

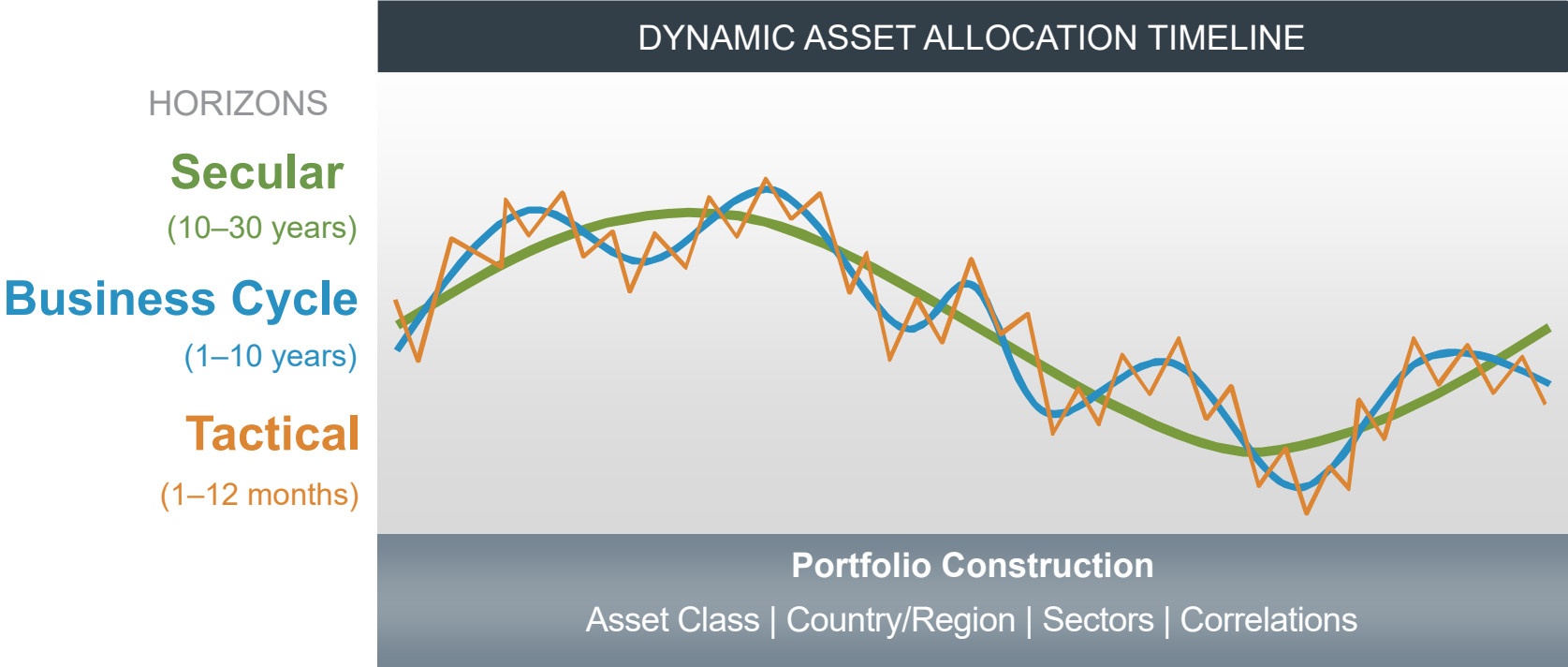
Quarterly Market Update

First Quarter 2020

Jake Weinstein, CFA
Research Analyst, Asset Allocation Research



Multi-Time Horizon Asset Allocation Framework



For illustrative purposes only. Source: Fidelity Investments (AART), as of 12/31/19.

Policy Improvement in an Uneven, Mature Expansion

	MACRO	ASSET MARKETS
Q4 2019	<ul style="list-style-type: none">• Signs global growth is no longer deteriorating.	<ul style="list-style-type: none">• Riskier assets rallied sharply.
OUTLOOK	<ul style="list-style-type: none">• The U.S. is firmly in late-cycle.• Global cycle is mature.• The global industrial recession may be ending.• Trade and other policy uncertainty has not been eliminated but may be ebbing.	<ul style="list-style-type: none">• Late-cycle phases typically exhibit higher volatility.• Near-term backdrop may favor more global assets over U.S.• Prioritize diversification amid significant uncertainty.

Diversification does not ensure a profit or guarantee against a loss.

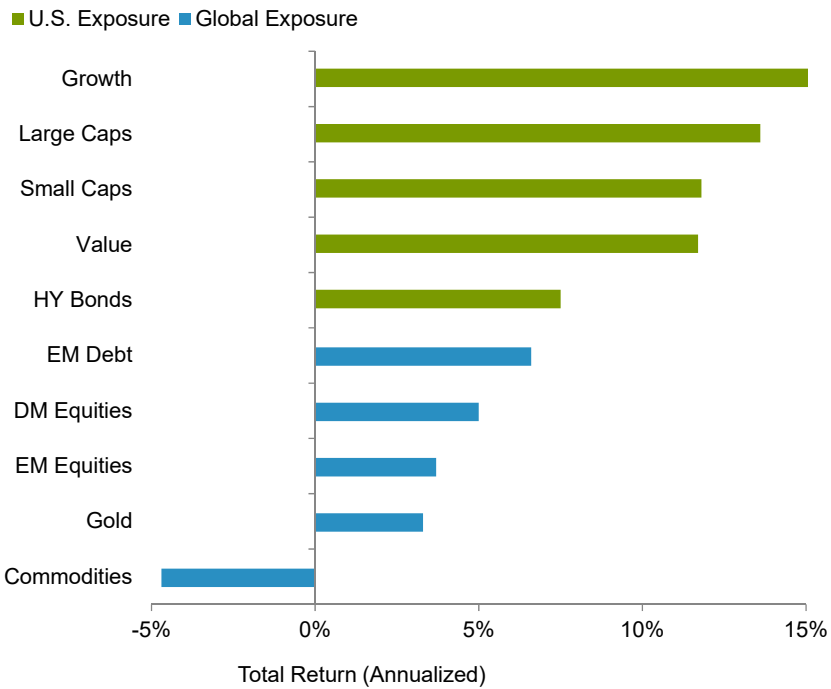
Global Equities Finished Terrific 2019 on a High Note

	Q4 2019 (%)	1 Year (%)		Q4 2019 (%)	1 Year (%)
U.S. Large Cap Stocks	9.1	31.5	Emerging-Market Stocks	11.8	18.4
U.S. Mid Cap Stocks	7.1	30.5	Gold	3.0	18.3
Real Estate Stocks	-0.8	26.0	Emerging-Market Bonds	2.1	14.4
U.S. Small Cap Stocks	9.9	25.5	High Yield Bonds	2.6	14.4
Non-U.S. Small Cap Stocks	11.5	25.0	U.S. Corporate Bonds	1.1	13.8
Non-U.S. Developed-Country Stocks	8.2	22.0	Investment-Grade Bonds	0.2	8.7
Long Government & Credit Bonds	-1.1	19.6	Commodities	4.4	7.7

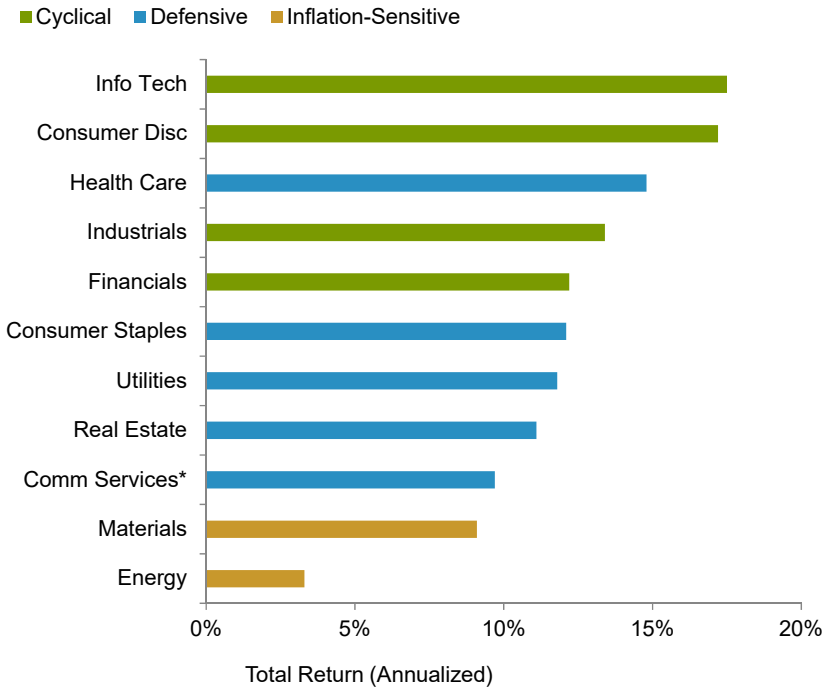
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Assets represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Bonds—JP Morgan EMBI Global Index; Emerging- Market Stocks—MSCI EM Index; Gold—Gold Bullion, LBMA PM Fix; High-Yield Bonds—ICE BofAML High Yield Bond Index; Investment-Grade Bonds— Bloomberg Barclays U.S. Aggregate Bond Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Non-U.S. Small Cap Stocks—MSCI EAFE Small Cap Index; Real Estate Stocks—FTSE NAREIT Equity Index; U.S. Corporate Bonds—Bloomberg Barclays U.S. Credit Index; U.S. Large Cap Stocks—S&P 500® Index; U.S. Mid Cap Stocks—Russell Midcap Index; U.S. Small Cap Stocks—Russell 2000 Index; Long Government & Credit Bonds—Bloomberg Barclays Long Government & Credit Index. Source: Bloomberg Finance L.P., Haver Analytics, Fidelity Investments Asset Allocation Research Team (AART), as of 12/31/19.

U.S. Growth and Tech Stocks Dominated the Decade

Performance of Major Risk Assets (2010–2019)



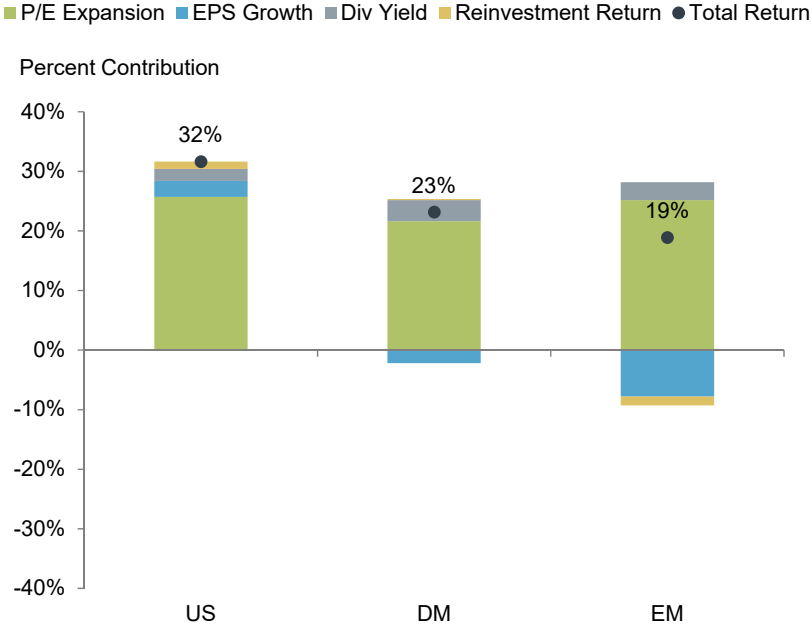
U.S. Equity Sector Performance (2010–2019)



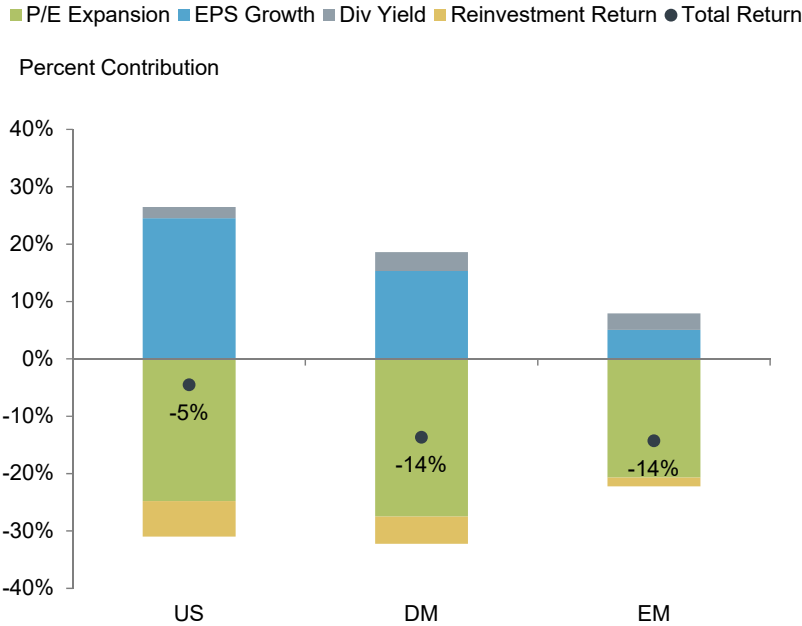
*Sector was defensive for majority of period until change to GICS structure in 2018. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.

Rising Valuations Powered Equity Performance in 2019

Equity Index Performance for 2019



Equity Index Performance for 2018



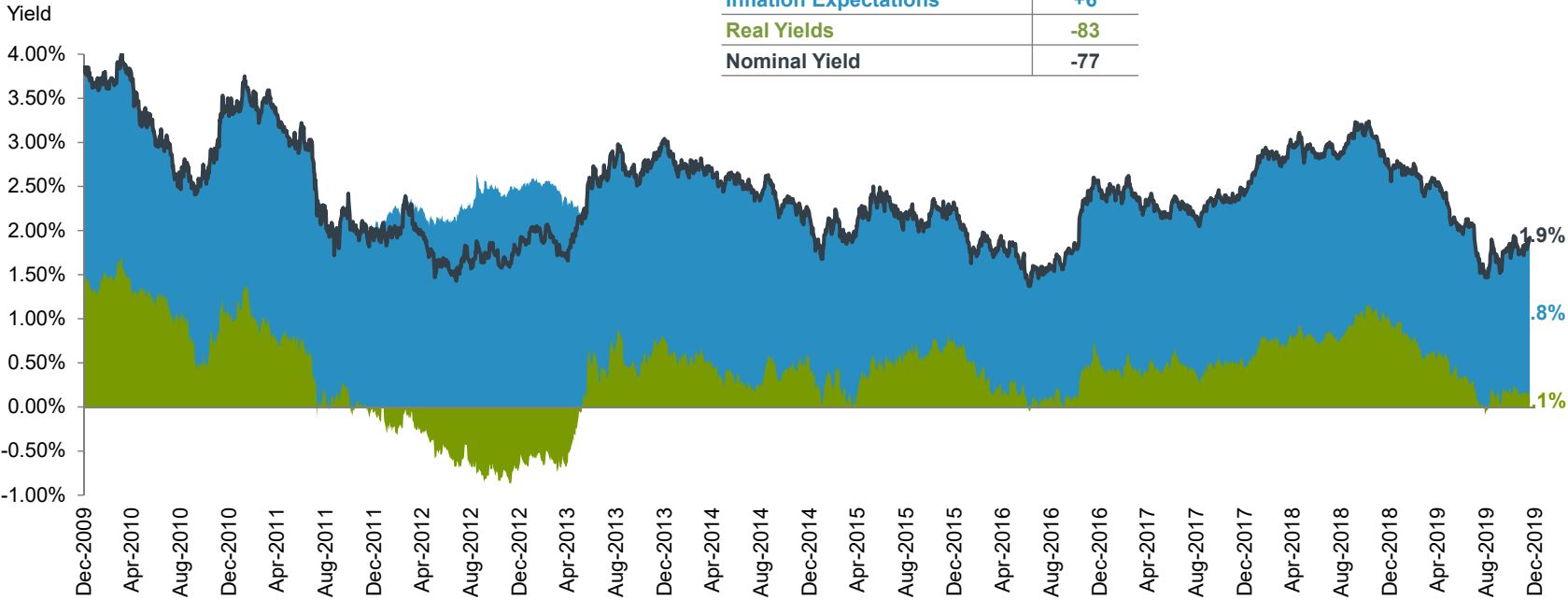
Source: MSCI, Fidelity Investments (AART), as of 12/31/19. Returns are Gross, USD. US: MSCI USA. DM: MSCI World ex US. EM: MSCI Emerging Markets. Reinvestment Return is defined by Morningstar as the difference between compounded monthly total returns and the sum of the sub components.

Bond Yields Ticked Up in Q4 but Sank Notably for the Year

10-Year U.S. Government Bond Yields

■ Inflation Expectations ■ Real Yields — Nominal Yield

2019 Yield Change (bps)	
Inflation Expectations	+6
Real Yields	-83
Nominal Yield	-77

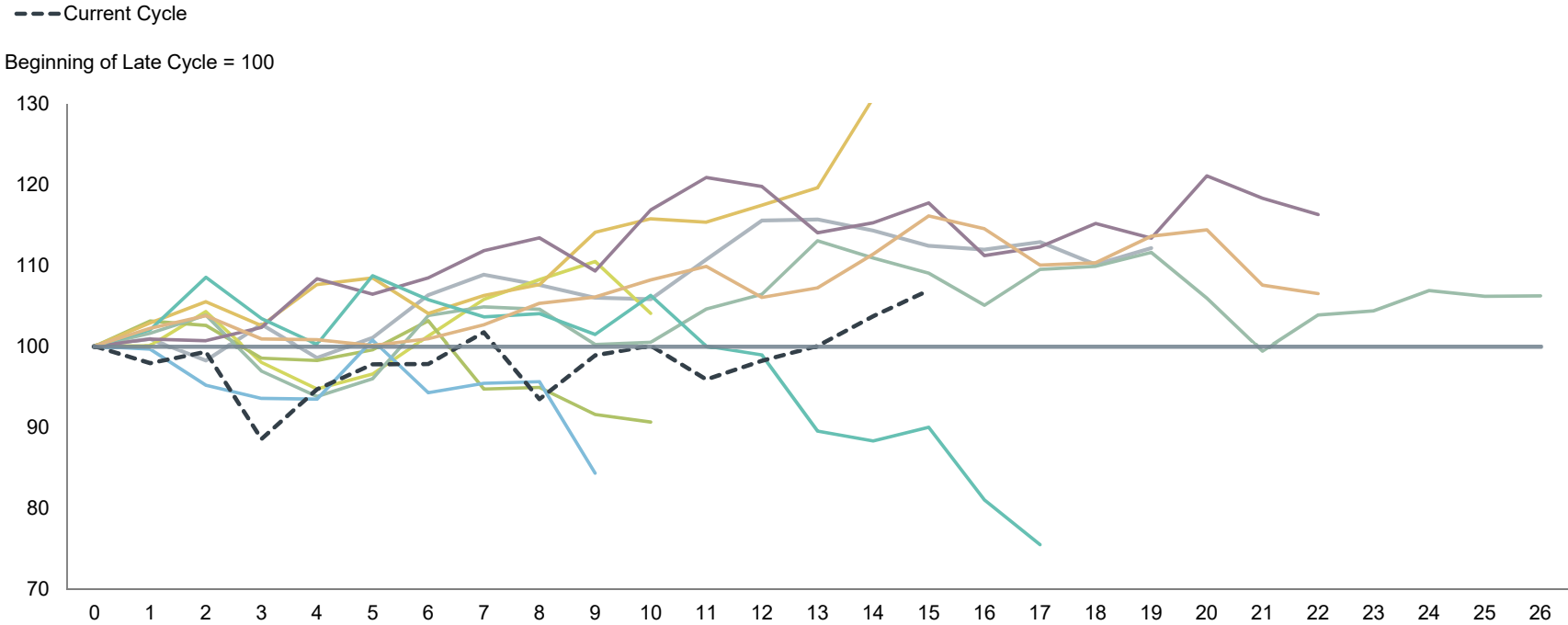


Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.



Stock Performance Less Consistent During Late Cycle

U.S. Equity Less IG Bond Cumulative Performance in Late Cycle (1950–2019)

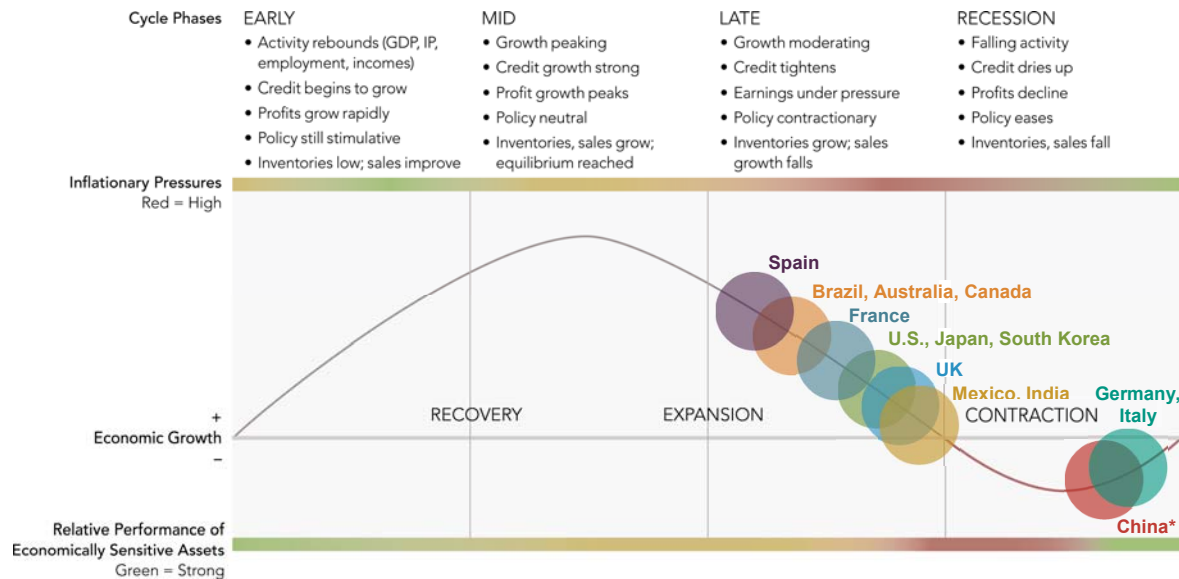


Colored lines represent prior late cycle relative performance. Source: Haver Analytics, Fidelity Investments (AART), as of 12/31/19.



Mature but Less Synchronized Global Business Cycle

Business Cycle Framework

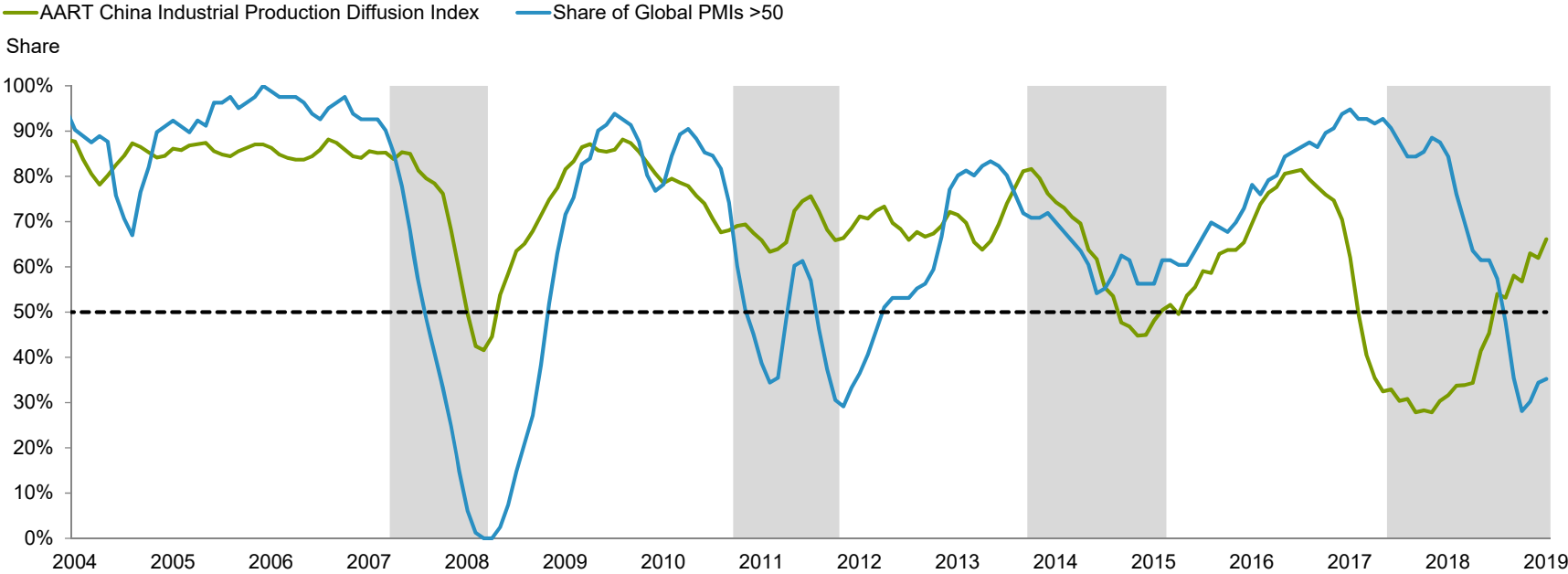


Note: The diagram above is a hypothetical illustration of the business cycle. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. * A growth recession is a significant 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 12/31/19.

Industrial Recession Ending but Upside Uncertain

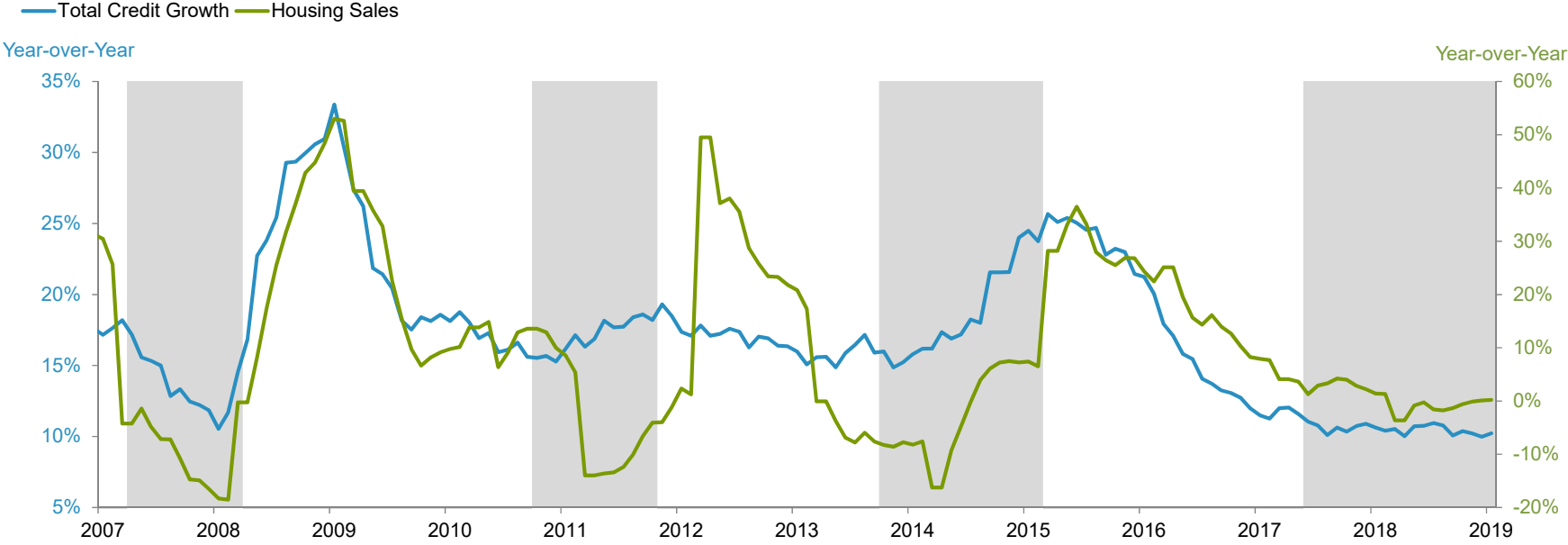
Global Manufacturing and China Industrial Production



AART China Diffusion Index represents share of components rising over last 6 months. Gray bars represent China growth recessions as defined by AART. Source: ISM, Markit, China National Bureau of Statistics (official data), Haver Analytics, Fidelity Investments (AART), as of 11/30/19.






China Emphasizing Stability Over Outright Stimulus

China Credit and Property Market



Gray bars represent China growth recessions as defined by AART. Source: China National Bureau of Statistics (official data), Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

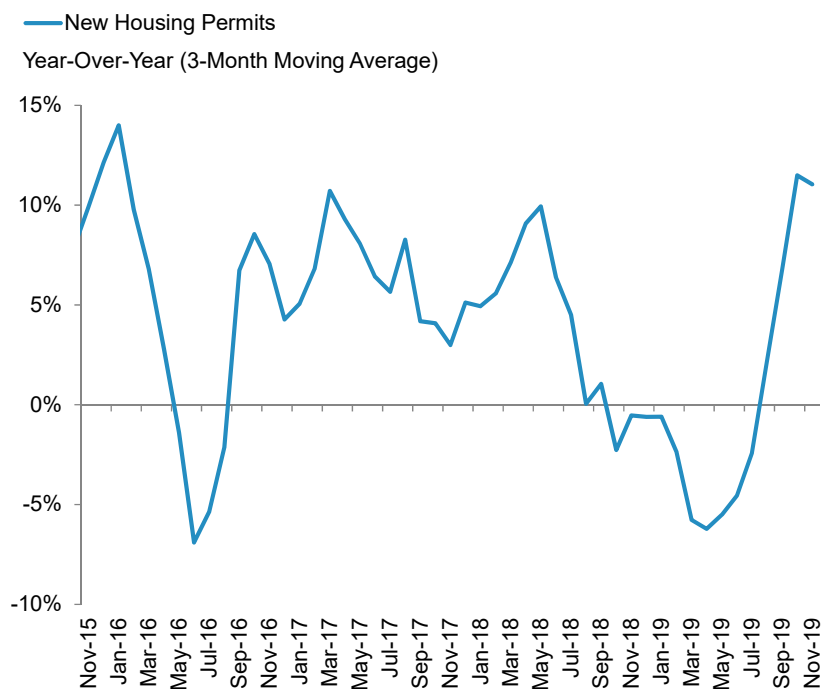
U.S. Economy in Late Cycle, but Credit Not Yet Tighter

INDICATOR	TYPICAL LATE-CYCLE TREND	THIS CYCLE
 Employment/Wages	Tighter labor markets, higher wages	✓
 Monetary Policy	Tighter	✓
 Yield Curve	Flatter then inverted	✓
 Credit	Tighter lending standards and wider credit spreads	✗
 Corporate Profits	Margins decline, slower earnings growth	✓

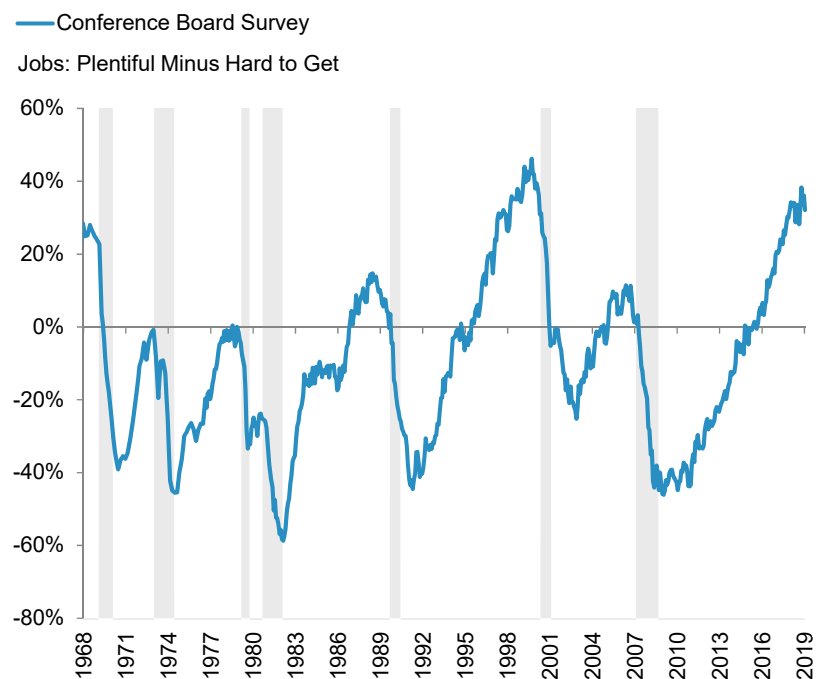
Source: Fidelity Investments (AART), as of 12/31/19.

U.S. Bright Spots: Housing, Labor Market, and Consumer

U.S. Housing



Consumer Assessment of Labor Market



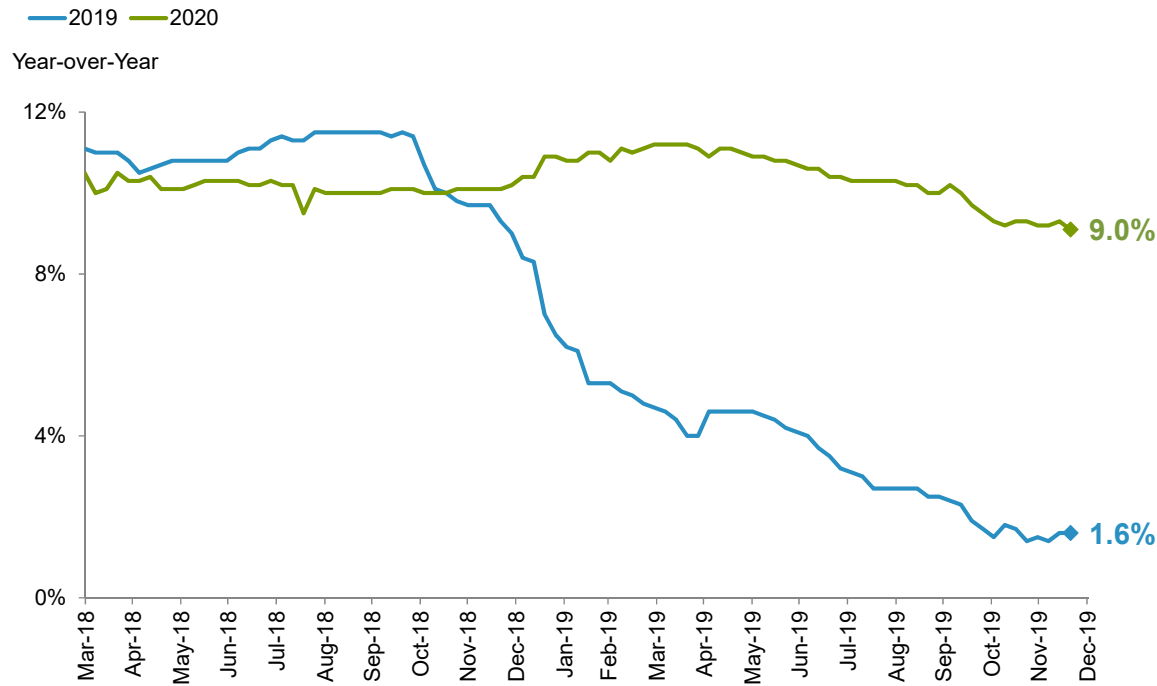
LEFT: Source: Census, Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

RIGHT: Shading represents U.S. economic recession as defined by the National Bureau of Economic Research (NBER).

Source: Conference Board, NBER, Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

Earnings Face A Difficult Expectations Hurdle for 2020

S&P 500 Earnings Growth Estimates

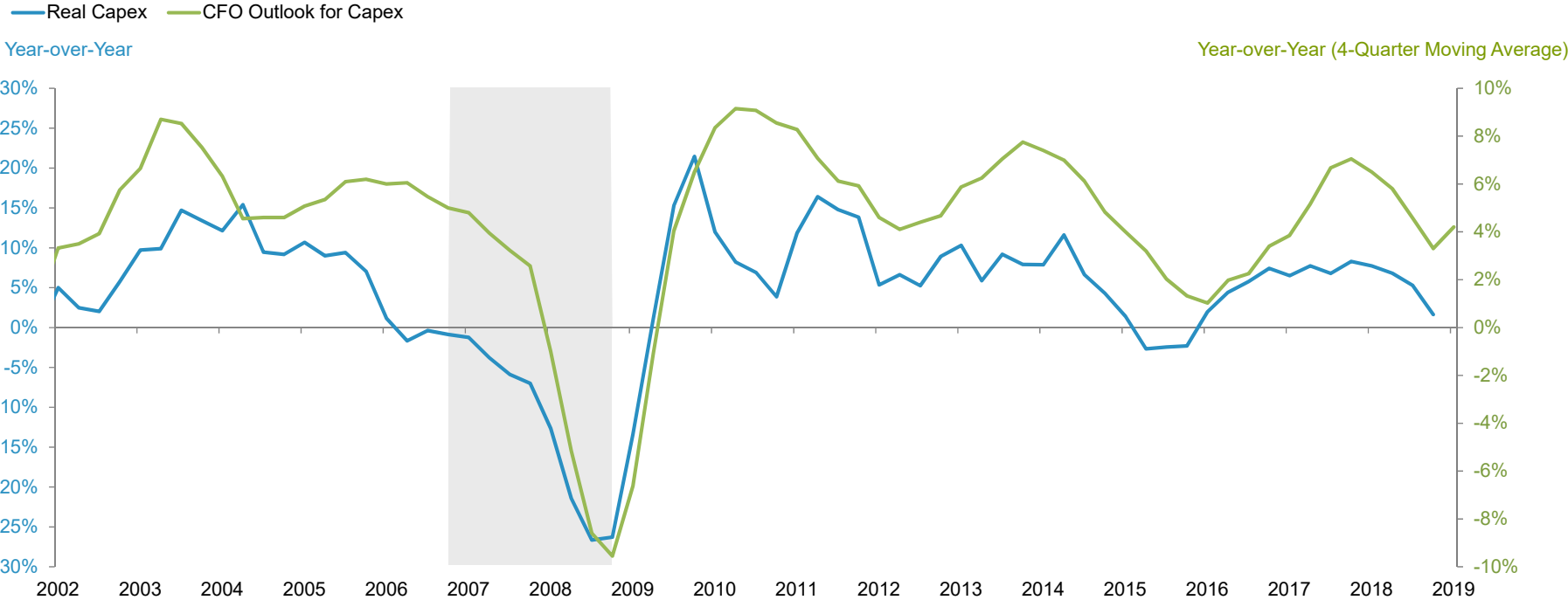


Typical Forms of Earnings Support	
Top Line Revenues	
Global recovery	Boosts sales for exporters and large multi-nationals
Weaker dollar	
Higher oil prices	Helps energy sector
Profit Margins	
Slower wage growth	Lowers input costs
Dovish Fed	Lowers interest expense
Financial Engineering	
Buybacks	Boosts EPS

Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/27/19.

Improving Sentiment Could Reduce the Drag on Capex

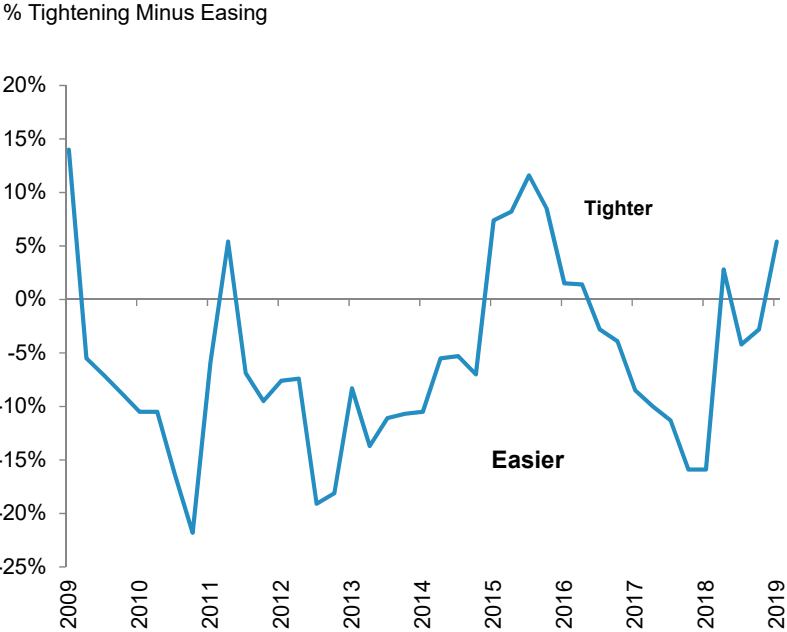
U.S. Capital Investment



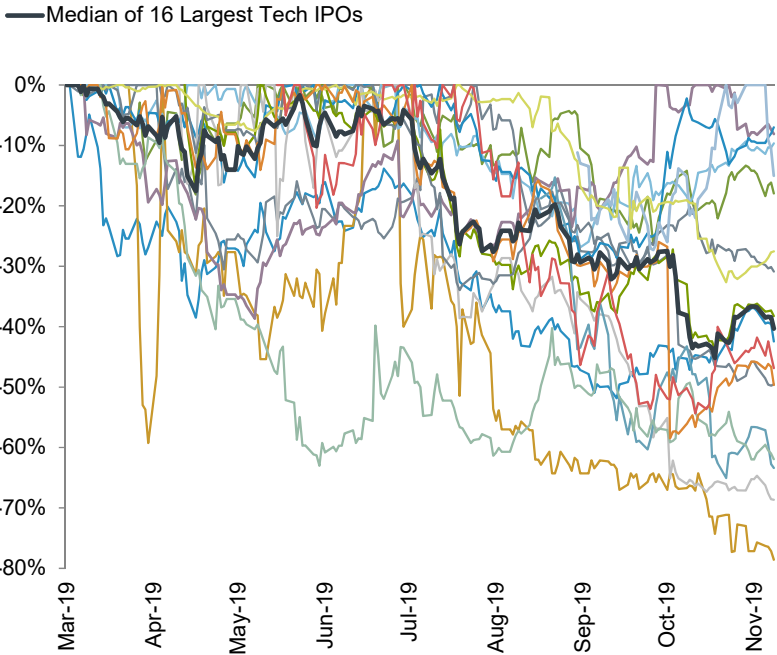
Source: Bureau of Economic Analysis, Duke Fuqua School of Business/CFO Magazine, Haver Analytics, Fidelity Investments (AART), as of 12/11/19.

Monetary Policy not Fully Transmitting to Corporate Sector

Bank Lending Standards for Commercial Loans



Stock Returns for Recent Tech IPOs



LEFT: Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 11/20/19. **RIGHT:** IPOs include Lyft, Snap, Pinterest, Spotify, Uber, Dropbox, Peloton, Grubhub, Zoom, Tradeweb, Tesla, Beyond Meat, Smile Direct, Blue Apron, WeWork, and Crowd Strike. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.

Inflation Outlook Firm; Federal Reserve Likely on Pause

U.S. Inflation

— Core CPI - - - AART Estimate

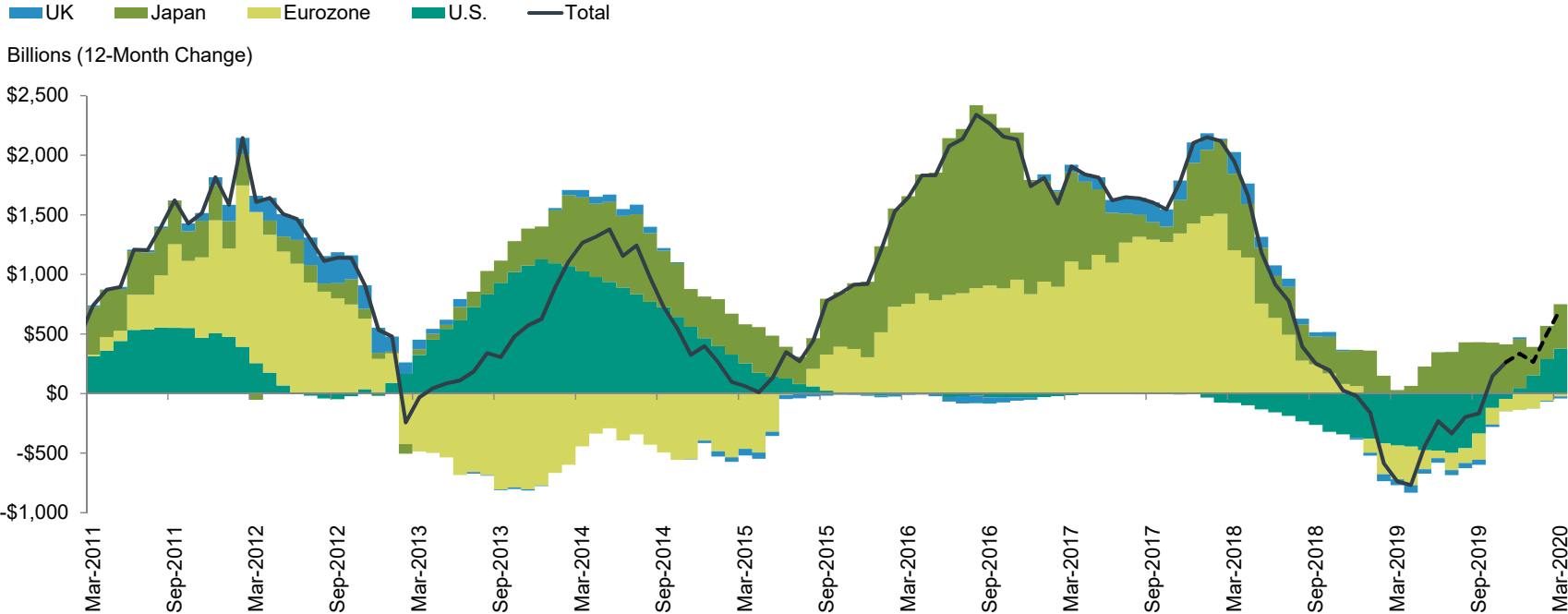
Year-over-Year



Core CPI: Consumer Price Index excluding food and energy. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

Central Banks' Easing Boosts Global Liquidity Growth

Central Bank Balance Sheets



Dotted line estimates future central bank assets: Federal Reserve to purchase \$60B of Treasury bills per month in 2020 Q1, European Central Bank (ECB) to purchase €20B per month in Q1, Bank of England to maintain constant balance sheet, Bank of Japan to purchase at annualized rate of average purchases over last 12 months. Source: Haver Analytics, Fidelity Investments (AART), as of 11/30/19.

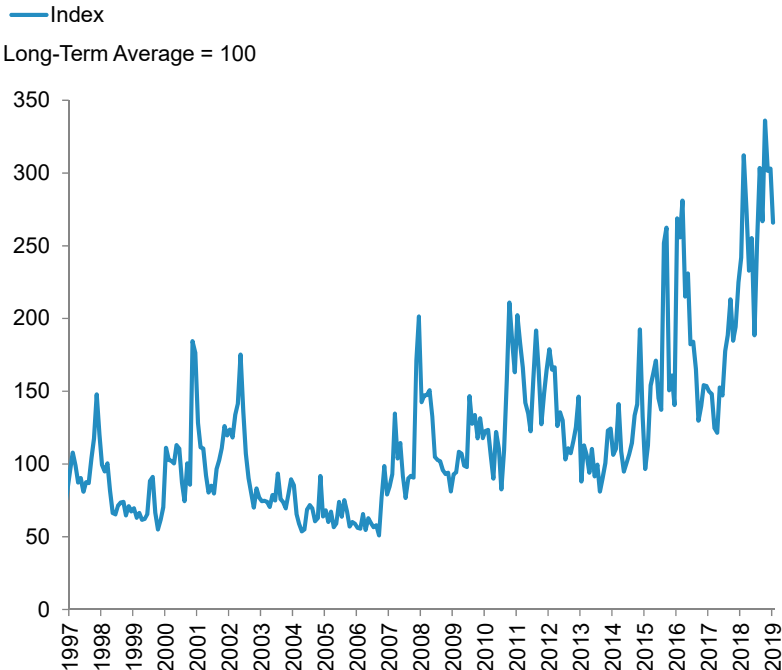
Policy Uncertainty Abated at the Approach of 2020's Dawn

Policy Outlook Scorecard

■ Unfavorable ■ Favorable ■ Cautious

	2019	2020	Potential Trend Change
Deregulation	Favorable	Favorable	
Monetary Policy	Favorable	Favorable	
U.S. Fiscal	Favorable	Favorable	
ROW Fiscal	Unfavorable	Favorable	Easier policies in Japan, China, Europe?
Trade Policy	Unfavorable	Cautious	U.S.-China de-escalation continues?
U.S. Elections	Unfavorable	Cautious	Rising uncertainty?

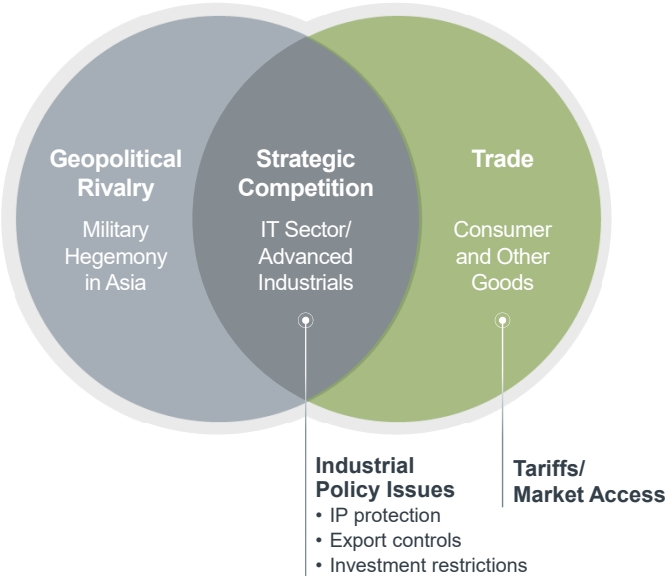
Global Economic Policy Uncertainty



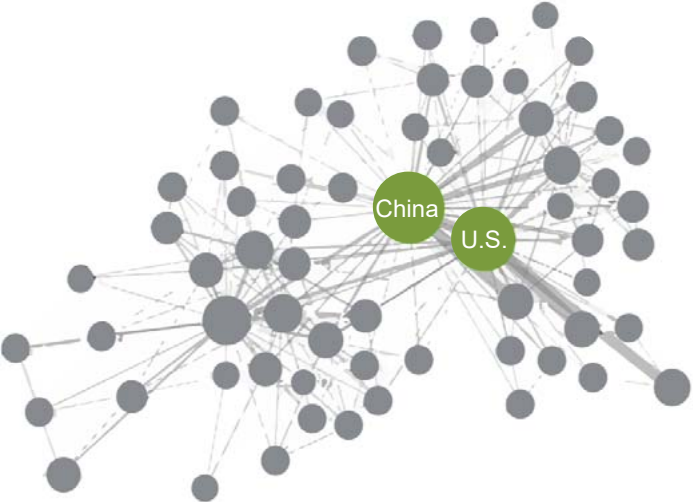
LEFT: Source: Fidelity Investments (AART), as of 12/31/18. RIGHT: Source: Economic Policy Uncertainty, Fidelity Investments (AART), as of 11/30/19.

U.S.-China De-Escalation Positive but No Game Changer

U.S.-China Relationship



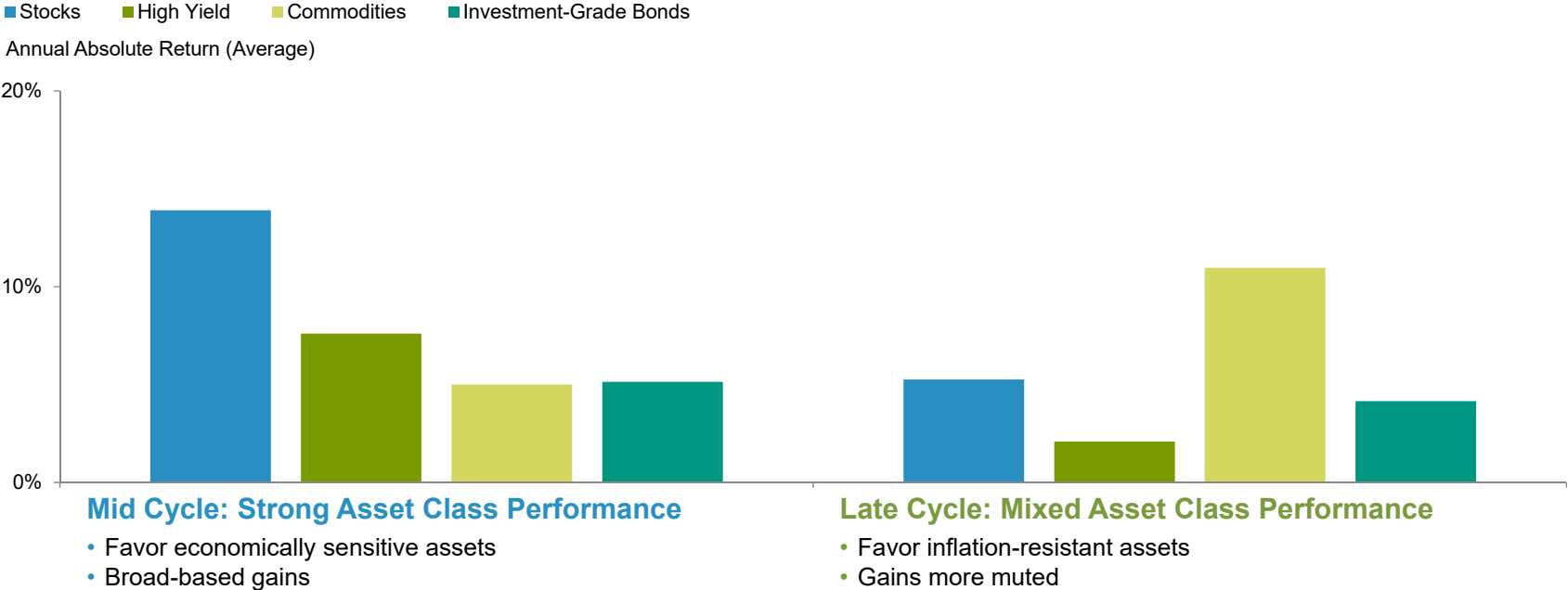
Global Trade Interdependence



RIGHT: Shaded areas are announced changes as of 12/31/19. Source: Peterson Institute for International Economics, Fidelity Investments (AART), as of 12/31/19.

Late Cycle: Less Favorable Risk-Return Profile

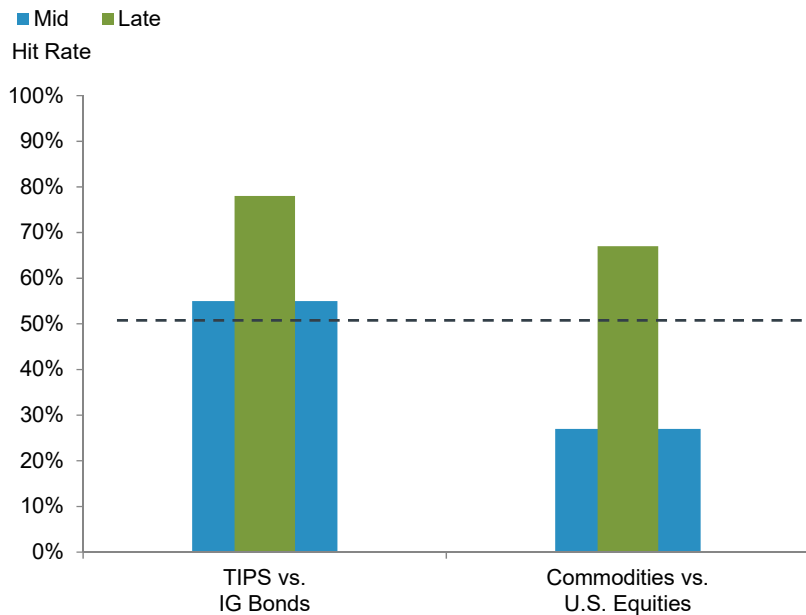
Asset Class Performance in Mid- and Late-Cycle Phases (1950–2016)



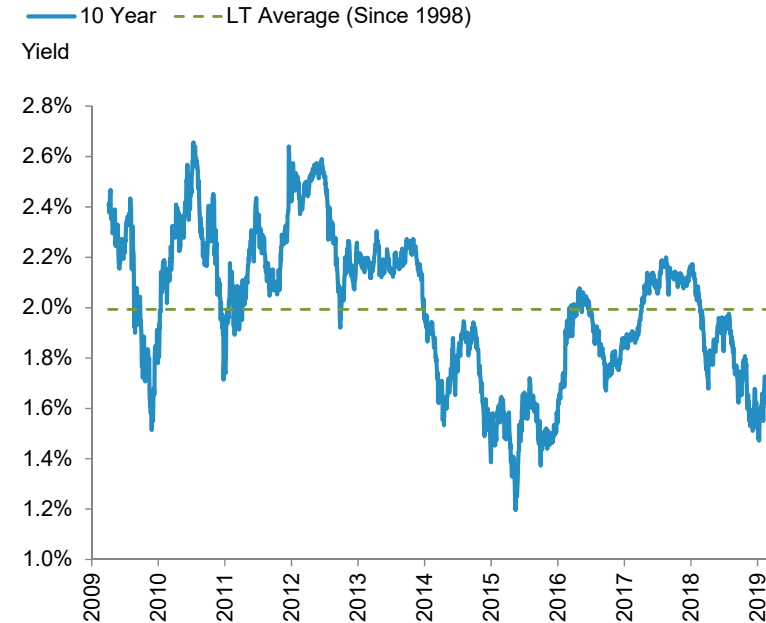
Diversification does not ensure a profit or guarantee against a loss. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg Barclays. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance.

Muted Inflation Expectations Relative to Recent History

Relative Asset Performance by Cycle Phase (1950–2016)



U.S. Treasury Breakeven Inflation Rates

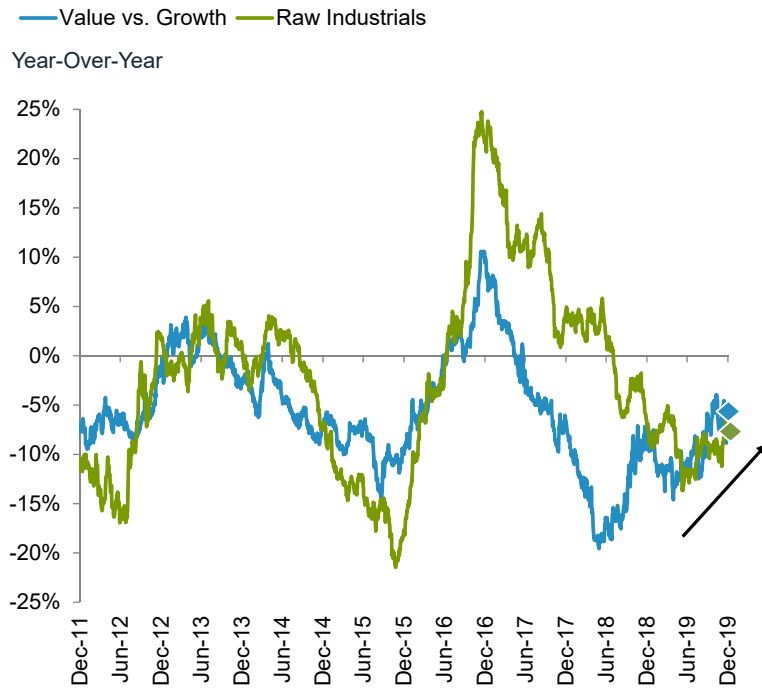


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged.

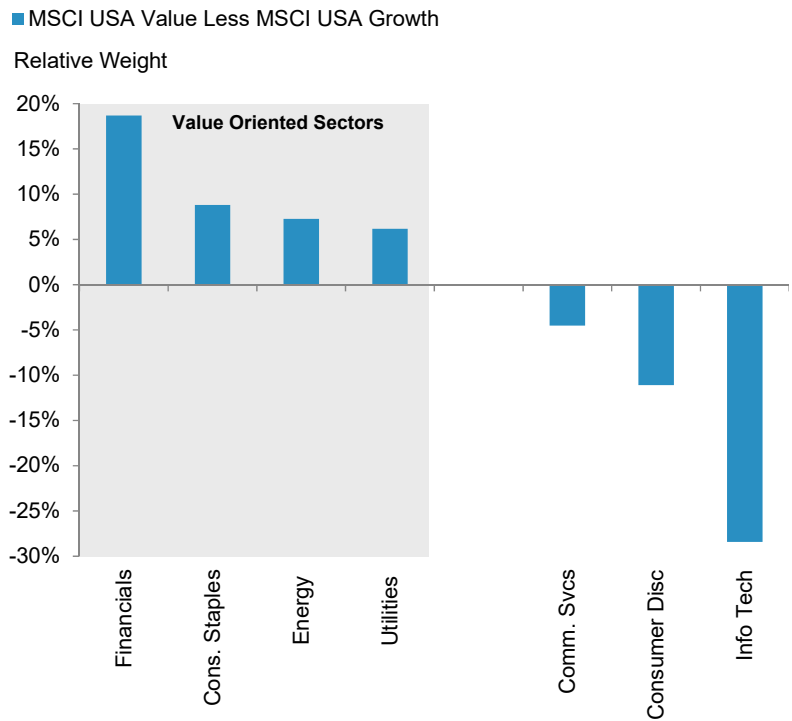
TIPS: Treasury Inflation-Protected Securities. Hit Rate: frequency of one asset class outperforming another. Results are the difference between total returns of the respective periods represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg Barclays. Fidelity Investments source: proprietary analysis of historical asset class performance, which is not indicative of future performance, as of 12/31/19.

Equity Styles: Value Starting to Look Attractive

Equity Styles and Commodities



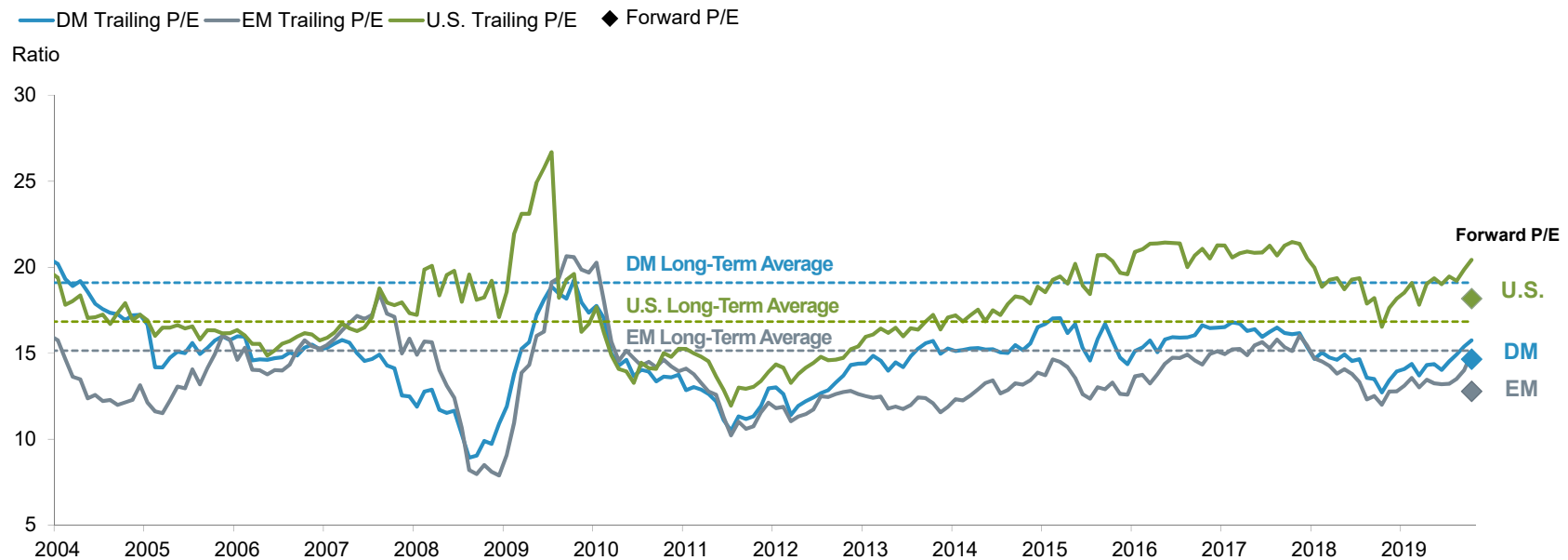
Relative Equity Sector Weights by Style Index



LEFT and RIGHT: Past performance is no guarantee of future results. Raw Industrials: CRB Spot Commodity Price Index: Raw Industrials. Source: Commodity Research Bureau, MSCI, Haver Analytics., Fidelity Investments (AART), as of 12/31/19.

Equity Valuations Rose, Mixed Relative to History

Global Market P/E Ratios



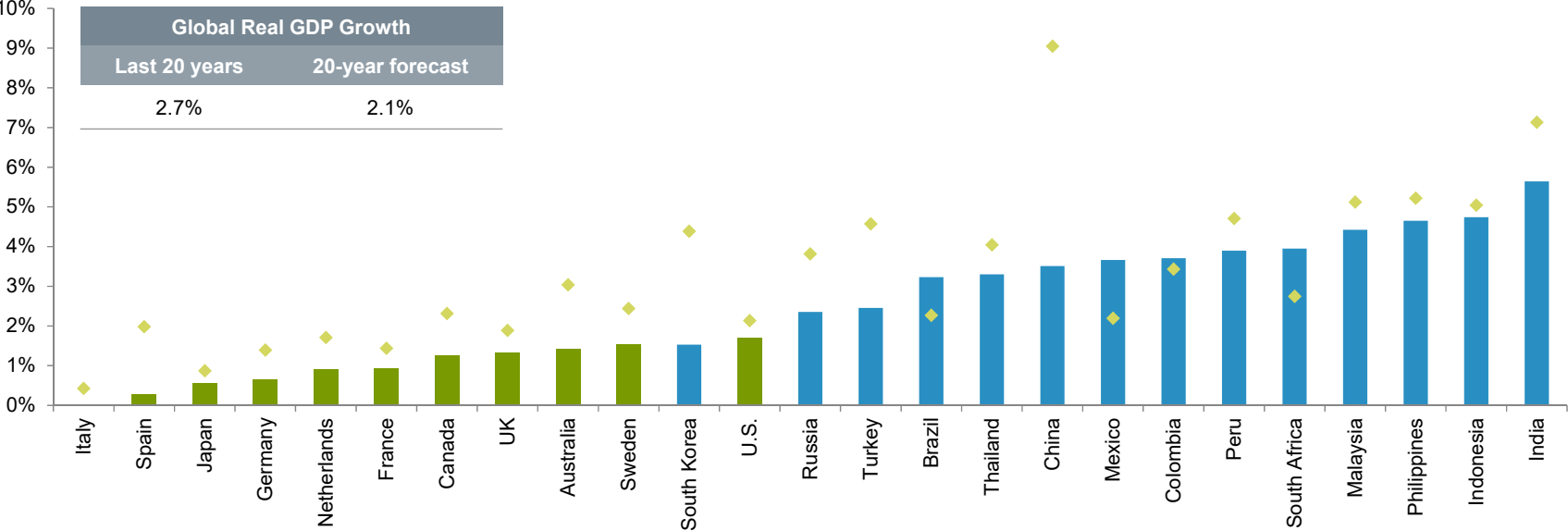
DM: Developed Markets. EM: Emerging Markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings ratio (P/E): stock price divided by earnings per share. Also known as the multiple, P/E gives investors an idea of how much they are paying for a company's earnings power. Long-term average P/E for Emerging Markets includes data for 1988–2017. Long-term average P/E for Developed Markets includes data for 1973–2016, U.S. 1926–2017. Foreign Developed—MSCI EAFE Index, Emerging Markets—MSCI EM Index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/19.

Secular Forecast: Slower Global Growth, EM to Lead

Real GDP 20-Year Growth Forecasts vs. History

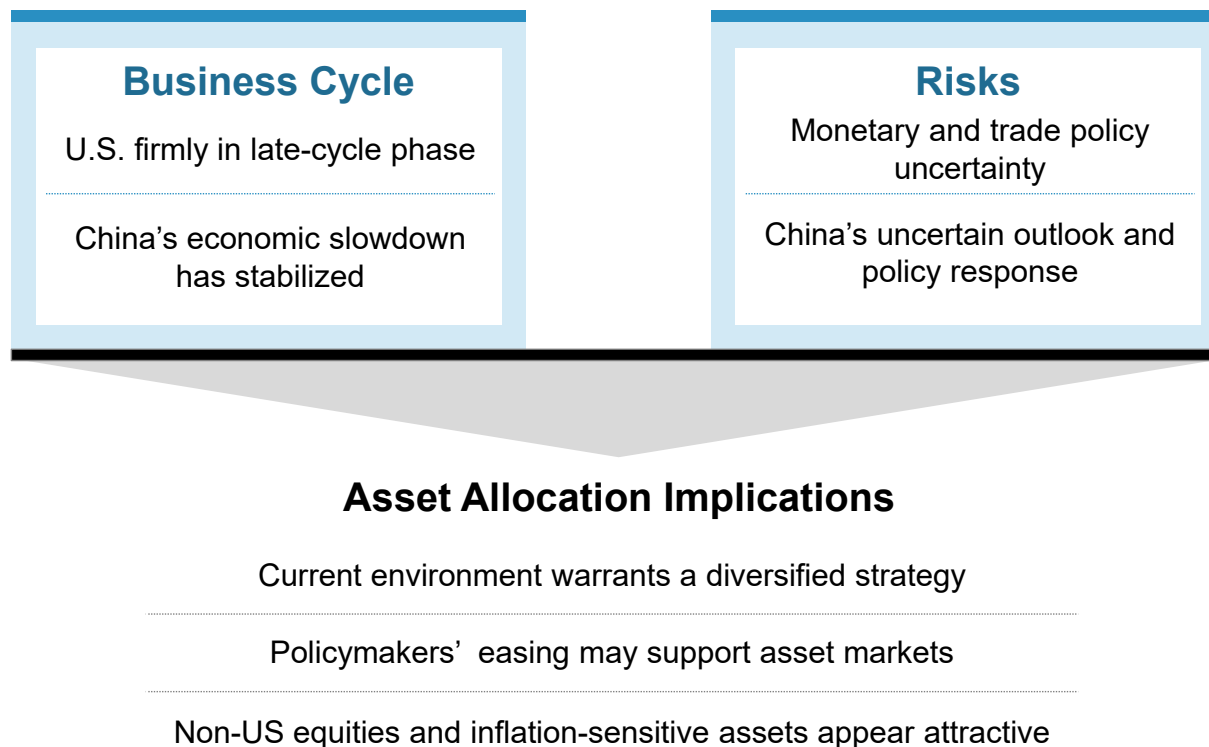
■ Developed Markets ■ Emerging Markets ◆ Last 20 Years

Annualized Rate



Past performance is no guarantee of future results. EM: Emerging Markets. GDP: Gross Domestic Product. Source: OECD, Fidelity Investments (AART), as of 5/31/19.

Outlook: Market Assessment



For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 12/31/19.

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Past performance and dividend rates are historical and do not guarantee future results.

Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, and other expenses, which would reduce performance.

Indexes are unmanaged. It is not possible to invest directly in an index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall, and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments.

Additionally, bonds and short-term investments entail greater inflation risk—or the risk that the return of an investment will not keep up with increases in the prices of goods and services—than stocks. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease.

Stock markets, especially non-U.S. markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

The securities of smaller, less well-known companies can be more volatile than those of larger companies.

Growth stocks can perform differently from the market as a whole and from other types of stocks, and can be more volatile than other types of stocks. Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time.

Lower-quality debt securities generally offer higher yields but also involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

Floating rate loans generally are subject to restrictions on resale, and sometimes trade infrequently in the secondary market; as a result, they may be more difficult to value, buy, or sell. A floating rate loan may not be fully collateralized and therefore may decline significantly in value.

The municipal market can be affected by adverse tax, legislative, or political changes, and by the financial condition of the issuers of municipal securities. Interest income generated by municipal bonds is generally expected to be exempt from federal income taxes and, if the bonds are held by an investor resident in the state of issuance, from state and local income taxes. Such interest income may be subject to federal and/or state alternative minimum taxes. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets. Generally, tax-exempt municipal securities are not appropriate holdings for tax-advantaged accounts such as IRAs and 401(k)s.

The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

The gold industry can be significantly affected by international monetary and political developments, such as currency devaluations or revaluations, central bank movements, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries.

Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

Leverage can magnify the impact that adverse issuer, political, regulatory, market, or economic developments have on a company. In the event of bankruptcy, a company's creditors take precedence over the company's stockholders.

Important Additional Information

Market Indexes

Index returns on slide 24 represented by: Growth—Russell 3000® Growth Index; Large Caps—S&P 500® index; Mid Caps—Russell MidCap® Index; Small Caps—Russell 2000® Index; Value - Russell 3000® Value Index; ACWI ex USA—MSCI All Country World Index (ACWI); Canada—MSCI Canada Index; Commodities—Bloomberg Commodity Index; EAFE—MSCI EAFE (Europe, Australasia, Far East) Index; EAFE Small Cap—MSCI EAFE Small Cap Index; EM Asia—MSCI Emerging Markets Asia Index; EMEA (Europe, Middle East, and Africa)—MSCI EM EMEA Index; Emerging Markets (EM)—MSCI EM Index; Europe—MSCI Europe Index; Gold—Gold Bullion Price, LBMA PM Fix; Japan—MSCI Japan Index; Latin America—MSCI EM Latin America Index; ABS (Asset-Backed Securities)—Bloomberg Barclays ABS Index; Agency—Bloomberg Barclays U.S. Agency Index; Aggregate—Bloomberg Barclays U.S. Aggregate Bond Index; CMBS (Commercial Mortgage-Backed Securities)—Bloomberg Barclays Investment-Grade CMBS Index; Credit—Bloomberg Barclays U.S. Credit Bond Index; EM Debt (Emerging-Market Debt)—JP Morgan EMBI Global Index; High Yield—ICE BofAML U.S. High Yield Index; Leveraged Loan—S&P/LSTA Leveraged Loan Index; Long Government & Credit (Investment-Grade)—Bloomberg Barclays Long Government & Credit Index; MBS (Mortgage-Backed Securities)—Bloomberg Barclays MBS Index; Municipal—Bloomberg Barclays Municipal Bond Index; TIPS (Treasury Inflation-Protected Securities)—Bloomberg Barclays U.S. TIPS Index; Treasuries—Bloomberg Barclays U.S. Treasury Index.

Bloomberg Barclays ABS Index is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing.

Bloomberg Barclays CMBS Index is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch, respectively, with maturities of at least one year. **Bloomberg Barclays Long U.S. Government Credit Index** includes all publicly issued U.S. government and corporate securities that have a remaining maturity of 10 or more years, are rated investment-grade, and have \$250 million or more of outstanding face value.

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 U.S. Agency Bond Index** is a market value-weighted index of U.S. Agency government and investment-grade corporate fixed-rate debt issues. **Bloomberg Barclays U.S. Aggregate Bond** is a broad-based, market value-weighted benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Credit Bond Index** is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays U.S. 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 U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L) is a market value-weighted index that measures the performance of inflation-protected securities issued by the U.S. Treasury. **Bloomberg Barclays U.S. Treasury Bond Index** is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more. **Bloomberg Commodity Index** 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.

Dow Jones U.S. Total Stock Market IndexSM is a full market capitalization-weighted index of all equity securities of U.S.-headquartered companies with readily available price data.

FTSE® National Association of Real Estate Investment Trusts (NAREIT®) All REITs Index is a market capitalization-weighted index that is designed to measure the performance of all tax-qualified REITs listed on the NYSE, the American Stock Exchange, or the NASDAQ National Market List. **FTSE® NAREIT® Equity REIT Index** is an unmanaged market value-weighted index based on the last closing price of the month for tax-qualified REITs listed on the New York Stock Exchange (NYSE).

ICE BofAML U.S. High Yield Index is a market capitalization-weighted index of U.S. dollar-denominated, below-investment-grade corporate debt publicly issued in the U.S. market.

JPM® EMBI Global Index, and its country sub-indexes, tracks total returns for the U.S. dollar-denominated debt instruments issued by emerging-market sovereign and quasi-sovereign entities, such as Brady bonds, loans, and Eurobonds.

MSCI All Country World Index (ACWI) is a market capitalization-weighted index designed to measure the investable equity market performance for global investors of developed and emerging markets. **MSCI ACWI (All Country World Index) ex USA Index** is a market capitalization-weighted index designed to measure the investable equity market performance for global investors of large and mid cap stocks in developed and emerging markets, excluding the United States.

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in emerging markets. **MSCI EM Asia Index** is a market capitalization-weighted index designed to measure equity market performance in Asia. **MSCI EM Europe, Middle East, and Africa (EMEA) Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in the emerging-market countries of Europe, the Middle East, and Africa. **MSCI EM Latin America Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in the emerging-market countries of Latin America.

MSCI Europe, Australasia, Far East Index (EAFE) is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the U.S. and Canada. **MSCI EAFE Small Cap Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance of small cap stocks for global investors in developed markets, excluding the U.S. and Canada.

Important Additional Information

Market Indexes (continued)

MSCI Europe Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors of the developed markets in Europe. **MSCI Canada Index** is a market capitalization-weighted index designed to measure equity market performance in Canada. **MSCI Japan Index** is a market capitalization-weighted index designed to measure equity market performance in Japan.

Russell 2000® Index is a market capitalization-weighted index designed to measure the performance of the small cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index. **Russell 3000® Index** is a market capitalization-weighted index designed to measure the performance of the 3,000 largest companies in the U.S. equity market. **Russell 3000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. 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 small to mid cap value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates. **Russell MidCap® Index** is a market capitalization-weighted index designed to measure the performance of the mid cap segment of the U.S. equity market. It contains approximately 800 of the smallest securities in the Russell 1000 Index.

The **S&P 500®** 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 500 is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates.

The **Sectors and Industries** are defined by Global Industry Classification Standards (GICS®), except where noted otherwise. **S&P 500 sectors** are defined as follows: Consumer Discretionary—companies that tend to be the most sensitive to economic cycles. Consumer Staples—companies whose businesses are less sensitive to economic cycles. Energy—companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials—companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and mortgage real estate investment trusts (REITs). Health Care—companies in two main industry groups: health care equipment suppliers, manufacturers, and providers of health care services; and companies involved in research, development, production, and marketing of pharmaceuticals and biotechnology products. Industrials—companies that manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. Information Technology—companies in technology software and services and technology hardware and equipment. Materials—companies that engage in a wide range of commodity-related manufacturing. Real Estate—companies in real estate development, operations, and related services, as well as equity REITs. Communication Services—companies that facilitate communication and offer related content through various media; it includes media companies moved from Consumer Discretionary and internet services companies moved from Information Technology. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

Standard & Poor's/Loan Syndications and Trading Association (S&P/LSTA) Leveraged Performing Loan Index is a market value-weighted index designed to represent the performance of U.S. dollar-denominated institutional leveraged performing loan portfolios (excluding loans in payment default) using current market weightings, spreads, and interest payments.

Other Indexes

The Consumer Price Index (CPI) is a monthly inflation indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

The London Bullion Market Association (LBMA) publishes the international benchmark price of gold in USD, twice daily. The **LBMA Gold price** auction takes place by ICE Benchmark Administration (IBA) at 10:30 and 15:00 with the price set in U.S. dollars per fine troy ounce.

Definitions

Correlation coefficient measures the interdependencies of two random variables that range in value from -1 to +1, indicating perfect negative correlation at -1, absence of correlation at 0, and perfect positive correlation at +1.

Price-to-Earnings (P/E) ratio is the ratio of a company's current share price to its current earnings, typically trailing 12-months earnings per share. A Forward P/E calculation will typically use an average of analysts' published estimates of earnings for the next 12 months in the denominator.

Excess return is the amount by which a portfolio's performance exceeds its benchmark, net (in the case of the analysis in this article) or gross of operating expenses, in percentage points.

Option-Adjusted Spread (OAS) is the measurement of the spread between a fixed-income security's rate and the risk-free rate of return, which is adjusted to take into account any embedded options.

The Chartered Financial Analyst® (CFA®) designation is offered by CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least four years of qualifying work experience, among other requirements.

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

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