



Investing through the Business Cycle

We believe in taking an active approach to managing your account during all phases of the business cycle

1 The mix of stock and bond investments in your managed account is the primary driver of returns over time

We believe that understanding where the economy resides in the business cycle can help build upon these returns over time.

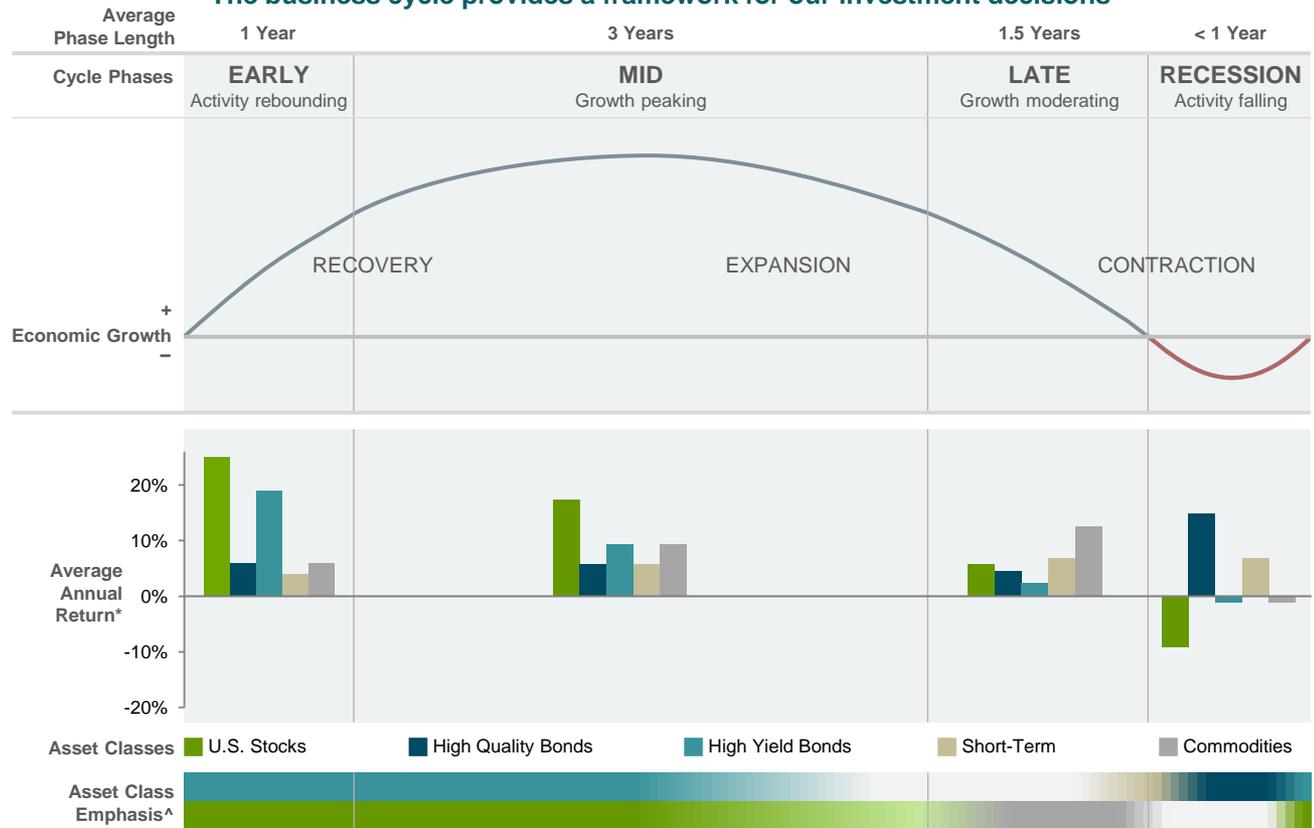
2 Certain types of investments perform differently during each phase of the business cycle

This is why we make adjustments to your investments as the economic environment changes. For example, U.S. stocks have often led during economic recoveries. During recessions, high quality bonds fared better.

3 We seek to emphasize investments that historically have performed well during each phase of the business cycle

We believe that using this framework to make adjustments to your mix of investments best positions your account to help meet your financial goals.

The business cycle provides a framework for our investment decisions



For Illustrative Purposes Only

Questions? Contact your Fidelity Representative at 800.544.3455



Business cycle above 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. **Past performance is no guarantee of future results** Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg Barclays. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance.

Additional important information

Diversification and/or asset allocation do not ensure a profit or protect against loss.

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.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Although the bond market is also volatile, lower-quality debt securities, including leveraged loans, generally offer higher yields compared with investment-grade securities, but also involve greater risk of default or price changes. Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market, or economic developments, all of which are magnified in emerging markets.

The Typical Business Cycle depicts the general pattern of economic cycles throughout history, though each cycle is different. In general, the typical business cycle demonstrates the following:

- During the typical early-cycle phase, the economy bottoms and picks up steam until it exits recession and 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 during the early-cycle phase.
- 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.

Please note that there is no uniformity of time among phases, nor is there always a chronological progression in this order. For example, business cycles have varied between one and 10 years in the U.S., and there have been examples when the economy has skipped a phase or retraced an earlier one.

^Asset Class Emphasis indicates phases of the business cycle when Strategic Advisers LLC (Strategic Advisers) would typically own more of the indicated asset class or investment (e.g. U.S. Stocks) than an accounts mix of investments or long-term asset allocation (LTAA). Emphasis may also indicate adding an asset class outside of the LTAA, such as commodities or high yield bonds. For example, more economically sensitive asset classes, such as stocks and high yield bonds, historically have performed better when economic growth is improving. During these periods Strategic Advisers may choose to own more stock and high yield bond investments relative to an accounts LTAA. Conversely, when growth is moderating or in decline, less economically sensitive asset classes, such as high quality bonds may be emphasized versus the LTAA. Lighter shading of colors indicates when there is less emphasis versus a clients LTAA. Strategic Advisers also considers current valuations and market sentiment along with the business cycle framework when making asset allocation decisions. **This graphic is for illustrative purposes only.** All business cycles are different and Strategic Advisers may choose not emphasize an asset class as indicated by this illustration.

Optional investment management services provided for a fee through Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and a Fidelity Investments company. Discretionary portfolio management provided by its affiliate, Strategic Advisers LLC, a registered investment adviser. **These services are provided for a fee.**

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Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

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