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

1. **MARKET SUMMARY:**
   Stocks and bonds moved slightly lower over the quarter

2. **MARKET SUMMARY SPOTLIGHT:**
   Market volatility is normal: staying the course is critical

3. **BUSINESS CYCLE:**
   U.S. economy continued to grow

4. **VOLATILITY AND DIVERSIFICATION:**
   A diversified portfolio can help manage risk
Stocks and bonds moved slightly lower due to uncertainty around inflation and global trade.

Stocks and bonds lost some value over the last few months, but they are still positive over the last year.

- Concerns of higher-than-expected inflation and uncertainty regarding U.S. trade relations prompted recent market volatility leading to the first stock market correction in two years.
- International stocks are still outpacing U.S. stocks over the last year, having gained 16.7%.
- Modestly higher interest rates led to lower prices for bonds over the last few months, but they are still up 1.2% over the last year.

In Q1, stocks and bonds declined about 1%. Hypothetical Growth of $100,000

This chart illustrates the performance of a hypothetical $100,000 investment made in the indexes noted. 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 appendix for important index information. Source: Fidelity Investments, as of 3/31/2018. U.S. Stocks—Dow Jones U.S. Total Stock Market Index; International Stocks—MSCI All-Country World Index ex-U.S. (Net MA); Bonds—Bloomberg Barclays U.S. Aggregate Bond Index.
Market volatility is normal: staying the course is critical

While near-term market volatility can be unsettling, patient investors have been rewarded with growth over the years.

- After a remarkably calm year in 2017, market volatility resurfaced in 2018, as markets declined over 10% from late January through early February.
- In fact, since 1980, the largest stock market decline in any given year, from the highest to the lowest point, has been 13% on average; so stock market declines of more than 10% are normal.
- However, since 1980, the stock market has also grown about 13% a year (including re-invested dividends), rewarding patient investors who remained invested through near-term declines.

Although near-term stock market declines are normal, stocks have grown over the long-run

Past performance is no guarantee of future results. It is not possible to invest directly in an index. Returns are based on index price appreciation and dividends. Intra-year declines refer to the largest index drop from a peak to a trough during the year. Not intended to represent the performance of any Fidelity fund or strategy. For illustrative purposes only. See back for index definition. Data as of 3/31/2018. Source: Standard & Poor’s, Bloomberg.
In spite of recent market volatility, the U.S. economy continued to see support from consumers and businesses.

- Consumer confidence has been bolstered by a healthy job market, stronger home prices, and historically low interest rates.
- Recent tax reform and synchronized global growth have driven small business optimism to some of its highest levels in 30 years.
- Greater spending by consumers and more business investments may help drive further economic growth in the United States.

Source: Bloomberg Finance, L.P., as of 2/28/2018. The Conference Board Consumer Confidence Index is an indicator designed to measure consumer confidence, which is defined as the degree of optimism on the state of the economy that consumers are expressing through their activities of savings and spending. The NFIB Small Business Optimism Index is compiled from a survey that is conducted each month by the National Federation of Independent Business (NFIB) of its members.
Global synchronized growth remains intact

Despite recent headlines regarding global trade relations, the vast majority of world economies are growing.

- More than 95% of the 32 largest economies in the world are experiencing economic expansion.
- This differs from just three years ago, when fewer than 50% of these same economies were growing.
- As a result, U.S. and international companies are forecasting strong earnings growth, which should help support global stocks.

Source: Markit, ISM, Fidelity Investments (AART), as of 2/28/18. 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. PMI is a registered trademark of Institute for Supply Management.
Although concerns about inflation and global trade drove near-term market volatility, the U.S. economy continued to grow.

- The current pace of inflation remains modest, and recent developments on global trade are unlikely to dramatically dampen U.S. economic growth.
- U.S. growth remains supported by historically low interest rates, strong business and consumer confidence, and a healthy labor market.
- We are diligently watching for signs of faster wage growth and higher inflation, as these could signal a shift to the late phase of the business cycle.

**U.S. remains in the more mature phase of mid-cycle growth**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Early</th>
<th>Mid</th>
<th>Late</th>
<th>Recession</th>
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</thead>
<tbody>
<tr>
<td>Activity rebounds (GDP, IP, employment, incomes)</td>
<td>Growth peaking</td>
<td>Growth moderating</td>
<td>Falling activity</td>
<td></td>
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<tr>
<td>Credit begins to grow</td>
<td>Credit growth strong</td>
<td>Credit tightens</td>
<td>Credit dries up</td>
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<tr>
<td>Profits grow rapidly</td>
<td>Profit growth peaks</td>
<td>Earnings under pressure</td>
<td>Profts decline</td>
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<tr>
<td>Policy still stimulative</td>
<td>Policy neutral</td>
<td>Policy contractionary</td>
<td>Policy eases</td>
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<tr>
<td>Inventories low, sales improve</td>
<td>Inventories, sales grow, equilibrium reached</td>
<td>Inventories grow, sales growth fails</td>
<td>Inventories, sales fall</td>
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</tr>
</tbody>
</table>

**Signs of Each Cycle Phase**

- 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
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- Earnings under pressure
- Policy contractionary
- Inventories grow, sales growth fails
- Falling activity
- Credit dries up
- Profts decline
- Policy eases
- Inventories, sales fall

**Economic Growth**

- RECOVERY
- EXPANSION
- CONTRACTION

**Supported by:**

- Low Interest Rates
- Strong Business and Consumer Confidence
- Healthy Labor Market

*See the Important Information section for more about the Business Cycle Framework methodology.

Note: This is a hypothetical illustration of a typical business cycle. There is not always a chronological progression in this order, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source: Fidelity Investments (AART), as of March 2018.
3. BUSINESS CYCLE (continued)

Both inflation and interest rates remain low, but show signs of moving modestly higher

Restrained inflation and historically low interest rates have provided support to the U.S. economy.

- Inflation is expected to move modestly higher given healthy labor market conditions and rising wages.
- Over the years, inflation and U.S. Treasury interest rates have risen and fallen together.
- Given this relationship, we expect to see modestly higher interest rates, consistent with the late phase of the business cycle.

Source: Bloomberg Finance L.P., as of 2/28/2018. Core Consumer Price Index (CPI) measures the change in price for a market basket of consumer goods and services, less food and energy.
A diversified portfolio can help manage risk

Diversification, or investing across different kinds of investments, can help reduce the risk of a single asset class and helps to provide a smoother investment experience.

- Individual asset classes can have large performance swings year to year.
- For example, after three years of negative returns, emerging-markets stocks have posted very strong gains in 2016 and 2017.
- The Diversified Portfolio, rebalanced periodically, has helped avoid the extreme highs and lows by investing across many asset classes.*

### Periodic Table of Returns

<table>
<thead>
<tr>
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<td>20.1%</td>
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<tr>
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<tr>
<td>2017</td>
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<td>-36.3%</td>
<td>37.2%</td>
<td>16.2%</td>
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**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 indexes are unmanaged. Please see appendix for important index information.

*2018 YTD returns as of 3/31/2018. Diversified Portfolio = 42% Dow Jones U.S. Total Stock Market Index, 18% MSCI EAFE Index, 35% Bloomberg Barclays U.S. Aggregate Bond Index, 5% Bloomberg Barclays 3-Month Treasury Bill Index and is rebalanced monthly. Domestic Large Cap Stocks — S&P 500® Index; Domestic Small Cap Stocks — Russell 2000 Index; Domestic Growth Stocks — Russell 3000 Growth Index; Domestic Value Stocks — Russell 3000 Value Index; International Developed Stocks — MSCI EAFE Index Net MA; Emerging Market Stocks — MSCI Emerging Markets Index (G); High Yield Bonds — BofA ML U.S. High Yield Const Index; Investment Grade Bonds — Bloomberg Barclays U.S. Aggregate Bond Index; Real Estate Income Stocks — NAREIT Equity-Only Index; Commodities — Bloomberg Commodity Index (Price Return). Diversified Portfolio Benchmark: PAS Growth with Income Composite composed of allocations to Dow Jones U.S. Total Stock Market Index (Domestic Stocks), MSCI ACWI (All Country World Index) ex-USA Index Net MA (International Stocks), Bloomberg Barclays US Aggregate Bond Index (Bonds), Barclays Capital 3-Month Treasury Bellwether Index (Short-Term). Note that prior to August 2009 the composite benchmark included the Bank of America High Yield Master Constrained Index. See Additional Information for index definitions. Source: Fidelity Investments, as of 3/31/2018.
1. Stocks and bonds fell slightly in value, led by recent concerns around inflation and global trade.

2. Synchronized global economic growth, higher corporate earnings, and strong consumer and business sentiment are supportive for investment markets.

3. Near-term market declines can be unsettling, over the long term, disciplined and patient investors have normally benefited from stock market growth over time.
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.

Views expressed are as of March 31, 2018, 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.

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

**Past performance does not guarantee future results.**

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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.
Important Information

Bloomberg Barclays US Aggregate Bond Index 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. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS.

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.

MSCI ACWI (All Country World Index) ex USA Index (net MA tax) 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.

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.

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 Growth Index is a market capitalization–weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

Russell 3000 Value Index is a market capitalization–weighted index designed to measure the performance of the broad value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

MSCI EAFE Index is a market capitalization–weighted index designed to measure the investable equity market performance for global investors in developed markets, excluding the United States and Canada.

MSCI Emerging Markets Index is a market capitalization–weighted index that is designed to measure the investable equity market performance for global investors in emerging markets.

The BofA Merrill Lynch US High Yield Constrained Index is a modified market capitalization–weighted index of U.S. dollar–denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a below-investment-grade rating (based on an average of Moody’s, S&P, and Fitch). The country of risk of qualifying issuers must be an FX-G10 member, a Western European nation, or a territory of the U.S. or a Western European nation. The FX-G10 includes all Euro members, the U.S., Japan, the U.K., Canada, Australia, New Zealand, Switzerland, Norway, and Sweden. In addition, qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule, and at least $100 million in outstanding face value. Defaulted securities are excluded. The index contains all securities of The BofA Merrill Lynch US High Yield Index but caps issuer exposure at 2%.

FTSE NAREIT All REITs Index is a market capitalization–weighted index that is designed to measure the performance of all tax-qualified Real Estate Investment Trusts (REITs) that are listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List.

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.
Important Information

Bloomberg Barclays US 3-Month Treasury Bellwether Index is a market value–weighted index of investment-grade fixed-rate public obligations of the U.S. Treasury with maturities of three months, excluding zero-coupon strips.

Consumer Price Index (CPI) is a widely recognized measure of inflation calculated by the U.S. Government. Shelter CPI represents the buying habits of U.S. residents specific to shelter. Wireless CPI measures the buying habits of U.S. residents specific to wireless phone services.

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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