Second Quarter 2014 | QUARTERLY MARKET UPDATE

Table of Contents

1. MARKET SUMMARY
2. THEME: TAKING STOCK OF THE 5-YEAR U.S. BULL MARKET
3. ECONOMY/MACRO BACKDROP
4. U.S. EQUITY MARKETS
5. INTERNATIONAL EQUITY MARKETS & GLOBAL ASSETS
6. FIXED INCOME MARKETS
7. ASSET ALLOCATION THEMES

PRIMARY CONTRIBUTORS

Lisa Emsbo-Mattingly
Director of Asset Allocation Research

Dirk Hofschire, CFA
SVP, Asset Allocation Research

Craig Blackwell, CFA
Analyst, Asset Allocation Research

Jake Weinstein, CFA
Senior Analyst, Asset Allocation Research

Austin Litvak
Senior Analyst, Asset Allocation Research

This report is a product of Fidelity's Asset Allocation Research Team (AART) with contributions from throughout Fidelity's asset management organization. AART conducts economic, fundamental, and quantitative research to develop asset allocation recommendations for Fidelity's portfolio managers and investment teams. AART is responsible for analyzing and synthesizing investment perspectives across Fidelity's asset management unit to generate insights on macroeconomic and financial market trends and their implications for asset allocation.

Market Summary

Overview: Solid Start to 2014, but Rising Global Risks

The global business cycle remained on steady footing during Q1 2014, providing a generally benign backdrop for asset markets. However, divergences between emerging-market (EM) economies continued to expand, and rising global risks (particularly in Asia) increased the likelihood of higher market volatility.

	Q1 2014 TRENDS	OUTLOOK
MACRO	• Global economy on firm footing – Benign cyclical trends in developed markets, especially Europe and U.S. – However, divergences between countries increased, especially EMs • Stimulative global monetary policies despite Federal Reserve tapering • Modest interest-rate declines, global disinflation • Weather and political risk pushed up some commodity prices	• Business cycle still more supportive for developed economies – Steady backdrops in U.S. and Europe; growing divergences among EMs • Rising global risks: – Slower liquidity growth – Asia: cyclical and financial challenges in Japan and China – EM instability and geopolitical uncertainty • Low global inflation and commodity disinflation
MARKETS	• Modest gains across most asset categories • Bonds and more defensive sectors performed well	• Expect higher market volatility • Interest rates range-bound; bonds may help provide downside protection • Equities still more favorable in countries with steadier outlooks

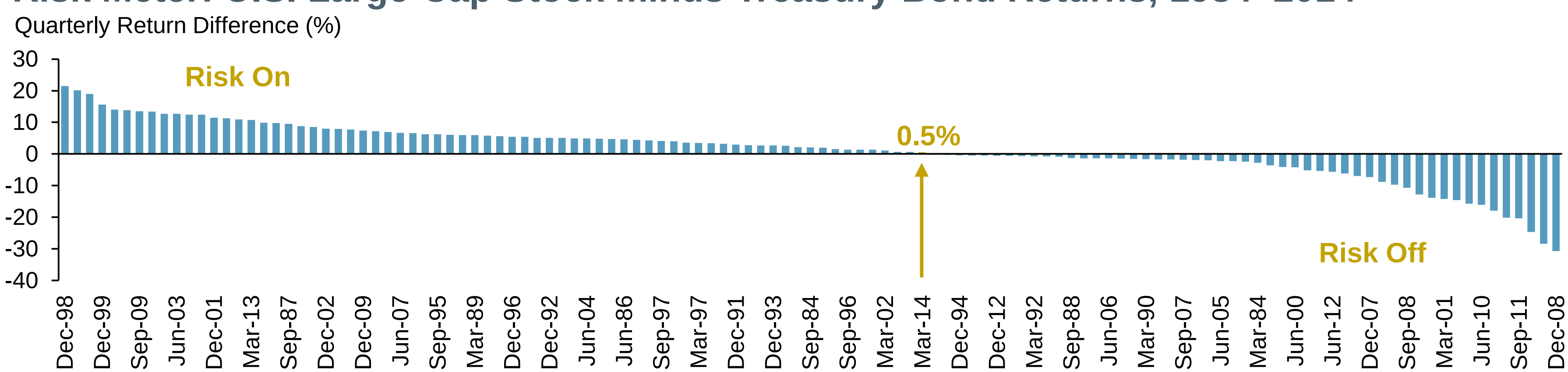
Past performance is no guarantee of future results. EM: emerging market.

Bumpy Quarter, but Gains in Most Asset Markets

Despite a rocky start to the year, most asset categories posted positive returns during Q1. Equity markets in the U.S. and other developed economies registered modest results after large gains in 2013, while bond markets benefited from a slight decline in interest rates and from spread tightening. Rising political risk and harsh weather boosted some commodity prices.

	Q1 2014 (%)	1-Year (%)		Q1 2014 (%)	1-Year (%)
Real Estate Stocks	8.5	3.3	U.S. Corporate Bonds	2.9	1.0
Gold	7.5	-19.1	U.S. Large-Cap Stocks	1.8	21.9
Commodities	7.0	-2.1	Investment-Grade Bonds	1.8	-0.1
U.S. Mid-Cap Stocks	3.5	23.5	U.S. Treasury Bonds	1.3	-1.3
Emerging-Market Bonds	3.5	-1.1	U.S. Small-Cap Stocks	1.1	24.9
Non-U.S. Small-Cap Stocks	3.4	23.5	Non-U.S. Developed-Country Stocks	0.8	18.0
High-Yield Bonds	3.0	7.6	Emerging-Market Stocks	-0.4	-0.9

Risk Meter: U.S. Large-Cap Stock minus Treasury Bond Returns, 1984–2014



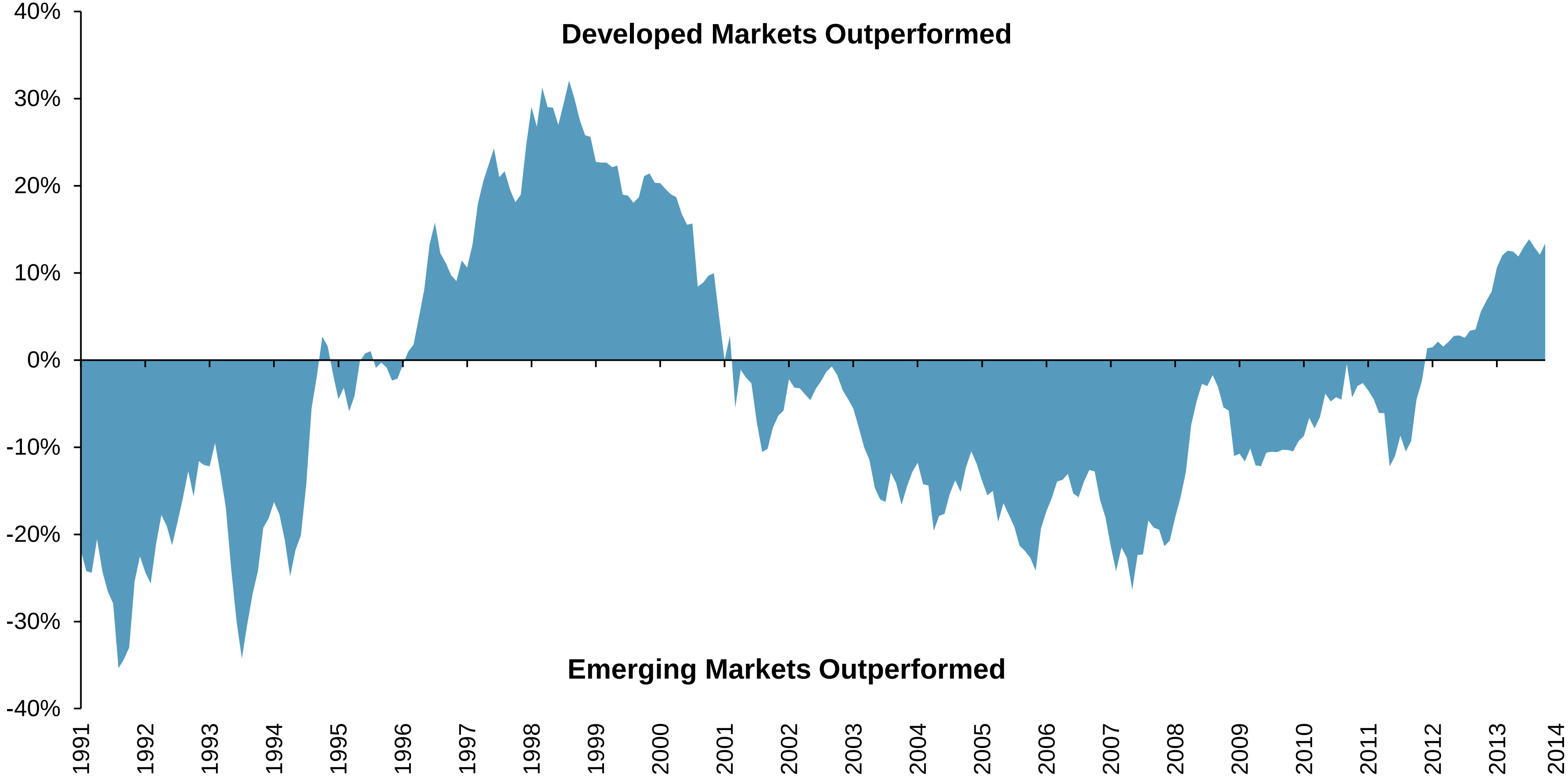
Past performance is no guarantee of future results. It is not possible to invest directly in an index. See appendix for important index information. Assets represented by: Commodities – DJ-UBS Commodity Index; Emerging-Market Bonds – JP Morgan EMBI Global Index; Emerging-Market Stocks – MSCI EM Index; Gold – Gold Bullion, LBMA PM Fix; High Yield Bonds – Bank of America Merrill Lynch (BofA ML) High Yield Bond Index; Investment-Grade Bonds – Barclays U.S. Aggregate Bond Index; Non-U.S. Developed-Country Stocks – MSCI EAFE Index; Non-U.S. Small-Cap Stocks – MSCI EAFE Small Cap Index; Real Estate Stocks – FTSE NAREIT Equity Index; U.S. Corporate Bonds – Barclays U.S. Credit Index; U.S. Large-Cap Stocks – S&P 500 Index; U.S. Mid-Cap Stocks – Russell Midcap Index; U.S. Small-Cap Stocks – Russell 2000 Index; U.S. Treasury Bonds – Barclays U.S. Treasury Index. Source: FactSet, *Wall Street Journal*, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

Shift in Equity Performance toward Developed Markets

The relative outperformance of developed markets over emerging markets continued in the first quarter of 2014. Emerging economies in general have transitioned to a slower pace of growth, while a broad trend of incremental cyclical improvement in advanced economies has helped stocks generate more favorable returns.

Developed- vs. Emerging-Market Equities: Three-Year Relative Performance

Rolling 36-month Annualized Relative Returns



Past performance is no guarantee of future results. Please see appendix for important information. Developed Markets represented by the MSCI World Index. Emerging Markets represented by the MSCI EM Index. Source: FactSet, Fidelity Investments (AART), as of 3/31/14.

QUARTERLY MARKET UPDATE

Second Quarter 2014

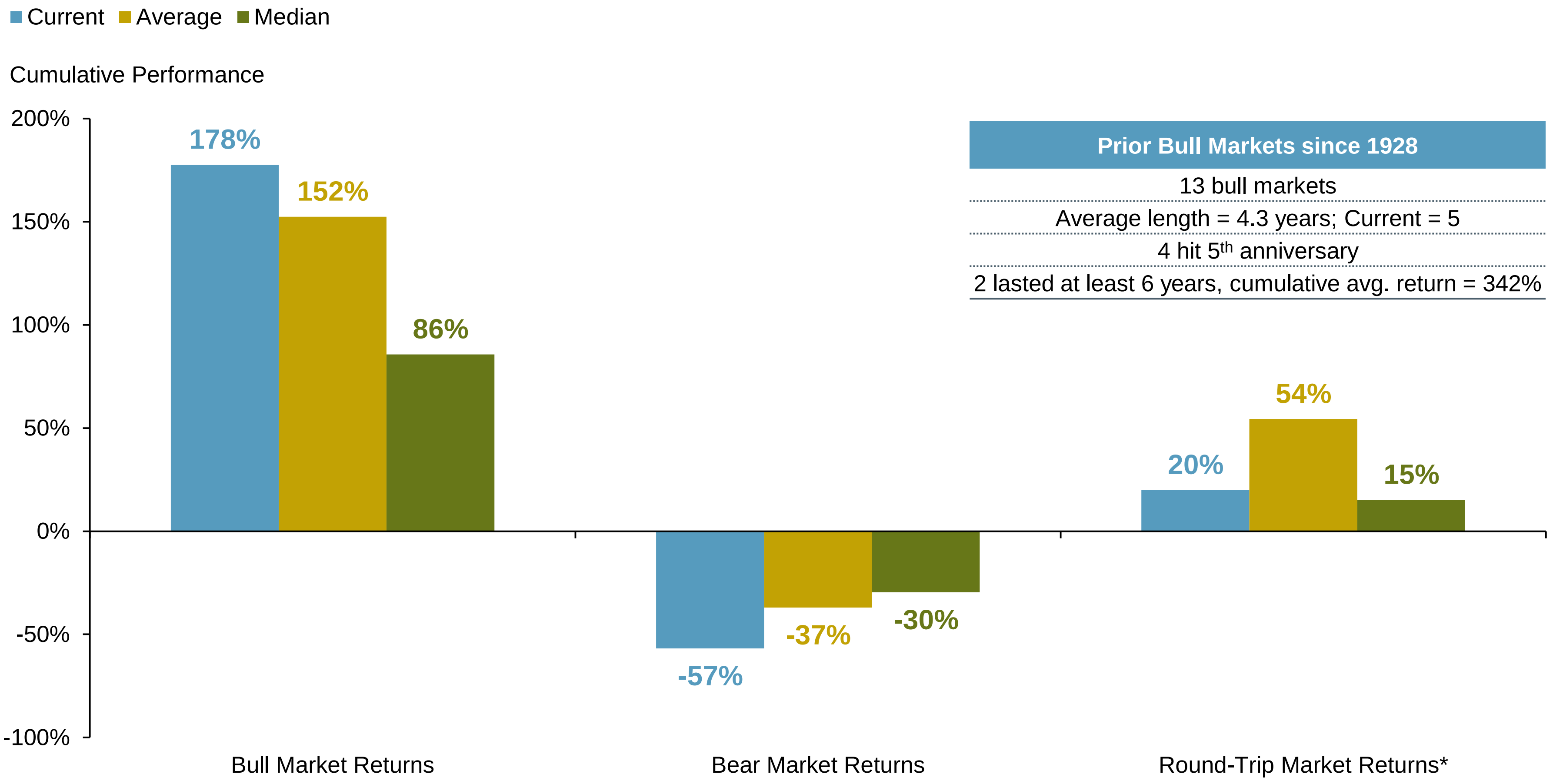
Theme: Taking Stock of the 5-Year U.S. Bull Market

As a Round-Trip, Current Bull Returns Not Overextended

The U.S. stock rally has outlasted the historical average of other bull markets, with higher returns. However, the preceding bear market was much steeper than average, and round-trip* gains are currently near the median and below the average. Previous bulls that survived to a sixth year posted much larger gains.

☐ THEME

S&P 500 Bear and Bull Market Performance, since 1928



Prior Bull Markets since 1928
13 bull markets
Average length = 4.3 years; Current = 5
4 hit 5th anniversary
2 lasted at least 6 years, cumulative avg. return = 342%

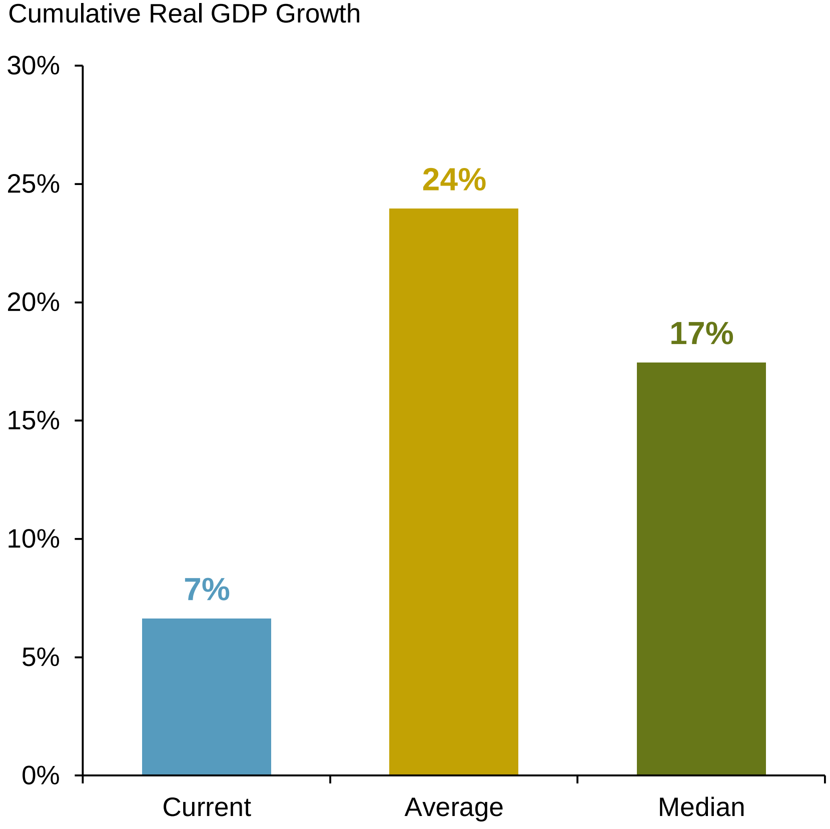
Fidelity INVESTMENTS

*Round-trip: the period from the beginning of a bear market to the end of the subsequent bull. Past performance is no guarantee of future results. All indices are unmanaged. It is not possible to invest directly in an index. Please see appendix for important index information. Bull (bear) market: a 20% rise (fall) in the S&P 500 Index. Source: Bloomberg Finance L.P., Bureau of Economic Analysis, Fidelity Investments (AART), as of 3/9/14.

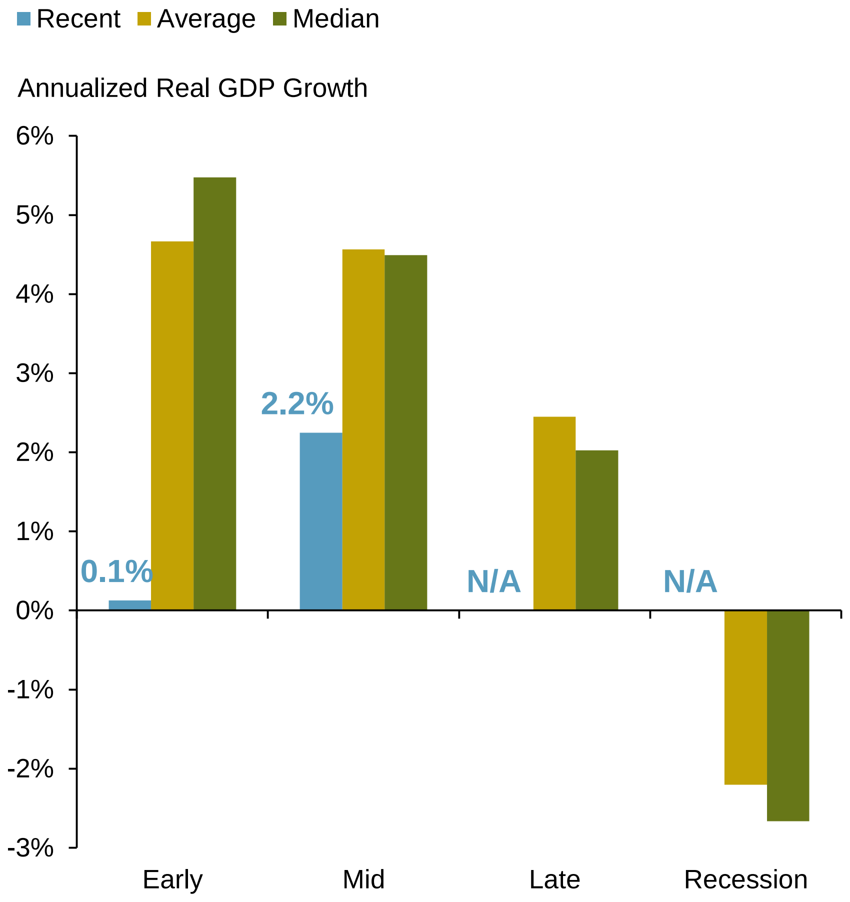
Prolonged Economic Cycle May Extend Length of Rally

Economic expansion during the current bull market has been more muted than in previous rallies, and the slow pace of growth has likely extended the current business cycle. With the economy firmly in mid-cycle expansion, this part of the cycle may last longer than usual, potentially providing fundamental support for the stock market run to outlast historical averages.

Real GDP Growth during Historical Round-Trip* Market Cycles



GDP Growth in Business Cycle Phases



*Round-trip: the period from the beginning of a bear market to the end of the subsequent bull. GDP: gross domestic product. **LEFT:** Bull (bear) market: a 20% rise (fall) in the S&P 500 Index. Data from 1/1/28 to 12/31/13. Source: Bloomberg Finance L.P., Bureau of Economic Analysis, Fidelity Investments (AART), as of 12/31/13. **RIGHT**: Data from 1/1/50 to 12/31/13. Source: Federal Reserve Board, Fidelity Investments (AART), as of 12/31/13.

Corporate Profitability Still a Support for Stocks

The slow but steady U.S. expansion provides a stable outlook for corporate revenues. Profit margins remain near historical highs and show little indication of pressure: cyclical productivity continues to rise, input cost inflation is muted, and debt service obligations are extremely low. Against this backdrop, mid-single-digit corporate profit growth appears achievable.

Revenue
Stable, Slow Growth

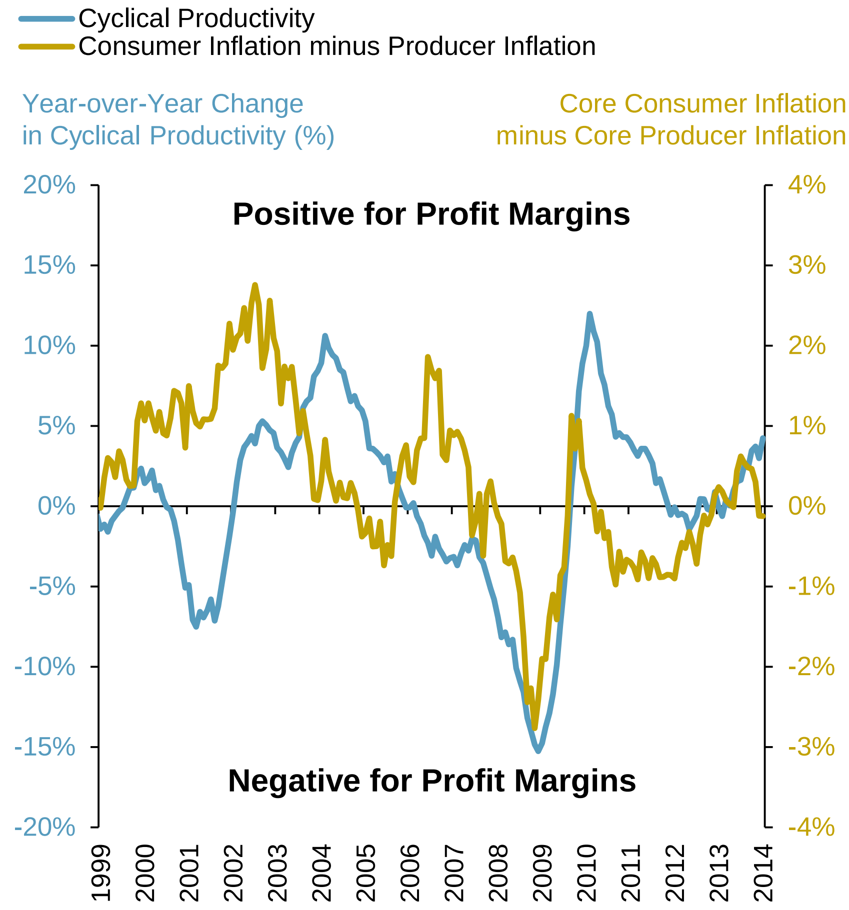
Nominal GDP Growth	Steady, low-single-digit growth

Profit Margins
High and Steady

Cyclical Productivity	Efficiency gains continue
Input Costs	Input prices contained relative to consumer prices
Debt Service	Low interest expense, debt maturities extended

Earnings
Mid-Single-Digit Growth

Earnings & Cyclical Productivity

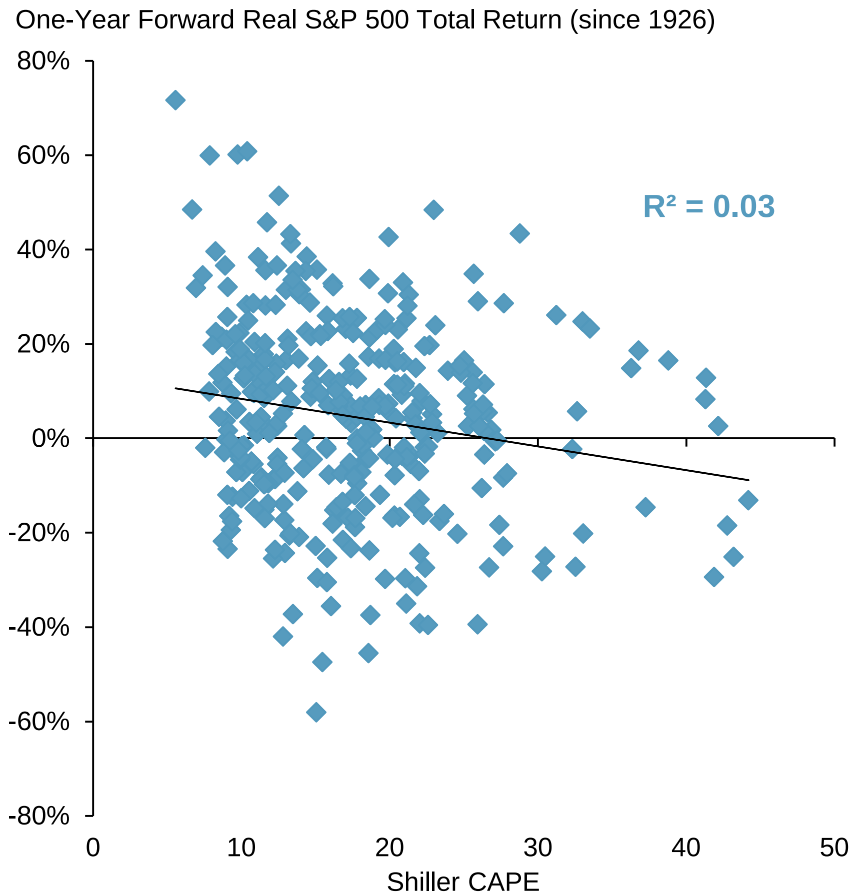


Cyclical productivity: a proprietary measure of U.S. cyclical corporate productivity; see appendix for definition. CPI: Consumer Price Index. PPI: Producer Price Index. Inflation is the year-over-year change in a price index, expressed as a percentage. Core inflation excludes food and energy prices. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), through 2/28/14.

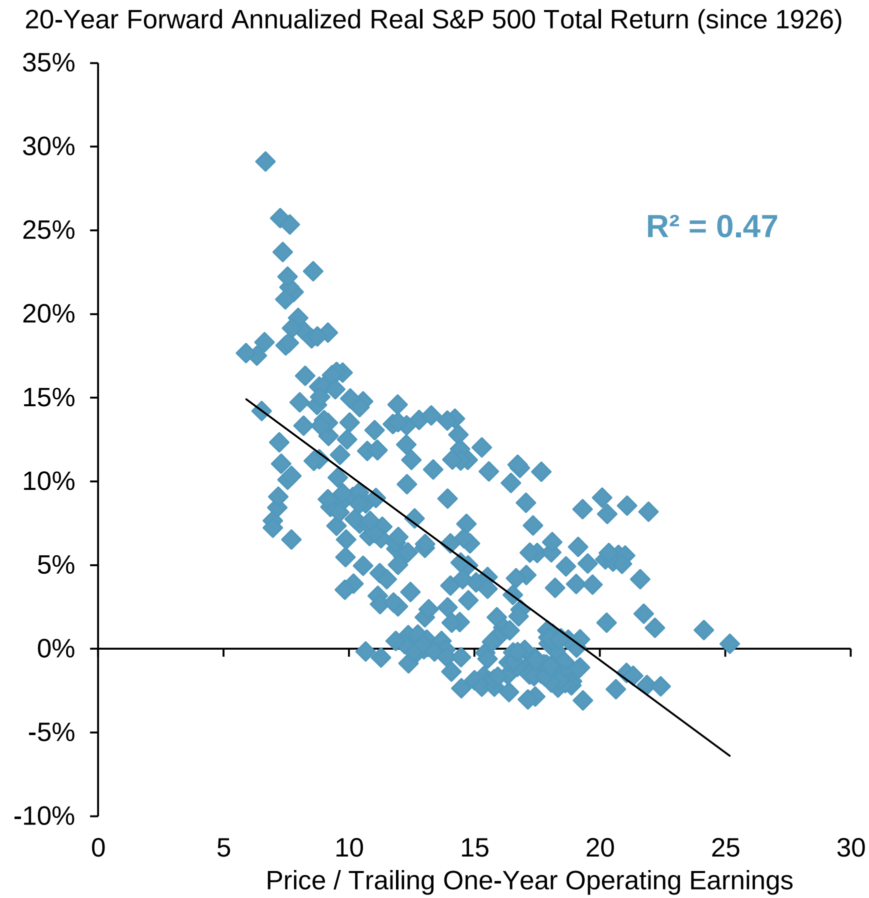
Equity Valuations Not an Obstacle in 2014

U.S. valuations rose during 2013, and are now modestly higher than historical averages by most metrics. However, in the past, price-to-earnings ratios have showed little correlation with near-term stock performance (e.g., on a one-year forward basis). Valuations have proven much more meaningful as an indicator of future returns over longer time horizons.

P/E vs. 1-Year Forward Real Stock Returns



P/E vs. 20-Year Forward Real Stock Returns

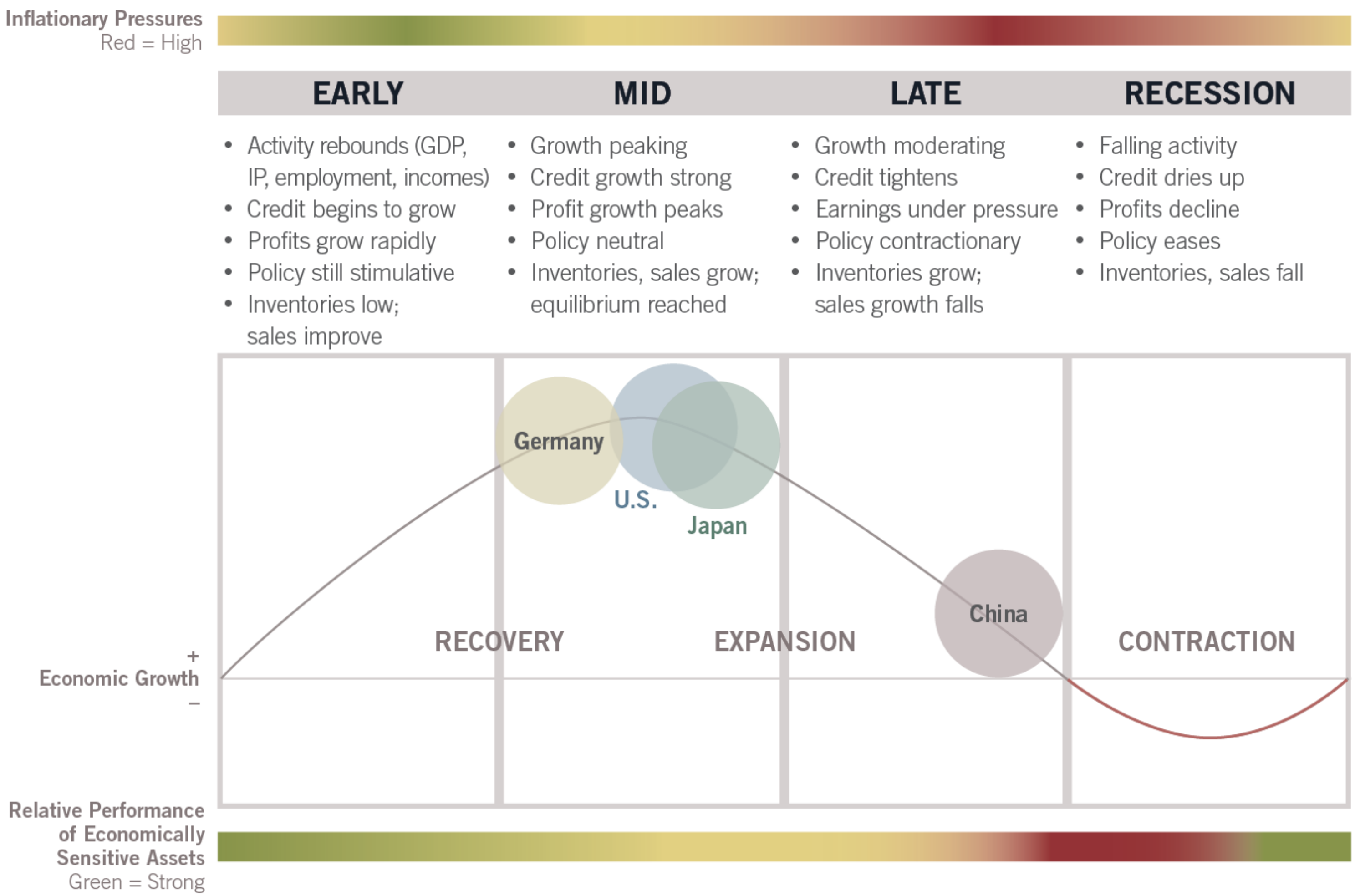


Past performance is no guarantee of future results. Shiller CAPE: Cyclically adjusted P/E. P/E: stock price divided by earnings per share. R^2: a measure of how well a regression line fits the data, ranging from 0 to 1. Forward returns calculated through 12/31/13. **LEFT:** Historical CAPE valuation levels: Q4 1926 to 12/31/12. Source: Standard & Poor's, Robert Shiller, Haver Analytics, Fidelity Investments, as of 1/31/14. **RIGHT:** Historical trailing one-year operating earnings valuation levels: Q4 1926 to 12/31/93. Source: Standard & Poor's, Haver Analytics, Fidelity Investments, as of 1/31/13.

Economy/Macro Backdrop

Developed Economies Underpin Global Business Cycle

The global economy continues to grow at a slow, steady pace, led by favorable trends in Europe, the U.S., and most other developed economies. Japan is likely to face cyclical challenges due to the consumption-tax hike in April, while China and most other emerging-market economies continue to confront late-cycle pressures.

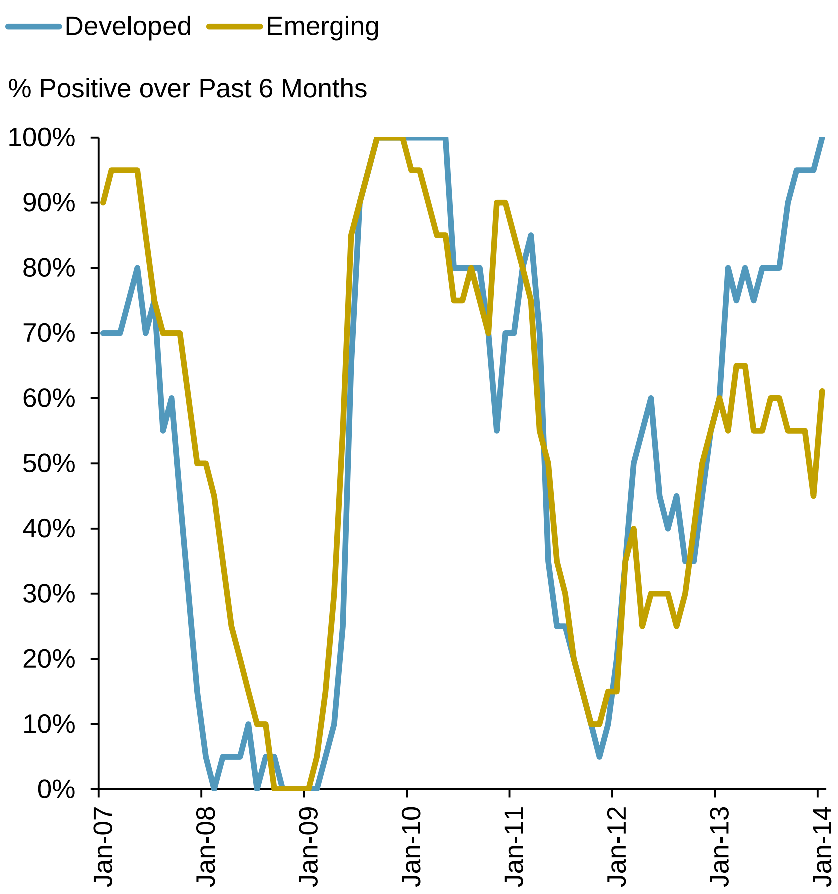


For developed economies, we use the classic definition of recession, involving an outright contraction in economic activity. For developing economies, such as China, we have adopted a “growth cycle” definition because they tend to exhibit strong trend performance driven by rapid factor accumulation and increases in productivity, and deviation from trend tends to matter most for asset returns. Source: Fidelity Investments (AART), as of 3/31/14.

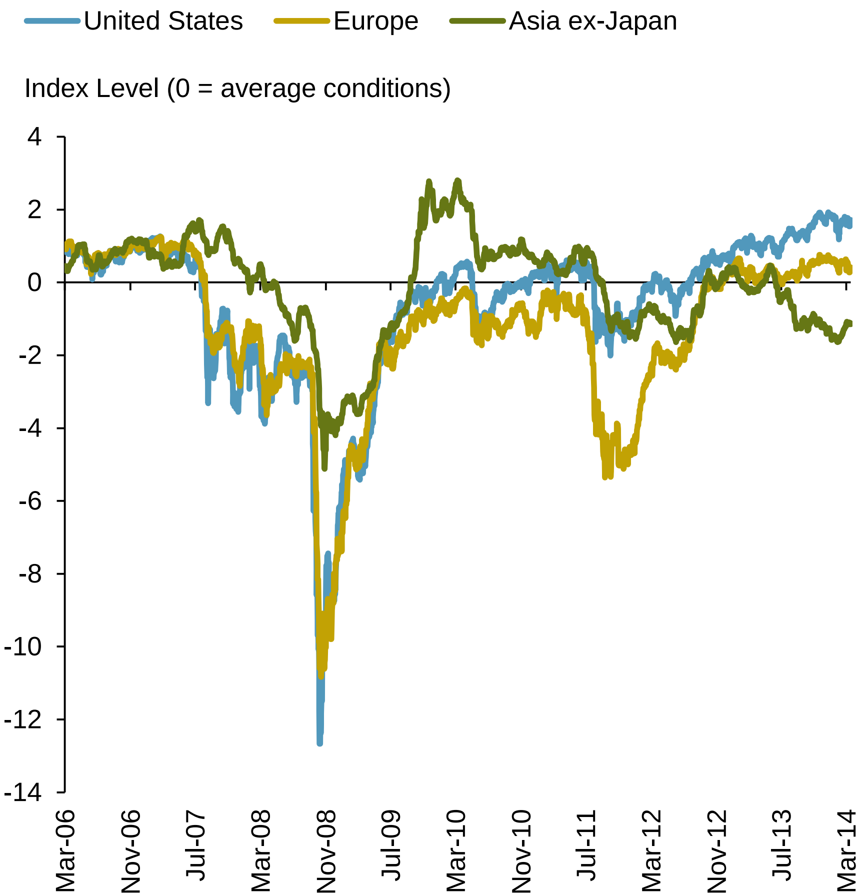
Increasing Divergence Between DM and EM Economies

All the largest developed markets (DMs) had leading economic indicators (LEIs) higher than six months ago, while only about 60% of emerging markets (EMs) had improved LEIs. Credit conditions—a key driver of phase changes within the business cycle—are near their highest post-crisis levels in the U.S. and Europe, but hit new cycle lows in EMs in Asia.

Leading Economic Indicators (LEI)



Bloomberg Financial Condition Indices

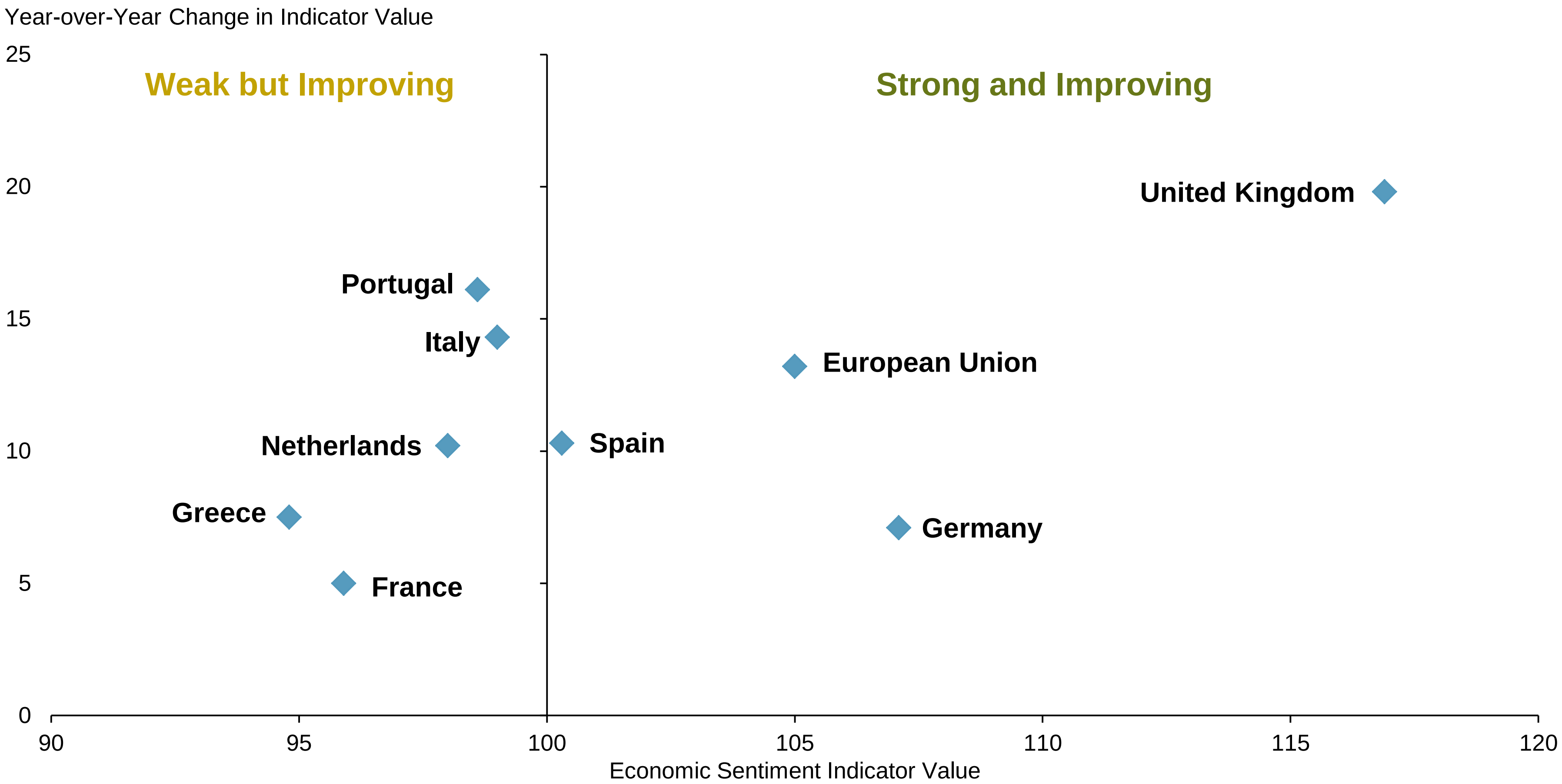


DM: Developed market. EM: Emerging market. **LEFT:** Data complete through 12/31/13; 82.5% of countries reporting as of 1/31/14. LEI data from 20 developed and 20 emerging economies. Source: Organisation for Economic Co-operation and Development (OECD), Foundation for International Business and Economic Research (FIBER), Haver Analytics, Fidelity Investments (AART), as of 3/31/14. **RIGHT:** Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/14.

Europe Cyclical Outlook Continues to Improve

The U.K. and Germany remain the drivers of the European economic expansion, but forward-looking sentiment indicators in other developed European economies have improved significantly—suggesting Europe's cyclical upturn continues to become more broad-based. Early-cycle recoveries in the periphery were buoyed by improved financial positions and competitiveness.

European Commission Economic Sentiment Indicators

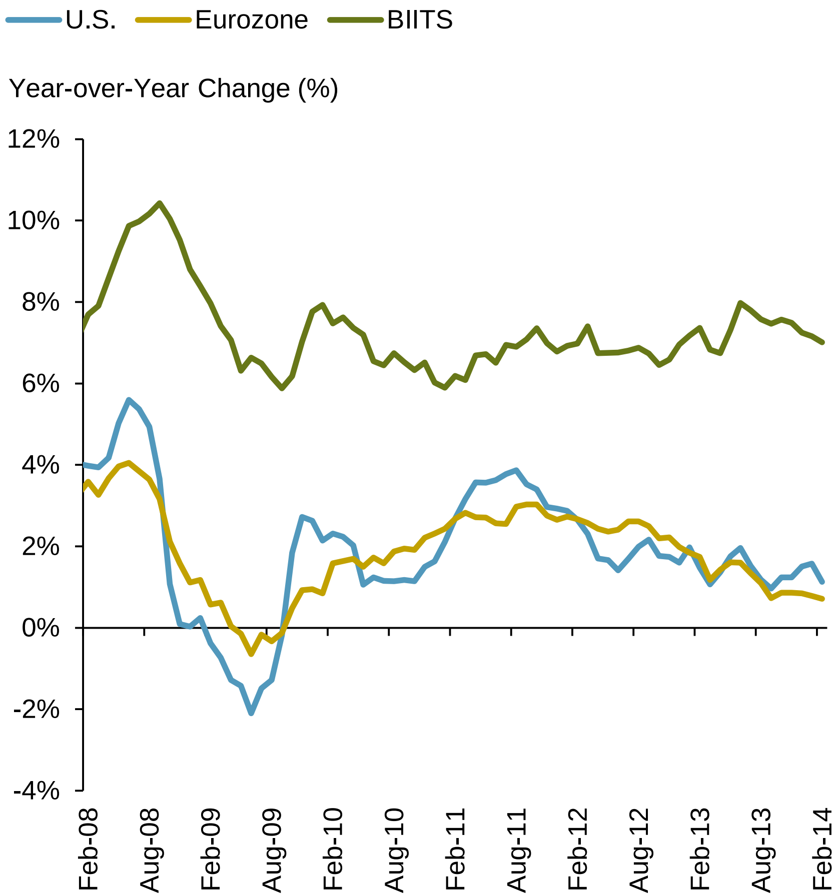


Values greater than 100 indicate an above-average economic sentiment; values below 100 indicate a below-average economic sentiment. A country's economic sentiment indicator is derived from its industrial (weight 40%), service (weight 30%), consumer (weight 20%), construction (weight 5%), and retail trade (weight 5%) confidence indicators. Source: European Commission, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

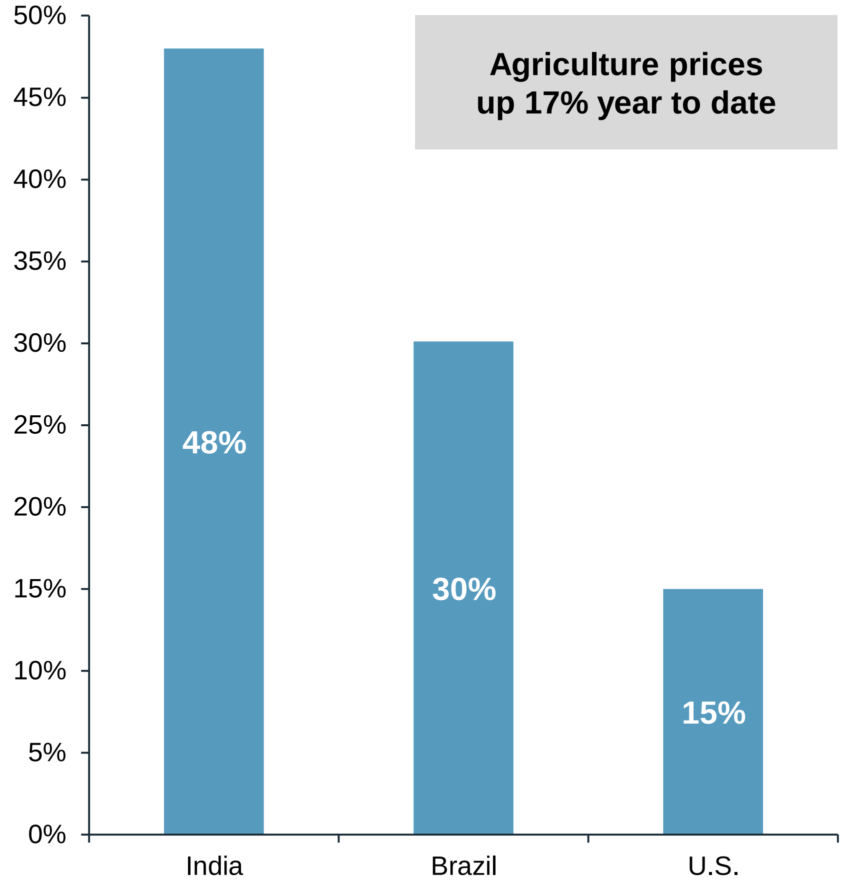
Some Price Pressures, but Global Disinflation Continues

Ongoing weak wage growth has continued to mute inflationary pressures in developed economies. Weaker outlooks may help to bring down inflation in some EM economies over time. However, the rapid rise in agricultural prices could create inflationary pressures in many emerging economies, where food represents a higher proportion of consumer expense.

Consumer Inflation



Consumer Price Index Food Weights



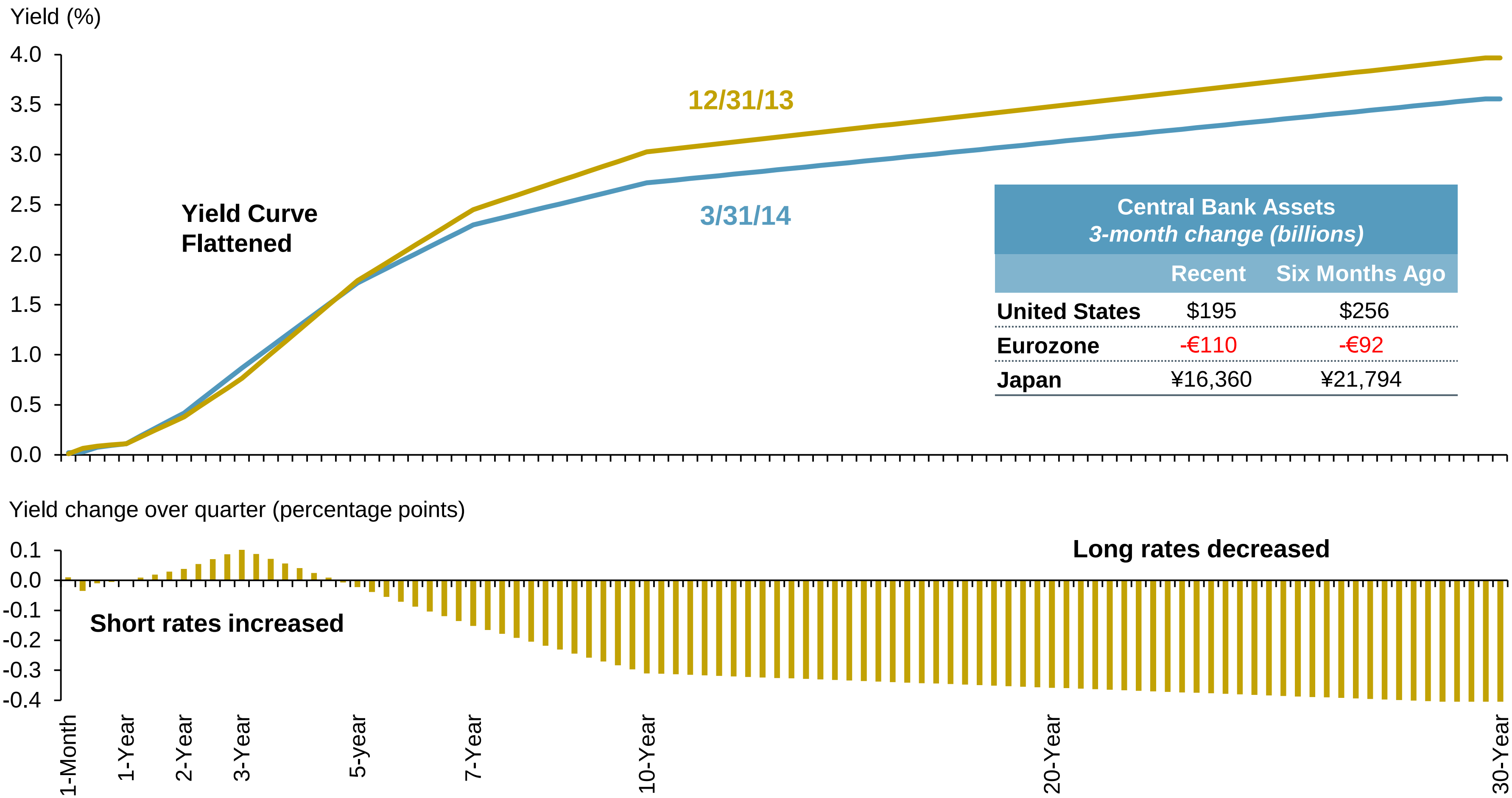
LEFT: Headline Consumer Price Indices used. BIITS: Shows equal-weighted CPI average for Brazil, India, Indonesia, Turkey, South Africa. Source: Official country estimates, Haver Analytics, Fidelity Investments (AART), as of 2/28/14. **RIGHT:** Agriculture prices represented by the S&P GSCI Agricultural sub-index. CPI food weights include food and beverages, ex-tobacco. Source: Official country estimates, Haver Analytics, Fidelity Investments (AART), as of 2/28/14.

Fidelity INVESTMENTS

Fed Taper: Slower Global Liquidity Growth, Flatter Curve

The Federal Reserve (Fed) began tapering its quantitative easing program, which contributed to the trend of slowing global liquidity growth; however, central banks in Japan and Europe remain inclined toward additional easing. Despite a modest rise in short-term rates and a drop in long-term rates, the yield curve for Treasury bonds has remained historically steep.

Yield Curve



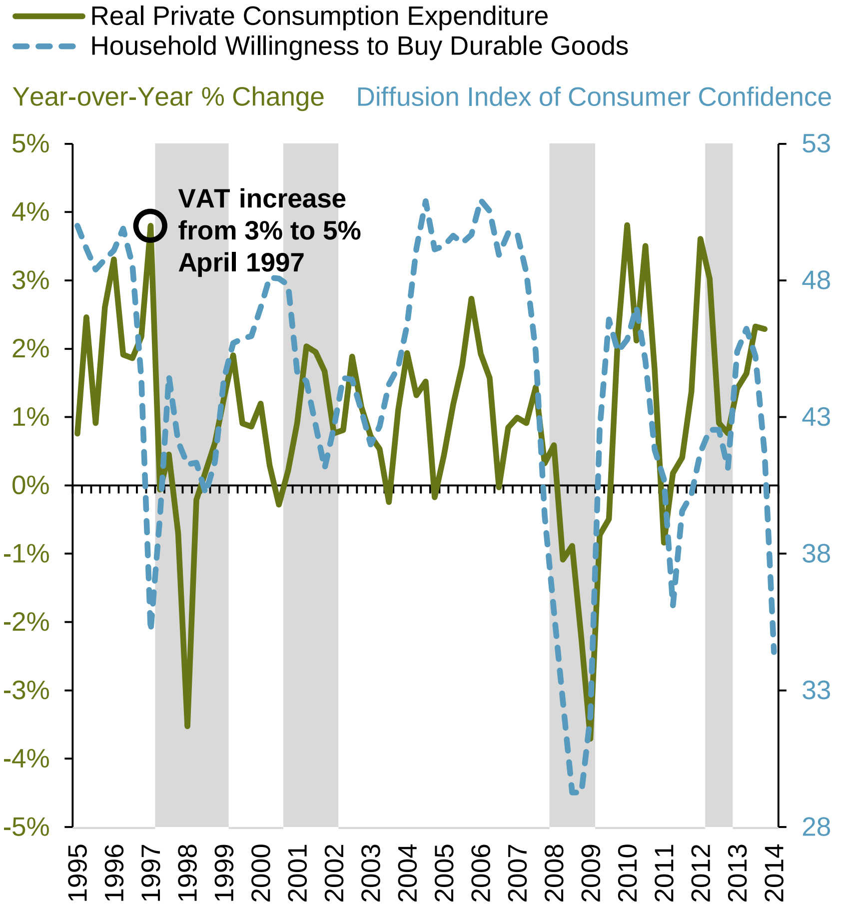
Central Bank Assets *3-month change (billions)*	Recent	Six Months Ago
United States	$195	$256
Eurozone	-€110	-€92
Japan	¥16,360	¥21,794

Federal Reserve balance sheet data are 13-week changes. Source: Bloomberg Finance L.P., Federal Reserve, European Central Bank, Bank of Japan, Haver Analytics, Fidelity Investments (AART). Yield Curve as of 3/31/14, Japan and Europe central bank data as of 2/28/14, U.S. assets as of 3/27/14.

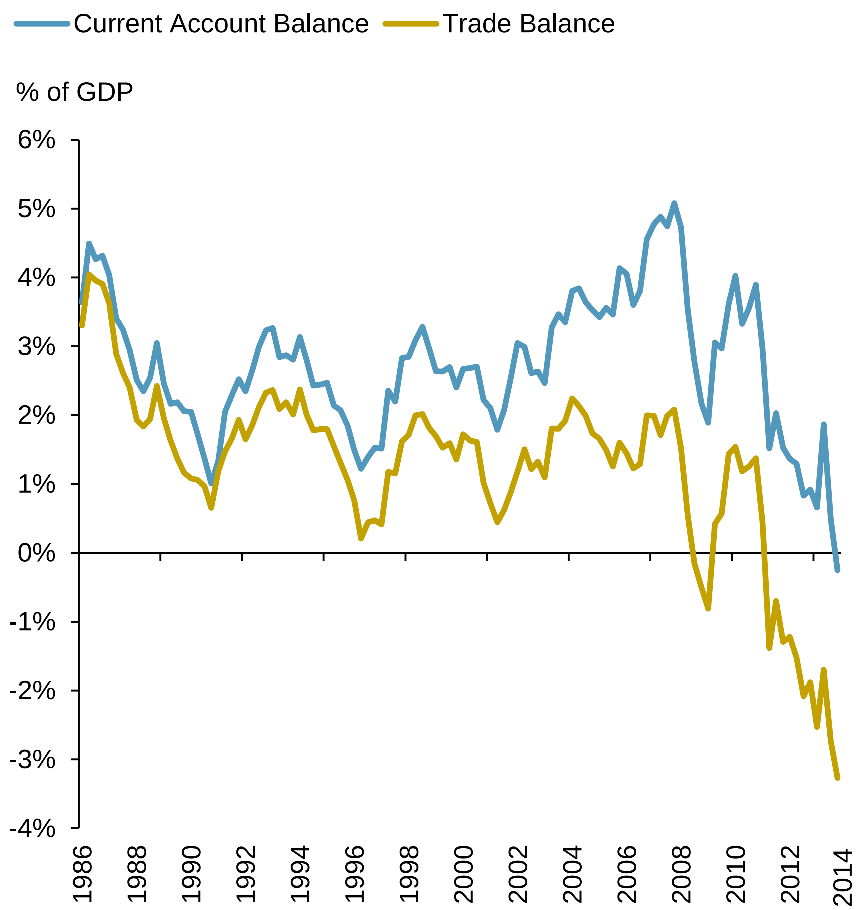
Japan: Tax Hike Raises Risk of Demand Shock in Asia

Japanese consumer sentiment plunged ahead of the April tax hike, recalling a similar drop in 1997 that preceded a steep dive in consumer spending. Meanwhile, Japan's savings cushion has disappeared as its current account has fallen into deficit, making the financing of its large public debt more problematic. Both circumstances are potential sources of market volatility.

Consumer Spending and Sentiment



External Accounts

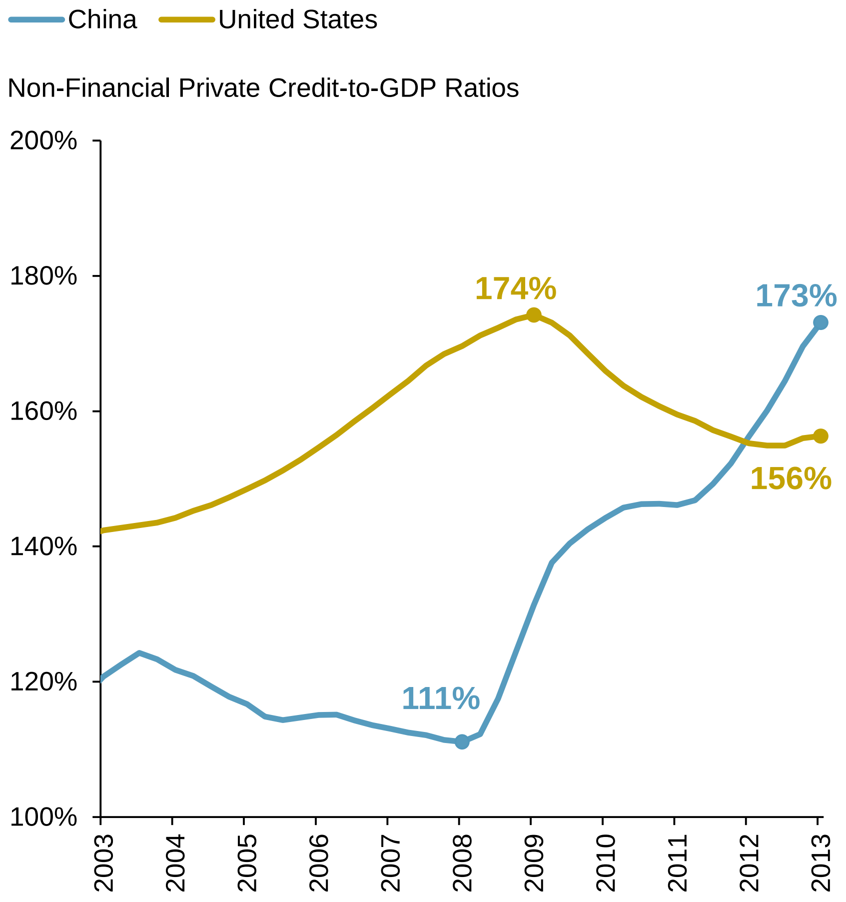


LEFT: Shaded areas represent recessions as defined by the Cabinet Office of Japan. Quarterly averages shown. The consumer confidence diffusion index measures whether consumer attitudes have improved, remained constant, or declined. Source: Cabinet Office of Japan, Haver Analytics, Fidelity Investments (AART), as of 3/31/14. **RIGHT:** Source: Bank of Japan, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

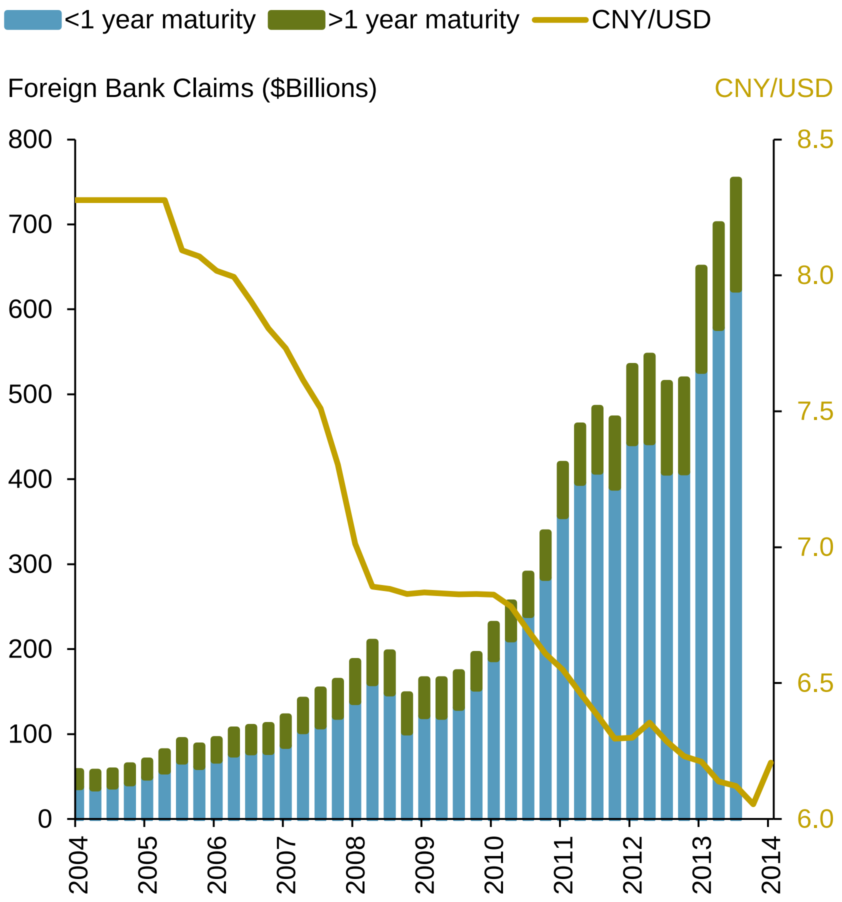
China: Imbalances Create Economic and Financial Risks

After a massive credit boom in recent years, China continues to struggle to balance the competing objectives of tamping down excessive credit expansion, preventing financial instability, and maintaining a fast pace of growth. Foreign capital inflows have risen and become more short-term in nature, increasing China's vulnerability to shifts in global capital flows.

Credit-to-GDP Ratios



Foreign Bank Claims and China FX Rate

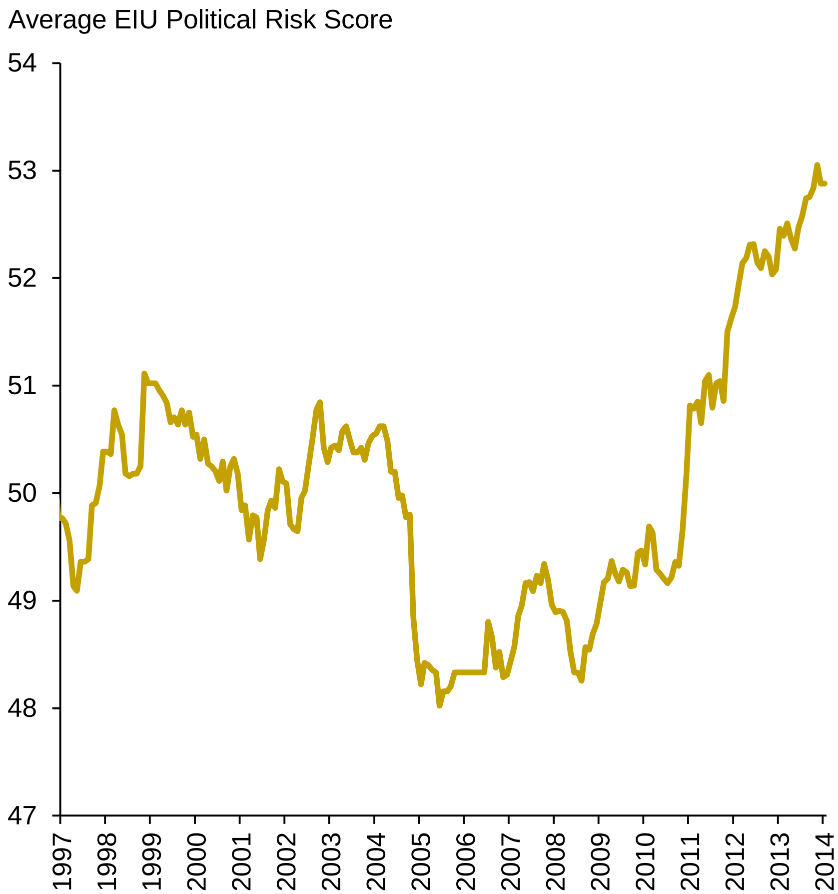


GDP: gross domestic product. CNY: Chinese Yuan. **LEFT:** Source: Bank for International Settlements, Organisation for Economic Co-operation and Development, Haver Analytics, Fidelity Investments (AART), as of 9/30/13. **RIGHT:** Source: Bank for International Settlements, Bloomberg Finance L.P., Haver Analytics, Fidelity Investments (AART), as of 9/30/13. CNY/USD exchange rate as of 3/31/14.

Higher Political Risk in Many Emerging-Market Countries

Slowing growth in many EM economies has heightened awareness of economic mismanagement, corruption, and deficient governance in some countries. Political uncertainty and the potential for instability are exacerbated by looming major elections in many EM countries, and by geopolitical risk amplified by Russia's annexation of Crimea.

Emerging-Market Political Risk



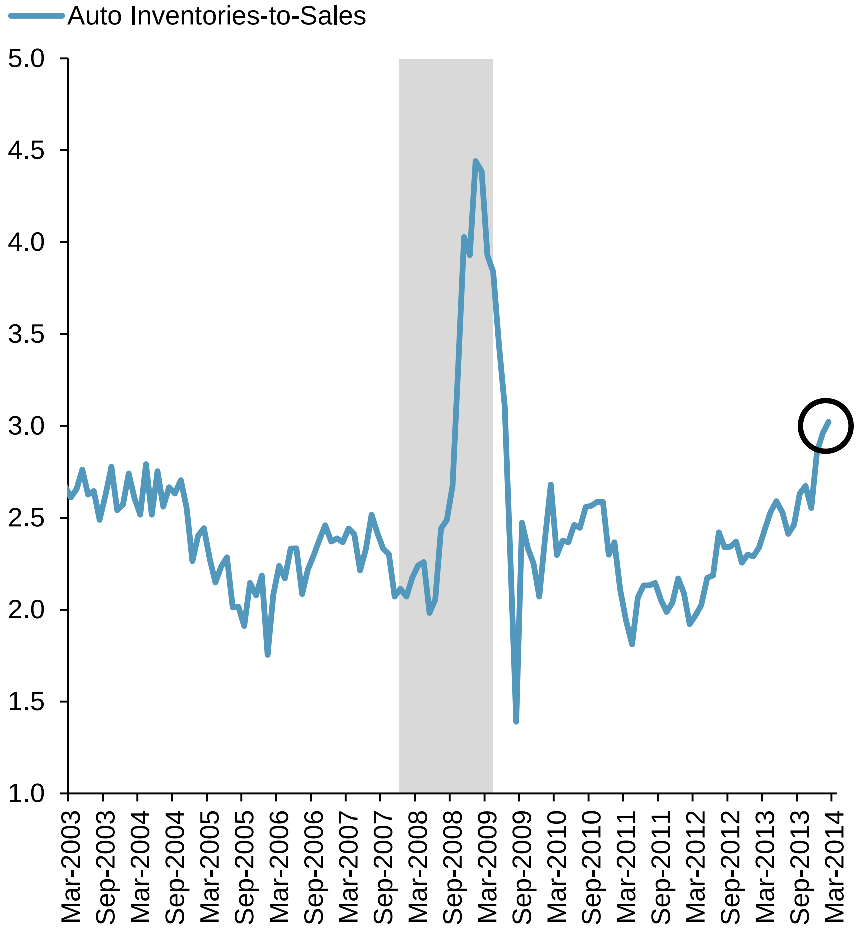
	2014 Elections	World Bank Governance Indicators
Brazil	x	Moderate political stability
Colombia	x	Low political stability
Egypt	x	Low political stability
India	x	High corruption
Indonesia	x	High corruption
Russia		Low rule of law
South Africa	x	Moderate political stability
Thailand	x	Low political stability
Turkey	x	Low political stability
Ukraine	x	High corruption
Venezuela		Low political stability

EM Average Economist Intelligence Unit (EIU) Political Risk Score is averaged across countries in the MSCI EM Index and MSCI Frontier Markets Index. Elections are presidential (or equivalent), or parliamentary. World bank governance indicators: low = 35th percentile or lower; moderate = 36th to 50th percentile, high = 51st percentile or higher. Source: The Economist Intelligence Unit, Bloomberg Finance L.P. (left chart: underlying Political Risk Scores as of 2/28/2014), World Bank (right table), Fidelity Investments (AART), as of 4/1/2014.

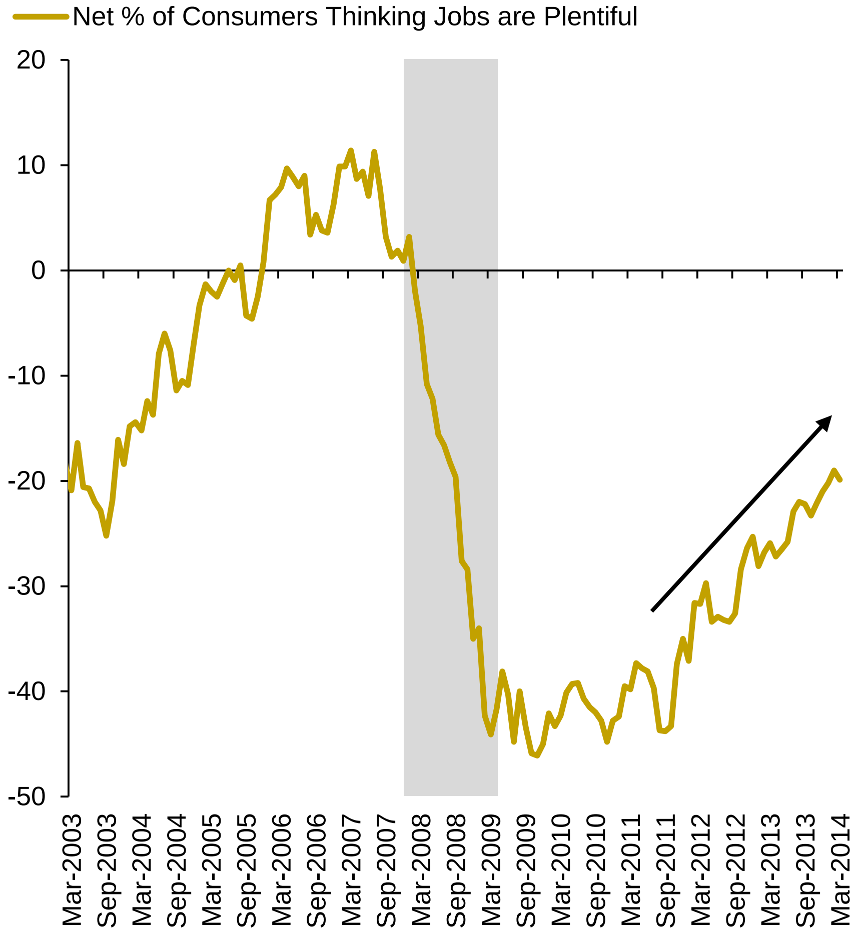
Harsh U.S. Weather Was a Headwind, Not a Game-Changer

Persistent cold and inclement weather across much of the U.S. had a depressing impact on Q1 economic activity. Certain sectors of the economy now face headwinds from residual effects such as higher utilities prices and elevated auto inventory levels. However, consumer sentiment and labor-market leading indicators remained in an upward trend.

Auto Inventories



Consumer Perception of the Job Market

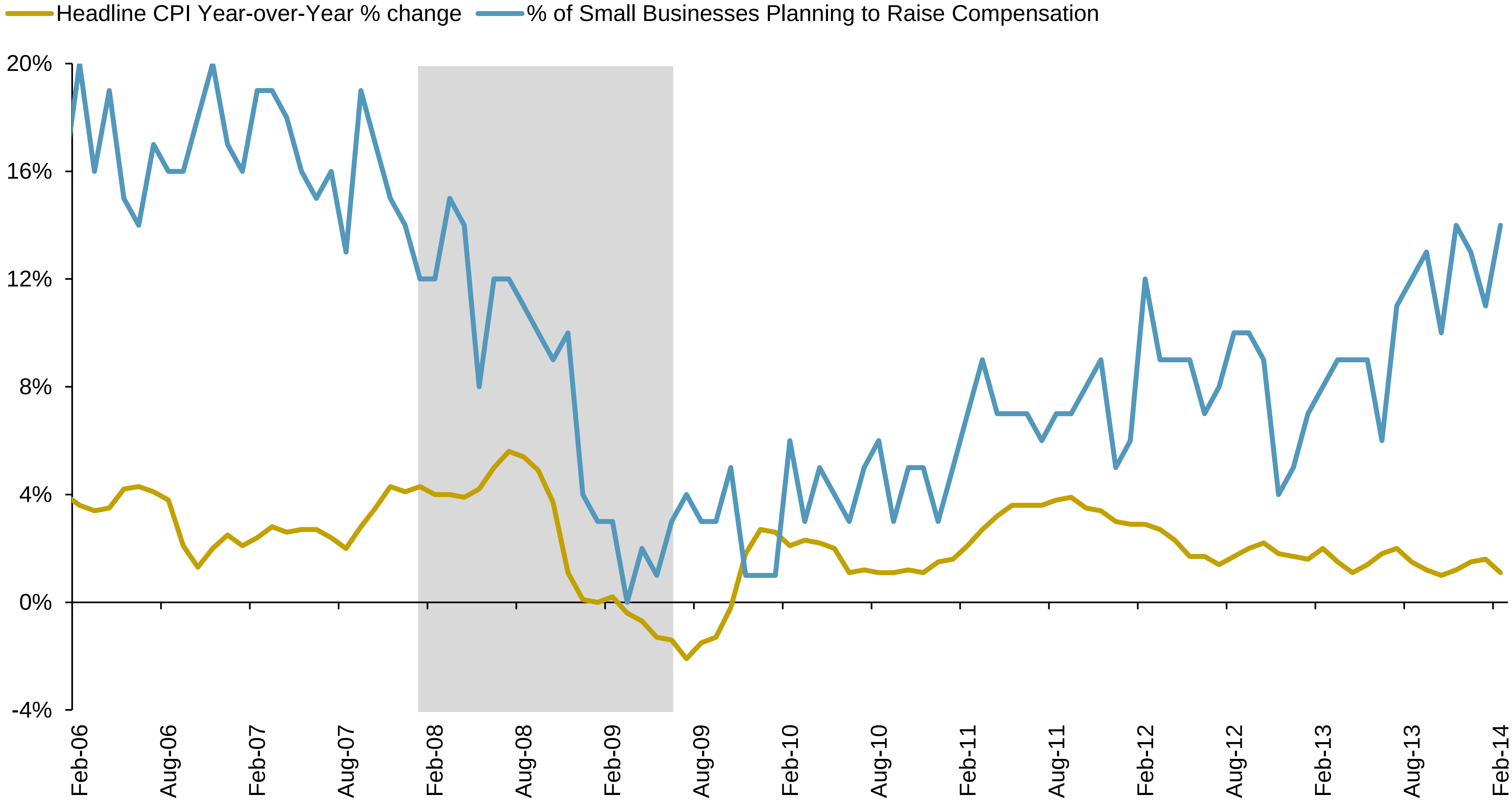


Shaded area indicates a recession as defined by the National Bureau of Economic Research. **LEFT:** Source: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART) though 2/28/14. **RIGHT:** Source: The Conference Board, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

Positive Outlook for Real U.S. Wages, Consumer Spending

The outlook for real wages has improved amid low inflation and a steadily recovering labor market. A growing proportion of small businesses have increased worker compensation and foresee the need to continue raising wages, in part due to a rising scarcity of qualified job applicants. Sustained real wage growth could potentially support additional consumer activity.

Wage Expectations vs. Inflation

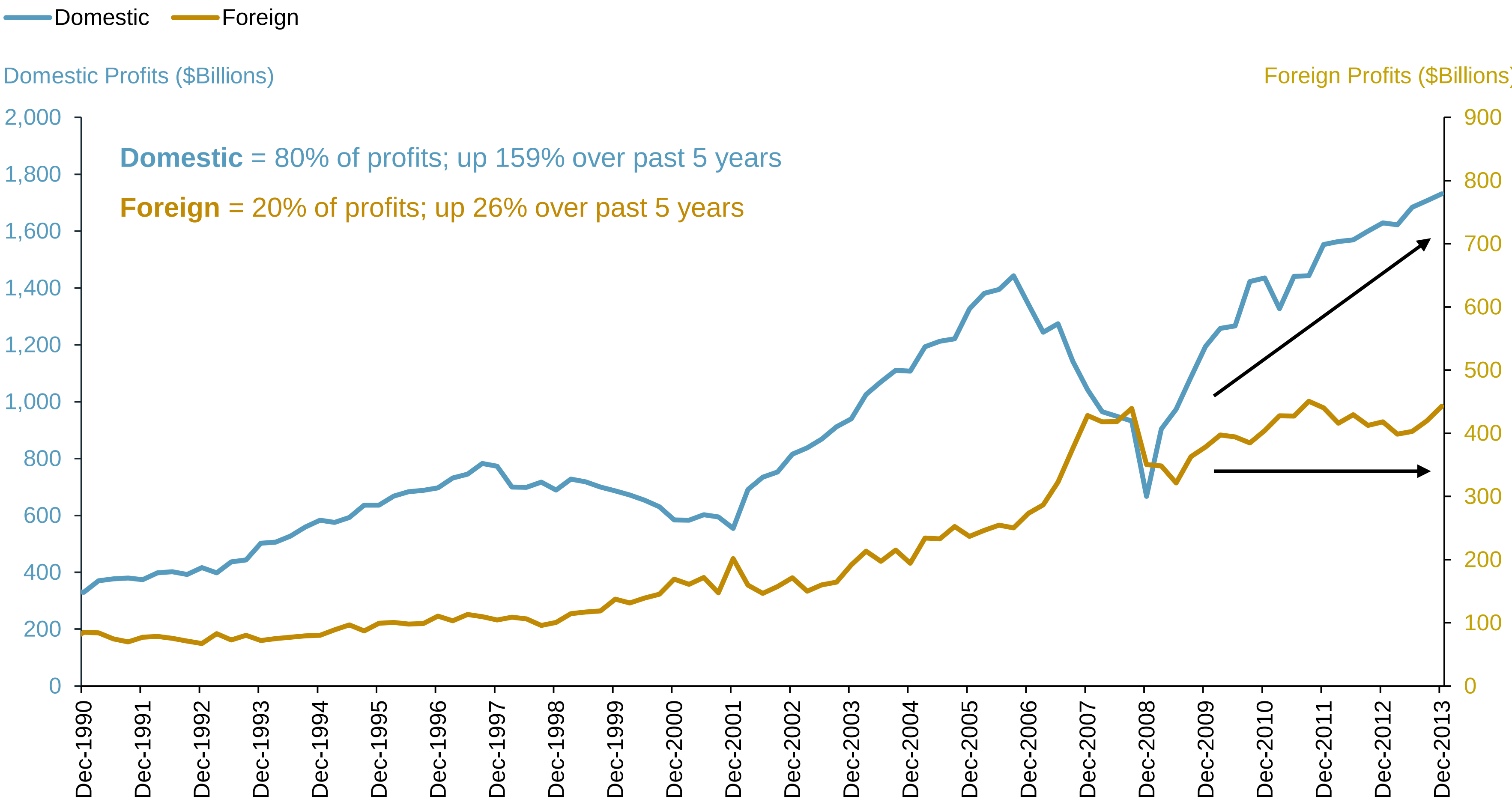


Shaded area indicates a recession as defined by the National Bureau of Economic Research. Real: inflation-adjusted. Source: Bureau of Labor Statistics, National Federation of Independent Business, Haver Analytics, Fidelity Investments (AART), as of 2/28/14.

U.S. Companies Benefiting From Domestic Profit Growth

The corporate sector continues to show solid earnings growth, having more than doubled profits over the past five years. Rapid gains in domestic profits have been the major source of growth since the 2008 financial crisis, while profits from foreign operations have leveled off after quintupling from 1995 to 2007.

U.S. Corporate Profits



Source: Bureau of Economic Analysis, Fidelity Investments (AART), as of 12/31/13.

Outlook: Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers responsible for a variety of asset allocation strategies across Fidelity's asset management unit, believes that the global economic and inflation backdrops remain generally constructive for risk assets tied to the U.S. and Europe.

Generally positive global economic momentum	Fed tapering continues, but rate hikes remain unlikely over next 12 to 18 months	Probability of additional monetary stimulus abroad has increased

Opportunities:

- Constructive backdrop for U.S. equities
  - Weather has depressed U.S. economic activity, but the improving credit cycle and corporate dynamics suggest the U.S. remains firmly in mid-cycle

Risks:

- Economic risks have shifted to Asia
  - Japan's consumption-tax hike and China's struggle to tamp down excessive credit are potential catalysts for greater market volatility

Potential Asset Allocation Implications:

- Global business cycle generally supportive of risk assets in U.S. and Europe
- Mostly cautious toward emerging-market equities and commodities, but some seeking tactical catalysts amid discounted prices
- Volatility in global asset markets may continue to rise

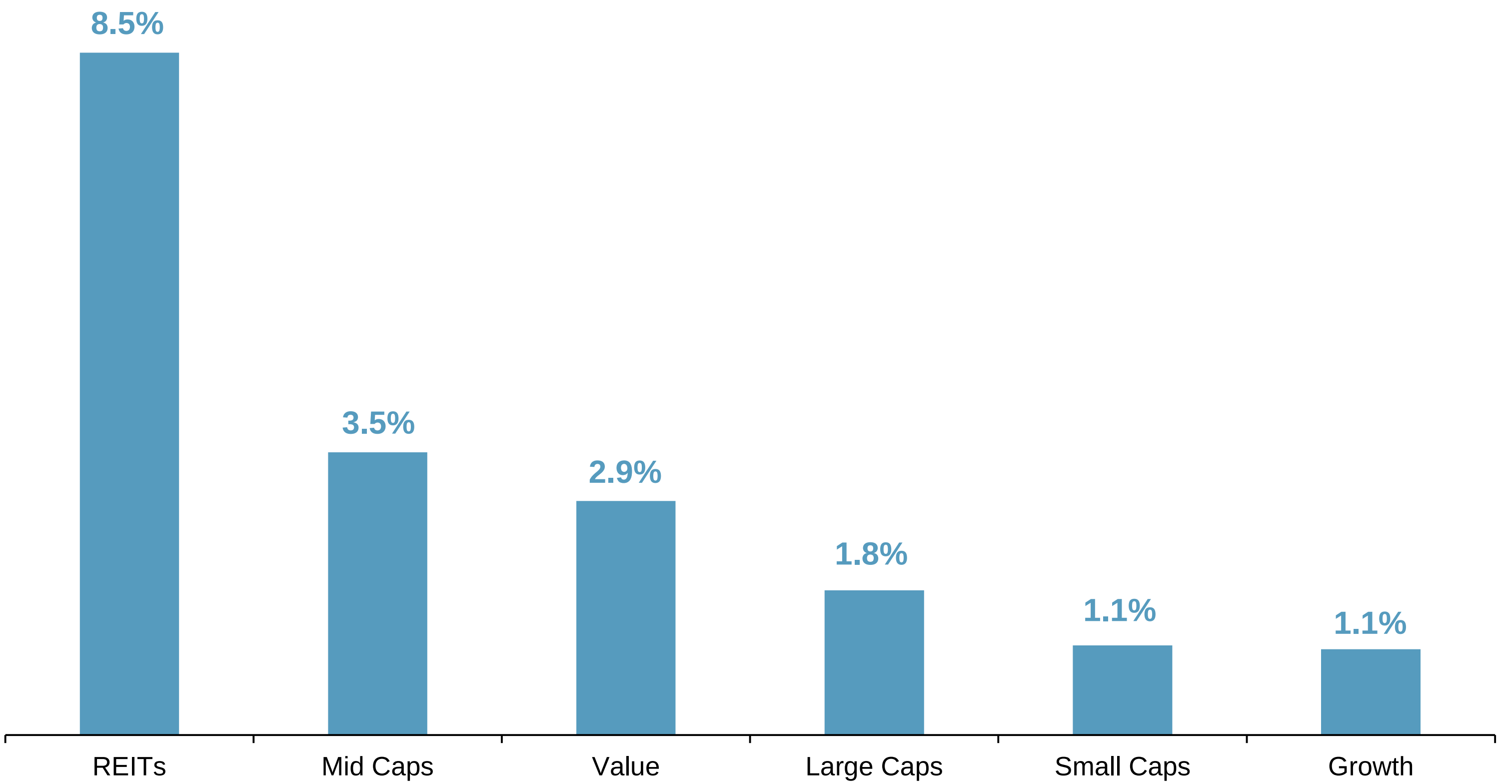
Source: Market Assessment Statement of Global Asset Allocation's Business Cycle Board, Fidelity Investments, as of 3/31/14.

U.S. Equity Markets

Broad, More Modest Gains Across U.S. Equity Categories

Following strong gains in 2013, major equity categories experienced moderate returns in the first quarter of 2014. REITs led the rally, after lagging during 2013, with falling long-term interest rates likely helping boost returns to this dividend-heavy category.

Q1 2014 Total Return



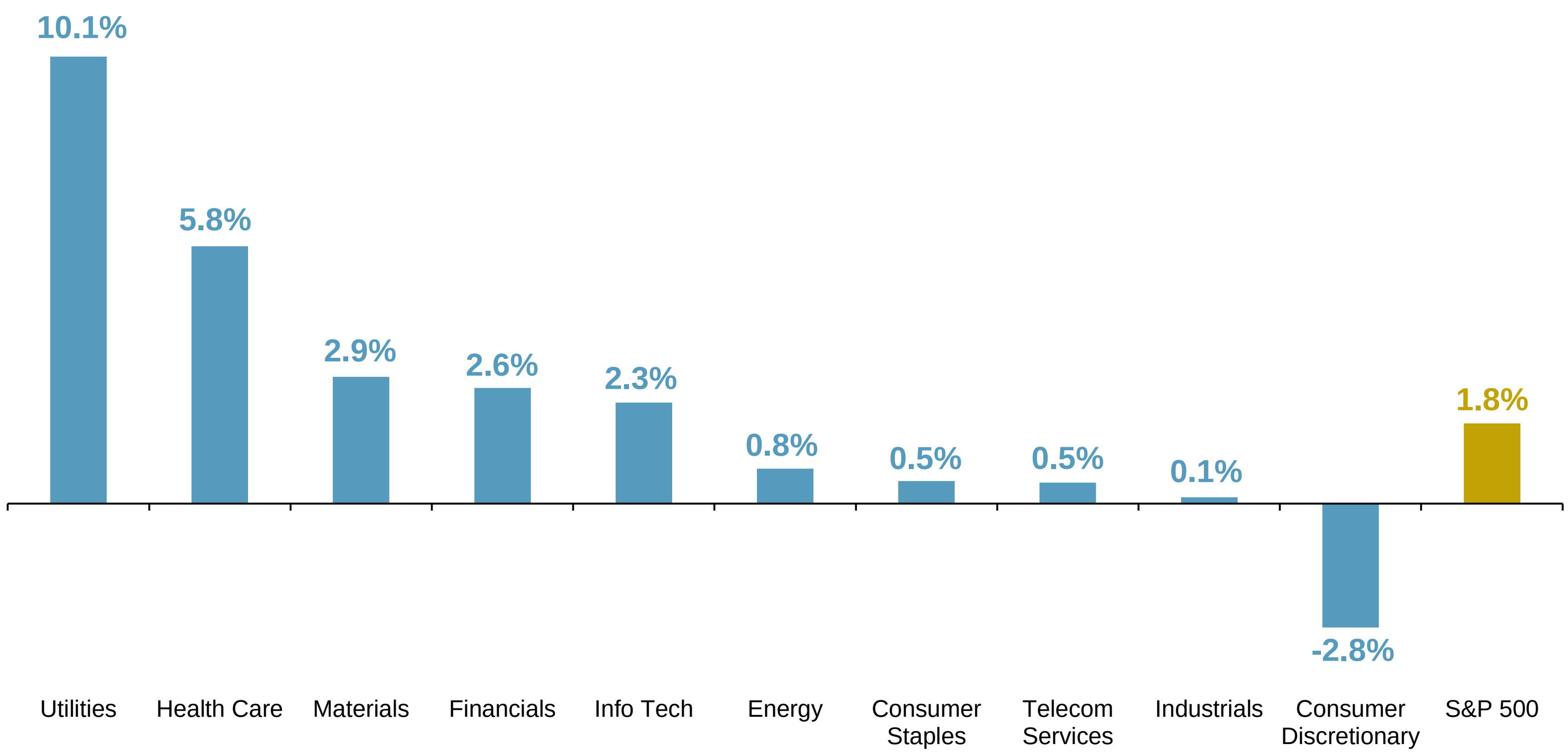
	REITs	Mid Caps	Value	Large Caps	Small Caps	Growth
1-Year	**3.3%**	**23.5%**	**21.7%**	**21.9%**	**24.9%**	**23.5%**

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Equity market returns represented by: Growth – Russell 3000 Growth Index; Large Caps – S&P 500 Index; Mid Caps – Russell Midcap Index; REITs (Real Estate Investment Trusts) – FTSE NAREIT Equity Index; Small Caps – Russell 2000 Index; Value – Russell 3000 Value Index. Source: FactSet, Fidelity Investments (AART), as of 3/31/14.

Defensive Sectors Led

More defensive sectors such as utilities and health care benefited from higher economic uncertainty amid harsh weather and disappointing data, while more economically sensitive industrial and consumer discretionary stocks trailed. Utilities may have benefited from a turnaround after weak performance in 2013, as well as from lower interest rates making dividends attractive.

Q1 2014 Total Return



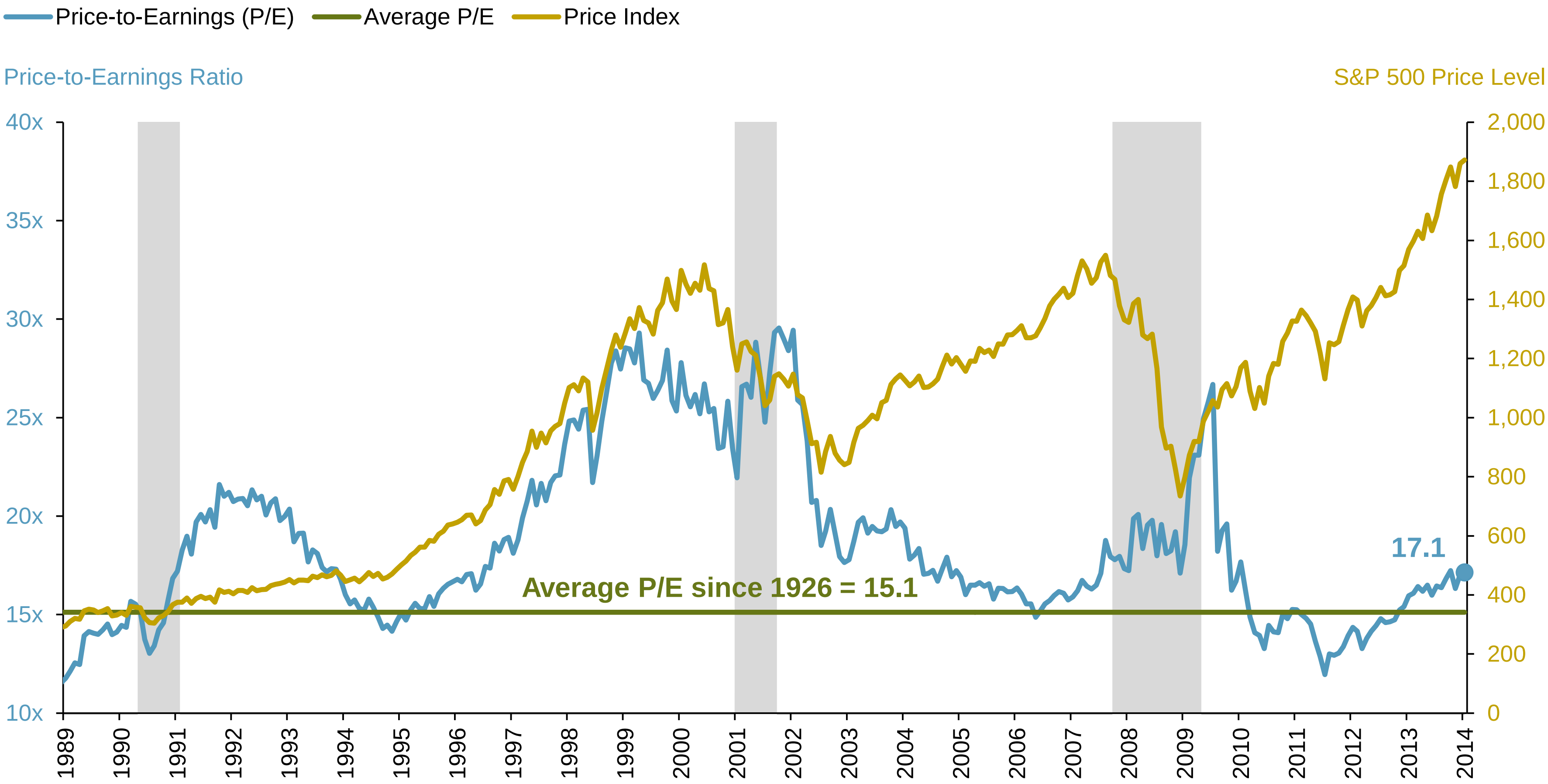
	Utilities	Health Care	Materials	Financials	Info Tech	Energy	Consumer Staples	Telecom Services	Industrials	Consumer Discretionary	S&P 500
1-Year	10.3%	29.2%	23.3%	24.9%	25.6%	14.4%	10.6%	2.3%	27.3%	24.0%	21.9%

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in more diversified baskets of securities. Sector returns represented by S&P 500 sectors. Source: FactSet, Fidelity Investments (AART), as of 3/31/14.

Current Valuations Modestly above Long-Term Average

Price-to-earnings ratios have risen over the past two years, as improving investor confidence helped drive market gains. Current valuations are now slightly above the long-term average. Although most stock indices are at all-time highs, the market's valuation has compressed since the 2001 peak.

S&P 500 Price and Valuation

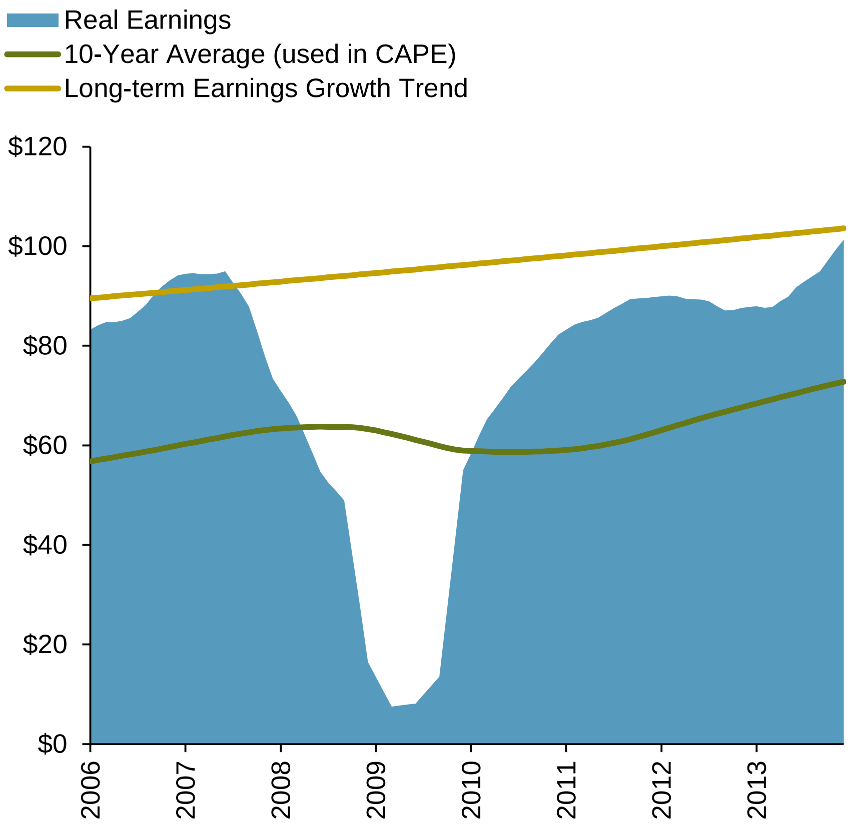


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Shaded areas indicate U.S. recessions as defined by the National Bureau of Economic Research. Source: Standard & Poor's, Robert Shiller, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

Shiller CAPE Overstates U.S. Equity Market Valuation

During periods of large balance sheet write-offs—such as 2008—Shiller's cyclically adjusted P/E ratio (CAPE) diverges from the true future cash-flow generating power of U.S. businesses. The result is an artificially high valuation signal relative both to its own history and to other valuation metrics.

S&P 500 Real Earnings



Shiller CAPE in 2009
Long-term CAPE Average = 16.8
CAPE rose above that average in August 2009
Cumulative total stock market return since 2009 = approx. 110%

P/E Ratios	Dec-2013
Shiller CAPE	25.1
Five-Year Peak Real Earnings	17.8
Price/Free-Cash-Flow	17.2
NIPA P/E	11.7

CAPE: Cyclically adjusted P/E ratio. **LEFT:** S&P 500 Long-term Earnings Growth Trend: the long-term compound annual growth rate in S&P 500 real diluted earnings is 1.84% since 1871. Source: Standard & Poor's, Bureau of Labor Statistics, Robert Shiller, Fidelity Investments (AART), as of 12/31/13. **RIGHT:** 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. NIPA: National Income and Product Accounts. Stock market return represented by S&P 500 Index annualized total return. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Source: Standard & Poor's, Robert Shiller, Bloomberg L.P., Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

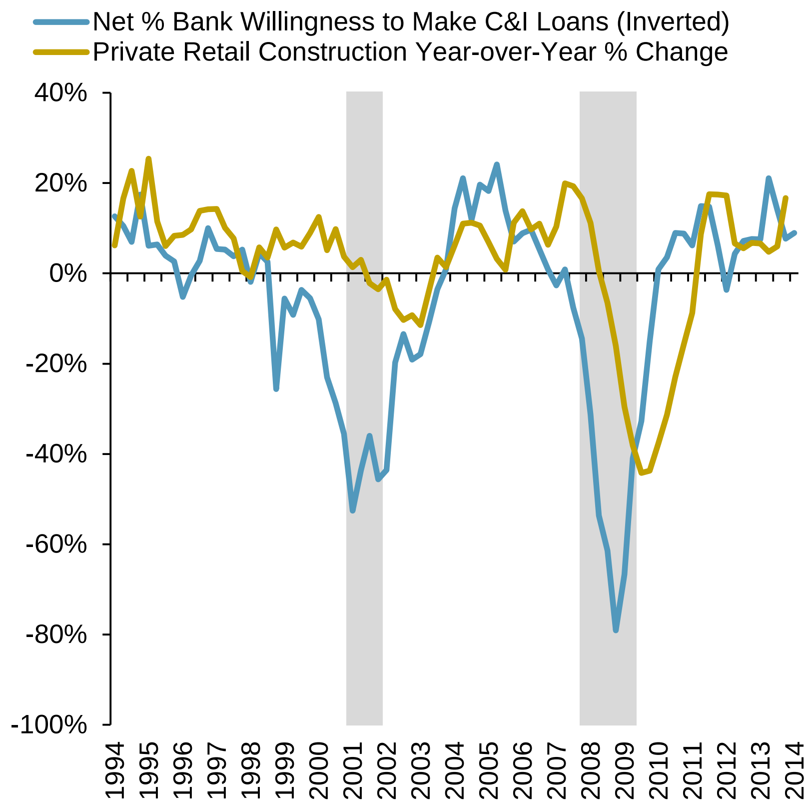
U.S. Business Cycle Backdrop Positive for Industrials

A disciplined business cycle approach to sector allocation can produce active returns. Increased bank willingness to make commercial and industrial (C&I) loans is contributing to a rebound in private retail construction. Machinery, engineering and construction, and transportation companies are some of the industrial subsectors best positioned to benefit from this trend.

Business Cycle Approach to Sectors

Sector	Early	Mid	Late	Recession
Financials	+			
Consumer Discretionary	+		–	–
Technology	+	+	–	–
Industrials	+	+		–
Materials	+	–	+	
Consumer Staples			+	+
Health Care			+	+
Energy	–		+	
Telecom	–			+
Utilities	–	–	+	+

Bank Willingness to Make C&I Loans vs. Private Retail Real Estate Construction

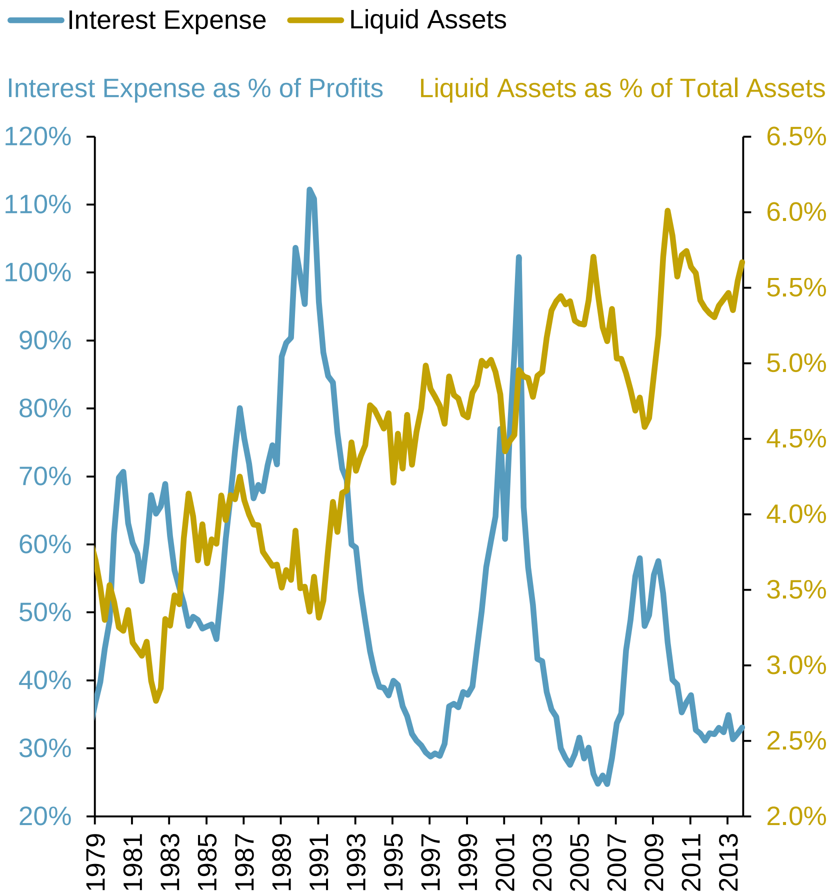


Past performance is no guarantee of future results. Sectors as defined by GICS. **LEFT:** Green portions suggest a historical pattern of outperformance, red portions suggest underperformance, and unshaded portions indicate no clear pattern of out- or underperformance vs. broader market, as represented by the top 3,000 U.S. stocks by market capitalization. Analysis includes performance for 1962 to 2010. Source: *The Business Cycle Approach to Sector Investing,* Fidelity Investments (AART), May 2012. **RIGHT:** Shaded areas indicate recessions as defined by the National Bureau of Economic Research. Private Retail Construction includes: automotive, food/beverage, multi-retail, other commercial, warehouse, and farm structures. Source: Federal Reserve, Census Bureau, Fidelity Investments (AART), as of 3/31/14.

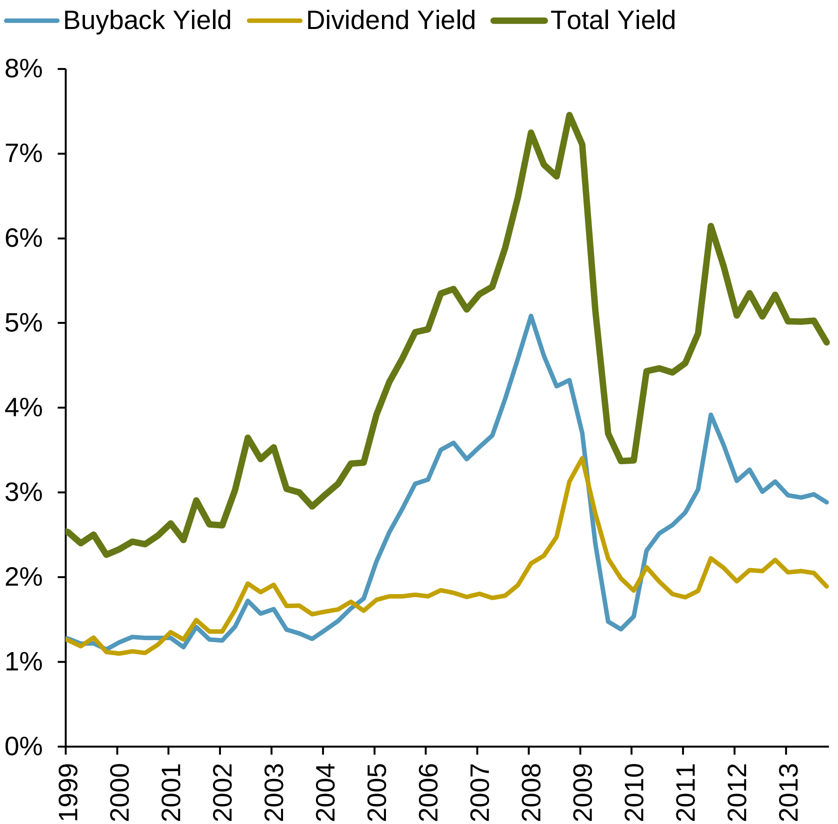
Healthy Balance Sheets Enable Focus on Investor Returns

Historically low interest rates and strong profitability have allowed U.S. corporations to reduce interest expense, shore up balance sheets, and accumulate liquid assets. Companies have used high cash balances to return capital to shareholders as both dividends and share buybacks, maintaining relatively high yields even though equity prices have continued to rise.

Corporate Cash and Interest Expense



S&P 500 Dividend, Buyback, and Total Yields



Past performance and dividend rates are historical and do not guarantee future results. **LEFT:** Interest expense for all nonfinancial U.S. firms as defined by the Bureau of Economic Analysis. Corporate cash/liquid assets as defined by the Federal Reserve Board. Source: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART), as of 12/31/13. **RIGHT:** Buyback and dividend yields are one-year sums divided by S&P 500 market capitalization. Source: Standard & Poor's, Fidelity Investments (AART), as of 12/31/13.

QUARTERLY MARKET UPDATE

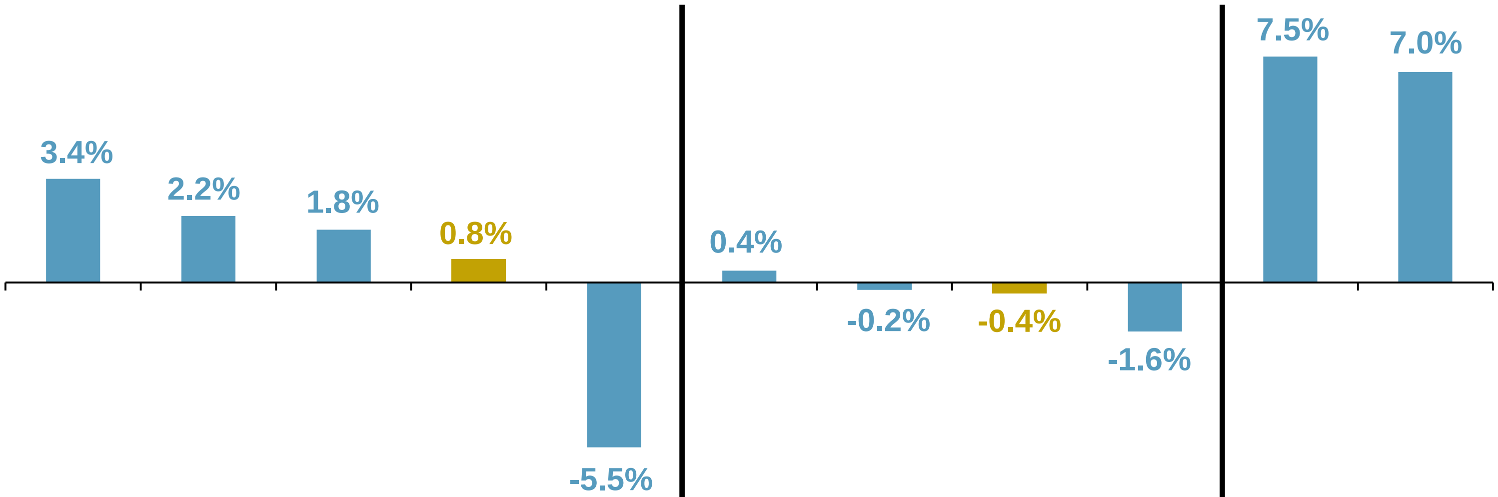
Second Quarter 2014

International Equity Markets & Global Assets

Mixed Non-U.S. Equity Returns; Commodity Prices Rose

Negative returns in Japan partially offset the modest positive returns in most other developed markets. EM equities were relatively flat. Modest currency appreciation overall provided a slight boost to non-U.S. equity returns. Commodity prices rose amid a panoply of supply risks, and gold prices likely rose in response to headline political uncertainty.

Q1 2014 Total Return



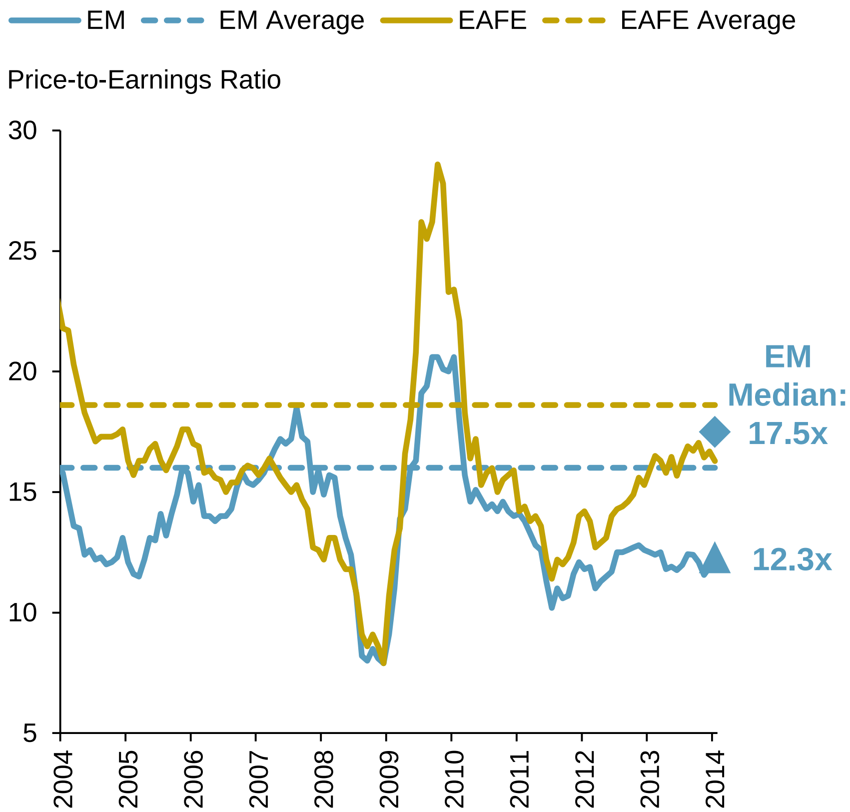
	EAFE Small Cap	Europe	Canada	EAFE	Japan	Latin America	EM Asia	Emerging Markets	EMEA	Gold	Commodities
Q1 2014 LC	2.3%	1.9%	5.7%	-0.2%	-7.4%	-1.7%	-0.3%	-0.5%	0.3%	N/A	N/A
1-Year USD	23.5%	25.2%	7.2%	18.0%	7.7%	-13.6%	3.7%	-0.9%	-0.6%	-19.1%	-2.1%
	Developed-Market Equities					**Emerging-Market Equities**				**Commodities**	

EM: emerging markets. LC: local currency. All returns are gross in U.S. dollars unless otherwise noted. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Index returns represented by: Canada – MSCI Canada Index; Commodities – S&P GSCI Commodities Index; EAFE – MSCI Europe, Australasia, Far East Index; EAFE Small Cap – MSCI EAFE Small Cap Index; EM Asia – MSCI Emerging Markets Asia Index; EMEA (Europe, Middle East, and Africa) – MSCI EM EMEA Index; Emerging Markets (EM) – MSCI EM Index; Europe – MSCI Europe Index; Gold – Gold Bullion Price, LBMA PM Fix; Japan – MSCI Japan Index; Latin America – MSCI EM Latin America Index. Source: FactSet, Fidelity Investments (AART), as of 3/31/14.

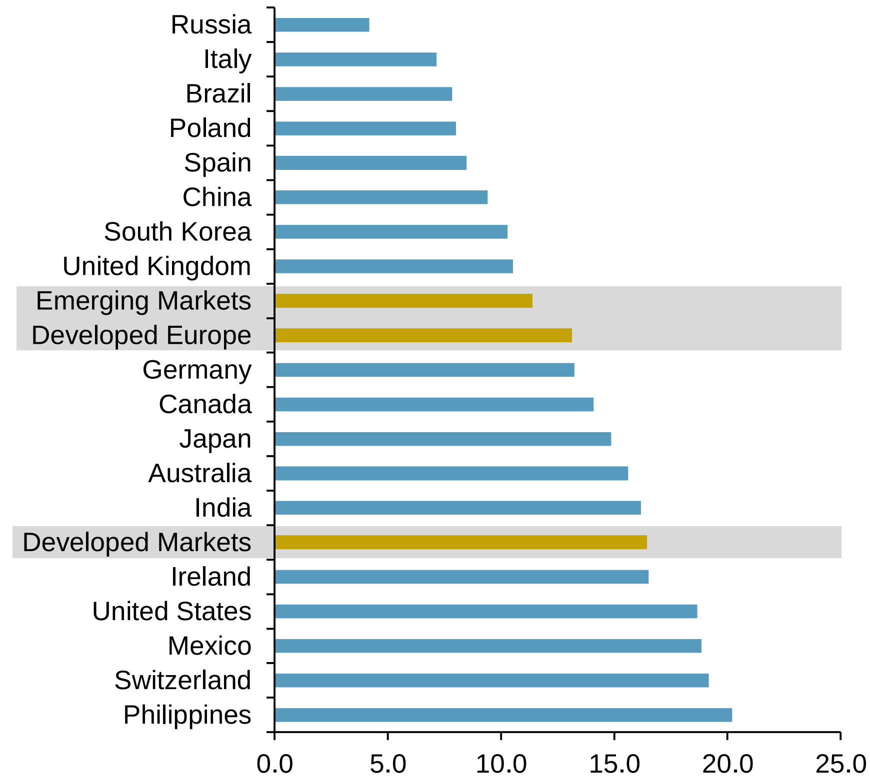
Non-U.S. Equity Valuations Still Relatively Inexpensive

P/E multiples remained below long-term averages in developed and emerging non-U.S. equity markets, with EM stocks' valuations appearing particularly inexpensive. However, the weighted-average P/E is dragged down by extremely low valuations on a relatively small number of large companies, with the median roughly in line with historical averages.

Trailing 12-Month P/E Ratios



Cyclical P/Es: Price-to-Five-Year Peak Earnings

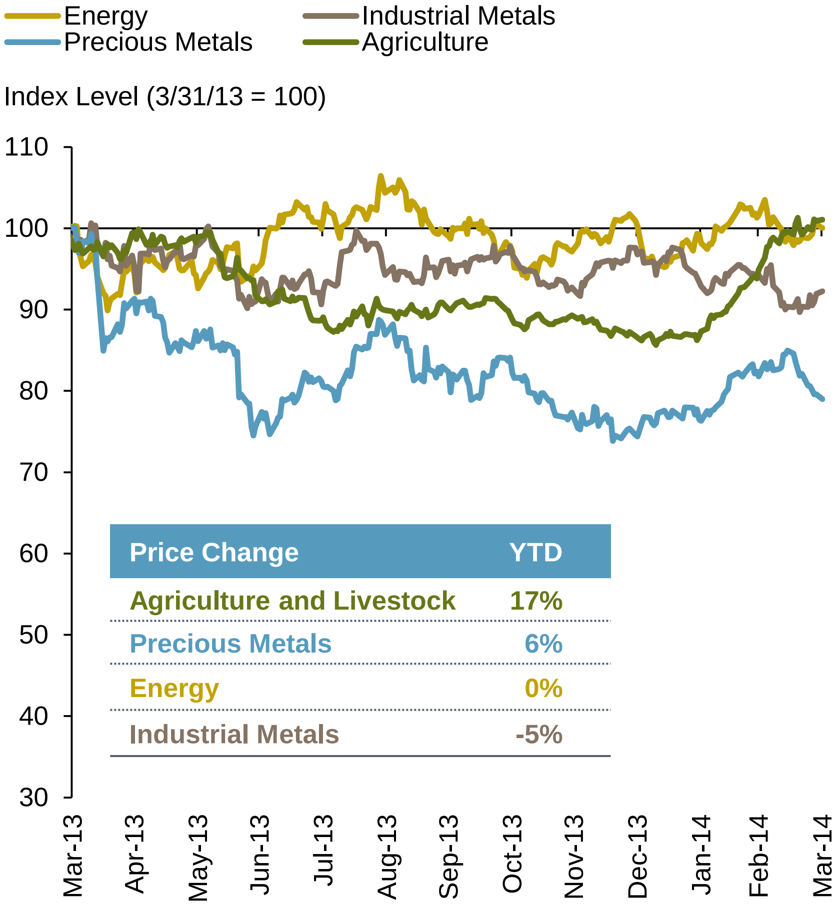


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Price-to-earnings (P/E) ratio (or multiple): stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. **LEFT:** Long-term average P/E for emerging markets includes MSCI EM Index data for 1988 to 2014. Long-term average P/E for non-U.S. developed markets includes MSCI EAFE Index data for 1978 to 2014. Source: FactSet, Fidelity Investments (AART), as of 3/31/14. **RIGHT:** Five-year peak earnings are adjusted for inflation. Source: FactSet, country statistical organizations, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

Mixed Commodity and Currency Performance

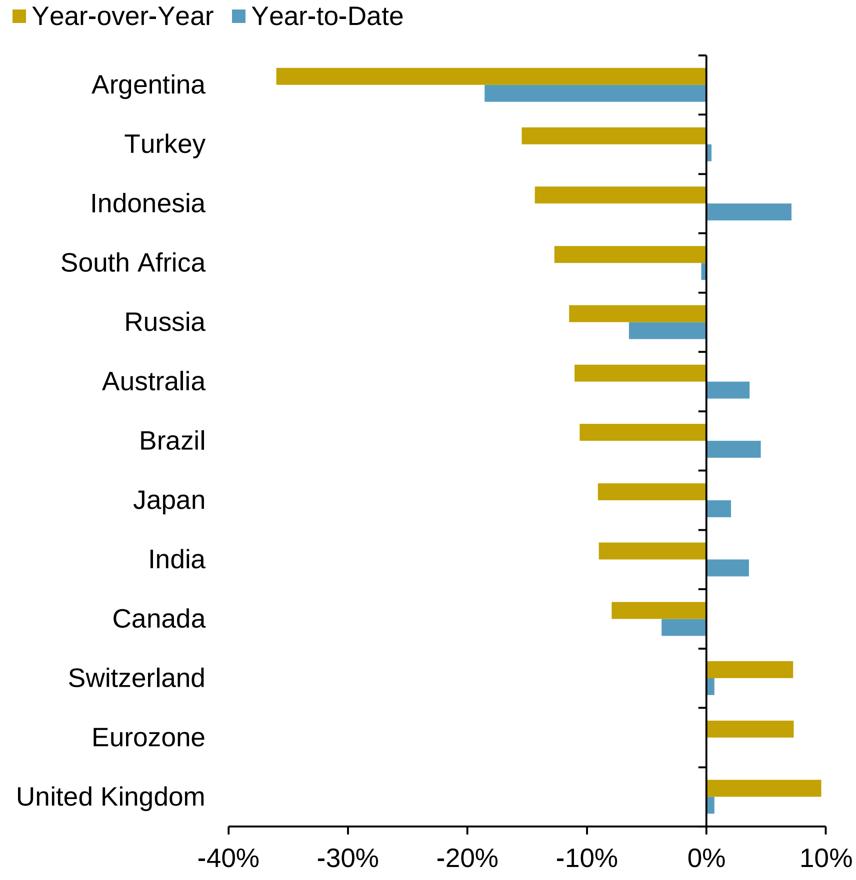
Commodity prices rose, as droughts in parts of the world disrupted food supplies and geopolitical uncertainty boosted prices for precious metals. Slowing demand in China dragged down industrial metals prices. Many emerging-market currencies stabilized in the first quarter after experiencing significant declines during 2013.

Commodity Performance



Price Change	YTD
Agriculture and Livestock	17%
Precious Metals	6%
Energy	0%
Industrial Metals	-5%

Currency Performance vs. U.S. Dollar



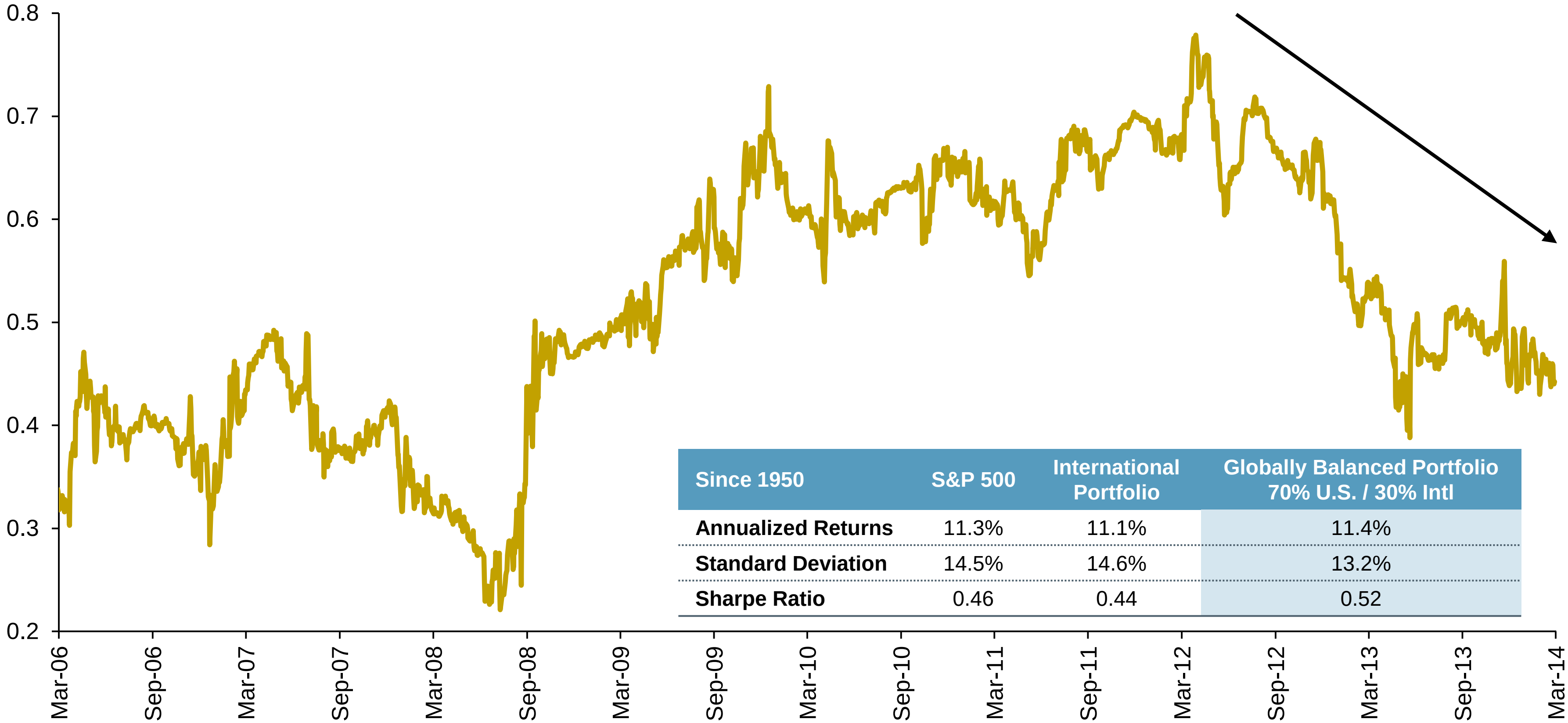
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. **LEFT:** Standard & Poor's GSCI Sub-Indices. Source: Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 3/31/14. **RIGHT:** Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/14.

International Equities: The Case for Diversification

A portfolio consisting of 70% U.S. and 30% international equities has provided higher returns, lower volatility, and higher risk-adjusted returns than the S&P 500 over the long run. Correlations between U.S. and international equities have trended back downward toward pre-recession levels, signaling increased diversification benefits from a diversified global portfolio.

Correlations: International and U.S. Equities

Six-Month Rolling Correlations of Daily Returns



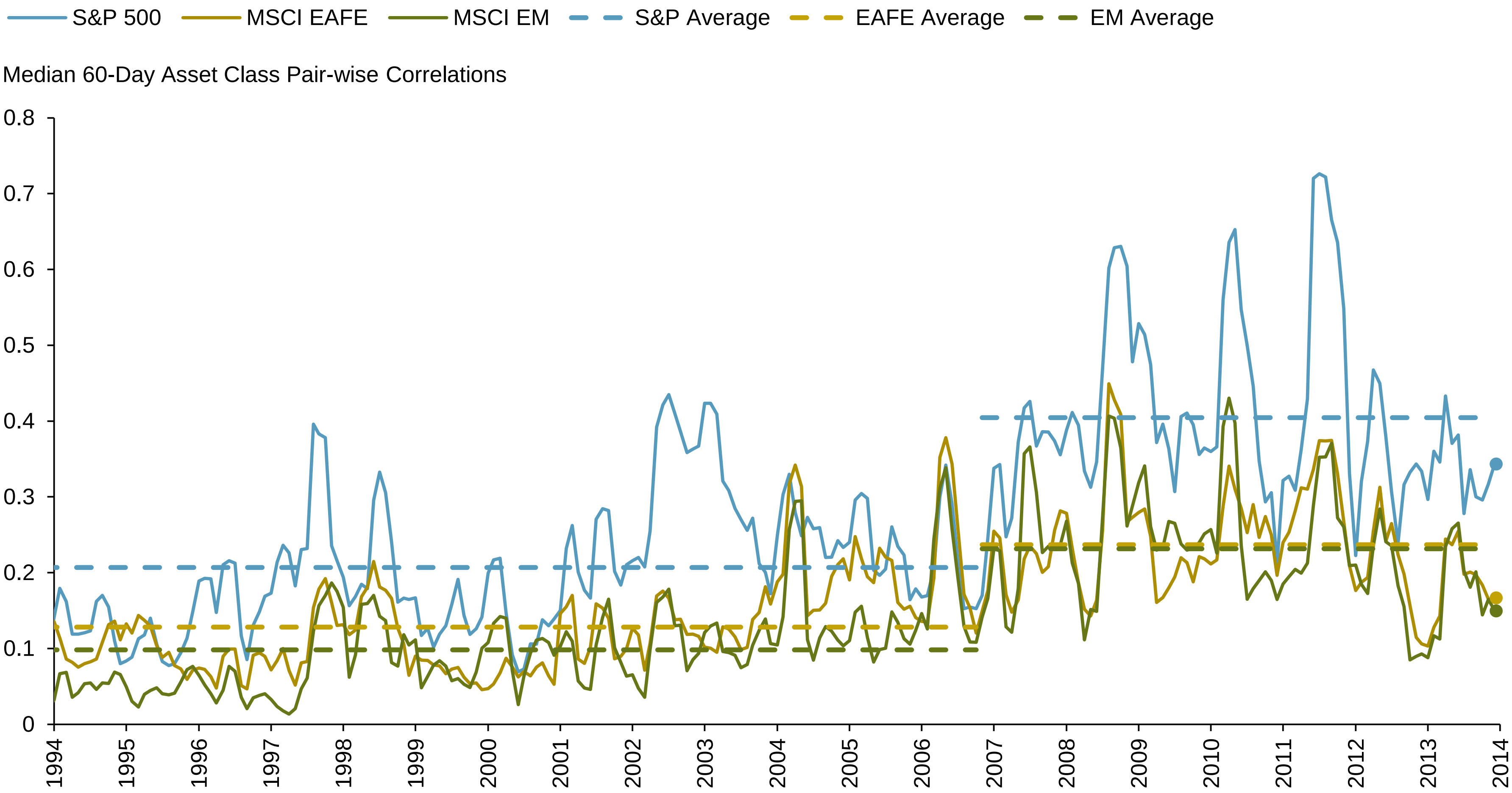
Since 1950	S&P 500	International Portfolio	Globally Balanced Portfolio 70% U.S. / 30% Intl
Annualized Returns	11.3%	11.1%	11.4%
Standard Deviation	14.5%	14.6%	13.2%
Sharpe Ratio	0.46	0.44	0.52

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Hypothetical "globally balanced portfolio" is rebalanced monthly in 70% U.S. equities, 25% developed-market (DM) equities, and 5% emerging-market (EM) equities. U.S equities – S&P 500 Total Return Index; DM equities – MSCI EAFE Index (1978-2013), Ibbotson (1970-1977), Global Financial Data (GFD) World x/USA Return Index (1950-1969); EM equities – MSCI EM Index (1988-2013), GFD Emerging Markets Index (1950-1987). Source: FactSet, GFD, Ibbotson, Fidelity Investments (AART), as of 3/31/14.

More Active Opportunities amid Lower Correlations

Intra-stock correlations remained lower than the elevated average over the past few years, benefiting from lower systemic global risk and greater economic divergence across countries. Lower correlations provide more opportunities for active security selection—particularly in non-U.S. markets, where correlations have drifted nearer to their pre-2007 average levels.

Equity Market Index Intra-stock Correlations



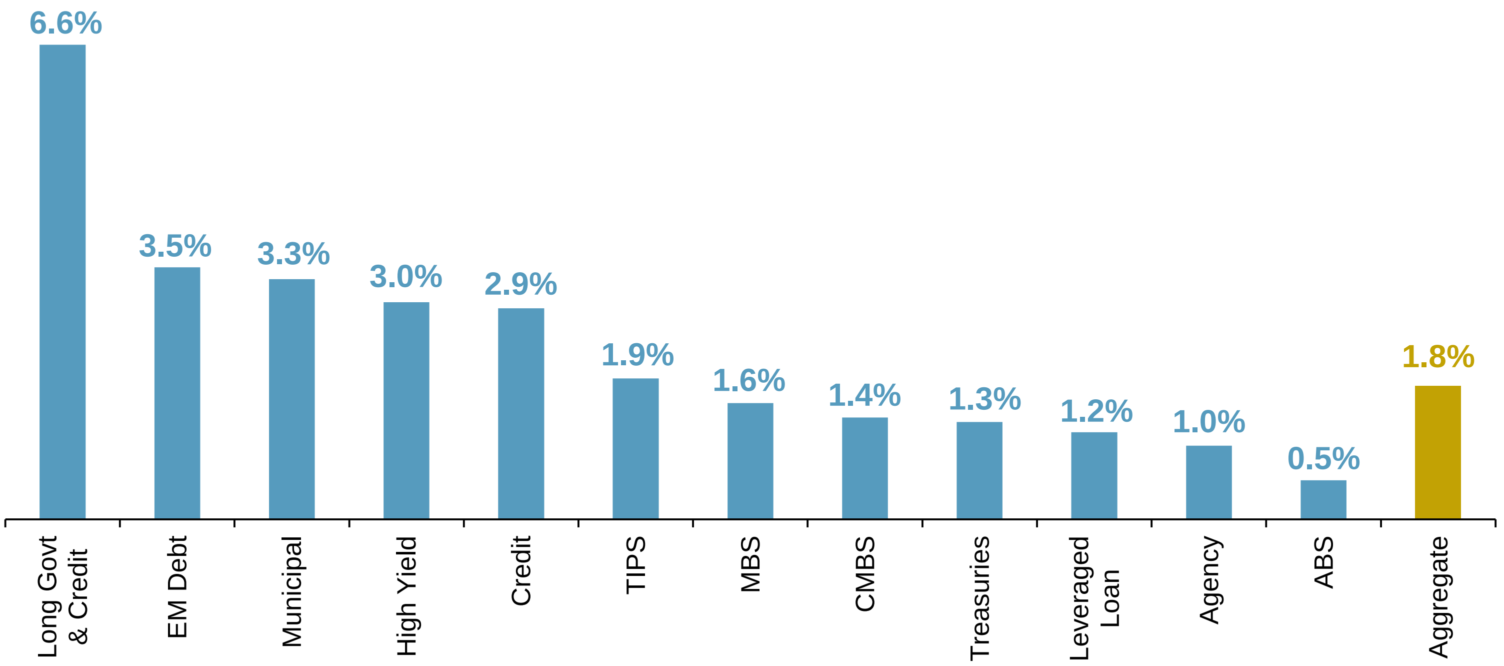
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important definitions and index information. MSCI EM – MSCI Emerging Market Large Cap Index. Source: Fidelity Investments (AART), as of 2/28/14.

Fixed Income Markets

Broad Gains for Fixed Income as Long-Term Rates Fell

Bonds registered positive returns during Q1. The decline in long-term yields supported bonds with longer durations, including EM debt and munis. Most non-government categories, including high-yield and investment-grade corporates, benefited from tightening credit spreads, as fundamentals remained solid and investor demand strong.

Q1 2014 Total Return



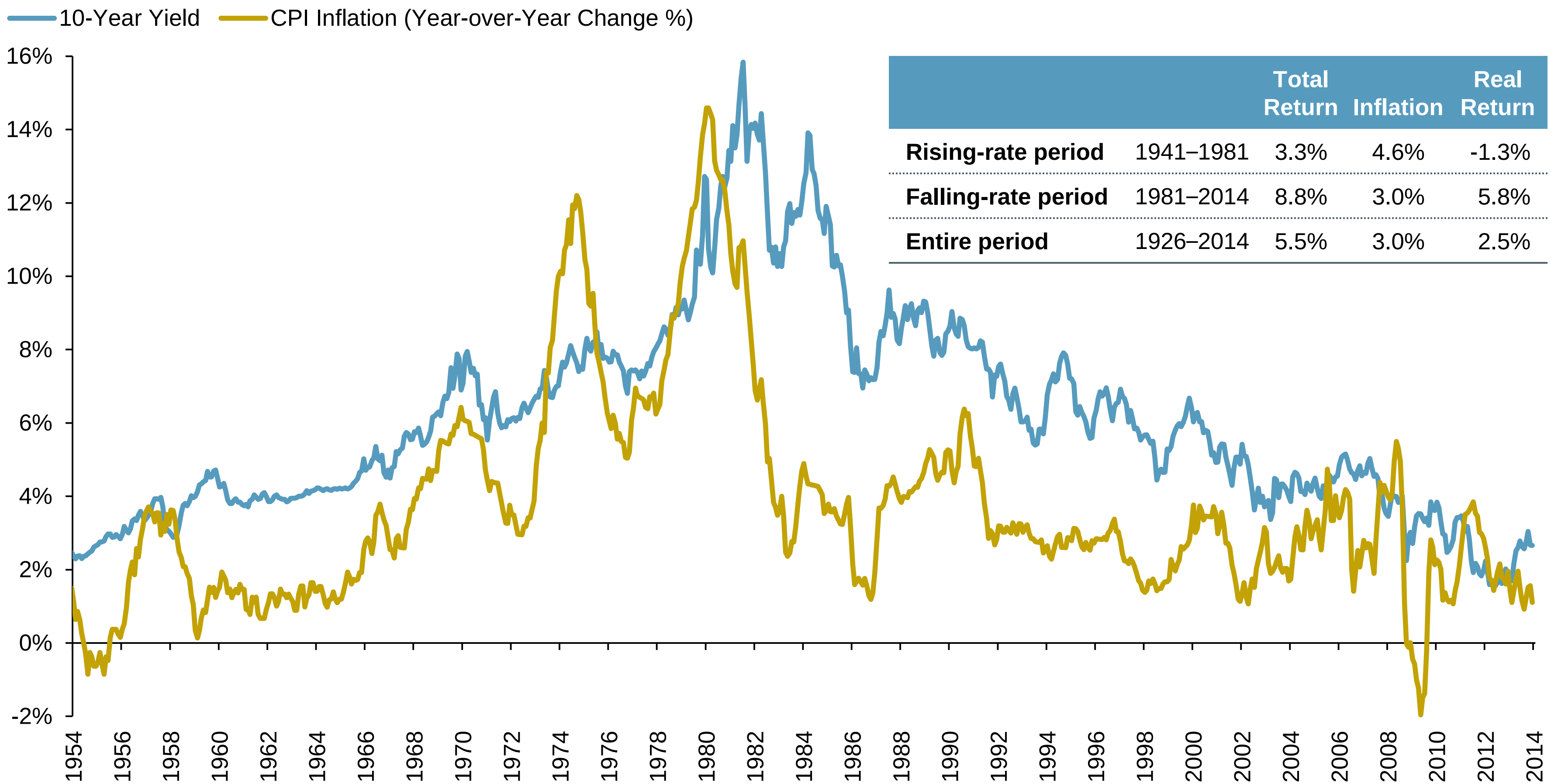
	Long Govt & Credit	EM Debt	Municipal	High Yield	Credit	TIPS	MBS	CMBS	Treasuries	Leveraged Loan	Agency	ABS	Aggregate
1-Year	-0.9%	-1.1%	0.4%	7.6%	1.0%	-6.5%	0.2%	1.4%	-1.3%	4.3%	-0.4%	0.2%	-0.1%

Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Index returns represented by: ABS (Asset-Backed Securities) – Barclays ABS Index; Agency – Barclays U.S. Agency Index; Aggregate – Barclays U.S. Aggregate Bond Index; CMBS (Commercial Mortgage-Backed Securities) – Barclays Investment-Grade CMBS Index; Credit – Barclays U.S. Credit Bond Index; EM Debt (Emerging-Market Debt) – JP Morgan EMBI Global Index; High Yield – BofA ML U.S. High Yield Index; Leveraged Loan – S&P/LSTA Leveraged Loan Index; Long Government & Credit (Investment-Grade) – Barclays Long Government & Credit Index; MBS (Mortgage-Backed Securities) – Barclays MBS Index; Municipal – Barclays Municipal Bond Index; TIPS (Treasury Inflation-Protected Securities) – Barclays U.S. TIPS Index; Treasuries – Barclays U.S. Treasury Index. Source: FactSet, Fidelity Investments (AART), as of 3/31/14.

Bond Investors Face a Challenging Environment

High-quality bonds consistently produced positive real returns during the past three decades. However, with nominal interest rates near historic lows, Treasury yields have recently been closer to current rates of inflation, which may create a challenging environment for bond investors to achieve positive real (inflation-adjusted) returns.

10-Year Treasury Yield and Inflation



		Total Return	Inflation	Real Return
Rising-rate period	1941–1981	3.3%	4.6%	-1.3%
Falling-rate period	1981–2014	8.8%	3.0%	5.8%
Entire period	1926–2014	5.5%	3.0%	2.5%

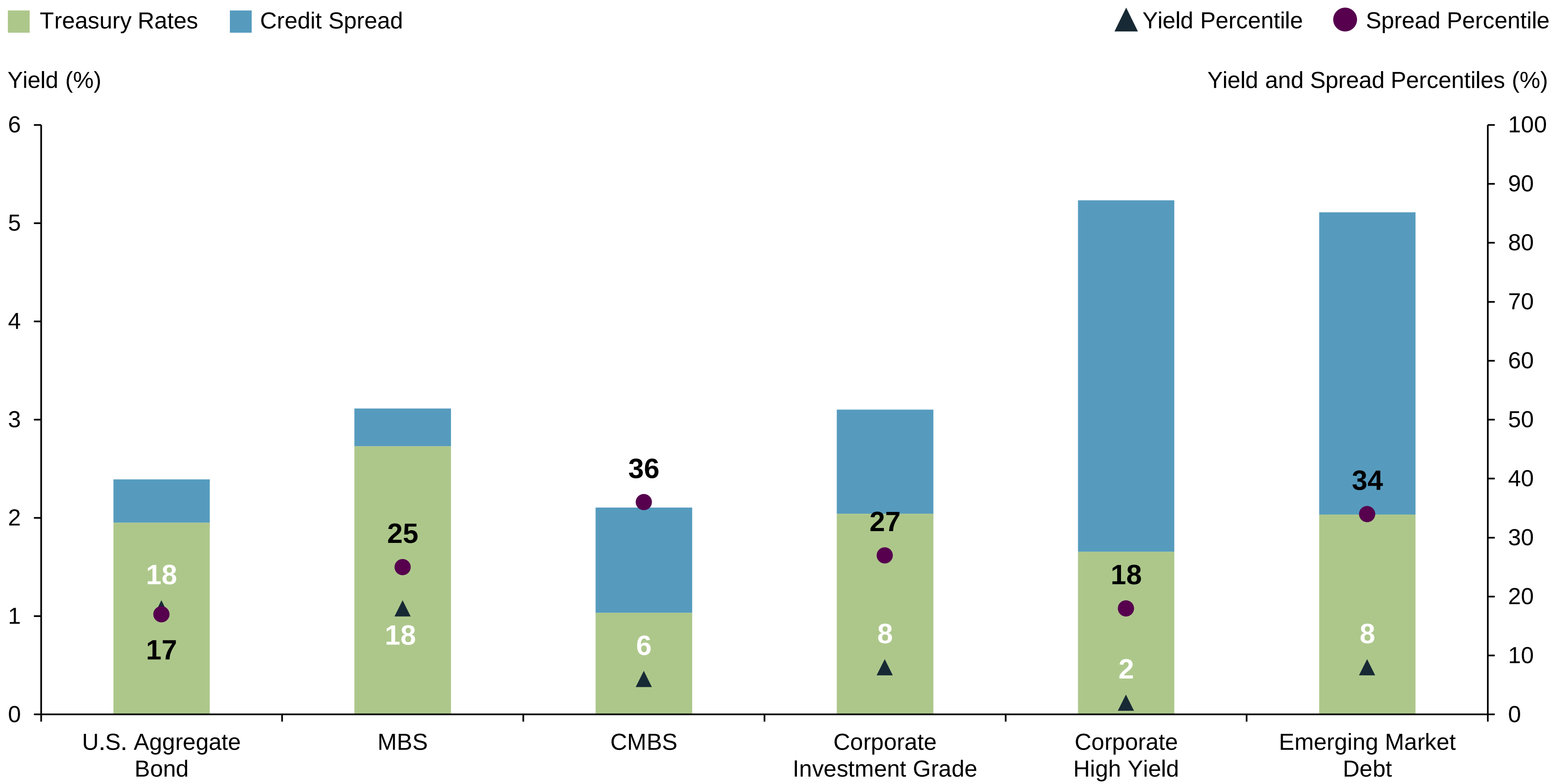
CPI: Consumer Price Index. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Total returns represented by IA SBBI U.S. Intermediate-Term Government Bond Index. Real returns are adjusted by rates of inflation; differences are due to rounding. Source: U.S. Treasury, Federal Reserve Board, Haver Analytics, Morningstar EnCorr, Fidelity Investments (AART), as of 3/31/14. Inflation data through 2/28/14.

Fidelity INVESTMENTS

Bond Yields Still Relatively Low, Credit Spreads Narrowed

During Q1, rates were relatively stable and remained historically low. Meanwhile, spreads narrowed in most categories, moving further below their long-term historical averages. Spreads for U.S. debt tightened amid higher investor demand and solid corporate fundamentals. Spreads in emerging markets benefited from a stable global economy.

Fixed Income Yields and Spreads

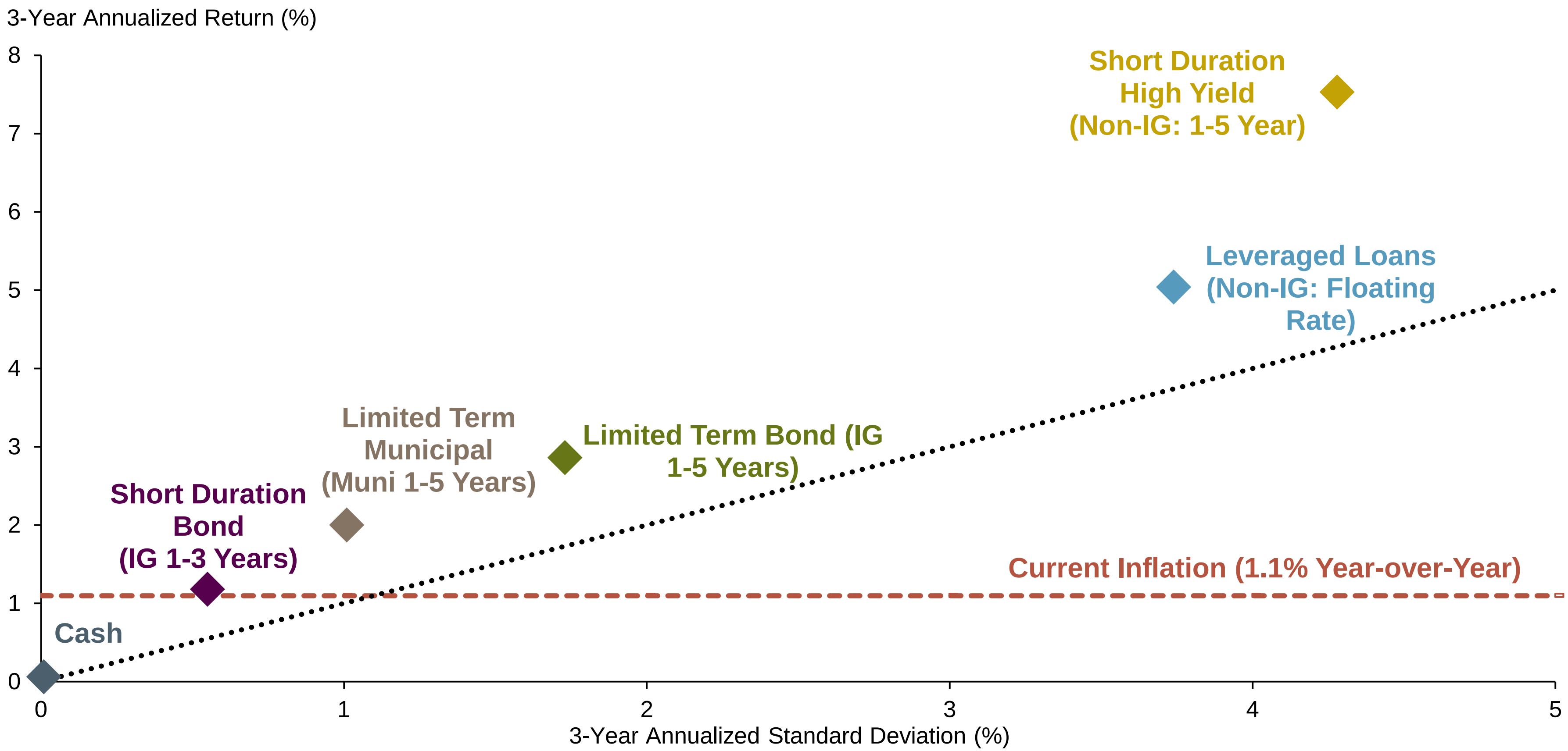


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Percentile ranks of yields and spreads based on historical period from 2000 to 2014. MBS: Mortgage-Backed Security; CMBS: Commercial Mortgage-Backed Security. All categories represented by respective Barclays bond indices. Source: Barclays, Fidelity Investments (AART), as of 3/31/14.

Short Duration Offers Positive Yields, Limited Rate Risk

With cash yields near zero—and well below inflation during the past three years—short-duration fixed-income categories have provided higher returns. While short-duration categories offer less interest-rate risk than longer-duration bonds, different combinations of rate and credit risk result in varied risk-return characteristics between various categories.

Short Duration: Risk vs. Reward

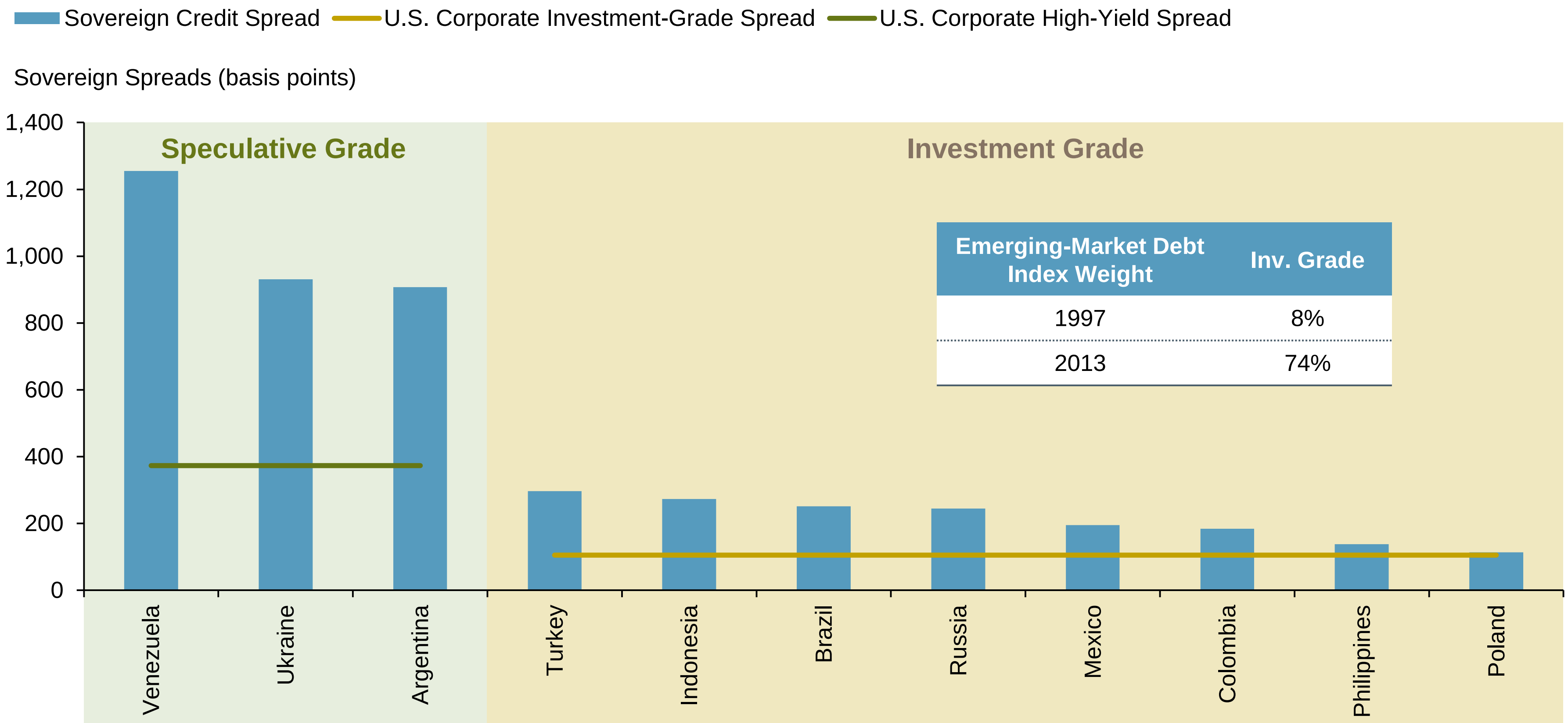


IG: Investment-grade. Current Inflation: headline Consumer Price Index inflation, as of 2/28/14. Past performance is no guarantee of future results. It is not possible to invest directly in an index. See appendix for important index information. Asset categories represented by: Cash – Citigroup 3-month Treasury Bill Index; Leveraged Loans – S&P/LSTA Lev Perf Loan Index; Limited Term Bond – 80% Barclays U.S. 1-5 Year Credit Index, 20% Barclays U.S. 1-5 Year Gov Index; Limited Term Municipal – Barclays U.S. 1-5 Year Municipal Index; Short Duration Bond – Barclays U.S. 1-3 Year Gov/Credit Index; Short Duration High Yield – Bank of America Merrill Lynch (BofA ML) 1-5 Yr BB-B High Yield Bond Index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/14.

EM Bonds: Higher Quality, More Bifurcated Asset Category

Investment-grade bonds are now 74% of the EM index, with the spreads of many of these high-quality credits trading closely to the U.S. corporate spread. A small number of low-quality issuers account for much of the index's higher overall spread. Active selection may help investors navigate the widely varying political and economic outlooks between countries.

Emerging-Market Sovereign Bond Spreads



Emerging-Market Debt Index Weight	Inv. Grade
1997	8%
2013	74%

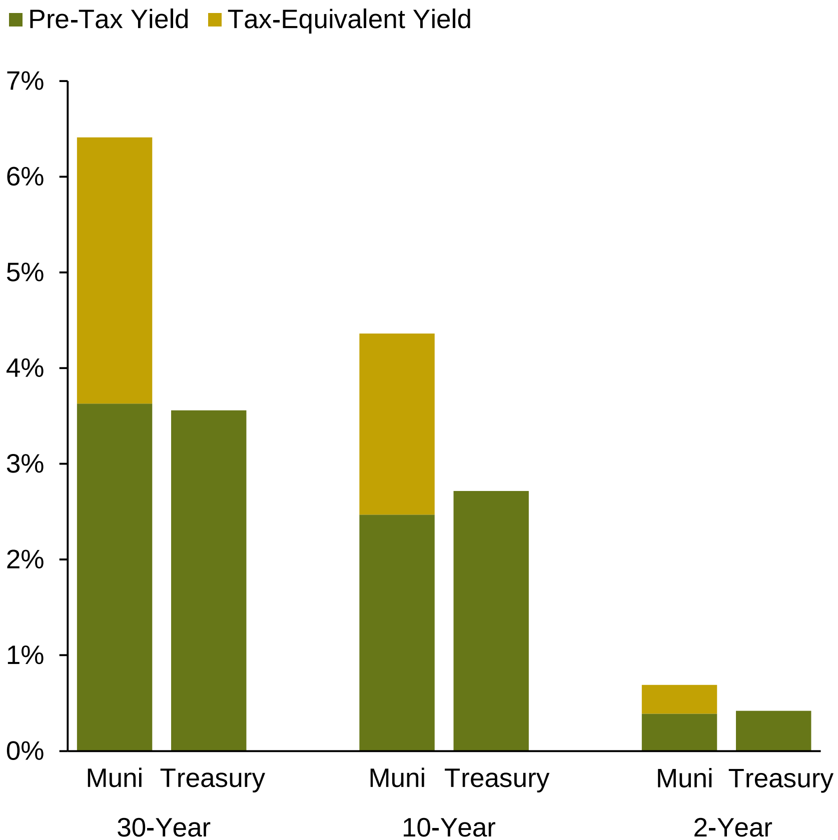
EM Debt Index Weight	Venezuela	Ukraine	Argentina	Turkey	Indonesia	Brazil	Russia	Mexico	Colombia	Philippines	Poland
	7%	2%	1%	7%	7%	7%	10%	12%	3%	5%	3%

Option-adjusted spreads shown. Emerging-market indices represented by the JPMorgan EMBI Global Index and country sub-indices. U.S. high-yield bonds represented by the BofA ML High Yield Bond Index. U.S. investment-grade bonds represented by the Barclays Corporate Bond Index. Source: Bloomberg Finance L.P., FactSet, Fidelity Investments (AART), as of 3/28/14.

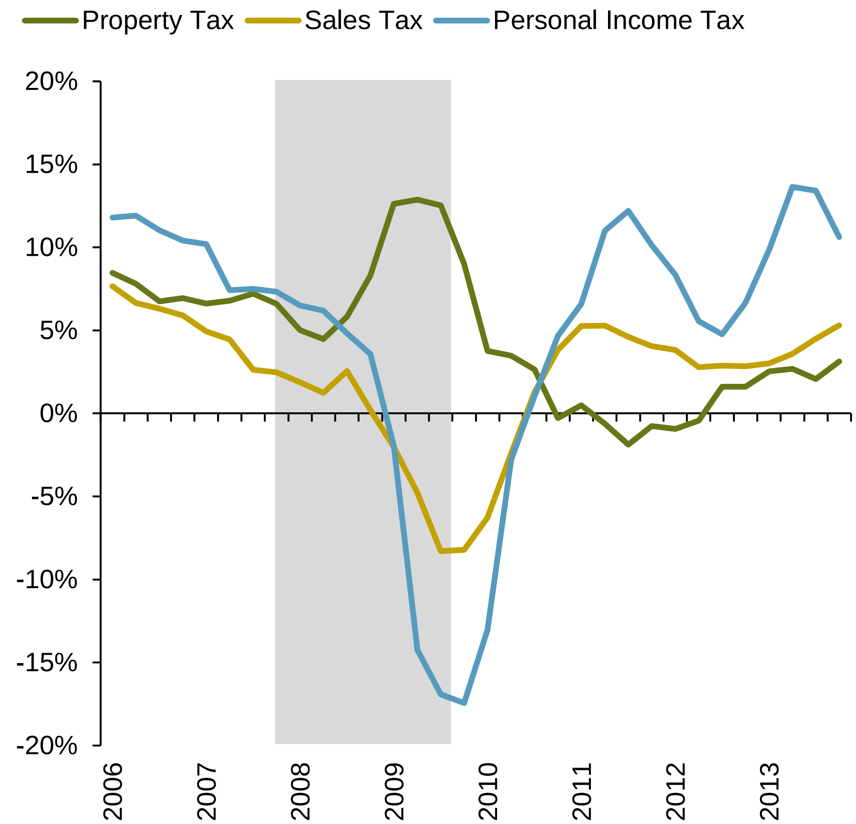
Muni Valuations Still Favorable; Fundamentals Improved

Although fiscal challenges still exist for many municipalities, state revenues have been improving since 2012, and the positive growth in property tax revenues is an encouraging sign for localities. Highly-rated municipal bonds have offered better tax-equivalent yields than comparable Treasuries.

Municipal Bonds vs. Treasuries



State and Local Tax Revenue Growth



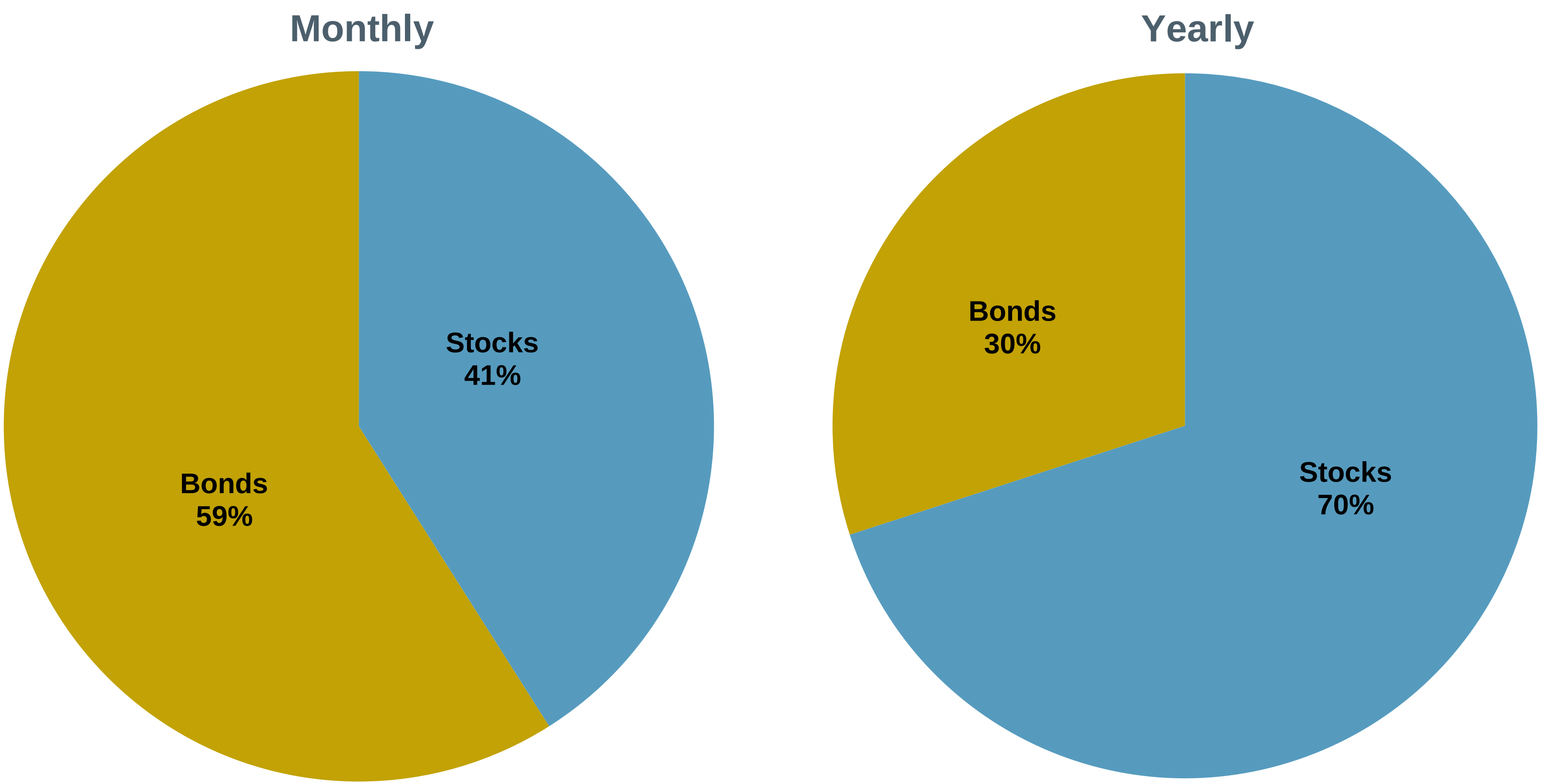
LEFT: Past performance is no guarantee of future results. After-tax yields assume the highest tax bracket calculated using top federal income tax rate for 2013 (39.6%) and Medicare contribution tax (3.8%). Muni pre-tax yield data uses the Thompson Municipal Market Data (MMD) AAA Curve. Source: Bloomberg Finance L.P., Thomson Reuters, Fidelity Investments (AART), as of 3/31/14. **RIGHT:** Shaded area is a U.S. recession as defined by the National Bureau of Economic Research. Chart represents four-quarter average of quarterly year-over-year percentage change. Data not adjusted for legislative changes. Personal income tax and sales tax represent state portion only, while property tax reflects state and local components. Source: U.S. Census Bureau Quarterly Summary of State and Local Tax Revenue, Fidelity Investments (AART), as of 12/31/13.

Asset Allocation Themes

Myopic Loss Aversion Prompts Risk-Averse Behavior

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

Impact of Feedback Frequency on Investment Decisions

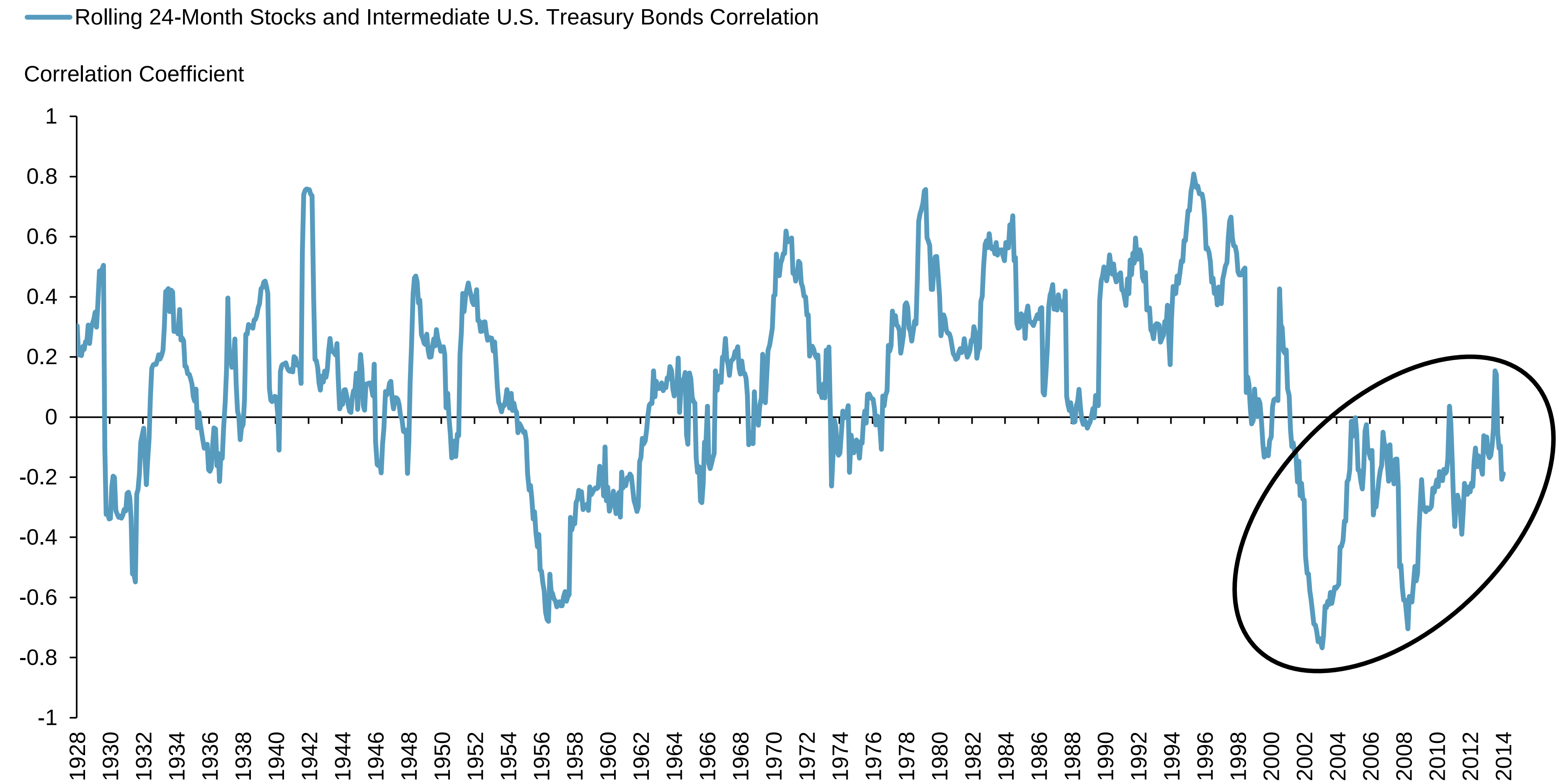


In the study, subjects were assigned simulated conditions that were similar to making portfolio decisions on a monthly or yearly basis. Source: Thaler, R. H., A. Tversky, D. Kahneman, and A. Schwartz. “The Effect of Myopia and Loss Aversion on Risk Taking: An Experimental Test.” *The Quarterly Journal of Economics* 112.2 (1997), Fidelity Investments (AART), as of 3/31/14.

High-Quality Bonds Provide Diversification Benefits

Bond correlations with stocks remain negative on a rolling 24-month basis, suggesting that bonds continue to provide important portfolio diversification benefits, especially when equity volatility rises. Equity-to-bond correlations have historically tended to be lower during times of low and stable inflation, which is consistent with our medium-term outlook.

Stocks and Bonds Performance Correlations

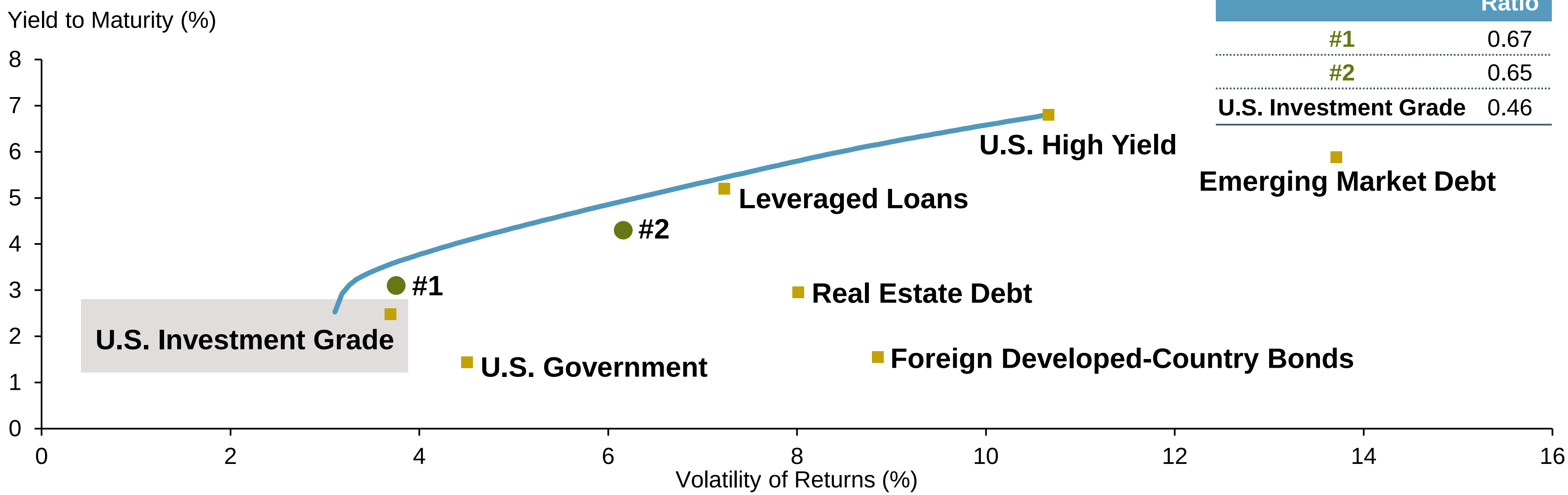


Past performance is no guarantee of future results. Stocks represented by the S&P 500 Index. Intermediate U.S. Treasury bonds represented by the IA SBBI Intermediate-Term U.S. Treasury Bond Index. Source: Morningstar EnCorr, Fidelity Investments (AART), as of 2/28/14.

Allocating to Fixed Income: A Multisector Approach

With yields on high-quality U.S. bonds near historic lows, diversifying across a broad spectrum of fixed-income sectors may significantly improve a portfolio's Sharpe ratio, or risk-adjusted return. Investing in a variety of sectors may also provide opportunities to diversify across risk characteristics, which could enhance inflation resistance or geographic variation.

Efficient Frontier Using Yield to Maturity, 1998–2013



Portfolio	Sharpe Ratio
#1	0.67
#2	0.65
U.S. Investment Grade	0.46

Portfolio	Description
#1	**High-quality portfolio with limited risk** 80% U.S. Investment Grade 5% U.S. High Yield 5% U.S. Real Estate Debt 5% Leveraged Loans 5% Emerging Market

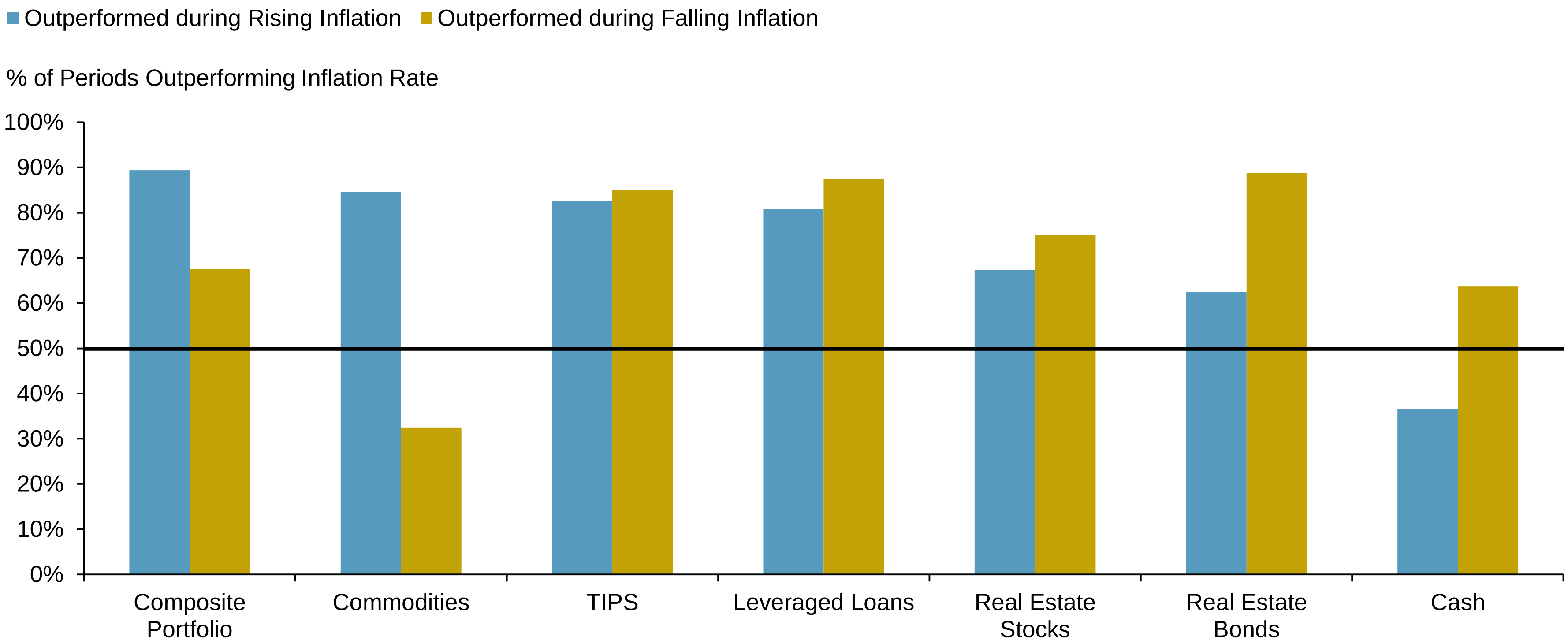
Portfolio	Description
#2	**Mix of high yield, government, and foreign** 40% U.S. High Yield 30% U.S. Government 15% Foreign Developed 15% Emerging Market

Efficient frontier represents optimal risk-return combinations of seven assets. Yield to maturity: rate of return for investor who holds bond to maturity. Volatility is represented by standard deviation. Please see appendix for important definitions and index information. Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. Index returns represented by: Emerging Market Debt – JP Morgan (JPM) EMBIG Composite Index; Foreign Developed-Country Bonds – Citigroup G-7 Non-USD Bond Index; Leveraged Loans – S&P/LSTA Performing Loan Index; Real Estate Debt – 50% Barclays CMBS Index and 50% BofA ML Corporate Real Estate Index; U.S. Government – Barclays U.S. Government Index; U.S. High Yield – BofA ML High Yield Index; U.S. Investment Grade – Barclays U.S. Aggregate Bond Index. Source: FactSet, Bloomberg Finance L.P., Morningstar EnCorr, Fidelity Investments (AART), as of 12/31/13.

Real Return: Managing Inflation Risk Still Matters

Investments with hard-asset or income-adjusting characteristics have historically offered inflation resistance, particularly when investors needed it most—as inflation increased. Combining assets into a diversified real-return composite has increased the frequency of outpacing inflation as it rises, a difficult task for cash in today’s low-rate environment.

Frequency of Outperforming Inflation, 1998–2013



	Composite Portfolio	Commodities	TIPS	Leveraged Loans	Real Estate Stocks	Real Estate Bonds	Cash
Overall Rate of Outperformance	**80%**	**62%**	**84%**	**84%**	**71%**	**74%**	**48%**

Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. Please see appendix for important index information. Inflation rate: year-over-year change in the consumer price index. Asset classes represented by: Cash – IA SBBI U.S. 30 Day Treasury Bill Index; Commodities – Dow Jones-UBS Commodities Index; Composite portfolio – 30% TIPS, 25% leveraged loans, 25% commodities, 10% real estate equity, 10% real estate income; Leveraged Loans – S&P/LSTA Leveraged Performing Loan Index; Real Estate Bonds – BofA ML U.S. Corporate Real Estate Index; Real Estate Stocks – Dow Jones U.S. Select Real Estate Securities Index; TIPS (Treasury Inflation Protected Securities) – Barclays U.S. TIPS Index. Source: Morningstar EnCorr, Fidelity Investments (AART), as of 12/31/13.

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 simple portfolio allocation with 60% in U.S. equities and 40% in U.S. bonds illustrates the potential benefits of diversification.

Periodic Table of Returns

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014*
18%	75%	17%	38%	35%	35%	35%	66%	32%	14%	26%	56%	32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	9%
17%	33%	8%	37%	23%	33%	29%	34%	26%	8%	10%	47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	7%
15%	20%	3%	37%	23%	29%	21%	27%	12%	5%	4%	39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	3%
15%	19%	2%	30%	22%	24%	20%	24%	8%	2%	-2%	37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	3%
11%	19%	1%	28%	22%	22%	14%	21%	-1%	-2%	-6%	31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	2%
8%	17%	0%	20%	16%	20%	9%	21%	-3%	-4%	-9%	31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	2%
8%	10%	-1%	18%	15%	13%	3%	12%	-5%	-4%	-15%	29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	2%
7%	10%	-2%	15%	11%	10%	-3%	7%	-9%	-12%	-16%	28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	1%
5%	10%	-2%	15%	6%	2%	-18%	3%	-14%	-20%	-20%	24%	8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	1%
4%	4%	-3%	12%	6%	-3%	-25%	-1%	-22%	-20%	-22%	19%	7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	1%
-12%	-1%	-7%	-5%	4%	-12%	-27%	-5%	-31%	-21%	-28%	4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	0%

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

*Through 3/31/14. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Asset classes represented by: Commodities – DJ-UBS Commodity Index; Emerging-Market – MSCI Emerging Markets Index; Foreign-Developed Country – MSCI EAFE Index; Growth – Russell 3000 Growth Index; High Yield – Bank of America Merrill Lynch U.S. High Yield Index; Investment-Grade – Barclays U.S. Aggregate Bond Index; Large Cap – S&P 500 Index; Real Estate – FTSE NAREIT Equity Index; Small Cap – Russell 2000 Index; Value – Russell 3000 Value Index. Source: Ibbotson Associates, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 3/31/14.

Appendix: Important Information

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

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

These materials are provided for informational purposes only and should not be used or construed as a recommendation of any security, sector, or investment strategy.

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

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

Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

All indices are unmanaged, and performance of the indices includes reinvestment of dividends and interest income and, unless otherwise noted, is not illustrative of any particular investment. An investment cannot be made in any index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall, and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments. Additionally, bonds and short-term investments entail greater inflation risk—or the risk that the return of an investment will not keep up with increases in the prices of goods and services—than stocks. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease.

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

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

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

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

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

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

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

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

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

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

Appendix: Important Information

Market Indices

Bank of America Merrill Lynch (BofA ML) All U.S. Convertibles Index is an unmanaged index that tracks the performance of all U.S. convertible securities. **BofA ML Corporate Real Estate Index**, a subset of BofA ML U.S. Corporate Index, is a market capitalization-weighted index of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market by real estate issuers. Qualifying securities must have an investment-grade rating (based on an average of Moody's, S&P, and Fitch). In addition, qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule, and a minimum amount outstanding of $250 million. **BofA ML High Yield Bond Index** is an unmanaged index that tracks the performance of below-investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. **BofA ML U.S. High Yield BB-B Rated 1-5 Year Index** includes fixed income securities with a remaining term to final maturity less than 5 years and rated BB1 through B3 by Moody's. **BofA ML U.S. Fixed Rate Preferred Securities Index** is an unmanaged index that tracks the performance of fixed-rate preferred securities publicly issued in the U.S. domestic market.

Barclays U.S. 1-3 (1-5) Year Government Credit Index includes all publicly issued U.S. government and corporate securities that have a remaining maturity between one and three (five) years and are rated investment grade. **Barclays U.S. 1-5 Year Credit Index** is designed to cover publicly issued U.S. corporate and specified non-U.S. debentures and secured notes with a maturity between one and five years that meet the specified liquidity and quality requirements; bonds must be SEC-registered to qualify. **Barclays U.S. 1-5 Year Municipal Index** covers the one- to five-year maturity, U.S. dollar-denominated, tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds.

Barclays ABS Index is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing. **Barclays CMBS Index** is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch, respectively, with maturities of at least one year. **Barclays Emerging Market Bond Index** is an index that tracks total returns for external-currency-denominated debt instruments of the emerging markets. **Barclays Long U.S. Government Credit Index** includes all publicly issued U.S. government and corporate securities that have a remaining maturity of 10 or more years, are rated investment grade, and have $250 million or more of outstanding face value. **Barclays MBS Index** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). **Barclays U.S. Agency Index** is designed to cover publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or non-U.S. debt guaranteed by the U.S. government. **Barclays U.S. Aggregate Bond Index** is a market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. **Barclays U.S. Corporate High Yield Bond Index** is a market value-weighted index which covers the U.S. non-investment grade fixed-rate debt market. **Barclays U.S. Credit Bond Index** is designed to cover publicly issued U.S. corporate and specified non-U.S. debentures and secured notes that meet the specified maturity, liquidity, and quality requirements; bonds must be SEC-registered to qualify. **Barclays U.S. Government Index** is designed to cover public obligations of the U.S. Government with a remaining maturity of one year or more. **Barclays U.S. Municipal Bond Index** covers the U.S. dollar-denominated, long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. **Barclays U.S. TIPS Index** is an unmanaged market index made up of U.S. Treasury inflation-protected securities. **Barclays U.S. Treasury Index** is designed to cover public obligations of the U.S. Treasury with a remaining maturity of one year or more.

The Citigroup 3-Month Treasury Bill Index is an unmanaged index of three-month Treasury bills. **Citigroup Non-USD Group-of-Seven (G7) Index** is designed to measure the unhedged performance of the government bond markets of the G7 excluding the U.S., which are Japan, Germany, France, United Kingdom, Italy, and Canada. Issues included in the index have fixed-rate coupons and maturities of one year or more.

Dow Jones-UBS Commodity Index measures the performance of the commodities market. It consists of exchange-traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity. **Dow Jones U.S. Select Real Estate Securities Index** is a float-adjusted, market capitalization-weighted index of publicly traded real estate securities, such as real estate investment trusts (REITs) and real estate operating companies (REOCs).

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).

The Global Financial Data (GFD) World x/USA Return Index is a multi-country composite index with constituents weighted by relative GDP and stock market capitalizations; it is designed to approximate continuous and comparable world ex-U.S. equity returns from 1919 to 1969. **GFD Emerging Markets Index** is a composite of various regional EM indices in use before 1987 using a qualitatively selected weighting of constituent countries; it is designed to approximate continuous and comparable EM equity returns from 1920 to 1987.

Market Indices (continued)

The IA SBBI U.S. Small Stock Index is a custom index designed to measure the performance of small capitalization U.S. stocks. **IA SBBI U.S. Intermediate-Term Government Bond Index** is an unweighted index that measures the performance of five-year maturity U.S. Treasury bonds. Each year, a one-bond portfolio containing the shortest non-callable bond having a maturity of not less than five years is constructed. **IA SBBI U.S. Long-Term Corporate Bond Index** is a custom index designed to measure the performance of long-term U.S. corporate bonds**. IA SBBI U.S. 30-Day Treasury Bill Index** is an unweighted index that measures the performance of 30-day maturity U.S. Treasury bills.

JPM® EMBI Global Index, and its country sub-indices, tracks total returns for traded external debt instruments issued by emerging-market sovereign and quasi-sovereign entities. **JPM® EMBI Global Investment Grade Index**, and its country sub-indices, tracks total returns for traded external debt instruments issued by emerging-market sovereign and quasi-sovereign entities rated investment grade. **JPM® EMBI Global Investment Grade Index**, and its country sub-indices, tracks total returns for traded external debt instruments issued by emerging-market sovereign and quasi-sovereign entities rated speculative grade.

MSCI® All Country (AC) Europe Index is a free-float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of Europe; it consists of the following developed and emerging-market country indices: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, and United Kingdom. **MSCI All Country World Index (ACWI)** is a free-float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. The countries included in the index are: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United States, and United Kingdom. **MSCI Europe Index** is a free-float-adjusted, market capitalization-weighted index designed to measure equity market performance in the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and United Kingdom. **MSCI North America Index** is a free float-adjusted market capitalization weighted index designed to measure the performance of large- and mid-cap segments of the U.S. and Canadian markets**. MSCI Pacific ex Japan Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of four of the five developed market countries in the Pacific region including Australia, Hong Kong, New Zealand and Singapore. **MSCI World Index** is a free-float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed markets. **MSCI World ex USA Index** is a free-float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed markets excluding the United States.

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index of more than 850 stocks traded in 22 world markets. **MSCI EM Asia Index** is a free-float-adjusted, market capitalization-weighted index designed to measure equity-market performance in the following countries: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand. **MSCI EM Europe, Middle East, and Africa (EMEA) Index** is a free-float-adjusted, market capitalization-weighted index designed to measure equity-market performance in the emerging-market countries of Europe, the Middle East, and Africa; it consists of the following 10 emerging-market country indices: Czech Republic, Hungary, Poland, Russia, Turkey, Israel, Jordan, Egypt, Morocco, and South Africa. **MSCI EM Latin America Index** is a free-float-adjusted, market capitalization-weighted index designed to measure equity-market performance in Latin America; it consists of the following six emerging-market country indices: Argentina, Brazil, Chile, Colombia, Mexico, and Peru. **MSCI EM Large Cap Index** is composed of those securities in the MSCI EM Index that are defined as large-capitalization stocks. **MSCI Frontier Market Index** is a market capitalization-weighted index of stocks traded in frontier markets, which are markets that meet minimum standards for market size, liquidity, and accessibility that are lower than the standards for markets classified as EM.

MSCI Europe, Australasia, Far East Index (EAFE) is a market capitalization-weighted index designed to represent the performance of developed stock markets outside the United States and Canada. **MSCI EAFE Small Cap Index** currently consists of the following 21 developed-market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and United Kingdom. This index aims to capture 40% of the full market capitalization of the eligible small-cap universe of companies in each country by industry.

MSCI Canada Index is a free-float-adjusted, market capitalization-weighted index designed to measure equity-market performance in Canada. **MSCI China Index** is a free-float-adjusted, market capitalization-weighted index designed to measure equity market performance in China. **MSCI Japan Index** is an index that reflects the common stock prices of the index companies translated into U.S. dollars, assuming reinvestment of all dividends paid by the index stocks net of any applicable non-U.S. taxes. **MSCI USA Index** is a free float-adjusted, market capitalization-weighted index designed to measure equity-market performance in the United States.

MSCI USA High Dividend Index is an index that tracks the performance of U.S. high-dividend-yield equities; it consists of those securities in the MSCI USA Index that have a higher-than-average dividend yield, a track record of consistent dividend payments, and the capacity to sustain future dividend payments.

Appendix: Important Information

Market Indices (continued)

Russell 2000® Index is a market capitalization-weighted index of smaller company stocks. **Russell 3000® Index** is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. **Russell 3000 Growth Index** is an index that measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. **Russell 3000 Value Index** is an index that measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values. **Russell Midcap Index** measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index.

The S&P 500® Index, a market capitalization-weighted index of common stocks, is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates. **The S&P SmallCap 600** measures the small-cap segment of the U.S. equity market. The index is designed to be an investable portfolio of companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

Sectors and industries defined by Global Industry Classification Standards (GICS®).

S&P 500 sectors are defined as follows: Consumer Discretionary – companies that tend to be the most sensitive to economic cycles. Consumer Staples – companies whose businesses are less sensitive to economic cycles. Energy – companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials – companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and real estate, including 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 whose businesses manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. Information Technology – companies in technology software & services and technology hardware & equipment. Materials – companies that are engaged in a wide range of commodity-related manufacturing. Telecommunication Services – companies that provide communications services primarily through fixed-line, cellular, wireless, high bandwidth, and/or fiber-optic cable networks. Utilities – companies considered electric, gas, or water utilities, or companies that operate as independent producers and/or distributors of power.

S&P GSCI (Commodities Index) is a world production-weighted index composed of 24 widely traded commodities. All sub-indices (Energy, Industrial Metals, Precious Metals, and Agriculture and Livestock) follow the same rules regarding world production weights, methodology for rolling, and other functional characteristics.

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.

Thomson Reuters Municipal Market Data (MMD) AAA Curve is a proprietary yield curve that provides the offer-side of AAA-rated state general obligation bonds, as determined by the MMD analyst team. In the interest of transparency, MMD publishes extensive yield-curve assumptions relating to various structural criteria that are used in filtering market information for the purpose of benchmark yield-curve creation. MMD yield curves are available on a subscription basis from Thomson Reuters.

Other Indices

The Bloomberg Financial Conditions Index combines yield spreads and indices from a country's money markets, equity markets, and bond markets into a normalized index. The values of this index are Z-scores, which represent the number of standard deviations that current financial conditions lie above or below the average of the January 1999-June 2008 period.

The Conference Board ® Consumer Confidence Index® measures U.S. consumer attitudes using a set of survey questions. It includes questions about consumer perception of the job market. Content from this index reproduced with permission from The Conference Board, Inc. No further reproduction is permitted without the express approval of The Conference Board, Inc.

The Consumer Confidence Survey of the Cabinet Office of Japan is a monthly survey recording the consumer attitudes of Japanese households. A value above 50 indicates optimism, below 50 indicates pessimism; changes in the value represent changes in consumer confidence.

The Consumer Price Index (CPI) is a monthly inflationary indicator that measures the change in the cost of a fixed basket of products and services; the unadjusted number is often called "headline inflation" or "headline CPI." **The Core Consumer Price Index** is a monthly inflationary indicator that measures the change in the cost of a fixed basket of products and services, excluding food and energy prices.

Cyclical Productivity is a proprietary index comparing aggregate hours worked to a set of economic indicators. It is calculated monthly, then reported as a year-over-year percentage change.

Appendix: Important Information

Other Indices (continued)

The Economist Intelligence Unit (EIU) Political Risk Score is a rating category within the Country Risk Service. It evaluates a range of political factors for each reported county.

The European Commission Economic Sentiment Indicator is a monthly indicator that combines assessments and expectations from business and consumer surveys; there are sub-indices for individual countries.

The Global Leading Indicators Diffusion Index is a proprietary index combining six-month averages for multiple leading indicators in the 37 largest economies. A score over 50 represents rising leading indicators, while a score under 50 represents falling leading indicators, and a score of 50 indicates no change. The economies included in the Global Leading Indicator Diffusion Index are: Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Italy, Japan, South Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Slovakia, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United States, and United Kingdom.

The London Bullion Market Association (LBMA) publishes the international benchmark price of gold in USD, twice daily.

The Producer Price Index (PPI) measures the selling price received by domestic producers for their output. **Core PPI** excludes food and energy prices

A purchasing managers' index (PMI) is a survey of purchasing managers in a certain economic sector. A PMI over 50 represents expansion of the sector compared to the previous month, while a reading under 50 represents a contraction, and a reading of 50 indicates no change. The Institute for Supply Management® reports the U.S. manufacturing PMI®. Markit compiles non-U.S. PMIs.

Definitions

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

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

R^2 is a measure of how well a regression line fits the data. It ranges from 0 to 1: an R^2 of 0 suggests that the regression has no explanatory power, while an R^2 of 1 suggests that the regression fully explains the relationship between the variables regressed.

Sharpe ratio compares portfolio returns above the risk-free rate relative to overall portfolio volatility. A higher Sharpe ratio implies better risk-adjusted returns.

The Shiller Cyclically Adjusted Price-to-Earnings (CAPE) ratio is the ratio of a company's price to its average earnings over the past 10 years.

Standard deviation shows how much variation there is from the average (mean or expected value). A low standard deviation indicates that the data points tend to be very close to the mean, whereas a high standard deviation indicates that the data points are spread out over a large range of values. A higher standard deviation represents greater relative risk.

—

If receiving this piece through your relationship with Fidelity Financial Advisor Solutions (FFAS), this publication is provided to investment professionals, plan sponsors, institutional investors, and individual investors by Fidelity Investments Institutional Services Company, Inc.

If receiving this piece through your relationship with Fidelity Personal & Workplace Investing (PWI), Fidelity Family Office Services (FFOS), or Fidelity Institutional Wealth Services (IWS), this publication is provided through Fidelity Brokerage Services LLC, Member NYSE.

If receiving this piece through your relationship with National Financial or Fidelity Capital Markets, this publication is **FOR INSTITUTIONAL INVESTOR USE ONLY.** Clearing and custody services are provided through National Financial Services LLC, Member NYSE, SIPC.

683392.1.0