Commentary | Third Quarter 2021

Quarterly Market Update

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Market Summary

Crosscurrents and Market Gains amid a Fitful Reopening

Prices for riskier assets extended their rally amid the U.S. reopening, global economic progress, and supportive monetary and fiscal policies. Bond yields moderated, however, and market leadership rotated as the near-term outlook grew murkier due to rising coronavirus cases globally, supply shortages and disruptions, and the uncertain path toward monetary normalization. Elevated valuations present a challenge to asset markets.

	MACRO	ASSET MARKETS
Q2 2021	• Global economic expansion broadened, with variance across regions due in part to different vaccine and virus trends.	• Riskier asset prices continued to rally while bond yields moderated.
OUTLOOK	• Most major countries' recoveries continued, but virus variants made progress uneven. • The U.S. moved into the mid-cycle phase as the reopening became reality, with activity and inflation rates likely reaching a peak. • Amid China's restrained policies and softening momentum, the U.S. may be the primary driver of the global cycle. • Supply-side disruptions and shortages will likely ebb with time but may prove more lasting than expected. • Monetary and fiscal policy still highly accommodative, but we may have reached peak stimulus and liquidity growth.	• Policy decisions are likely to have an increasingly large influence on asset returns. • Buoyant asset valuations reflect positive expectations built into asset prices. • Slower liquidity growth and the potential for a more inflationary backdrop may raise the odds of higher market volatility. • Cyclical outlook remains constructive, but portfolio diversification is as important as ever.

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

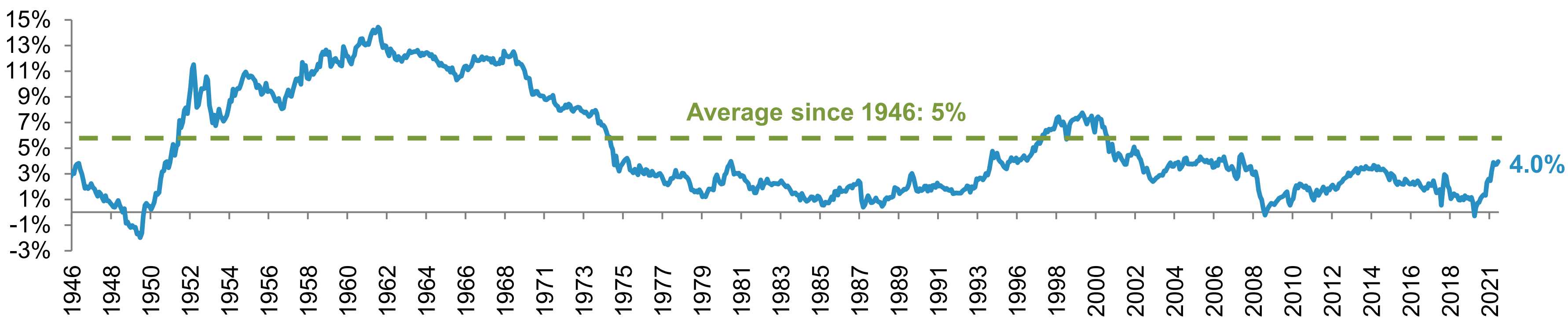
U.S. Assets Led Broad-Based Global Rally

Economic reopening underpinned widespread Q2 gains for U.S. assets, marking the first half of 2021 as another period of exceptional U.S. equity performance. Commodity prices also rallied sharply during Q2 amid constrained supply and surging global industrial activity. Most bond categories posted positive returns this period as longer-term interest rates dropped following their steep run-up in Q1.

	Q2 2021 (%)	YTD (%)		Q2 2021 (%)	YTD (%)
Commodities	13.3	21.1	Non-U.S. Small Cap Stocks	4.3	9.0
Real Estate Stocks	12.0	22.0	U.S. Small Cap Stocks	4.3	17.5
U.S. Large Cap Stocks	8.5	15.3	Emerging-Market Bonds	3.9	-1.0
U.S. Mid Cap Stocks	7.5	16.2	Gold	3.7	-6.8
Long Government & Credit Bonds	6.4	-4.6	U.S. Corporate Bonds	3.3	-1.3
Non-U.S. Developed-Country Stocks	5.2	8.8	High-Yield Bonds	2.8	3.7
Emerging-Market Stocks	5.0	7.4	Investment-Grade Bonds	1.8	-1.6

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

Annualized Return Difference

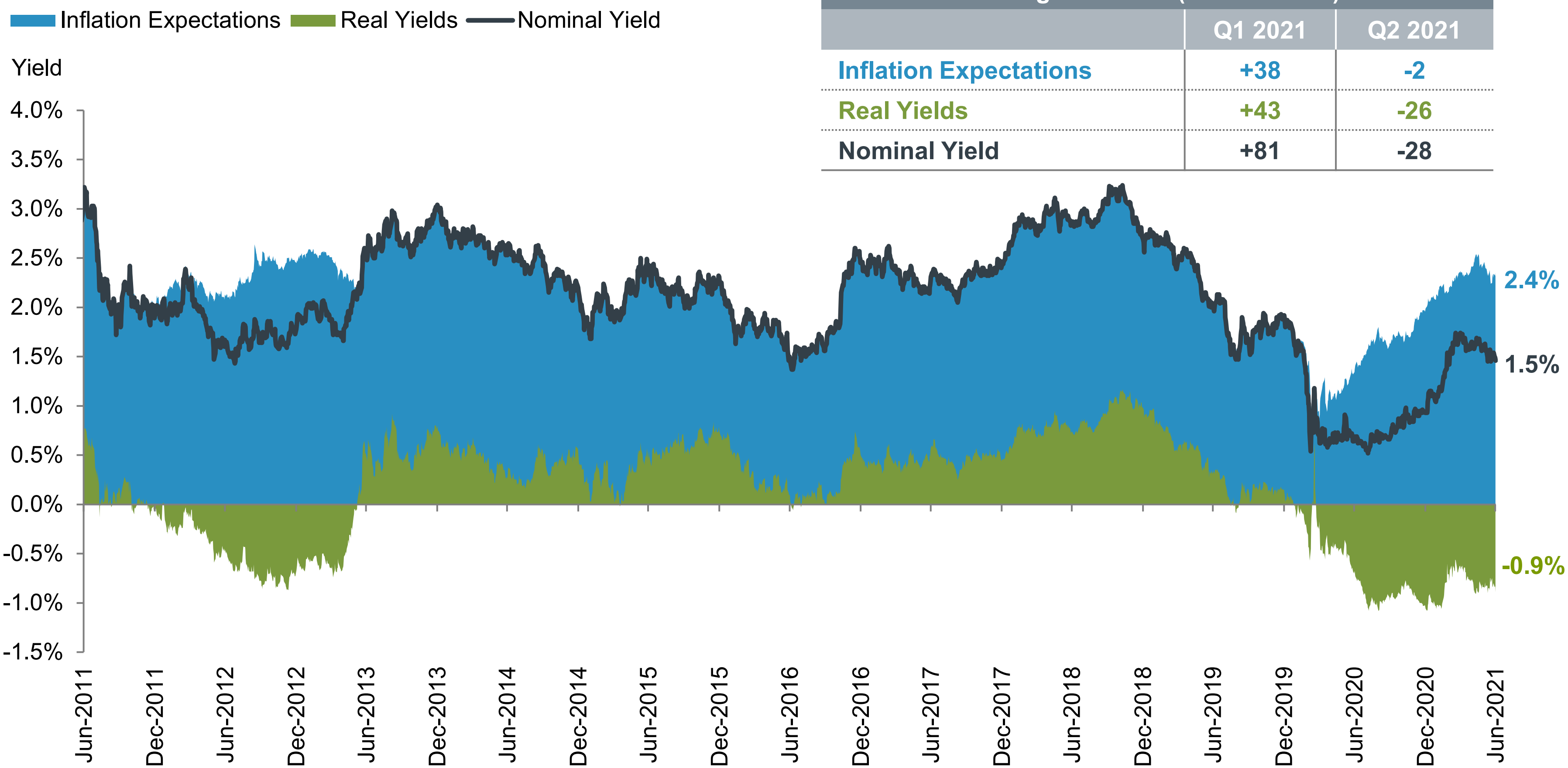


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. IG: Investment grade. Assets represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Bonds—JP Morgan EMBI Global Index; Emerging-Market Stocks—MSCI EM Index; Gold—Gold Bullion, LBMA PM Fix; High-Yield Bonds—ICE BofA High Yield Bond Index; Investment-Grade Bonds—Bloomberg 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—Bloomberg Barclays U.S. Credit Index; U.S. Large Cap Stocks—S&P 500®; U.S. Mid Cap Stocks—Russell Midcap® Index; U.S. Small Cap Stocks—Russell 2000® Index; Long Government & Credit Bonds—Bloomberg Barclays Long Government & Credit Index.
Source: Bloomberg Finance L.P., Haver Analytics, Fidelity Investments Asset Allocation Research Team (AART), as of 6/30/21.

Bond Yields Took a Breather Despite Higher Inflation

Due in part to robust financial and monetary liquidity conditions, longer-term bond yields ticked down during Q2. Inflation expectations remained near multiyear highs, but real yields dropped and erased much of their Q1 rise. Nominal yields were still roughly 100 basis points higher than the all-time lows reached in mid-2020, but extraordinary global monetary policies are likely contributing to the persistence of negative real yields.

10-Year U.S. Government Bond Yields



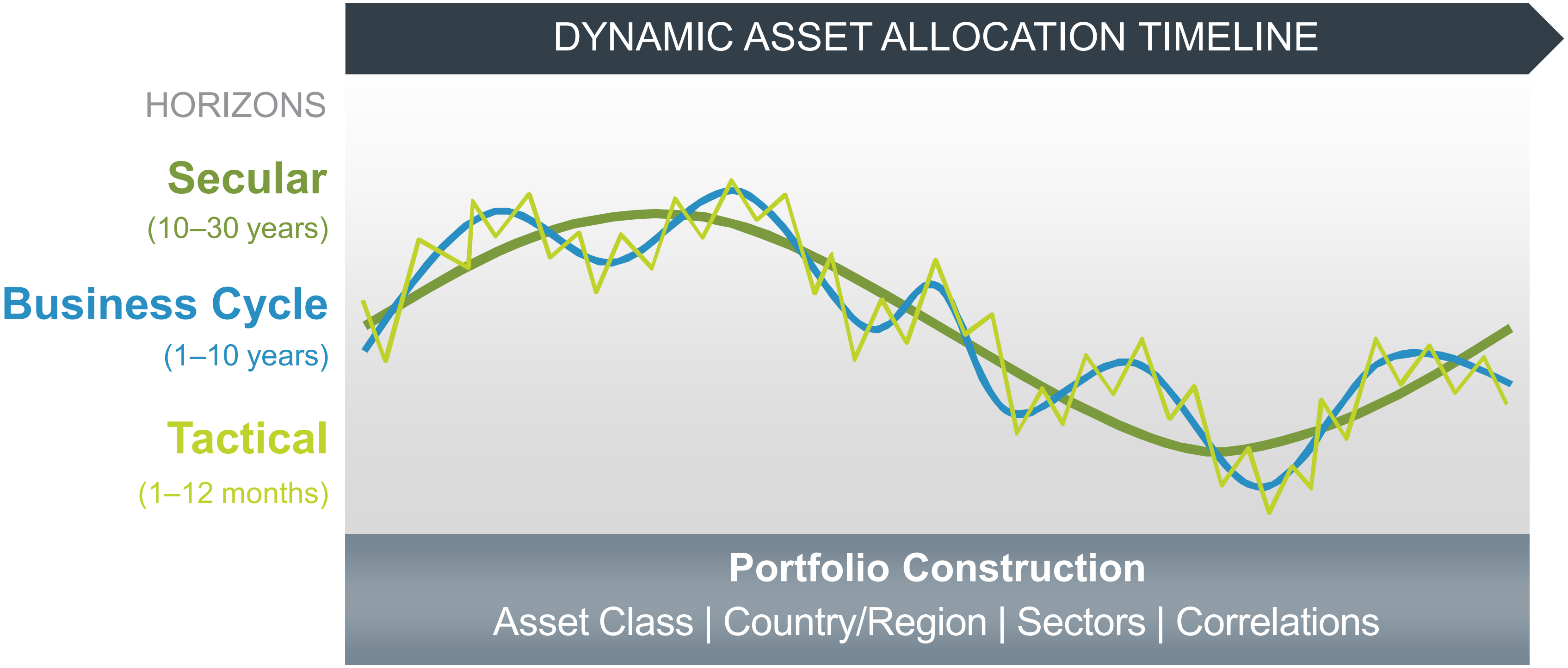
Change in Yields (Basis Points)	Q1 2021	Q2 2021
Inflation Expectations	+38	-2
Real Yields	+43	-26
Nominal Yield	+81	-28

 Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/21.

Economy/Macro Backdrop

Multi-Time-Horizon Asset Allocation Framework

Fidelity's Asset Allocation Research Team (AART) believes that asset-price fluctuations are driven by a confluence of various factors that evolve over different time horizons. As a result, we employ a framework that analyzes trends among three temporal segments: tactical (short term), business cycle (medium term), and secular (long term).



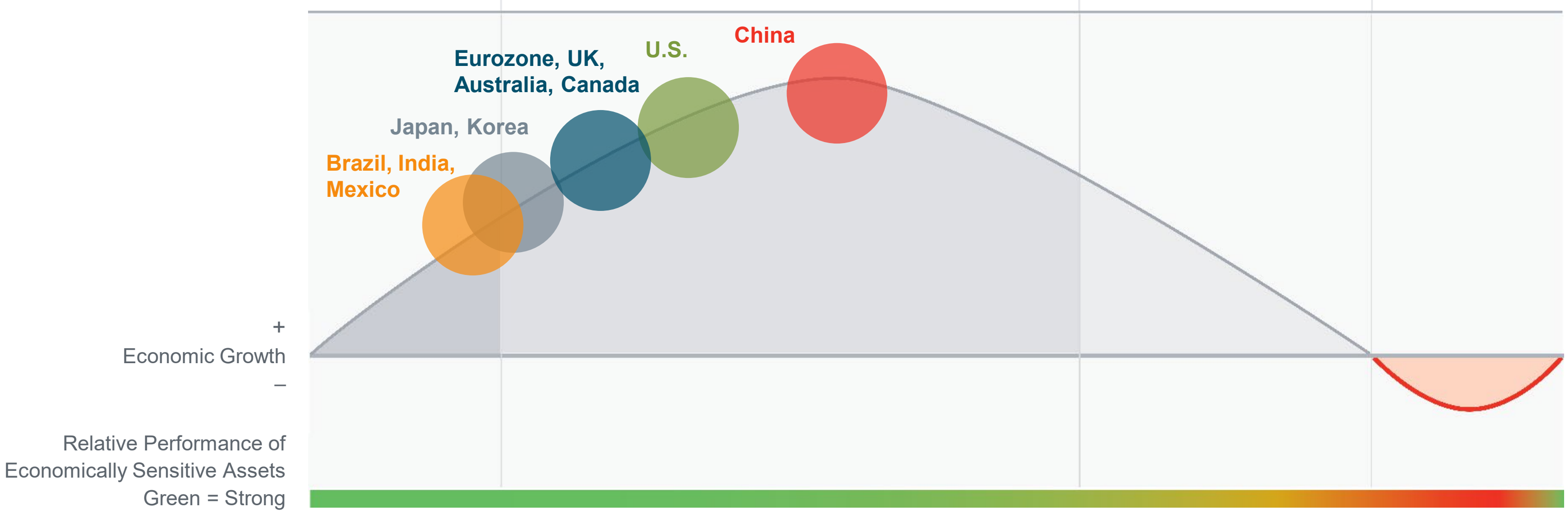
For illustrative purposes only. Source: Fidelity Investments (AART), as of 6/30/21.

Global Expansion Progressing in an Uneven Manner

The U.S. shifted fully into the mid-cycle phase, as a broadening expansion accompanied the economy's reopening. Major economies are on differing trajectories, with a number of developing countries inhibited in particular by their more-limited vaccination and reopening progress. The global cycle's momentum is widening, with staggered re-openings likely leading to ongoing improvement, even if in fits and starts.

Business Cycle Framework

Cycle Phases	EARLY	MID	LATE	RECESSION
	• Activity rebounds (GDP, IP, employment,) • 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

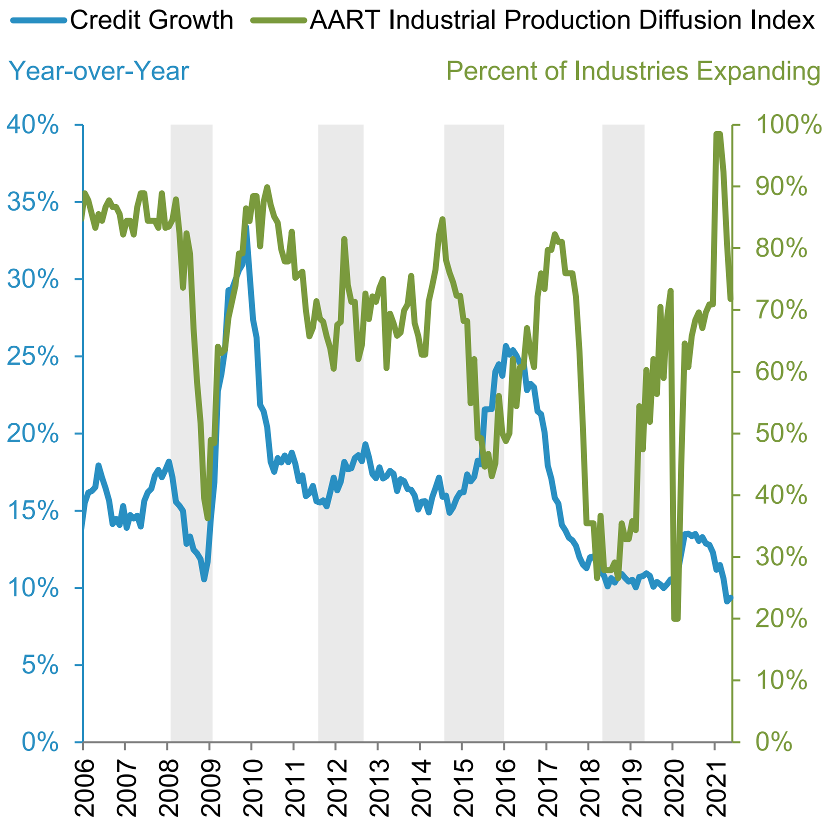


Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term horizon. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source: Fidelity Investments (AART), as of 6/30/21.

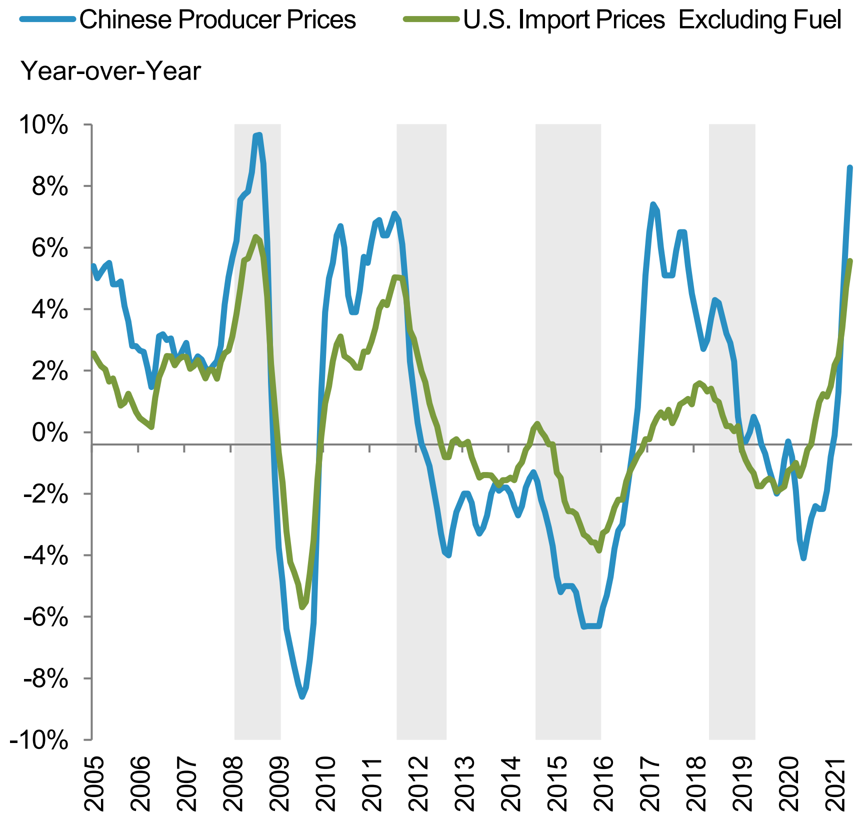
China Stable but Slowing, No Longer Source of Disinflation

Chinese credit growth continued to slow as monetary policymakers aimed for stable levels of financial leverage. Meanwhile, economic activity in China has been moderating as industrial growth decelerates amid the maturing expansion. Rising materials costs squeezed margins for Chinese manufacturers, leading to higher output prices that contributed to a sharp rise in import prices for the U.S. and other countries.

China: Credit Growth and Industrial Production



Chinese Producer Prices vs U.S. Import Prices

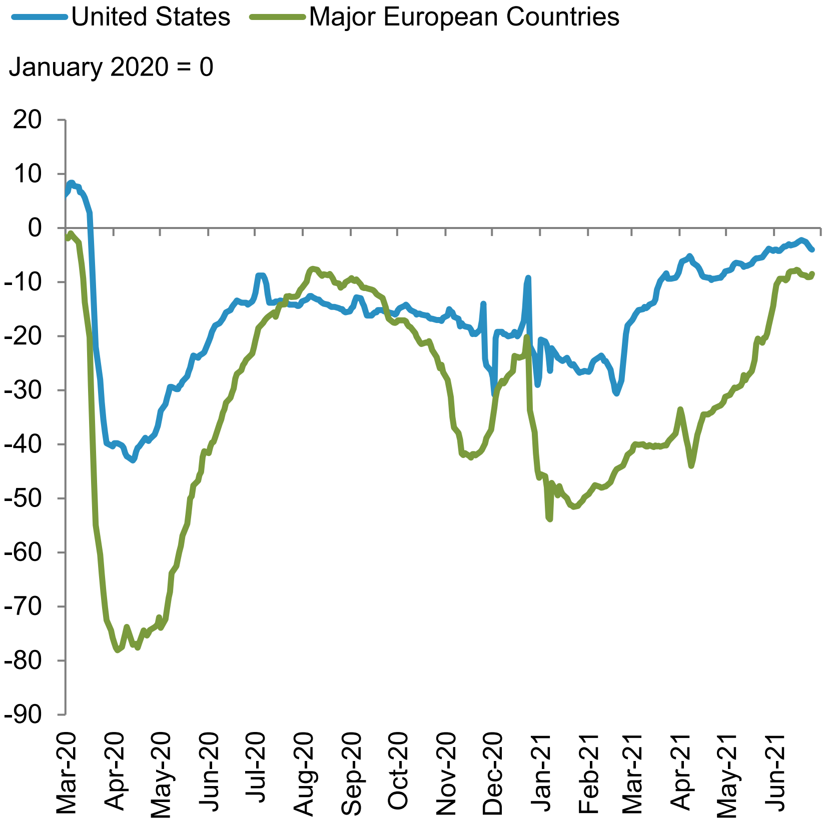


Grey bars represent China growth recessions as defined by AART. **LEFT**: AART Industrial Production Diffusion Index is a proprietary index based on industrial production data. Source: National Bureau of Statistics, People's Bank of China, Haver Analytics, Fidelity Investments (AART), as of 5/31/21.
RIGHT: China National Bureau of Statistics, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 5/31/21.

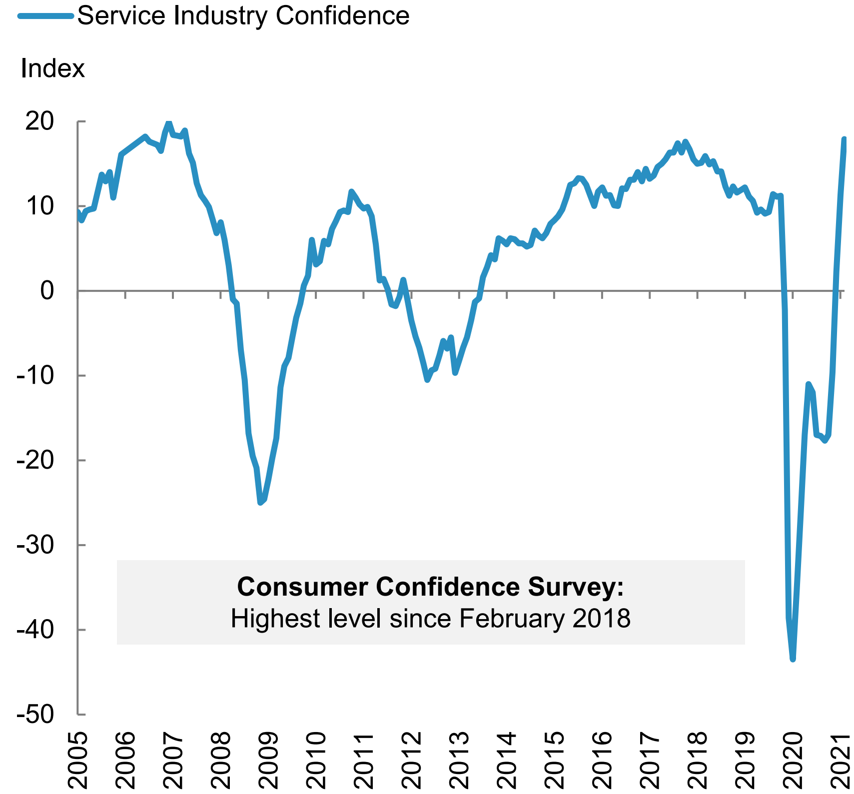
Signs of a European Uptick with Reopening on the Horizon

Following progress on vaccinations and relaxation of social-distancing measures, human-mobility measures in Europe approached U.S. levels. Euro-area sentiment surveys of service-industry and consumer confidence—oftentimes leading indicators of real activity—rose toward multiyear highs. Similar to many other developed economies, a continued recovery in services is likely to lead the cyclical upswing.

Retail and Recreation Mobility



Euro-Area Sentiment Surveys



LEFT: Mobility: A measure of the frequency and length of visits across various categories. Five-day moving average of mobility at retail and recreation locations (e.g., restaurants, shopping centers, museums, movie theaters, theme parks) relative to the median value for the corresponding day of the week during the five-week period from 1/3/20 to 2/6/20. Major European countries include Ireland, France, Germany, Italy, Spain, and the UK. Source: Google, Haver Analytics, Fidelity Investments (AART), as of 6/24/21. **RIGHT**: Index represents the percent of respondents reporting an increase less the percent of respondents reporting a decrease. Source: European Commission, Haver Analytics, Fidelity Investments (AART), as of 6/30/21.

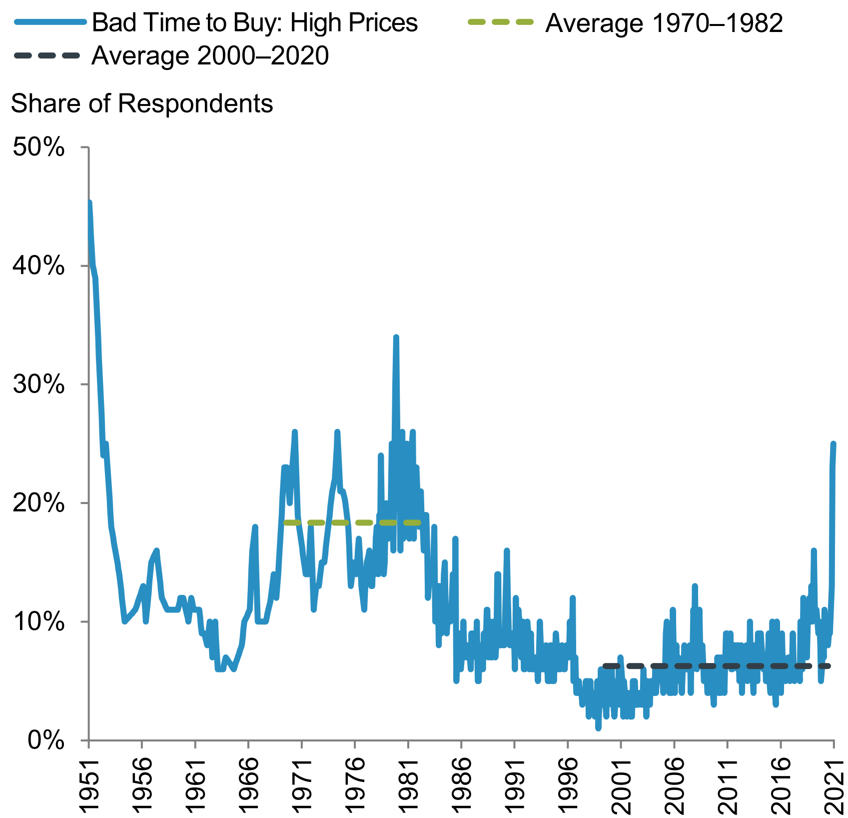
U.S. High Nominal Growth Resembles Post-WWII Era

The post–World War II shift to a peacetime economy, which catalyzed a cyclical rebound of growth and inflation, may be the closest historical analog to the post-Covid era. Strong postwar demand from healthy consumer balance sheets combined with a lagged supply response created upward pressure on prices. Today, a shifting mix of growth and inflation may arise amid global supply disruptions and domestic labor shortages.

Post–WW II Analog to COVID-19

	End of WWII	COVID-19
Short Sharp Recession	Sharp manufacturing decline and recovery	
Fiscal Support	Public Debt/GDP surged over 100%	
	GI Bill, Employment Act of 1946	Build Back Better plans
Monetary Support	2.5% cap on 10-year Treasuries	ZIRP, QE, Extraordinary facilities
Repaired Fin'l System	Banks better capitalized after Great Depression and GFC	
Pent-Up Demand/ Savings Surge	Household savings rates peaked at >20%	
	Shift to domestic spending	Shift to services spending

Consumers' Views of Household-Goods Prices



LEFT: ZIRP: Zero interest-rate policy. QE: Quantitative easing. GFC: Global financial crisis. Source: Fidelity Investments (AART), as of 6/30/21.
RIGHT: Source: University of Michigan, Haver Analytics, Fidelity Investments (AART), as of 6/30/21.

Corporate Profits Remain Strong but Cost Pressures Brew

Corporate earnings surprised to the upside during the past few quarters as sales accelerated, and many companies were able to pass through higher input costs to consumers. Market expectations for 2021 earnings have been revised higher to a robust 36% year-over-year growth rate, with double-digit growth expected to continue into 2022. Companies' ability to maintain high profit margins remains key to the earnings outlook.

REVENUE
Strong Sales Growth

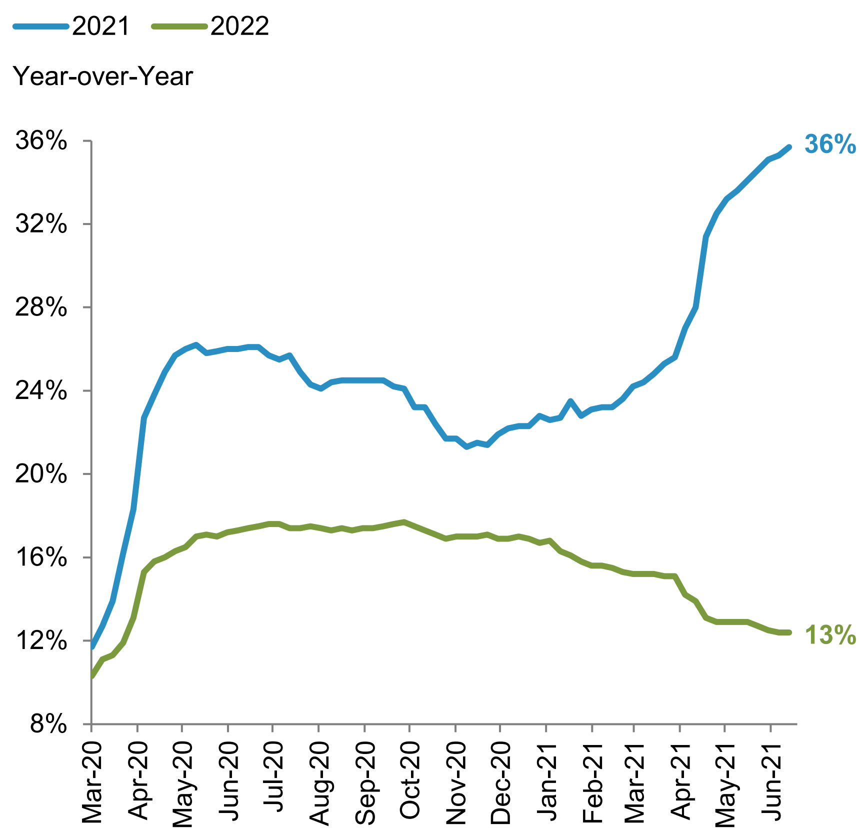
Nominal GDP Growth	High-single-digit growth (+) Healthy consumer (+)

PROFIT MARGINS
Recovering with Modest Pressure

Labor Costs	Cyclical productivity gains (+) Wage growth a risk (-)
Input Costs	Supply shortages continue (-)
Debt Service	Low interest expense (+)

EARNINGS GROWTH
Strong Growth, High Expectations

S&P 500 Earnings Expectations

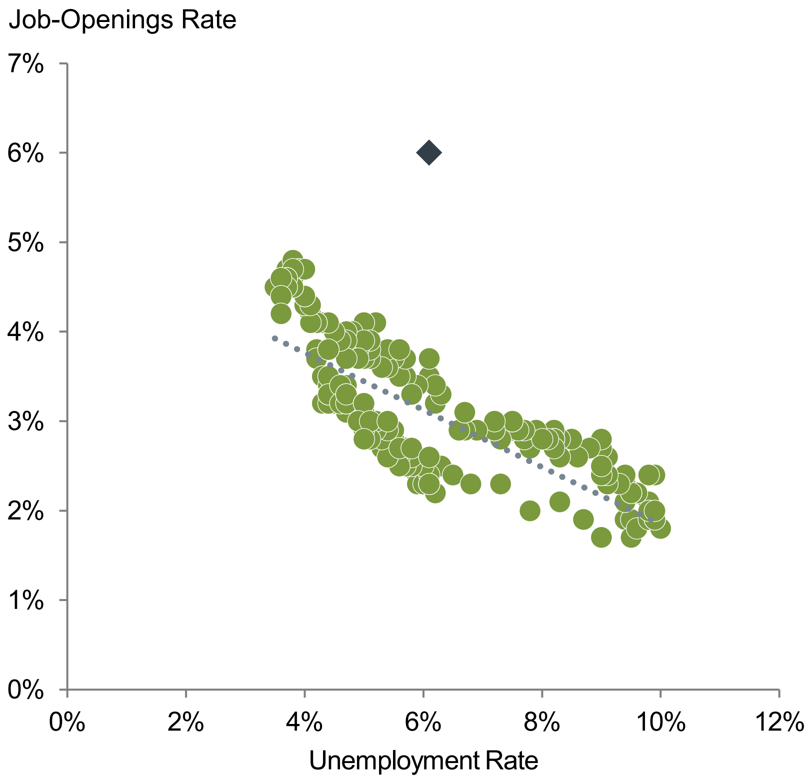


LEFT: Source: Fidelity Investments (AART), as of 6/30/21.
RIGHT: Street estimates. Source: Blomberg Financial LP, Fidelity Investments (AART), as of 6/25/21.

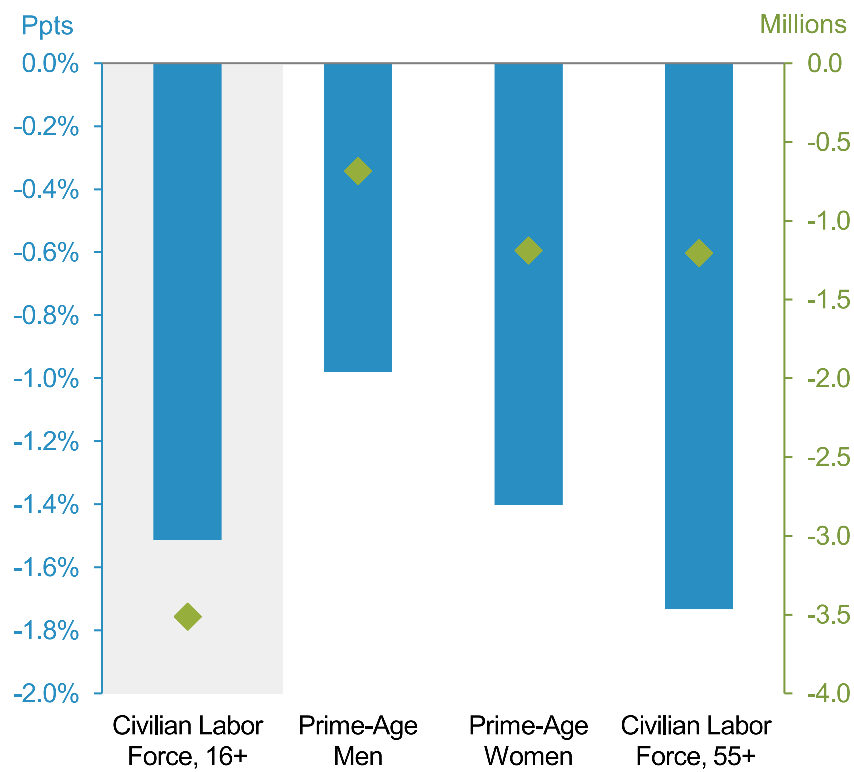
Labor Market Improves but Mismatch May Not Fade Quickly

Firms posted the highest rate of job openings in two decades, but unemployment rates remained elevated. Job gains continue, but shortages should ease over the next three months as extra jobless benefits expire and childcare and schools fully reopen. However, some of the 3.5 million people who left the labor force during the pandemic, especially older workers, might not return, implying some of the supply-demand gap may persist.

U.S. Unemployment and Job-Openings Rates



Change in Labor Force Relative to Feb 2020

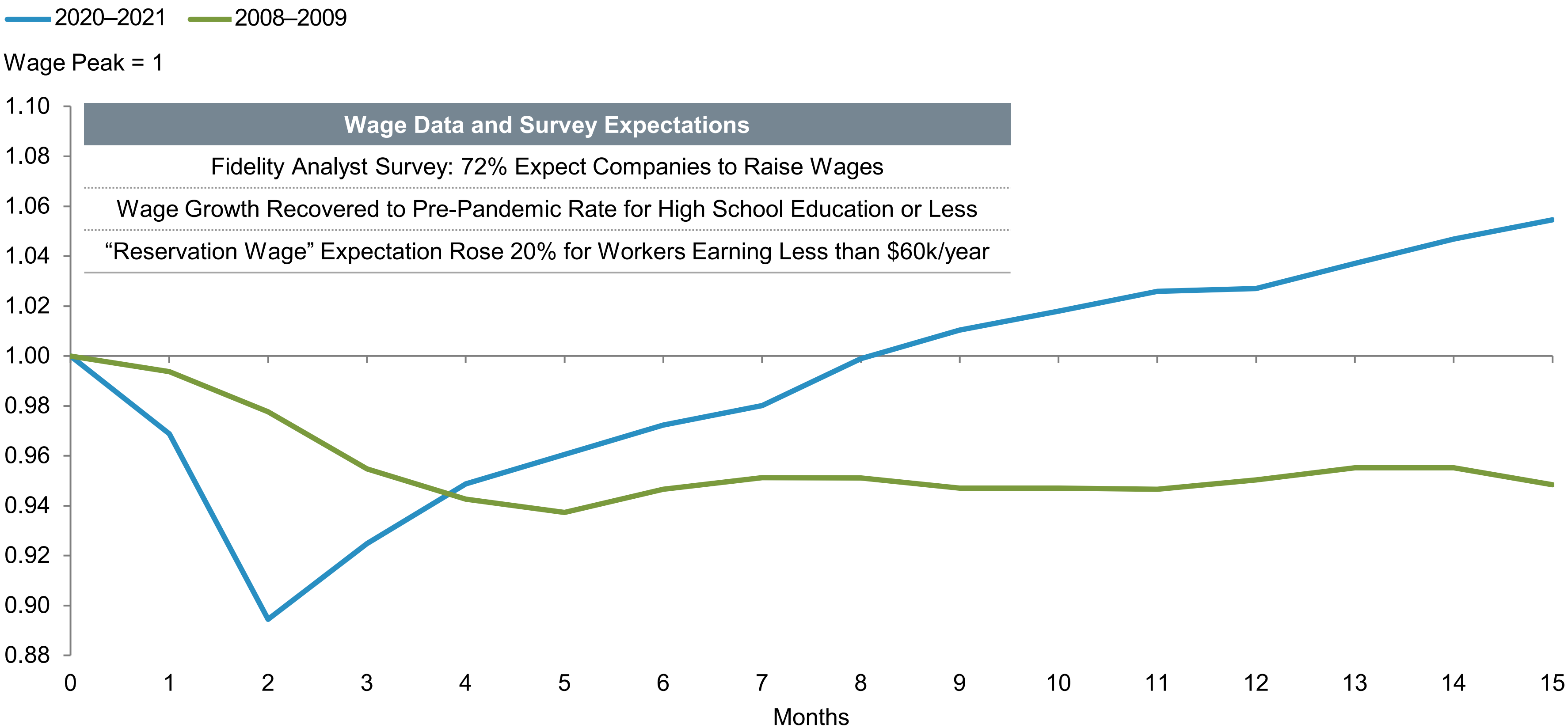


LEFT: Seasonally adjusted data. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 4/30/21.
RIGHT: Ppts: Percentage points. Seasonally adjusted data. Prime age comprises individuals 25 to 54 years old. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 5/31/21.

Wages Recovered Quickly, Especially for Lower Earners

After dropping during the pandemic, wages regained their pre-pandemic peak in just eight months, led by gains for lower-paid workers, who bore the brunt of the layoffs. Recent wage resilience contrasts with the prolonged employment weakness experienced after the 2008 recession, and surveys suggest both workers and businesses expect wages to continue rising in the months ahead.

U.S. Wages and Salaries

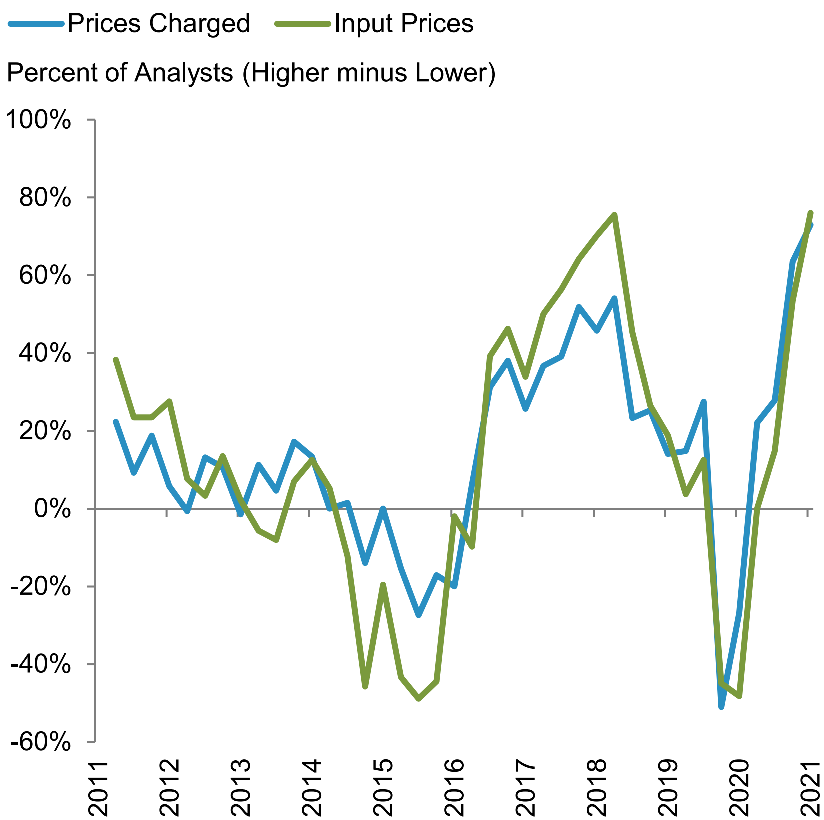


GRAPH: Wage peak calculated as peak wage prior to drawdown in wages during the recession. Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART), as of 4/30/21. **TABLE**: Fidelity Analyst Survey: Quarterly survey of fixed income and equity analysts who cover different sectors and regions. Wage expectations are over the next three months. Atlanta Fed: Wage Growth Tracker, New York Fed Survey: SCE Survey. Sources: Federal Reserve Bank of New York, Federal Reserve Bank of Atlanta, Haver Analytics, Fidelity Investments (AART), as of 6/30/21.

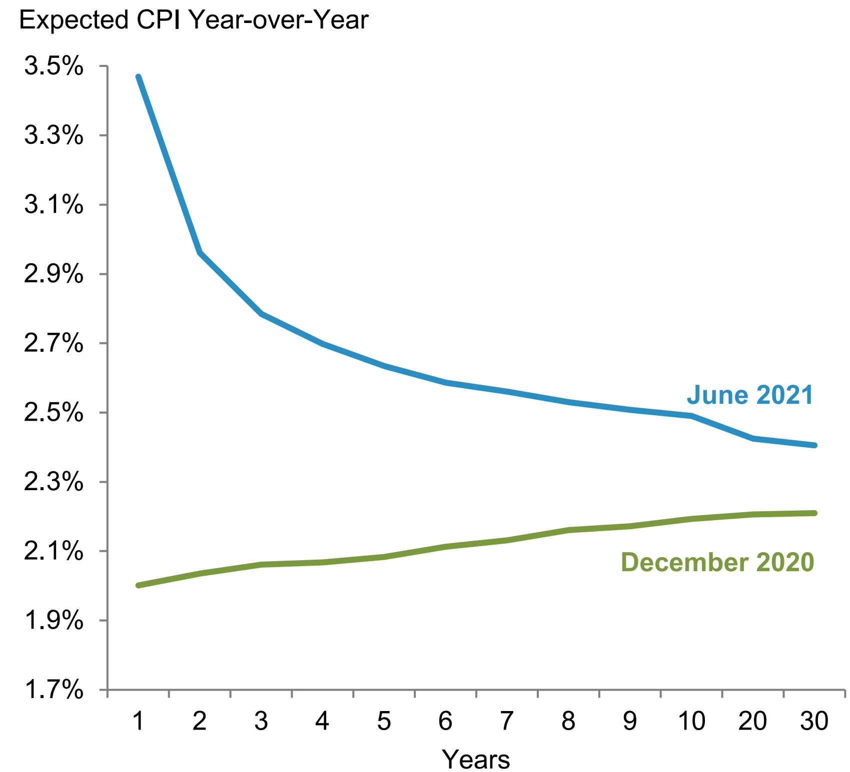
Market Expects Rising Inflation Pressure to Be Short-Lived

Our poll of Fidelity equity and fixed income research analysts shows an overwhelming majority expect the companies they follow both to experience rising input prices and to raise their selling prices in the months ahead. Near-term market inflation expectations rose dramatically from pre-pandemic levels, but they also indicate a belief that inflation pressures will be transitory and diminish in the years to come.

Fidelity Analyst Survey: Price Expectations



Inflation Expectations: CPI Swaps



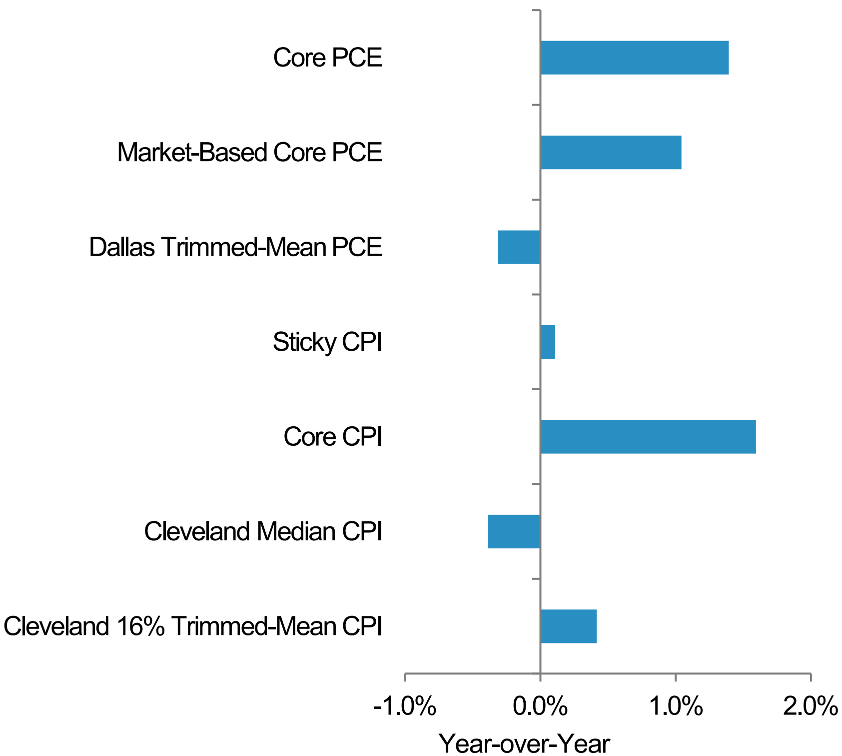
LEFT: Fidelity Analyst Survey: Quarterly survey of fixed income and equity analysts who cover companies within different sectors and regions. Expectations are for the next three months Source: Fidelity Investments (AART) as of 6/30/21. **RIGHT**: Inflation expectations derived from USD Inflation Zero-Coupon Swaps. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/21.

Federal Reserve: Inflation Hot, Employment Gap Remains

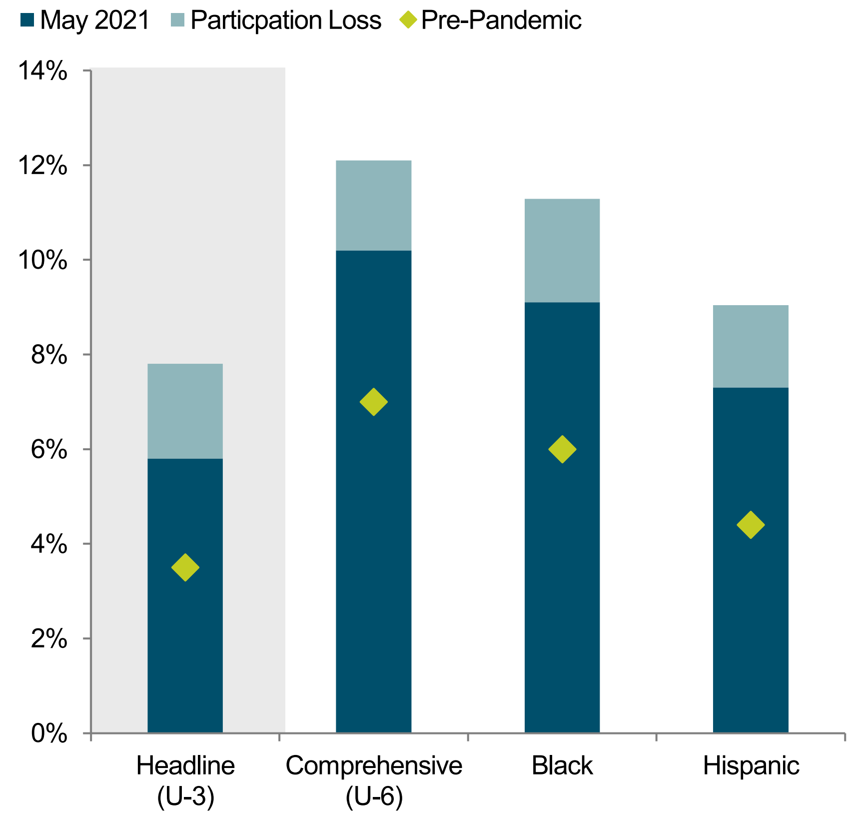
Inflation during Q2 rose well above the Federal Reserve's target—2% Core PCE—with many of the bank's other preferred measures also running hot. The Fed has indicated patience with an inflation overshoot as it watches for progress towards its inclusive employment goals. The unemployment rate has improved but remains elevated, especially when the many workers who dropped out of the labor force are taken into account.

Inflation Measures

Distance from Implied Fed Target



Unemployment Rates

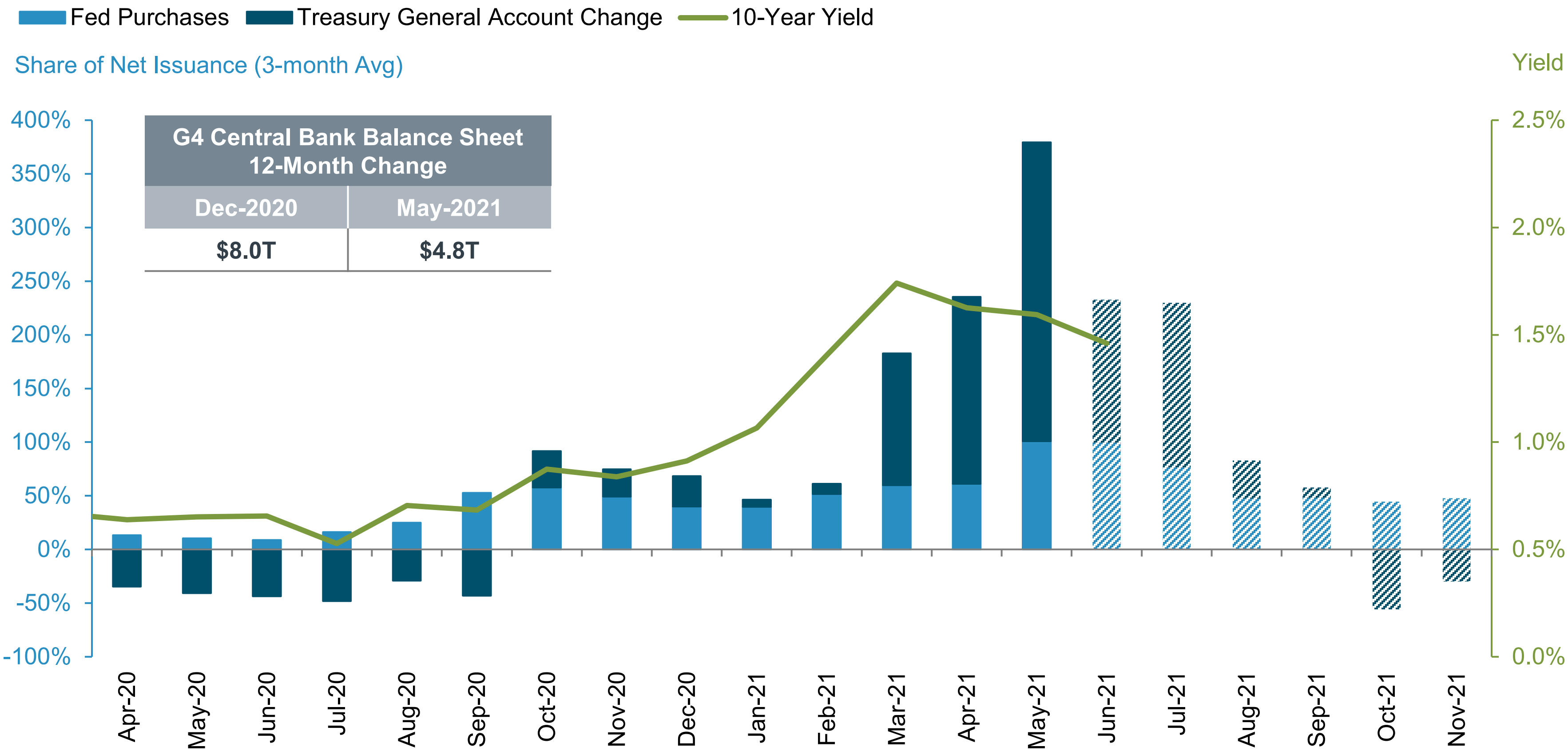


LEFT: Consumer price index(CPI) represents changes in prices of a basket of goods and services purchased by urban households. Personal consumption expenditures (PCE) are based on surveys of what businesses are selling; core PCE excludes volatile food and energy prices. See appendix for more information. Source: Federal Reserve, Bureau of Labor Statistics, Bloomberg Finance L.P., Fidelity Investments (AART), as of 5/31/21.
RIGHT: Adjustment for Participation Loss adds in the decrease in labor force recorded for February 2020. Pre-Pandemic is the unemployment rate as of February 2020. Seasonally Adjusted. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 5/31/21.

Buoyant Liquidity Likely to Fade, Raising Odds of Volatility

Global liquidity surged during Q2, as major central banks' QE and a drawdown of the Treasury's general account at the Fed injected more than $1.5 trillion of incremental liquidity into the financial system. This backdrop supported asset prices and bond market supply/demand dynamics, helping push down bond yields. We expect liquidity growth to slow in the coming months, raising the prospect of higher market volatility.

U.S. Treasury Bond Market Technicals

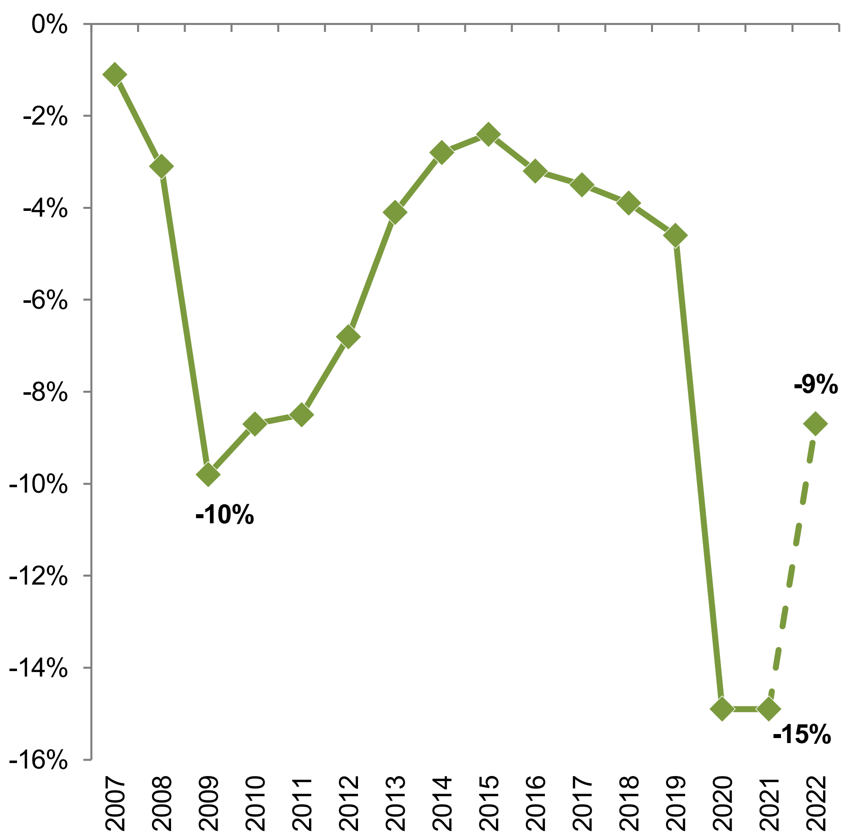


Shaded bars represent estimates based on Treasury refunding announcement and Federal Reserve QE expectations. G4 Central Banks: Federal Reserve, Bank of Japan, European Central Bank, Bank of England. Source: SIFMA, Citigroup, JP Morgan, Bloomberg Finance L.P., Fidelity Investments (AART); 10-year yields as of 6/30/21; Fed purchases and Treasury general account changes and projections as of 5/31/21.

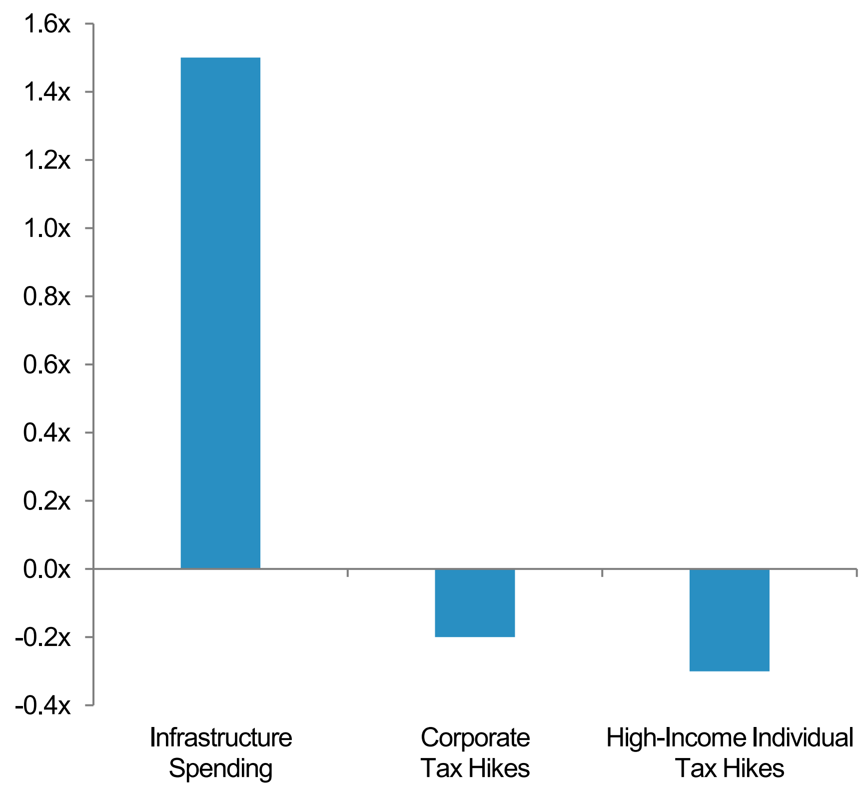
Fiscal Support Peaking, Proposals Would Raise Multiplier

After nearly $3 trillion of emergency stimulus this past fiscal year, the 2021 fiscal deficit may once again reach the 2020 peacetime record, but less fiscal support is likely next year. If enacted, Biden administration proposals for heavy investment in infrastructure projects, funded partially via higher taxes on corporations and high-income individuals, likely would add a pro-growth flavor to the near-term policy mix.

Fiscal Deficit as a Percentage of GDP



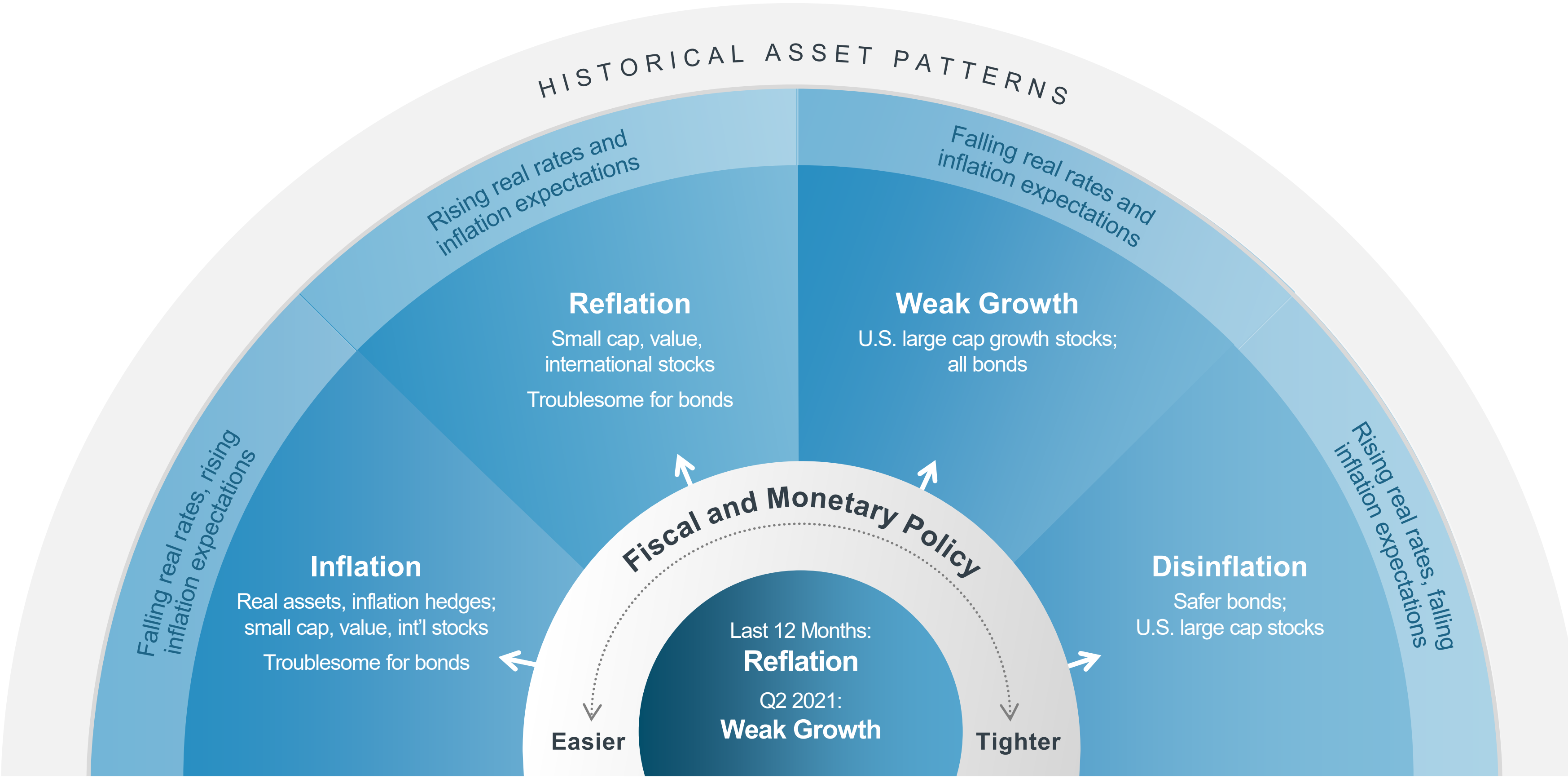
Fiscal Multipliers



LEFT: Dashed line projection represents CBO February 2021 baseline plus CBO May 2021 scenario that includes effects of increased spending levels and a potential $2.7 trillion 10-year increase in spending. Source: Congressional Budget Office, Haver Analytics, Fidelity Investments (AART), as of 6/30/21. **RIGHT**: Multipliers are rough estimates of how much a dollar of spending or tax changes would impact GDP, based on historical averages. Sources: Congressional Budget Office, Richmond Federal Reserve, Fidelity Investments (AART), as of 6/30/21.

Policy, Inflation, and Rates Critical to Market Leadership

Relative asset performance patterns can be influenced by the direction of key variables. Markets experienced a reflationary dynamic of rising inflation expectations and real interest rates over the past year. Q2, however, added a hint of weak-growth flavor. We see potential for elevated volatility in the coming year, as shifting expectations for monetary policy could push markets toward more inflationary or disinflationary outcomes.



 Source: Fidelity Investments (AART), as of 6/30/21.

Outlook: Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers responsible for a variety of global asset allocation strategies, believes most of the world is in the recovery phase of the business cycle. Board members remain overweight riskier assets, acknowledge valuations are generally above average, and believe security selection may provide additional return opportunities.

Business Cycle

U.S. appears to be in the mid-cycle expansion phase

Easy financial conditions are providing companies access to capital

Risks

Above-average valuations across many asset classes

Potential volatility due to the anticipated tapering of monetary support

Asset Allocation Implications

An overweight to risk assets remains appropriate

Emphasize a focus on diversified and disciplined investment strategies

Some members favor exposure to inflation-resistant assets

For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 6/30/21.

Asset Markets

Rotation Toward Growth Stocks and Bonds During Q2

Riskier asset classes rallied and ended the first half of 2021 with strong, broad-based returns, but Q2 experienced a different leadership tone than the prior two quarters. Large cap U.S. growth stocks, including the technology and communication services sectors, led the gainers. The drop in bond yields boosted fixed income returns across almost all categories and may also have contributed to strong gains for real estate equities.

U.S. Equity Styles Total Return

	Q2	YTD
Growth	11.4%	12.7%
Large Cap	8.5%	15.3%
Mid Cap	7.5%	16.2%
Value	5.2%	17.7%
Small Cap	4.3%	17.5%

U.S. Equity Sectors Total Return

	Q2	YTD
Real Estate	13.1%	23.3%
Information Technology	11.6%	13.8%
Energy	11.3%	45.6%
Communication Services	10.7%	19.7%
Health Care	8.4%	11.9%
Financials	8.4%	25.6%
Consumer Discretionary	6.9%	10.3%
Materials	5.0%	14.5%
Industrials	4.5%	16.4%
Consumer Staples	3.8%	5.0%
Utilities	-0.4%	2.5%

International Equities and Global Assets Total Return

	Q2	YTD
ACWI ex USA	5.5%	9.2%
Canada	10.0%	20.6%
Europe	7.4%	11.8%
EAFE	5.2%	8.8%
EAFE Small Cap	4.3%	9.0%
Japan	-0.3%	1.3%
Latin America	15.0%	8.9%
EMEA	7.4%	16.0%
Emerging Markets	5.0%	7.4%
EM Asia	3.8%	6.0%
Commodities	13.3%	21.1%
Gold	3.7%	-6.8%

U.S. Equity Factors Total Return

	Q2	YTD
Quality	9.2%	15.7%
Momentum	8.6%	10.7%
Low Volatility	8.0%	11.1%
Value	7.8%	19.6%
Yield	7.0%	19.4%
Size	4.6%	18.6%

Fixed Income Total Return

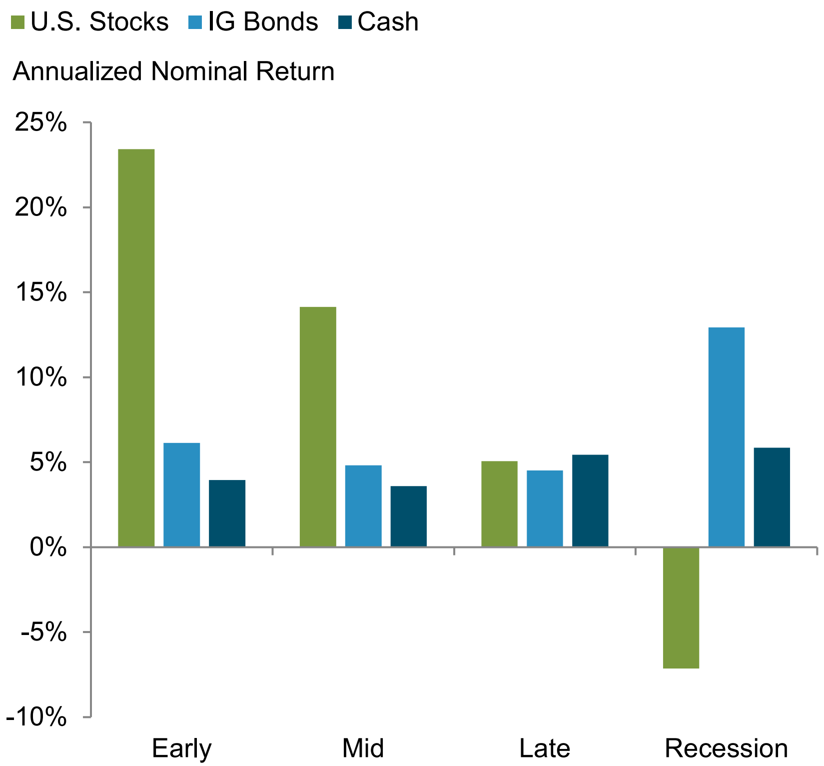
	Q2	YTD
Long Govt & Credit	6.4%	-4.6%
EM Debt	3.9%	-1.0%
Credit	3.3%	-1.3%
TIPS	3.2%	1.7%
High Yield	2.8%	3.7%
CMBS	1.9%	-0.5%
Aggregate	1.8%	-1.6%
Treasuries	1.7%	-2.6%
Leveraged Loan	1.5%	3.3%
Municipal	1.4%	1.1%
Agency	0.8%	-0.8%
ABS	0.3%	0.2%
MBS	0.3%	-0.8%

EM: Emerging markets. EMEA: Europe, the Middle East, and Africa. For indexes and other important information used to represent above asset categories, see Appendix. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Sector returns represented by S&P 500 sectors. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in more diversified baskets of securities. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/21.

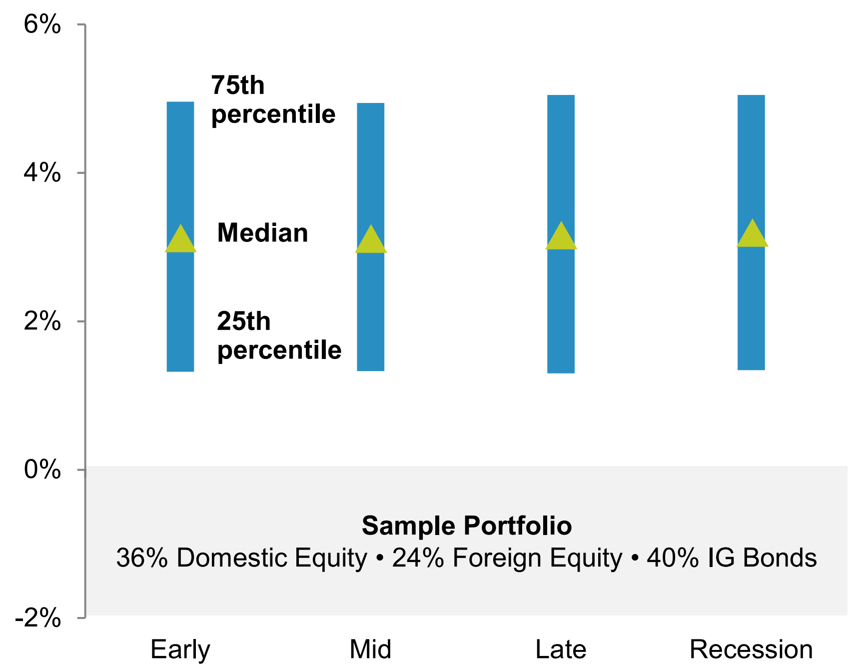
Business Cycle Important but Dissipates in the Long Run

The business cycle can be a critical determinant of asset performance over the intermediate term. Stocks have consistently performed better earlier in the cycle, whereas bonds tend to outperform during recession. While we believe a business cycle approach to actively managed asset allocation can add value, portfolio returns are expected to even out over the long term (20 years), regardless of the starting point of the cycle phase.

Asset Class Performance by Cycle Phase (1950–2020)



20-Year Portfolio Return Distribution by Cycle Phase Starting Point

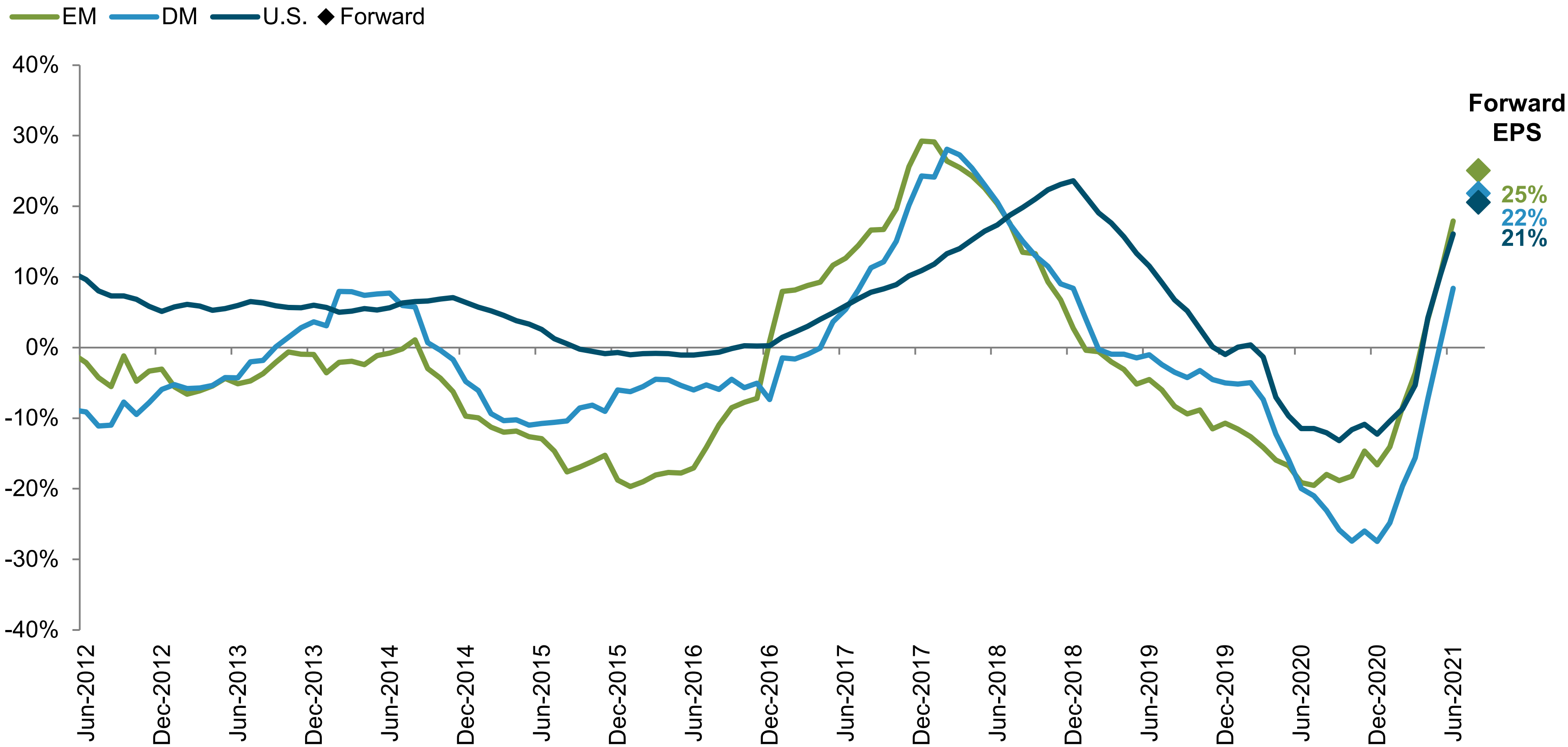


For illustrative purposes only. Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Fidelity proprietary analysis based on Monte Carlo simulations using historical index returns. Domestic Equity — Dow Jones U.S. Total Stock Market Index; Foreign Equity—MSCI ACWI ex USA Index; Investment-Grade (IG) Bonds—Bloomberg Barclays U.S. Aggregate Bond Index. Source: Fidelity Investments, Morningstar, Bloomberg Barclays, as of 6/30/21.

Global Earnings Growth Accelerates

Trailing earnings growth moved to positive territory on a year-over-year basis after contracting for more than a year across all major global markets. Forward expectations indicate analysts believe earnings will continue to push higher over the next 12 months, with double-digit growth rates anticipated in all regions, led by emerging markets.

Global EPS Growth (Trailing 12 Months)

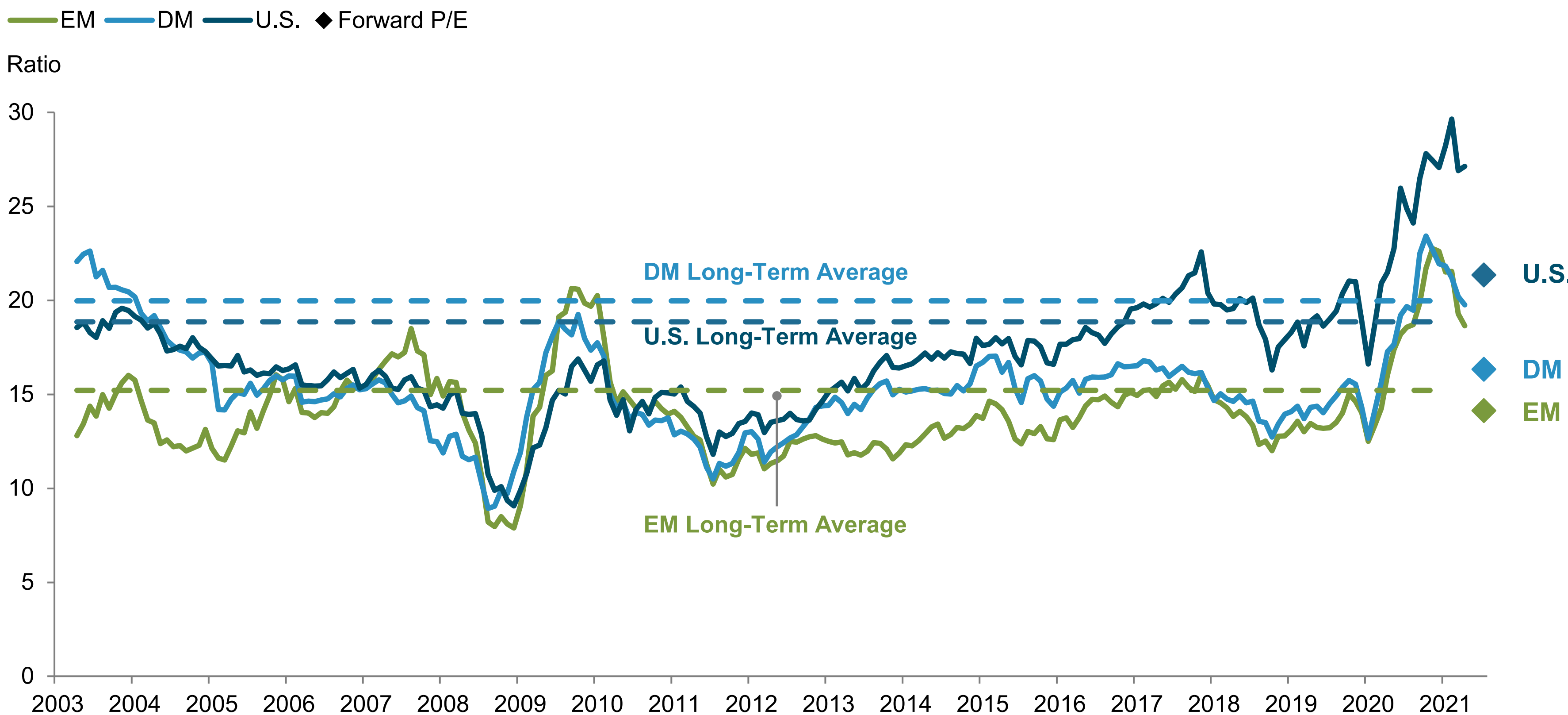


Past performance is no guarantee of future results. DM: Developed markets. EM: Emerging markets. EPS: Earnings per share. Forward EPS: Next 12 months expectations. Indexes: DM—MSCI EAFE Index; EM—MSCI EM Index; U.S.—S&P 500. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/21.

Elevated Valuations, Particularly for U.S. Equities

Global equity valuations ticked modestly lower during Q2 amid the strong earnings rebound, but their trailing price-to-earnings (P/E) ratios remained elevated relative to their historical averages. U.S. valuations are particularly rich, even when incorporating next 12-month earnings projections. Forward-looking P/E ratios for developed- and emerging-market valuations are expected to fall below their long-term historical averages.

Global Stock Market P/E Ratios (Trailing 12 Months)

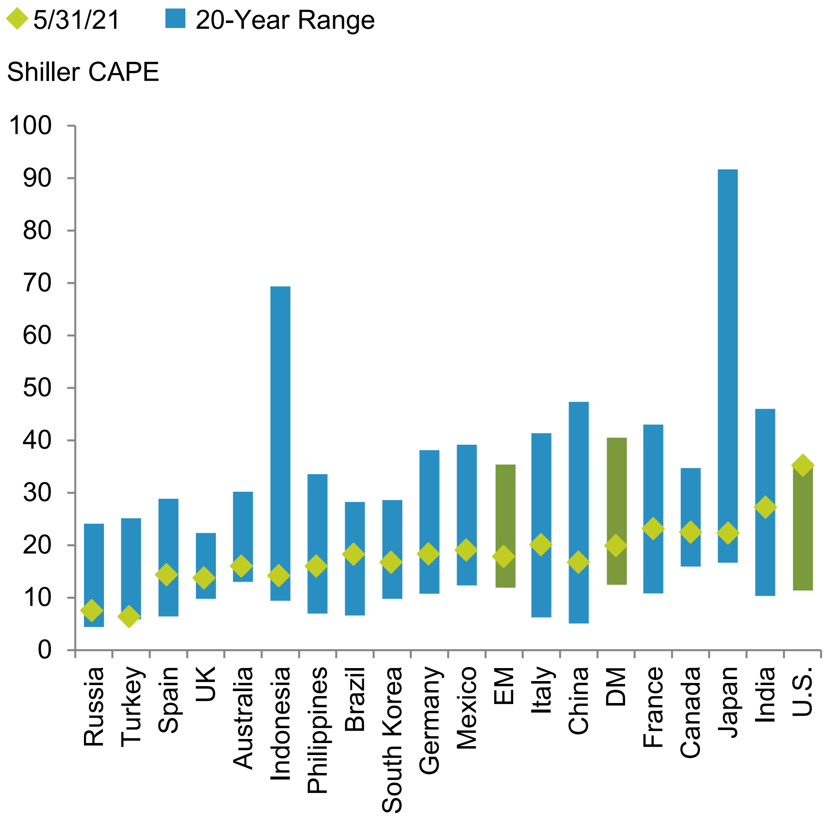


DM: Non-U.S. developed markets. EM: Emerging markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings (P/E) ratio (or multiple): Stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Long-term average P/E includes data from 9/30/95–6/30/21. Indexes: DM—MSCI EAFE Index; EM—MSCI EM Index; U.S.—S&P 500. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/21.

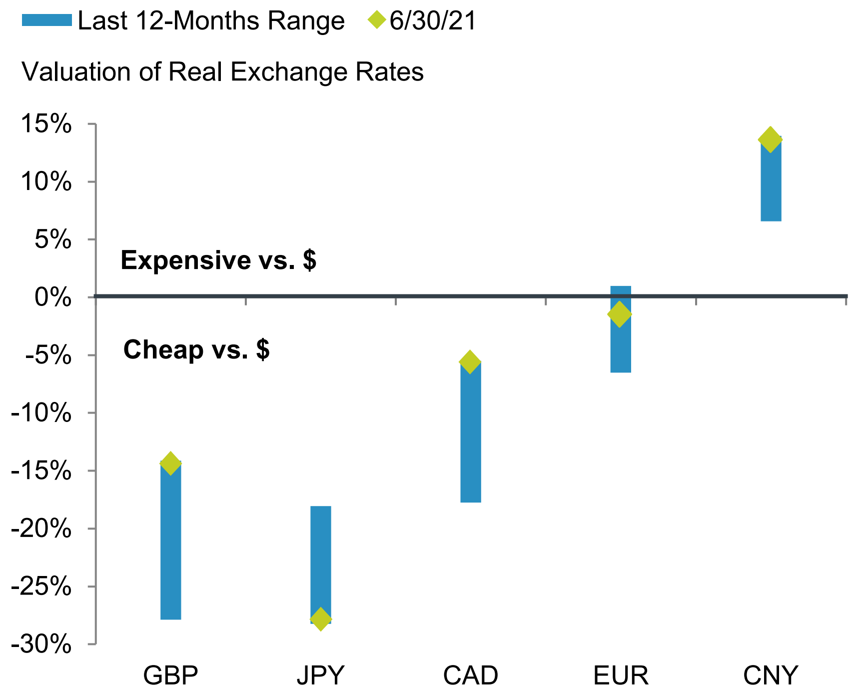
Non-U.S. Assets Relatively Attractive

Cyclically adjusted P/E (CAPE) ratios for non-U.S. equities remained below U.S. valuations, indicating an attractive long-term backdrop for non-U.S. stocks. The U.S. dollar was relatively steady during Q2, and it remains somewhat expensive against most major currencies, providing a positive valuation backdrop for non-U.S. assets and currencies.

Cyclically Adjusted P/Es



Valuation of Major Currencies vs. USD

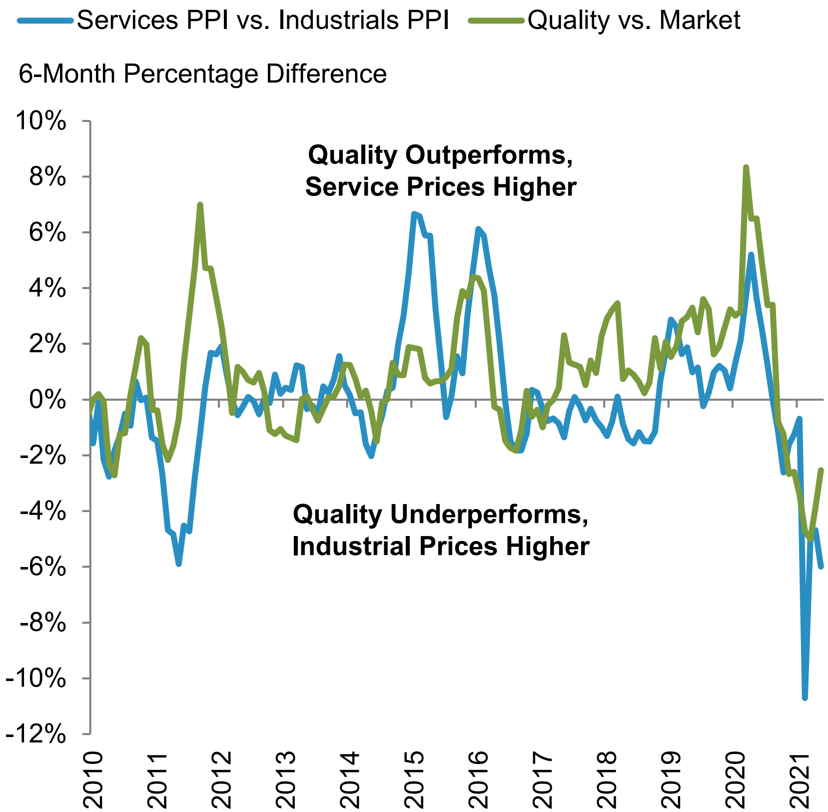


DM: Developed markets. EM: Emerging markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. **LEFT**: Price-to-earnings (P/E) ratio (or multiple): Stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Cyclically adjusted earnings are 10-year averages adjusted for inflation. Source: FactSet, countries' statistical organizations, Robert Shiller, Haver Analytics, Fidelity Investments (AART), as of 5/31/21. **RIGHT**: GBP—British pound; JPY—Japanese yen; CAD—Canadian dollar; EUR—euro; CNY—Chinese yuan. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 6/30/21.

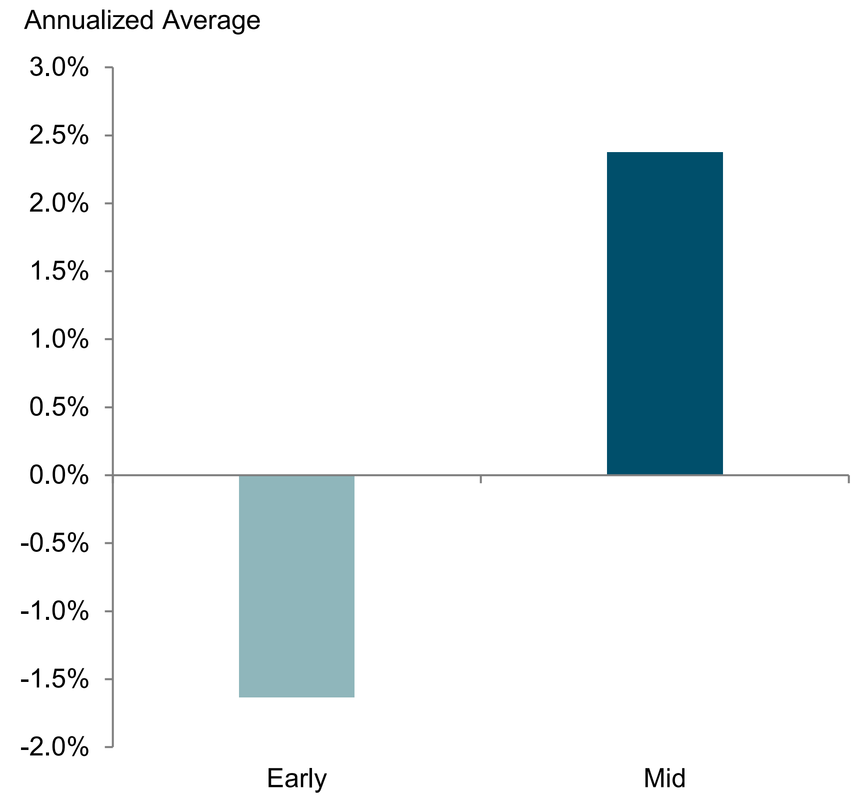
Quality Factor Supported by Mid-Cycle Services Shift

The quality factor emphasizes companies with better returns on equity, earnings stability, and capital structure. Historically, quality's performance versus the broader stock market has improved when service-related companies begin to enjoy greater pricing power relative to industrials, which sometimes coincides with a shift from the early to the mid-cycle phase of expansion. Such a shift may have begun during Q2.

Quality Relative Performance vs. Prices



Quality vs. Market Performance by Cycle Phase (1995–2021)



LEFT: Market—MSCI USA Index; Quality—MSCI USA Quality Index. PPI: Producer Price Index. Industrials PPI comprises Mining, Utilities, and Manufacturing. Services PPI comprises Services less Trade, Transportation, and Warehousing. Source: Bureau of Labor Statistics, Haver Analytics, Russell, Fidelity Investments (AART), as of 6/30/21. **RIGHT**: Market—MSCI USA Index; Quality—MSCI USA Quality Index. Source: Haver Analytics, Russell, Fidelity Investments (AART), as of 6/30/21.

Business Cycle Approach to Equity Sectors

A disciplined business cycle approach to sector allocation seeks to generate active returns by favoring industries that may benefit from cyclical trends. Economically sensitive sectors historically have performed better in the early and mid-cycle phases of an economic expansion. Meanwhile, companies in defensive sectors with relatively more stable earnings growth have tended to outperform in weaker environments.

Business Cycle Approach to Sectors

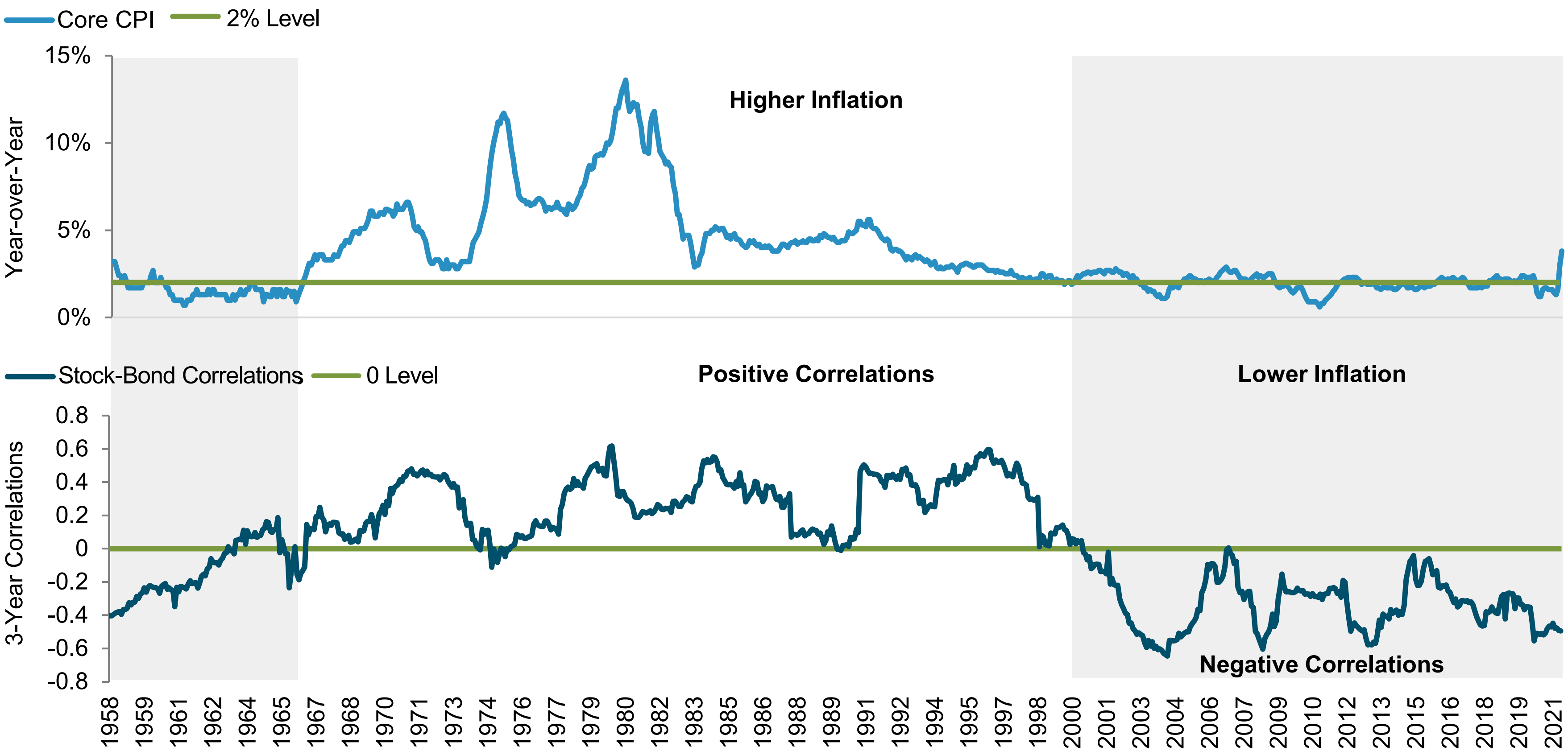
Sector	EARLY CYCLE Rebounds	MID CYCLE Peaks	LATE CYCLE Moderates	RECESSION Contracts
Financials	+			
Real Estate	++			--
Consumer Discretionary	++	-	--	
Information Technology	+	+	--	--
Industrials	++			--
Materials	+	--	+	
Consumer Staples			++	++
Health Care	--		++	++
Energy	--		++	
Communication Services		+		-
Utilities	--	-	+	++
	Economically sensitive sectors may tend to outperform, while more defensive sectors have tended to underperform.	Making marginal portfolio allocation changes to manage drawdown risk with sectors may enhance risk-adjusted returns during this cycle.	Defensive and inflation-resistant sectors tend to perform better, while more cyclical sectors underperform.	Since performance is generally negative in recessions, investors should focus on the most defensive, historically stable sectors.

Past performance is no guarantee of future results. Sectors as defined by GICS. White line is a theoretical representation of the business cycle as it moves through early, mid, late, and recession phases. Green- and red-shaded portions above respectively represent over- or underperformance relative to the broader market; unshaded (white) portions suggest no clear pattern of over- or underperformance. Double +/– signs indicate that the sector is showing a consistent signal across all three metrics: full-phase average performance, median monthly difference, and cycle hit rate. A single +/– indicates a mixed or less consistent signal. Return data from 1962 to 2020. Source: Fidelity Investments (AART), as of 6/30/21.

Stock-Bond Diversification Highest When Inflation Is Tame

Over the past 20 years, U.S. core inflation rarely stayed above 2%. In this environment, correlations between U.S. stocks and Treasury bonds were negative, providing strong portfolio diversification. Historically, higher inflation—such as during the period lasting roughly from 1966 to 2000—generated headwinds for both stocks and bonds and led to higher return correlations and diminished diversification benefits.

Stock and Treasury Bond Correlations vs. Inflation

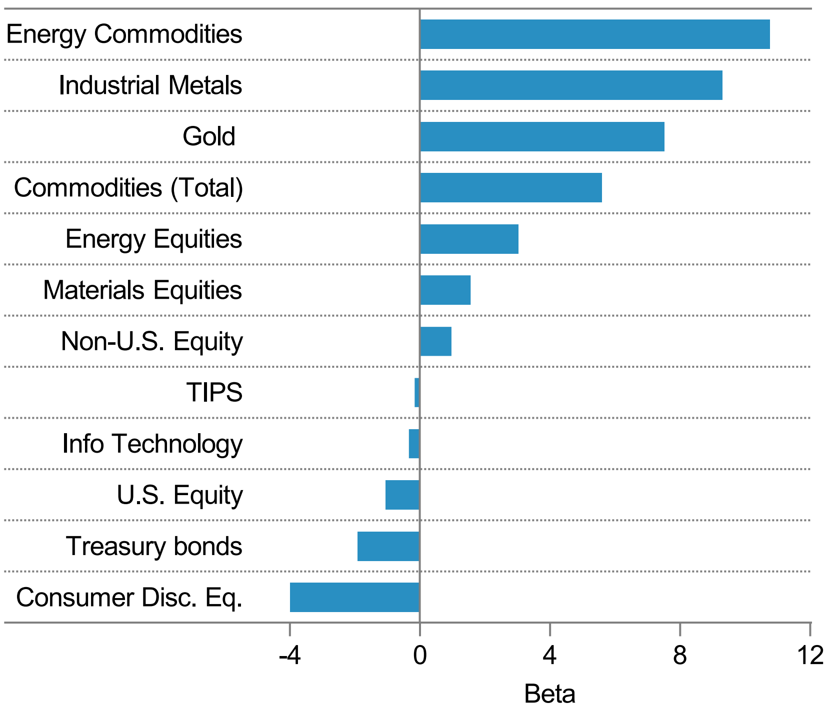


Past performance is no guarantee of future results. Correlations represented asset class total returns from indexes represented by Fidelity Investments, Dow Jones Total Stock Index, and Bloomberg Barclays. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Source: Bureau of Labor Statistics, Global Financial Data (GFD), Bloomberg Barclays, Haver Analytics, Bloomberg Finance L.P., Fidelity Investments (AART), as of 5/31/21.

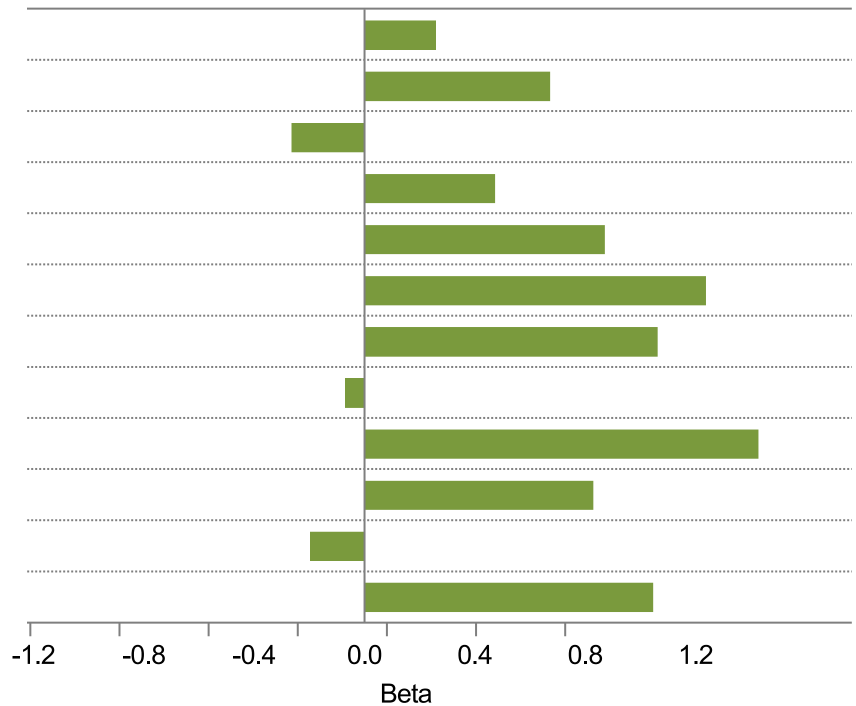
Inflation-Sensitive Assets Can Help Provide Diversification

The potential for higher inflation represents a risk factor for a multi-asset portfolio. Inflation-resistant assets, including commodities and commodity-producer equities, can help hedge against surprise increases in inflation while providing potential for capital appreciation in a higher nominal-growth environment. In fixed income, inflation-hedging assets such as TIPS have provided better diversification than Treasury bonds.

Return Sensitivity to Inflation Surprises (1972–2020)



Return Sensitivity to Growth Surprises (1972–2020)

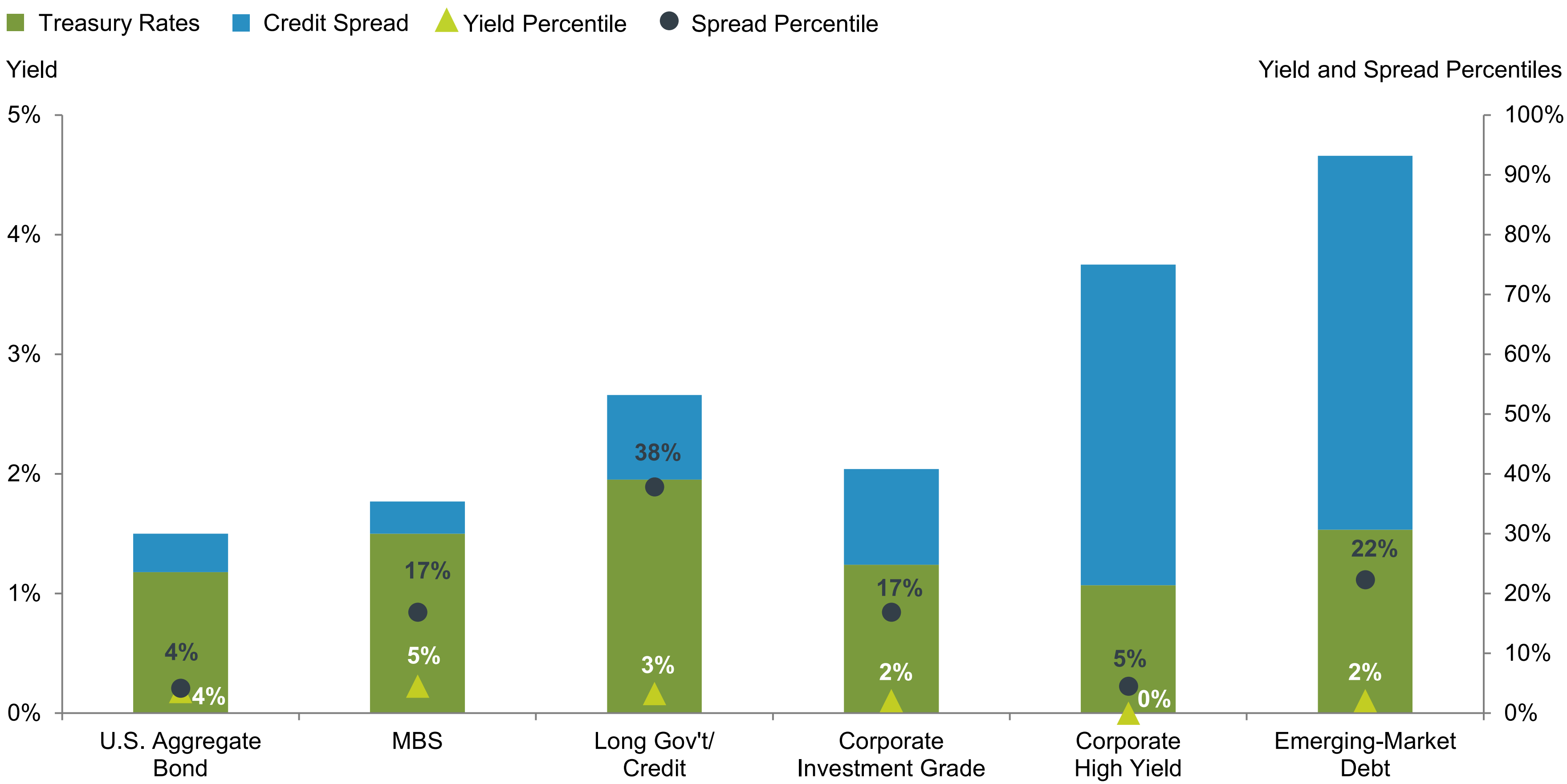


Past performance is no guarantee of future results. Inflation sensitivity measured relative to CPI, an index that tracks the percentage change in the price of a specified “basket” of consumer goods and services. Growth sensitivity measured relative to the Purchasing Manager’s Index (PMI) that shows the prevailing trends in the manufacturing and service sectors. Beta is a measure of a variable’s sensitivity (response) relative to changes (volatility) in a reference (benchmark), which has a beta of 1. Indexes: U.S. Equity—Dow Jones U.S. Total Stock Market Index℠; Non-U.S. Equity (EM+DM)—MSCI ACWI ex USA Index; Commodities—Bloomberg Commodity Index Total Return℠. Commodity sectors represent categories within the Bloomberg Commodity Index Total Return℠. Equity sectors represent categories within MSCI All Country World Index (ACWI) as defined by the Global Industry Classification Standard (GICS®).See appendix for index definitions and other important information. Source: Bureau of Labor Statistics, Fidelity Investments; data 1/1/72 through 10/31/20.

Rates and Spreads Both Ground Their Way Lower

Favorable liquidity conditions contributed to a drop in bond yields during Q2. Both interest rates and credit spreads declined, causing bond yields to dip into the bottom 5th percentile relative to history across all major fixed income categories. While there is some differentiation in spread levels across categories, spreads overall also remain at some of the tightest levels in recent history.

Fixed Income Yields and Spreads (1993–2021)



Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Percentile ranks of yields and spreads based on historical period from 1993 to 2021. MBS: Mortgage-backed securities. Source: Bloomberg Barclays, Bank of America Merrill Lynch, JP Morgan, Fidelity Investments (AART), as of 6/30/21.

Long-Term Themes

Performance Rotations Underscore Need for Diversification

The performance of different assets has fluctuated widely from year to year, and the magnitude of returns can vary significantly among asset classes in any given year—even among asset classes that are moving in the same direction. A portfolio allocation with a variety of global assets illustrates the potential benefits of diversification.

Periodic Table of Returns

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
26%	56%	32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	22%
10%	47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	21%
4%	39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	18%
-2%	37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	18%
-6%	31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	15%
-9%	31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	13%
-15%	29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	9%
-16%	28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	9%
-20%	24%	8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	7%
-22%	19%	7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	4%
-28%	4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-2%

Legend

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

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. See Appendix for important index information. Asset classes represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Stocks—MSCI Emerging Markets Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Growth Stocks—Russell 3000 Growth Index; High-Yield Bonds—ICE BofA U.S. High Yield Index; Investment-Grade Bonds—Bloomberg Barclays U.S. Aggregate Bond Index; Large Cap Stocks—S&P 500 index; Real Estate/REITs—FTSE NAREIT All Equity Total Return Index; Small Cap Stocks—Russell 2000 Index; Value Stocks—Russell 3000 Value Index. Source: Morningstar, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 6/30/21.

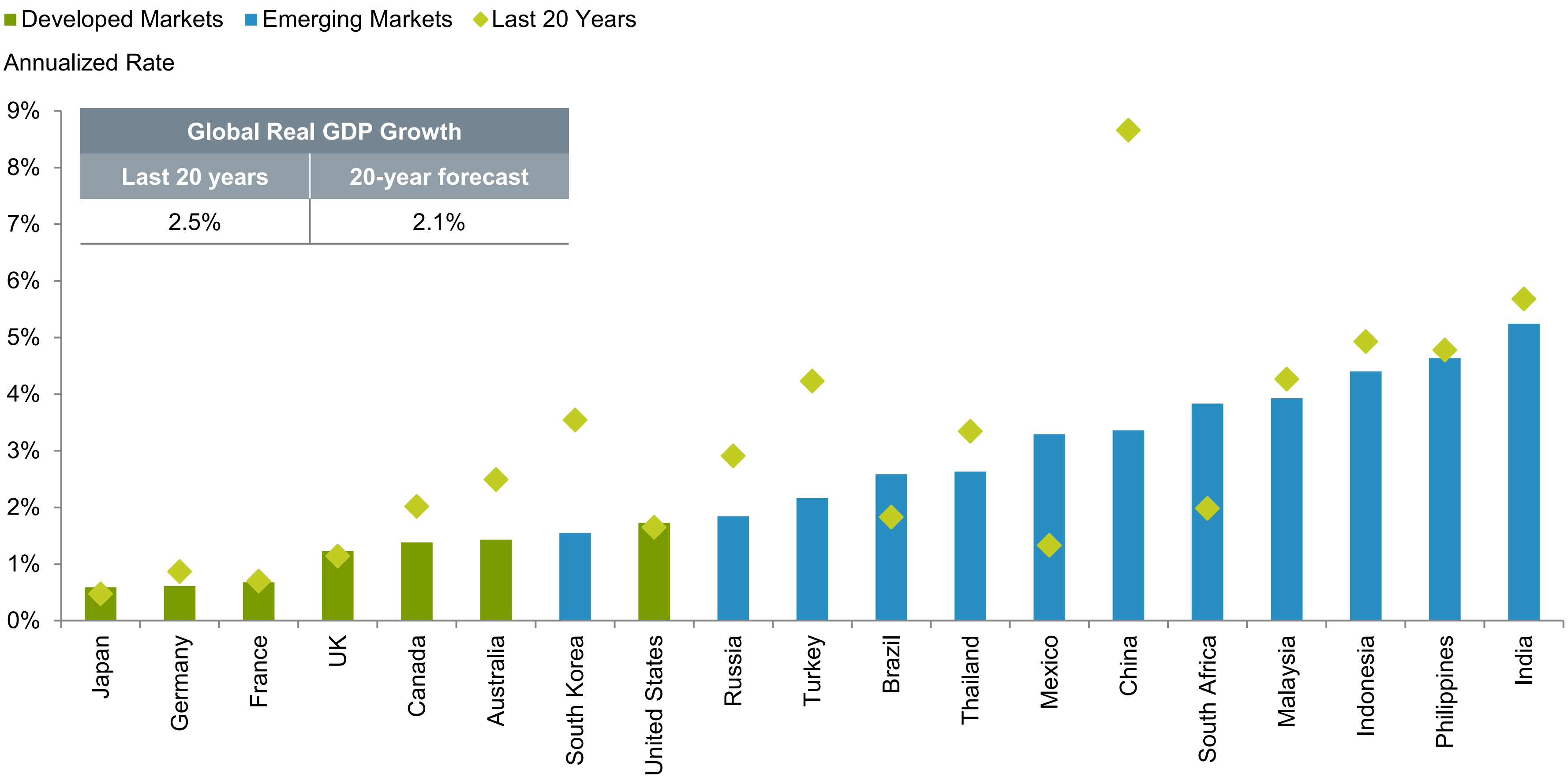
Secular Forecast: Slower Global Growth, EM to Lead

Slowing labor force growth and aging demographics are expected to tamp down global growth over the next two decades. We expect GDP growth in emerging markets to outpace that of developed markets over the long term, providing a relatively favorable secular backdrop for emerging-market equity returns.

LONG-TERM

Real GDP 20-Year Growth Forecasts vs. History

Global Real GDP Growth	
Last 20 years	20-year forecast
2.5%	2.1%



Past performance is no guarantee of future results. EM: Emerging markets. GDP: Gross domestic product.
Source: OECD, Fidelity Investments (AART), as of 5/31/21.

LONG-TERM

Secular: Rising Policy and Political Risk

We believe the long-standing global regime of relatively stable and investment-friendly policies, politics, and regulation is nearing an end. Rising populism, geopolitical destabilization, and de-globalization pressures are key drivers of this change. We expect greater government intervention may inhibit corporate profitability, distort market signals, and lead to higher political risk in investment decisions throughout the world.

Regime Shift Driven by Powerful Underlying Dynamics

- Rising Populist Demands
- Geopolitical Instability
- Anti-Globalization Pressure
- Widespread Aging Demographics
- Unprecedented Accumulation of Debt

Policy Dynamic	Expected Shift
Monetary	• Increased political influence on decisions • Sustained financial repression • More active role in financial markets • More permissive of inflation
Global	• Less rules-based and less market-oriented global system • Trade, capital, and labor flows more restricted • Weaponized economic measures for geopolitical ends
Fiscal	• More permissive of large deficits and rising debt levels
Regulatory	• Trend toward greater interventionism
Political risk	• More common in economic and commercial affairs

 Source: Fidelity Investments (AART), as of 6/30/21.

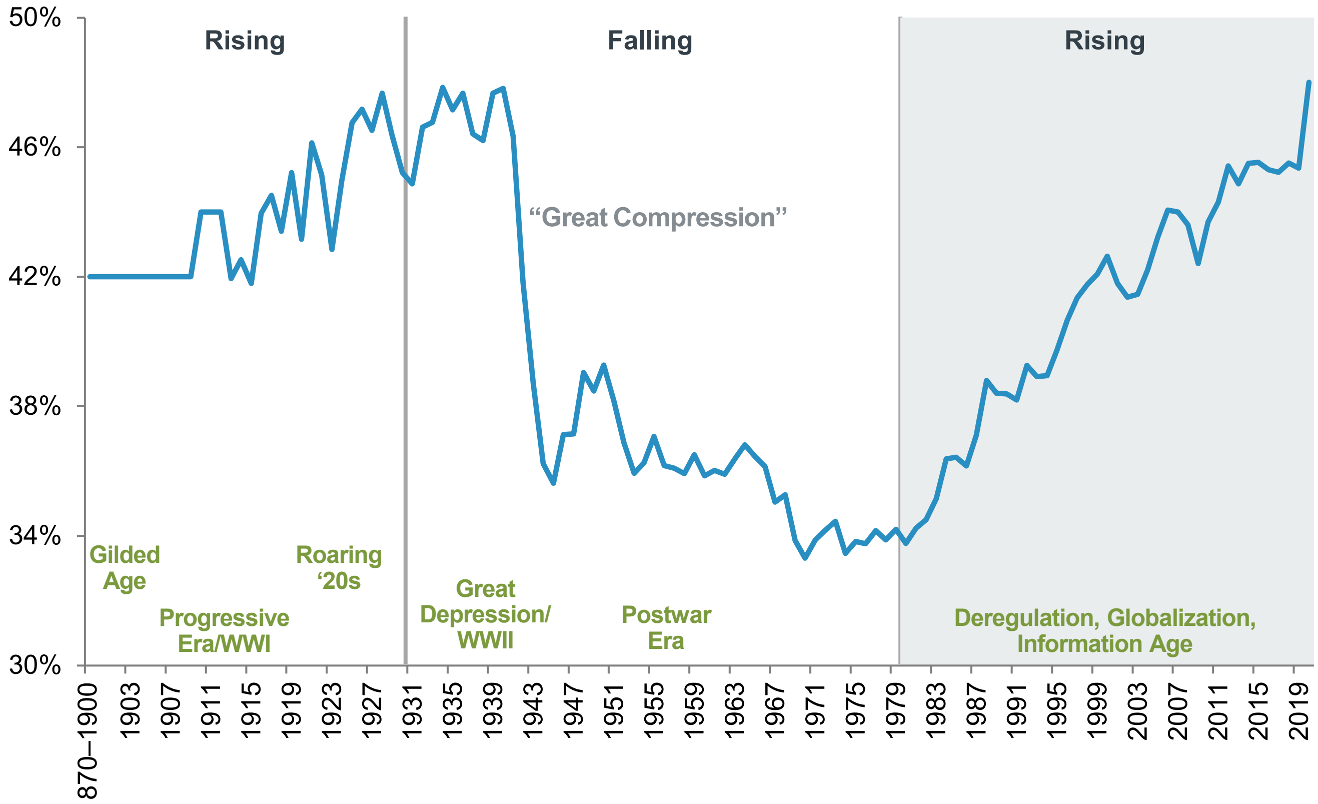
Policy Shift Toward Addressing Record-High Inequality

After decades of rapid technological change and policies that concentrated economic gains in the upper tiers, income inequality has reached 100-year highs. Political trends are shifting toward policy changes aimed at reducing inequality, directionally similar to the postwar "Great Compression" era. This may include broad public investments, a more progressive tax regime, and greater support for low- and middle-income workers.

LONG-TERM

U.S. Income Inequality

Top 10% Earners' Share of Total Income



Modern Era Policies (1980–present)

- Rapid globalization, immigration
- Corporate power, de-unionization
- Less progressive tax rates
- Declining public investment
- Easy monetary policy
- High costs for education, health care
- Oligopolistic markets

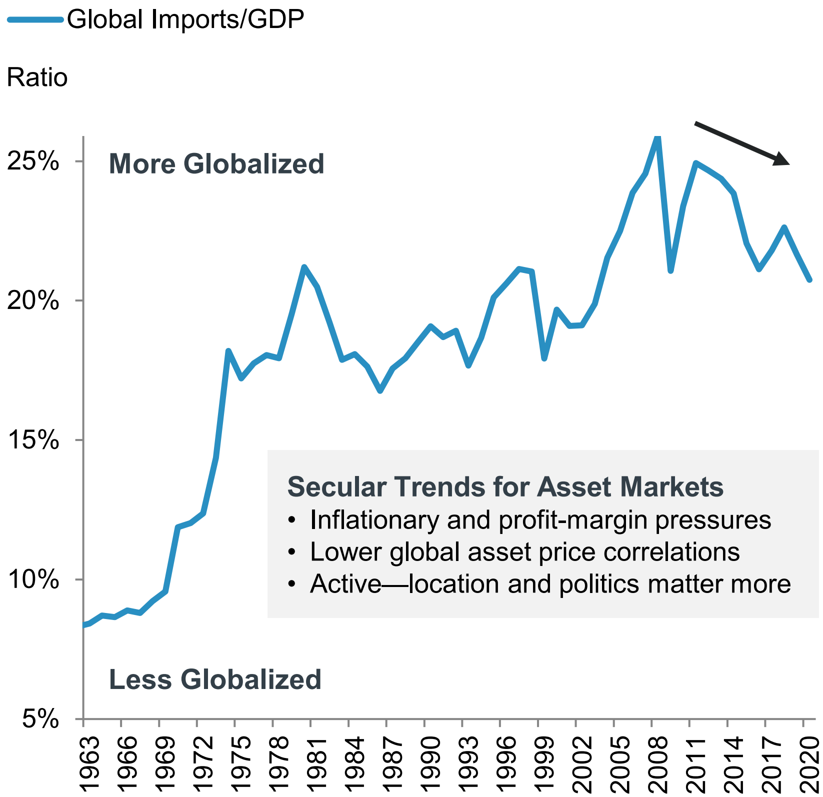
 Source: World Inequality Database, T. Piketty Capital and Ideology HUP 2020, Fidelity Investments (AART), as of 12/31/20.

Fidelity INVESTMENTS

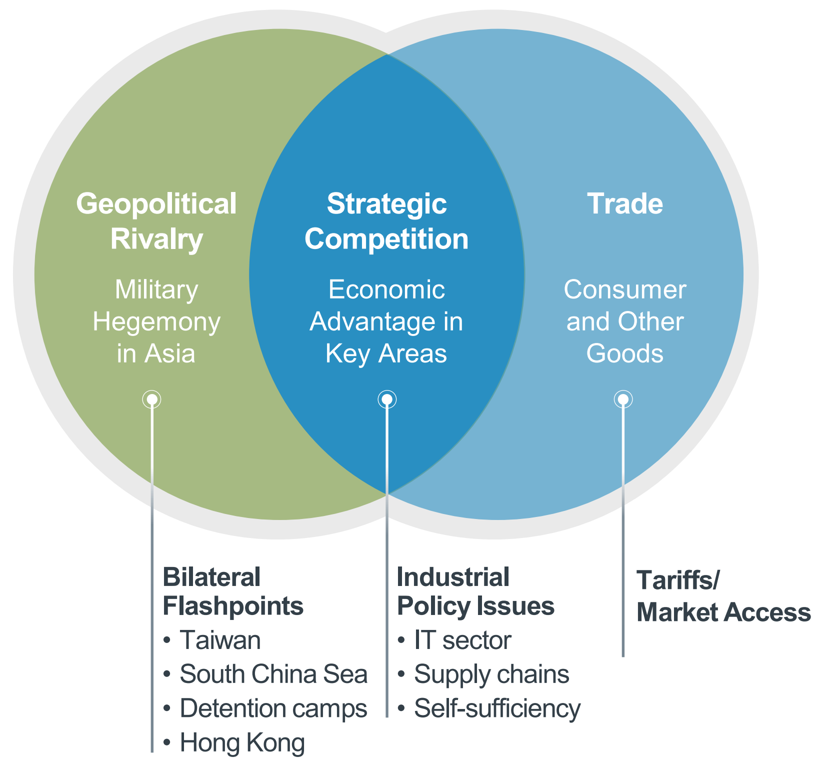
Secular Trends: De-Globalization, Higher Geopolitical Risk

After decades of rapid global integration, economic openness has stalled in recent years in many advanced economies. The deepening U.S.-China rivalry is a durable long-term theme and implies continued political risk for commercial activities, including the bipolarization of the tech industry. The more that domestic politics and location matter, the greater may be the benefits and active opportunities from global asset diversification.

Trade Globalization



U.S.-China Relationship

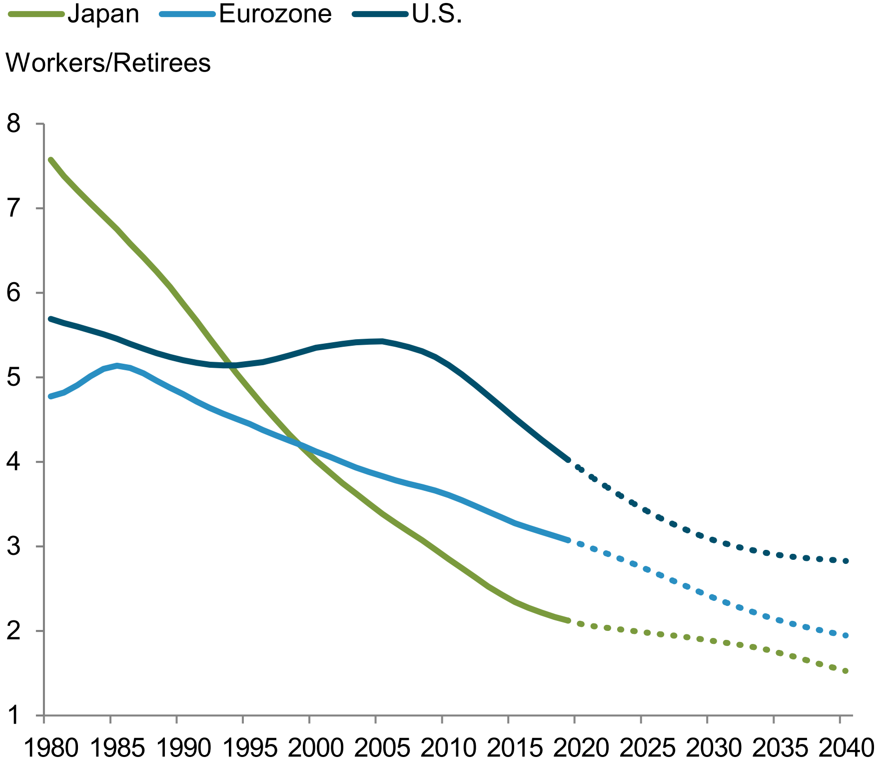


Diversification does not ensure a profit or guarantee against loss. Source: International Monetary Fund (IMF), World Bank, Haver Analytics, Fidelity Investments (AART), as of 6/30/21.

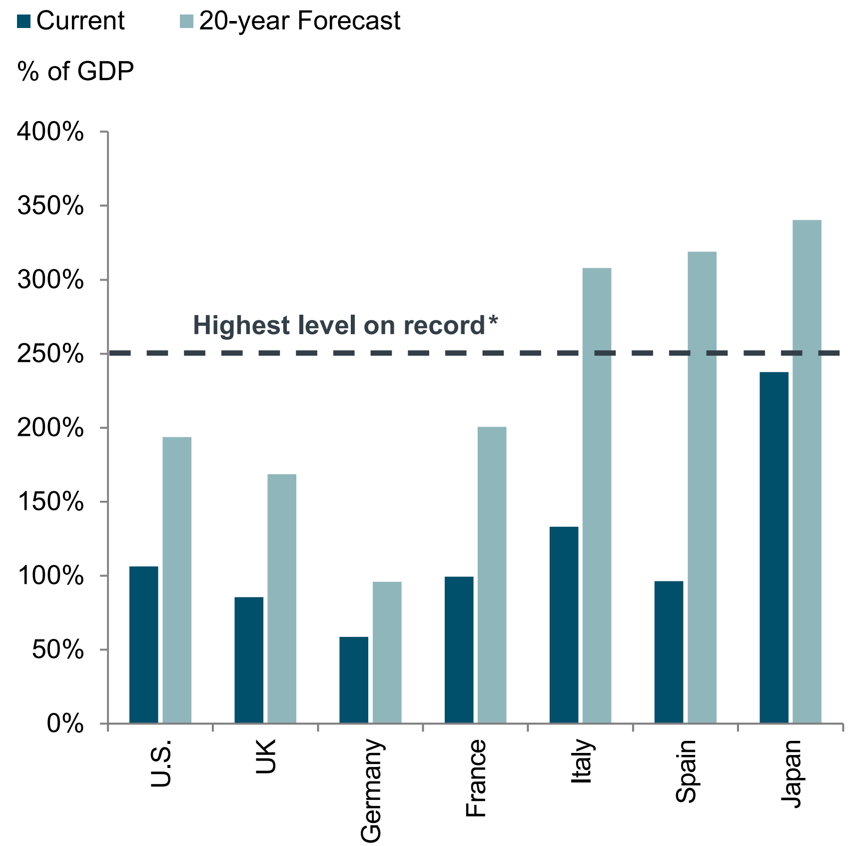
Demographic Deterioration Exacerbates Fiscal Pressures

For most advanced economies, deteriorating demographic trends are expected to worsen in coming decades, with fewer new workers to support a growing number of retirees. This creates even greater fiscal pressure due to rising spending on pensions and health care. Already elevated levels of government debt/GDP are likely to rise much further, with some major economies on pace to surpass the highest debt levels ever recorded.

Demographic Support Ratio



Gross Government Debt

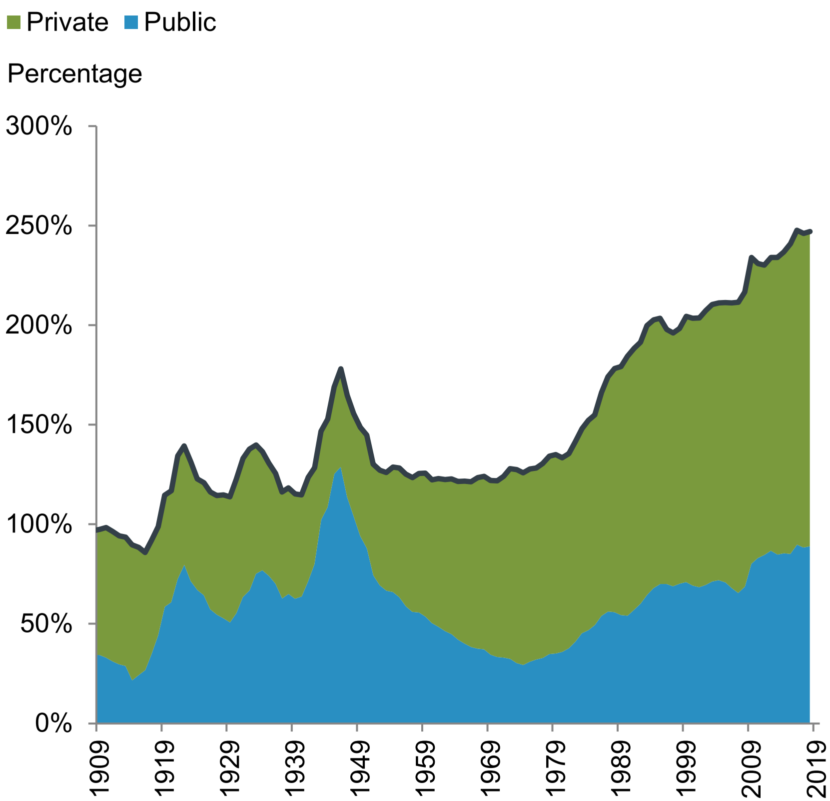


LEFT: The demographic support ratio is calculated as the number of workers (15–64 years old)/number of retirees (65 and older). Source: United Nations, Haver Analytics, Fidelity Investments (AART), as of 10/31/19. **RIGHT**: * This level attained by the UK (1821), Netherlands (1834), France (1944), and Japan (1945). Forecasts by Fidelity Investments (AART). Source: International Monetary Fund, United Nations, Fidelity Investments (AART), as of 5/31/20.

Rising Debt: Will Policy Response Be Inflationary?

Recent decades' dramatic worldwide rise in public and private debt reflects monetary and fiscal policymakers' proclivity for using low interest rates and government support in an attempt to boost growth rates. While technology and other factors have kept inflation in check, we believe greater policy experimentation and "peak globalization" trends will eventually cause long-term inflation to rise faster than expected.

Global Debt as a Share of GDP



Possible Secular Impact on Inflation

Secular Factors	Possible Developments	Risks to Inflation
Policy	Fed targets higher inflation	↑
	More stimulative fiscal policy	↑
Aging Demographics	Elderly people:	
	• Spend less (reducing demand)	↓
	• Work less (reducing supply)	↑
Peak Globalization	More expensive goods/labor	↑
Technological Progress	More robots, Amazon effect	↓

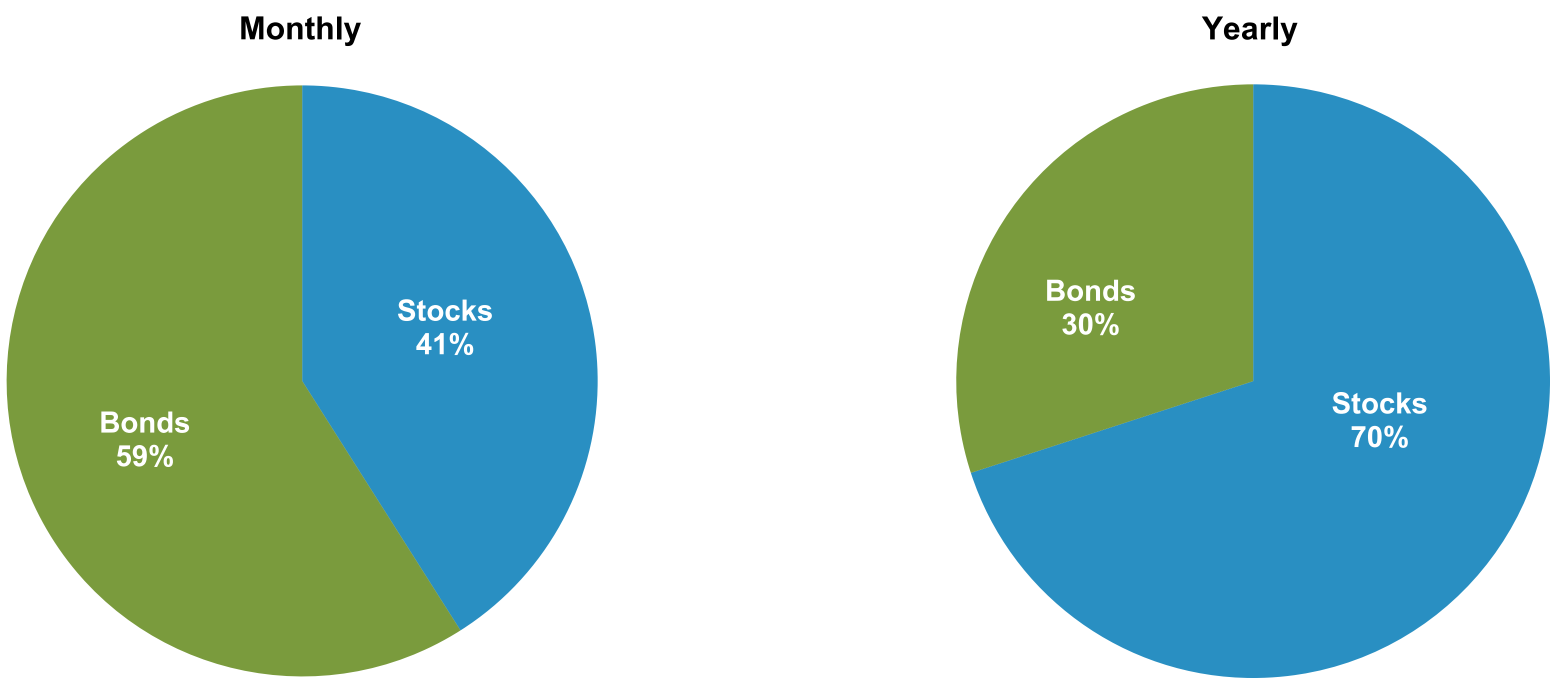
LEFT: Source: Bank of International Settlements, International Monetary Fund, Maddison Project, Fidelity Investments (AART), and the Jordà-Schularick-Taylor Macrohistory Database, compiled by Oscar Jordà, Moritz Schularick, and Alan M. Taylor, as of 5/31/21. **RIGHT**: Source: Fidelity Investments (AART), as of 3/31/21.

Fidelity INVESTMENTS

“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. Historically, 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 a 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 12/31/20.

Appendix: Important Information

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or solicitation to buy or sell any securities. Views expressed are as 6/30/21, 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.

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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.

Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, and other expenses, which would reduce performance.

Indexes are unmanaged. It is not possible to invest directly in an index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall, and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments.

Additionally, bonds and short-term investments entail greater inflation risk—or the risk that the return of an investment will not keep up with increases in the prices of goods and services—than stocks. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease.

Stock markets, especially non-U.S. markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. The securities of smaller, less well-known companies can be more volatile than those of larger companies.

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.

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Appendix: Important Information

Market Indexes

Index returns on slide 23 represented by: Growth—Russell 3000® Growth Index; Small Cap—Russell 2000® Index; Large Cap—S&P 500® index; Mid Cap—Russell Midcap® Index; Value—Russell 3000® Value Index; ACWI ex USA—MSCI ACWI (All Country World Index) ex USA Index; Japan—MSCI Japan Index; EAFE Small Cap—MSCI EAFE Small Cap Index; EAFE—MSCI EAFE (Europe, Australasia, Far East) Index; Europe—MSCI Europe Index; Canada—MSCI Canada Index; EM Asia—MSCI Emerging Markets Asia Index; Emerging Markets (EM)—MSCI EM Index; EMEA (Europe, Middle East, and Africa)—MSCI EM EMEA Index; Latin America—MSCI EM Latin America Index; Gold—Gold Bullion Price, LBMA PM Fix; Commodities—Bloomberg Commodity Index; High Yield—ICE BofA U.S. High Yield Index; Leveraged Loan—S&P/LSTA Leveraged Loan Index; TIPS (Treasury Inflation-Protected Securities)—Bloomberg Barclays U.S. TIPS Index; EM Debt (Emerging-Market Debt)—JP Morgan EMBI Global Index; CMBS (Commercial Mortgage-Backed Securities)—Bloomberg Barclays Investment-Grade CMBS Index; Credit—Bloomberg Barclays U.S. Credit Bond Index; Municipal—Bloomberg Barclays Municipal Bond Index; Long Government & Credit (Investment-Grade)—Bloomberg Barclays Long Government & Credit Index; ABS (Asset-Backed Securities)—Bloomberg Barclays ABS Index; Aggregate—Bloomberg Barclays U.S. Aggregate Bond Index; Agency—Bloomberg Barclays U.S. Agency Index; Treasuries—Bloomberg Barclays U.S. Treasury Index; MBS (Mortgage-Backed Securities)—Bloomberg Barclays MBS Index; Momentum—Fidelity U.S. Momentum Factor Index TR; Low Volatility—Fidelity U.S. Low Volatility Factor Index; Quality—Fidelity U.S. Quality Factor Index; Value—Fidelity U.S. Value Factor Index; Size—Fidelity Small-Mid Factor Index; Yield—Fidelity High Dividend Index.

Bloomberg 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. **Bloomberg 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.

Bloomberg 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 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. **Bloomberg 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. **Bloomberg 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. **Bloomberg Barclays Municipal Bond Index** is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more.

Bloomberg 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).

Bloomberg 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. **Bloomberg 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.

ICE BofA U.S. High Yield Index is a market capitalization-weighted index of U.S. dollar-denominated, below-investment-grade corporate debt publicly issued in the U.S. market.

JPM® EMBI Global Index, and its country sub-indexes, tracks 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.

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

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

Russell 3000® Index is a market capitalization-weighted index designed to measure the performance of the 3,000 largest companies in the U.S. equity market. **Russell 3000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates. **Russell 3000 Value Index** is a market capitalization-weighted index designed to measure the performance of the small to mid cap value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates. **Russell Midcap® Index** is a market capitalization-weighted index designed to measure the performance of the mid cap segment of the U.S. equity market. It contains approximately 800 of the smallest securities in the Russell 1000 Index.

Russell 1000® Index is a market capitalization-weighted index designed to measure the performance of the large cap segment of the U.S. equity market. **Russell 1000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the large cap growth segment of the U.S. equity market. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth rates. **Russell 1000 Value Index** is a market-capitalization-weighted index designed to measure the performance of the large cap value segment of the U.S. equity market. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth rates.

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.

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Appendix: Important Information

Market Indexes (continued)

S&P 500® is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. S&P 500 is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates.

Sectors and **Industries** are defined by Global Industry Classification Standards (GICS®), except where noted otherwise. **S&P 500 sectors**: Consumer Discretionary—companies that tend to be the most sensitive to economic cycles. Consumer Staples—companies whose businesses are less sensitive to economic cycles. Energy—companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials—companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and mortgage real estate investment trusts (REITs). Health Care—companies in two main industry groups: health care equipment suppliers, manufacturers, and providers of health care services; and companies involved in research, development, production, and marketing of pharmaceuticals and biotechnology products. Industrials—companies that manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. Information Technology—companies in technology software and services and technology hardware and equipment. Materials—companies that engage in a wide range of commodity-related manufacturing. Real Estate—companies in real estate development, operations, and related services, as well as equity REITs. Communication Services—companies that facilitate communication and offer related content through various media. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

Dow Jones U.S. Total Stock Market IndexSM is a full market capitalization-weighted index of all equity securities of U.S.-headquartered companies with readily available price data.

MSCI All Country World Index (ACWI) is a market capitalization-weighted index designed to measure investable equity market performance for global investors of developed and emerging markets. **MSCI ACWI (All Country World Index) ex USA Index** is a market capitalization-weighted index designed to measure investable equity market performance for global investors of large and mid cap stocks in developed and emerging markets, excluding the United States.

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

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in emerging markets. **MSCI EM Asia Index** is a market capitalization-weighted index designed to measure equity market performance of EM countries of Asia. **MSCI EM Europe, Middle East, and Africa (EMEA) Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in the EM countries of Europe, the Middle East, and Africa. **MSCI EM Latin America Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in Latin America.

FTSE® National Association of Real Estate Investment Trusts (NAREIT®) All REITs Index is a market capitalization-weighted index that is designed to measure the performance of all tax-qualified REITs listed on the NYSE, the American Stock Exchange, or the NASDAQ National Market List. **FTSE® NAREIT® Equity REIT** Index is an unmanaged market value-weighted index based on the last closing price of the month for tax-qualified REITs listed on the New York Stock Exchange (NYSE). **FTSE NAREIT All Equity Total Return Index** is a market capitalization-weighted index that is designed to measure the performance of tax-qualified real estate investment trusts (REITs) listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List.

Fidelity U.S. Low Volatility Factor Index is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies with lower volatility than the broader market. **Fidelity U.S. Value Factor Index** is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies that have attractive valuations. **Fidelity U.S. Quality Factor Index** is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies with a higher quality profile than the broader market. **Fidelity Small-Mid Factor Index** is designed to reflect the performance of stocks of small and mid-capitalization U.S. companies with attractive valuations, high quality profiles, positive momentum signals, and lower volatility than the broader market. **Fidelity U.S. Momentum Factor Index** is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies that exhibit positive momentum signals. **Fidelity High Dividend Index** is designed to reflect the performance of stocks of large and mid-capitalization dividend-paying companies that are expected to continue to pay and grow their dividends.

Consumer Price Index (CPI) is an inflationary indicator published monthly by the U.S. Bureau of Labor Statistics that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

Personal consumption expenditure (PCE) indexes, published by the U.S. Bureau of Economic Analysis, are a primary measure of actual and imputed household expenditures on goods (durable and non-durable) and services. Core PCE, the Federal Reserve's preferred measure of consumer price inflation, excludes volatile food and energy prices. Definitions, data, and related resources regarding CPI and PCE variants are available at https://www.atlantafed.org/research/inflationproject/underlying-inflation-dashboard.

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Appendix: Important Information

The Chartered Financial Analyst® (CFA®) designation is offered by CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least four years of qualifying work experience, among other requirements.

Fidelity Institutional℠ provides investment products through Fidelity Distributors Company LLC; clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC (Members NYSE, SIPC); and institutional advisory services through Fidelity Institutional Wealth Adviser LLC.

Personal and workplace investment products are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC.

Institutional asset management is provided by FIAM LLC and Fidelity Institutional Asset Management Trust Company.

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