

MARKET INSIGHTS: NEW DEVELOPMENTS, WHAT TO CONSIDER, AND TOP QUESTIONS ANSWERED



Our Speakers

Host



Jim Armstrong
Marketing Director, Fidelity Investments

Jim Armstrong is a Marketing Director in Fidelity's Personal Investing division. In this position, he creates educational content for workplace participants to help with retirement planning and other financial wellness topics. Formerly, Jim distinguished himself as an Emmy-winning journalist, spending 17 years as a television reporter for network affiliates around the country.

Special guest panelists



Lars Schuster
Institutional Portfolio Manager, Fidelity Investments

Lars Schuster is an institutional portfolio manager at Strategic Advisers LLC, a registered investment adviser and a Fidelity Investments company. In this role, he is a member of the Investment management team and is responsible for delivering Strategic Advisers' managed account investment philosophy, process, and ongoing activities to a wide range of investors.



Leanna Devinney, CFP®
Assistant Branch Manager, Fidelity Investments

Leanna Devinney is responsible for leading one of Fidelity's Investor Centers. In this role, she offers our clients financial and investment guidance, including one-on-one retirement planning, wealth management, income strategies, and college planning services, as well as integrated employer benefit solutions.

During Past Recessions, U.S. Stocks Began to Improve Prior to a Bottoming of the Jobs Market

U.S. stock market performance and jobless claims for last seven recessions

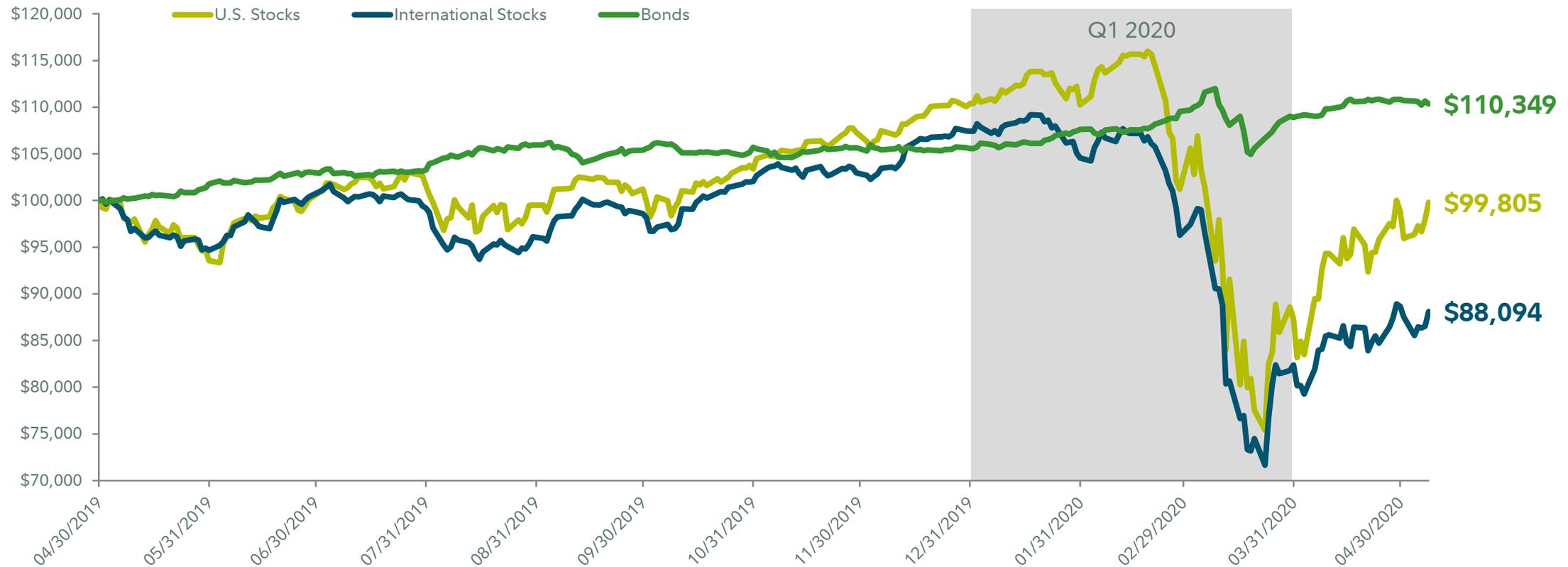


Past performance is no guarantee of future results.

Source: U.S. Department of Labor, National Bureau of Economic Research (NBER), Bloomberg Finance L.P., 1969 to 2009.

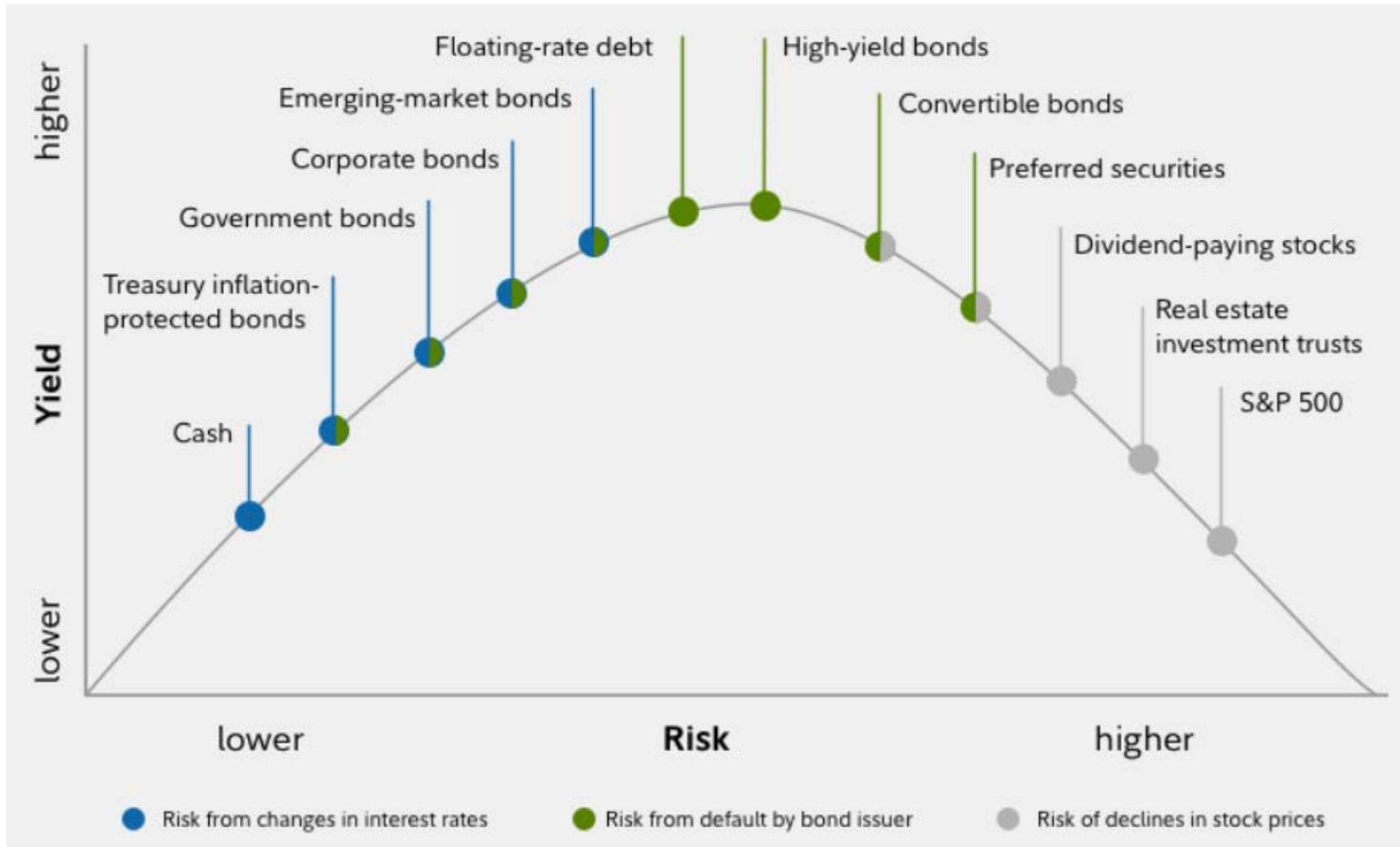
Over the Last Year, Bonds Rose Nearly 10%, While Stocks Were Nearly Flat

Hypothetical growth of \$100,000 (4/30/19–5/8/20)



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. Please see disclosures for index definitions. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Source: Fidelity Investments, as of 5/8/20. U.S. Stocks — Dow Jones U.S. Total Stock Market Index; International Stocks — MSCI All Country World Index ex USA (Net MA); Bonds — Bloomberg Barclays US Aggregate Bond Index.

How Yields and Risks of Popular Investment Choices Compare



For illustrative purposes only.

Source: Fidelity Investments. The chart above depicts general long-term directional and ranking relationships among a number of asset classes on the dimensions of yield and beta. Beta is estimated in comparison to U.S. common stocks as represented by the S&P 500® Index. The relationships and relative rankings among these asset classes will vary over time.

Wide Range of Returns for Different Bond Types

Bond returns by type (2010 to March 2020)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020*
High Yield 15.07%	Municipal 10.70%	Emerging Market Debt 18.54%	High Yield 7.41%	Municipal 9.05%	Municipal 3.30%	High Yield 17.49%	Emerging Market Debt 9.32%	Municipal 1.28%	IG Corp 14.54%	U.S. Government 8.08%
Emerging Market Debt 12.04%	U.S. Government 9.02%	High Yield 15.55%	Leveraged Loans 5.41%	IG Corp 7.46%	MBS 1.51%	Leveraged Loans 10.36%	Dev Non-US Gov't 9.12%	MBS 0.99%	Emerging Market Debt 14.42%	BBgBarc Agg 3.15%
Leveraged Loans 10.38%	Emerging-Market Debt 8.46%	IG Corp 9.82%	MBS -1.41%	MBS 6.08%	Emerging Market Debt 1.23%	Emerging Market Debt 10.19%	High Yield 7.48%	U.S. Government 0.88%	High Yield 14.41%	MBS 2.82%
IG Corp 9.00%	IG Corp 8.15%	Leveraged Loans 9.76%	IG Corp -1.53%	BBgBarc Agg 5.97%	U.S. Government 0.86%	IG Corp 6.11%	IG Corp 6.42%	Leveraged Loans 0.60%	BBgBarc Agg 8.72%	Municipal -0.63%
Dev Non-US Gov't 8.06%	BBgBarc Agg 7.84%	Municipal 6.78%	BBgBarc Agg -2.02%	Emerging-Market Debt 5.53%	BBgBarc Agg 0.55%	BBgBarc Agg 2.65%	Municipal 5.45%	BbgBarc Agg 0.01%	Leveraged Loans 8.70%	Dev Non-US Gov't -0.79%
BBgBarc Agg 6.54%	MBS 6.23%	BBgBarc Agg 4.21%	Municipal -2.55%	U.S. Government 4.92%	Leveraged Loans 0.10%	Dev Non-US Gov't 2.14%	Leveraged Loans 4.32%	Dev Non-US Gov't -1.33%	Municipal 7.54%	IG Corp -3.63%
U.S. Government 5.52%	Dev Non-US Gov't 5.74%	MBS 2.59%	U.S. Government -2.60%	High Yield 2.51%	IG Corp -0.68%	MBS 1.67%	BBgBarc Agg 3.54%	High Yield -2.27%	U.S. Government 6.83%	Emerging Market Debt -11.76%
MBS 5.37%	High Yield 4.37%	U.S. Government 2.02%	Emerging Market Debt -6.58%	Leveraged Loans 1.82%	Dev Non-US Gov't -4.21%	U.S. Government 1.05%	MBS 2.47%	IG Corp -2.51%	MBS 6.35%	High Yield -13.13%
Municipal 2.38%	Leveraged Loans 1.50%	Dev Non-US Gov't -0.45%	Dev Non-US Gov't -6.60%	Dev Non-US Gov't -3.25%	High Yield -4.61%	Municipal 0.25%	U.S. Government 2.30%	Emerging Market Debt -4.61%	Dev Non-US Gov't 5.04%	Leveraged Loans -13.53%

Past performance is no guarantee of future results. Diversification and asset allocation do not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. All indexes are unmanaged. Please see disclosures for index definitions.

*YTD is as of 3/31/2020. U.S. Government = Bloomberg Barclays (BBgBarc) US Government Bond Index, BBgBarc Agg = BBgBarc US Aggregate Bond Index, Mortgage-Backed Securities (MBS) = BBgBarc U.S. Mortgage-Backed Securities Index, Municipal = BBgBarc Municipal Bond Index, Dev Non-US Gov't = FTSE G7 Non-USD Bond Index, Investment-Grade Corporate (IG Corp) = BBgBarc US Investment Grade Corporate Index, Emerging Market Debt = JP Morgan Emerging Market Bond Index (JPM EMBI) Global, High Yield = ICE® BofA® U.S. High Yield Constrained Index, Leveraged Loans = S&P/LSTA Performing Loan Index. Source: Fidelity Investments, as of 3/31/20.

Diversification Can Help Reduce Individual Asset Class Risk

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	
39.8%	5.2%	79.0%	27.6%	7.8%	20.1%	38.8%	27.1%	5.1%	21.3%	37.8%	0.0%	35.8%	Domestic Growth Stocks
16.2%	-25.8%	58.1%	26.9%	7.3%	18.6%	34.2%	13.7%	2.3%	18.4%	29.6%	-2.1%	31.5%	Domestic Large Cap Stocks
11.4%	-26.1%	37.0%	19.2%	4.4%	17.5%	32.7%	12.7%	1.4%	17.5%	25.3%	-2.3%	28.1%	Real Estate Income Stocks
11.4%	-33.8%	32.0%	17.6%	2.2%	17.5%	32.4%	12.4%	0.5%	12.0%	21.8%	-4.1%	26.3%	Domestic Value Stocks
7.0%	-35.6%	27.4%	16.8%	2.1%	16.3%	22.9%	6.4%	-0.1%	11.8%	14.7%	-4.4%	25.5%	Domestic Small Cap Stocks
6.3%	-36.3%	27.2%	16.2%	1.2%	16.0%	16.6%	6.0%	-0.7%	11.6%	14.6%	-4.5%	22.3%	International Developed Stocks
5.5%	-37.0%	26.5%	15.1%	-0.1%	15.5%	7.4%	4.9%	-4.1%	9.3%	13.2%	-8.6%	19.9%	Diversified Portfolio
2.5%	-37.3%	22.9%	15.1%	-4.2%	15.2%	3.2%	2.5%	-4.4%	7.4%	9.3%	-11.0%	18.9%	Emerging Market Stocks
-1.0%	-38.4%	19.8%	11.6%	-12.0%	11.6%	-2.0%	-1.8%	-4.6%	7.2%	7.5%	-11.2%	14.4%	High Yield Bonds
-1.6%	-43.3%	18.9%	7.9%	-13.3%	4.2%	-2.3%	-4.8%	-14.6%	2.6%	3.5%	-13.6%	8.7%	Investment Grade Bonds
-17.8%	-53.2%	5.9%	6.5%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	1.2%	1.7%	-14.2%	7.7%	Commodities

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 disclosures for index definitions. Diversified Portfolio — 42% Dow Jones U.S. Total Stock Market Index, 18% MSCI EAFE Index, 35% Bloomberg Barclays US 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 Merrill Lynch US High Yield Constrained Index; Investment Grade Bonds — Bloomberg Barclays US Aggregate Bond Index; Real Estate Income Stocks — FTSE NAREIT Equity-Only Index; Commodities — Bloomberg Commodity Index (Price Return). Diversified Portfolio Benchmark — PAS Growth with Income Composite comprised 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), Bloomberg Barclays US 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. Source: Fidelity Investments, as of 12/31/19.

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Investing involves risk, including risk of loss.

Past performance is no guarantee of 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. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

High-yield/non-investment-grade bonds involve greater price volatility and risk of default than investment-grade bonds.

Interest income generated by Treasury bonds and certain securities issued by U.S. territories, possessions, agencies, and instrumentalities is generally exempt from state income tax, but is generally subject to federal income and alternative minimum taxes and may be subject to state alternative minimum taxes.

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic, or other developments. These risks may be magnified in foreign markets.

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Bloomberg Barclays US Government Bond Index is a market value-weighted index of US Government fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays US Aggregate Bond Index is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, US 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.

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

Bloomberg Barclays US Government Bond Index is a market value-weighted index of US Government fixed-rate debt issues with maturities of one year or more.

Dow Jones US Total Stock Market Index (full-cap) is a full market capitalization-weighted index of all equity securities of US headquartered companies with readily available price data.

MSCI EAFE Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the US & Canada.

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

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 US equity performance.

Russell 2000 Index is a market capitalization-weighted index designed to measure the performance of the small-cap segment of the US 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 US 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 US equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

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.

Bloomberg Commodity Index Total Return 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.

MSCI ACWI (All Country World Index) Index is a market capitalization weighted index that is designed to measure the investable equity market performance for global investors of developed and emerging markets.

J.P. Morgan Emerging Markets Bond Index is a market value-weighted index of US dollar-denominated sovereign restructured debt issues.

ICE BofA US High Yield Index is a market capitalization-weighted index of US dollar denominated below investment grade corporate debt publicly issued in the US 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 US or a Western European nation. The FX-G10 includes all Euro members, the US, Japan, the UK, 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.

S&P Performing Loan Index is a market value-weighted index of US dollar-denominated non-investment grade and non-rated loans.

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%.

The FTSE Nareit All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

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