Understanding the 2013 Year-End Distributions Table

YEAR-END DISTRIBUTION OVERVIEW

Q. What is Fidelity doing this year with regard to providing information on mutual fund distributions to Fidelity fund shareholders?

A. From October through January, we will make available three different categories of mutual fund distribution information to assist investors with year-end tax planning:

- **September 30 Year-End Update:** Available by October 31, these are the distribution amounts that would have been required if the fund's required calendar year distribution had been determined on September 30. The amounts will change based on fund activity occurring after September 30.
- **Estimated Year-End:** Available in December, these are the estimates of a fund's required distributions payable at the end of the current calendar year. Estimated year-end distributions are calculated only for a select number of funds and are subject to change.
- **Final Year-End:** These are the actual year-end mutual fund distributions that have been declared and paid.

Q. Why is Fidelity providing distribution information for Fidelity funds prior to the end of the fiscal tax period?

A. At Fidelity, we have always believed in the importance of providing shareholders with information and tools to help them make their own investment decisions. In that spirit, we provide these estimates to assist shareholders with year-end tax and investment planning, and to help customers and prospective customers who may be considering a purchase to evaluate the consequences of "buying a dividend."

We recognize that shareholders are interested in the effects of taxes on their investment portfolios, and are thinking about how distributions might affect their tax planning as we move toward the end of the year. We believe that providing this information will be of great assistance to our shareholders and prospective shareholders who are formulating their investment and tax plans heading into year-end.

BASICS OF MUTUAL FUND DISTRIBUTIONS

Q. What is a mutual fund distribution?

A. A mutual fund distribution is a distribution paid by a mutual fund to its investors that is derived from net capital gains realized from the sale of a fund's investments and income (e.g., dividends and interest) earned by a fund's holdings, less the fund's operating expenses. In order to avoid taxes at the fund level, mutual funds must pay substantially all net investment income and net capital gains to their investors annually. Investors may elect to receive cash or reinvest in additional shares of the fund.

Q. How should I consider using distribution information?

A. Knowing about upcoming distributions can help investors with year-end tax planning. If one of your mutual funds is going to make a distribution that will have tax consequences for you (e.g., your fund is held within a taxable account), then you may be able to make some planning adjustments in an effort to minimize the impact.

You may want to consider selling an investment in which you have a taxable loss and then, depending on your other investment needs, purchasing a similar investment in order to maintain similar economic exposure. If you only take into account market price changes reflecting the distribution, selling a fund prior to the distribution generally will result in more capital gain or less loss than if you sell the shares after the distribution.

Selling shares after the distribution usually will yield less gain or more loss. The loss could be used to help offset the taxable distribution. (But, be mindful of the wash sale rule, which results in the current disallowance of the taxable loss if you purchase a "substantially identical" investment within the 61-day window beginning 30 days before, and ending 30 days after the sale, giving rise to the loss.) From a tax perspective, you can manage a portfolio of mutual funds similarly to the way you would manage a portfolio of stocks. If you have held the shares for more than one year, it will impact your tax benefit and may be a consideration in deciding whether to sell before or after the distribution. There may be other provisions in the tax law that may limit the tax benefit you may realize.

Q. What are the potential tax implications of mutual fund distributions to shareholders?

A. Shareholders are required to pay taxes on mutual fund distributions (unless the mutual funds are held in tax-advantaged accounts such as Individual Retirement Accounts and 401(k) and 403(b) accounts, or unless the distributions are designated as exempt interest dividends), regardless of whether the distributions are paid out in cash or reinvested in additional shares. Long-term capital gain distributions are taxed at long-term capital gains tax rates; distributions of short-term capital gains and distributions of investment income earned from interest and certain dividends are taxed at ordinary income tax rates. Certain distributions of investment income earned from corporate dividends ("qualified dividends") may qualify for the lower long-term capital gains rates. Ordinary income tax rates generally are higher than long-term capital gains tax rates.

Q. Should I wait to buy a fund until after the distributions are made?

A. If you are considering purchasing a mutual fund within a tax-advantaged account, then forthcoming distributions should not affect the timing of your investment decision, since they have no tax consequences while the assets remain in the account.

For new investments within taxable accounts, upcoming distributions raise some important considerations. Fund distributions will generally result in taxable income and will normally give rise to an associated increase in your overall tax burden or reduction in your overall tax benefit. Since the share price is adjusted by the same amount as the distribution, all other factors being equal, there is usually no economic benefit to purchasing the shares immediately before the distribution. However, the tax impact resulting from "buying the taxable dividend" could be significant.

Bear in mind that potential tax consequences should be only one of many factors to evaluate when considering the purchase of a mutual fund, and it should not be the only factor. If you are considering a purchase, you should also factor in the size of the dividend relative to the size of your expected investment.

Q. How does a mutual fund generate income and capital gains to be distributed?

A. In general, a mutual fund generates capital gains and income for shareholders in two ways—by selling investments that have increased in value and by earning dividends and interest on its investments.

Q. What types of taxable distributions do mutual funds make?

A. There are primarily four basic types of taxable mutual fund distributions: long-term capital gains, nonqualified dividends, qualified dividends, and short-term capital gains. Those types of distributions are taxed differently depending primarily on the transaction that gave rise to the distribution, as described below:

- **Long-Term Capital Gains**
  Long-term capital gain distributions are paid by the fund from its net realized long-term capital gains. Long-term gains realized by the fund include gains from the sale of securities that the fund owned for more than one year and may include some distributions received from investments held by the fund. Long-term capital gain distributions are taxable to shareholders at long-term capital gains tax rates when distributed, regardless of how long shareholders owned their shares in the fund.
- **Nonqualified Dividends**
  These are distributions consisting of investment income earned by the fund from interest and nonqualified dividends less expenses. Nonqualified dividends are taxable at ordinary income tax rates. For federal tax purposes, ordinary income is generally taxed at higher rates than qualified dividends and long-term capital gains.
- **Qualified Dividends**
  These are generally distributions of investment income earned by the fund from dividends received on stock of domestic corporations and qualifying foreign corporations for which the fund satisfies certain holding period and hedging requirements. These dividends will generally be taxable to a shareholder at long-term capital gains tax rates if the shareholder satisfies similar holding period and hedging requirements with regard to his or her shares in the fund. If the shareholder does not satisfy those holding period and hedging requirements, these dividends will be taxed at ordinary income tax rates.
- **Short-Term Capital Gains**
  Short-term capital gain distributions are paid by the fund from its net realized short-term capital gains. Short-term capital gains realized by the fund include gains on the sale of securities that the fund owned for one year or less and certain other income earned by the fund (such as foreign currency gains), regardless of how long shareholders owned their shares in the fund. Generally, short-term capital gain distributions are nonqualified dividends, and as such, are taxed as ordinary income.

NOTE: Unrealized gains on investments that have increased in value but have not yet been sold are not required to be distributed and are reflected daily as part of a fund's net asset value.

Q. When are dividends and capital gains paid to investors?

A. Each fund has a distribution policy that can be found in the fund's prospectus. Generally, Fidelity funds' distribution policy is as follows: Money market and most bond funds generally declare income dividends daily and distribute them monthly. Income dividends are often paid quarterly for growth and income funds, and annually after fiscal year-end and at calendar year-end for growth funds. Capital gains (if required) for equity and bond funds generally are paid after fiscal year-end and at calendar year-end.

Q. Is a fund's share price affected when a distribution is paid?

A. Capital gains and dividend distributions will reduce the fund's net asset value (NAV) per share by the amount of the distribution on the ex-dividend date. For example, if a Fidelity mutual fund were to pay a distribution of $2.00 per share and the fund's NAV was $30.00 per share prior to the distribution, on the ex-dividend date, the NAV would be reduced by $2.00 per share. Market activity may also impact the fund's NAV on the ex-dividend date, so the total change in a fund's NAV may be more or less than the dividend.

Q. Does a fund's distribution affect its total return?

A. No. Distributions do not impact total return. Although the NAV drops when the distribution is paid, shareholders who reinvest their distributions also receive more shares.

Q. How is a mutual fund affected if there is no required distribution?

A. There are no tax consequences to shareholders or to the fund if a distribution is not required. The fund's NAV and its investment performance would remain the same. Shareholders will not be required to pay taxes with respect to an investment in the fund if the fund has not made a taxable distribution, and shareholders will not receive a Form 1099-DIV for that fund.

Q. Who is responsible for paying taxes on these distributions?

A. Shareholders who hold shares in a taxable account are responsible for paying taxes on distributions they receive each year, whether they receive the distributions in cash or reinvest them in additional shares of the fund. The funds report distributions to shareholders on IRS Form 1099-DIV after the end of each calendar year. Certain accounts, such as Individual Retirement Accounts and 401(k) accounts, are tax-advantaged. Therefore, shareholders who own these types of accounts generally pay taxes, if any, only when money is withdrawn. This information will usually be reported on a Form 1099-R.

Q. How is distribution eligibility determined?

A. The timing of a distribution and the determination of which customers are eligible to receive it are based on the record date, the ex-dividend date, and the payable date. Different types of securities define these dates slightly differently. For open-end mutual funds, they are defined as follows:

- **Record Date:** All shareholders of record at 4 p.m. Eastern time on this day are eligible to receive the distribution. This date is usually the business day prior to the ex-dividend date.
- **Ex-Dividend Date:** This is the date on which the distribution amount per share is deducted from the NAV per share. The ex-dividend date, also known as the declaration date, is generally the business day after the record date.
- **Payable Date:** The fund pays customers their proportional share of the distribution on this date. For Fidelity funds, the payable date for distributions paid in cash is normally the business day after the ex-dividend date, except for those funds with daily income distributions. Fidelity fund shares purchased with reinvested distributions usually are credited on the reinvestment date at the fund's 4 p.m. NAV for that date.

Q. Why do some bond funds indicate they will be distributing income in December?

A. Some fixed-income funds that normally declare investment income dividends daily may be required to distribute additional income at the end of December. The income reflects investment income earned by the fund from other than regular interest income, including market discount and dividends, and is included in the NAV of the fund prior to its distribution as a dividend.

MUTUAL FUND DISTRIBUTION ESTIMATES

Q. What exactly are distribution estimates?

A. Distribution estimates are estimates of the per-share amount of dividends and realized capital gains expected to be distributed by mutual funds by the end of a year.

Q. Why do you make Fidelity fund distribution estimates?

A. Because a fund's distribution has tax implications for shareholders, Fidelity makes estimates for certain Fidelity funds late in the year to give shareholders a general indication of what a fund's year-end distribution is going to be. We also provide this service to those customers and prospective customers who may be considering making a purchase of Fidelity funds and want to avoid "buying a dividend" and to assist them with year-end tax planning.

Q. How do the Fidelity fund estimates differ from the distribution updates you provided as of September 30?

A. The September 30 updates were snapshots of where each fund stood in terms of capital gains and income as of September 30. The estimates we provide in December are just that—estimates of the per-share amount of dividends and realized capital gains expected to be distributed by those funds by the end of the calendar year. In most cases, as required under the federal tax code, the final distributions will be based on capital gains realized through October 31 and the net investment income the fund is expected to earn through December 31.

Q. Are the Fidelity fund estimates the amount that will be paid in December?

A. These amounts are estimates. Estimates are based on available information and forecasts of dividend and interest income and expenses through the end of the year. It is reasonable to expect there to be modest adjustments in distribution estimates, which are typical and normal and generally reflect updated information, up until the actual ex-dividend date.

Q. Why aren't you providing an estimate on every Fidelity fund?

A. Preparing estimates is a resource-intensive, time-consuming process. Because we provided distribution updates on all Fidelity mutual funds as of September 30, we are hard at work at the end of the calendar year preparing the actual distribution figures, so it is impractical for us to prepare estimates on more than 400 Fidelity funds. Instead, we believe it is a better use of our resources to calculate estimates only for the Fidelity funds about which we expect to receive the most calls from our customers. Although the September 30 distribution information may not have been updated for a fund you hold or are considering investing in, the September 30 update can provide you with valuable guidance when making investment decisions.

Q. How do you determine which Fidelity funds to estimate?

A. We provide estimates generally on larger Fidelity funds and on some other funds whose distribution estimates have historically been of interest to shareholders.

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