

*Fidelity Viewpoints*<sup>®</sup>:  
**Market Sense**

The latest headlines, the current market conditions,  
and what it all means for you.



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Views and opinions expressed in this webcast are those of the speakers. This discussion is for educational purposes and should not be considered investment advice. Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice.

# Our Speakers

## Host



**Jim Armstrong**  
**Director, Fidelity Investments**

Jim Armstrong is a director with Fidelity's Client Solutions Business team. Prior to this role, he was a marketing director, focused on creating 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



**Denise Chisholm**  
**Director, Quantitative Market Strategy, Fidelity Investments**

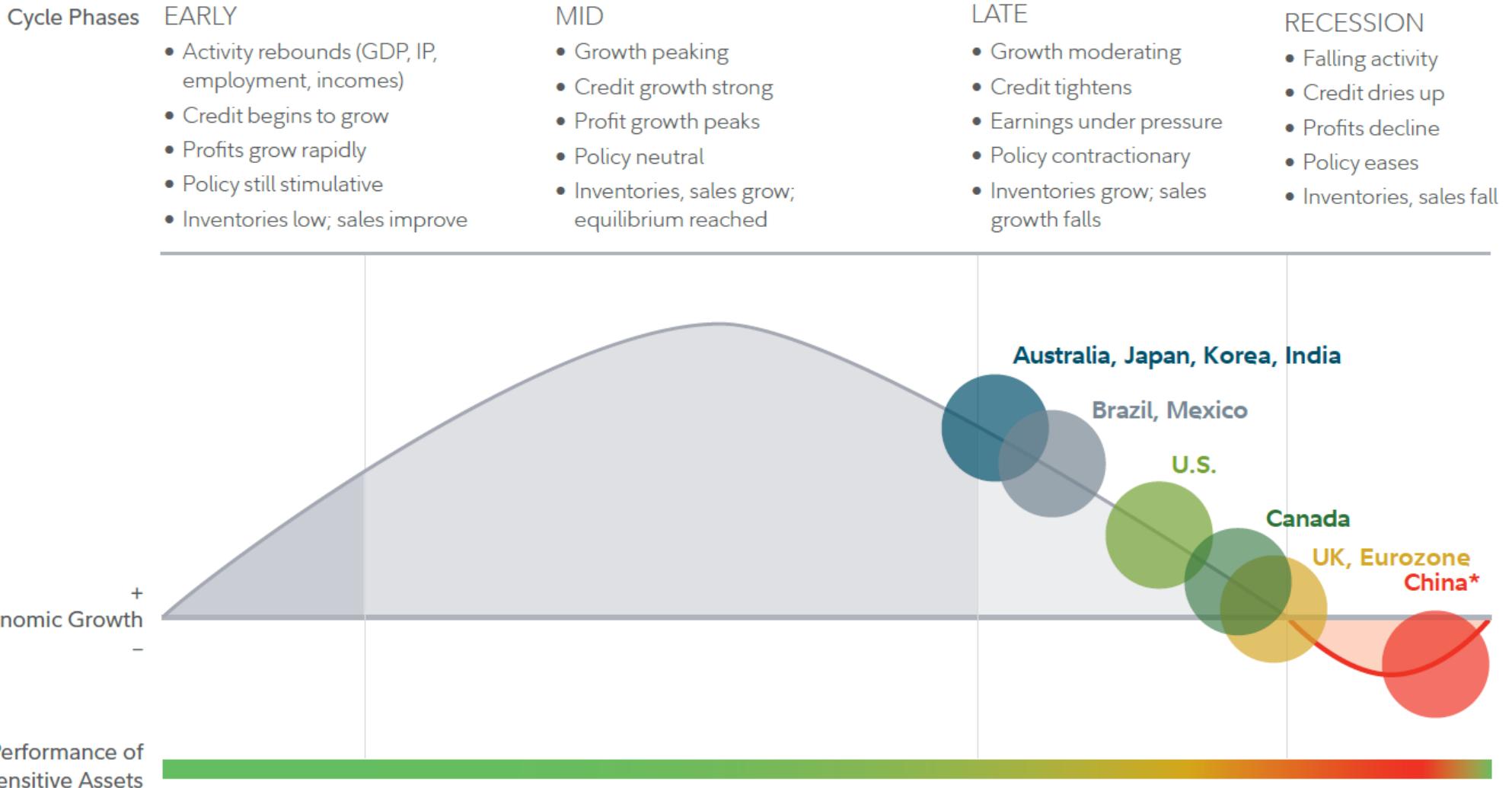
Denise Chisholm is a sector strategist in the Equity and High Income division at Fidelity Investments. In this role, Denise is responsible for the research of portfolio construction strategies combining sector-based mutual funds and exchange-traded funds (ETFs). Prior to assuming her current responsibilities in April 2013, Denise held multiple roles within Fidelity, including research analyst on the megacap research team, research analyst on the international team, and sector specialist.



**Leanna Devinney, CFP®**  
**Vice President, Branch Leader, 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 benefits solutions.

# Phases of the Business Cycle



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.

\* A growth recession is a significant decline in activity relative to a country's long-term economic potential. We use the "growth cycle" definition for most developing economies, such as China, because they tend to exhibit strong trend performance driven by rapid factor accumulation and increases in productivity, and the deviation from the trend tends to matter most for asset returns. We use the classic definition of recession, involving an outright contraction in economic activity, for developed economies.

Source: Fidelity Investments (AART), as of 7/31/22.

# How Stocks Have Performed at Similar Times in the Past

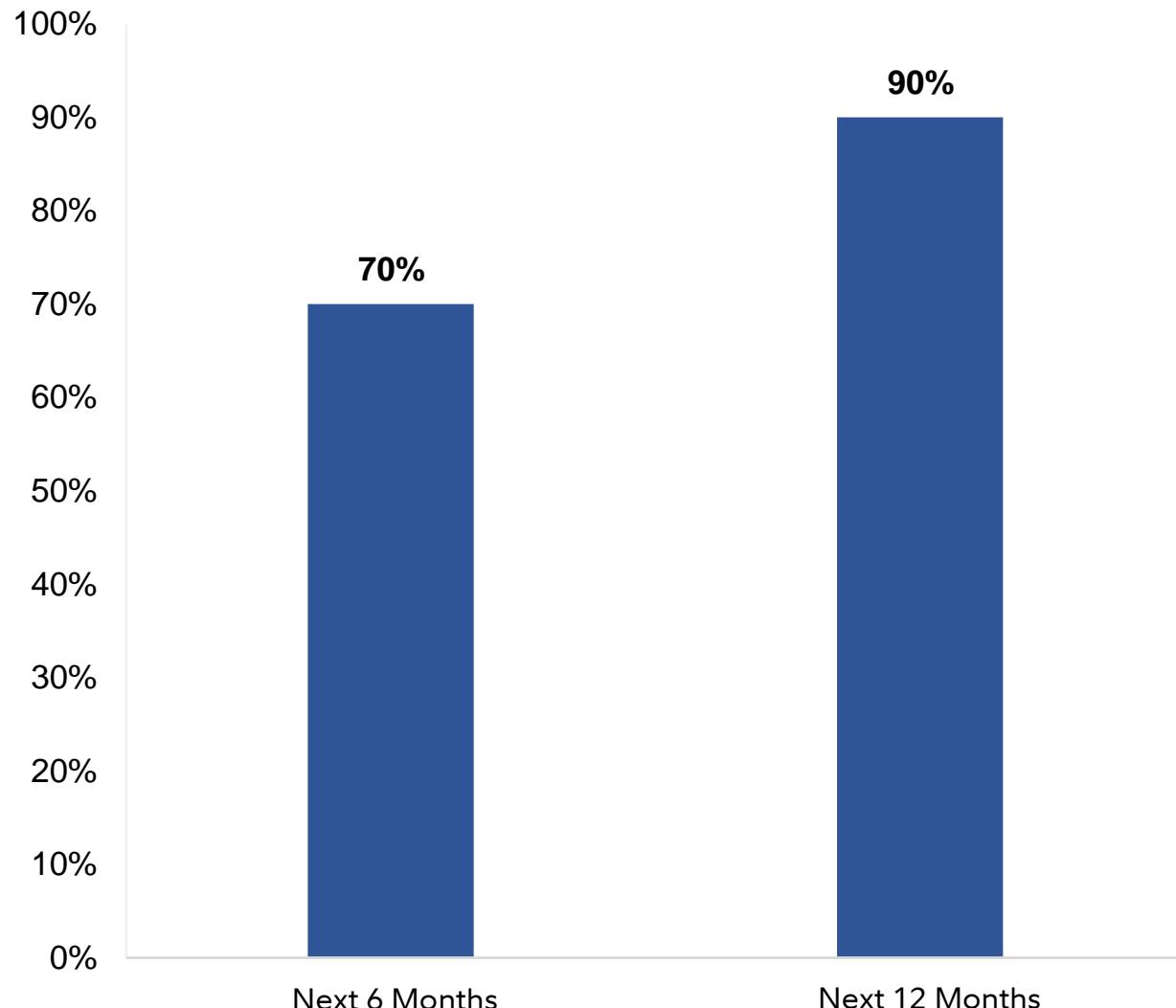
Stocks historically have fared well after 20% declines.

Historical Odds of a Market Advance (Next 12 Months) Following a Decline of 20%,  
1962–Present



# Discretionary Bounce?

**Odds of Outperformance After 15% Underperformance  
10 Instances, 1962-Present**

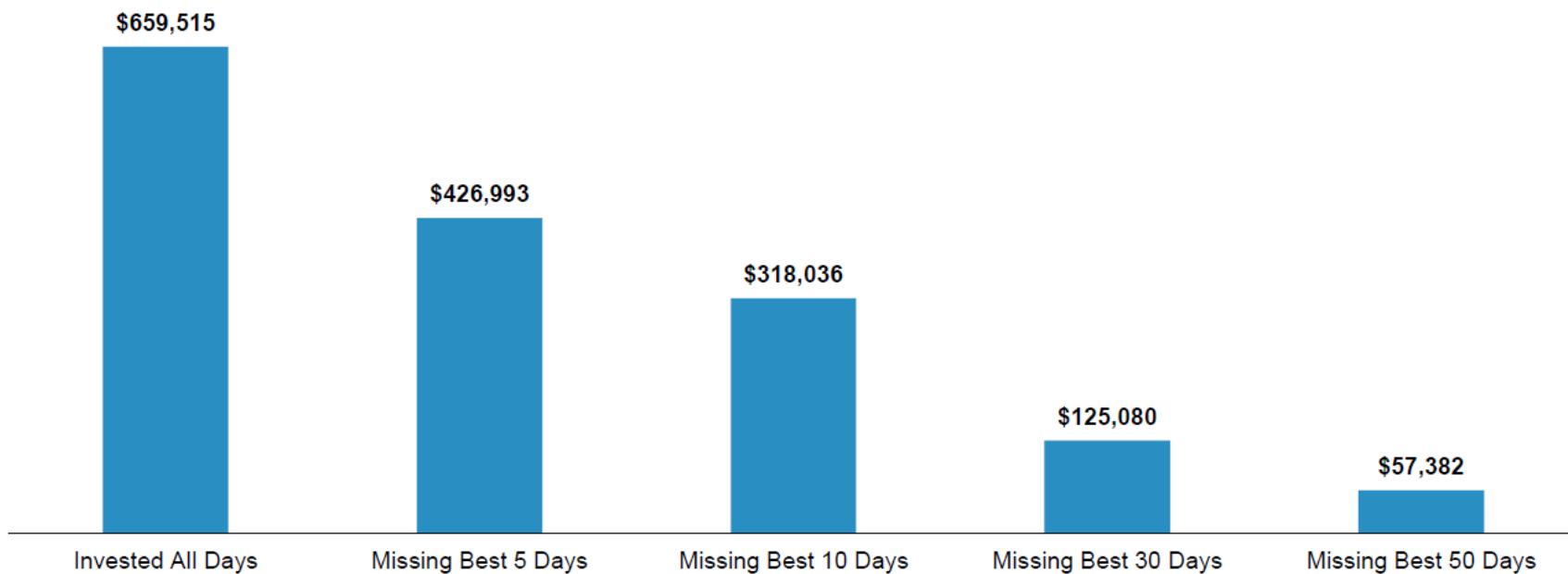


# Missing Out on the Best Days Can Cost Investors

Those who missed out on just a handful of the market's best days significantly reduced their portfolio's value.

The impact of abandoning a plan during recoveries can lead to significant differences in outcomes.

HYPOTHETICAL GROWTH OF \$10,000 INVESTED IN S&P 500 INDEX  
JANUARY 1, 1980–DECEMBER 31, 2018



**Past performance is not a guarantee of future results.** The hypothetical example assumes an investment that tracks the returns of a S&P 500® Index and includes dividend reinvestment but does not reflect the impact of taxes, which would lower these figures. "Best days" were determined by ranking the one-day total returns for the S&P Index within this time period and ranking them from highest to lowest. There is volatility in the market and a sale at any point in time could result in a gain or loss.

Your own investment experience will differ, including the possibility of losing money. Source: Bloomberg as of 12/31/18.

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.

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**Investing involves risk, including risk of loss.**

**Past performance is no guarantee of future results.**

**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.**

The S&P 500® Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC. You cannot invest directly in an index.

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

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

Because of their narrow focus, sector investments tend to be more volatile than investments that diversify across many sectors and companies.

The consumer discretionary industries can be significantly affected by the performance of the overall economy, interest rates, competition, consumer confidence and spending, and changes in demographics and consumer tastes.

The technology industries can be significantly affected by obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants, and general economic condition.

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. These risks are particularly significant for investments that focus on a single country or region.

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.

Dollar-cost averaging does not assure a profit or protect against loss in declining markets. For the strategy to be effective, you must continue to purchase shares in both market ups and downs.

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