

Commentary | First Quarter 2023

Investment Research Update

From the desk of












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Performance Summary: Sector Returns Vary Widely

Sector performance was mixed during the fourth quarter of 2022 as investors digested falling but still high inflation, continued Federal Reserve rate hikes and a slowing but resilient economy. Energy, industrials and materials surged while consumer discretionary and communications services struggled.

Sector	Performance as of 12/31/22				Weight in S&P 500®
	Latest Quarter	1-Year	3-Year Annualized	Dividend Yield	
 Communication Services	-1.4%	-39.9%	-3.3%	1.2%	7.3%
 Consumer Discretionary	-10.2%	-37.0%	1.5%	1.0%	9.8%
 Consumer Staples	12.7%	-0.6%	9.3%	2.5%	7.2%
 Energy	22.8%	65.7%	19.3%	3.0%	5.2%
 Financials	13.6%	-10.5%	5.9%	2.0%	11.7%
 Health Care	12.8%	-2.0%	11.9%	1.6%	15.8%
 Industrials	19.2%	-5.5%	8.3%	1.6%	8.7%
 Information Technology	4.7%	-28.2%	11.6%	1.1%	25.7%
 Materials	15.0%	-12.3%	10.5%	2.1%	2.7%
 Real Estate	3.8%	-26.1%	1.8%	3.2%	2.7%
 Utilities	8.6%	1.6%	6.3%	2.9%	3.2%
S&P 500®	7.6%	-18.1%	7.7%	1.7%	












Past performance is no guarantee of future results. Sectors defined by the Global Industry Classification Standard (GICS®); see Index Definitions for details. Performance metrics reflect S&P 500 sector indexes. Changes were made to the GICS framework on 9/24/18; historical S&P 500 communication services sector data prior to 9/24/18 reflect the legacy telecommunication services sector. The top three performing sectors over each period are shaded green; the bottom three are shaded red. It is not possible to invest directly in an index. All indexes are unmanaged. Percentages may not total 100% due to rounding.

2 Source: Haver Analytics, Morningstar, FactSet, Fidelity Investments, as of 11/30/2022.



Scorecard: Favoring Health Care and Materials

A combination of good fundamentals and low valuations have made the health care sector appealing, while supportive valuations and economic indicators have boosted the outlook for materials. Defensive characteristics may drag on performance for communications services and utilities, while information technology may be fully valued.

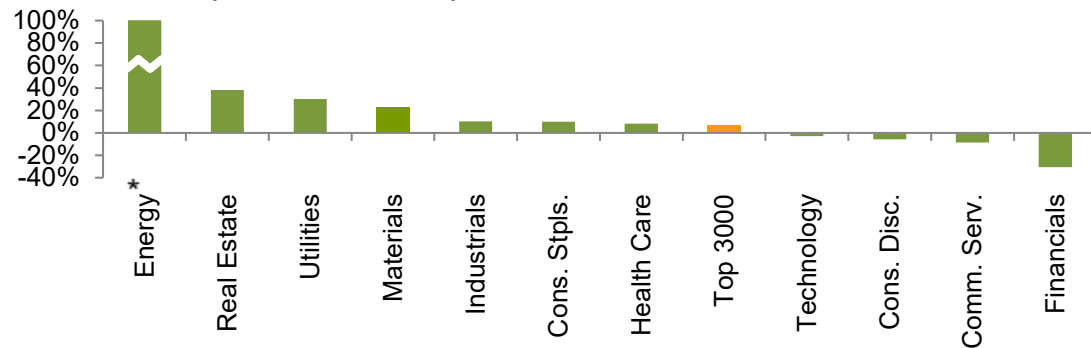
Sector	Strategist View ■ Overweight ■ Neutral ■ Underweight	Time Horizon View			Comments
		Longer Fundamentals	Valuations	Shorter Relative Strength	
 Communication Services	■	—	+	—	Defensive characteristics may hinder performance
 Consumer Discretionary	■	—	—	—	Increasingly constructive contrarian indicators, median valuation compelling
 Consumer Staples	■				Valuation has changed to a headwind
 Energy	■	+	+	+	Increasingly mixed signals from macro and fundamental
 Financials	■	—			Recovering fundamentals bolster the outlook
 Health Care	■			+	Good combination of fundamentals and valuation
 Industrials	■		—	+	Other predictive valuation indicators still compelling
 Information Technology	■	+			Strong fundamentals increasingly priced in
 Materials	New since Q4 ■	+			Valuation and economic indicators are supportive
 Real Estate	■		+	—	Elevated valuation likely to be a headwind
 Utilities	■		—		Defensive characteristics may hinder performance

Past performance is no guarantee of future results. Strategist view, fundamentals, valuations, and relative strength are based on the top 3,000 U.S. stocks by market capitalization. Sectors defined by the GICS; see Index Definitions for details. Historical communication services data has been restated back to 1962 to account for changes to the GICS framework made on 9/24/18. **Strategist view** is as of the date indicated based on the information available at that time and may change based on market or other conditions. This is not necessarily the opinion of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information. Overweight and underweight views represent opportunistic tilts in a hypothetical portfolio relative to broad market sector weights. Sector weights may vary depending on an individual's risk tolerance and goals. Time horizon view factors are based on historical analysis and are not a qualitative assessment by any individual investment professional. The top three sectors based on each time horizon view metric are shaded green; the bottom three are shaded red. See Glossary and Methodology for details. It is not possible to invest directly in an index. All indexes are unmanaged. Source: Haver Analytics, FactSet,

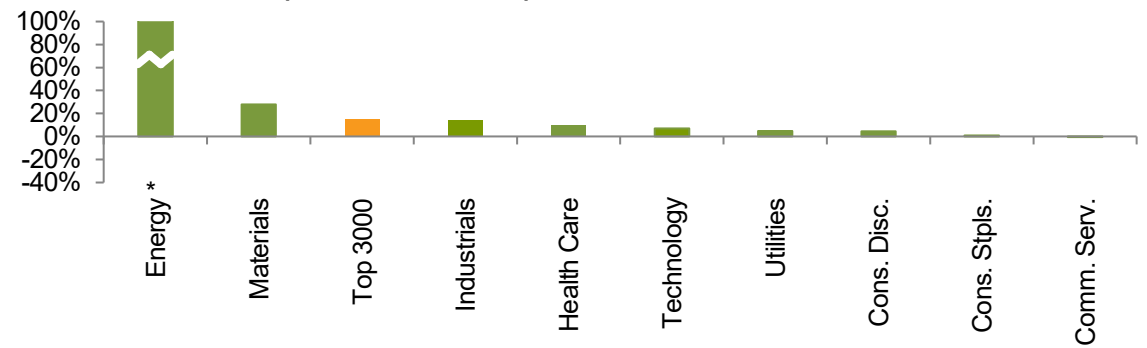
Fundamentals: Energy Leads, Financials Lag

The energy sector had by far the strongest fundamentals scores of any sector in the fourth quarter, ranking first in EPS Growth, EBITDA and return on equity and placing second on free-cash-flow margin. Materials and technology also scored highly. Financials ranked last on fundamentals, below communications services and consumer discretionary.

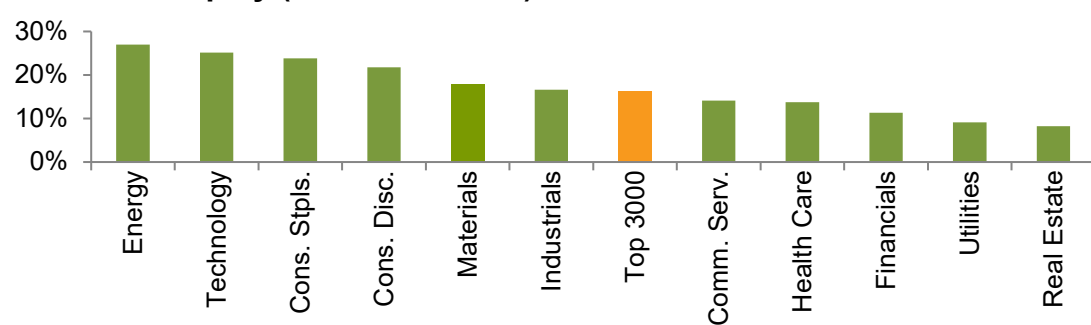
EPS Growth (Last 12 Months)



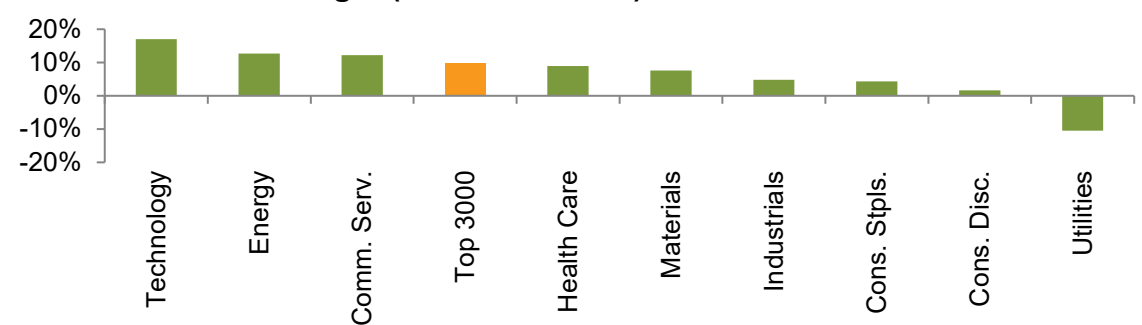
EBITDA Growth (Last 12 Months)



Return on Equity (Last 12 Months)



Free-Cash-Flow Margin (Last 12 Months)



Fundamentals: Strong and improving fundamentals historically have been an intermediate-term indicator of sector performance. Our analysis gives a view of how each sector has done in terms of growth and profitability.

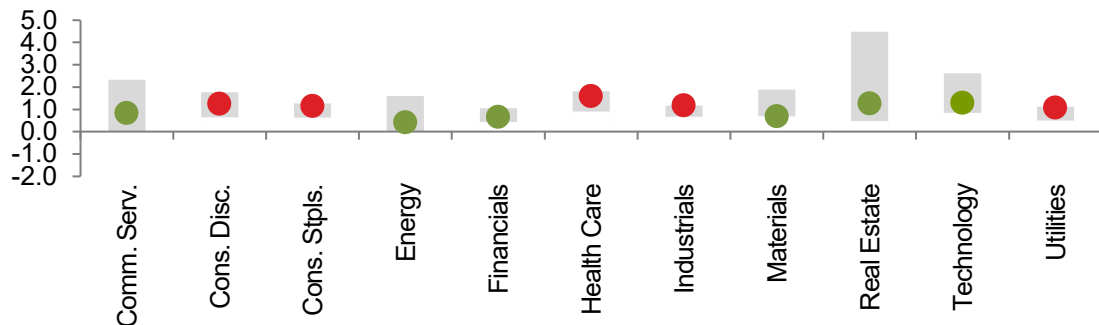
Past performance is no guarantee of future results. EPS = earnings per share. EBITDA = earnings before interest, taxes, depreciation, and amortization. * EPS growth value over the last 12 months for energy was 2,789%; EBITDA Growth for energy over the same period was 167%. The financials and real estate sectors are not represented in the EBITDA growth or free-cash-flow margin charts because of differences in their business models and accounting standards. See Glossary and Methodology for further explanation. Sectors based on the top 3,000 U.S. stocks by market capitalization and defined by GICS. Communication services data restated back to 1962.

Valuations: Results Help Energy, Hurt Consumer Discretionary

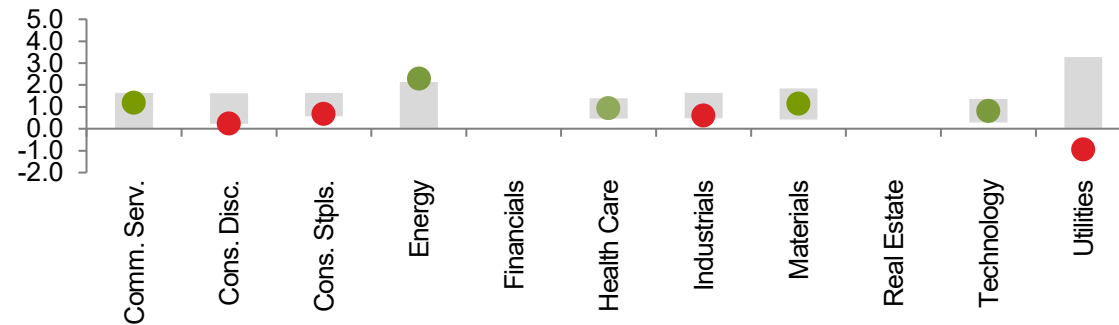
Energy companies' earnings, sales, and cash flow benefited from high energy prices. Those strong results lowered the sector's valuations, helping it produce better valuation scores than any other sector. Communications services and real estate came in second and third, respectively. Weak financial results contributed to trailing valuation scores for consumer discretionary, utilities, and industrials.

■ Historical Range ● Current: Green/Red = Cheap/Expensive Relative to Historical Average

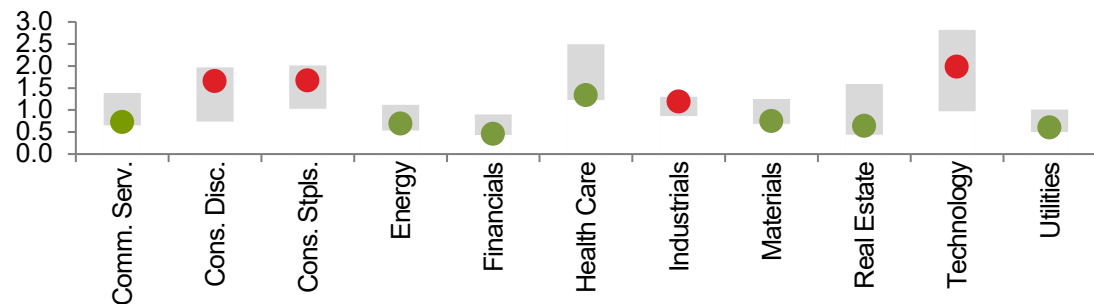
Price-to-Earnings Ratio; Forward Price/Earnings Ratio Relative to Top 3,000 Stocks



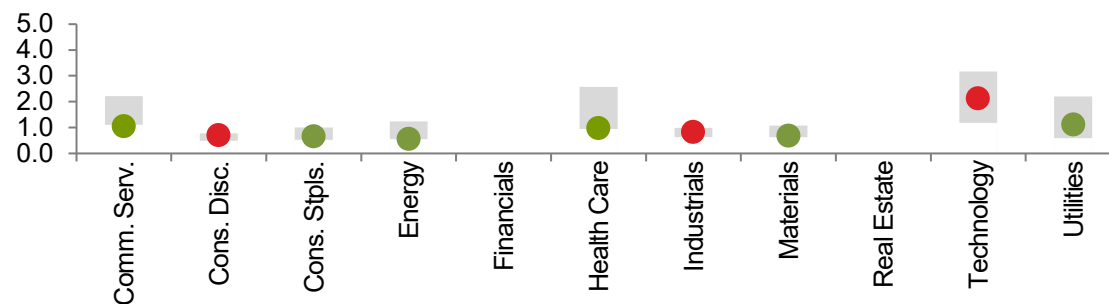
Free-Cash-Flow Yield; Free-Cash-Flow Yield Relative to Top 3,000 Stocks



Price-to-Book Ratio; Forward Price/Book Ratio Relative to Top 3,000 Stocks



Price-to-Sales Ratio; Forward Price/Sales Ratio Relative to Top 3,000 Stocks



Valuations: On their own, valuations are only a moderately effective indicator of future sector performance, but when combined with other factors, they can be a useful tool in determining the risk-and-reward profile.

Past performance is no guarantee of future results. Free-cash-flow yield reflects free cash flow divided by market price per share; it is the inverse of the price-to-free-cash-flow ratio. Historical range excludes the top and bottom 5%. Green or red circles indicate if current levels are below or above the historical average, which excludes the top and bottom 5%.

The financials and real estate sectors are not represented in the free-cash-flow yield or price-to-sales charts because of differences in their business models and accounting standards. See the Glossary and Methodology for further explanation. Historical range since January 1962. Sectors based on the top 3,000 U.S. stocks by market capitalization and defined by GICS. Communication services data restated back to 1962. Source: Haver Analytics, Fidelity Investments, as of 11/30/22.

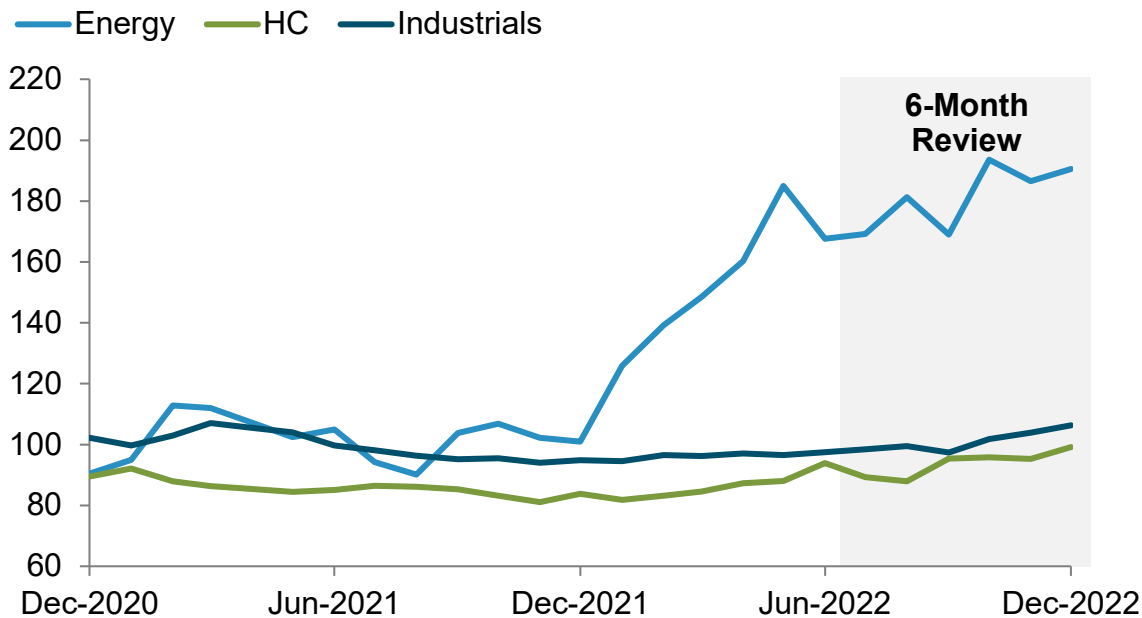


Relative Strength: Energy Again Dominates the Rankings

Energy stocks posted large gains in the second half of 2022. That rally helped the sector place first in relative strength, well ahead of health care and industrials, which came in second and third, respectively. Consumer discretionary's fourth-quarter downturn caused it to have the worst relative strength. Real estate and communications services also exhibited relative weakness.

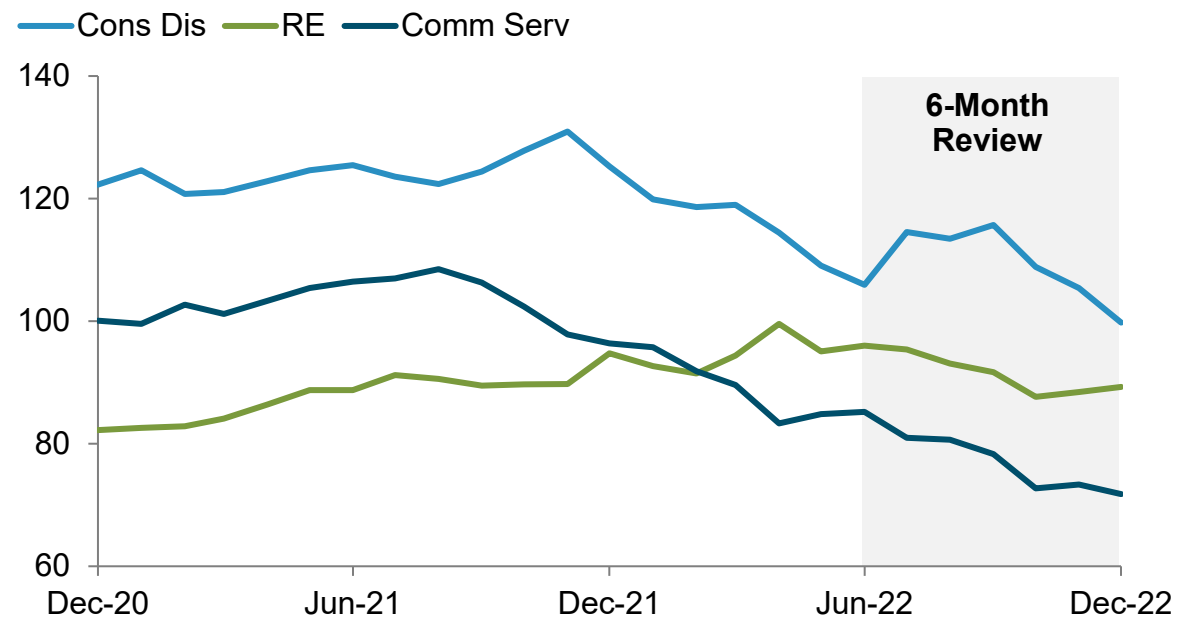
Sectors Exhibiting Relative Strength

Price Relative to the Russell 3000 Index



Sectors Exhibiting Relative Weakness

Price Relative to the Russell 3000 Index



Relative Strength: Stocks and sectors that have outperformed the broader market have tended to continue to do so.

Past performance is no guarantee of future results. Relative strength compares the performance of each sector with the performance of the broad market, based on changes in the ratio of the securities' respective prices over time. See Glossary and Methodology for further explanation. Charts represent performance of sectors based on the top 3,000 stocks by market capitalization relative to the Russell 3000 Index. It is not possible to invest directly in an index. All indexes are unmanaged. Source: FactSet, Fidelity Investments, as of 11/30/22.

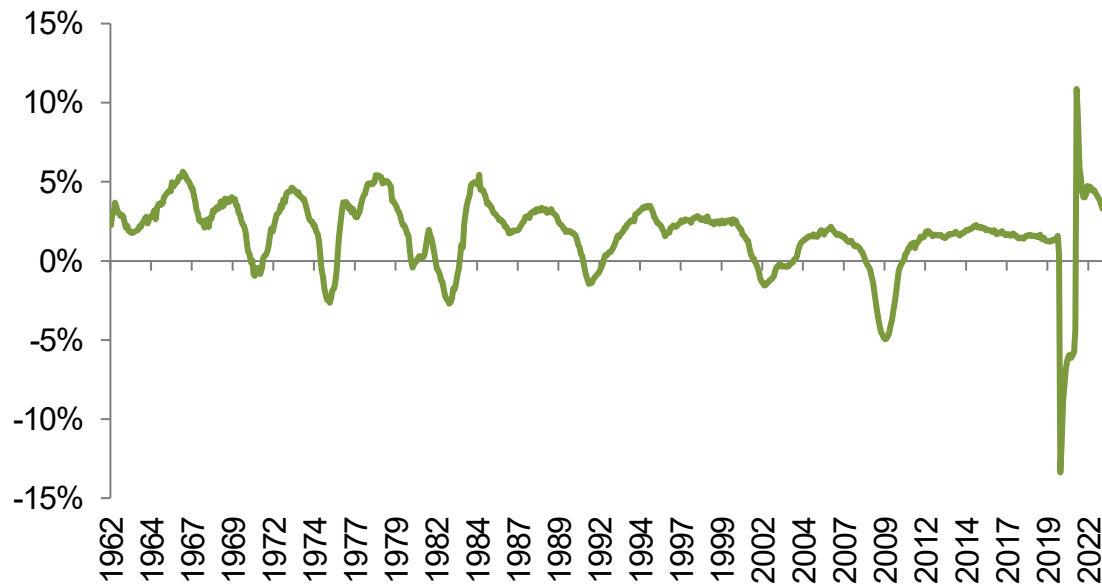


Markets May Advance Even If Payrolls Fall

Recession and job losses may be on the horizon. What would a drop in payrolls mean for stocks? Historically, the answer has depended on the stock market's performance over the previous 12 months. The market has tended to advance during 12-month periods when payrolls declined when stocks fell during the previous 12 months.

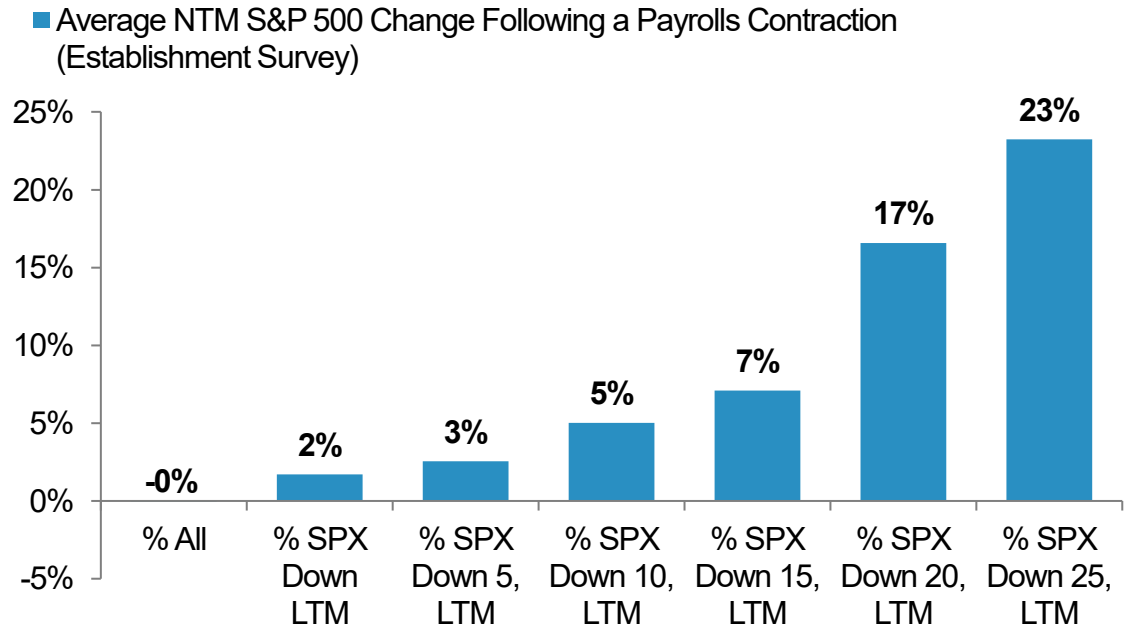
Payrolls Have Declined But Remained Positive

Average All Employees Total Non-Farm Payroll, Seasonally Adjusted, Percent Change Year to Year



After 12M Market Declines, Stocks Have Advanced Through Job Losses

S&P 500 NTM Returns, 1962–Present in Tranches of LTM S&P 500 Returns



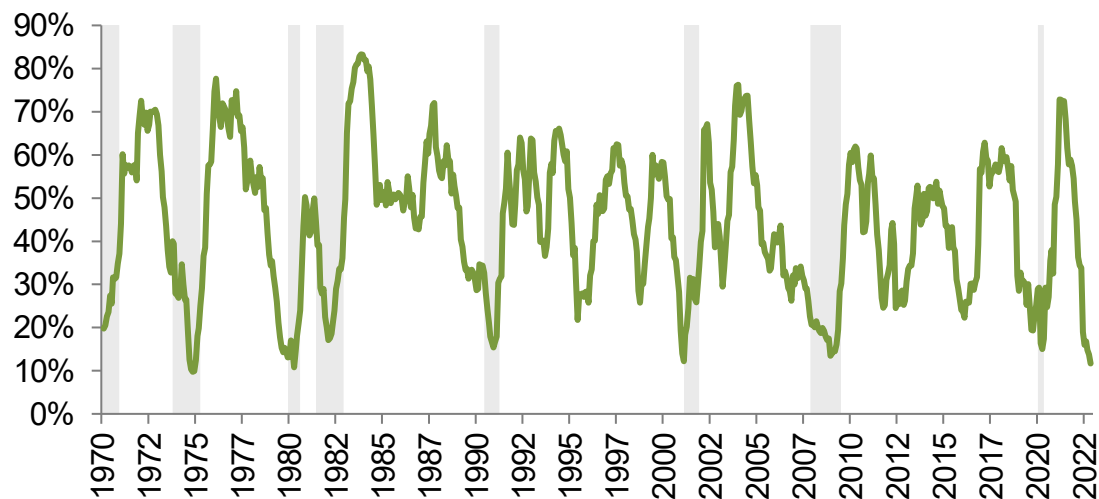
Past performance is no guarantee of future results. LEFT: Non-farm payrolls is data from the U.S. Bureau of Labor Statistics measuring the number of U.S. workers excluding farm workers, private households, nonprofit employees, and certain government workers. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22. RIGHT: NTM: Next twelve months. LTM: Last twelve months. Establishment employment data is collected by the U.S. Bureau of Labor Statistics as part of its Current Employment Statistics survey, which measures payroll records among non-farm establishments and government agencies. Analysis based on the S&P 500. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.

Weak Leading Indicators May Give the Market a Heads Up

As of November 30, many leading economic indicators had reached the bottom decile of their historical ranges, suggesting recession and job losses could be on the way. Counterintuitively, that's been good for stocks in the past. The market has tended to advance when payrolls declined in the 12 months after leading indicators contracted—likely because the market had already discounted the economic slump.

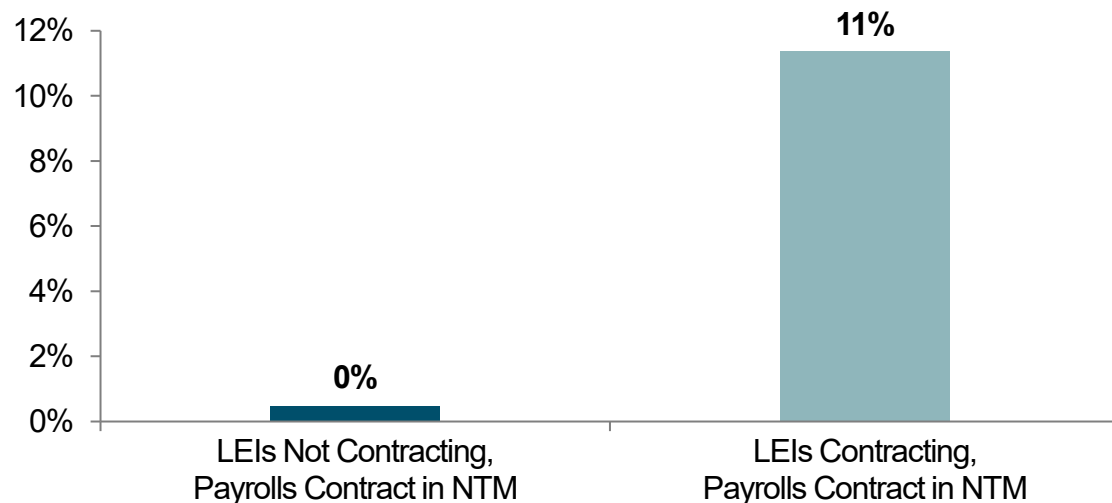
Leading Economic Indicators Plummeted

Average Percentile Rank of Combined Economic Indicators (OECD U.S. CLI Percent Change, Purchasing Managers' Index, Consumer Expectations, U.S. CEO Confidence, and 10-Year vs. One Year Yield Curve)



After Weak Leading Indicators, Stocks Advanced Despite Falling Payrolls

Average NTM S&P 500 Returns, 1962–Present



Past performance is no guarantee of future results. LEFT: LEIs: Leading economic indicators, measured by the average historical percentiles of the OECD LEI, NAPM, consumer expectations, CEO confidence, and yield curve. Gray bars represent recessions. Leading Indicators (LEIs) gauged by OECD U.S. CLI: Organization for Economic Co-operation and Development Composite Leading Indicator for the United States. The composite leading indicator (CLI) is designed to provide early signals of turning points in business cycles showing fluctuation of the economic activity around its long-term potential level. Purchasing Managers' Index: National Association of Purchasing Managers index is a monthly survey of 250 companies in 21 sectors that measures growth or declines in deliveries, inventories, jobs, order, and production. The information is aggregated and represented as a number between 1 and 100. A value above 50 indicates manufacturing growth, while a value below 50 indicates decline. 10s/1s: 10-year Treasury yield over 1-year Treasury yield. Consumer expectations: gauged using the Conference Board Consumer Confidence Survey, which seeks to gauge consumer attitudes, buying intentions, and expectations. CEO Confidence: Reflected by The Conference Board Measure of CEO Confidence, a barometer of the health of the U.S. economy from the perspective of U.S. chief executives. All data is monthly, and all five indicators are weighted equally. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22. RIGHT: Leading indicators (LEIs) defined

by OECD U.S. CLI.: Organization for Economic Co-operation and Development Composite Leading Indicators for the United States. Analysis based on the S&P 500. NTM is next 12 months. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.

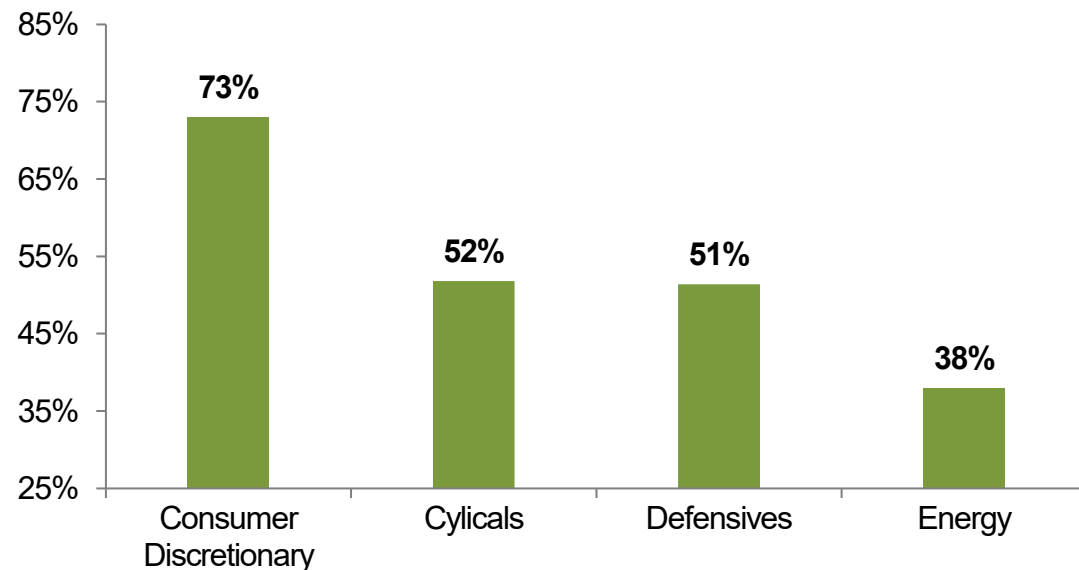


Consumer Discretionary Has Outperformed amid Job Losses

Historically, cyclicals have been just as likely as defensive sectors to outperform when payrolls have contracted, based on analysis of Fidelity's top 3,000 stocks by market capitalization. The consumer discretionary sector outperformed in 73% of these periods. When both leading indicators and payrolls fell, cyclicals tended to outperform defensives.

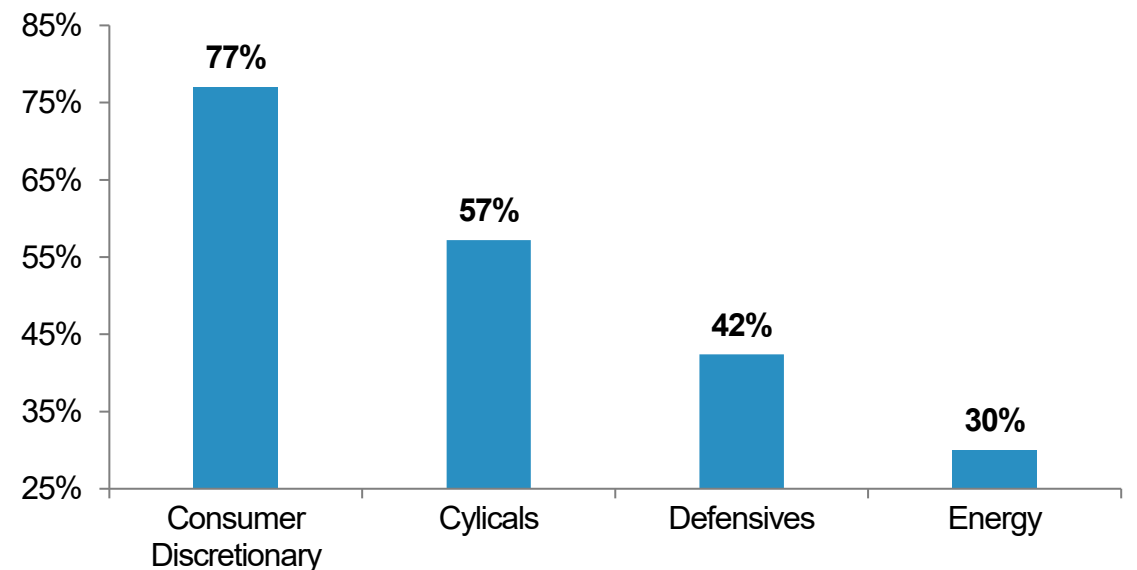
Consumer Discretionary Has Led When Payrolls Contracted

Sectors and Payrolls, Average NTM Odds of Outperformance, 1962–Present



Cyclicals Have Outperformed When the Composite Leading Indicator and Payrolls Both Declined

Sectors, Payrolls, and Composite Leading Economic Indicator, Average NTM Odds of Outperformance, 1962–Present



Past performance is no guarantee of future results. **LEFT:** Cyclical sectors include communication services, consumer discretionary, energy, financials, industrials, materials, real estate, and technology. Defensive sectors include consumer staples, health care, and utilities. NTM: Average next twelve months. All data is monthly. Analysis based on Fidelity top 3,000 U.S. stocks by market capitalization. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22. **RIGHT:** OECD CLI: Organization for Economic Co-operation and Development Composite Leading Indicator for the United States. NTM: Average next twelve months. Cyclical sectors include communication services, consumer discretionary, energy, financials, industrials, materials, real estate, and technology. Defensive sectors include consumer staples, health care, and utilities. Analysis based on the top 3,000 U.S. stocks by market capitalization. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.



Falling Crude Oil Prices Have Boosted the Market Before

Crude oil prices dropped more than 20% over the six months through November. Crude declines often have reflected a weakening economic picture—one reason corporate earnings have tended to lag over the next year, on average. But crude declines also tended to stimulate the market as investors anticipated positive effects from lower energy costs.

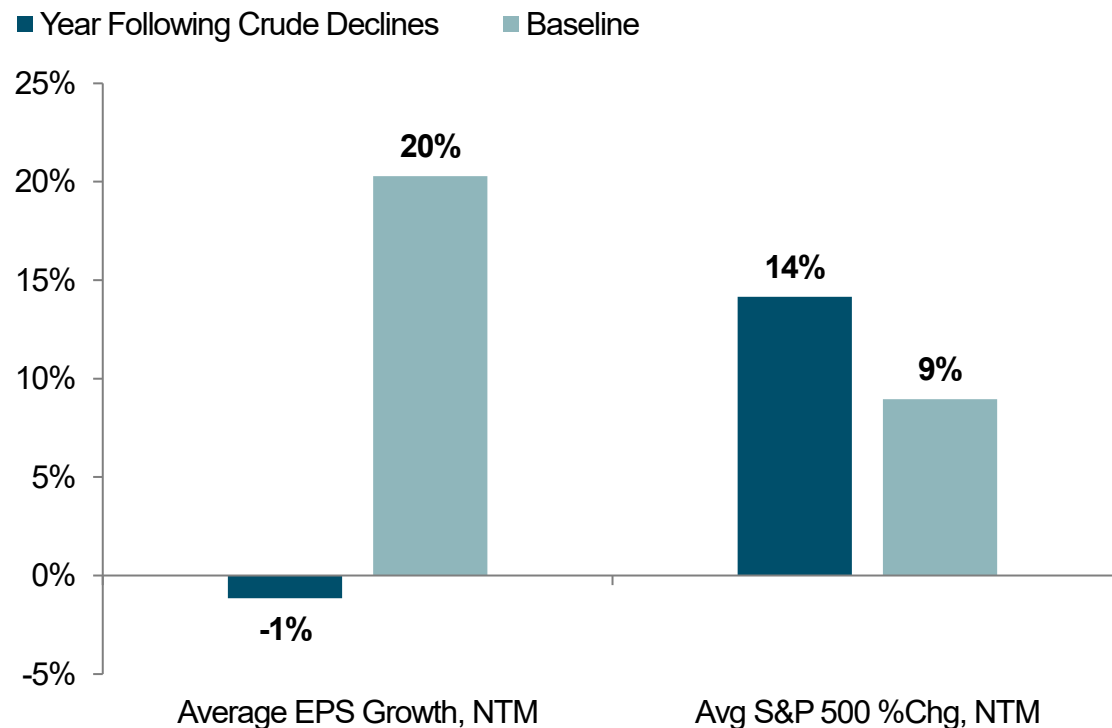
Crude Oil Prices Have Fallen

U.S. Spot Market Price in Dollars Per Barrel



After Crude Prices Have Fallen, the Market Has Tended to Advance

Average NTM EPS Growth and S&P 500 Percent Change, 1970–Present



Past performance is no guarantee of future results. LEFT: Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/2022. RIGHT: EPS: Earnings per share. NTM: Next twelve months. Analysis is monthly and based on the S&P 500. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/2022.

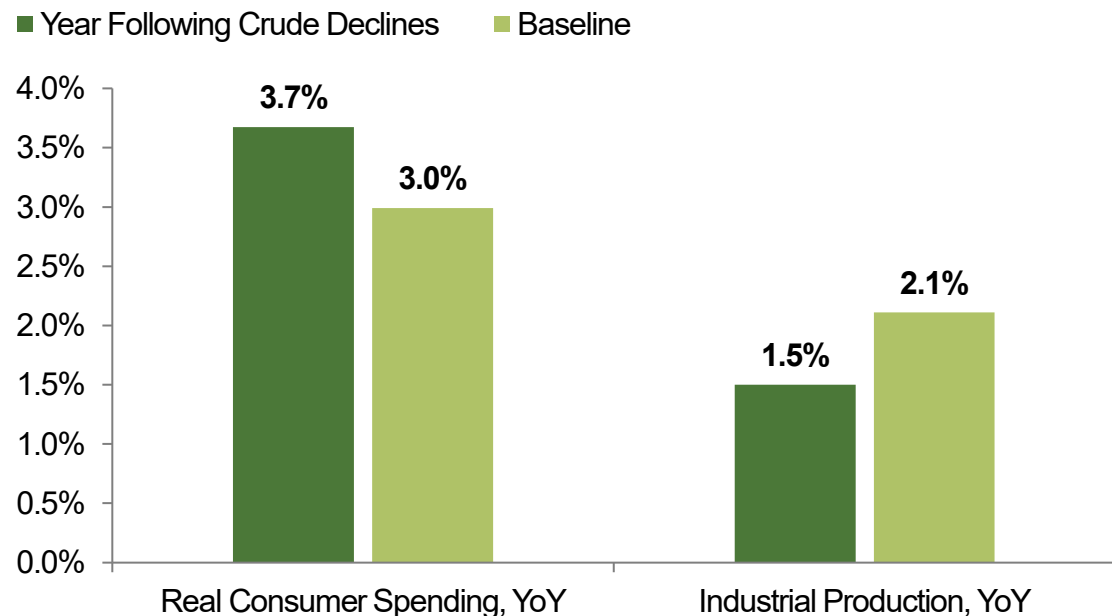


Big Drops in Crude Typically Have Helped Cyclical

In the past, declines in oil prices have been particularly good for consumers. In 12-month periods after crude has fallen 20% or more, year-on-year, real consumer spending has risen an average of 3.7% in the following 12 months. Outperformance during these periods has clustered in economically sensitive sectors.

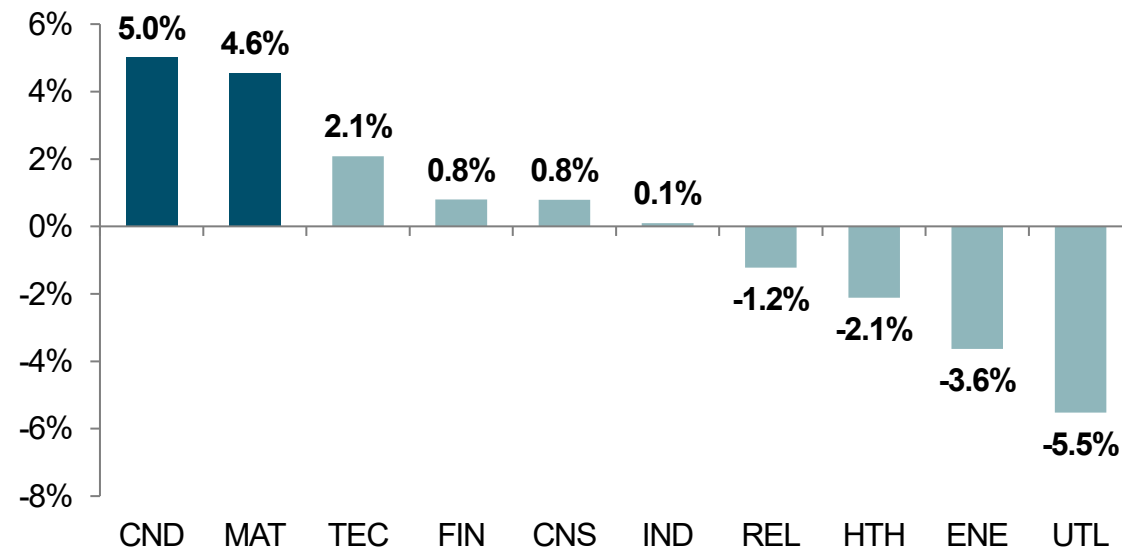
Consumer Spending Got a Boost Following Periods of Falling Crude Prices

Average NTM Real Consumer Spending and Industrial Production, 1970–Present



Cyclical Sectors Have Outperformed After Crude Prices Have Fallen

Average NTM Relative Performance After 20% YoY Declines in Crude, 1970–Present



Past performance is no guarantee of future results. LEFT: NTM: Next twelve months. YoY: Year-over-year. Analysis based on the top 3,000 U.S. stocks by market capitalization. Baseline: Average of all 12-month returns during the period. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/2022. RIGHT: NTM: Next twelve months. CND: Consumer discretionary. MAT: Materials. TEC: Information technology. FIN: Financials. CNS: Consumer staples. IND: Industrials. REL: Real estate. HTH: Health care. ENE: Energy. UTL: Utilities. Analysis based on Fidelity top 3,000 U.S. stocks by market capitalization. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.

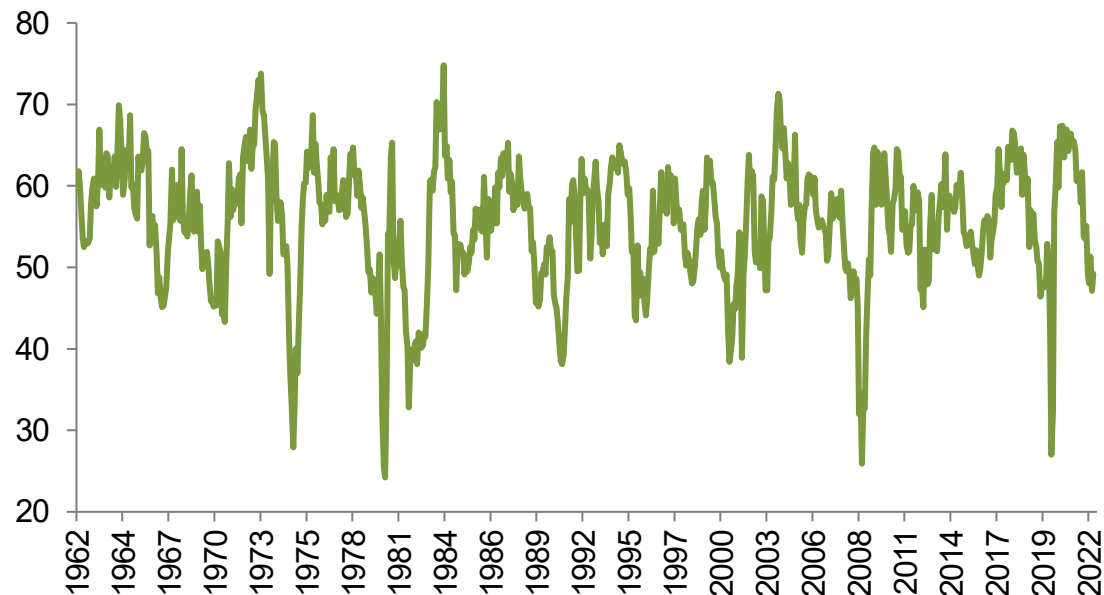


What Shrinking Orders Has Meant for Materials and Industrials

The ISM Manufacturing New Orders index, which tracks ordering activity among manufacturers, dropped to contractionary levels as of November 30. But again, the market may have priced in this news. After past 12-month declines in the New Orders index, industrials and materials outperformed the market 66% and 58% of the time, respectively, over the next 12 months.

New Manufacturing Orders Have Fallen

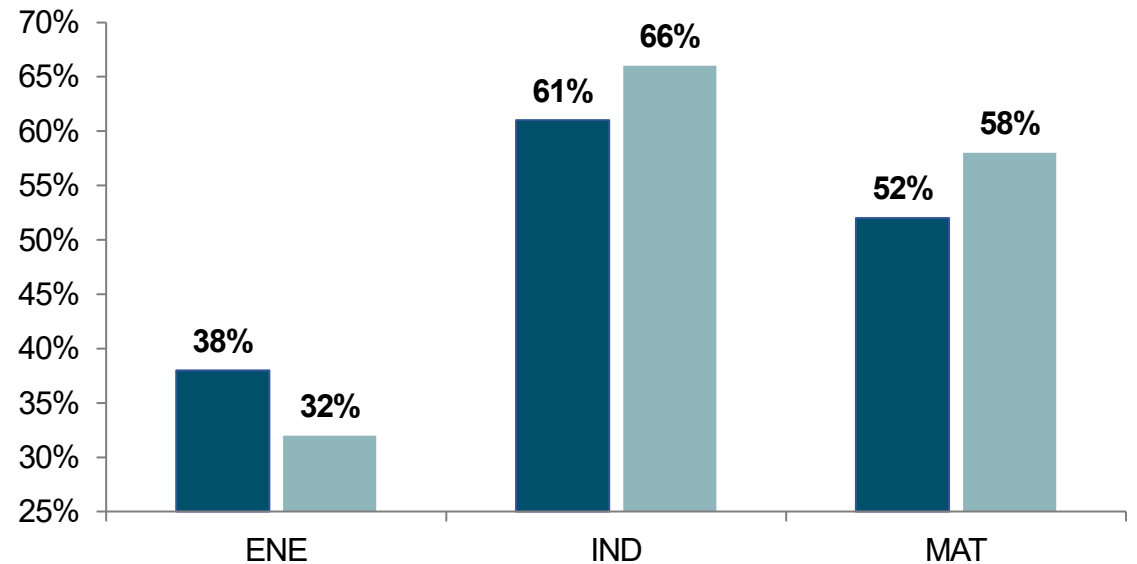
ISM Manufacturing New Orders Index



Industrials and Materials Have Led After New Orders Fell

Sector Odds After ISM New Orders Fell Below 50

■ 1962 to Present ■ 1990 to Present



Past performance is no guarantee of future results. **LEFT:** ISM Manufacturing New Orders index: This is the Institute for Supply Management Manufacturing New Orders Index, a monthly indicator of U.S. new manufacturing orders based on a survey of purchasing managers. A reading below 50 in the ISM Manufacturing New Orders Index indicates fewer new orders than in the previous month. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22. **RIGHT:** ISM Manufacturing New Orders index: Institute for Supply Management Manufacturing New Orders Index, a monthly indicator of U.S. new manufacturing orders based on a survey of purchasing managers. A reading below 50 in the ISM Manufacturing New Orders Index indicates fewer new orders than in the previous month. Analysis based on the Fidelity top 3,000 stocks by market capitalization. ENE is energy. IND is industrials. MAT is materials. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.

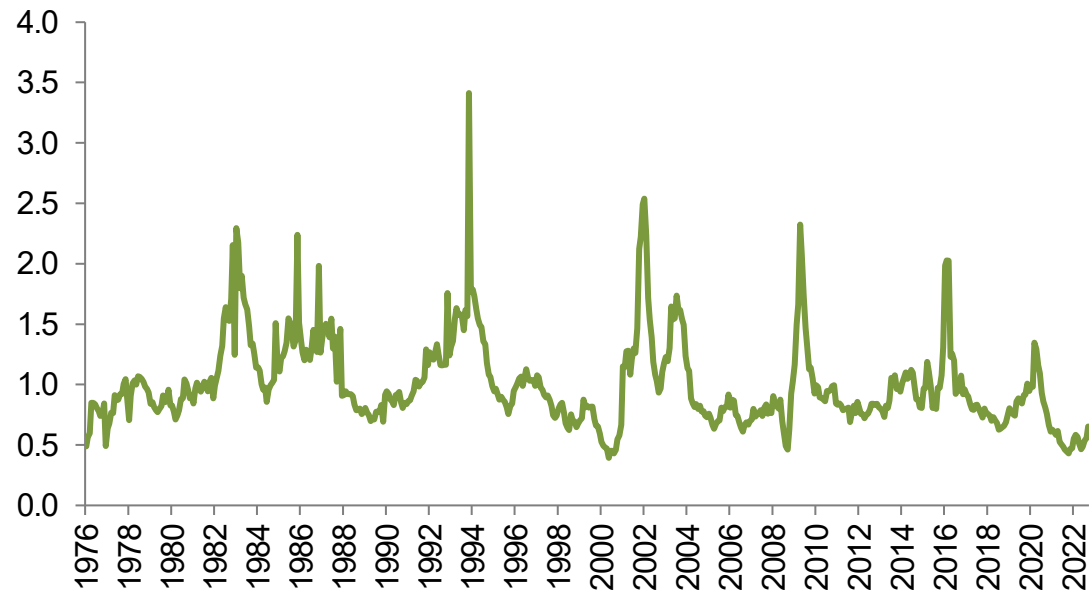


Metals and Mining Companies Look Cheap Based on History

Metals and mining stocks' valuations relative to the broad market were in their bottom historical decile as of November 30, as investors worried about the industry's margins. But after the industry hit bottom-decile valuations in the past, metals and mining stocks outperformed the market during the next 12 months 70% of the time. When margins were declining, they beat the market by 11%, on average.

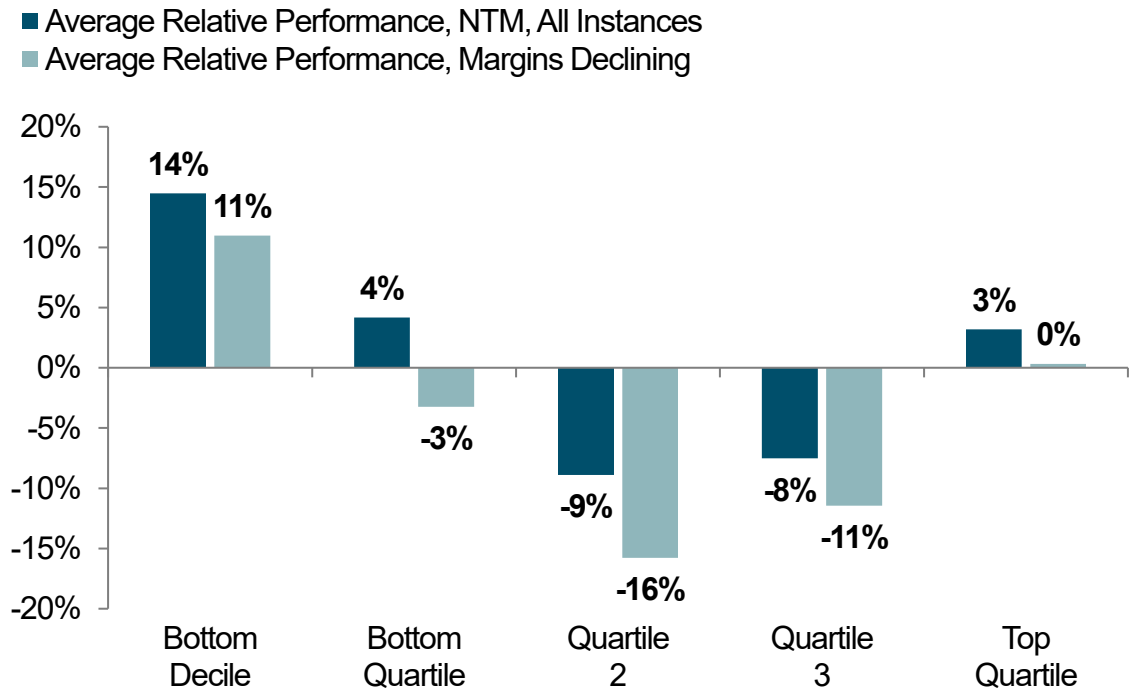
Valuations for Metals and Mining Were Low as of November

Metals and Mining Relative Forward Price/Earnings



Bottom Decile Valuations Have Led to Outperformance

Metals and Mining Relative 12-Month Rolling Performance, 1976–Present



Past performance is no guarantee of future results. **LEFT:** Fwd P/E: Forward price-to-earnings. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months. Analysis based on the Fidelity top 3,000 stocks by market capitalization, including both the broad market and the metals and mining industry within this universe. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22. **RIGHT:** NTM: Next Twelve Months. Analysis based on the Fidelity top 3,000 stocks by market capitalization, including returns for the broad market and the metals and mining industry within that universe. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.



High Valuations Have Been a Headwind for Technology

If inflation comes down this year, will technology resume market leadership? That looks unlikely, based on history. The sector's valuation as of November 30 was in the third quartile of its historical range going back to 1977. Tech's average 12-month performance from comparable levels has been just -0.6% in the past.

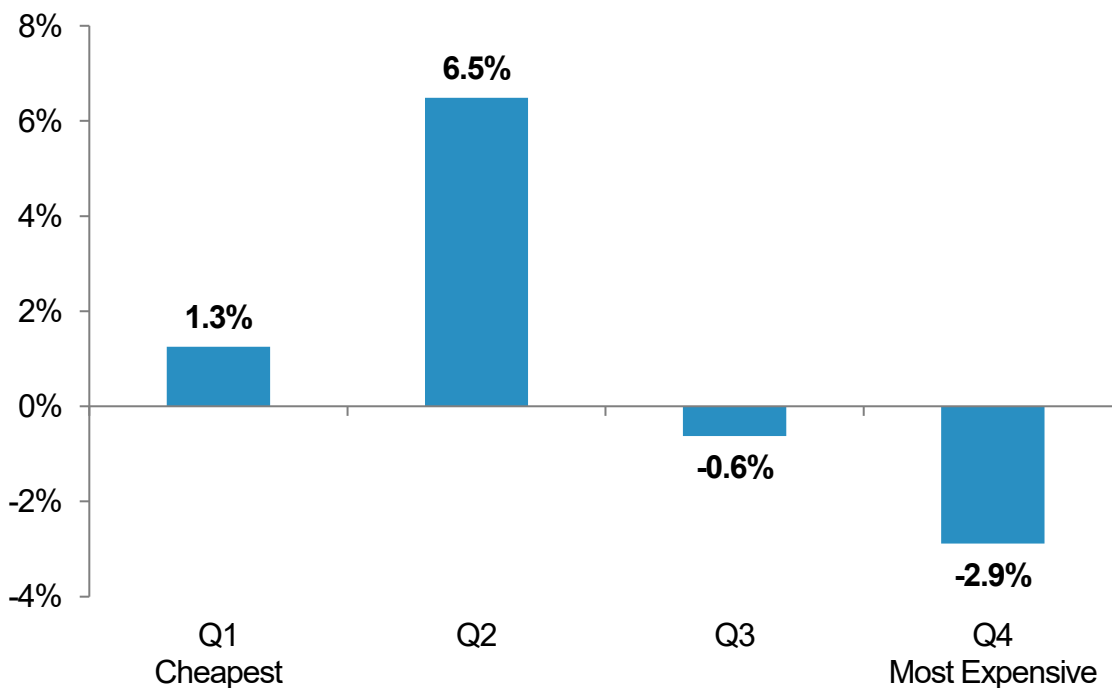
Tech Got More Expensive

Technology Forward Price/Earnings Relative to the Broad Market



Tech Has Lagged After High Valuations

Average Relative NTM Performance in Quartiles of Relative Forward P/E



Past performance is no guarantee of future results. **LEFT:** Fwd P/E: Forward price-to-earnings ratio. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months. Analysis based on top 3,000 stocks by market capitalization. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/2022. **RIGHT:** NTM: Next twelve months. Fwd P/E: Forward price-to-earnings ratio. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months. Analysis based on Fidelity top 3,000 stocks by market capitalization. All data is monthly. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.

For Tech, Being Expensive Has Outweighed Falling Inflation

Historically, valuations have been more important than inflation to tech stocks' performance. After months when the sector's relative forward P/E was in the top half of its range, tech has tended to trail the market over the next 12 months whether inflation was in its second, third, or fourth quartile. Conversely, tech has tended to outperform when it was priced at bottom-half valuations except when inflation was in its top quartile.

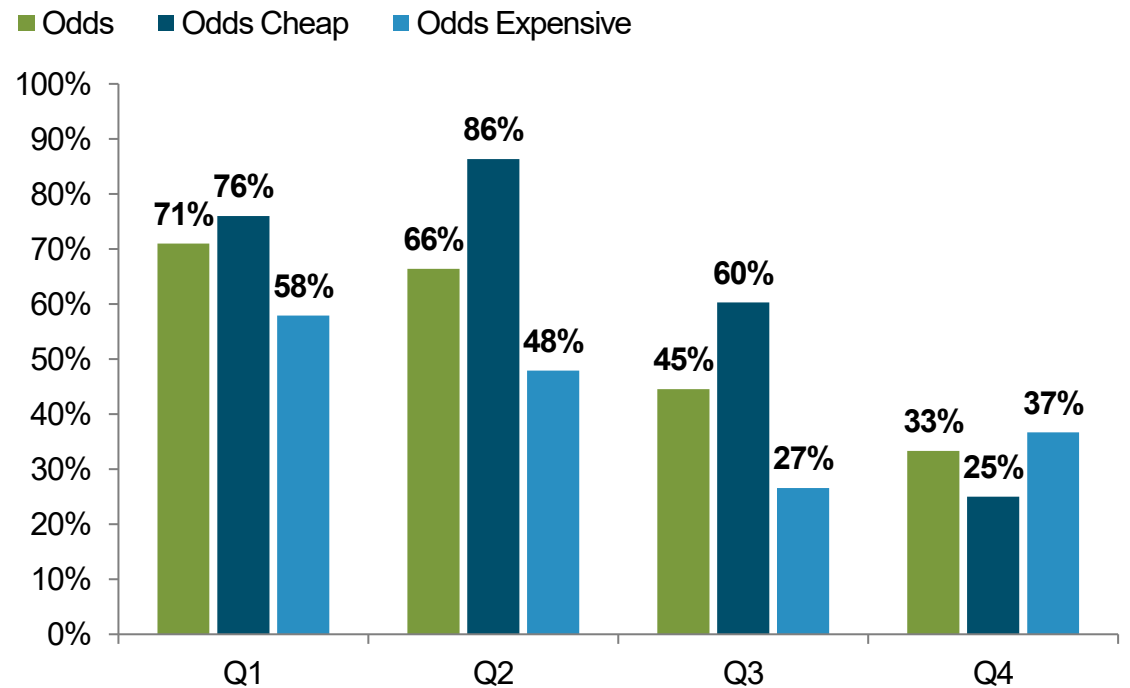
Inflation May Have Peaked ...

CPI-U Percent Change Year to Year



... But Tech Typically Underperforms After It's Expensive

Odds of NTM Outperformance in Quartiles of Inflation, 1977–Present



Past performance is no guarantee of future results. LEFT: CPI-U: Consumer Price Index for all urban consumers. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/2022. RIGHT: NTM: Next twelve months. Fwd P/E: Forward price-to-earnings. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months. Sector analysis based on the Fidelity top 3,000 U.S. stocks by market capitalization. Source: Haver Analytics, FactSet, Fidelity Investments, as of 11/30/22.



Glossary and Methodology

Glossary

Cycle Hit Rate: Calculates the frequency of a sector outperforming the broader equity market over each business cycle phase since 1962.

Dividend Yield: Annual dividends per share divided by share price.

Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA): A non-GAAP measure often used to compare profitability between companies and industries, because it eliminates the effects of financing and accounting decisions.

Earnings-per-Share Growth: Measures the growth in reported earnings per share over the specified past time period.

Earnings Yield: Earnings per share divided by share price. It is the inverse of the price-to-earnings (P/E) ratio.

Enterprise Value: A measure of a company's total value that includes its market capitalization as well as short- and long-term debt and cash on its balance sheet.

Free Cash Flow (FCF): The amount of cash a company has remaining after expenses, debt service, capital expenditures, and dividends. High free cash flow typically suggests stronger company value.

Free-Cash-Flow Margin: The amount of free cash flow as a percentage of revenue. High FCF margin often denotes strong profitability.

Free-Cash-Flow Yield: Free cash flow per share divided by share price. A high FCF yield often represents a good investment opportunity, because investors would be paying a reasonable price for healthy cash earnings.

Full-Phase Average Performance: Calculates the (geometric) average performance of a sector in a particular phase of the business cycle and subtracts the performance of the broader equity market.

Median Monthly Difference: Calculates the difference in the monthly performance of a sector compared with the broader market, and then takes the midpoint of those observations.

Price-to-Book (P/B) Ratio: The ratio of a company's share price to reported accumulated profits and capital.

Price-to-Earnings (P/E) Ratio: The ratio of a company's current share price to its reported earnings. A forward P/E ratio typically uses an average of analysts' published earnings estimates for the next 12 months.

Price-to-Sales (P/S) Ratio: The ratio of a company's current share price to reported sales.

Relative Strength: The comparison of a security's performance relative to a benchmark, typically a market index.

Return on Equity (ROE): The amount, expressed as a percentage, earned on a company's common stock investment for a given period.

Risk Decomposition: A mathematical analysis that estimates the relative contribution of various sources of volatility.

Methodology

Strategist View: Our sector strategist, Denise Chisholm, tracks key indicators that have influenced the historical likelihood of outperformance of each sector. This historical probability analysis informs the Strategist Views.

Fundamentals: Sector rankings are based on equally weighting the following four fundamental factors: EBITDA growth, earnings growth, ROE, and FCF margin. However, we evaluate the financials and real estate sectors only on earnings growth and ROE because of differences in their business models and accounting standards.

Relative Strength: Compares the strength of a sector versus the S&P 500 index over a six-month period, with a one-month reversal on the latest month; identifying relative strength patterns can be a useful indicator of short-term sector performance.

Relative Valuations: Valuation metrics for each sector are relative to the S&P 500. Ratios compute the current relative valuation divided by the 10-year historical average relative valuation, eliminating the top 5% and bottom 5% values to reduce the effect of potential outliers. Sectors are then ranked by their weighted average ratios, weighted as follows: P/E: 37%; P/B: 21%; P/S: 21%; and FCF yield: 21%. However, the financials and real estate sectors are weighted as follows: P/E: 65% and P/B: 35%.

Appendix

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Past performance is no guarantee of future results.

Investing involves risk, including risk of loss.

All indexes are unmanaged. You cannot invest directly in an index. 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.

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Because of its narrow focus, sector investing tends to be more volatile than investments that diversify across many sectors and companies. Sector investing is also subject to the additional risks associated with its particular industry.

Index Definitions: The 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.

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 500 is a registered service mark of Standard & Poor's Financial Services LLC. Sectors and industries are defined by the Global Industry Classification Standard (GICS).

The S&P 500 sector indexes include the standard GICS sectors that make up the S&P 500 index. The market capitalization of all S&P 500 sector indexes together comprises the market capitalization of the parent S&P 500 index; each member of the S&P 500 index is assigned to one (and only one) sector.

The S&P CoreLogic Case-Shiller U.S. National Home Price Index is a composite of single-family home price indices for the nine U.S. Census divisions and is calculated monthly. It is included in the S&P CoreLogic Case-Shiller Home Price Index Series, which seeks to measure changes in the total value of all existing single-family housing stock.

Appendix

Sectors are defined as follows: **Communication Services:** companies that facilitate communication or provide access to entertainment content and other information through various types of media. **Consumer Discretionary:** companies that provide goods and services that people want but don't necessarily need, such as televisions, cars, and sporting goods; these businesses tend to be the most sensitive to economic cycles. **Consumer Staples:** companies that provide goods and services that people use on a daily basis, like food, household products, and personal-care products; these businesses tend to be 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, or 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, and insurance and investments. **Health Care:** companies in two main industry groups: health care equipment suppliers and manufacturers, and providers of health care services; and companies involved in the research, development, production, and marketing of pharmaceuticals and biotechnology products. **Industrials:** companies whose businesses manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. **Materials:** companies that are engaged in a wide range of commodity-related manufacturing. **Real Estate:** companies in two main industry groups—real estate investment trusts (REITs), and real estate management and development companies. **Technology:** companies in technology software and services and technology hardware and equipment. **Utilities:** companies considered to be electric, gas, or water utilities, or companies that operate as independent producers and/or distributors of power.

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