LEARN MORE ABOUT FIDELITY MODEL PORTFOLIOS

Overview

The primary objective of these Fidelity Model Portfolios is to provide a representation of just one way you might construct a well-diversified portfolio of Fidelity mutual funds based on a particular target asset mix. These model portfolios provide illustrations of opportunities for greater potential risk-adjusted returns over the long term.

Limitations

These models should not be used as the primary basis for any investment or tax-planning decisions. Please consult your tax or financial advisor, if applicable.

In applying a model portfolio to your individual situation, be sure to consider other assets, income and investments (e.g., home equity, savings accounts or other retirement accounts). Other investment alternatives, including non-Fidelity funds, having similar risk and return characteristics may be available for your accounts.

Keep in mind that the strategies displayed are current as of the date provided. Be sure to return periodically to see if there are changes identified for the target asset mix you have selected. You will not be contacted proactively to do so.

About Strategic Advisers, Inc., the Model Portfolios' Developers

Strategic Advisers, Inc. ("SAI"), is a Fidelity Investments company. It develops the model portfolios, target asset mixes, investment methodology, and certain other information. Strategic Advisers reviews the various model portfolios approximately 3-4 times a year and updates are made as warranted. Strategic Advisers will not, however, contact investors to inform them that the model portfolios have changed.

What Are the Fidelity Target Asset Mixes?

Strategic Advisers, Inc. has created five target asset mixes based on historical risk and estimates of long-term asset class returns. They represent five significantly different allocations that are intended to reflect differing investor profiles with varying investment objectives and risk tolerances, as well as investment styles ranging from conservative to aggressive.

Asset Class Target Asset Mix	Domestic Equity	International Equity	Fixed Income	Short-Term
Conservative	14%	6%	50%	30%
Balanced	35%	15%	40%	10%
Growth	49%	21%	25%	5%
Aggressive Growth	60%	25%	15%	0%
Most Aggressive	70%	30%	0%	0%

When you select asset mixes, keep in mind that different asset classes tend to offer different balances of risk and reward. Generally, the greater the potential for long-term returns, the greater the risk volatility, especially over the short term.

In order to help control the risk you assume, it is critical that your portfolio provides an appropriate mix of investments.

A more aggressive portfolio (one with a higher stock allocation) could represent higher risk, especially in the short term, but higher potential long-term returns. Conversely, a less aggressive portfolio (with a lower allocation to stock and higher to bonds or short-term investments) could represent less short-term risk, but potentially lower long-term returns. You should take into consideration any unique circumstances or need for funds that might apply to your situation when deciding on an appropriate investment strategy.

While past performance does not guarantee future results, history has shown that diversifying your assets among different asset classes, industries, and countries can potentially improve the long-term performance of your portfolio. However, it is important to remember that certain asset types involve greater risk than others do. Diversifying your investments across asset classes, industry sectors, and international funds may help minimize your overall exposure to sudden market swings that may cause sudden changes in the price of investments. However, it does not ensure a profit or guarantee against loss.

Model Portfolios

A model portfolio investment strategy attempts to closely match your selected target asset mix. While the model portfolio is intended to be consistent with your selected target asset mix, it may not meet your target asset mix exactly.

The process SAI applies to build a model portfolio uses investments that have demonstrated, over time, consistency in risk and return relative to an appropriate benchmark. Model portfolios are refreshed approximately 3-4 times a year. Be sure to see if there are changes in the funds identified for your target asset mix. You will not be contacted proactively to do so.

Model portfolios are not designed to maximize return or predict the highest-performing fund or group of funds within each asset class in the model.

How the Model Portfolio Is Generated

The model portfolio construction process is composed of a series of three well-defined steps, based in part on the target asset mix you select for your goal:

Step 1: Screening of investment options

Step 2: Performance evaluation and ranking

Step 3: Optimization and model portfolio construction

The process attempts to match risk levels (volatility), asset class weights (stocks, bonds, and short-term), equity sector weights (technology, cyclicals, etc.) and foreign stock holdings (which are part of the stock allocation).

The Dow Jones U.S. Total Stock Market Index is used to determine the target sector weights and other domestic stock risk and return characteristics. The MSCI EAFE® Index is used as the foreign stock benchmark. The Barclays U.S. Aggregate Bond Index is the bond asset class benchmark, and was incorrectly called Barclays U.S. 3 Month Treasury Bellwethers Index is the short-term asset class benchmark.

Step 1: Screening of Investment Options

The first step in the model portfolio construction process is the identification of available investment options that are appropriate for use as building blocks in the model portfolio. Not all investment options that may be available and appropriate for you are listed or considered.

The Fidelity mutual funds listed include only those funds available that do not have transaction fees (no-transaction-fee, or NTF, funds). Non-Fidelity funds are excluded from consideration for model portfolios presented. Fidelity Brokerage Services LLC or its affiliates receive compensation for investment management and other services performed for the Fidelity mutual funds and Fidelity annuity funds.

Mutual Funds

For the selection of Fidelity mutual funds for the model portfolios, we use the following criteria to create a list of eligible funds:

- Funds are managed by Fidelity.
- Funds have at least $300M in total net assets.
- Funds have a minimum investment of not more than $2,500.
- Funds that have at least nine months of daily return data and that are classified according to Morningstar as adhering to a core investment objective are identified. Different classes of shares in a mutual fund are generally evaluated separately for length of performance history. For certain funds that do not meet the above performance history criteria (such as a new institutional class of shares, a new index fund, or a clone of an established fund), SAI may substitute the characteristics of a very similar fund or index (such as the retail class of shares in the same fund, the index that a new fund seeks to track, or the established fund that the clone seeks to emulate). In this way, the fund can be evaluated for potential inclusion in the

model portfolio. Performance information for publicly available mutual funds is obtained from an independent third-party vendor.
Funds closed to new investors are excluded from consideration.

Step 2: Performance Evaluation and Ranking

Once the universe of investment options has been screened, the historical performance of the eligible investments is evaluated. Through a proprietary statistical approach in which SAI uses return data, each investment's total return is adjusted based on its exposure to the overall market and to different types of securities and risks within the market. In this way, the investment's "alpha" or "excess return" can be identified. In other words, the investment's return is adjusted for the performance of the average security in the market, and any return left over, positive or negative, is a measure of the risk-adjusted return.

The alpha, or risk-adjusted excess return, is used as an assessment of the ability of a particular investment to enhance returns over time through security selection. Depending on the weight of the asset classes in the investment, one of three different multifactor analysis engines will be used. Each of these models produces a number of specific evaluations for each investment. Specifically:

- Alpha (risk-adjusted excess return)
- Factor loadings for risk exposures
- Significance tests on all alphas and parameters
- Consistency of risk characteristics

These parameters are used in the subsequent screening and model portfolio construction steps of the methodology.

Step 3: Optimization and Model Portfolio Construction

The model portfolio construction process uses an optimization approach to select and weight a set of candidate investment options whose overall risk characteristics, when viewed as a portfolio, are similar to those of the model target asset mix. After applying the techniques above, the optimization process identifies the portfolio of investments that has the best risk-adjusted return for the least amount of tracking error relative to the benchmark. All performance and risk evaluations for all candidate investment options are considered simultaneously in the decision process. The model's tracking error is judged relative to the target asset mix.

Policy Requirements

We require that the amount allocated to any one pooled stock investment is not less than 5% of your total assets. The 5% minimum limits the total number of investments in a model portfolio so that each position has a meaningful impact in the model portfolio. This is done to provide for portfolio manager and specific investment option diversification, and is explicitly designed to capture the specific risk of each investment option.

Updates to the Model Portfolios

The model portfolio represents SAI's model portfolio for the selected target asset mix only as of the date it is provided. You must return periodically to see if any changes have been made to the model portfolio. You will not be contacted proactively to do so. The model portfolios are reviewed and, if warranted, updated approximately 3-4 times a year. They may be reviewed more often if SAI determines in its discretion that more frequent reviews are necessary.