Fourth Quarter 2014 | QUARTERLY MARKET UPDATE

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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.

QUARTERLY MARKET UPDATE

Fourth Quarter 2014

Market Summary

Overview: Global Backdrop Less Sanguine, Markets Mixed

Disappointing growth across much of the world provided a lackluster context for asset markets during Q3. Outside the U.S., falling commodity prices, weaker inflation, and promises of further monetary easing characterized the landscape. Meanwhile, the U.S. remained in a steady mid-cycle expansion, with a favorable outlook for equities despite potential for greater volatility.

	Q3 2014 TRENDS	OUTLOOK
MACRO	• Global economy slow and uneven – European growth disappointing – Further slowing in China; EM trends mixed but generally lackluster – Weaker commodity prices, inflation • U.S. economy solid, mid-cycle • Divergent monetary policies; global liquidity ample but growth slowing • Strong U.S. dollar, higher FX volatility • Substantial geopolitical risk	• Business cycle still supportive for U.S. economy, more mixed globally – U.S. consumer benefiting from global disinflation; few late-cycle pressures – Europe to emerge from mid-cycle slowdown – China, Japan, and many EMs facing late-cycle challenges • Risks: – Greater market volatility as Fed moves toward monetary tightening – Asia: Slowing trend and financial backdrop in China, weakening cycle in Japan – Geopolitical: Middle East, Ukraine, H.K.
MARKETS	• Generally low volatility but asset prices more mixed across categories • Riskier categories with fuller valuations lagged	• U.S. remains mid-cycle; equities still appear more favorable in countries with steadier cyclical outlooks • Potential for market volatility to rise • Interest rates range-bound; bonds may help provide downside protection

EM: emerging market. FX: foreign exchange. Fed: Federal Reserve. H.K.: Hong Kong. Past performance is no guarantee of future results.

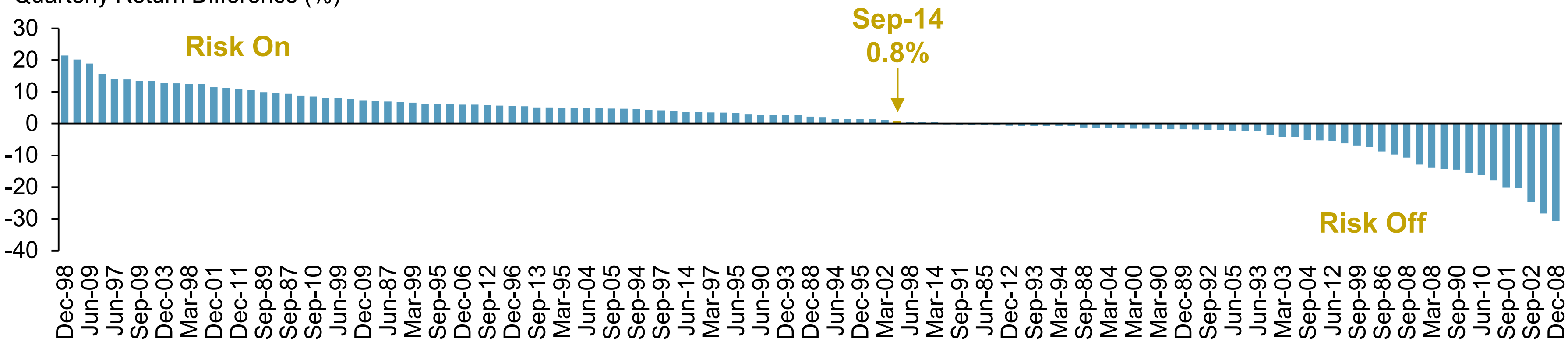
Lackluster Performance Across Most Asset Categories

Although most categories remained solidly in positive territory on a year-to-date basis, performance faltered for many assets during Q3. Declines were the biggest in riskier assets, while weak global growth and a rising dollar weighed on non-U.S. markets. Large-cap U.S. stocks and investment-grade bonds posted modest gains with limited volatility.

	Q3 2014 (%)	YTD (%)		Q3 2014 (%)	YTD (%)
U.S. Large-Cap Stocks	1.1%	8.3%	Real Estate Stocks	-2.5%	13.4%
U.S. Treasury Bonds	0.3%	3.1%	Emerging-Market Stocks	-3.4%	2.7%
Investment-Grade Bonds	0.2%	4.1%	Non-U.S. Developed-Country Stocks	-5.8%	-1.0%
U.S. Corporate Bonds	0.0%	5.7%	U.S. Small-Cap Stocks	-7.4%	-4.4%
Emerging-Market Bonds	-1.7%	7.3%	Gold	-7.8%	0.7%
U.S. Mid-Cap Stocks	-1.7%	6.9%	Non-U.S. Small-Cap Stocks	-7.8%	-2.5%
High-Yield Bonds	-1.9%	3.6%	Commodities	-11.8%	-5.6%

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

Quarterly Return Difference (%)

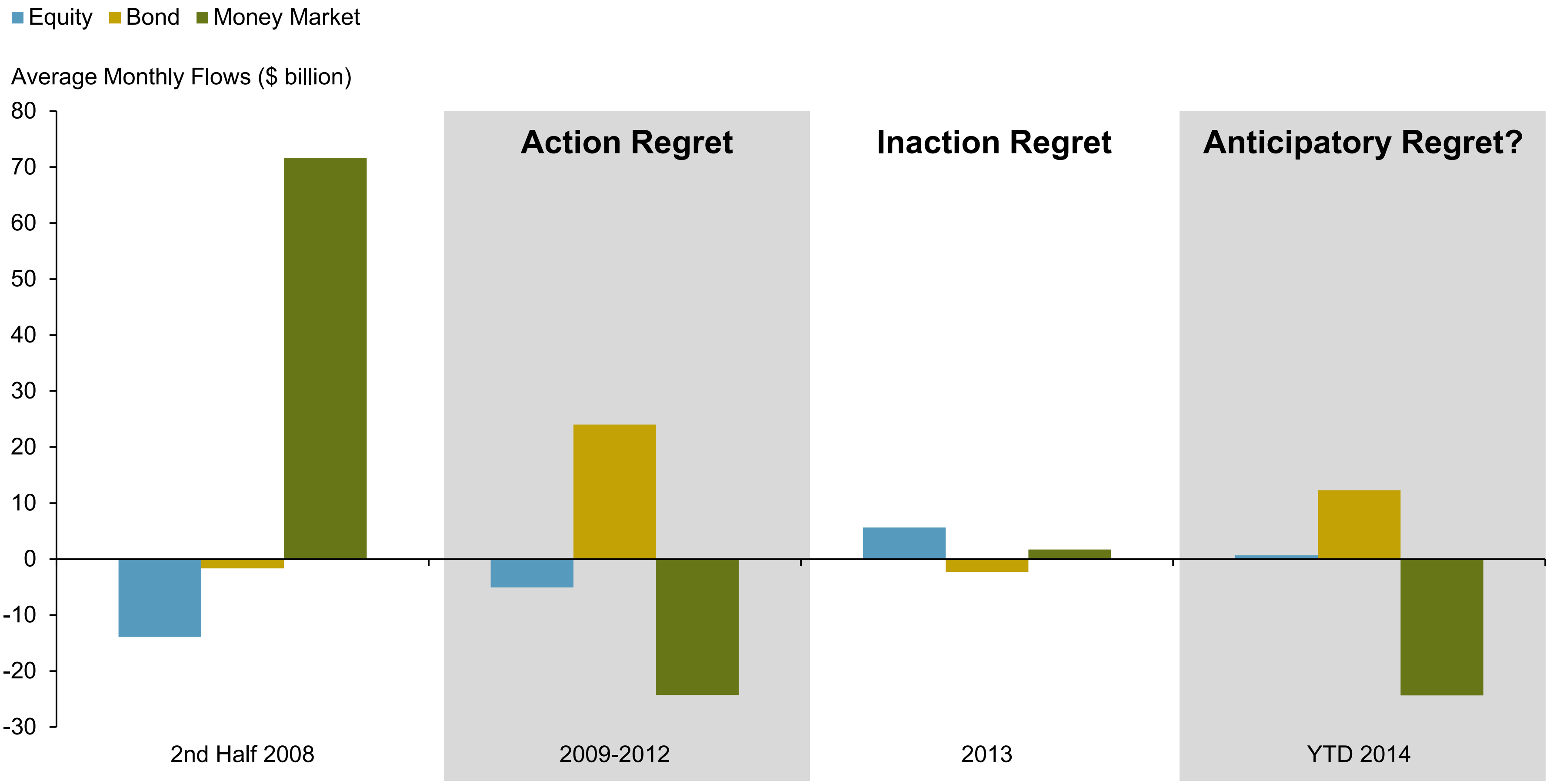


Past performance is no guarantee of future results. It is not possible to invest directly in an index. See appendix for important index information. Assets represented by: Commodities – Bloomberg Commodity Index; Emerging-Market Bonds – JP Morgan EMBI Global Index; Emerging-Market Stocks – MSCI EM Index; Gold – Gold Bullion, LBMA PM Fix; High Yield Bonds – 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: Bloomberg Finance L.P., Haver Analytics, Fidelity Investments (AART), as of 9/30/14.

Restrained Investor Sentiment Suggests Equities Not Frothy

Many investors did not reinvest in U.S. equities during the 2009-2012 rally, perhaps feeling “action regret” after losing money in 2008. Flows to stock funds were positive in 2013, as “inaction regret” of missing out on the bull market may have prevailed. In 2014, “anticipatory regret”—fear of buying equities right before another peak—could be restraining investor bullishness.

Net Flows to U.S. Equity, Bond and Money Market Funds



Funds include mutual and exchange-traded funds. Flows data represents net sales and net exchanges. Source: Investment Company Institute, Haver Analytics, Fidelity Investments (AART), as of 8/31/14.

QUARTERLY MARKET UPDATE

Fourth Quarter 2014

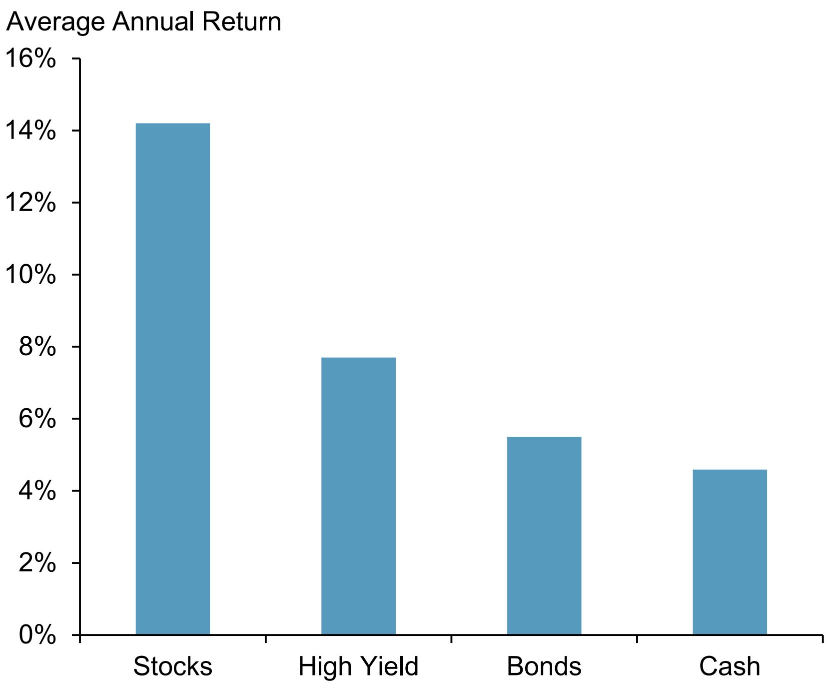
Theme:
Impact of the Federal Reserve

Fidelity INVESTMENTS

Late Cycle Often Causes a Key Shift in Asset Performance

The U.S. remains in a mid-cycle expansion. The late-cycle phase has the most mixed performance of any business cycle phase, with the leadership of economically sensitive assets typically faltering, and both relative/absolute returns becoming more mixed. Monetary policy often becomes more neutral during the mid-cycle and outright restrictive during the late cycle.

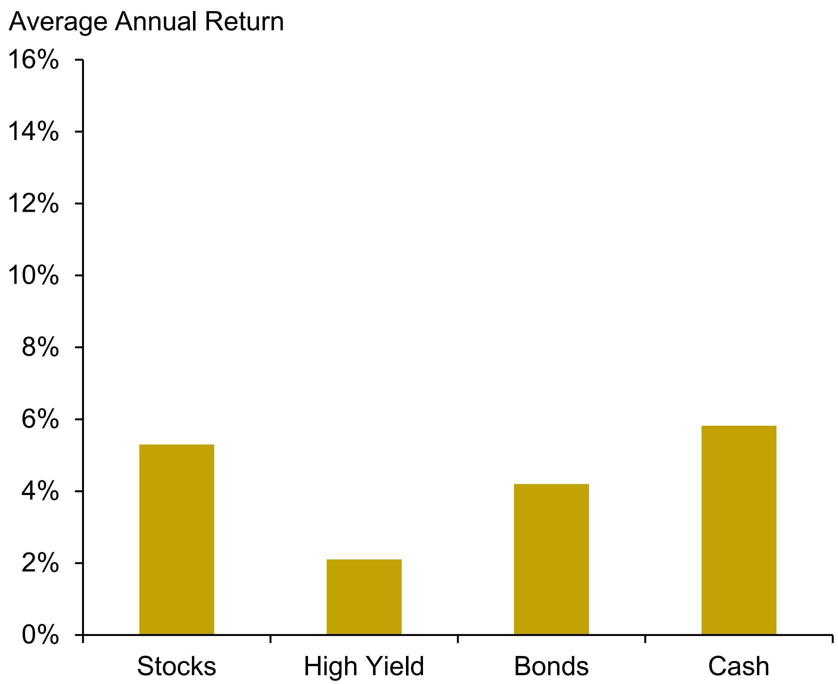
Mid-Cycle Asset Class Performance, 1950–2010



Favor Economically Sensitive Assets

- Monetary policy accommodative/neutralized
- Profit growth solid/peaks
- Credit spreads narrow

Late-Cycle Asset Class Performance, 1950–2010



Mixed Asset Class Performance

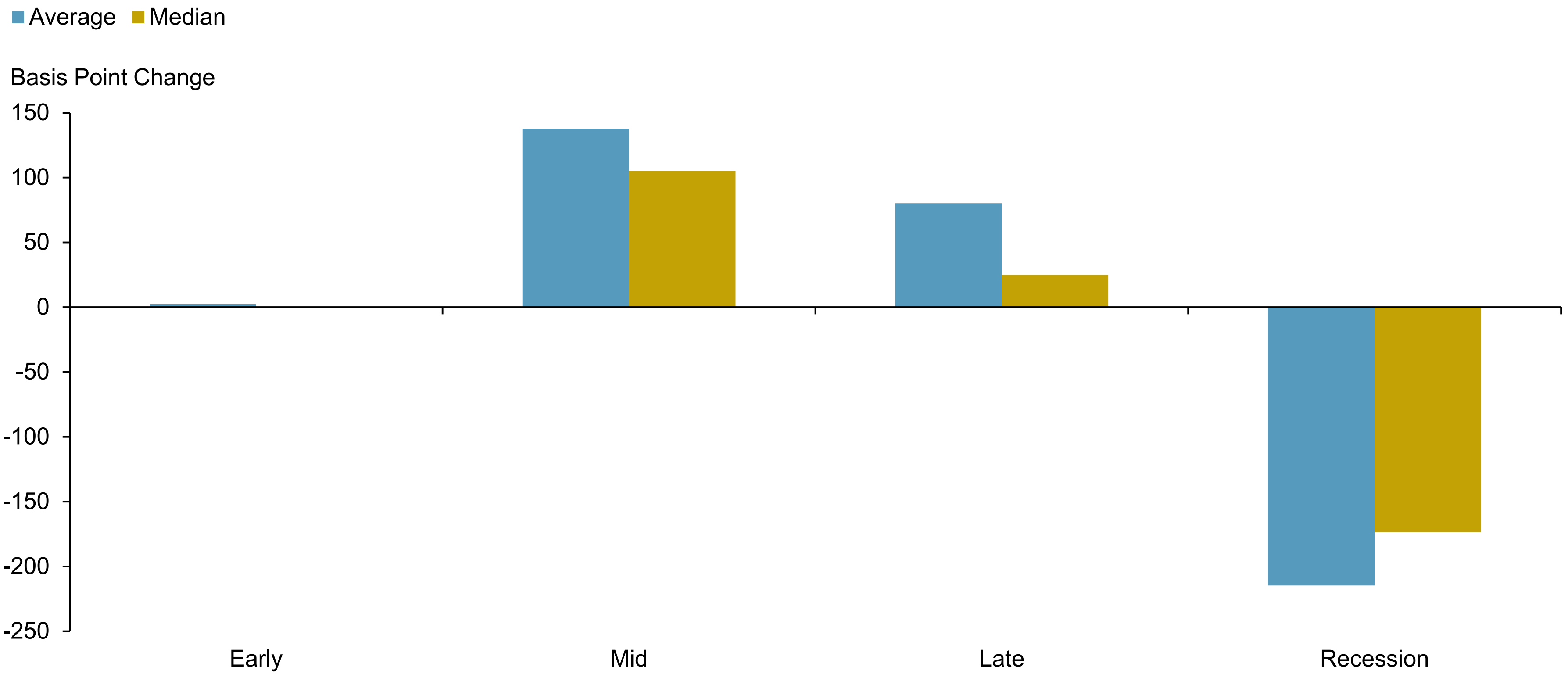
- Monetary policy becomes restrictive
- Earnings under pressure
- Credit spreads widen

Past performance is no guarantee of future results. Fidelity Investments proprietary analysis of historical asset class performance, using data from indices from: Bank of America Merrill Lynch, Barclays, Fidelity Investments, Morningstar. Source: Fidelity Investments (AART), as of 9/30/14.

First (and Most) Fed Tightening Has Occurred in Mid-Cycle

The beginning of a monetary tightening cycle is not synonymous with the start of the late cycle. Historically, most of the initial Fed rate hikes and the bulk of the tightening took place during the mid-cycle, with an average of roughly two years before the economy entered late cycle. Thus, the first Fed rate hike is typically too early to implement a move to late-cycle positioning.

Fed Funds Rate Change per Business Cycle, 1950–2010



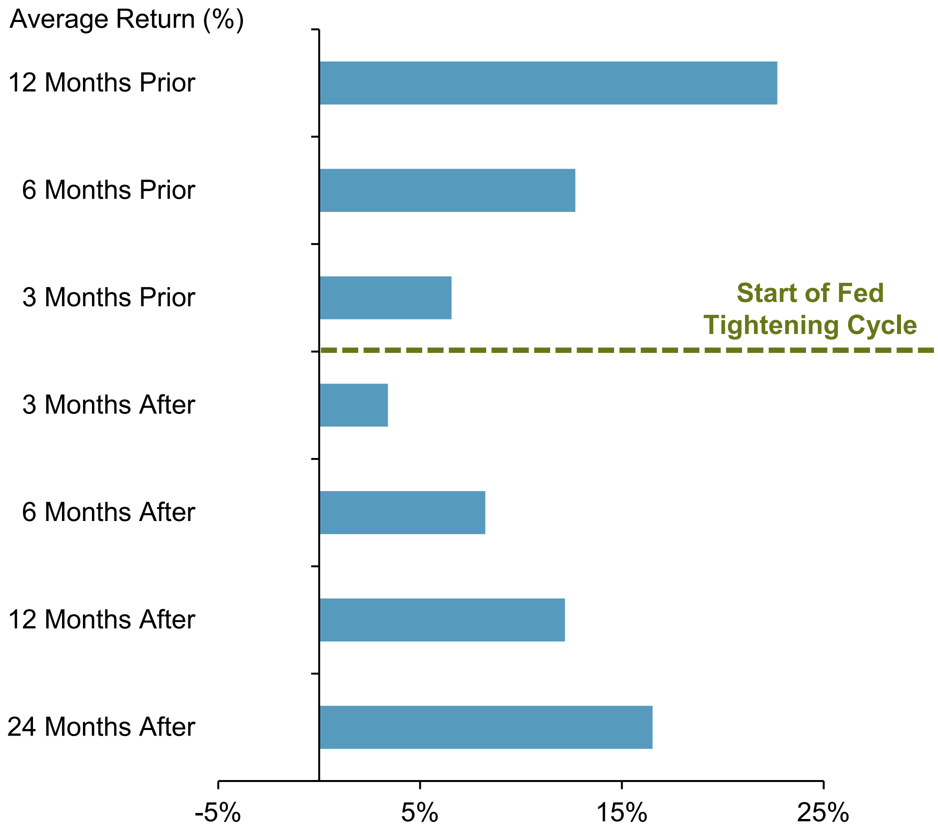
	Early	Mid	Late	Recession
Frequency of First Rate Hike	**33%**	**58%**	**8%**	**0%**

Fed: Federal Reserve. Numbers may not sum due to rounding. Source: Federal Reserve, Haver Analytics, Fidelity Investments (AART), as of 9/30/14.

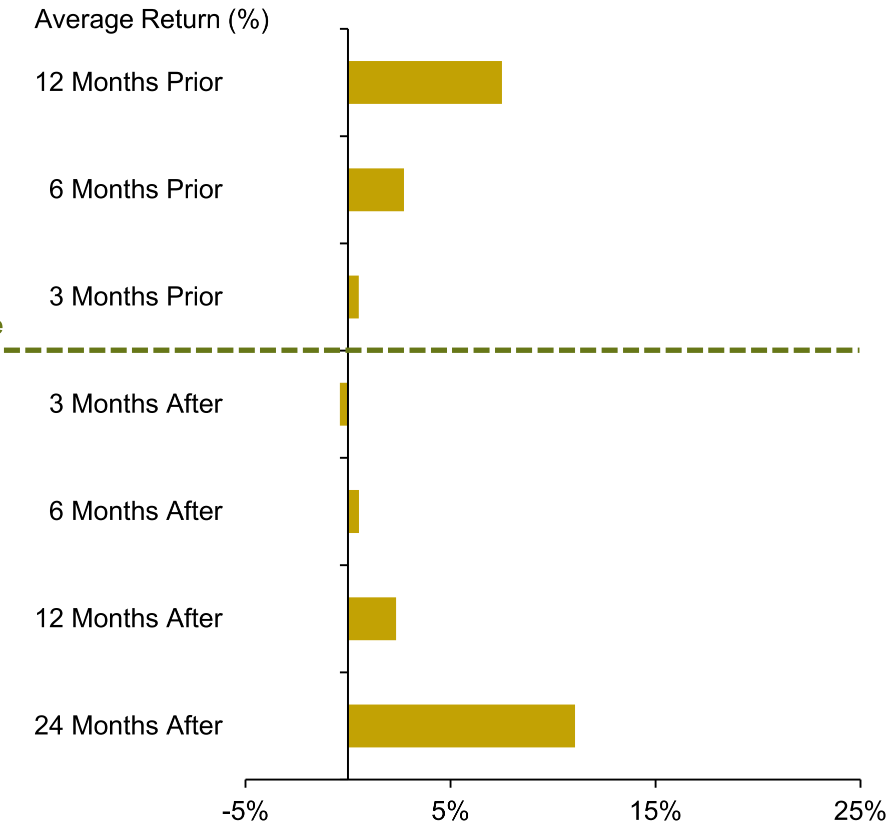
First Fed Rate Hike Typically Not a Show Stopper

Historically, U.S. stocks have posted solid returns prior to and immediately following the Fed's first hike of a tightening cycle, with double-digit average returns one year ahead of and one year after the first rate increase. Bond performance has tended to slow prior to and just after the first hike, though returns have generally been solid two years later.

Equity Performance around Fed Tightening Cycles, 1950–2010



Bond Performance around Fed Tightening Cycles, 1950–2010

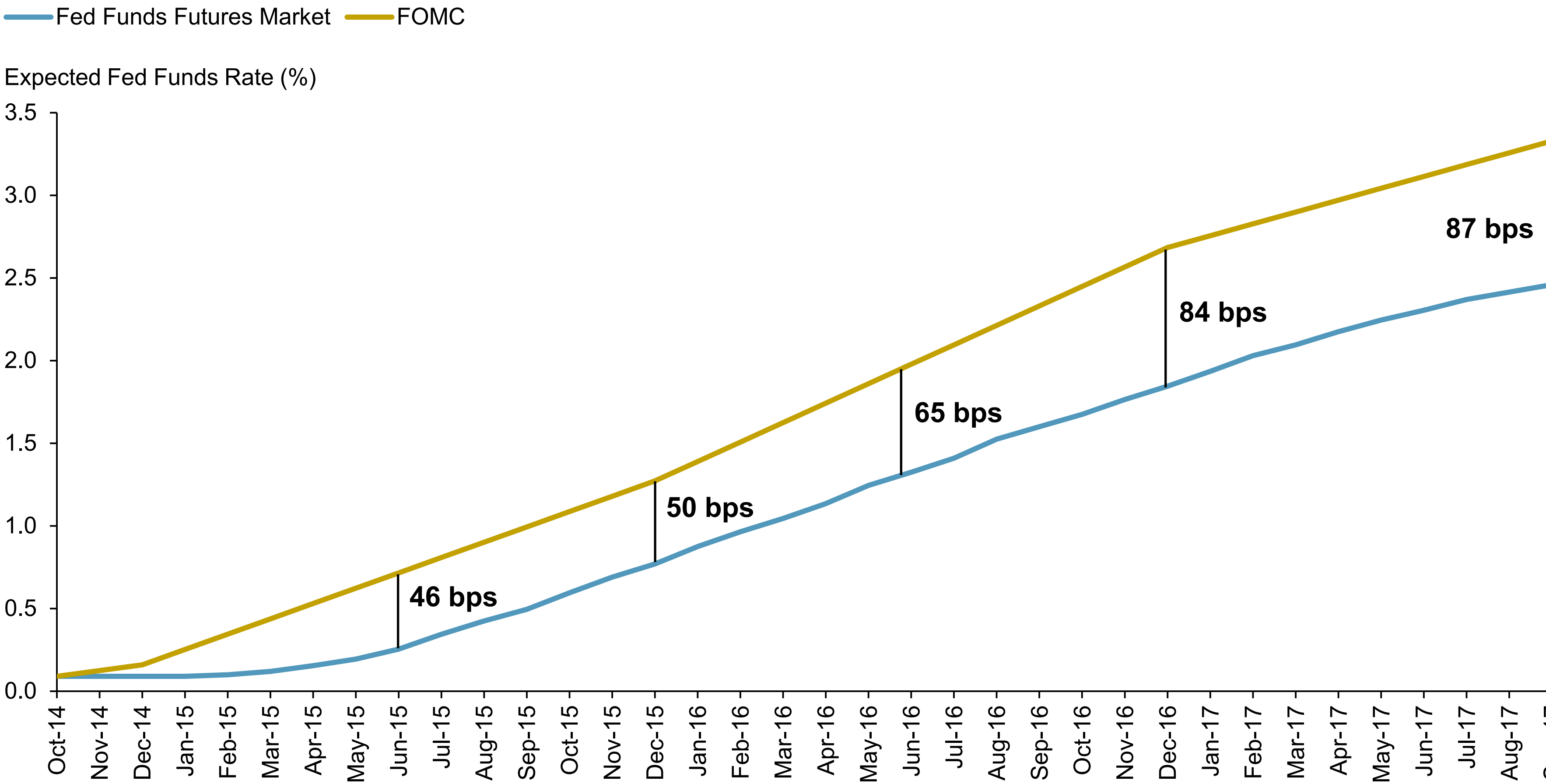


Fed: Federal Reserve. Past performance is no guarantee of future results. Fidelity Investments proprietary analysis of historical asset class total returns, using data from indices from: Barclays, Fidelity Investments, Morningstar, Standard & Poor's. Source: Fidelity Investments (AART), as of 9/30/14.

Timing and Magnitude of Tightening May Create Volatility

Due to the Fed's extremely accommodative policy and its role in boosting asset prices over the past several years, a shift to an outright tightening stance may unsettle markets. As of the end of Q3, market expectations indicate that investors foresee rate hikes coming later and with less magnitude than the Fed's guidance suggests, a mismatch that may spur volatility.

Implied FOMC and Market Expectations of Fed Funds Tightening Cycle

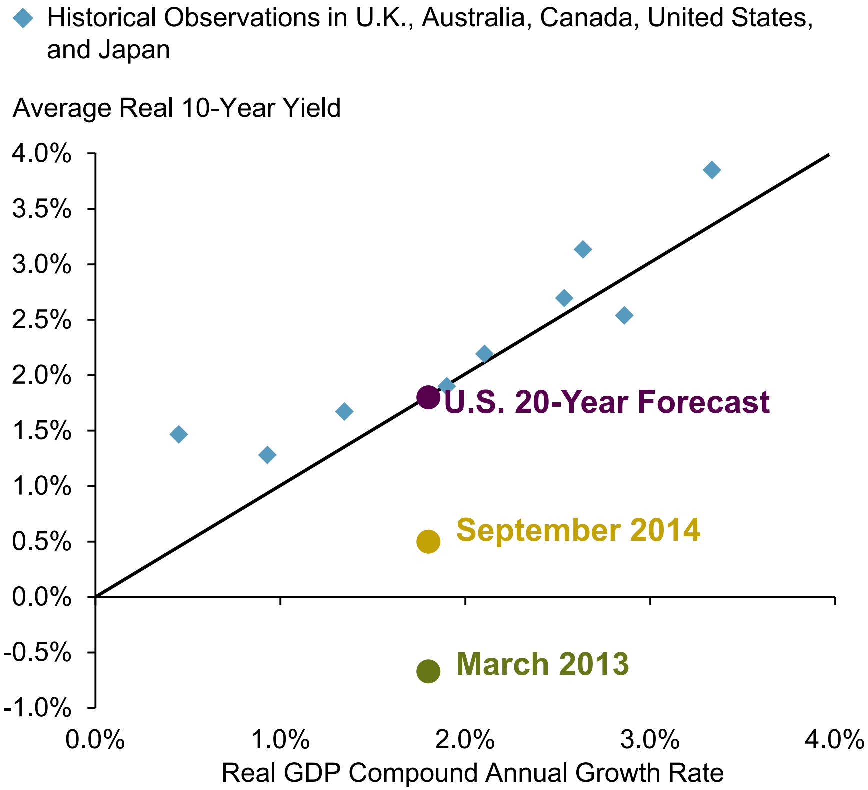


Fed: Federal Reserve. FOMC: Federal Open Market Committee. Market Fed Funds rate hike expectations calculated using daily generic Fed Funds futures contracts out 36 months. FOMC rate hike expectations calculated using the weighted average of the participants of the Federal Reserve System's appropriate pace of policy firming survey results. Source: Federal Reserve, Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/14.

Rate Outlook: Up Over Time, but Dramatic Spike Unlikely

Because bond yields and GDP growth tend to be highly correlated, given our forecast for slower U.S. GDP growth over the next 20 years, we believe 10-year Treasury yields should rise over time but to a level that is below the historical average. Other factors may keep rates from rising quickly, including low yields globally that support foreign demand for U.S. bonds.

Government Real Yields and Real GDP Growth for Major Economies, 1985–2014



Developed-Country 10-Year Government Bond Yields

Developed Countries	10-Year Yield (%)
Switzerland	0.49%
Japan	0.53%
Germany	0.95%
France	1.29%
Ireland	1.65%
Spain	2.14%
Canada	2.15%
Italy	2.33%
United Kingdom	2.39%
United States	**2.49%**

Real: inflation-adjusted. GDP: Gross Domestic Product. **LEFT:** The average real 10-year yield and real GDP compound annual growth rates are calculated since the inception dates of the inflation-adjusted government securities for the following countries: United Kingdom (Jan. 1985), Australia (Jun. 1985), Canada (Nov. 1991), United States (Apr. 1998), and Japan (Apr. 2004). Source: Country statistical organizations, Haver Analytics, Fidelity Investments (AART), as of 9/30/14. **RIGHT:** Past performance is no guarantee of future results. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/14.

Economy/Macro Backdrop

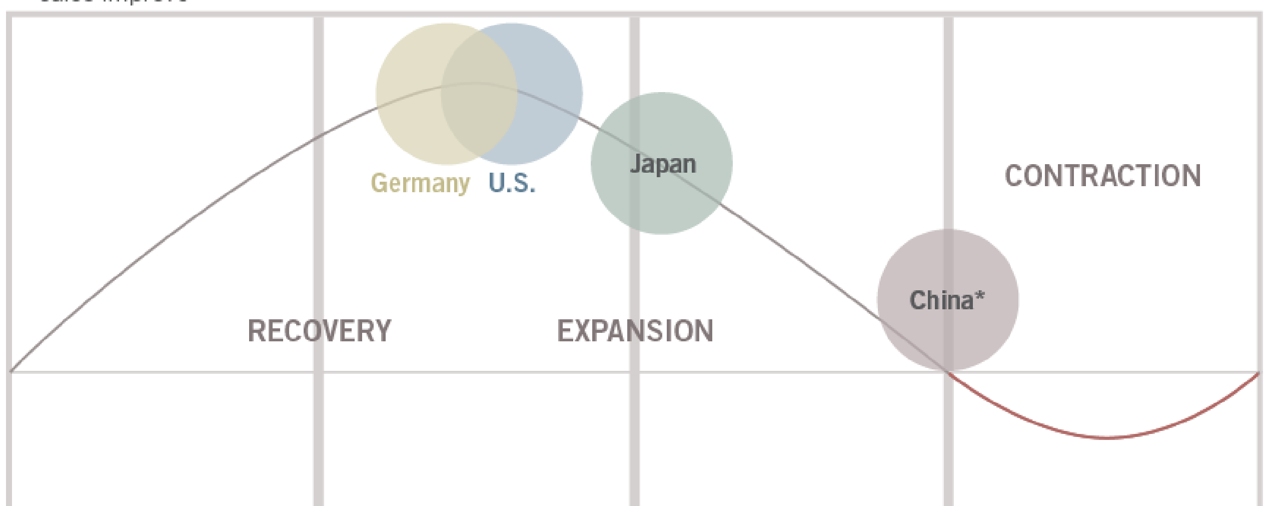
Increasingly Divergent Global Business Cycle

The U.S. remains firmly in the mid-cycle phase and is a major driver of the slow global expansion, while Europe is experiencing a mid-cycle slowdown. Japan continues to struggle against late-cycle pressures. Policy stimulus in China has helped to stabilize recent economic activity, but within a slowing medium-term trend.

Inflationary Pressures
Red = High

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

+
Economic Growth
–



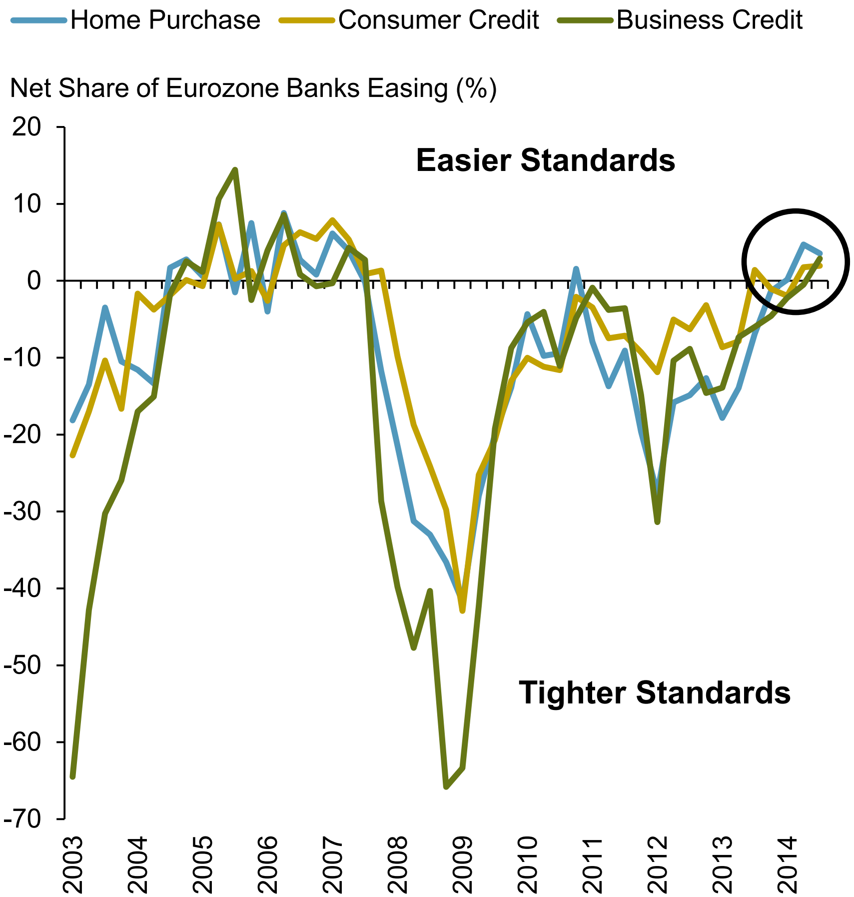
Relative Performance of Economically Sensitive Assets
Green = Strong

*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 9/30/14.

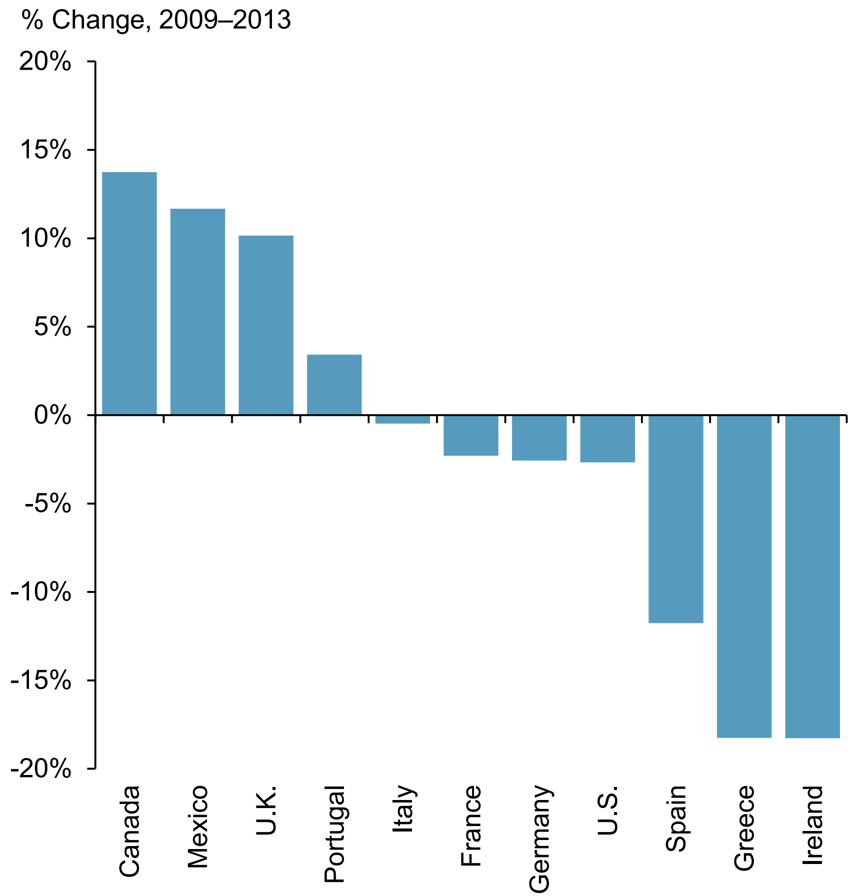
Europe: Mid-Cycle Slowdown, Gradual Improvement Ahead

Although growth in the eurozone stagnated, easier credit and monetary conditions suggest a mid-cycle slowdown rather than a move into recession. With peripheral euro countries increasing their labor competitiveness and their pent-up demand in recent years, the worst still appears to be behind Europe from a cyclical standpoint, even as the expansion remains slow.

Eurozone Bank Lending Standards



Real Unit Labor Costs

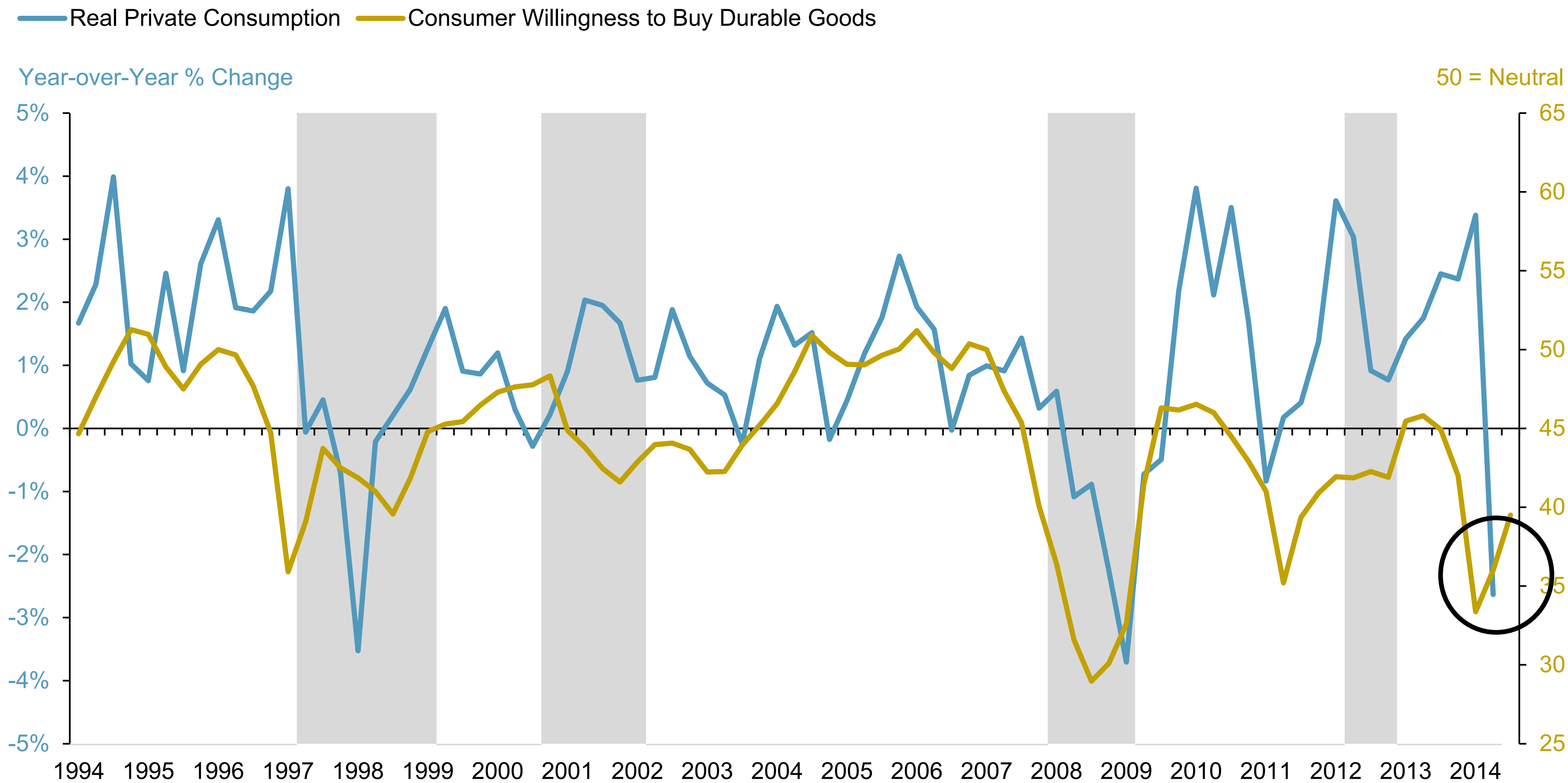


LEFT: Source: European Central Bank, Haver Analytics, Fidelity Investments (AART) as of 8/31/14. **RIGHT:** Unit labor costs are reported annually and adjusted by the change in the real effective exchange rates. Source: Organisation for Economic Co-operation and Development (OECD), Bank for International Settlements, Haver Analytics, Fidelity Investments (AART), as of 12/31/13.

Japan: Cyclical Outlook Remains Highly Uncertain

The contraction in consumer spending in Japan during the second quarter was worse than most investors anticipated. While activity should steady going forward as the impact from the consumption tax hike fades, the inability of consumers to increase spending plans back to pre-tax-hike levels suggests that Japan continues to face late-cycle pressures.

Japan Consumption and Consumer Sentiment



Shaded areas indicate recessions as defined by the Cabinet Office of Japan. Source: Cabinet Office of Japan, Haver Analytics, Fidelity Investments (AART). Real private consumption data is as of 6/30/14 and consumer willingness to buy is as of 8/31/14.

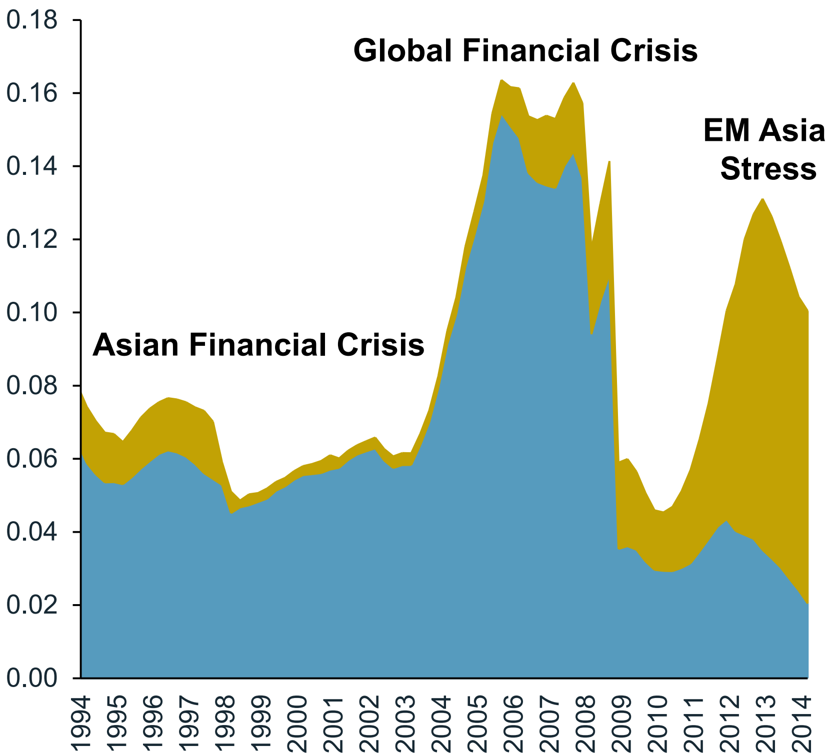
Real Estate Sector Is Key Near-Term Risk for Slowing China

Our financial crisis model suggests that the probability of crisis in China remains elevated over the medium term due to the rapid expansion of credit and housing prices in recent years. Weakness in the property market—signaled by rising inventories and falling prices—is the biggest near-term threat to economic and financial stability.

Aggregate Financial Crisis Risk (In Following Three Years)

Developed Markets Emerging Markets

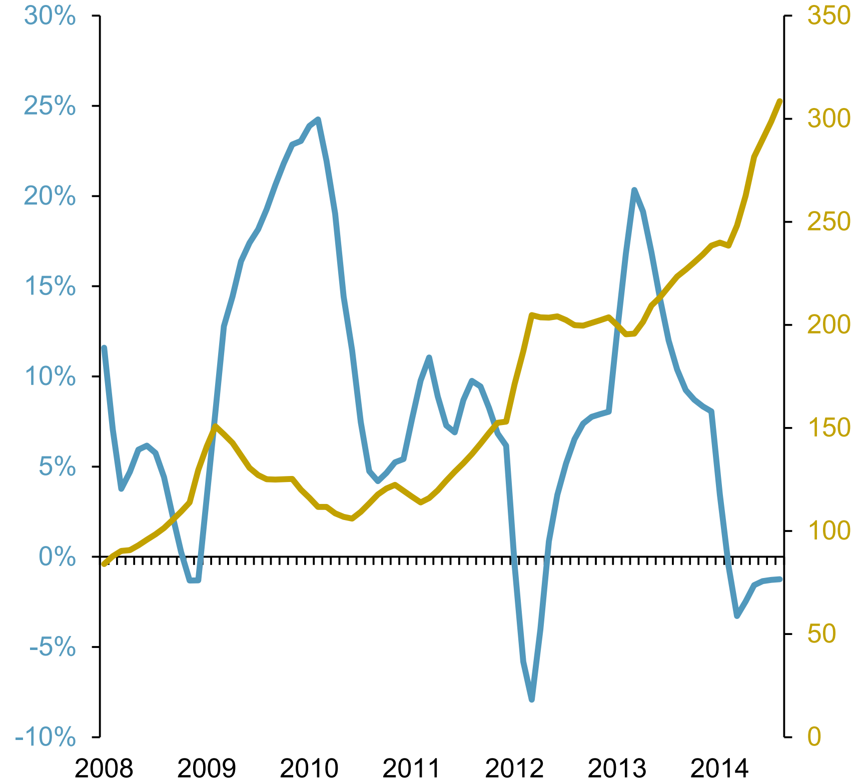
Probability of a Banking Crisis (GDP-weighted)



China Real Estate

Residential Home Prices
Vacant Residential Inventory-to-Sales Ratio

Year-over-Year Change (%) Index (2008 = 100)

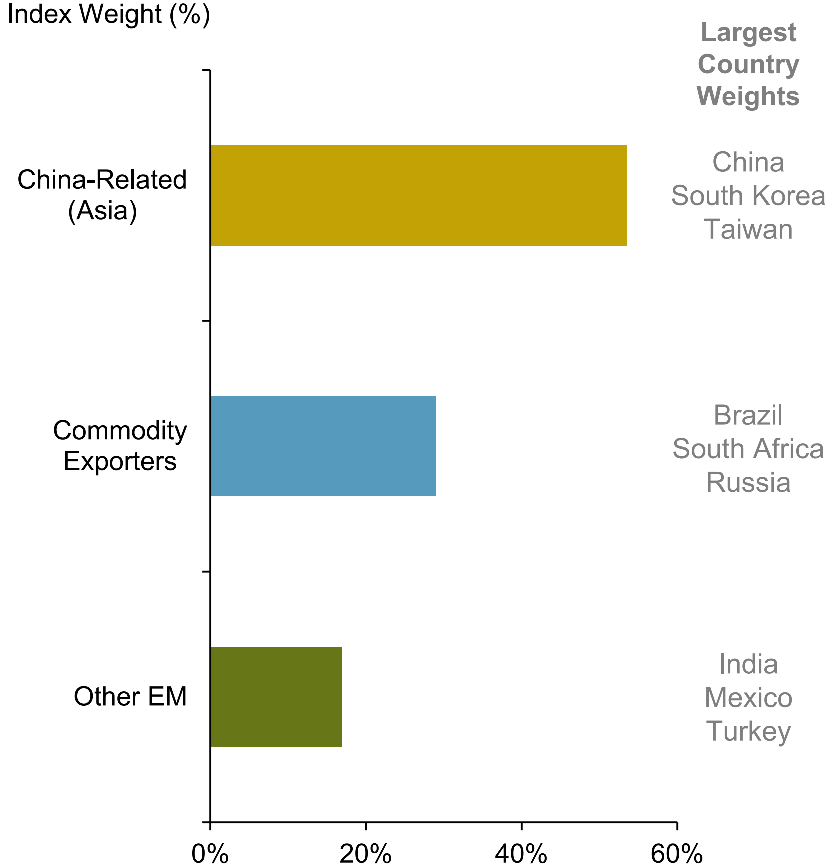


LEFT: Risk is weighted by share of global gross domestic product (GDP). The countries included in the analysis vary over time from 22 in 1993 to 30 currently. Source: World Bank, Fidelity Investments (AART), through 3/31/14. **RIGHT:** Both data series are seasonally adjusted and shown as a three-month average. Vacant Residential Inventory-to-Sales Ratio: Residential square footage vacant and available for sale divided by residential square footage sold; indexed to average for 2008. Source: China National Statistics Bureau, Haver Analytics, Fidelity Investments (AART), as of 8/31/14.

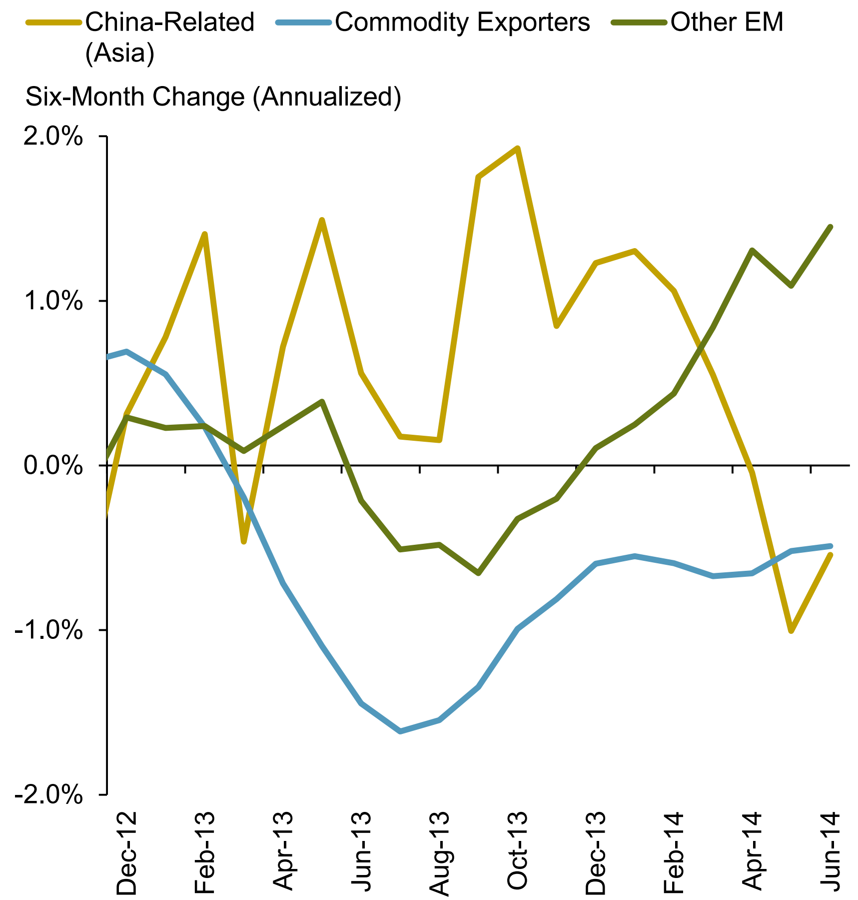
Diverging Outlooks Among Emerging-Market Economies

The EM economic landscape remains mixed. Countries with strong trade linkages with China or heavy exposure to commodity prices—which account for more than three-fourths of EM equity market capitalization—face cyclical headwinds due to China's slowing growth. Though some countries are faring better, most EMs still face late-cycle pressures.

MSCI EM Equity Index Composition



EM Leading Economic Indicators

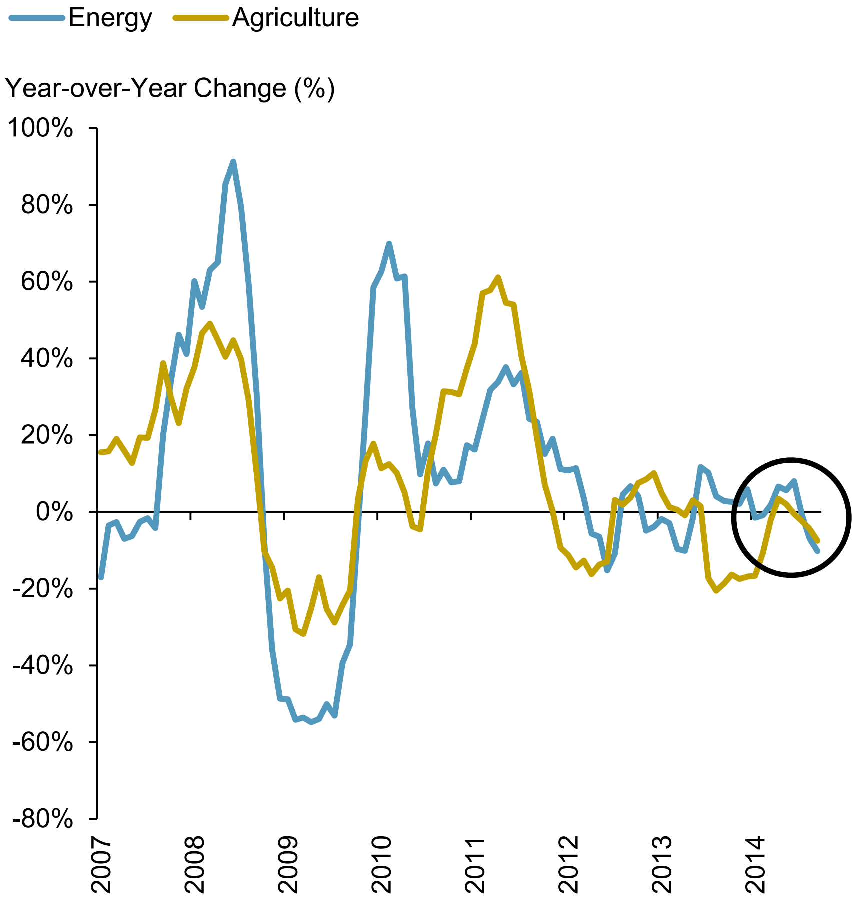


EM: emerging market. China-Related (Asia): China, Korea, Malaysia, Taiwan, and Thailand. Commodity Exporters: Brazil, Chile, Colombia, Indonesia, Peru, Russia, and South Africa. Other EM: Czech Republic, Hungary, India, Mexico, Philippines, Poland, and Turkey. **LEFT:** Source: MSCI EM Index, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/14. **RIGHT:** Category data weighted by market capitalization. Source: Organisation for Economic Co-operation and Development (OECD), FIBER, Haver Analytics, Fidelity Investments (AART), as of 6/30/14.

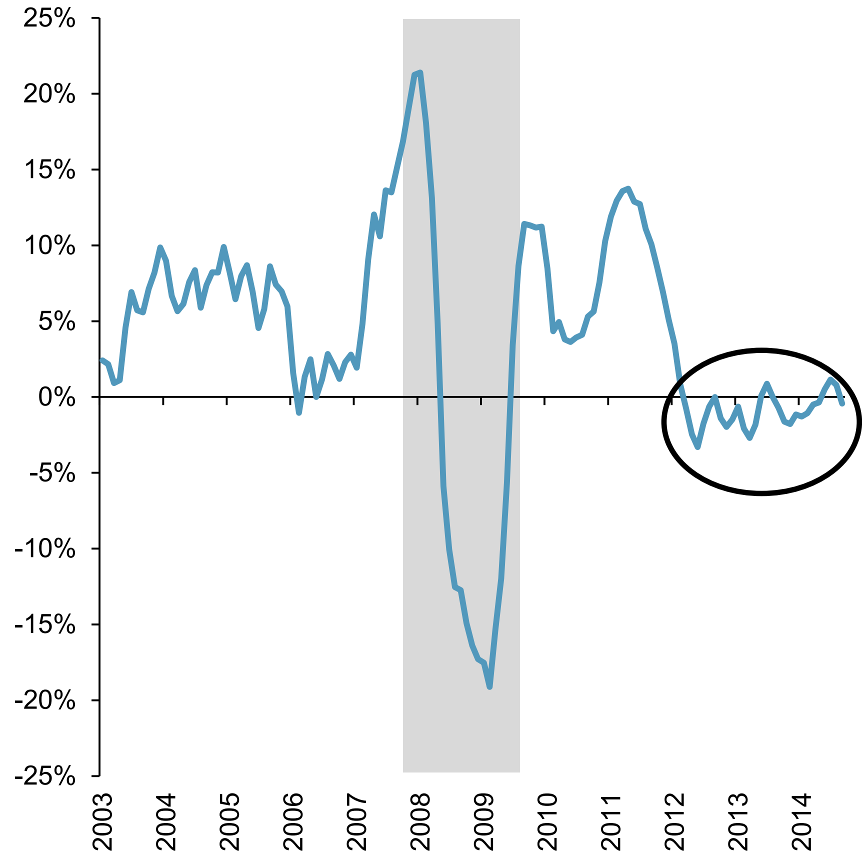
Global Disinflation Reasserts Itself

Weak global demand and the abatement of supply disruptions in energy and agricultural categories pushed commodity prices lower during Q3. In combination with a stronger U.S. dollar, this decline helped to lower U.S. import prices. These disinflationary trends are a symptom of tepid global growth, but they support the purchasing power of the U.S. consumer.

Commodity Prices



U.S. Import Prices

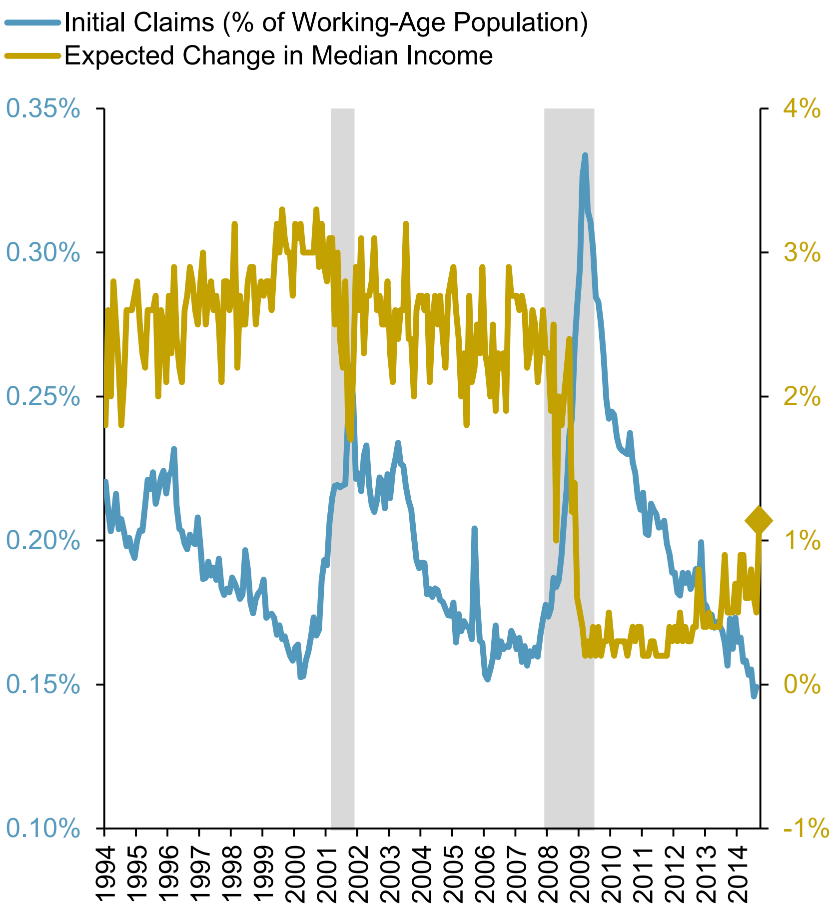


Shaded area indicates a recession as defined by the National Bureau of Economic Research (NBER). **LEFT**: Source: Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 8/31/14. **RIGHT:** Source: NBER, Bureau of Labor Statistics, Fidelity Investments (AART), as of 8/31/14.

U.S. Wage Growth Subdued, but Income Outlook Improving

The labor market continues to improve, with unemployment claims as a share of the labor force falling to a record low. Although income growth expectations remain muted, they have picked up in recent months. Modest-but-rising wage growth signals an improved outlook for consumers but a still low probability of an imminent shift to late-cycle dynamics.

U.S. Employment & Income Expectations



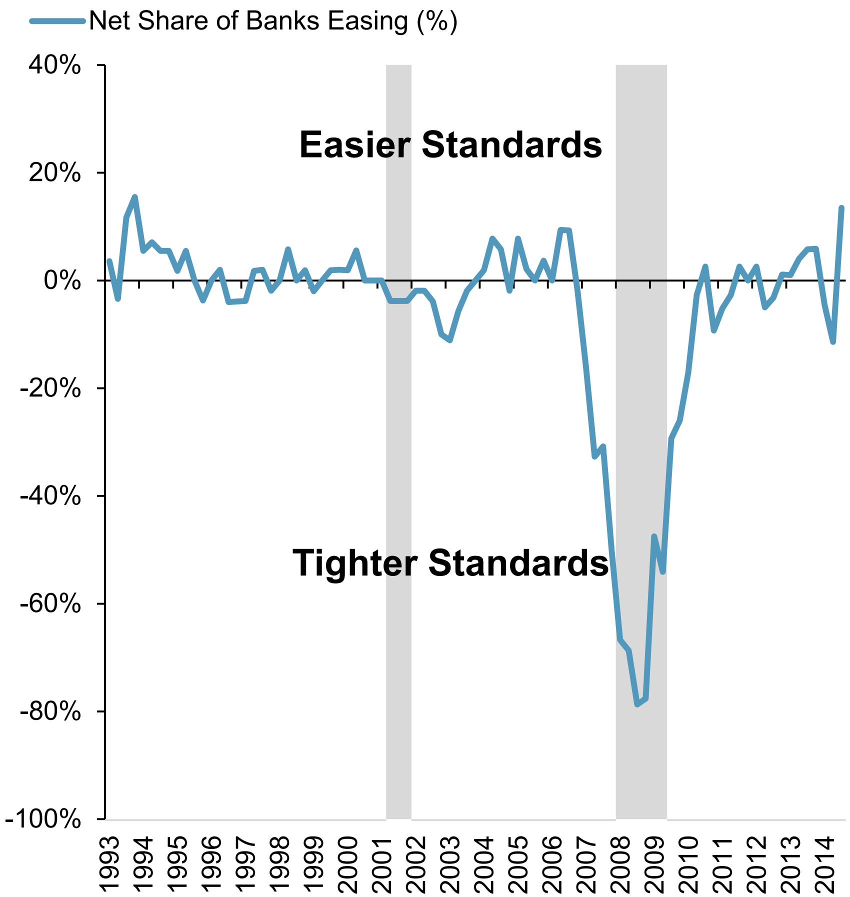
U.S. Worker Earnings

Shaded areas indicate recessions as defined by the National Bureau of Economic Research (NBER). **LEFT:** Source: NBER, Department of Labor, Bureau of Labor Statistics, University of Michigan, Haver Analytics, Fidelity Investments (AART), as of 8/31/14. **RIGHT:** Source: NBER, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 8/31/14.

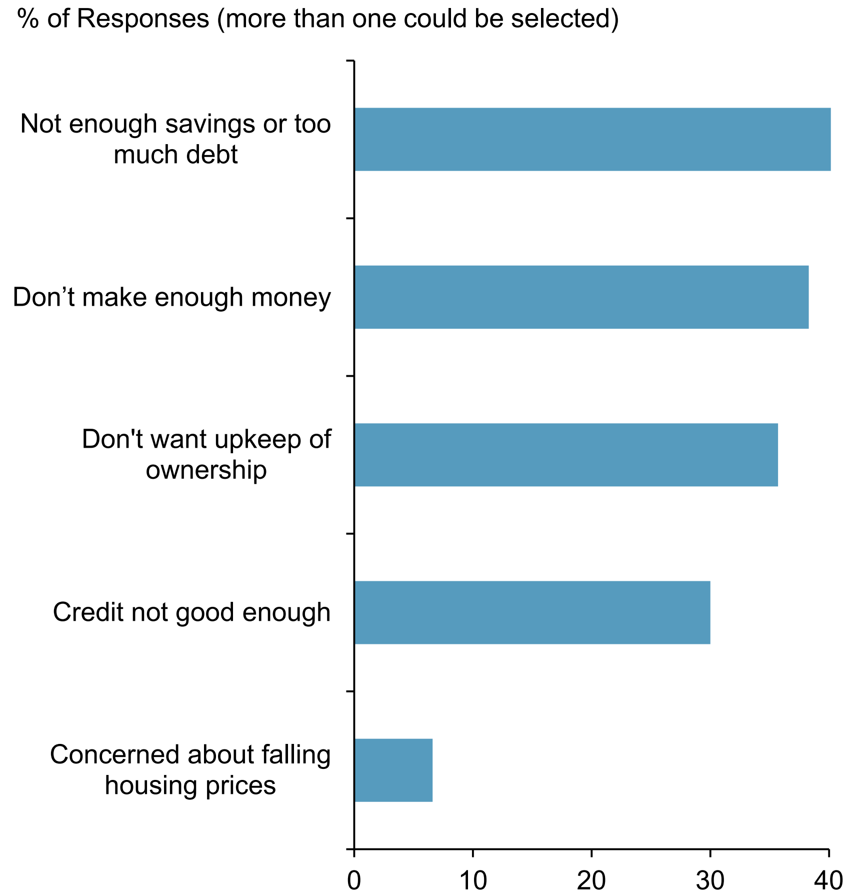
Housing Improvement Slow, but Remains Structurally Intact

Housing activity remains at modest levels, but on a trend of slow improvement. Mortgage conditions are finally improving as banks are more willing to issue residential loans. A recent survey implies most renters cite personal financial reasons for not purchasing a home, an indication that demand should continue to slowly rise amid improving economic conditions.

Residential Mortgage Lending Standards



Reasons for Not Buying a Home

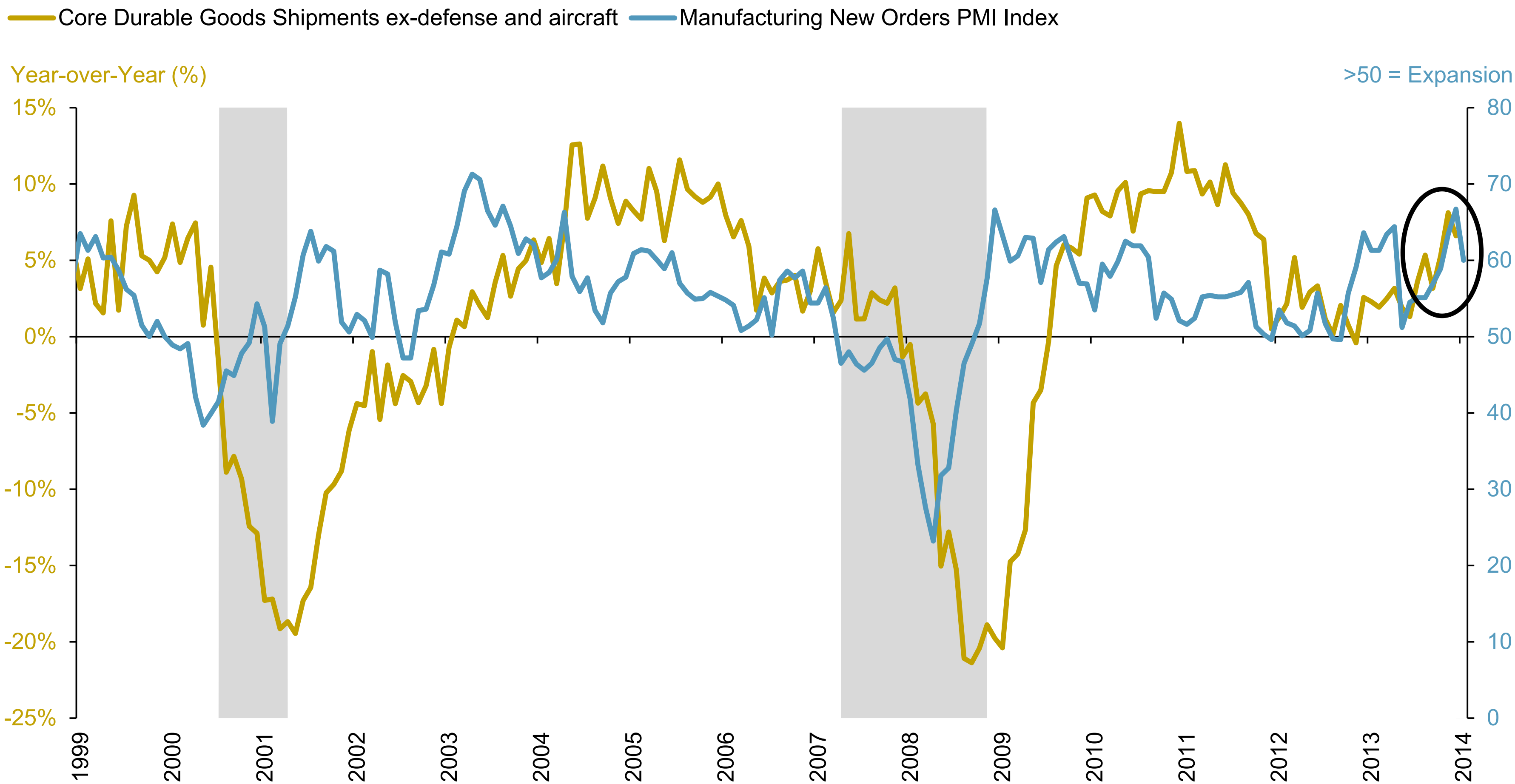


LEFT: Shaded areas indicate recessions as defined by the National Bureau of Economic Research (NBER). Source: NBER, Federal Reserve, Haver Analytics, Fidelity Investments (AART), as of 8/31/14. **RIGHT:** Survey question was, “Which of the following are reasons you would rent and not purchase a home if you were to move over the next three years?” Source: Survey of Consumer Expectations Special Module on Housing, Federal Reserve Bank of New York, as of 9/8/14.

Pickup in Manufacturing and Corporate Spending

U.S. corporate fundamentals remain strong, supported by robust balance sheets and solid profitability. Manufacturing activity reaccelerated, with new orders reaching their strongest level in over a decade. The pace of capital expenditures also improved, as core durable goods shipments hit their fastest rate of growth in two years.

U.S. Manufacturing and Capital Expenditures

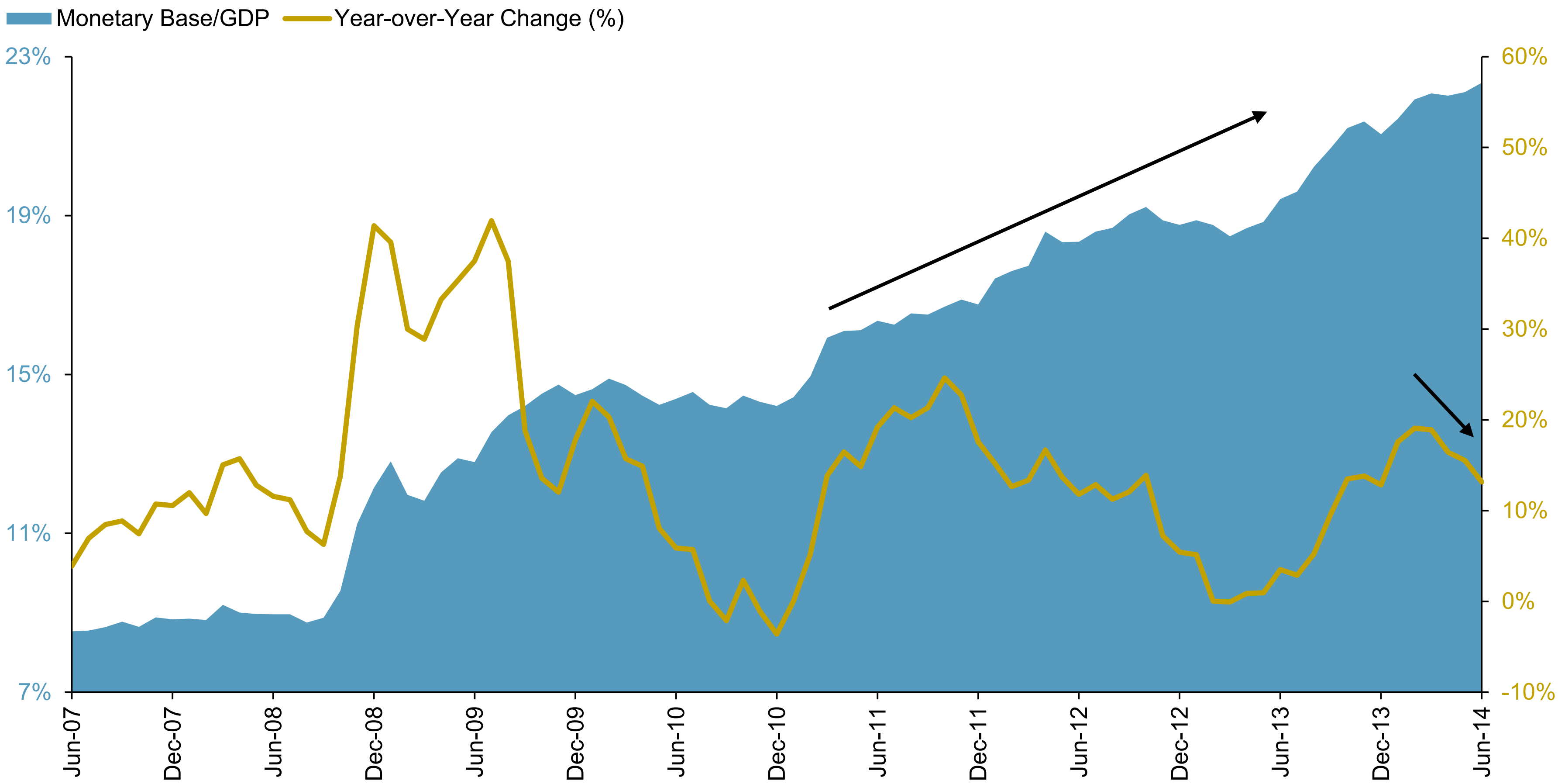


Shaded areas indicate recessions as defined by the National Bureau of Economic Research (NBER). PMI: Purchasing Managers' Index, a survey of purchasing managers in a certain economic sector. Source: NBER, Institute for Supply Management, Census Bureau (Core Durable Goods Shipments as of 8/31/14), Haver Analytics, Fidelity Investments (AART), as of 9/30/14.

Global Liquidity Abundant, but Growth Slowing

Global monetary conditions remain generally supportive of asset prices, but the pace of growth has begun to subside. The monetary backdrop has grown increasingly mixed, with the U.S. and U.K. moving toward a tightening stance, while Japan and the eurozone continue to implement easing measures. These divergences have contributed to rising currency volatility.

Monetary Base of Major Economies



GDP: gross domestic product. Includes the eurozone, Japan, U.K., U.S. Monetary Base: the total amount of publicly circulated currency and central bank reserves. Source: Country statistical organizations, Haver Analytics, Fidelity Investments (AART), as of 6/30/14.

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 economy remains on a trend of slow but steady growth, albeit with an increasingly divergent outlook among countries and regions.

Rise in dollar due to solid U.S. economy against sluggish global backdrop	Valuations on most U.S. asset classes are fair to slightly rich	Fed outlook data-dependent: first hike likely next summer

Asset Allocation Considerations

- Business cycle generally constructive for U.S. equities, though returns less strong going forward
- Disciplined risk-management practices are warranted due to potential pickup in volatility
- Interest rates are unlikely to rise rapidly after Fed tightening commences

Potential Risks

- Slower global growth trends
- Stronger-than-expected domestic growth brings forward monetary tightening in the U.S.
- Continued rise in geopolitical uncertainty

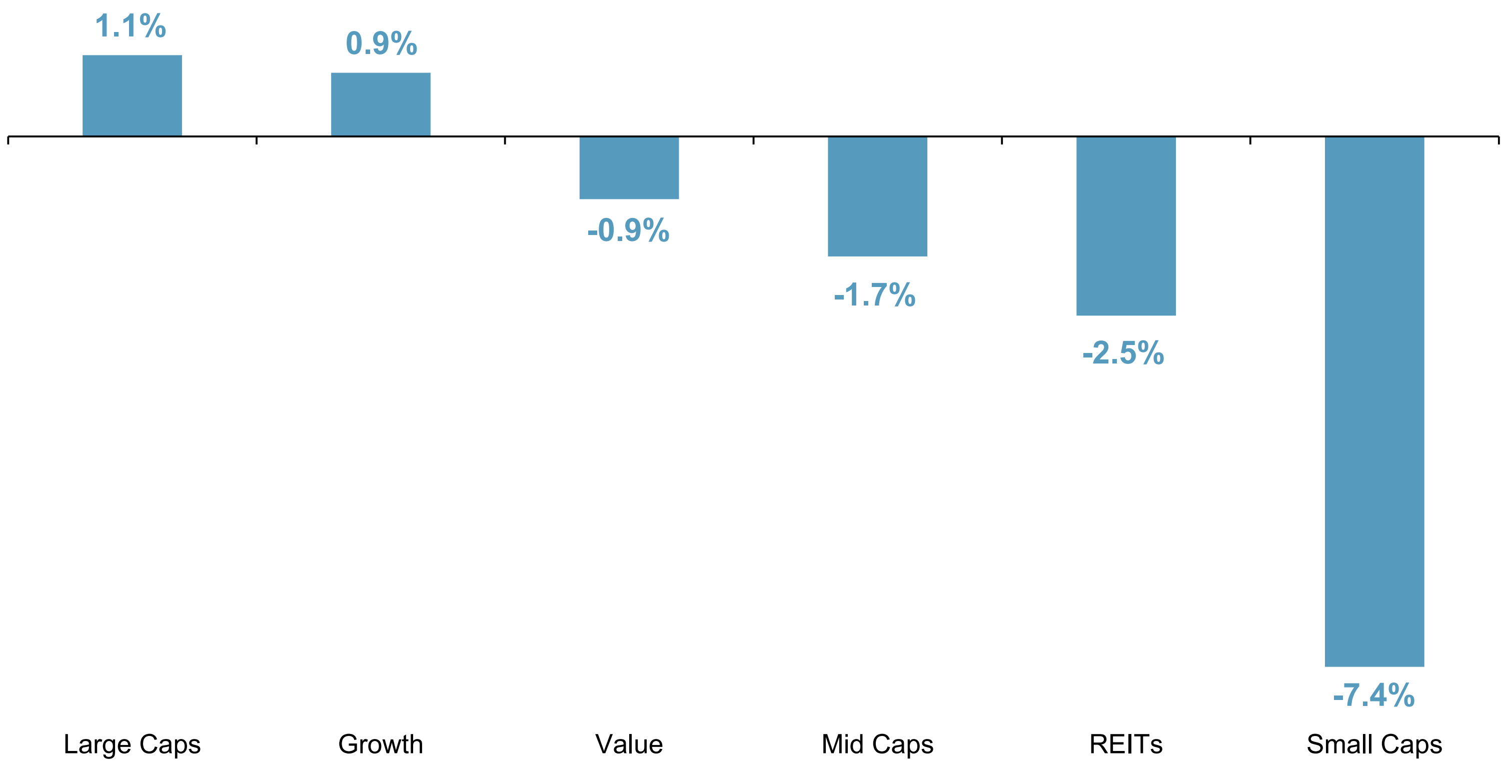
Fed: Federal Reserve. Source: Market Assessment Statement of Global Asset Allocation's Business Cycle Board, Fidelity Investments, as of 9/30/14.

U.S. Equity Markets

Mixed U.S. Equity Performance; Small Caps Lag

After posting broad-based gains during the first half of the year, performance across U.S. equity categories was more mixed during Q3. Large-cap and growth stocks experienced modest gains. Small-caps continued their underperformance and dropped into negative territory on a year-to-date basis.

Q3 2014 Total Return



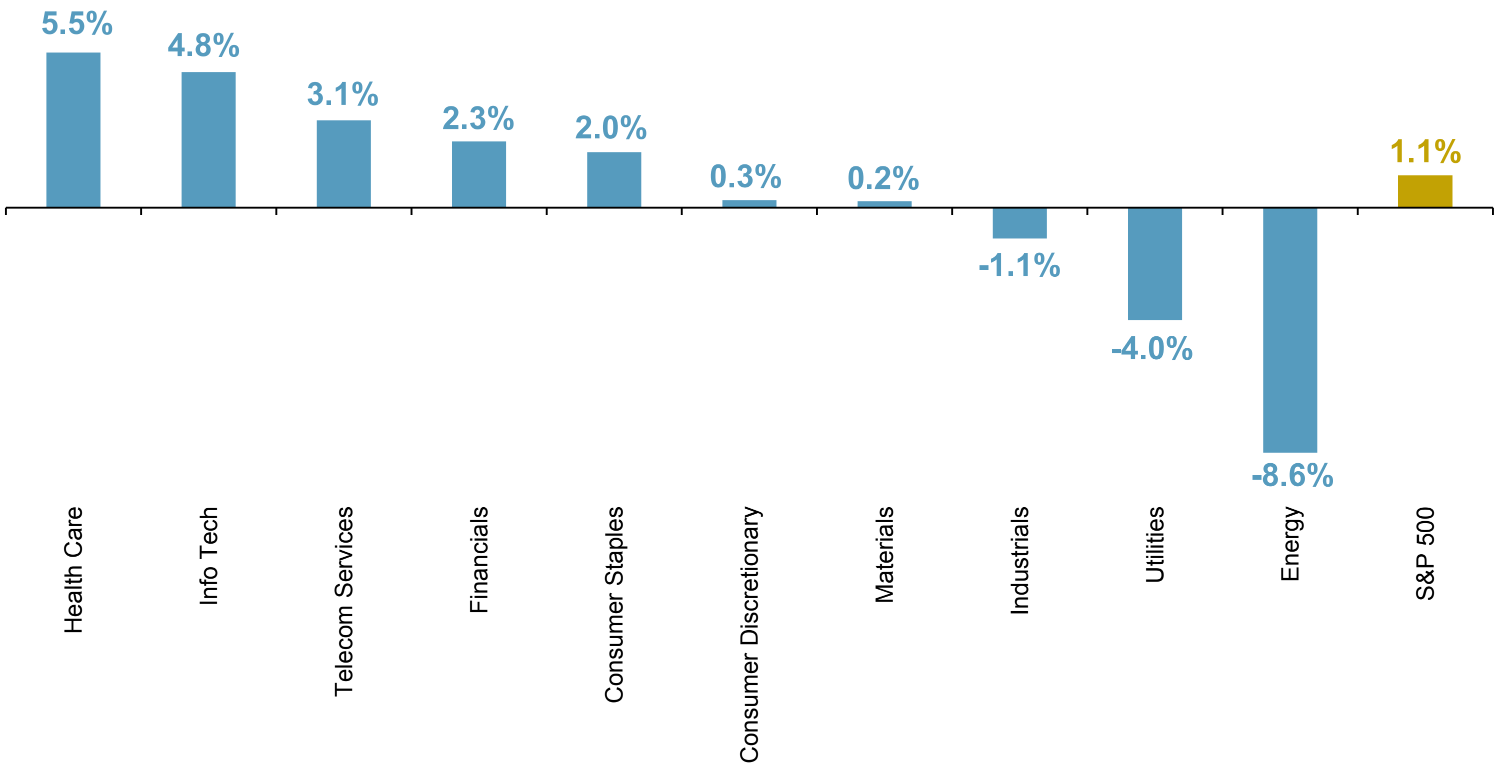
	Large Caps	Growth	Value	Mid Caps	REITs	Small Caps
Year-to-Date	8.3%	6.9%	7.0%	6.9%	13.4%	-4.4%

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: Bloomberg Financial, L.P., Fidelity Investments (AART), as of 9/30/14.

Varied Equity Sector Performance; Energy Declines

Following a strong performance by the energy sector during Q2, declining oil and natural gas prices weighed on energy stocks in Q3. Health care and technology stocks were the strongest performers, both on a quarterly and on a year-to-date basis, with growth in the biotechnology industry and a pickup in business spending, respectively, boosting these sectors.

Q3 2014 Total Return



	Health Care	Info Tech	Telecom Services	Financials	Consumer Staples	Consumer Discretionary	Materials	Industrials	Utilities	Energy	S&P 500
Year-to-Date	16.6%	14.1%	7.5%	7.4%	7.2%	0.9%	8.9%	2.9%	13.9%	3.2%	8.3%

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: Bloomberg Financial, L.P., Fidelity Investments (AART), as of 9/30/14.

Corporate Profitability Still Supportive of Stocks

The slow but steady U.S. expansion provides a stable outlook for corporate revenues. Profit margins remain near historic 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

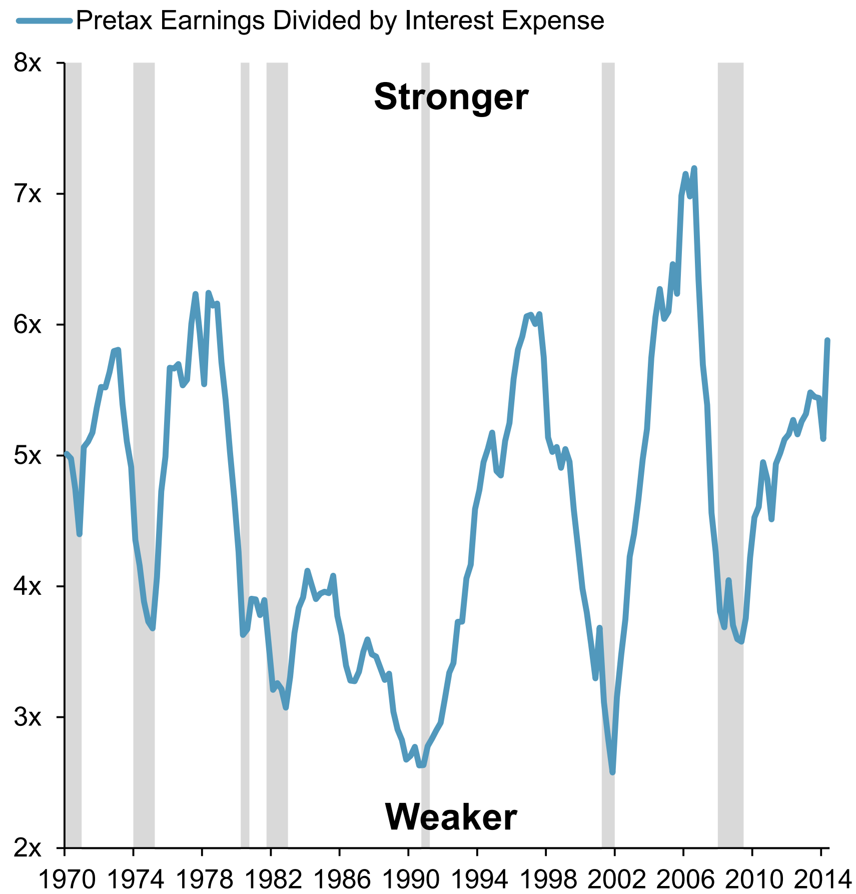
Cyclical Productivity — Efficiency gains continue

Input Costs — Input prices contained relative to consumer prices

Debt Service — Low interest expense, debt maturities extended

Earnings
Mid-Single-Digit Growth

U.S. Debt Service Coverage Ratio*



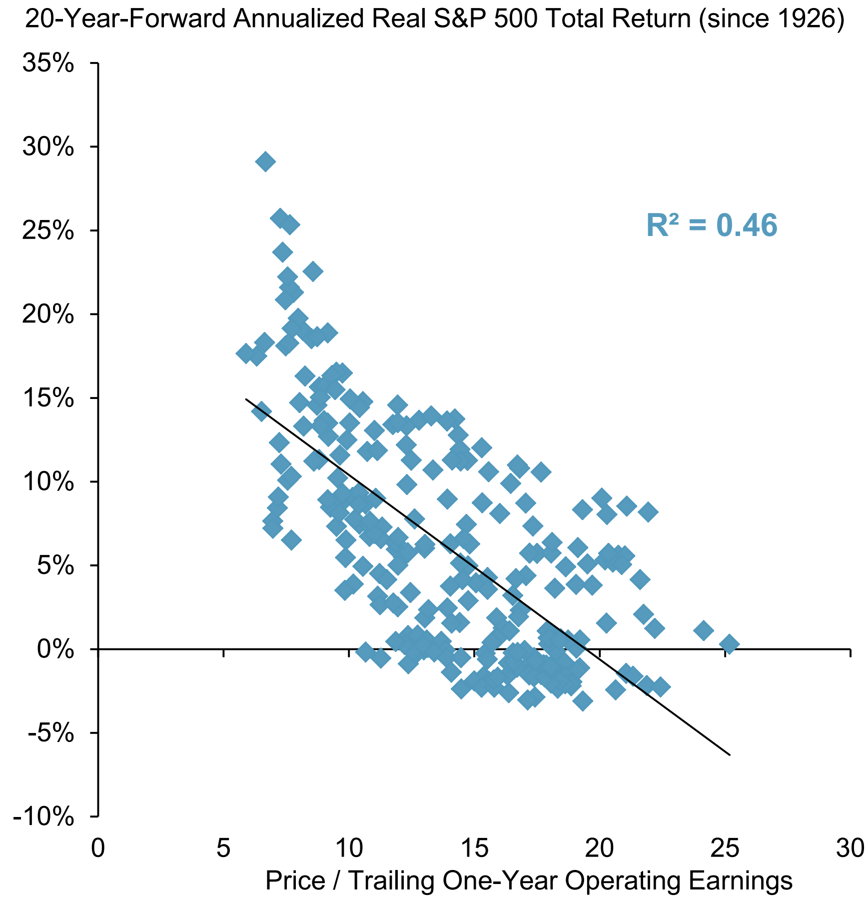
GDP: gross domestic product. **LEFT:** Shaded areas indicate recessions as defined by the National Bureau of Economic Research (NBER). RIGHT: *Debt service coverage ratio measures a company's ability to service its debt obligations. Ratio includes data on both public and private companies. Source: NBER, Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART), through 6/30/14.

Equity Valuations Not an Obstacle for Near-Term Returns

U.S. valuations remain 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 to be much more meaningful as an indicator of future returns over longer time horizons.

P/E vs. One-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 6/30/14. **LEFT:** Historical CAPE valuation levels: Q4 1925 to 6/30/13. Source: Standard & Poor's, Robert Shiller, Haver Analytics, Fidelity Investments, as of 6/30/14. **RIGHT:** Historical trailing one-year operating earnings valuation levels: Q4 1925 to 6/30/94. Source: Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 6/30/14.

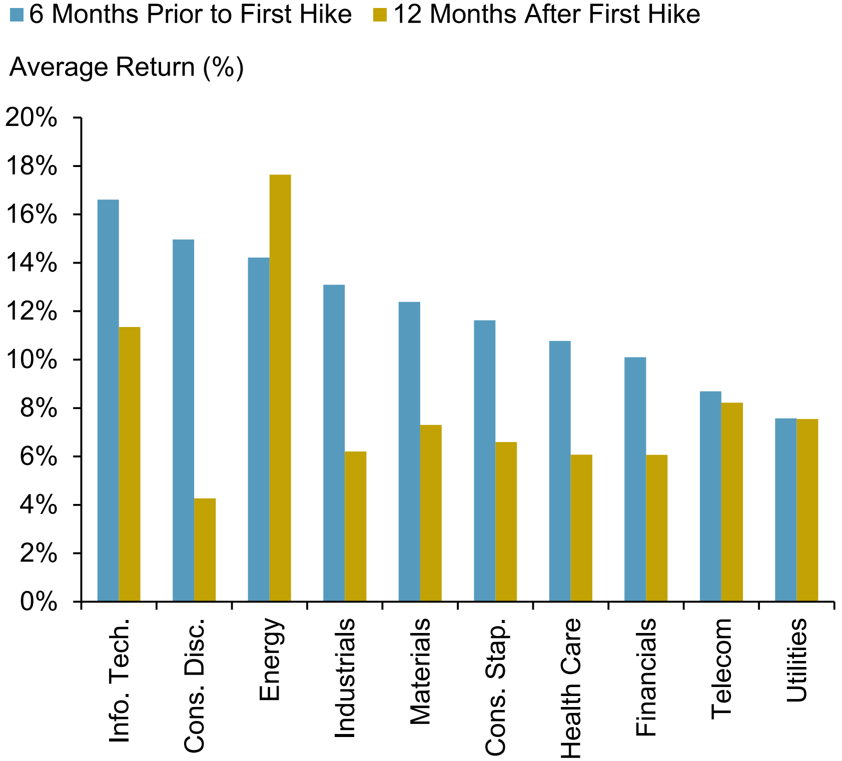
Business and Fed Cycles Affect Equity Sector Leadership

A disciplined business-cycle approach to sector allocation can produce active returns by favoring industries that may benefit from cyclical trends. The start of the Fed tightening cycle has traditionally been a signpost that the beginning portion of the mid-cycle phase is coming to an end, with some shift in relative performance among equity sectors.

Business Cycle Approach to Sectors

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

Equity Sector Performance around Start of Fed Tightening Cycles (1962-2010)



Fed: Federal Reserve. Past performance is no guarantee of future results. Sectors as defined by GICS. **LEFT:** Unshaded (white) portions above suggest no clear pattern of over- or underperformance vs. broader market. 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. Source: *The Business Cycle Approach to Sector Investing,* Fidelity Investments (AART), September 2014. **RIGHT:** Fidelity Investments proprietary analysis of historical asset class performance. Asset class total returns are represented by indices from Haver Analytics, Fidelity Investments, as of 9/30/14.

QUARTERLY MARKET UPDATE

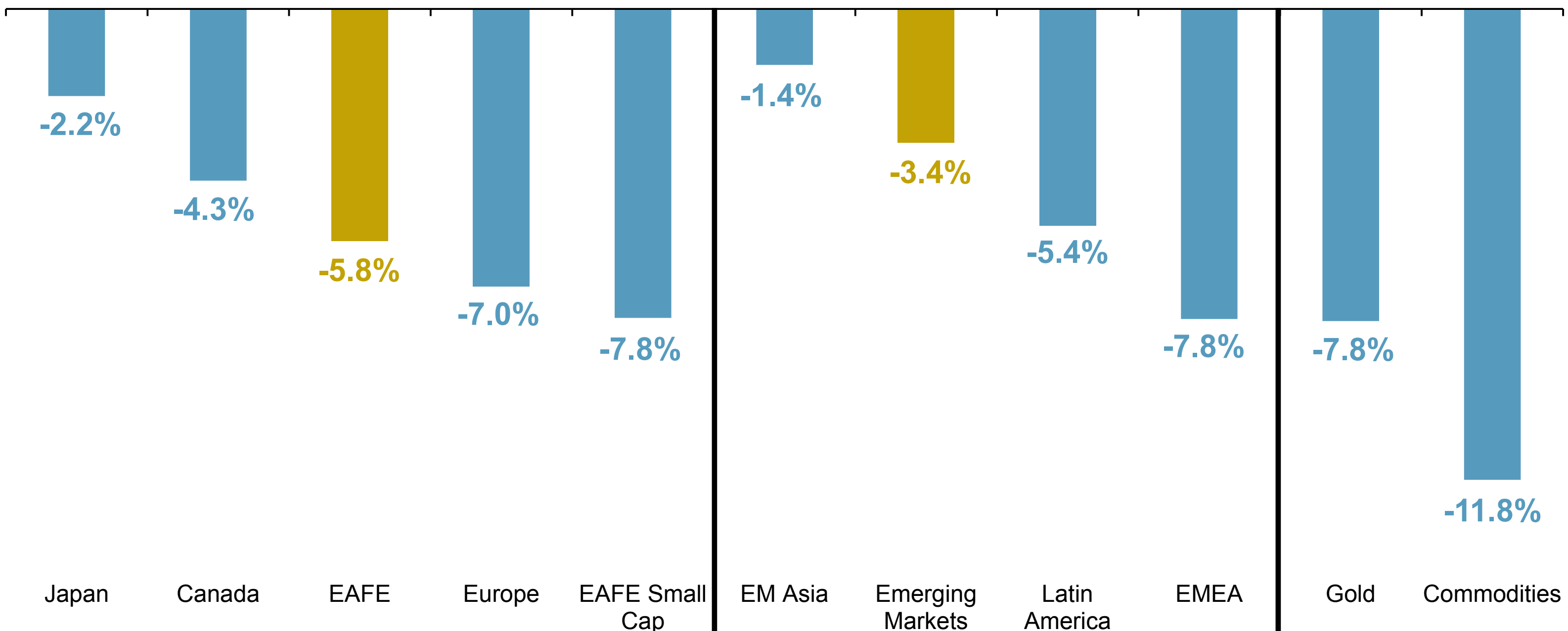
Fourth Quarter 2014

International Equity Markets & Global Assets

Strong Dollar, Weak Conditions Weigh on Non-U.S. Markets

While developed and emerging-market equities eked out slight gains in local currency terms during Q3, the sizeable depreciation in non-U.S. currencies relative to the U.S. dollar caused all major non-U.S. markets to post negative returns in USD terms. Weak global demand caused commodities to suffer their worst quarterly returns since 2008.

Q3 2014 Total Return



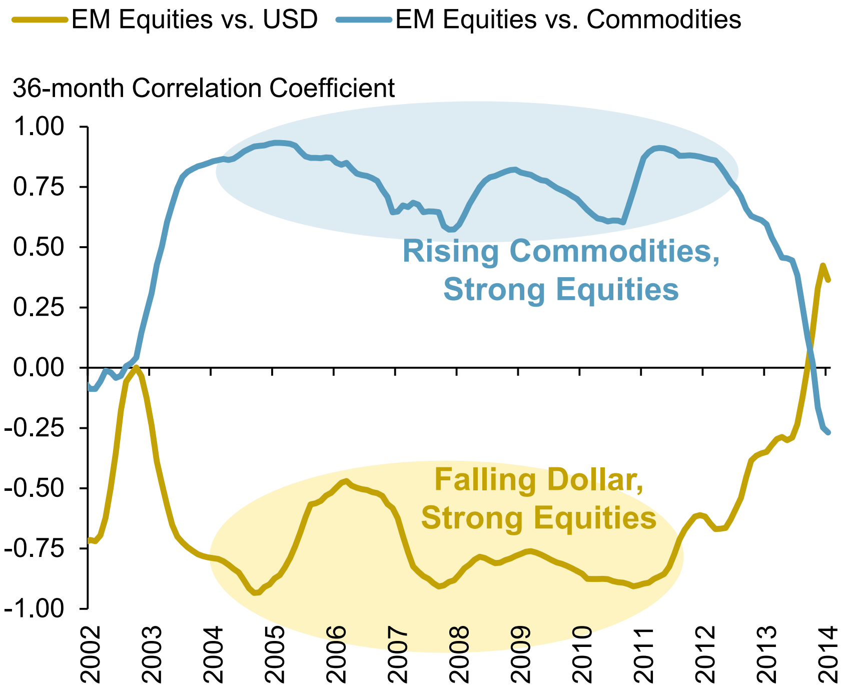
	Japan	Canada	EAFE	Europe	EAFE Small Cap	EM Asia	Emerging Markets	Latin America	EMEA	Gold	Commodities
Q3 2014 LC	5.9%	0.4%	1.0%	-0.2%	-1.2%	0.6%	0.7%	2.3%	-0.5%	N/A	N/A
Year-to-Date	-1.4%	7.2%	-1.0%	-1.4%	-2.5%	5.5%	2.7%	1.6%	-5.2%	0.7%	-5.6%
	Developed-Market Equities					**Emerging-Market Equities**				**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 – Bloomberg Commodity 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: Bloomberg Financial L.P., Fidelity Investments (AART), as of 9/30/14.

EMs Struggle Amid Weak Commodities, Strong Dollar

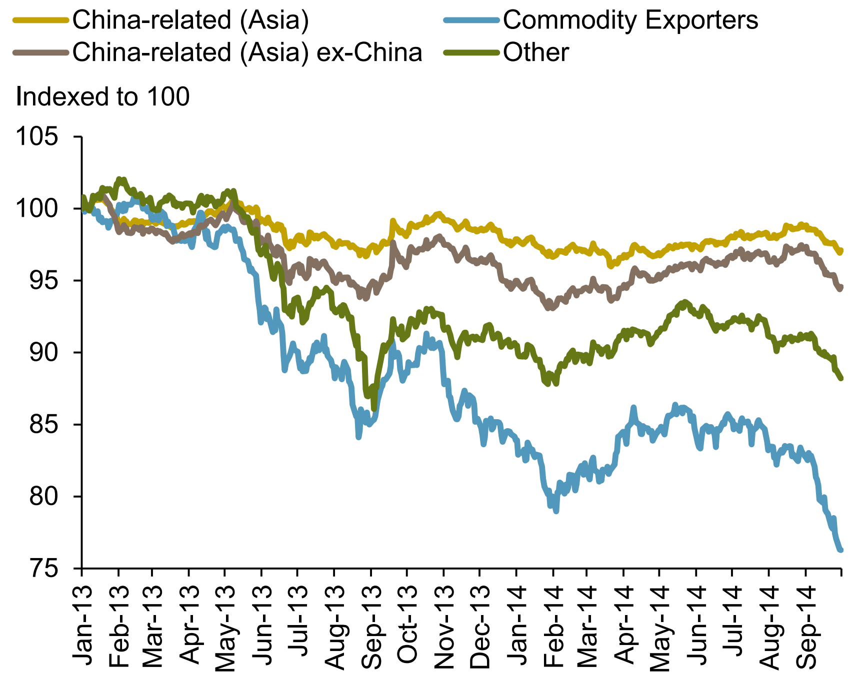
During much of the 2000s, EM equities generally benefited from a declining U.S. dollar and strengthening commodity prices. In 2014, EM equities have held up despite a strong dollar and weak commodities, but equity performance in USD terms suffered significantly during Q3, and the stocks and currencies of EM commodity exporters were hit particularly hard.

EM Equity Correlations



	2002–2008	2009–2013	2014 YTD
EM Equities	12%	15%	3%
U.S. Dollar	-4%	-1%	4%
Commodities	4%	1%	-6%

EM Currencies Relative to USD



	2013	Q4 2014	YTD 2014
Korean Won	1%	-4%	0%
South African Rand	-24%	-6%	-8%
Indian Rupee	-12%	-3%	0%

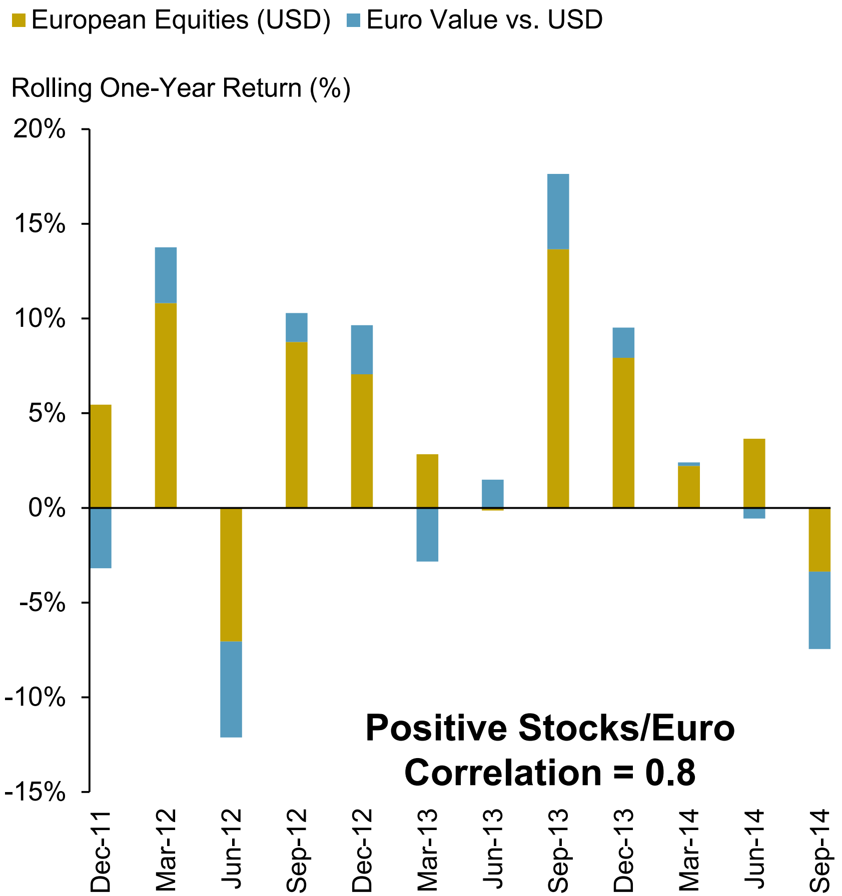
EM: emerging market. **LEFT:** USD: Trade-weighted dollar. Commodities: Bloomberg Commodity Index. EM Equities: MSCI EM Index. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/14. **RIGHT:** China-Related (Asia): China, Korea, Malaysia, Taiwan, Thailand. Commodity Exporters: Brazil, Chile, Colombia, Indonesia, Peru, Russia, South Africa. Other EM: Czech Republic, Hungary, India, Mexico, Philippines, Poland, Turkey. Category data weighted by market capitalization. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/14.

Fidelity INVESTMENTS

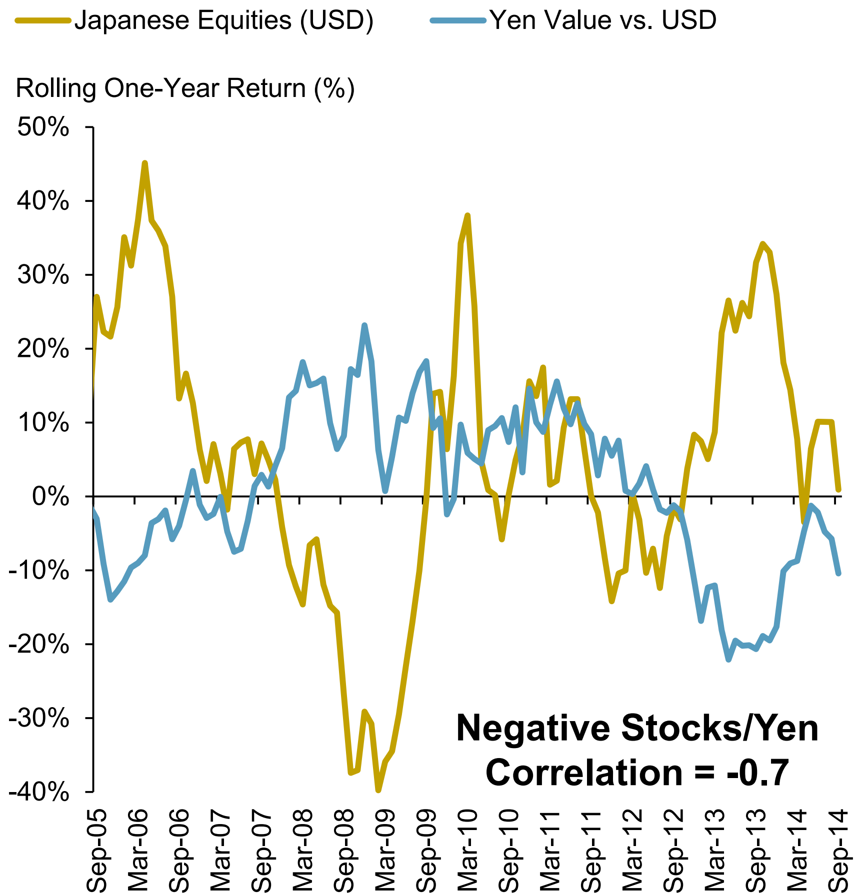
Does a Strong Dollar Automatically Hurt DM Equities?

In recent years, a strong euro has typically coincided with rising eurozone stock returns (in USD terms). In contrast, over the past decade, a weaker yen has often accompanied higher Japanese stock prices. We expect the U.S. dollar to remain relatively strong, but weaker currencies should help boost exports and growth, particularly in Europe.

European Equities vs. Euro



Japanese Equities vs. Yen

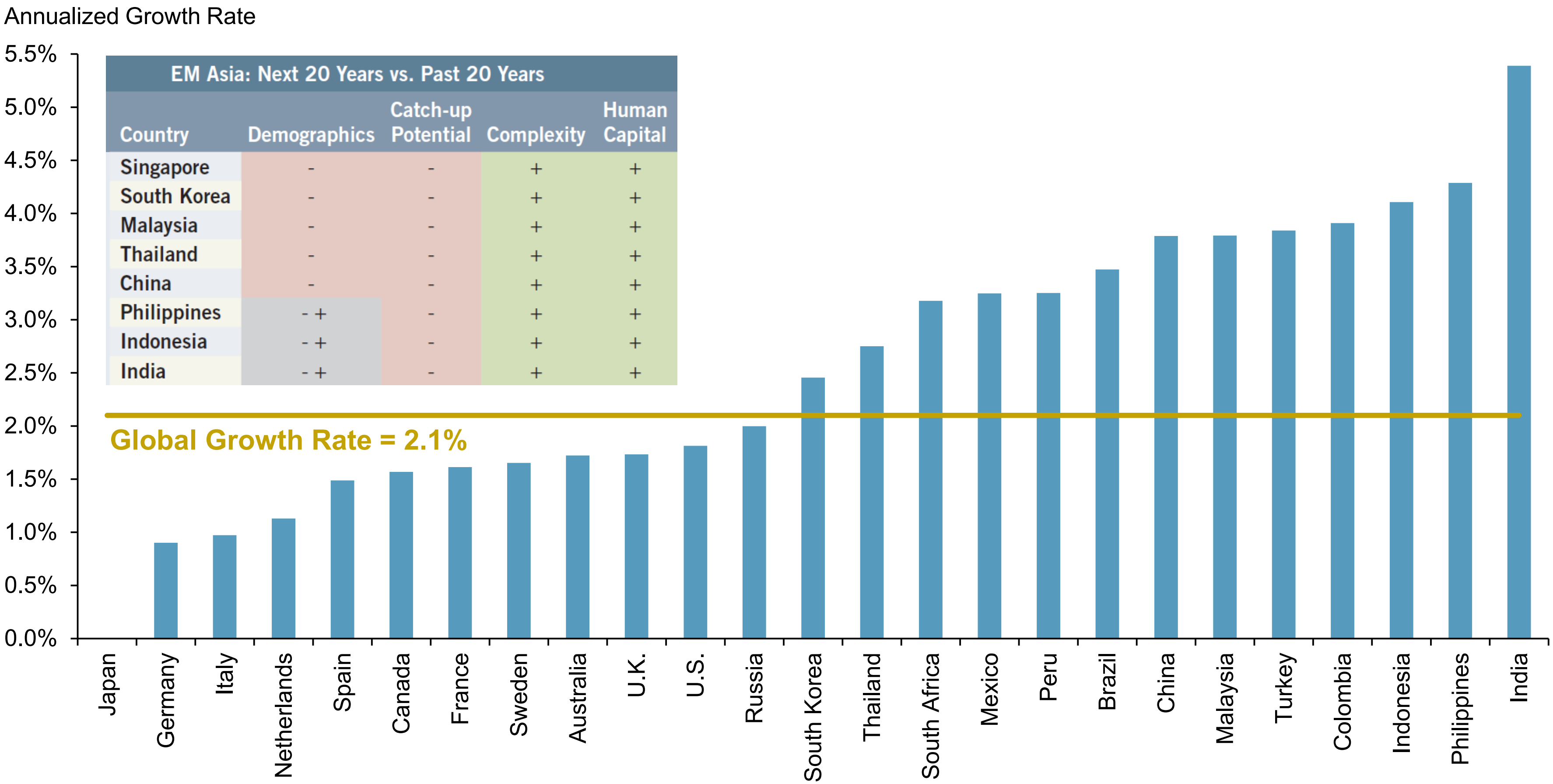


Past performance is no guarantee of future results. Source: MSCI Europe Index, MSCI Japan Index, Bloomberg, Fidelity Investments (AART), as of 9/30/14.

Secular Global Economic Growth Forecast Favors EMs

We forecast slower global GDP growth of 2.1% annually over the next 20 years, versus a 2.7% average over the past 20 years. Developing economies will likely lead, underscoring the global nature of future investment opportunities. However, poorer demographics and less catch-up potential in emerging Asia signify a slower outlook for this region than in the past.

Real GDP Growth Forecast, 2014–2033



EM Asia: Next 20 Years vs. Past 20 Years

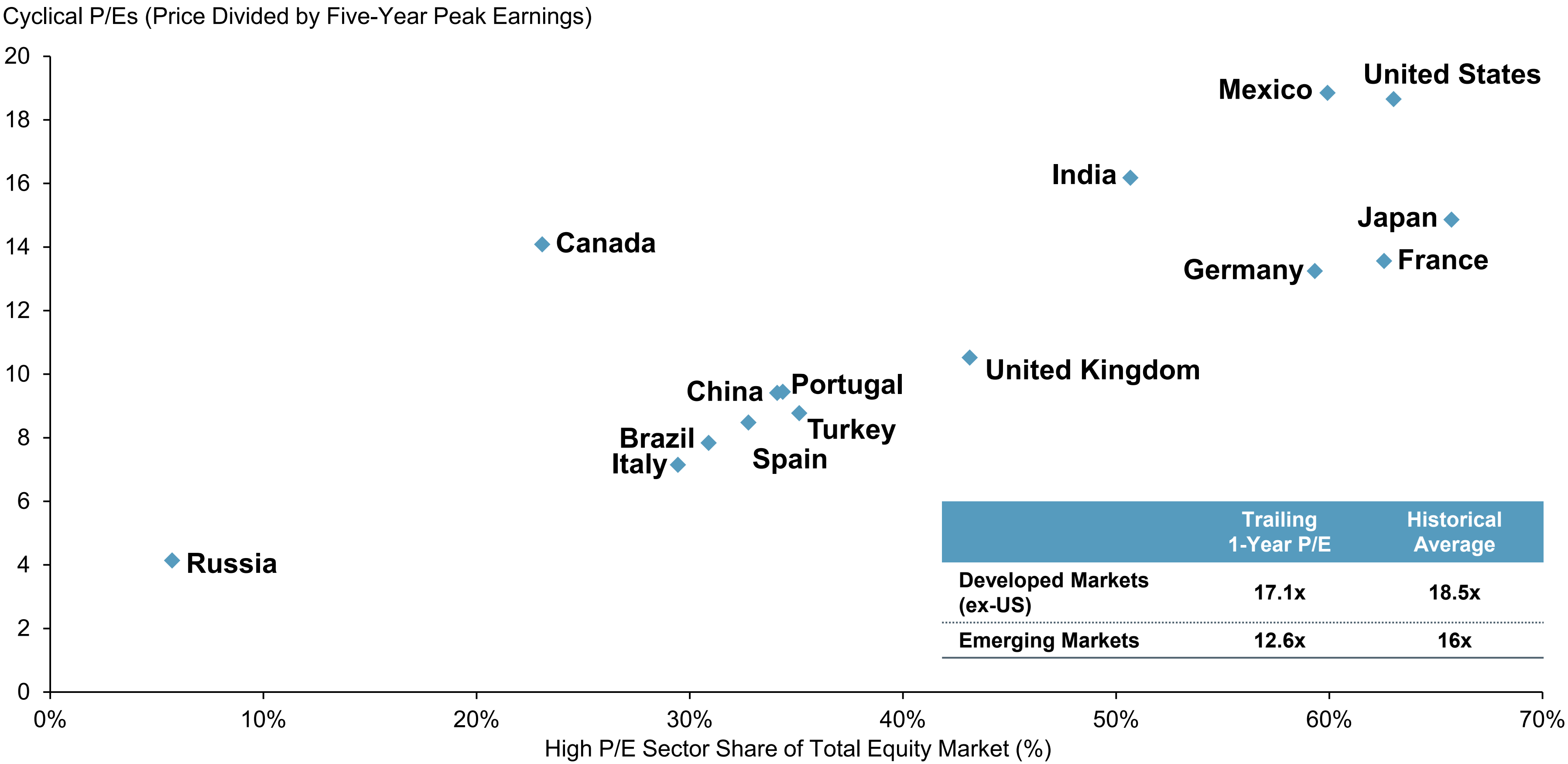
Country	Demographics	Catch-up Potential	Complexity	Human Capital
Singapore	-	-	+	+
South Korea	-	-	+	+
Malaysia	-	-	+	+
Thailand	-	-	+	+
China	-	-	+	+
Philippines	- +	-	+	+
Indonesia	- +	-	+	+
India	- +	-	+	+

EM: emerging market. GDP: gross domestic product. Table sorted by country per-capita income, highest to lowest; gray shading indicates working-age population growth will be slower over next 20 years, but maturing demographics should help to offset the negative impact on GDP growth. Source: Fidelity Investments (AART), as of 1/31/14.

Equity Valuations Below Average in Europe, EMs

International equity valuations remain attractive relative to their historical average P/E ratios, particularly in Europe and many emerging markets, and rising valuations should provide a tailwind to non-U.S. equity returns over the long term. Countries with lower market exposure to sectors that have consistently earned higher P/Es may expect less of a revaluation over time.

Valuations and Sector Composition



	Trailing 1-Year P/E	Historical Average
Developed Markets (ex-US)	17.1x	18.5x
Emerging Markets	12.6x	16x

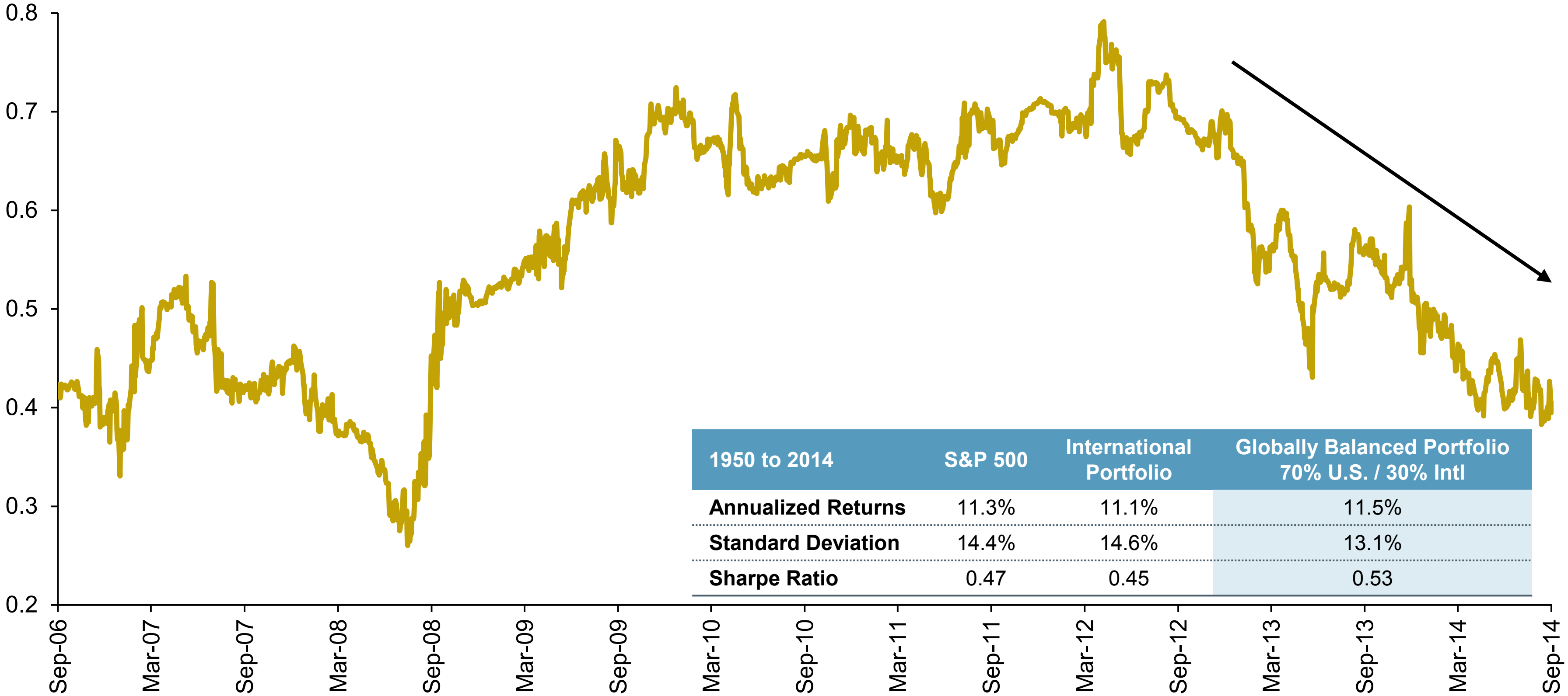
P/E: Price-to-earnings ratio; stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Five-year peak earnings are adjusted for inflation. High P/E equity sectors used: technology, industrials, consumer goods, consumer services, and health care, as referenced in the Barclays Equity Gilt Study 2014. Past performance is no guarantee of future results. Trailing 1-Year P/Es: MSCI EAFE and MSCI Emerging Markets. Source: Thomson Reuters Datastream, FactSet, country statistical organizations, Bloomberg Finance L.P., Haver Analytics, Fidelity Investments (AART) as of 9/30/14.

International Equities: The Case for Diversification

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

Correlations: International and U.S. Equities

Six-Month Rolling Correlations of Daily Returns



1950 to 2014	S&P 500	International Portfolio	Globally Balanced Portfolio 70% U.S. / 30% Intl
Annualized Returns	11.3%	11.1%	11.5%
Standard Deviation	14.4%	14.6%	13.1%
Sharpe Ratio	0.47	0.45	0.53

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. **CHART:** International Equities – MSCI World ex-U.S.; U.S. Equities – S&P 500; through 8/31/14. **TABLE:** 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, Ibbotson, Global Financial Data (GFD) World x/USA Return Index; EM equities – MSCI EM Index, GFD Emerging Markets Index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 8/31/14.

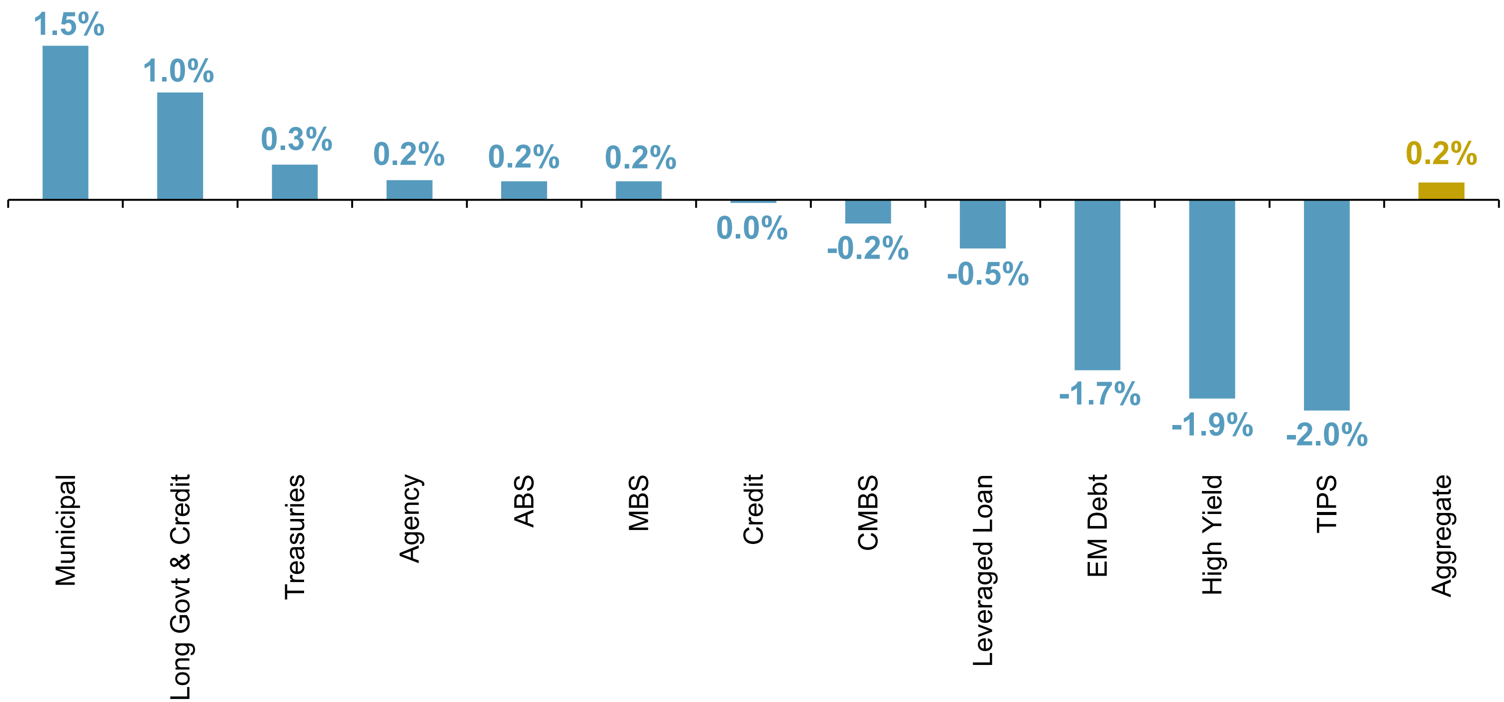
Fixed Income Markets

Fidelity INVESTMENTS

Wider Spreads Hurt Credit, Longer-Duration Categories Led

Fixed-income category performance was mixed during Q3, as widening credit spreads weighed on riskier categories such as high-yield corporate bonds. TIPS suffered as inflation expectations moderated. Longer-duration categories benefitted from stable longer-term interest rates, but a modest rise in shorter-term rates curbed investment-grade-bond returns.

Q3 2014 Total Return



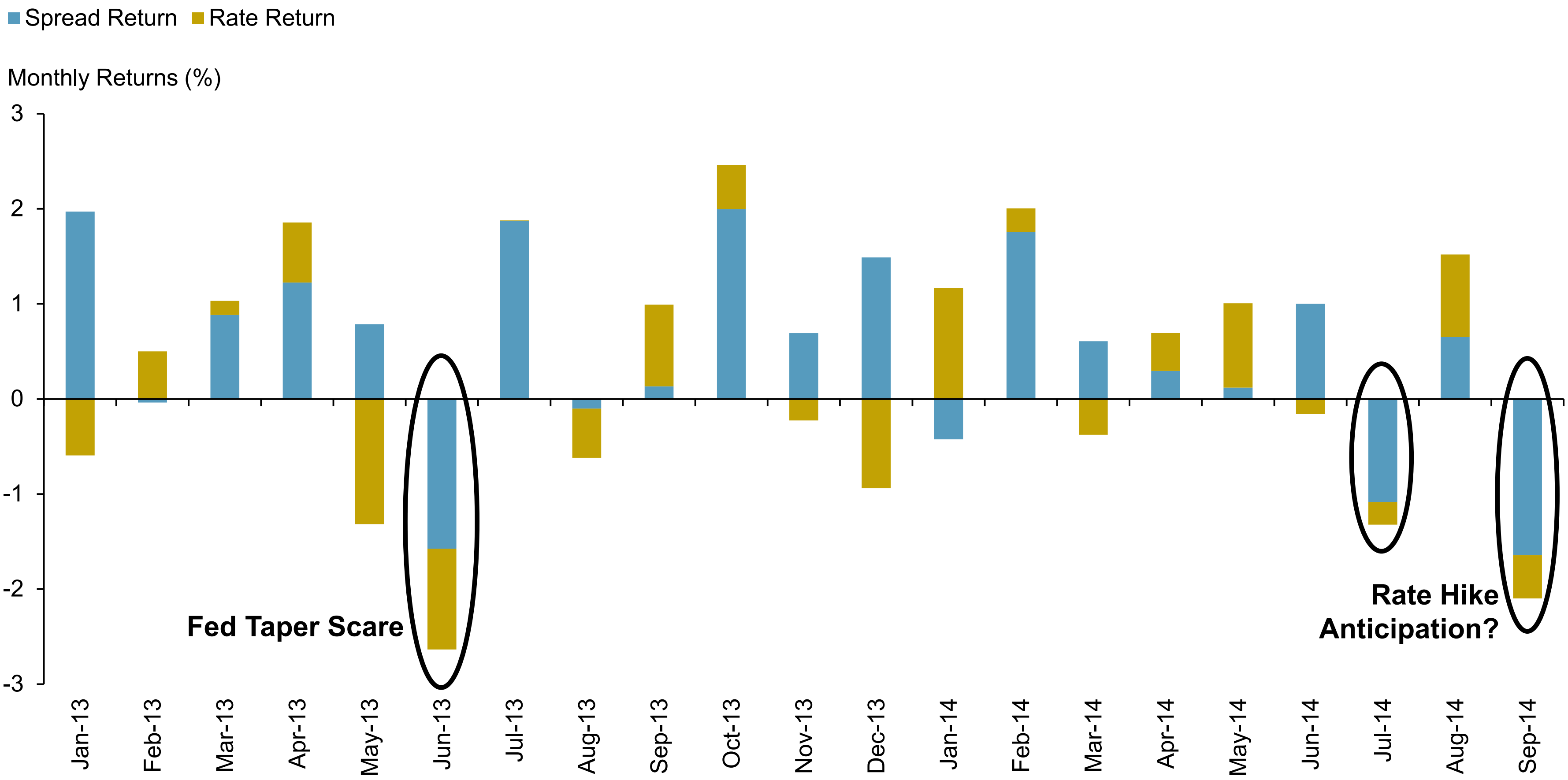
	Municipal	Long Govt & Credit	Treasuries	Agency	ABS	MBS	Credit	CMBS	Leveraged Loan	EM Debt	High Yield	TIPS	Aggregate
Year-to-Date	7.6%	13.0%	3.1%	2.4%	4.2%	4.3%	5.7%	2.4%	2.1%	7.3%	3.6%	3.7%	4.1%

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: Bloomberg Financial L.P., Fidelity Investments (AART), as of 9/30/14.

High Yield: Mid-Cycle Support, but Bouts of Volatility Likely

High-yield debt typically performs well during mid-cycle economic expansions as credit spread tightening helps to offset a modest rise in interest rates. In the past, this negative correlation between rates and spreads has temporarily broken down during periods of increased investor uncertainty over the monetary policy outlook.

High-Yield Return Components: Spreads versus Rates

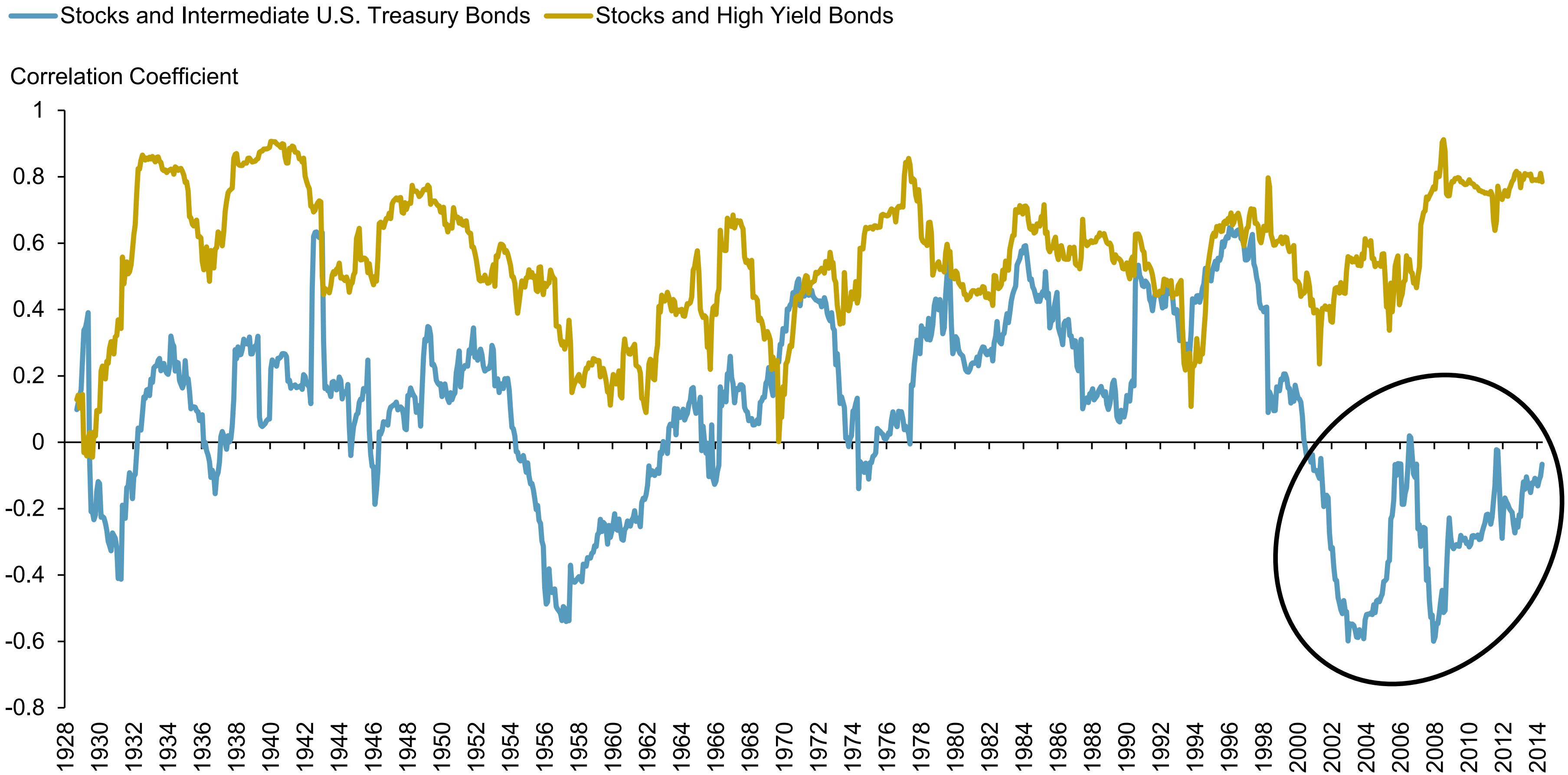


Spread returns: Returns of the Bank of America Merrill Lynch (BofA ML) U.S. High-Yield Bond Index attributable to changes in credit spreads. Rate returns: Returns of the BofA ML U.S. High-Yield Bond Index attributable to changes in interest rates. Source: BofA ML U.S. High-Yield Bond Index, Fidelity Investments (AART), as of 9/30/14.

High-Quality Bonds Key to Diversifying Equity Exposure

High-quality bond correlations with stocks remain negative on a rolling 36-month basis, suggesting that these bonds may continue to serve as important portfolio diversifiers, especially when equity volatility rises. At the same time, high-yield bond correlations with stocks are near record highs, providing fewer diversification benefits.

Stocks and Bonds Rolling 36-Month Performance Correlations

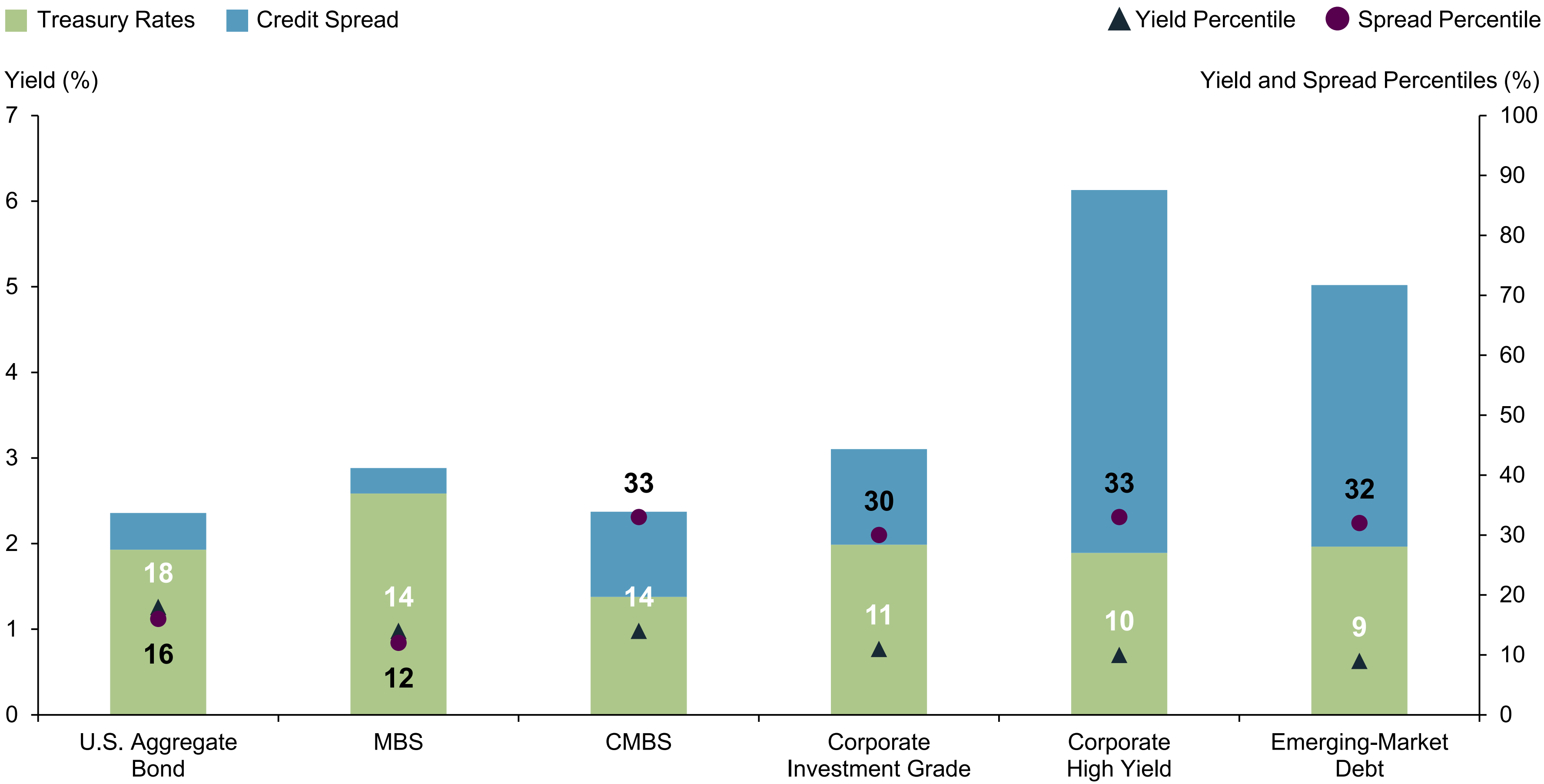


Past performance is no guarantee of future results. Asset class total returns are represented by indexes from the following sources: Bank of America Merrill Lynch, Ibbotson Associates, Standard & Poor's, Morningstar, Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/14.

Credit Spreads Widened but Still Tight; Yields Remain Low

Despite rising in Q3, credit spreads remain low relative to their long-term averages. Credit fundamentals remain strong amid a backdrop of solid corporate balance sheets and cash flows, though the relatively low spreads dampen the upside return potential. Across the board, yields remain near historic lows due to limited supply and strong demand.

Fixed Income Yields and Spreads

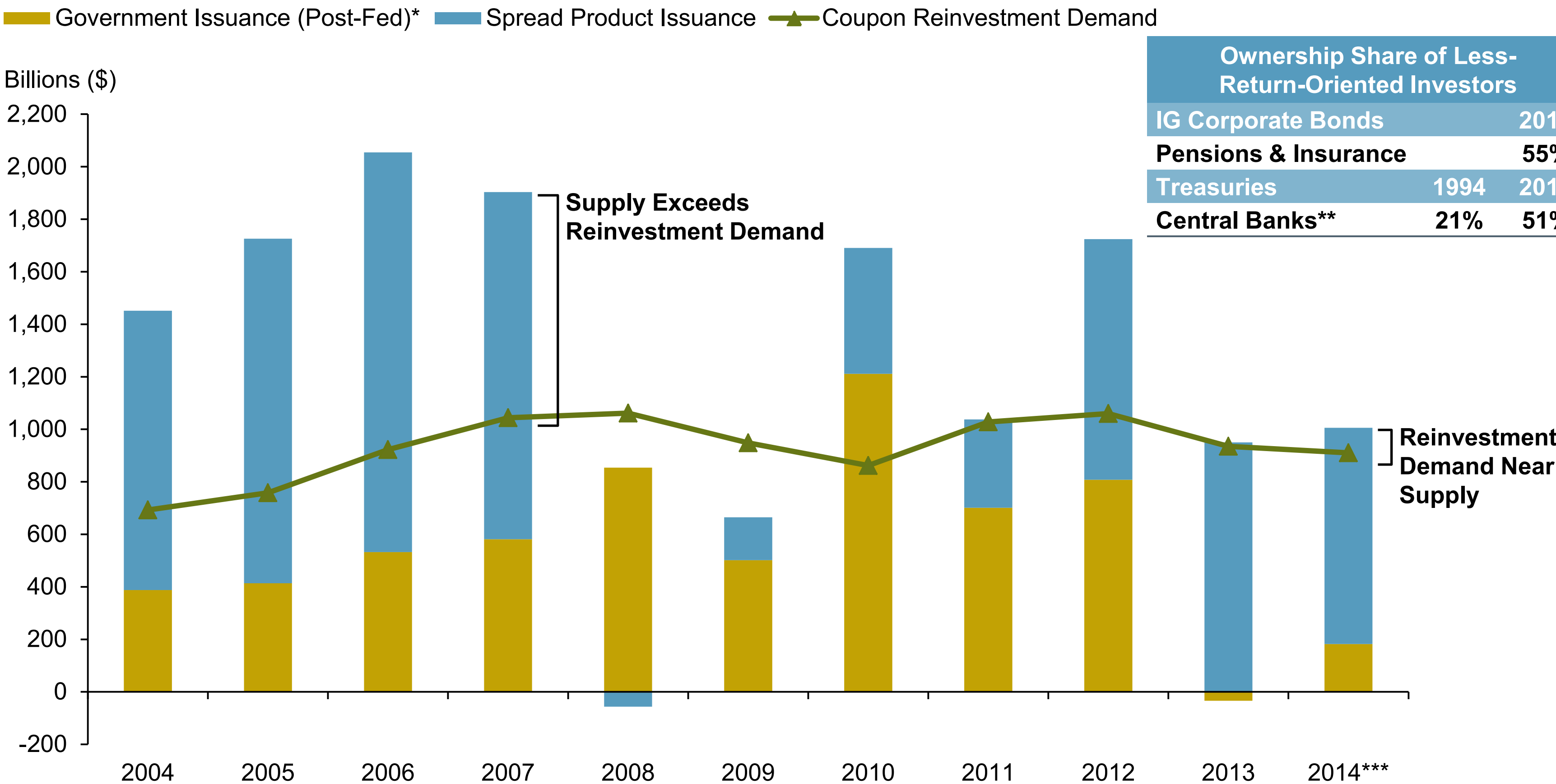


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indices are unmanaged. Please see appendix for important index information. Percentile ranks of yields and spreads based on historical period from 2000 to 2014. MBS: Mortgage-Backed Security; CMBS: Commercial Mortgage-Backed Security. All categories represented by respective Barclays bond indices. Source: Barclays, Fidelity Investments (AART), as of 9/30/14.

Favorable Bond Market Technicals, Limited New Supply

The net issuance of bonds—including government bonds after subtracting Fed purchases, as well as private credit bonds—has been lower in recent years than before the financial crisis in 2008. Since 2008, the demand created by the reinvestment of coupon proceeds has been nearly sufficient to soak up new issuance without any additional inflows.

U.S. Dollar Bond Net Issuance vs. Reinvestment Demand



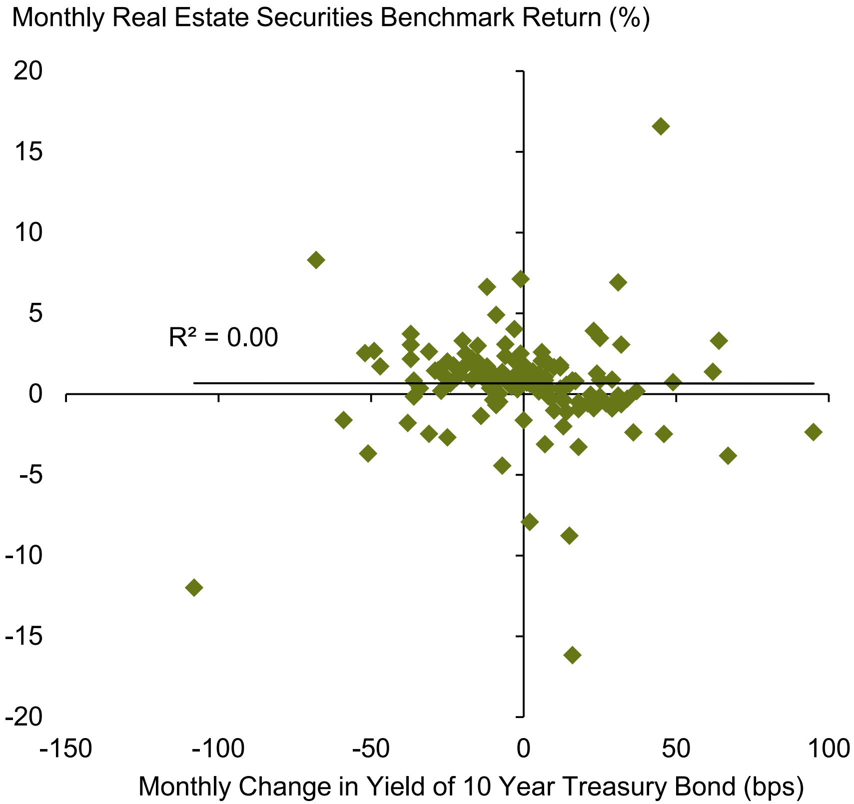
Ownership Share of Less-Return-Oriented Investors		
IG Corporate Bonds		2013
Pensions & Insurance		55%
Treasuries	1994	2014
Central Banks**	21%	51%

*Post-Fed: excluding Fed asset purchases. **Federal Reserve and foreign official institutions as defined by the Treasury. ***Forecasted through year-end by JPMorgan (JPM) Research. Demand includes coupons for all bond issuance. Government Issuance includes Treasuries, agencies, and agency MBS. Spread Product Issuance includes corporates, emerging-market sovereigns, municipals, non-agency MBS, ABS, CMBS, and CLOs. IG: investment-grade. Source: JPM Research as of 5/31/14 (bond issuance and reinvestment, data copyright JPM Research 2014), Barclays as of 9/30/2013 (investment grade corporate bondholders), Federal Reserve Flow of Funds (Treasury holders), Haver Analytics as of 3/31/14, Fidelity Investments (AART), as of 6/30/14.

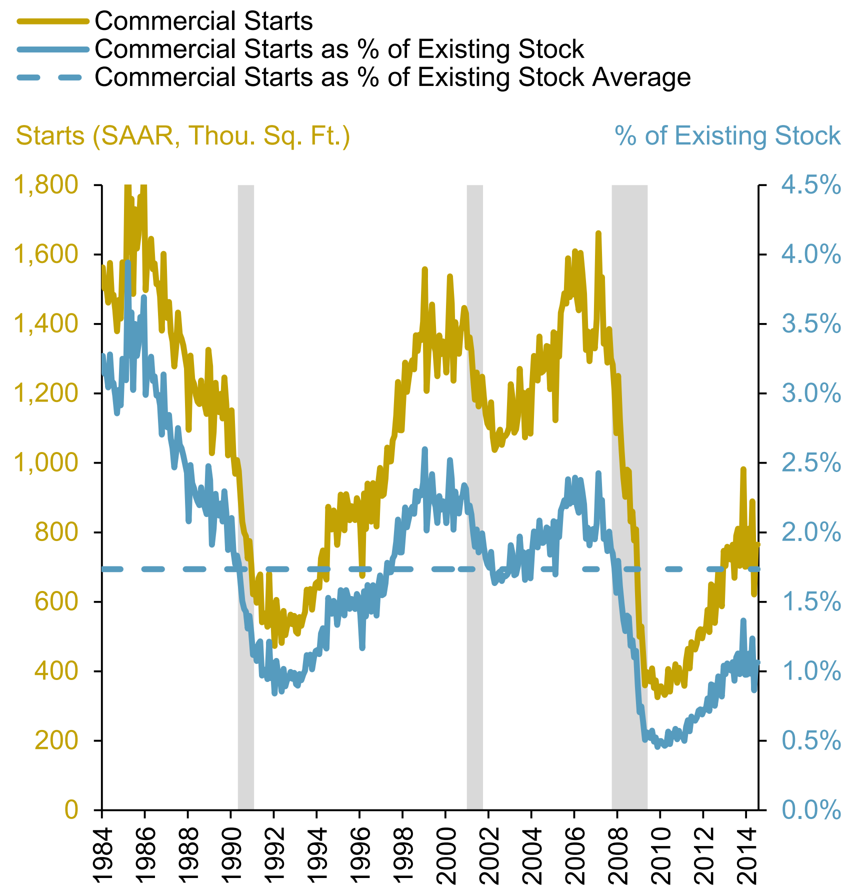
Real Estate Securities: Little Rate Sensitivity, Solid Backdrop

Real estate income-oriented securities have exhibited low price sensitivity to changes in interest rates. Historically low levels of commercial construction activity, coupled with higher occupancy and rental rates, have created a positive supply/demand dynamic that enhances property owners' ability to service debt and support dividend growth.

Real Estate Securities Interest Rate Sensitivity, 2003–2014



Commercial Real Estate Construction



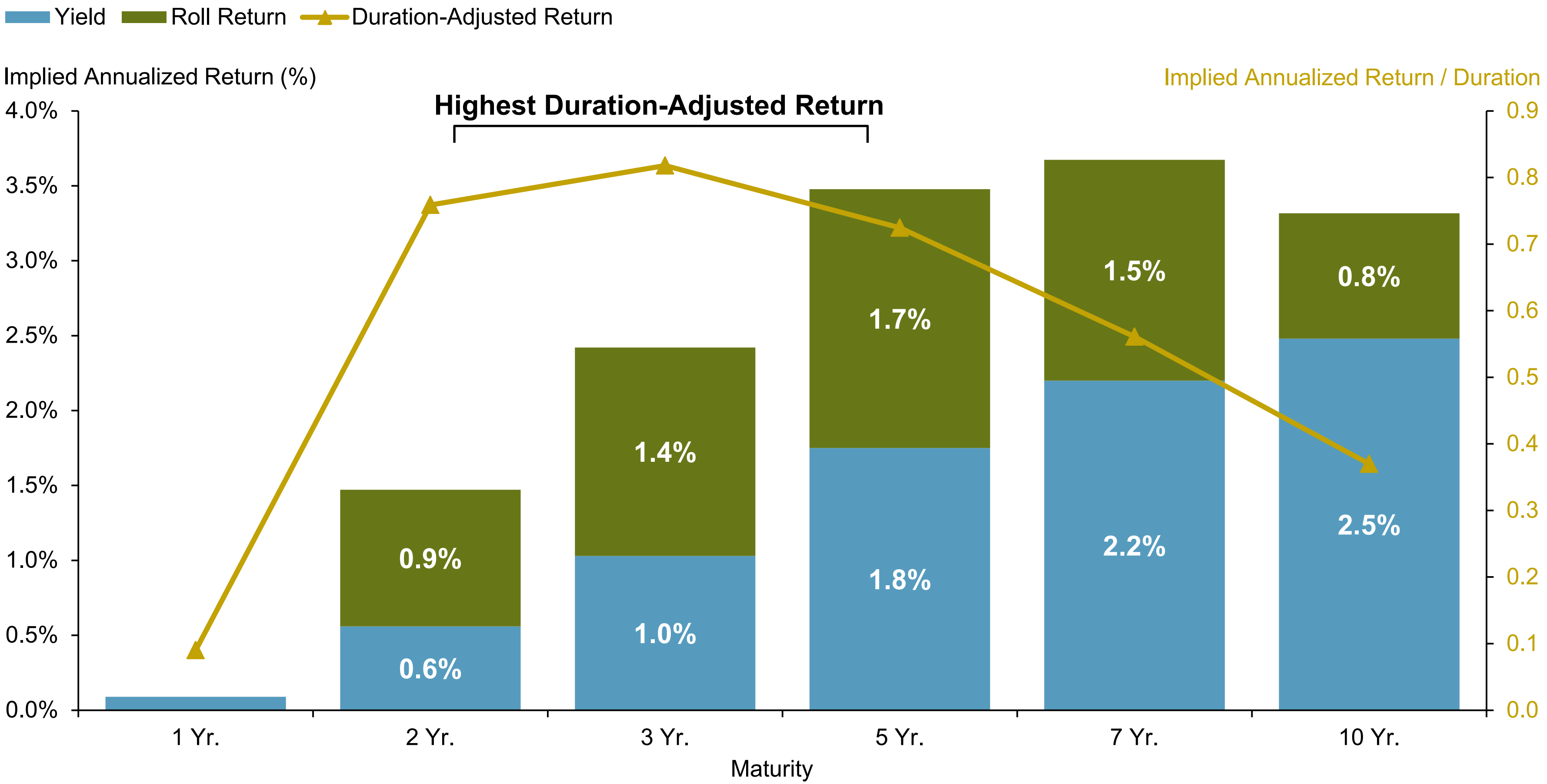
Past performance is no guarantee of future results. **LEFT:** Black line and equation are linear regression outputs of shown data. R^2: a measure of how well a regression line fits the data, ranging from 0 to 1. Real estate securities performance represented by portfolio composed of 40% MSCI REIT Preferred Index, 40% Bank of America Merrill Lynch U.S. Real Estate Index, 20% FTSE NAREIT All REITs Index. Source: FactSet, Fidelity Investments (AART) as of 8/31/14. **RIGHT:** SAAR: Seasonally Adjusted Annualized Rate. Shading reflects recessions as defined by the National Bureau of Economic Research. Source: NBER, Citigroup Research & Analysis, Fidelity Investments (AART) as of 7/31/14.

Fidelity INVESTMENTS

Short Duration: Roll May Boost Duration-Adjusted Returns

With cash yields near zero, short-duration fixed-income strategies may provide a better opportunity to outpace inflation without significant interest-rate risk. The yield curve is currently steepest in the two- to five-year range, potentially offering incremental roll returns and the best risk-adjusted return opportunities on the yield curve.

Return Potential of U.S. Treasuries



Past performance is no guarantee of future results. Roll refers to the yield of a bond moving along the yield curve as it approaches its maturity date and the influence this has on the bond's price, assuming an unchanged yield curve. Yield refers to the current yield-to-maturity of each bond on the yield curve. Implied Annualized Return assumes yield curve slope remains unchanged and coupons are reinvested at current market rates. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/14.

QUARTERLY MARKET UPDATE

Fourth Quarter 2014

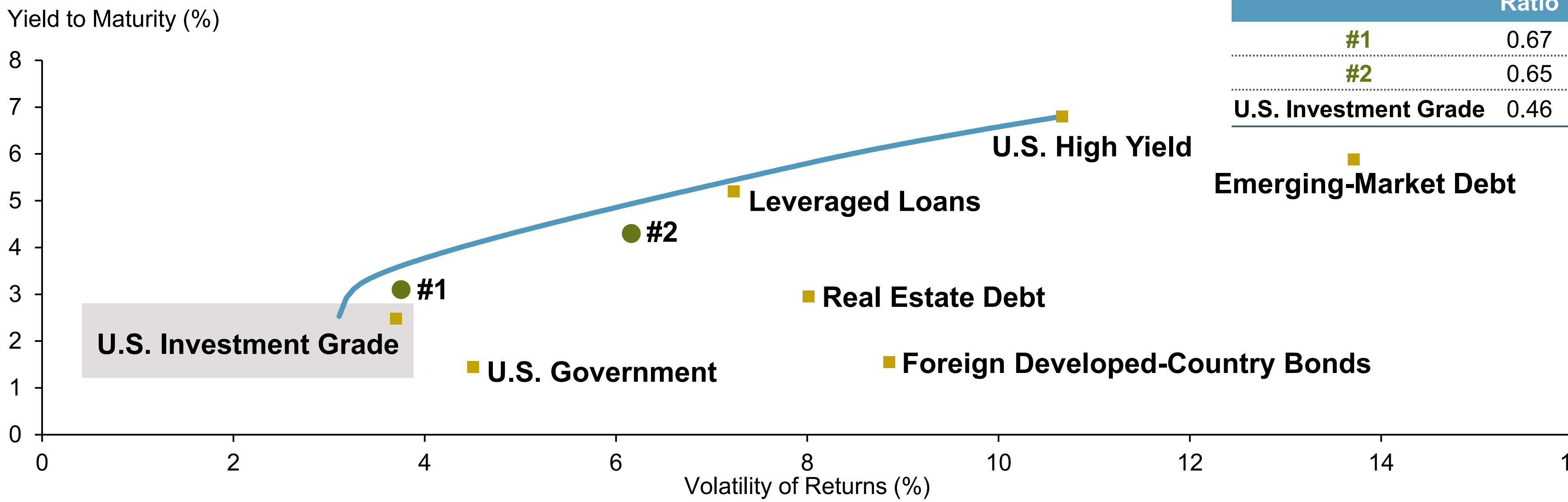
Asset Allocation Themes

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

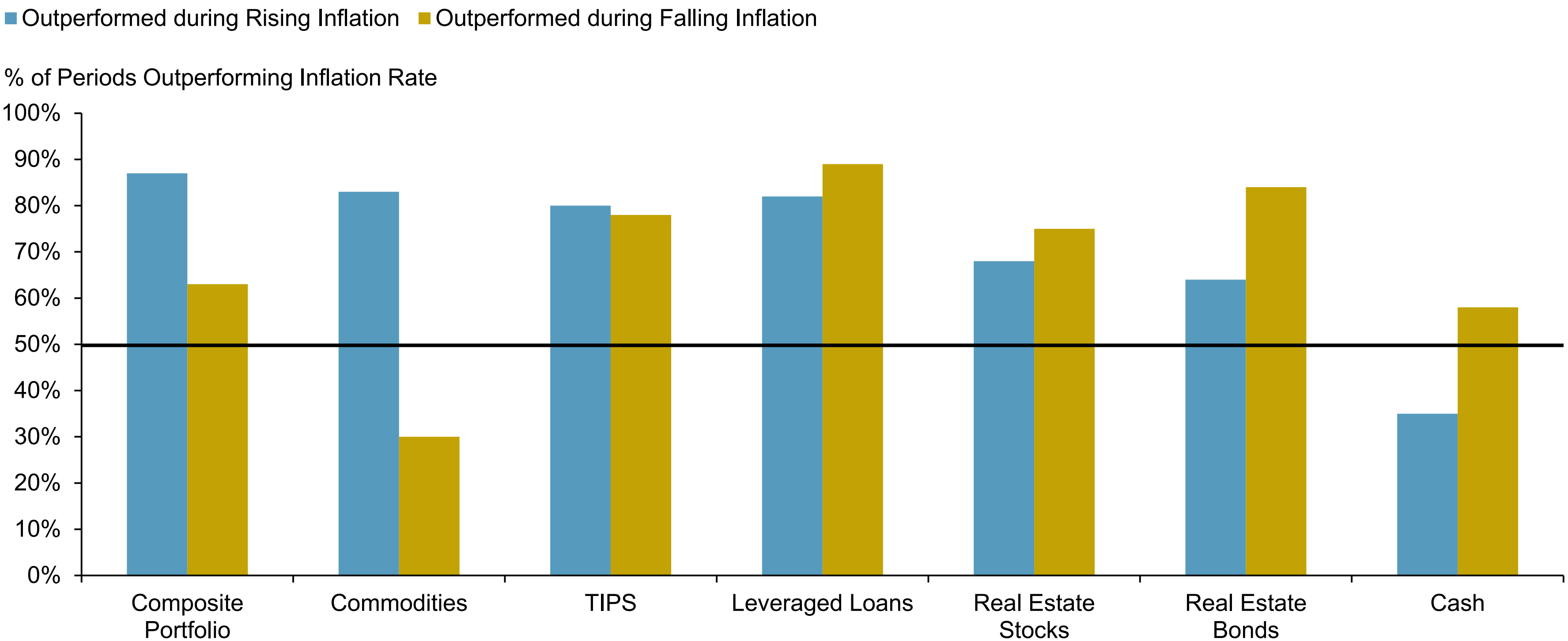
Portfolio	Description
#2	**Mix of high yield, government, and foreign** 40% U.S. High Yield 30% U.S. Government 15% Foreign Developed 15% Emerging Market

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 – JPM EMBI Global 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, 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, 1998–2014



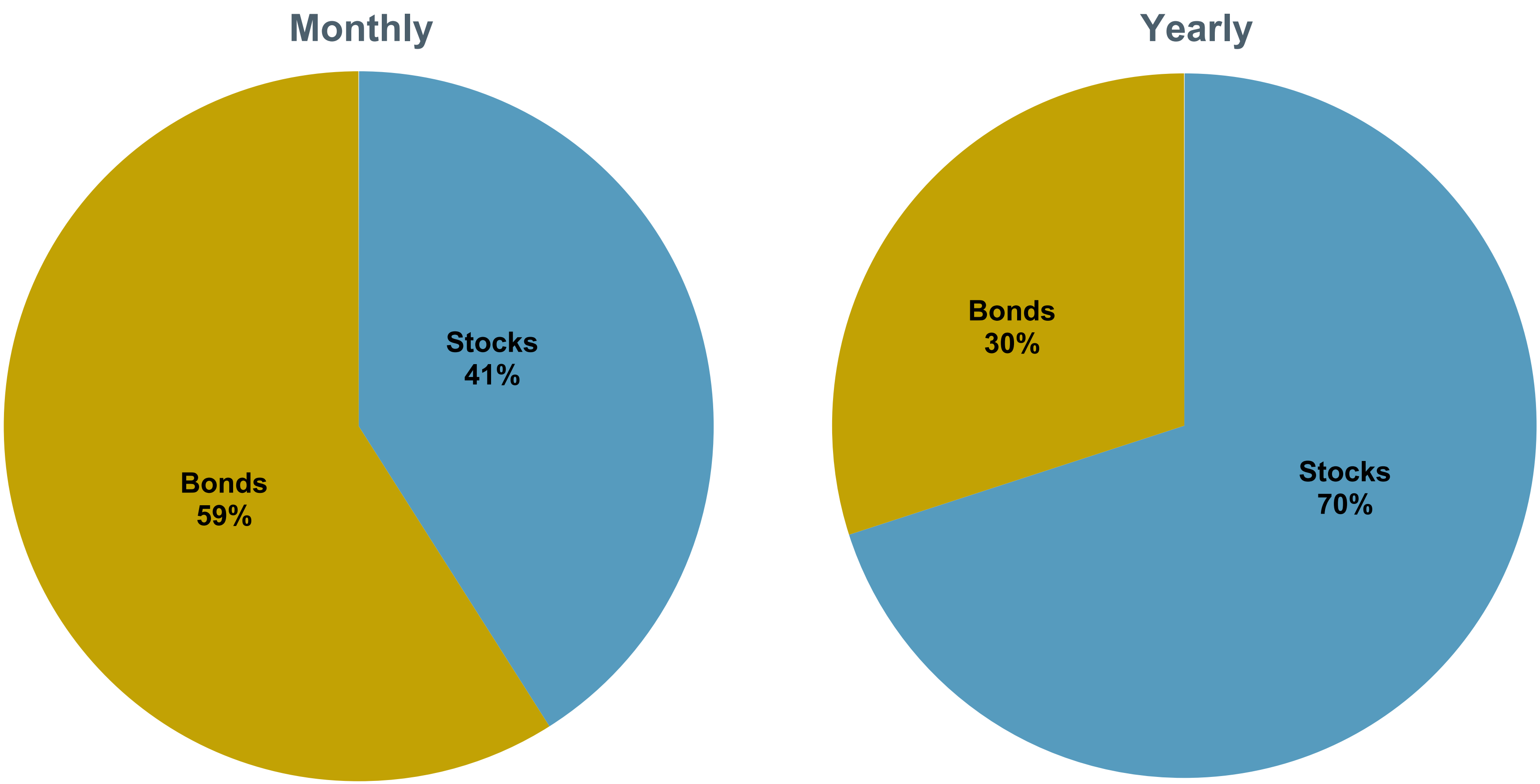
Overall Rate of Outperformance	Composite Portfolio	Commodities	TIPS	Leveraged Loans	Real Estate Stocks	Real Estate Bonds	Cash
	76%	59%	79%	85%	72%	73%	45%

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 – Bloomberg Commodity 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, Fidelity Investments (AART), as of 8/31/14.

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 increased monitoring raises the likelihood 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), used by permission of Oxford University Press, Fidelity Investments (AART), as of 9/30/14.

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%	13%
17%	33%	8%	37%	23%	33%	29%	34%	26%	8%	10%	47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	8%
15%	20%	3%	37%	23%	29%	21%	27%	12%	5%	4%	39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	7%
15%	19%	2%	30%	22%	24%	20%	24%	8%	2%	-2%	37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	7%
11%	19%	1%	28%	22%	22%	14%	21%	-1%	-2%	-6%	31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	7%
8%	17%	0%	20%	16%	20%	9%	21%	-3%	-4%	-9%	31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	4%
8%	10%	-1%	18%	15%	13%	3%	12%	-5%	-4%	-15%	29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	4%
7%	10%	-2%	15%	11%	10%	-3%	7%	-9%	-12%	-16%	28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%
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%	-4%
-12%	-1%	-7%	-5%	4%	-12%	-27%	-5%	-31%	-21%	-28%	4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-6%

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

*Through 9/30/14. 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 – Bloomberg 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: Morningstar, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 9/30/14.

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

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 U.S. Real Estate Index** is a subset of the BofA ML Real Estate Corporate Index; qualifying securities must have an investment grade rating and an investment grade-rated country of risk. **BofA ML U.S. High Yield Bond Index** is a market capitalization-weighted index of U.S. dollar denominated below investment grade corporate debt publicly issued in the US 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 and 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 unmanaged 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 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). **Barclays U.S. Agency Bond Index** is a market value-weighted index of U.S. Agency government and investment-grade corporate fixed-rate debt issues. **Barclays U.S. Aggregate Bond** is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Barclays U.S. Corporate High Yield Bond Index** is a market value-weighted index that covers the universe of dollar-denominated, fixed-rate, non-investment grade debt. **Barclays U.S. Credit Bond Index** is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more. **Barclays U.S. Government Index** is a market value-weighted index of U.S. Government fixed-rate debt issues with maturities of one year or more. **Barclays Municipal Bond Index** is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more. **Barclays U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L)** is a market value-weighted index that measures the performance of inflation-protected securities issued by the U.S. Treasury. **Barclays U.S. Treasury Bond Index** is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more.

Bloomberg Commodity Index measures the performance of the commodities market. It consists of exchange-traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.

The Citigroup G7 Equal Weighted Index is designed to measure the unhedged performance of the government bond markets of Japan, Germany, France, Britain, Italy, and Canada. The index is equal weighted by country. Issues included in the index have fixed-rate coupons and maturities of one year or more.

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 100 Index is a market capitalization-weighted index of the 100 most highly capitalized blue chip companies listed on the London Stock Exchange. **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.

Appendix: Important Information

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, total returns for the U.S. dollar-denominated debt instruments issued by Emerging Market sovereign and quasi-sovereign entities, such as Brady bonds, loans, and Eurobonds. **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 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 market capitalization-weighted index that is designed to measure the investable equity market performance for global investors of developed and emerging markets. **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 North America Index** is a market capitalization-weighted index designed to measure the performance of large and mid cap segments of the U.S. and Canada markets**. MSCI Pacific ex Japan Index** is a 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 market capitalization weighted index that is designed to measure the investable equity market performance for global investors of developed markets. **MSCI World ex USA Index** is a market capitalization-weighted index designed to measure the equity market performance of developed markets excluding the U.S.

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index that is 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 in Asia. **MSCI EM Europe, Middle East, and Africa (EMEA) Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in the emerging market countries of Europe, the Middle East & Africa. **MSCI EM Latin America Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in the emerging market countries of Latin America. **MSCI EM Large Cap Index** is composed of those securities in the MSCI EM Index that are defined as large-capitalization stocks.

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

MSCI REIT Preferred Index is a preferred stock market capitalization-weighted total return index of certain exchange-traded perpetual preferred securities issued by U.S. Equity and U.S. Hybrid REITs.

Russell 2000® Index is a market capitalization-weighted index designed to measure the performance of the small-cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index. **Russell 3000® Index** is a market capitalization-weighted index designed to measure the performance of the 3,000 largest companies in the U.S. equity market. **Russell 3000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates. **Russell 3000 Value Index** Russell 2500 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 2500 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.

The S&P 500® Index 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. **The S&P 500 Total Return Index** represents the price changes and reinvested dividends of the S&P 500® Index. **The S&P SmallCap 600** is a market capitalization-weighted index of 600 small-capitalization stocks.

Appendix: Important Information

Market Indices (continued)

Sectors and industries defined by Global Industry Classification Standards (GICS®), except where noted otherwise.

S&P 500 sectors are defined as follows: Consumer Discretionary – companies that tend to be the most sensitive to economic cycles. Consumer Staples – companies whose businesses are less sensitive to economic cycles. Energy – companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials – companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and 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.

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

Other Indices

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

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.

The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan and Thomson Reuters.

Definitions

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

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, ranging from 0 to 1.

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

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.

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