Fidelity Viewpoints®:

Market Sense

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

Fidelity INVESTMENTS®

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Our Speakers

Host

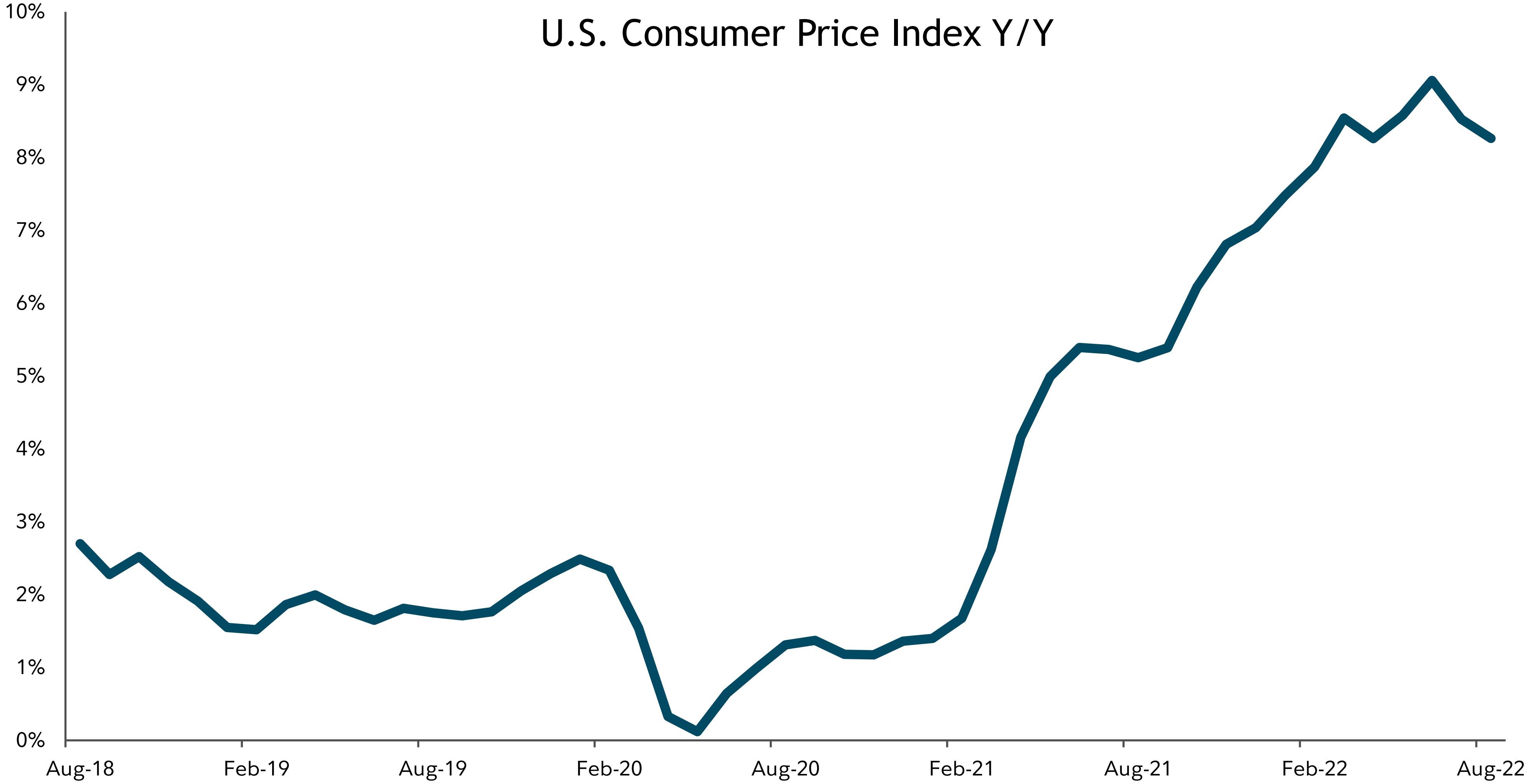
Jim Armstrong
Director, Fidelity Investments
Jim Armstrong is a director with Fidelity's Client Solutions Business team. Prior to this role, he was a marketing director, focused on creating educational content for workplace participants to help with retirement planning and other financial wellness topics. 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

Naveen Malwal
Institutional Portfolio Manager, Fidelity Investments
Naveen Malwal 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. Naveen is a CFA® charterholder and holds the Financial Industry Regulatory Authority (FINRA) Series 7 and 63 licenses.

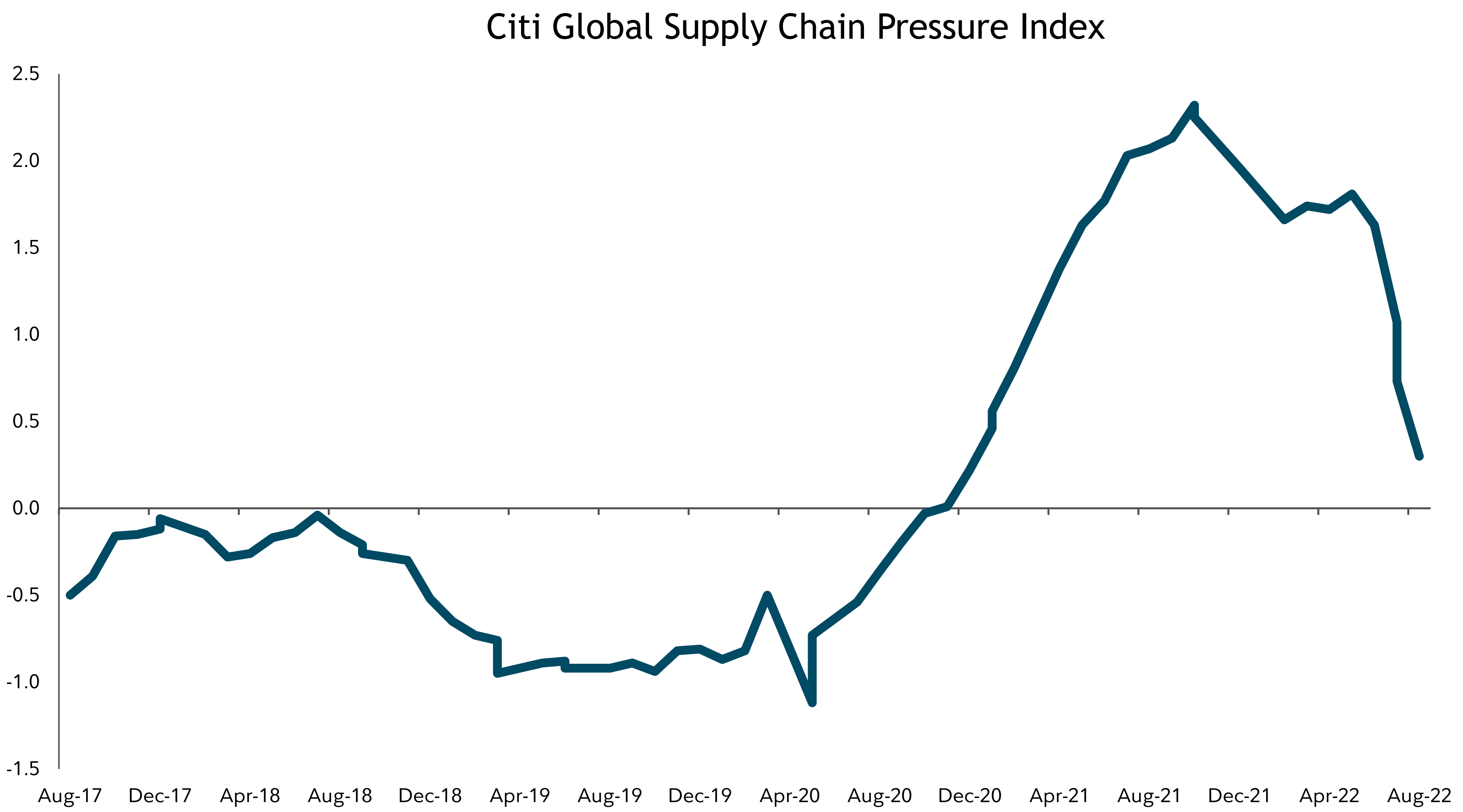
Randelle Lenoir
Vice President, Branch Leader, Fidelity Investments
Randelle Lenoir is an Investor Center leader in the Chicago area. She spends her days at Fidelity coaching and inspiring a team of financial planning professionals to deliver essential support to customers in need of financial planning and investment management. She's spent her career working with people from all walks of life, helping them solve problems and achieve goals. She believes that solid financial planning relationships can changes lives and communities for the better.

Inflation remained high in August, but lower than peak this year



For illustrative purposes only. **Past performance is no guarantee of future results.**
Source: Bloomberg Finance, LP.

Global supply chain pressures easing, but still high



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Source: Bloomberg Finance, LP.

Steps to tackle debt

1 Build an emergency fund

2 Contribute up to the match on your 401(k)

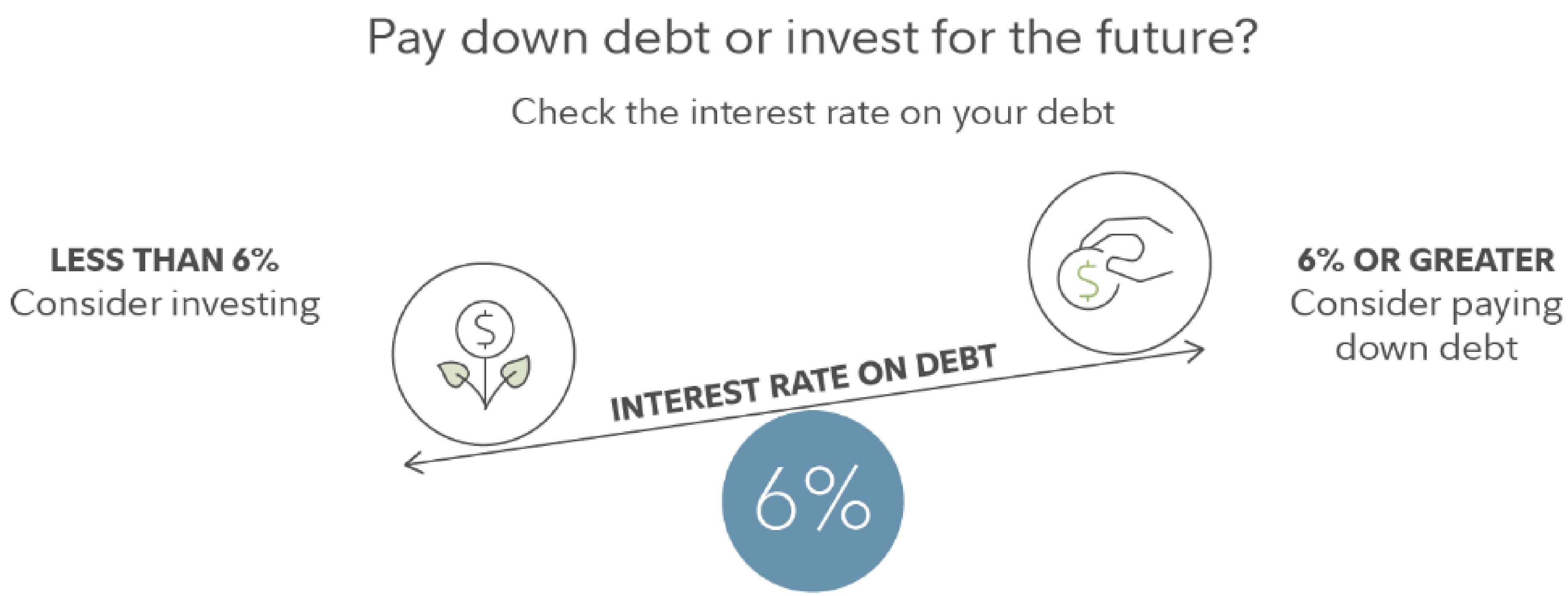
3 Pay off high-interest credit cards

4 Pay off private student loans

5 Contribute even more to your 401(k)

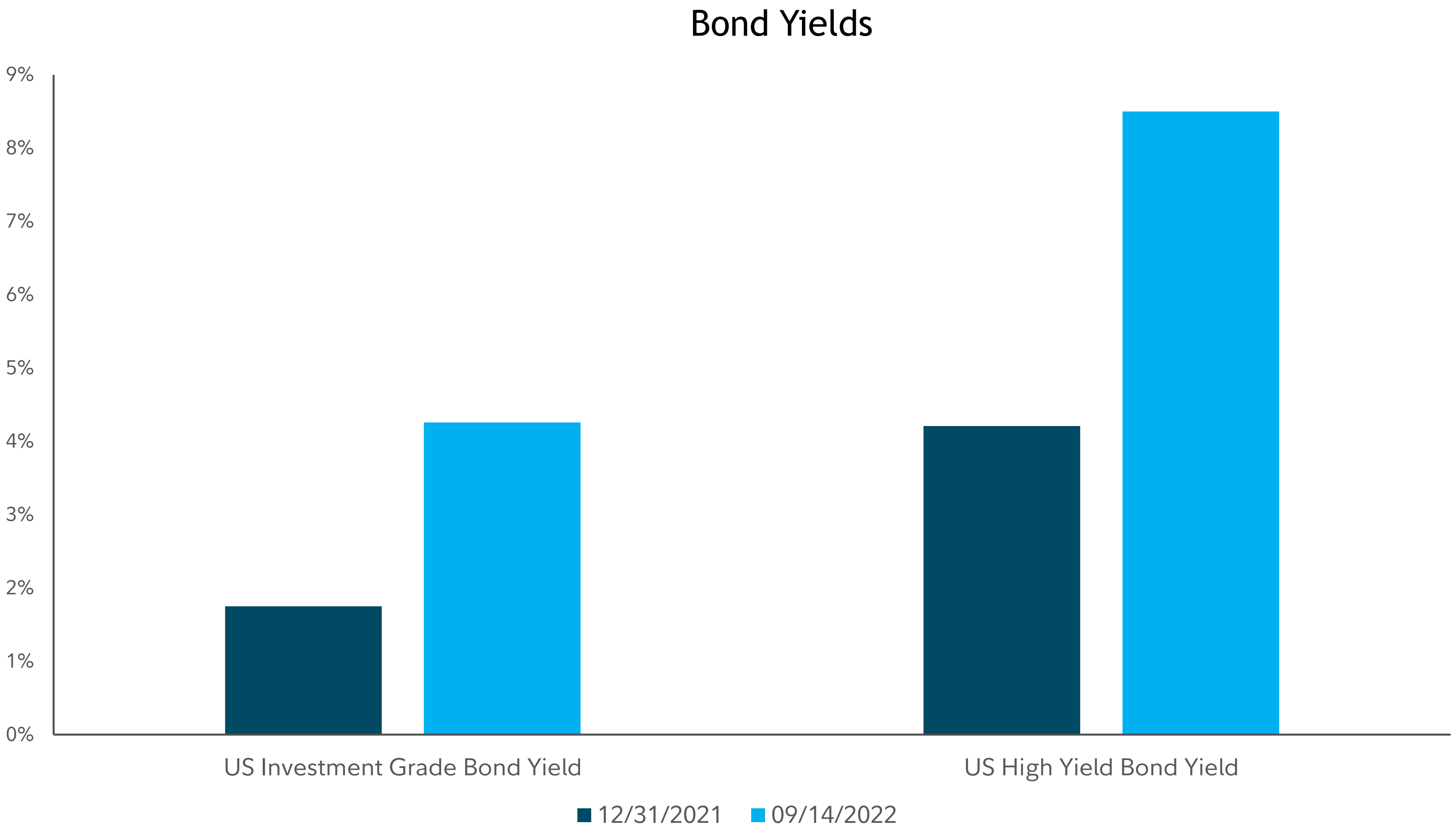
6 Tackle lower interest loans last

Pay down debt vs. invest



1. The "less aggressive" asset allocation assumes a 20% allocation to stocks, the "balanced" asset allocation assumes a 50% allocation to stocks, and the "more aggressive" asset allocation assumes a 100% allocation to stocks. Critical interest rates are calculated using estimated asset class returns distributions. See footnotes 3 and 4 for further details.
2. This analysis used a horizon of 10-40 years comparing the rates of return that could be experienced with various levels of interest rates. First the return over the accumulation horizon is determined by running 250 Monte Carlo simulations of the balance growth of a portfolio. Next a 70% confidence level was used to identify the rate of return over which debt would be preferable to pay down. The 70% confidence level is used because it represents a typical level of loss aversion. After determining the effective rate of return over the horizon at the 70% confidence level, this return is used to compare to interest rates on the debt. If the debt interest rate is greater than the return over that horizon then paying down debt would be preferential.
3. The values in this article are based on a Monte Carlo simulation–based approach to estimate potential growth of account balances. The analysis is based on historical market data to estimate a range of potential outcomes for various hypothetical portfolios under different market conditions. Monte Carlo simulations are mathematical methods used to estimate the likelihood of a particular outcome based on market performance historical analysis. While over very long periods of time, markets have averages, it is often the case that the market performs both above and below these averages. The Monte Carlo simulations are designed to reflect this historical market volatility.
See disclosures for more information on our methodology

Yields on bonds more attractive versus last year



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Source: Bloomberg Finance, LP.

Methodology for **Debt vs Investing** slide:

> This guideline is based on estimates of future investment returns[3]—which, of course, aren't guaranteed. By contrast, the "return" you earn on every dollar of debt you pay down is indeed guaranteed (through the extra interest you avoid).
>
> Most people prefer a sure thing to a risky bet, so we incorporated an additional margin of safety into our methodology. In essence, our guideline assumes that you would only choose investing (the risky bet) if it has at least a 70% chance of beating the guaranteed return you would earn by paying down debt (based on our estimates of what likely future investing returns will look like).
>
> Put another way, if our methodology[2] suggests that you should invest, that doesn't mean we're 100% sure that investing will come out ahead. But we believe it should beat the return you'd get from paying down debt about 70% of the time.

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