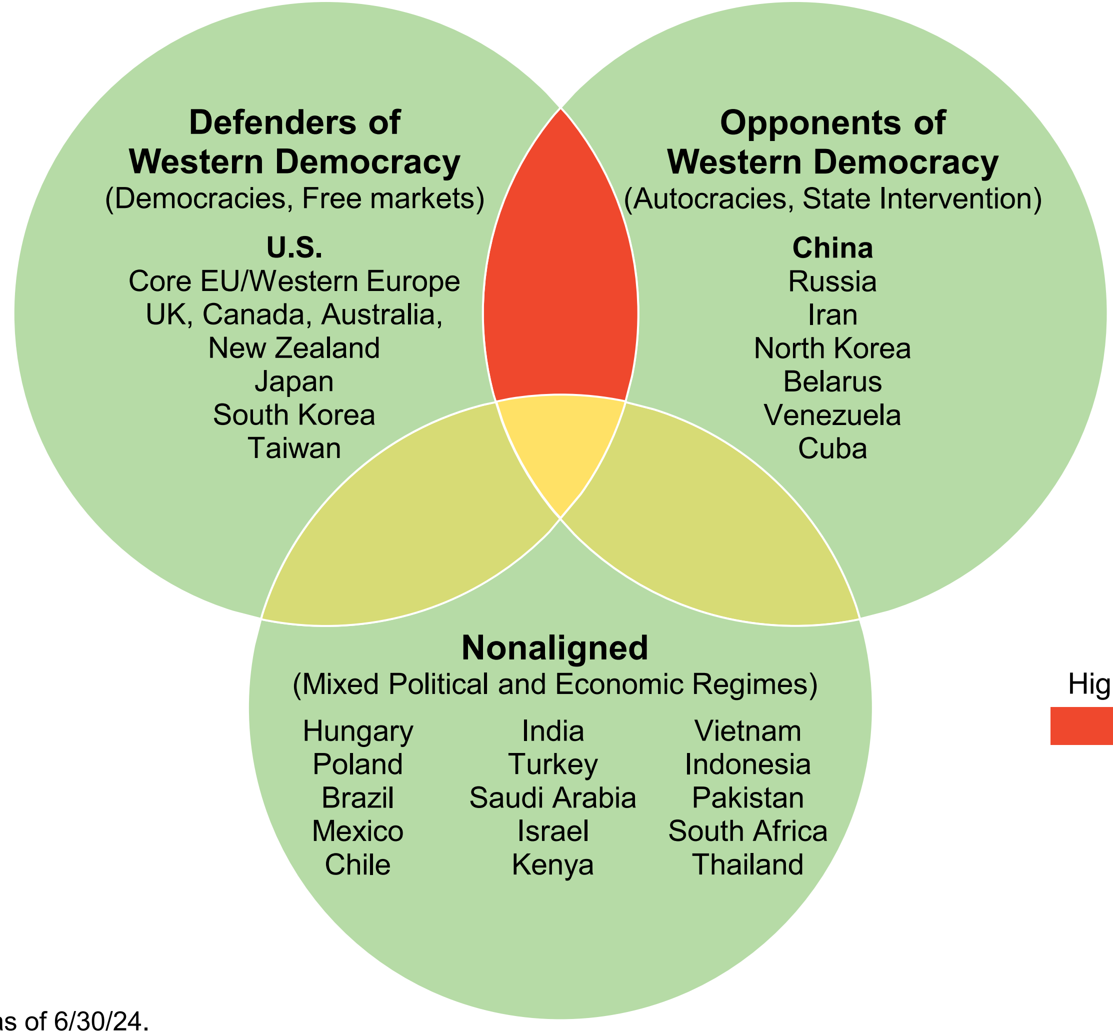


Diversification does not ensure a profit or guarantee against a loss. **LEFT:** The arrow on the chart notes the general downtrend in global imports as a percentage of gross domestic product since roughly the end of the 2007–2009 Global Financial Crisis. Source: World Bank, International Monetary Fund (IMF), Macrobond, Fidelity Investments (AART) as of 12/31/22. **RIGHT:** Source: Fidelity Investments (AART), as of 6/30/24.

Fidelity INVESTMENTS

Managed globalization presents both risks and opportunities

We believe the evolving global system is trending toward a "managed globalization" regime where cross-border trade and capital flows are less rules-based and more influenced by geopolitical considerations. The broad contour may be described as three blocs of countries: defenders of the Western world view (democracies and more market-oriented economies), opponents of the U.S.-led world order, and non-aligned developing economies. This represents a variety of risks and opportunities across regions and industries.



Cross-Broder Exposures

Overlap = Direct Cross-Border Exposure
(Exports, Imports, Capital, Supply Chains)

High Risk — Low Risk

 Source: Fidelity Investments (AART), as of 6/30/24.

Secular inflation risks confront monetary policymakers

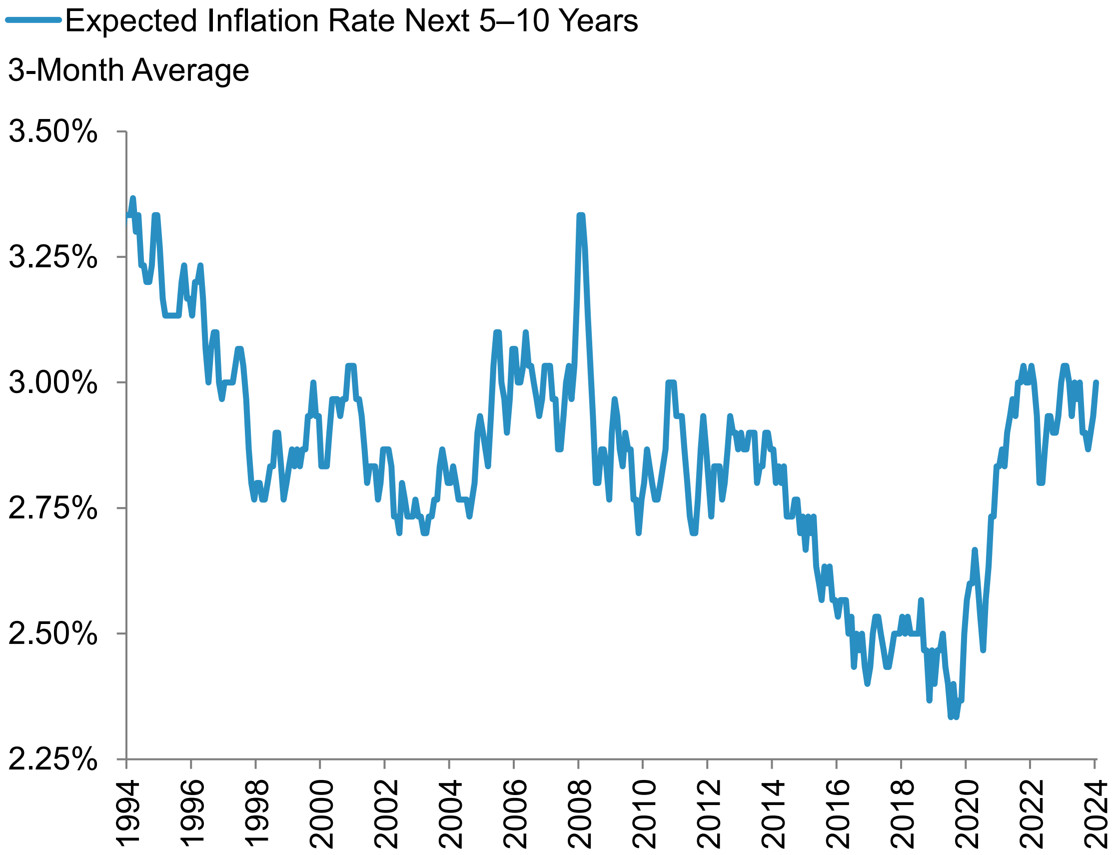
Several long-term trends have become more inflationary in recent years, raising the odds that we've entered a medium-term, high-inflation regime. These factors include supply-side pressures from deglobalization and aging demographics, accommodative fiscal policies, and climate disruption. U.S. consumers' long-term inflation expectations remain at the high end of their range over the past two decades.

LONG-TERM

Possible Secular Impact on Inflation

Secular Factors	Long-Term Trends	Risks to Inflation
Policy	Fed tolerates higher inflation More-accommodative fiscal policy	⬆ ⬆
Peak Globalization	More-expensive goods & labor Geopolitical friction China structural overcapacity	⬆ ⬆ ⬇
Aging Demographics	Older adults: • Spend less (reducing demand) • Work less (reducing supply)	 ⬇ ⬆
Technological Progress	Artificial intelligence, robots Lower long-term productivity	⬇ ⬆
Climate Change	More-volatile weather, supply damage Greater innovation/R&D in clean energy	⬆ ⬇

Consumer Long-Term Inflation Expectations

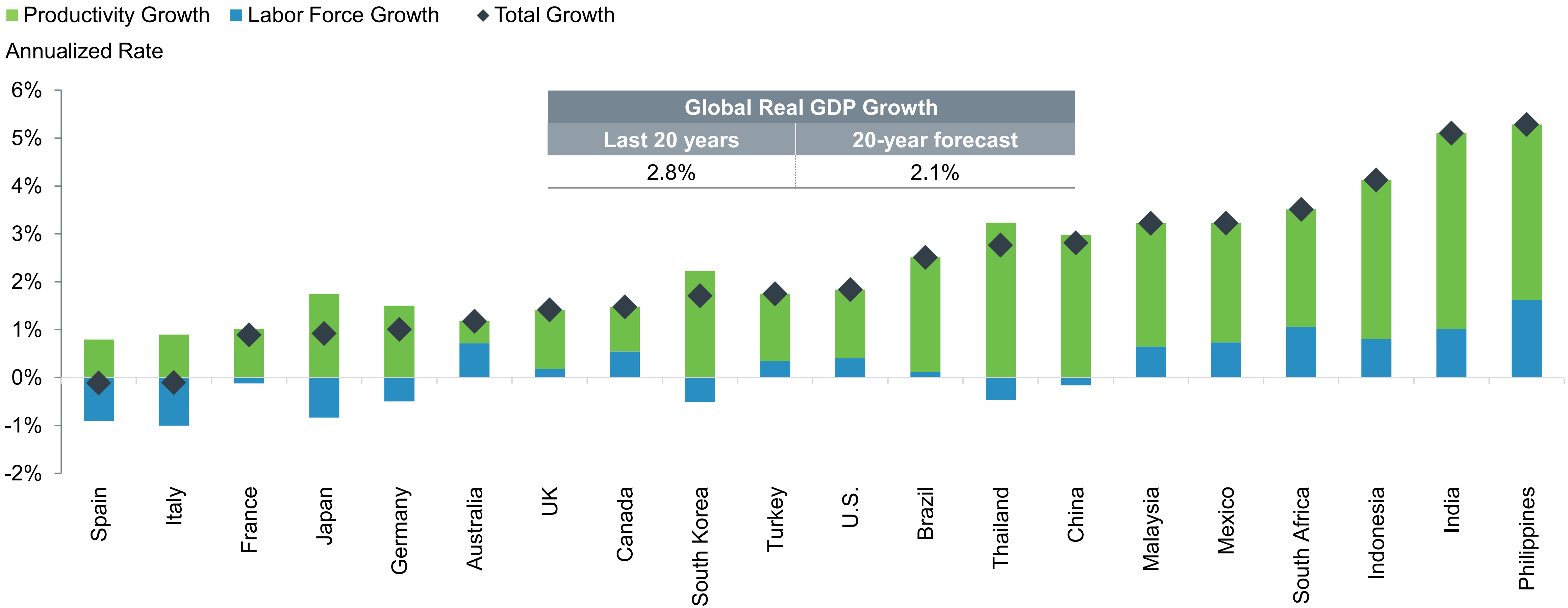


LEFT: Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 6/30/24. **RIGHT:** University of Michigan Survey of Consumers. Source: University of Michigan, Macrobond, Fidelity Investments (AART), as of 6/30/24.

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 (relative to the past 20 years). 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



Global Real GDP Growth	
Last 20 years	20-year forecast
2.8%	2.1%

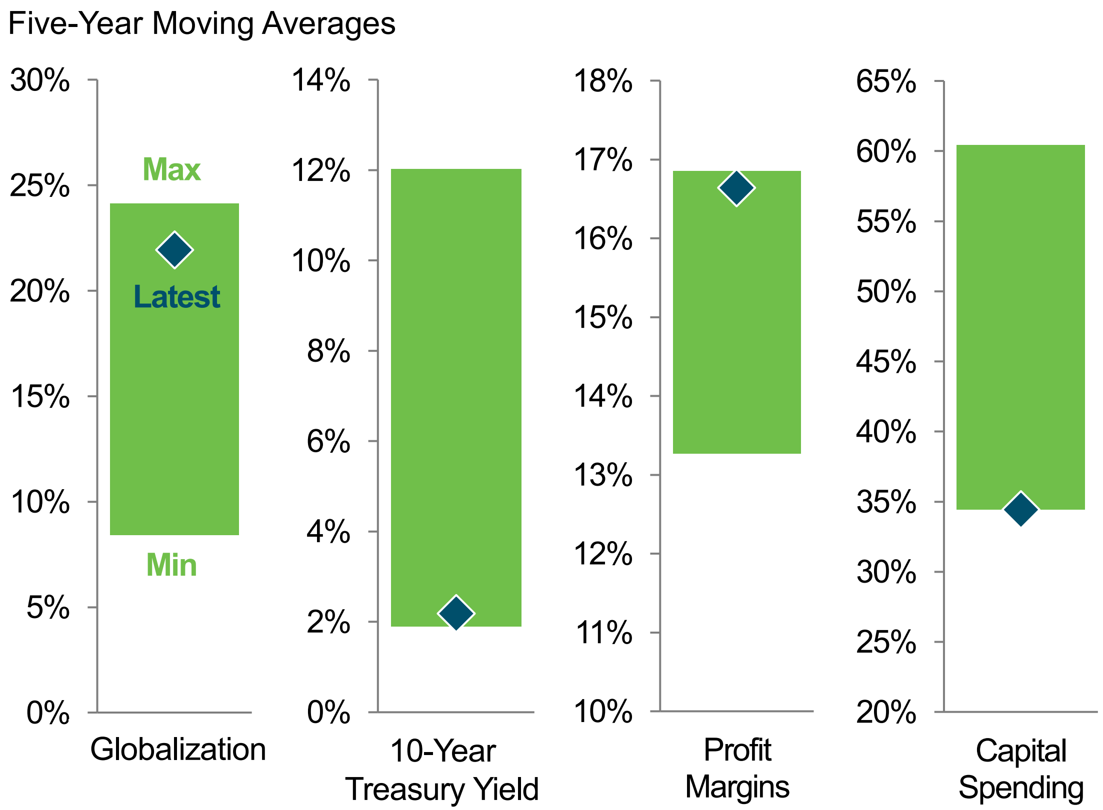
Past performance is no guarantee of future results. EM: Emerging markets. GDP: Gross domestic product.
Source: OECD and Fidelity Investments (AART), as of 6/30/24.

Change in corporate behavior on the horizon?

Over the past two decades, corporations were able to generate record-high profit growth despite productivity growth sinking to post-war lows. Businesses reduced costs by globalizing supply chains and taking advantage of record-low interest rates. With rates now higher and globalization past its peak, corporations may raise their capital expenditures from record-low levels, which could boost the productivity outlook.

Real Productivity Growth vs. Real Profit Growth

Range of Corporate Indicators, 1962–2022



LEFT: Productivity is real GDP per hour. Profits are real S&P 500 earnings per share. Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Standard and Poor's, Haver Analytics, Fidelity Investments (AART), as of 12/31/21. **RIGHT:** Globalization measured as global imports/GDP. Profit margins measured as EBITDA/Sales. Capital spending is relative to EBITDA and excludes financials and real estate. Exhibit compiled using annual data. Source: IMF, World Bank, Federal Reserve Board, Fidelity Investments (AART), as of 12/31/22.

Strategic opportunities amid productivity upside scenarios

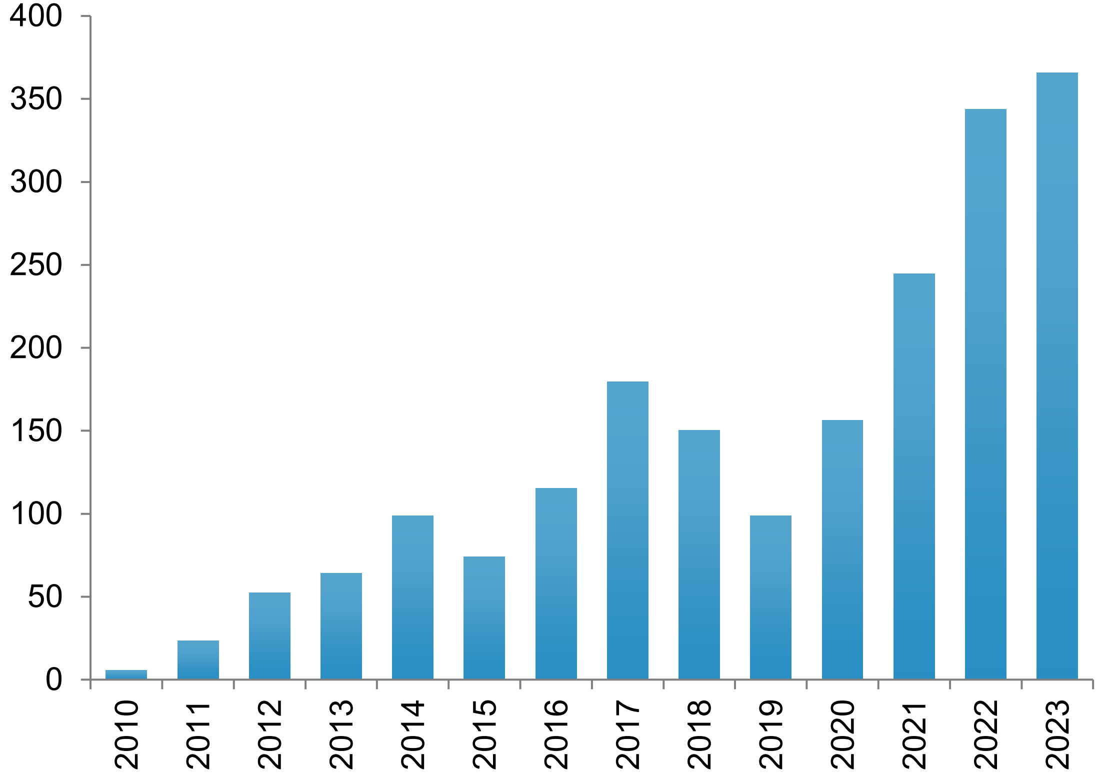
With long-term productivity rates slumping at multi-decade lows, several potential catalysts could boost productivity over the next decade. For instance, private and public investments to reshore manufacturing activities, mitigate the impact of climate change, and expand the use of AI have picked up steam. Secular changes may provide greater global active opportunities across regions, countries, industries, and companies.

Examples of Strategic Opportunities

Global opportunities	Capex, innovation, and shifting market leadership opportunities
Lower asset correlations increase the benefits of geographic diversification	**Environmental** Climate mitigation and adaptation, decarbonization
Greater active opportunities across regions, countries, industries, and companies	**Reshoring and near-shoring** Regionalization, supply-chain resilience
	National security Energy, critical resources, defense, cyber
Non-aligned countries as key beneficiaries	**Artificial intelligence** Sector-specific automation, wider adoption

U.S. Jobs Created from Reshoring and FDI

Thousands



FDI is Foreign Direct Investment. Diversification and asset allocation do not ensure a profit or guarantee against loss. **LEFT:** Source: Fidelity Investments (AART) as of 6/30/23. **RIGHT:** Based on reshoring announcements by U.S. headquartered companies and FDI by foreign companies that are shifting production or sourcing from offshore to the U.S. 2023 data are projections. Source: Reshoring Initiative, Fidelity Investments (AART), as of 6/30/23.

LONG-TERM

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	2023	YTD	Legend
32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	43%	16%	41%	20%	Growth Stocks
26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	29%	-8%	26%	15%	Large Cap Stocks
21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	27%	-11%	18%	9%	60% Large Cap 40% IG Bonds
18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	26%	-13%	18%	7%	Emerging-Market Stocks
17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	25%	-14%	17%	6%	Value Stocks
11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	17%	-16%	14%	5%	Foreign-Developed Country Stocks
11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	15%	-18%	13%	5%	Commodities
9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	11%	-20%	12%	3%	High-Yield Bonds
8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	5%	-20%	10%	2%	Small Cap Stocks
7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	-2%	-24%	6%	0%	REITs
4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-3%	-29%	-8%	-1%	Investment-Grade Bonds

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, Fidelity Investments (AART), as of 6/30/24.

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 6/30/24, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the authors and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

Information provided in, and presentation of, this document are for informational and educational purposes only and are not a recommendation to take any particular action, or any action at all, nor an offer or solicitation to buy or sell any securities or services presented. It is not investment advice. Fidelity does not provide legal or tax advice.

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 25 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 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 performance of inflation-protected securities issued by the US Treasury. **Bloomberg Long U.S. Government Credit Index** includes all publicly issued U.S. government and corporate securities that 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.

Fidelity INVESTMENTS®

Appendix: Important information

Market Indexes (continued)

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.

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-capital-ization 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.

Appendix: Important information

Market Indexes (continued)

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.

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.

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 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA® is a trademark owned by CFA Institute.

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