Quarterly Market Perspective

Second Quarter / 2022

The following pages provide greater detail into some of the themes discussed in the Quarterly Market Perspective video:

1. **MARKET SUMMARY:**
Stocks and bonds slid further during the quarter as high inflation and rising interest rates led to investor concerns on economic growth

2. **BUSINESS CYCLE:**
The U.S. economy shifted into late-cycle expansion, as economic growth remained positive but showed some signs of slowing

3. **INVESTMENT STRATEGY:**
Stock and bond allocations are close to long-term allocation target, and we continue to hold inflation protection via commodities and real estate

4. **DIVERSIFICATION:**
Stocks and bonds have experienced volatility but may be poised for healthy long-term returns

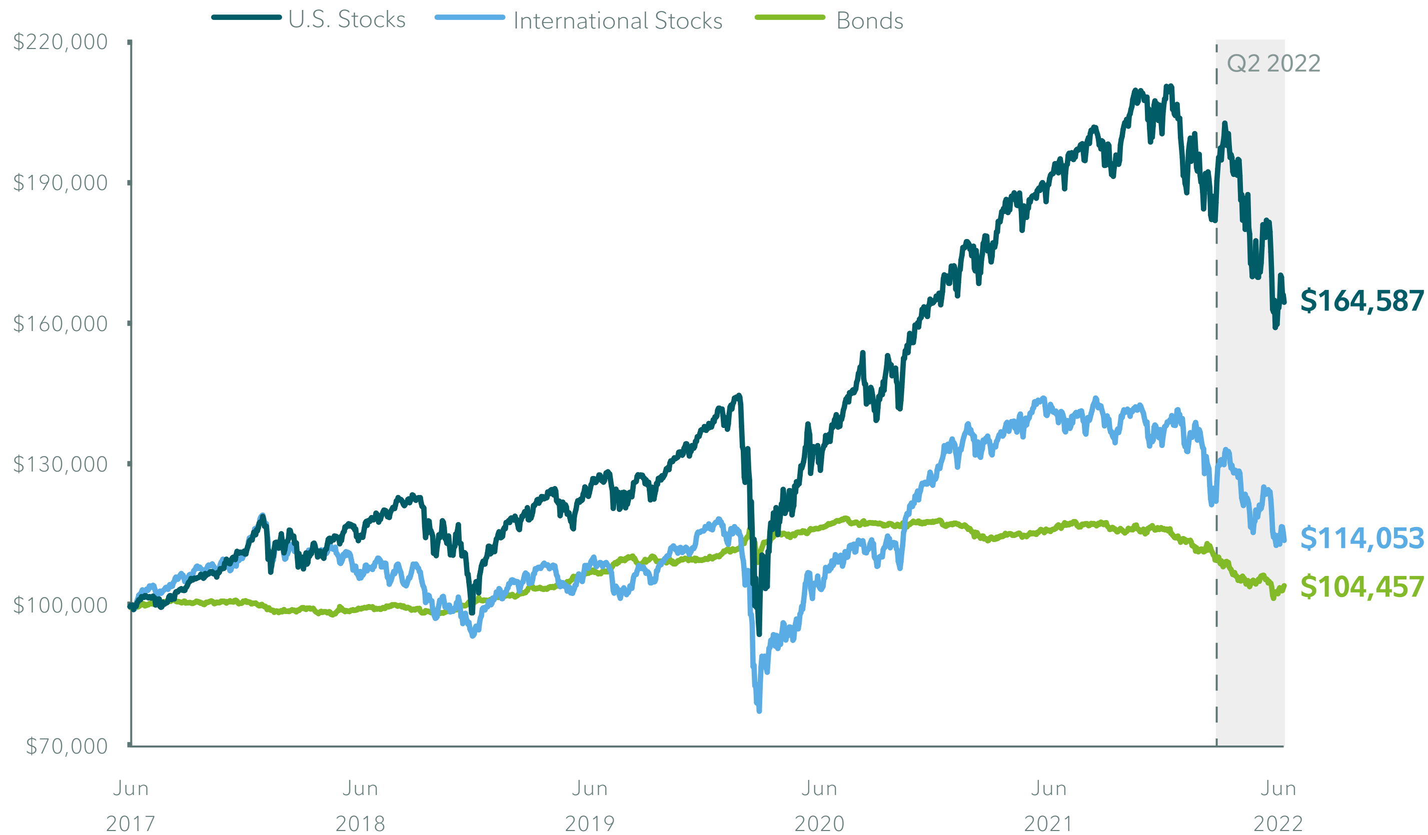
5. **STAYING INVESTED:**
We believe investors will be best positioned to achieve their financial goals by sticking with their investment plan

Stocks and bonds experienced further volatility as high inflation remained persistent and interest rates rose

- U.S. stocks declined as persistently high inflation led to uncertainty on the outlook for economic and earnings growth.
- International stocks also declined as inflation affected many major economies around the world, while China enacted measures to contain COVID-19 outbreaks that hindered economic growth.
- The U.S. Federal Reserve Bank (the Fed) shifted to a more aggressive plan to raise interest rates to combat inflation, which hurt bond performance.

Uncertainty on outlook for growth led to more volatility in global stocks and bonds

Hypothetical growth of $100,000



This chart illustrates the performance of a hypothetical $100,000 investment made in the indexes noted above. Index returns include reinvestment of capital gains and dividends, if any, but do not reflect any fees or expenses. This chart is not intended to imply any future performance of the investment product.

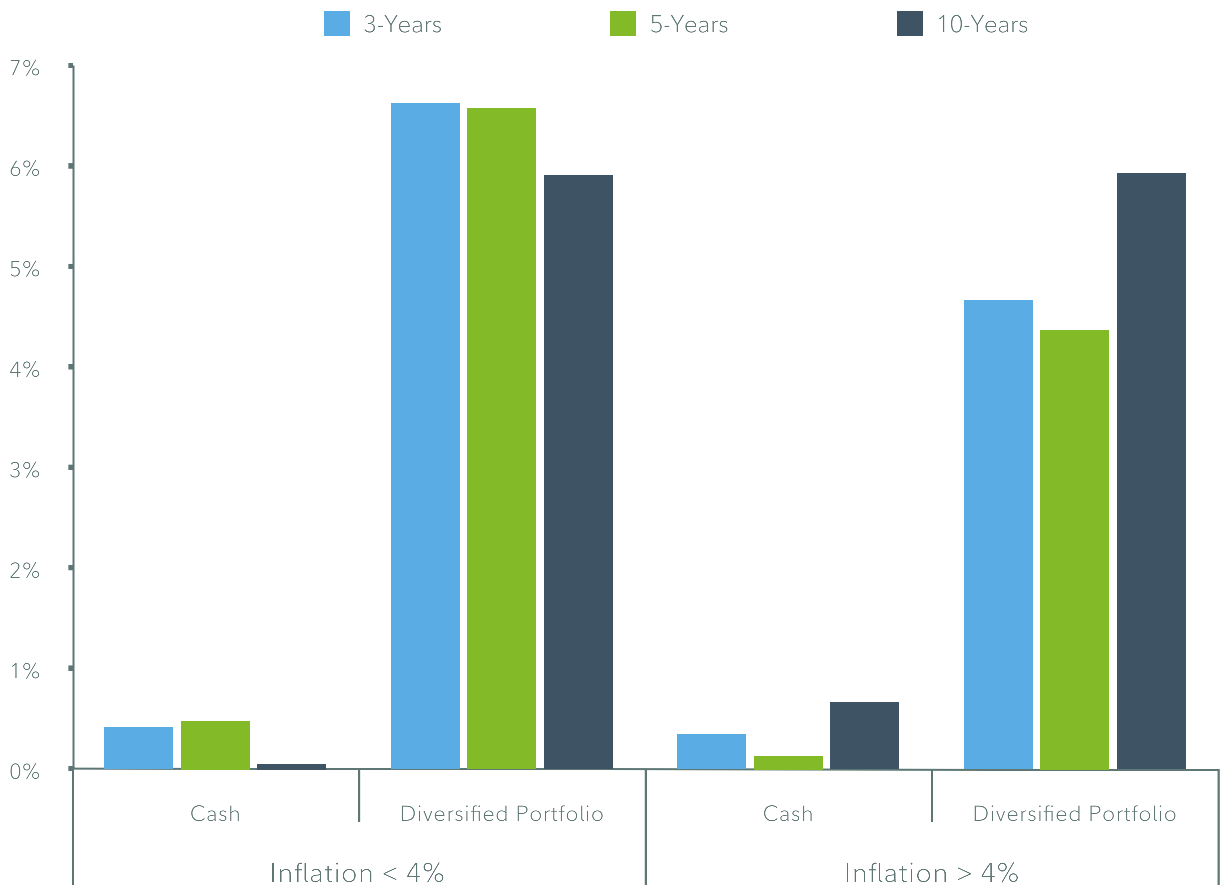
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Please see Important Information for index definitions. Source: Fidelity Investments, as of 6/30/2022. U.S. Stocks—Dow Jones U.S. Total Stock Market Index; International Stocks—MSCI All Country World Ex-U.S. Index (Net MA); Bonds—Bloomberg U.S. Aggregate Bond Index.

Historically, a diversified portfolio of stocks and bonds has outpaced short-term investments when inflation has been high

- As stocks and bonds have experienced volatility this year in the face of higher inflation, some investors have been tempted to seek safety in short-term investments.
- However, looking back at previous environments of high inflation, a diversified mix of stocks and bonds has meaningfully outperformed short-term investments over longer time horizons.
- While short-term investments may feel safe in the near term, long-term investors may have an easier time reaching their financial goals through a diversified portfolio.

Even through periods of historically high inflation, diversified portfolios have outpaced inflation far better than short-term investments

Returns shown are annualized total returns in excess of inflation

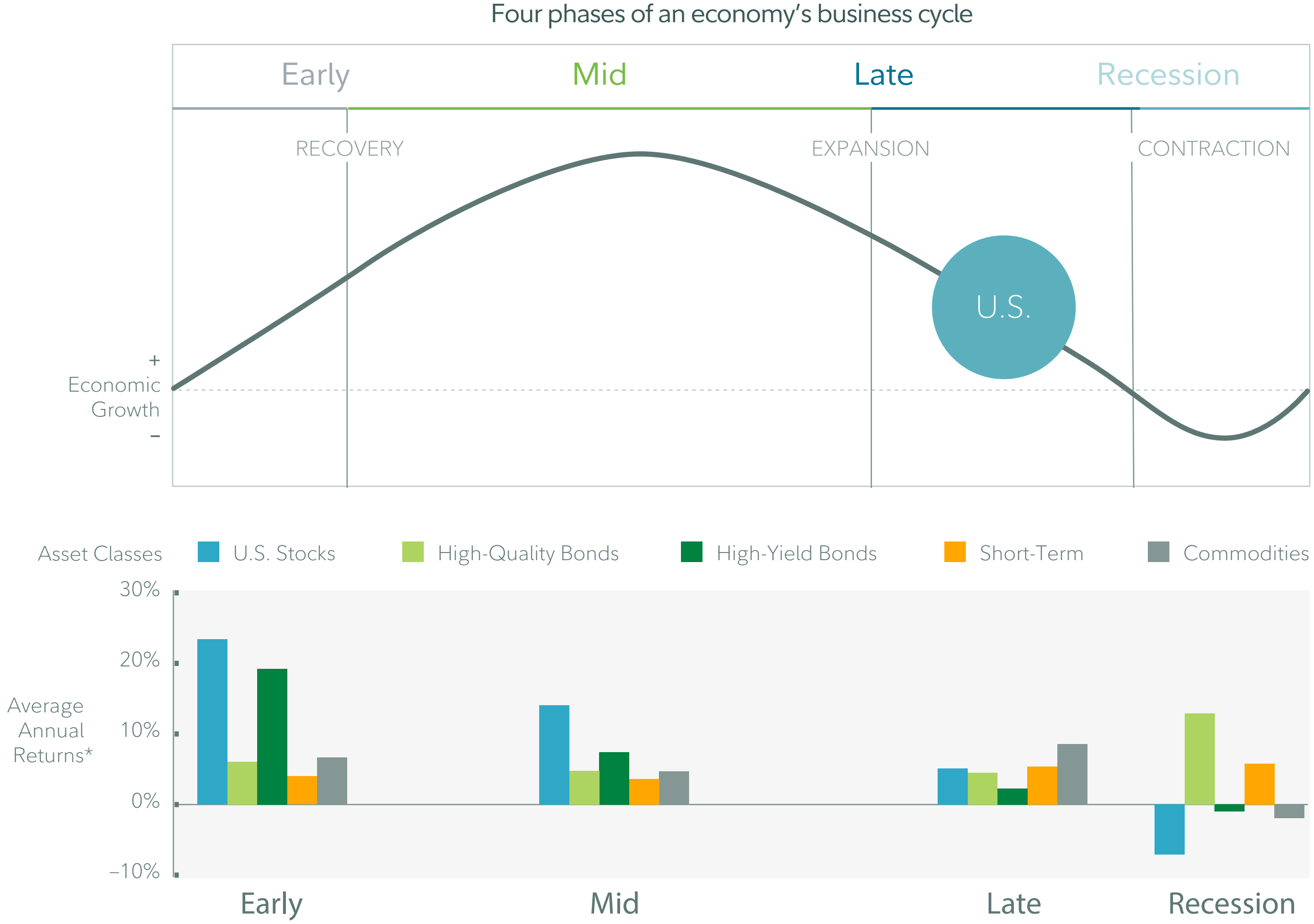


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. Balanced Portfolio: 42% U.S. Stocks—Dow Jones U.S. Total Stock Market Index; 18% International Stocks—MSCI ACWI ex USA Index, 35% Investment-Grade (IG) Bonds—Bloomberg U.S. Aggregate Bond Index, 5% Cash — Bloomberg 1–3 Month T-Bills. Inflation: 12-Month Rolling CPI—Urban Index. Returns are calculated starting in inflation period but include all subsequent periods for their holding horizon. Source: Bureau of Labor Statistics, Haver Analytics and Fidelity Investments (AART). Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Bloomberg, ICE BofA. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance. As of 4/30/2022.

The U.S. economy is in a late-cycle expansion, reflecting positive but slower economic growth

- The late-cycle phase of the business cycle has historically been good for stock market performance, but returns have been more muted, and bouts of volatility have been more common.
- Economic growth typically slows in late cycle, as rising interest rates can lead to softer economic activity.
- Along with the U.S., other major economies around the world, particularly in Europe, are also seeing signs of slower economic growth.

U.S. economy is in late-cycle expansion



*Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance. From 1950–2021, as of 6/30/2022. **Past performance is no guarantee of future results.**

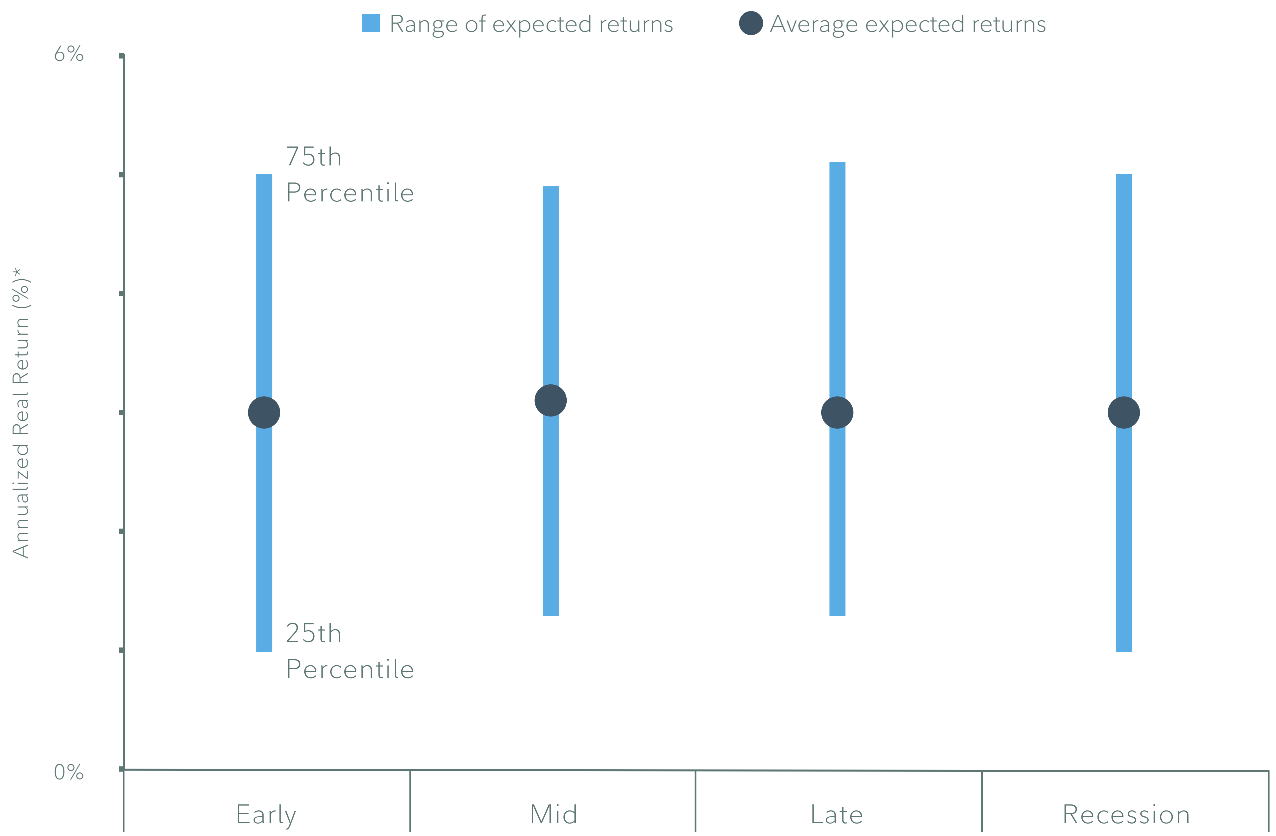
A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term horizon. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source: Fidelity Investments (AART), as of 7/5/2022.

2. BUSINESS CYCLE

No matter when you start investing, outcomes can be similar over time

- The difference in average long-term performance can be very small over time, regardless of which phase of the business cycle you start investing in.
- Therefore, choosing when to enter the market based on where we believe the U.S. economy resides in the business cycle is unlikely to dramatically affect your returns.
- Instead, we believe that remaining disciplined and sticking to your long-term investment plan may be a more reliable way to achieve your long-term financial goal.

20-year expected portfolio returns starting in each cycle



*Real return is the total return of an investment less the rate of inflation.

For illustrative purposes only. **Past performance is no guarantee of future results.** It is not possible to invest directly in an index. All indexes are unmanaged. Sample Portfolio: 36% U.S. Stocks, 24% International Stocks, 40% IG Bonds. See Important Information section for index definitions. This historical analysis is based on Monte Carlo analysis based on historical index returns. "Range of expected returns" illustrates simulations between the 25th and 75th percentile. The simulations represent an 85% confidence interval. Actual returns could potentially be higher or lower. Portfolio based on Dow Jones U.S. Total Stock Market Index, MSCI ACWI ex-US Index, Bloomberg U.S. Aggregate Bond Index, as of 3/31/2022.

The late-cycle expansion in the U.S. is supported by corporate profit growth but high inflation and rising rates are challenging

- S&P 500 Index Q1 2022 earnings rose about 8% from Q1 2021, as about 78% of companies beat earnings expectations, but earnings growth may slow as year progresses, particularly overseas.
- Rising interest rates and persistent inflation may have started to weigh on the outlook for US consumer spending, which may weigh on economic activity.
- The Fed's moves to dampen inflation could moderate economic growth in the U.S., raising the risk of a potential recession in the future.

Summary of business cycle indicators

As of June 30, 2022

● Favorable ● Mixed ● Unfavorable

Indicator	Current View	Notes
Economic Growth	Mixed ↓	U.S. economy is in the late phase of the business cycle.
Corporate Profits	Mixed ↓	Outlook remains modestly positive for U.S., but earnings overseas are pressured.
Borrowing/Credit	Favorable	While interest rates have moved higher, they remain low relative to long-term history and banks are still willing to lend, based on Federal Reserve surveys.
Inventory	Favorable	Inventory levels have grown in some industry sectors, but overall levels support demand for higher manufacturing activity.
Federal Reserve	Unfavorable	The Fed has raised overnight rates faster than initially expected and is poised to continue tightening monetary conditions via higher rates, as well as quantitative tightening.
Government Spending	Mixed	Tightly divided Congress likely to slow passage of any spending bills, as well as limit their scope.
Inflation	Unfavorable	Inflation has remained stubbornly high, but we expect the Fed's actions to slowly reduce inflationary pressures as the year progresses.
Consumer	Favorable	Consumer spending remains strong but rising prices may be starting to affect lower-income consumers.
Manufacturing Activity	Favorable	Measures of manufacturing activity, such as PMI levels, remain strong in the U.S. and around the world but are beginning to trend lower.
International Developed Markets	Mixed	The continued hostilities in Eastern Europe are weighing on economic conditions there, but higher commodity prices may support economies in other developed geographic regions.
Emerging Markets	Mixed	China is stimulating their economy but faces persistent challenges from COVID-19 and a weak real estate market; other emerging markets could struggle with rising commodity prices for energy and food, but overall global recovery from COVID-19 may lead to economic growth.

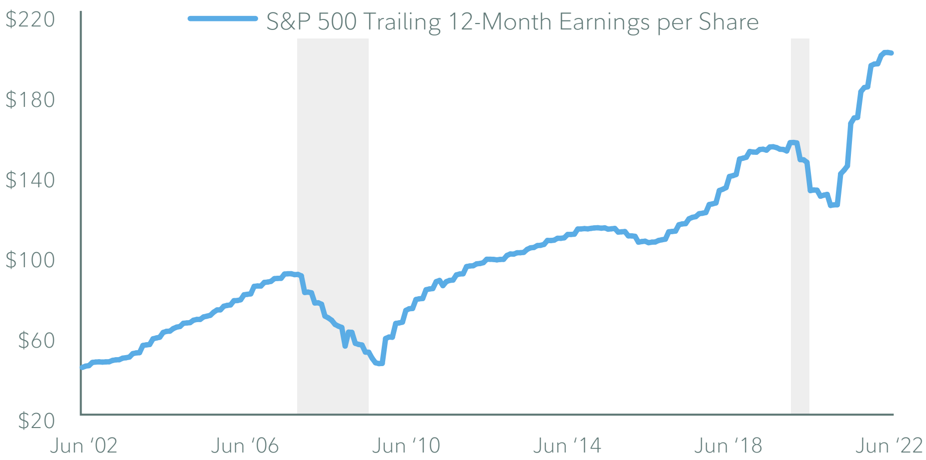
↑↓ **Represent directional change from last quarter**

Sources: Fidelity Investments (AART), Strategic Advisers LLC, Bloomberg Finance, L.P., as of 6/30/2022

Still many positives for the economy but pace is slowing across a few measures

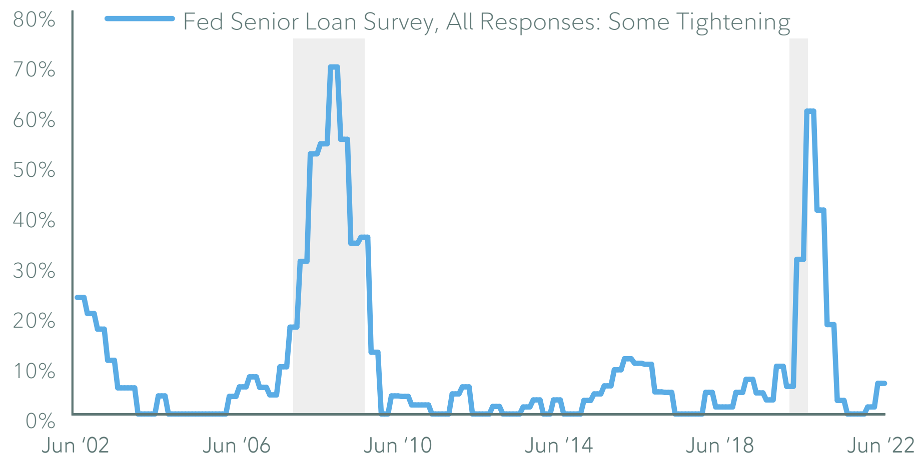
Corporate Profits: Rising but pace of growth slowing

Rising corporate profits generally reflect positive economic growth



Borrowing/Credit: Banks still willing to lend but marginally less so

Tightening conditions indicate banks less willing to issue loans

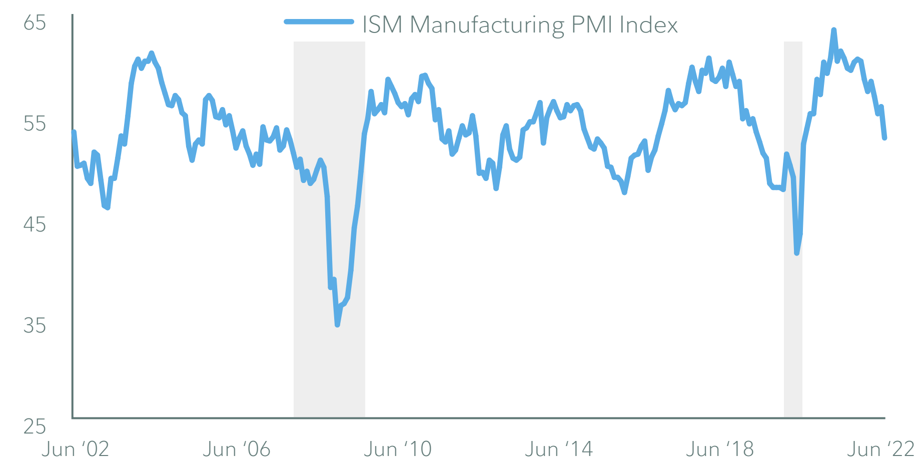


Inventory: Levels remain low, reflecting strong demand for goods

Lower levels reflect strong demand, while rising inventories reflect falling demand

Manufacturing Activity: Still strong but edging lower

Survey readings above 50 reflect expanding manufacturing activity



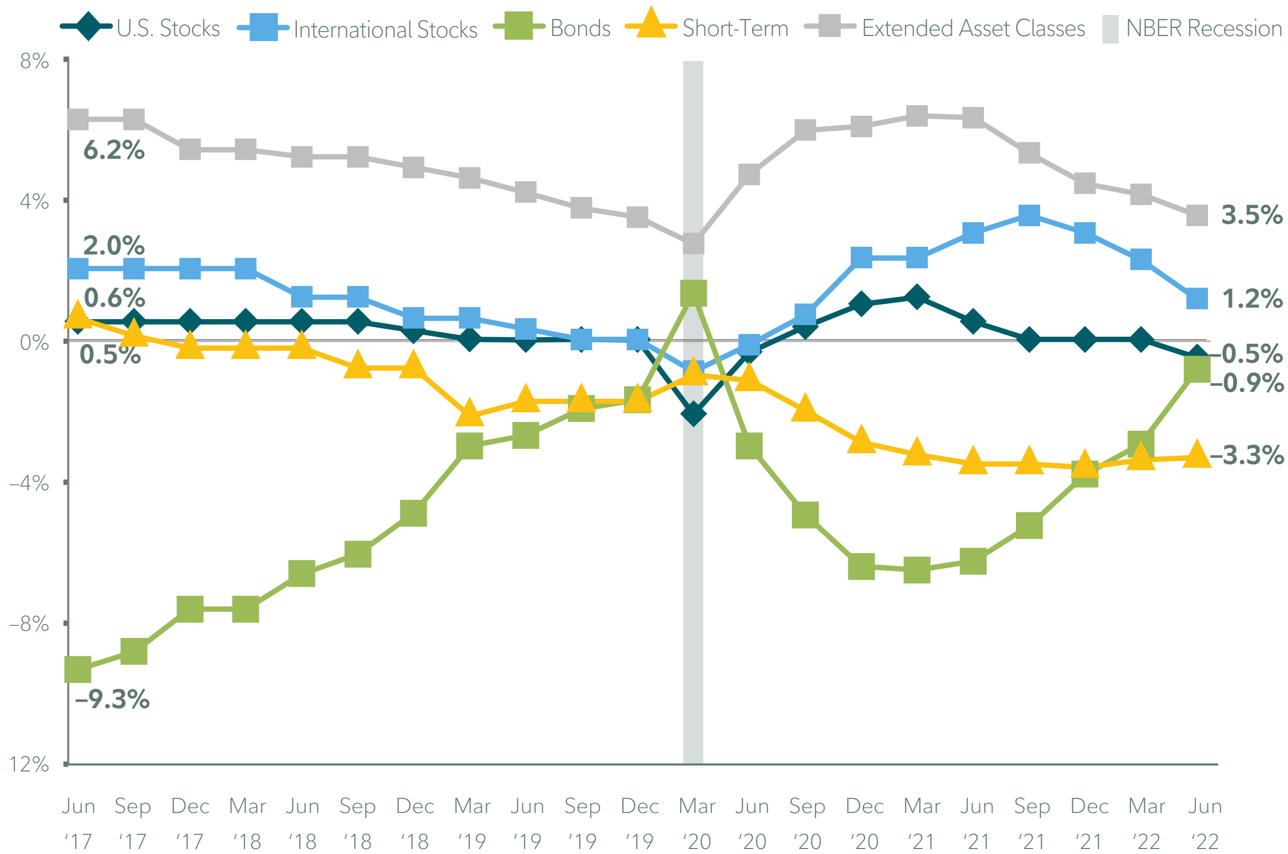
Source: Bloomberg Finance L.P., U.S. Federal Reserve, U.S. Census Bureau, Institute for Supply Management, as of 6/30/2022. Grey columns represent National Bureau of Economic Research (NBER) recession dates.

We reduced risk within client accounts, leaving them nearly evenly balanced between stocks and bonds

- Since the late-cycle phase has often seen more frequent bouts of market volatility, we reduced exposure to stocks and increased our exposure to investment-grade bonds.
- Despite the potential for higher volatility, stocks have historically experienced modestly positive returns in late cycle, so we continue to have close to benchmark allocations to stocks.
- Within extended asset classes, we have positions in commodity and real estate funds, as these have historically performed well during periods of high inflation.

Asset class positioning for Total Return approach, June 2017 through June 2022

Relative weight versus long-term asset allocation mix



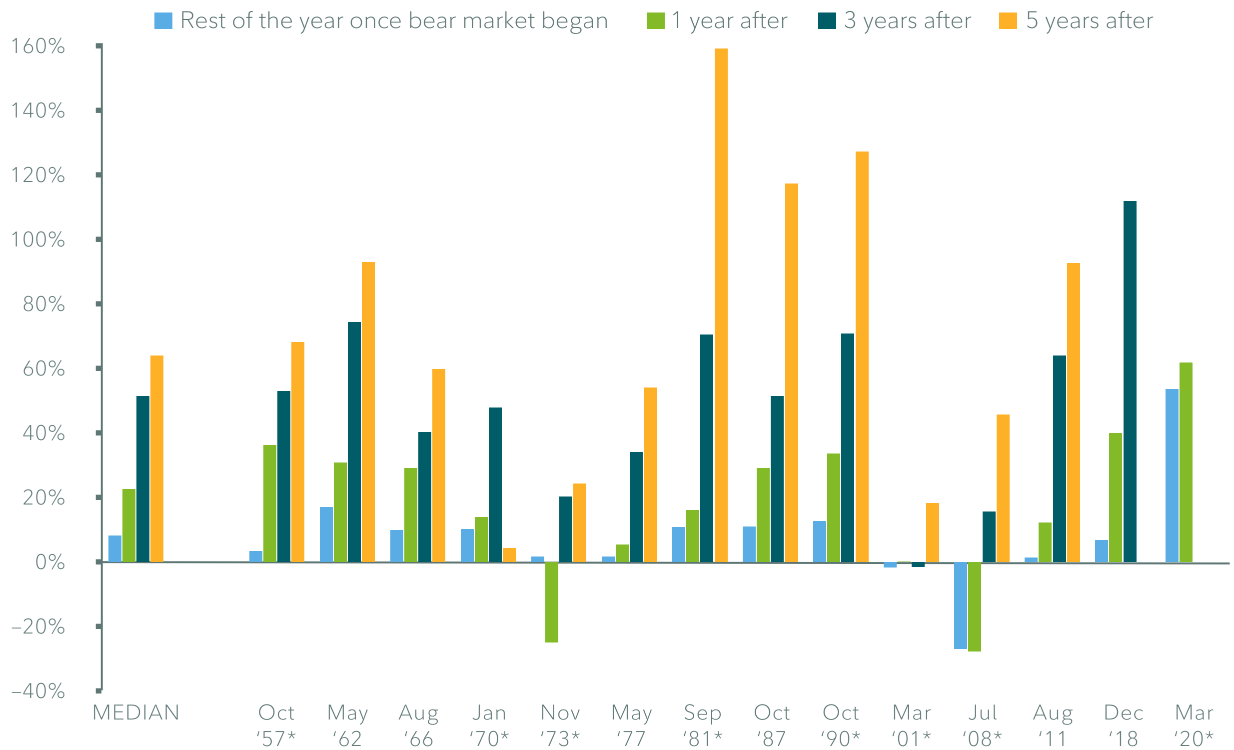
Diversification does not ensure a profit or guarantee against loss. This chart represents the relative asset class weights over time versus the long-term asset allocation mix of a PAS Total Return Growth with Income Blended preference. Stocks reference both U.S. and international stock allocations. Bonds represent investment-grade bond allocations. Short-term investments include money market funds and short-duration bond fund allocations. Extended asset classes refer to allocations to funds not within traditional stock, investment-grade bond, and short-term investment categories, including high-yield bond, commodity, and alternative investment allocations. The Growth with Income strategy has a long-term asset allocation mix of 42% U.S. stock (Dow Jones U.S. Total Stock Market Index), 18% international stock (MSCI All Country World Ex-U.S. Index (Net MA)), 35% bonds (Bloomberg U.S. Aggregate Bond Index), and 5% short-term investments (Bloomberg U.S. 3–6 Month Treasury Bill Index), as of 6/30/2022. Current composition may differ, perhaps significantly.
Recession time frame from March 2020 to April 2020. Source: National Bureau of Economic Research (NBER) recession.

Stocks have recovered from previous significant market declines, rewarding those who stayed invested

- When stocks decline by –20% or more (often called a "bear market"), some investors may feel the urge to avoid stocks for some time.
- However, since 1950, stock market recoveries have often started soon after the bear market began, recovering a median of 8% the rest of that same calendar year.
- Over the following years, investors continued to experience gains over the longer term as well.

Patient investors have experienced recoveries following bear markets (declines of –20% or more)

S&P 500 Index total cumulative returns after bear market began, 1950–2021



	Rest of the year once bear market began	1 year after	3 years after	5 years after
MEDIAN	**8%**	**22%**	**51%**	**64%**

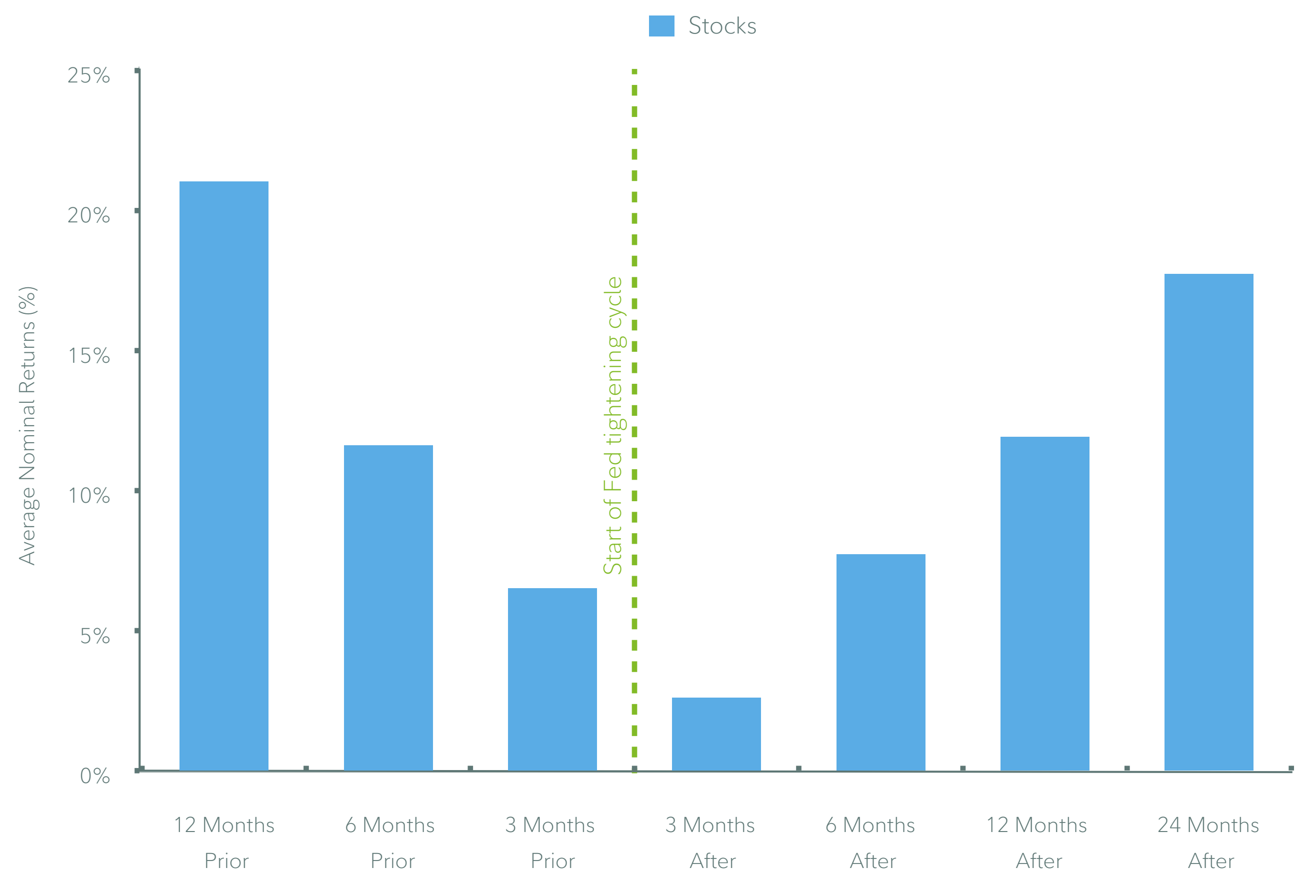
Past performance is no guarantee of future results. Source: Strategic Advisers LLC, Bloomberg Finance, L.P.
*Year occurred during a recession, as defined by the National Bureau of Economic Research (NBER), as of 6/30/2022.

Stocks have historically experienced gains even as the U.S. Federal Reserve is raising interest rates

- When the U.S. Federal Reserve (the Fed) starts to raise interest rates, it typically leads to eventual slower economic growth.
- Stocks have typically experienced some initial volatility when the rate hike cycle has begun.
- But over the next few quarters, stocks have continued to gain in value even as interest rates are rising, because economic growth can remain positive through rising interest rates.

Start of Fed interest rate tightening cycle has not historically led to sustained stock market volatility

S&P 500 Index performance around Fed tightening, 1950–2021



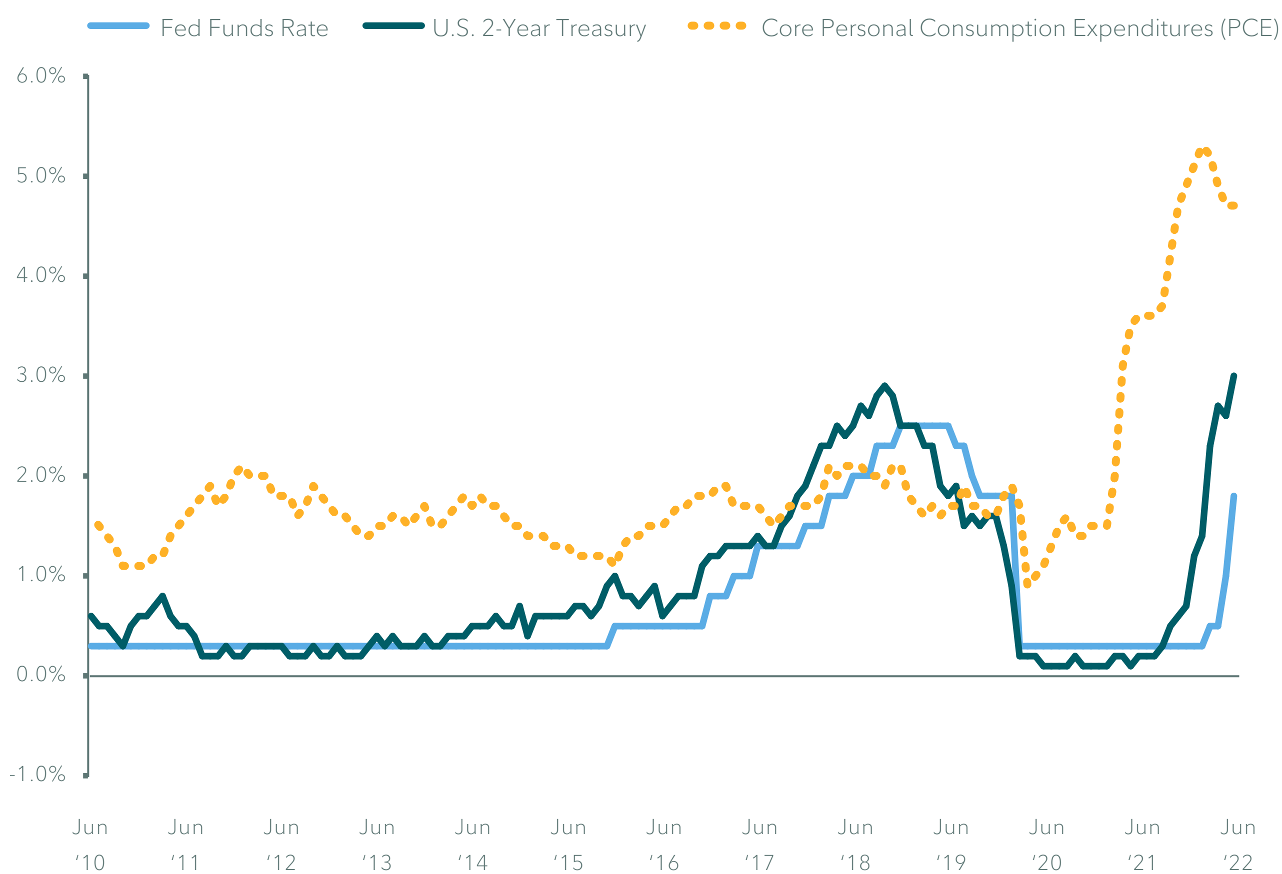
Past performance is no guarantee of future results. Stock performance represented by the S&P 500 Index. Source: Fidelity Investments (AART), as of 12/31/2021.

Bond markets may be reflecting several Fed rate hikes, which could mean that longer rates level off in the near term

- Inflation (Core PCE) has reached levels not seen in more than 40 years, and the Fed has clearly stated its intention to raise interest rates from near zero to more normal levels in order to cool spending and dampen inflation.
- Looking at the past, the Fed raised the overnight borrowing rate nine times from 2015 to 2019, which moved the two-year U.S. Treasury rate up from below 1% to nearly 3%.
- After three Fed rate hikes, the two-year U.S. Treasury rate has increased significantly, which may mean that much of the adjustment to the Fed's plan is already reflected in parts of the bond market.

The bond market may be reflecting Fed price hikes

Core Personal Consumption Expenditures, Fed Funds Overnight Rate, and the two-year U.S. Treasury bond rate, June 2010–June 2022



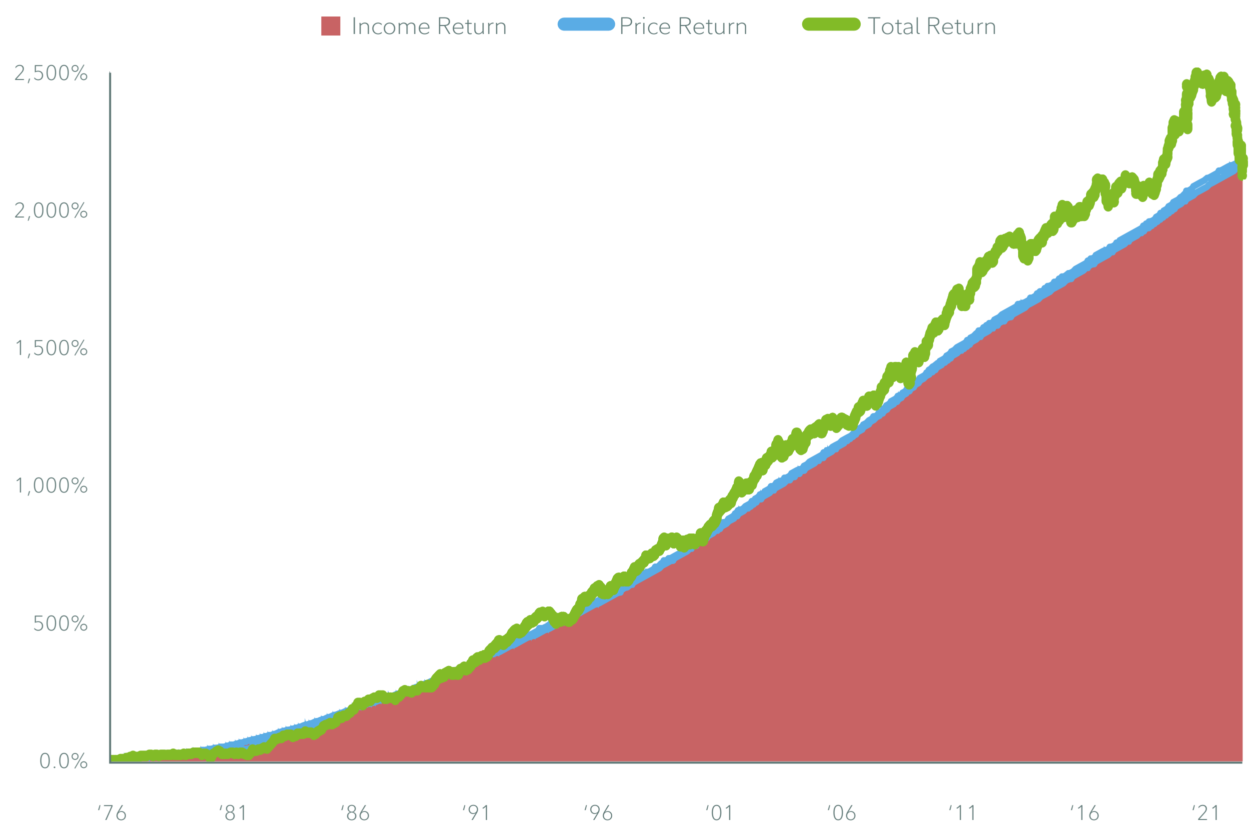
Core PCE represents the year-over-year change in Personal Consumption Expenditures, less food and energy price changes. Source: Bloomberg Finance, L.P., Core PCE, as of 6/30/2022. Fed funds rates and two-year U.S. Treasury rates, as of 6/30/2022

For bond investors, income from yield has driven much more of their total return than price changes

- Bond investors have experienced unusually high volatility, as high and persistent inflation has led to U.S. Federal Reserve interest rate hikes.
- However, historically, investor bond returns have come mostly from yield (income) over time, not price appreciation.
- While price volatility can be unsettling in the near term, long-term bond investors are likely to benefit from higher yields now available in the bond market.

Total bond returns have been driven primarily through income rather than price changes

Components of Bloomberg U.S. Aggregate Bond Index returns



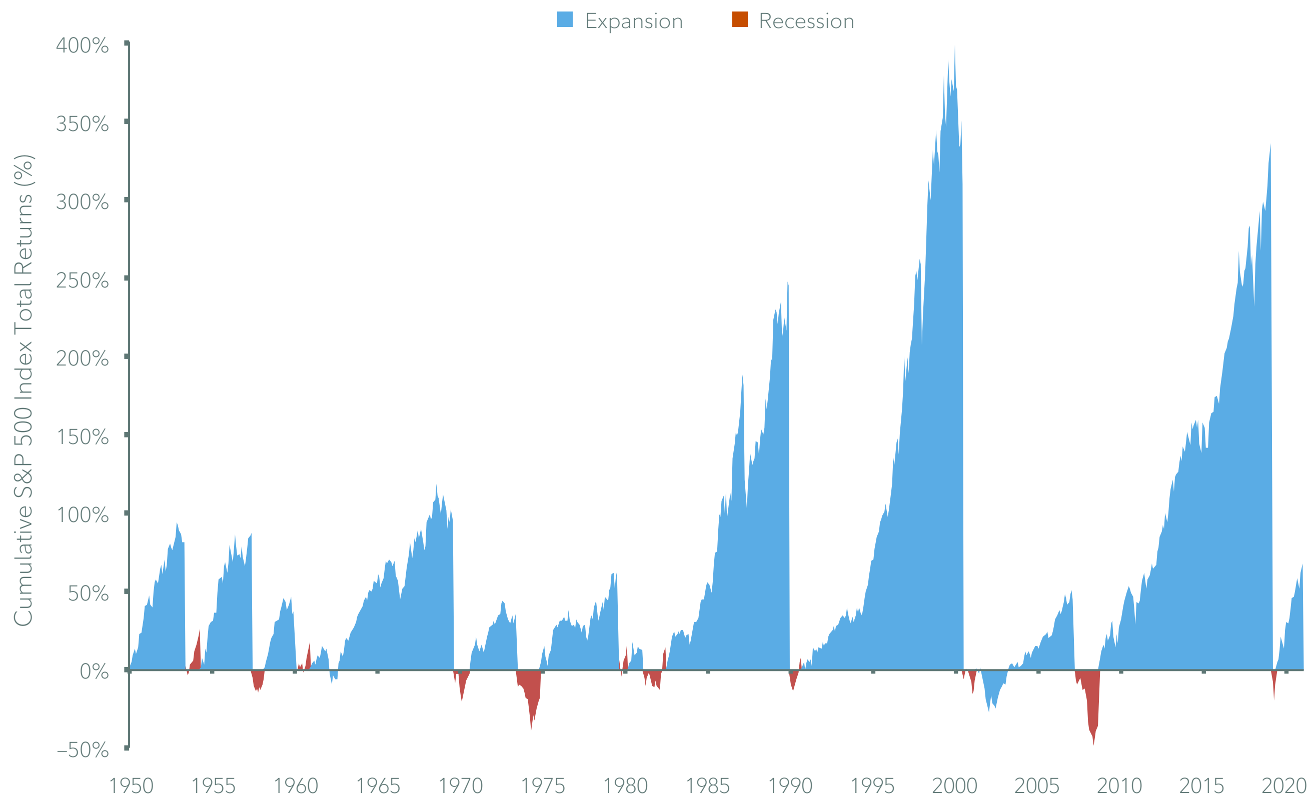
Price return is generated by the market price of the bond. Income return consists of coupons and interest received on the reinvestment of those coupons. Total return includes interest, capital gains, dividends, and distributions realized over a period. **Past performance is no guarantee of future results.** Source: Bloomberg Finance, L.P. from 8/31/1976 to 6/30/2022.

Lasting economic expansions have powered investors through relatively infrequent recessions

- Swift and severe market declines and recessions are stressful, but contractions are often much shorter than expansions.
- Each of the past recessions (red areas) on the chart were challenging in the moment, but they pale in comparison to expansions (blue areas), which show significant growth during those multiyear periods.
- After every past recession, the markets and the economy eventually stabilized, and an expansion followed.

Stocks have experienced significant gains during economic expansions

Recessions have been moderate detractors from performance



Past performance is no guarantee of future results. This chart illustrates the cumulative percentage return of a hypothetical investment made in the S&P 500 Index during periods of economic expansion and recession. Index returns include reinvestment of capital gains and dividends, if any, but do not reflect any fees or expenses. This chart is not intended to imply any future performance of an investment product. It is not possible to invest directly in an index. All indexes are unmanaged. Please see Important Information for index definitions. Source: Bloomberg, S&P 500 Index total annual return, 1/1/1950–12/31/2021; recession and expansion dates defined by the National Bureau of Economic Research (NBER).

KEY TAKEAWAYS

1. Global stocks and bonds experienced declines in the second quarter as higher interest rates (in response to persistent inflation) have led to uncertainty around the outlook for economic growth.

2. The U.S. economy transitioned to a late-cycle expansion, a phase of the business cycle that has historically led to modestly positive stock market returns but with more frequent bouts of volatility.

3. We slightly reduced our exposure to global stocks and high-yield bonds while increasing allocations to investment-grade bonds, to bring the level of risk within client accounts close to their long-term target allocations.

For more information, please call your Fidelity associate at **800-544-3455** or visit **Fidelity.com**.

Important Information

The Business Cycle Framework depicts the general pattern of economic cycles throughout history, though each cycle is different; specific commentary on the current stage is provided in the main body of the text. In general, the typical business cycle demonstrates the following: During the typical early-cycle phase, the economy bottoms out and picks up steam until it exits recession, then begins the recovery as activity accelerates. Inflationary pressures are typically low, monetary policy is accommodative, and the yield curve is steep. Economically sensitive asset classes, such as stocks, tend to experience their best performance of the cycle. During the typical mid-cycle phase, the economy exits recovery and enters into expansion, characterized by broader and more self-sustaining economic momentum but a more moderate pace of growth. Inflationary pressures typically begin to rise, monetary policy becomes tighter, and the yield curve experiences some flattening. Economically sensitive asset classes tend to continue benefiting from a growing economy, but their relative advantage narrows. During the typical late-cycle phase, the economic expansion matures, inflationary pressures continue to rise, and the yield curve may eventually become flat or inverted. Eventually, the economy contracts and enters recession, with monetary policy shifting from tightening to easing. Less economically sensitive asset categories tend to hold up better, particularly right before and upon entering recession.

Neither asset allocation nor diversification assures a profit or protects against a loss.

Past performance does not guarantee future results.

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Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible.

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

Important Information

Index Definitions

The Dow Jones U.S. Total Stock Market Index is an all-inclusive measure composed of all U.S. equity securities with readily available prices. This broad index is sliced according to stock-size segment, style, and sector to create distinct sub-indexes that track every major segment of the market.

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

The Bloomberg U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar–denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-back securities (agency fixed-rate pass-throughs), asset-backed securities, and collateralized mortgage-backed securities (agency and non-agency).

The Bloomberg U.S. 3–6 Month Treasury Bill Index is a market capitalization–weighted index of investment-grade, fixed-rate public obligations of the U.S. Treasury with remaining maturities from three up to (but not including) six months, excluding zero-coupon STRIPS.

The Bloomberg Commodity Index Total Return 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 Bloomberg 1-3 Month U.S. Treasury Bill Index measures the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

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.

Important Information

Views expressed are as of June 30, 2022, and are subject to change at any time based on market and other conditions. Data is unaudited. Information may not be representative of current or future holdings.

All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

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