The Value of a Diversified Portfolio

Fidelity INVESTMENTS

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The best investors don't predict the future – they prepare for it

Diversification helps manage risk and capture opportunity

Diversification can help limit the impact of losses, and historically has been associated with the potential for a growing portfolio over the long-term

Over decades, leadership shifts across regions and styles

Staying diversified helps ensure you don't invest everything in asset classes that worked recently but may not work as well in the future.

No single asset class wins every year

Leaders rotate as market conditions change.

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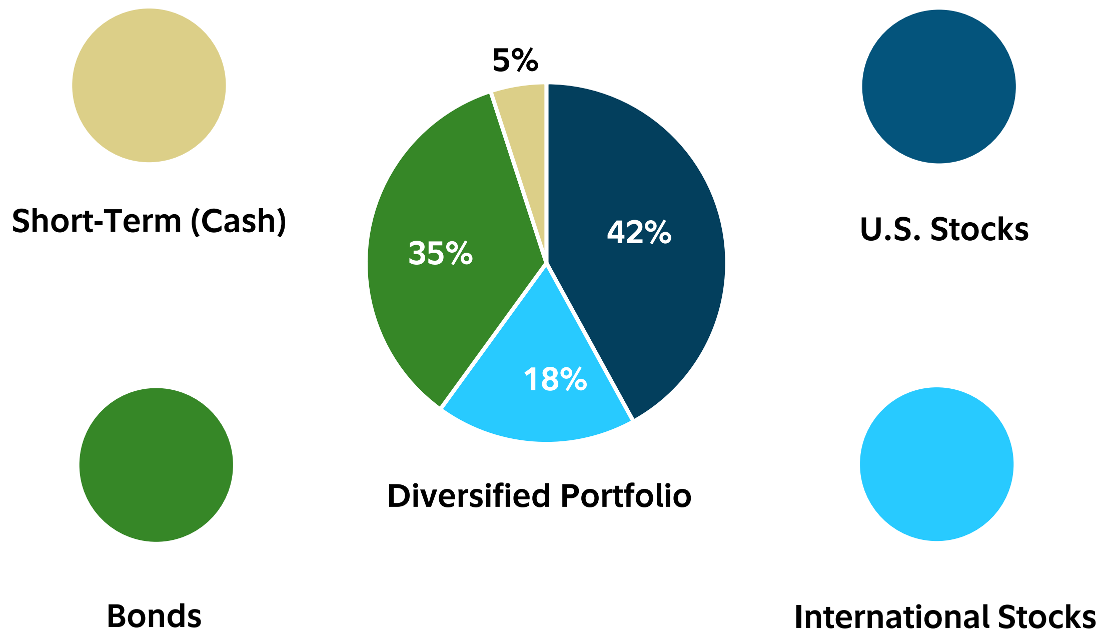
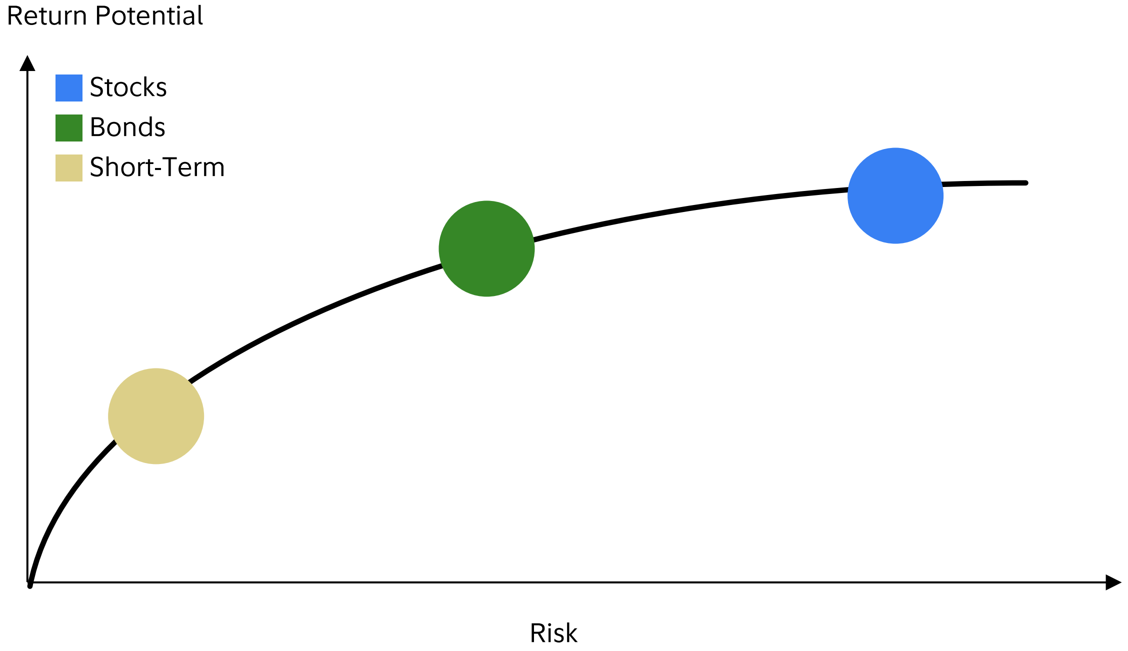
What is diversification?

Mixing asset classes can potentially help smooth the ride through volatile markets.

Four major asset classes as part of a 60% stock/40% bond and cash diversified portfolio



Stocks historically have higher returns, but more volatility



For illustrative purposes only. Diversification/asset allocation does not ensure a profit or guarantee against loss.

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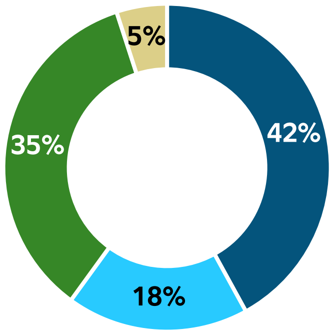
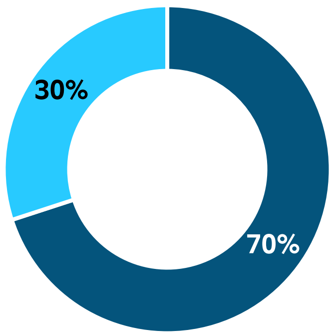
How diversification works

Since stock and bond performance is historically uncorrelated, a diversified portfolio historically provides a less volatile investment experience enabling investors to stay focused on their goals.

A diversified portfolio (60% stock/40% bond and cash) provides less risk than an all-stock portfolio
1926-2025



Diversified Portfolio



All-Stock Portfolio

	Diversified Portfolio	All-Stock Portfolio
Average annual return*	8.45%	10.29%
Lowest 12-month return	-47.07%	-67.56%
Highest 12-month return	93.08%	162.89%
Lowest 10-year return (Annualized)	0.28%	-4.95%
Highest 10-year return (Annualized)	16.79%	21.43%
Historical volatility†	11.27%	18.25%

*The above example (of various asset allocations) is for illustrative purposes only and does not reflect actual Personalized Portfolios data. Asset mix performance figures are based on the weighted average of annual return figures for certain benchmarks for each asset class represented. Historical returns and volatility of the stock, bond, and short-term asset classes are based on the historical performance data of various indexes from 1926 through 12/31/2025 data available from Morningstar.
Note: International stock represented by IA SBBI US Large Stock TR USD 1926–1969 (IA SBBI US Large Stock TR USD was used to represent international stocks prior to 1970), MSCI EAFE 1970–2000, MSCI ACWI Ex USA 2001–12/31/2025. Domestic stocks represented by IA SBBI US Large Stock TR USD Ext 1926–1986, Dow Jones U.S. Total Market 1987–12/31/2025. Bonds represented by U.S. Intermediate-Term Government Bond Index 1926–1975, Bloomberg U.S. Aggregate Bond 1976–12/31/2025. Short term represented by 30-day U.S. Treasury bills 1926–12/31/2025. Although past performance does not guarantee future results, it may be useful in comparing alternative investment strategies over the long term. Performance returns for actual investments will generally be reduced by fees and expenses not reflected in these investments' hypothetical illustrations.
†Standard deviation does not indicate how the securities actually performed but indicates the volatility of their returns over time. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility. The chart does not represent the performance of any Fidelity fund. You cannot invest directly in an index. Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation than stocks but provide lower potential long-term returns. US Treasury bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate. The purpose of the asset mixes is to show how asset mixes may be created with different risk-and-return characteristics to help meet an investor's goals. You should choose your own investments based on your particular objectives and situation. Remember that you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals.

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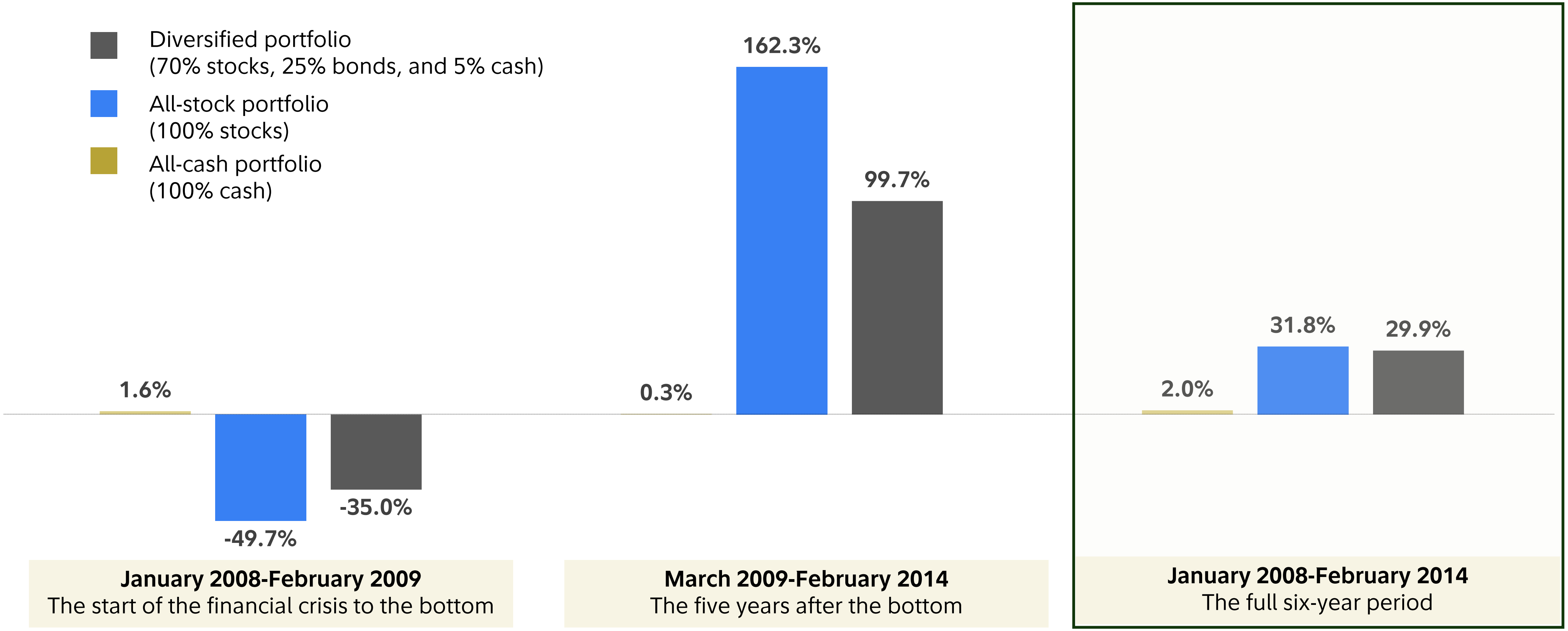
An example of diversification during a bear market

A diversified portfolio helped smooth the investment experience post-2008 financial crisis.

Diversification helped limit losses and capture gains through the financial crisis and recovery



Past performance is no guarantee of future results. Source: Strategic Advisers, Inc. Hypothetical value of assets held in untaxed accounts of $100,000 in an all-cash portfolio; a diversified growth portfolio of 49% US stocks, 21% international stocks, 25% bonds, and 5% short-term investments; and all-stock portfolio of 70% US stocks and 30% international stocks. This chart's hypothetical illustration uses historical monthly performance from January 2008 through February 2014 from Morningstar/Ibbotson Associates; stocks are represented by the S&P 500 and MSCI EAFE Indexes, bonds are represented by the Barclays US Intermediate Government Treasury Bond Index, and short-term investments are represented by US 30-day T-bills. Chart is for illustrative purposes only and is not indicative of any investment. A bear market is defined as a 20% drop in market return from a previous high.

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Today's winners may not be tomorrow's

The top companies have often shifted every decade – diversification can help you to identify potential opportunities in the next generation of winners

The world's top 10 largest companies by market capitalization (ex Saudi Aramco)

	1980		1990		2000		2010		2020
	Peak oil		**Rise of Japan**		**Tech Bubble**		**Rise of China**		**Mag 7 and Tech**
	IBM		NTT		Microsoft		Exxon Mobile		Apple
	AT&T		Bank of Tokyo-Mitsubishi		General Electric		PetroChina		Microsoft
	Exxon		Industrial Bank of Japan		NTT DoCoMo		Apple		Alphabet
	Standard Oil		Sumitomo Mitsui Banking		Cisco Systems		BHP Billiton		Amazon
	Schlumberger		Toyota Motors		Walmart		Microsoft		Facebook
	Shell		Fuji Bank		Intel		ICBC		Tesla
	Mobil		Dai Ichi Kangyo Bank		NTT		Petrobras		Berkshire Hathaway
	Atlantic Richfield		IBM		Exxon Mobil		China Construction Bank		TSMC
	General Electric		UFJ Bank		Lucent Technologies		Royal Dutch Shell		TenCent Holdings
	Eastman Kodak		Exxon		Deutsche Telecom		Nestle		Nvidia

Source: Gavekal Capital

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Why diversification across asset classes is important

Diversification can provide a smoother investment experience for long-term investors

A diversified portfolio can help to avoid the extreme highs and lows by investing across many asset classes
2010-2025

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
27.6%	7.8%	20.1%	38.8%	27.1%	5.1%	21.3%	37.8%	1.9%	35.8%	38.3%	39.9%	16.1%	41.2%	32.5%	34.4%	Emerging Market Stocks
26.9%	7.3%	18.6%	34.2%	13.7%	2.3%	18.4%	29.6%	0.0%	31.5%	20.0%	28.7%	1.5%	26.3%	25.0%	31.6%	International Developed Stocks
19.2%	4.4%	17.5%	32.7%	12.7%	1.4%	17.5%	25.3%	-2.1%	28.1%	18.7%	27.1%	-8.0%	18.5%	14.0%	18.2%	Domestic Growth Stocks
17.6%	2.2%	17.5%	32.4%	12.4%	0.5%	12.0%	21.8%	-2.3%	26.3%	18.4%	25.8%	-11.2%	16.9%	11.5%	17.9%	Domestic Large Cap Stocks
16.8%	2.1%	16.3%	22.9%	6.4%	0.1%	11.8%	14.7%	-4.1%	25.5%	14.1%	25.4%	-13.0%	15.8%	11.4%	15.8%	Commodities
16.2%	1.2%	16.0%	16.6%	6.0%	-0.1%	11.6%	14.6%	-4.4%	22.3%	8.0%	14.8%	-14.3%	13.5%	8.2%	15.7%	Domestic Value Stocks
15.1%	0.1%	15.5%	7.4%	4.9%	-0.7%	9.3%	13.2%	-4.5%	19.9%	7.5%	11.5%	-15.3%	11.7%	8.1%	15.7%	Diversified Portfolio
15.1%	-0.1%	15.2%	3.2%	2.5%	-4.1%	7.4%	9.3%	-8.6%	18.9%	6.1%	11.2%	-18.1%	11.5%	5.4%	12.8%	Domestic Small Cap Stocks
11.6%	-4.2%	11.6%	0.1%	0.1%	-4.4%	7.2%	7.5%	-11.0%	14.4%	2.9%	5.3%	-19.7%	10.3%	5.3%	8.5%	High Yield Bonds
7.9%	-12.0%	4.2%	-2.0%	-1.8%	-4.6%	2.6%	3.5%	-11.2%	8.7%	0.7%	0.0%	-20.4%	5.5%	4.3%	7.3%	Investment Grade Bonds
6.5%	-13.3%	0.1%	-2.3%	-4.8%	-14.6%	1.2%	1.7%	-13.6%	7.7%	-3.1%	-1.5%	-25.1%	5.2%	4.1%	4.2%	Cash
0.2%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.9%	-14.2%	2.3%	-5.9%	-2.2%	-29.0%	-7.9%	1.3%	1.7%	Real Estate Income Stocks

Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. All indexes are unmanaged. Please see Important Information for index definitions. Diversified Portfolio—42% Dow Jones U.S. Total Stock Market Index, 18% MSCI EAFE Index, 35% Bloomberg US Aggregate Bond Index, 5% Bloomberg 3-Month Treasury Bill Index and is rebalanced monthly; Domestic Large Cap Stocks—S&P 500® Index; Domestic Small Cap Stocks—Russell 2000 Index; Domestic Growth Stocks—Russell 3000 Growth Index; Domestic Value Stocks—Russell 3000 Value Index; International Developed Stocks—MSCI EAFE Index (Net MA); Investment Grade Bonds—Bloomberg U.S. Aggregate Bond Index; Real Estate Income Stocks— National Association of Real Estate Investment Trusts (NAREIT) Index; Emerging Market Stocks—MSCI Emerging Markets Index (G); High Yield Bonds—ICE BofA US High Yield Constrained Index; Commodities—Bloomberg Commodity Index; Cash—Bloomberg U.S. 3-Month Treasury Bellwether Index. Diversified Portfolio Benchmark—Personalized Portfolios Growth with Income Composite comprised of allocations to Dow Jones U.S. Total Stock Market Index (Domestic Stocks), MSCI ACWI (All Country World Index) ex USA Index Net MA (International Stocks), Bloomberg US Aggregate Bond Index (Bonds), Bloomberg US 3 Month Treasury Bellwether Index (Short-Term). Note that prior to August 2009 the composite benchmark included the Bank of America High Yield Master Constrained Index.

Source: Fidelity Investments as of 12/31/2025.

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Prepare, don't predict.

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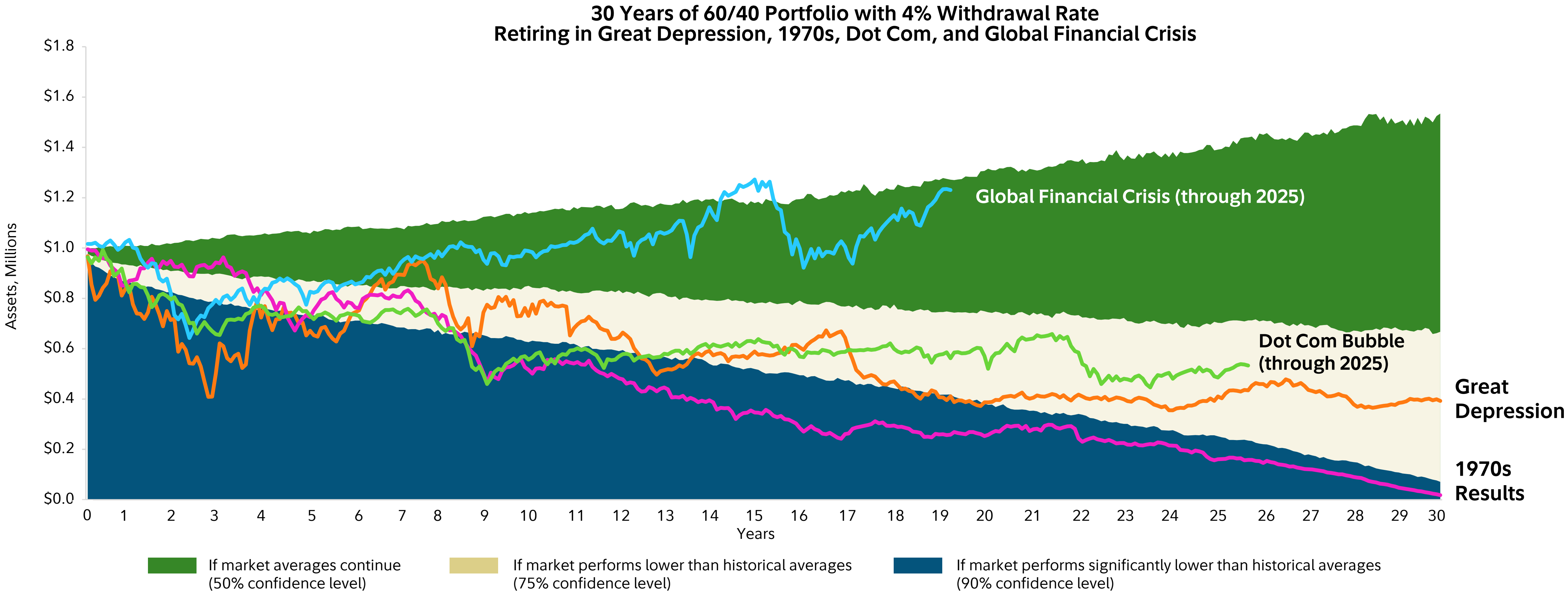
Build a diversified portfolio that's designed to last

You won't need to guess what happens next, as your plan is designed to help you prepare for a range of possibilities.



Past performance is no guarantee of future results.

Hypothetical Example. For illustrative purposes only. Returns for individual clients will vary. Simulations are based on a historical performance analysis of asset class returns, including a range of potential returns for each asset class, volatility, and correlation, reviewed each year. Results are graphed based on how an asset mix may have performed, given the inputs and assumptions in the tool, in a certain percentage of the simulated market scenarios. These percentages are called "confidence levels." Please see important information for details. *60% equity, 35% bond, 5% short-term.

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“The big money is not in buying or in selling but in waiting.”

- Charlie Munger

Important information

In slide “Build a diversified portfolio that’s designed to last”: The Tool uses Monte Carlo simulations to project a range of hypothetical market return scenarios. Simulations are based on a historical performance analysis of asset class returns, including a range of potential returns for each asset class, volatility, and correlation, reviewed each year. Asset classes are represented by benchmark return data from Morningstar, Inc., not actual investments. • Domestic equities are represented by the S&P 500® Index from the year 1926 through 1986 and the Dow Jones U.S. Total Market Index SM from 1987 on. • Foreign equities are represented by the S&P 500® Index from 1926 through 1969, the MSCI EAFE Index from 1970 through 2000, and the MSCI ACWI Ex USA Index from 2001 on. • Bonds are represented by U.S. intermediate-term bonds from 1926 through 1975 and the Bloomberg U.S. Aggregate Bond Index from 1976 on. • Short-Term investments are represented by 30-day U.S. Treasury bill rates from 1926 on. Indexes are unmanaged and it is not possible to invest directly in an index. See page 14 for index definitions. Annual returns assume the reinvestment of interest income and dividends, no transaction costs, no management or servicing fees (except for a variable annuity fees), and the rebalancing of the portfolio every year. Performance returns for actual investments will generally be reduced by fees and expenses not reflected in these hypothetical illustrations. The Tool graphs results based on how an asset mix may have performed, given your inputs and assumptions in the Tool, in a certain percentage of the simulated market scenarios. The Tool uses the same simulated market scenarios each visit, unless otherwise updated. These percentages are called “confidence levels.” For example, the default confidence level is 90%, which we consider “very conservative” market performance. This means that in 90% of the historical market scenarios run, a particular asset mix performed at least as well as the results shown. Conversely, in only 10% of the historical market scenarios run, a particular asset mix failed to reach the results shown. The Tool uses this 90% figure so as to err on the side of a more conservative estimation of future market performance. Results are available for viewing at the 50%, 75%, and 90% confidence levels as described in the following chart:

Although past performance does not guarantee future results, it may be useful in comparing investment strategies over the long term. Average annual returns are hypothetical, and, if achieved annually, would have produced the same cumulative total return if performance had been constant over the entire period. Average annual total returns simply smooth out variation in performance; they are not the same as actual year-by-year results. In the examples on slide 11, an asset allocation of 42% domestic stocks, 18% foreign stocks, 35% bonds and 5% short-term investments.

Market Conditions	Performance Assumptions Fail	Performance Assumptions Meet or Exceed	Confidence Level
If markets perform significantly lower than historical averages	10 out of 100 times	90 out of 100 times	90% (Significantly below average)
If markets perform lower than historical averages	25 out of 100 times	75 out of 100 times	75% (Below average)
If market averages continue	50 out of 100 times	50 out of 100 times	50% (Average)

Important index information

Dow Jones Industrial Average, published by Dow Jones & Company, is a price–weighted index that serves as a measure of the entire US market. The index comprises 30 actively traded stocks, covering such diverse industries as financial services, retail, entertainment, and consumer goods.

MSCI EAFE Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors of developed markets, excluding the U.S. & Canada. Index returns are adjusted for tax withholding rates applicable to U.S. based mutual funds organized as Massachusetts business trusts (NR).

The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-back securities (agency fixed-rate pass-throughs), asset-backed securities and collateralized mortgage backed securities (agency and non-agency).

Bloomberg US 3 Month Treasury Bellwether Index is a market value-weighted index of investment-grade fixed-rate public obligations of the US Treasury with maturities of 3 months, excluding zero coupon strips.

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 US equity performance.

Russell 2000 Index is a market capitalization–weighted index designed to measure the performance of the small-cap segment of the US equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index.

Russell 3000 Growth Index is a market capitalization–weighted index designed to measure the performance of the broad growth segment of the US 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 broad value segment of the US equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

MSCI Emerging Markets Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in emerging markets. Index returns are adjusted for tax withholding rates applicable to U.S. based mutual funds organized as Massachusetts business trusts (NR).

ICE BofA US High Yield Constrained Index is market capitalization weighted and is designed to measure the performance of U.S. dollar denominated below investment grade (commonly referred to as "junk") corporate debt publicly issued in the U.S. domestic market.

NAREIT Equity-Only Index is the unmanaged National Association of Real Estate Investment Trusts (NAREIT) Equity Index, a market-value-weighted index based upon the last closing price of the month for tax-qualified REITs listed on the NYSE.

MSCI Emerging Markets Net MA Index MSCI Emerging Markets Net MA Index represents the performance of the MSCI Emerging Markets (Net Massachusetts tax) since January 1, 2004, and the MSCI Emerging Markets (G) prior to that date.

Bloomberg Commodity Index Total Return 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.

The Wilshire 5000 Total Market Index, or more simply the Wilshire 5000, is a market-capitalization-weighted index of the market value of all American stocks actively traded in the United States. As of December 31, 2023, the index contained 3,403 components.

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Important information

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Past performance does not guarantee future results.
Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Diversification and asset allocation do not ensure a profit or guarantee against loss.

Investment decisions should be based on an individual's own goals, time horizon & tolerance for risk.

Generally, among asset classes stocks are more volatile than bonds or short-term instruments and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Although the bond market is also volatile, lower-quality debt securities including leveraged loans generally offer higher yields compared to investment grade securities, but also involve greater risk of default or price changes. Foreign markets can be more volatile than U.S. markets due to increased risks of adverse issuer, political, market or economic developments, all of which are magnified in emerging markets.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. This material is provided for informational purposes only and should not be used or construed as a recommendation for any security.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible. Interest rate increases can cause the price of a debt security to decrease. Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

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

Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry. The value of securities of issuers in the real estate industry can be affected by changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, and the management skill and creditworthiness of the issuer.

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All indexes are unmanaged. Indexes are not illustrative of any particular investment, and it is not possible to invest directly in an index.

Market indexes are included for informational purposes and for context with respect to market conditions. All indexes are unmanaged, and performance of the indexes includes reinvestment of dividends and interest income, unless otherwise noted. Review the definitions of indexes for more information. Please note an investor cannot invest directly into an index. Therefore, the performance of securities indexes do not incorporate or otherwise reflect the fees and expenses typically associated with managed accounts or investment funds.

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