

Commentary | Fourth Quarter 2023

# Quarterly Market Update

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# Disinflation stalled and rates rose amid U.S. expansion

## MACRO

### Q3 2023

- Global disinflation stalled as economic trends became choppier.

### OUTLOOK

- The global business cycle remains in expansion but is facing multiple crosswinds.
- The U.S. is in the late-cycle expansion phase, supported by a solid consumer backdrop.
- China's policy easing is picking up pace amid weak cyclical and structural trends.
- Tight labor markets will make continued disinflation difficult.
- The Fed and other central banks are likely nearing the end of their hiking cycles

## ASSET MARKETS

- Stock and bond prices dropped while oil prices rose.

- Markets may be overly sanguine about the lagging impact of monetary tightening.
- Greater uncertainty about inflation and policy raises the odds that market volatility will rise.
- The valuations of non-U.S. equities appear to price in more of this uncertainty.
- Late-cycle positioning implies smaller cyclical tilts and a readiness for opportunities
- High levels of long-term portfolio diversification remain warranted.

# Rising yields weighed on stocks and bonds in Q3

	Q3 2023	YTD (%)		Q3 2023	YTD (%)
Commodities	4.7%	-3.4%	U.S. Large Cap Stocks	-3.3%	13.1%
High-Yield Bonds	0.5%	6.0%	U.S. Growth	-3.3%	23.8%
Emerging-Market Bonds	-2.2%	1.8%	Gold	-3.7%	1.3%
Emerging-Market Stocks	-2.9%	1.8%	Non-U.S. Developed-Country Stocks	-4.1%	7.1%
U.S. Corporate Bonds	-3.0%	0.0%	U.S. Small Cap Stocks	-5.1%	2.5%
U.S. Value	-3.2%	1.7%	Real Estate Stocks	-7.1%	-2.1%
Investment-Grade Bonds	-3.2%	-1.2%	Long Government & Credit Bonds	-9.4%	-5.4%

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. IG: Investment grade. Assets represented by: U.S. Growth Stocks—Russell 3000 Growth Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Gold—Gold Bullion, LBMA PM Fix; U.S. Large Cap Stocks—S&P 500®; Long Government & Credit Bonds—Bloomberg Long Government & Credit Index; Emerging-Market Stocks—MSCI EM Index; High-Yield Bonds—ICE BofA High Yield Bond Index; U.S. Corporate Bonds—Bloomberg U.S. Credit Index; Investment-Grade Bonds—Bloomberg U.S. Aggregate Bond Index; U.S. Small Cap Stocks—Russell 2000® Index; Real Estate Stocks—FTSE NAREIT Equity Index; Emerging-Market Bonds—JP Morgan EMBI Global Diversified Composite Index; U.S. Value Stocks—Russell 3000® Value Index; Commodities—Bloomberg Commodity Index. Source: Bloomberg Finance L.P., Haver Analytics,

# Narrow leadership in the equity-market rally

## S&P 500 Stock Performance

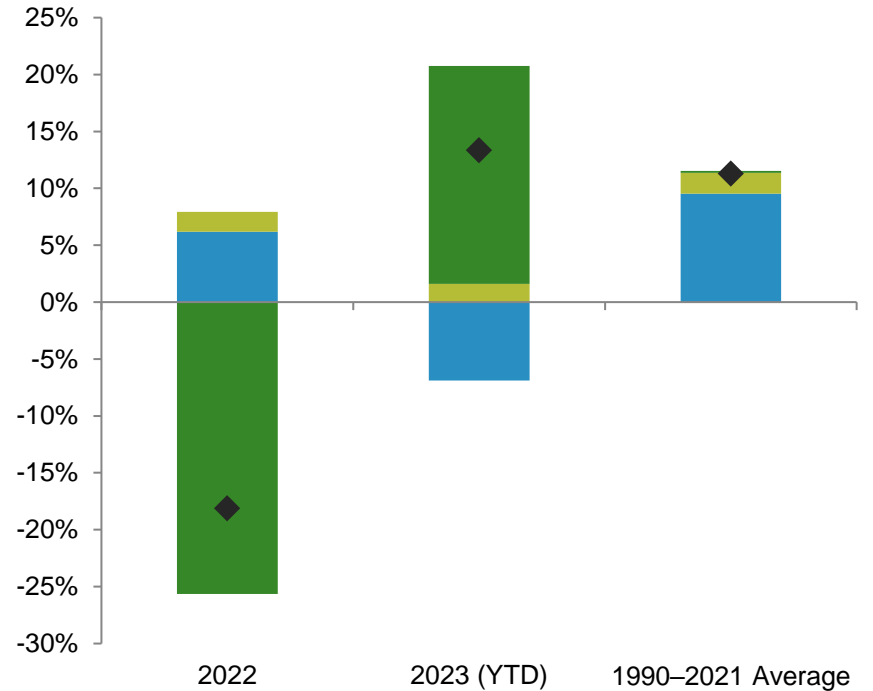
— Top 10 — Bottom 490

Cumulative Total Return



## Composition of S&P 500 Total Return

■ Earnings ■ Dividend Yield ■ Multiples ◆ Total Return

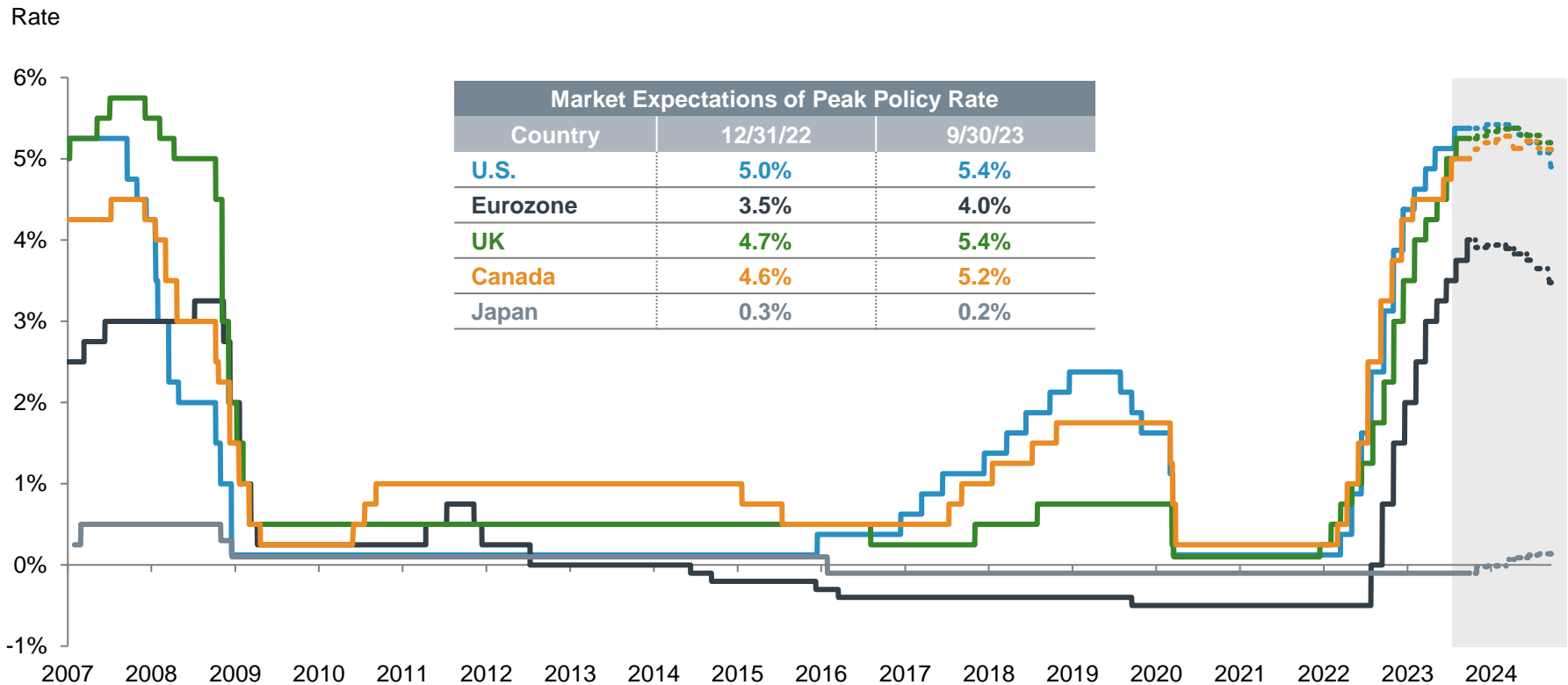


**LEFT:** Measures the performance of the largest 10 stocks and the other 490 based on market capitalization. Source: FactSet, Fidelity Investments, as of 9/30/23. **RIGHT:** Diluted earnings per share with street estimates for Q3-2023. Source: Factset, Bloomberg Financial LP, Fidelity Investments, as of 9/30/23.

# Dramatic global hiking cycle may be nearing a peak

## Global Short-Term Policy Rates

— U.S. — Eurozone — UK — Canada — Japan

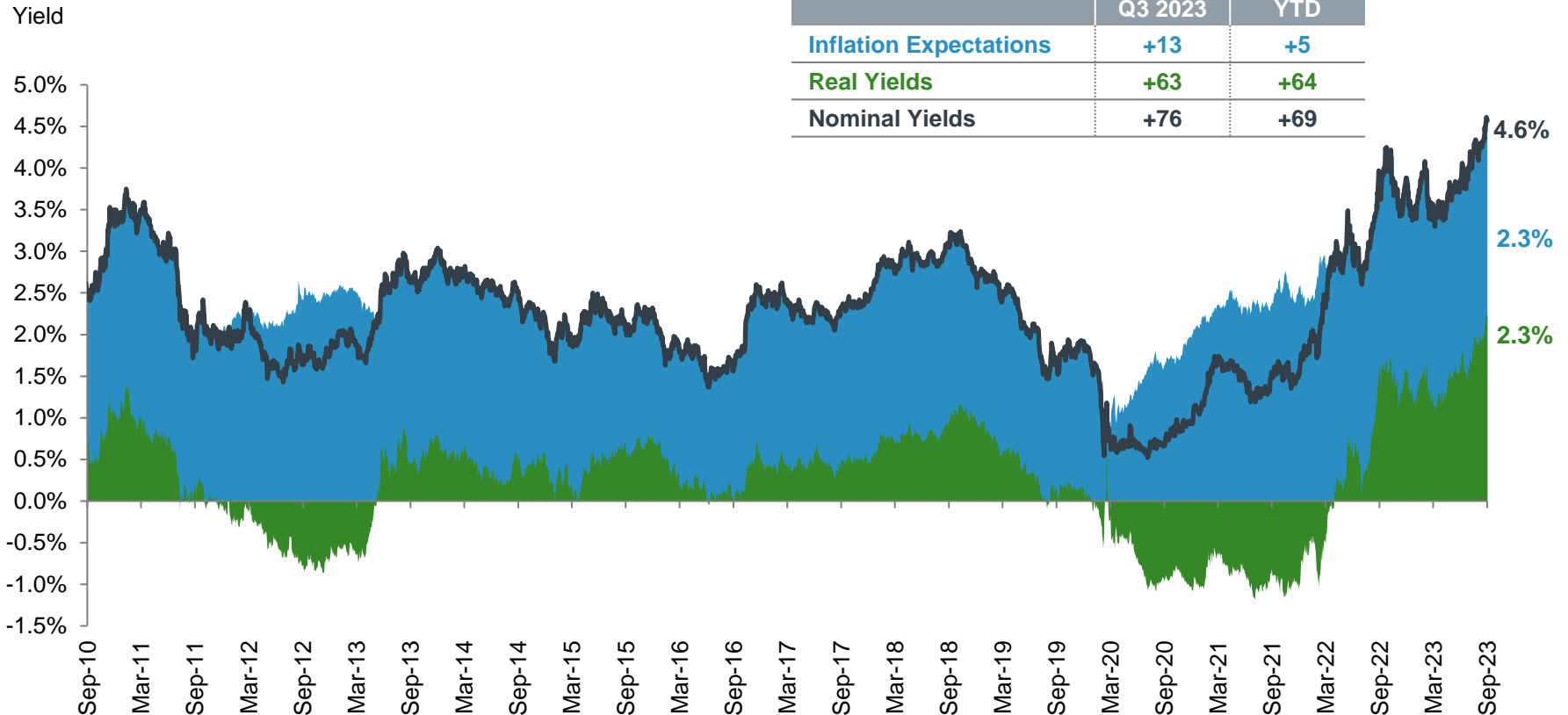


Dotted lines in the shaded area represent market rate expectations using OIS swaps. They end at the peak expected policy rate by the market. Source: U.S. Federal Reserve Board, ECB, Bank of Japan, Bank of England, Bloomberg Finance L.P., Fidelity Investments (AART), as of 9/30/23.

# Sharp rise in real rates pushed Treasury yields higher

## 10-Year U.S. Government Bond Yields

■ Inflation Expectations ■ Real Yields — Nominal Yield

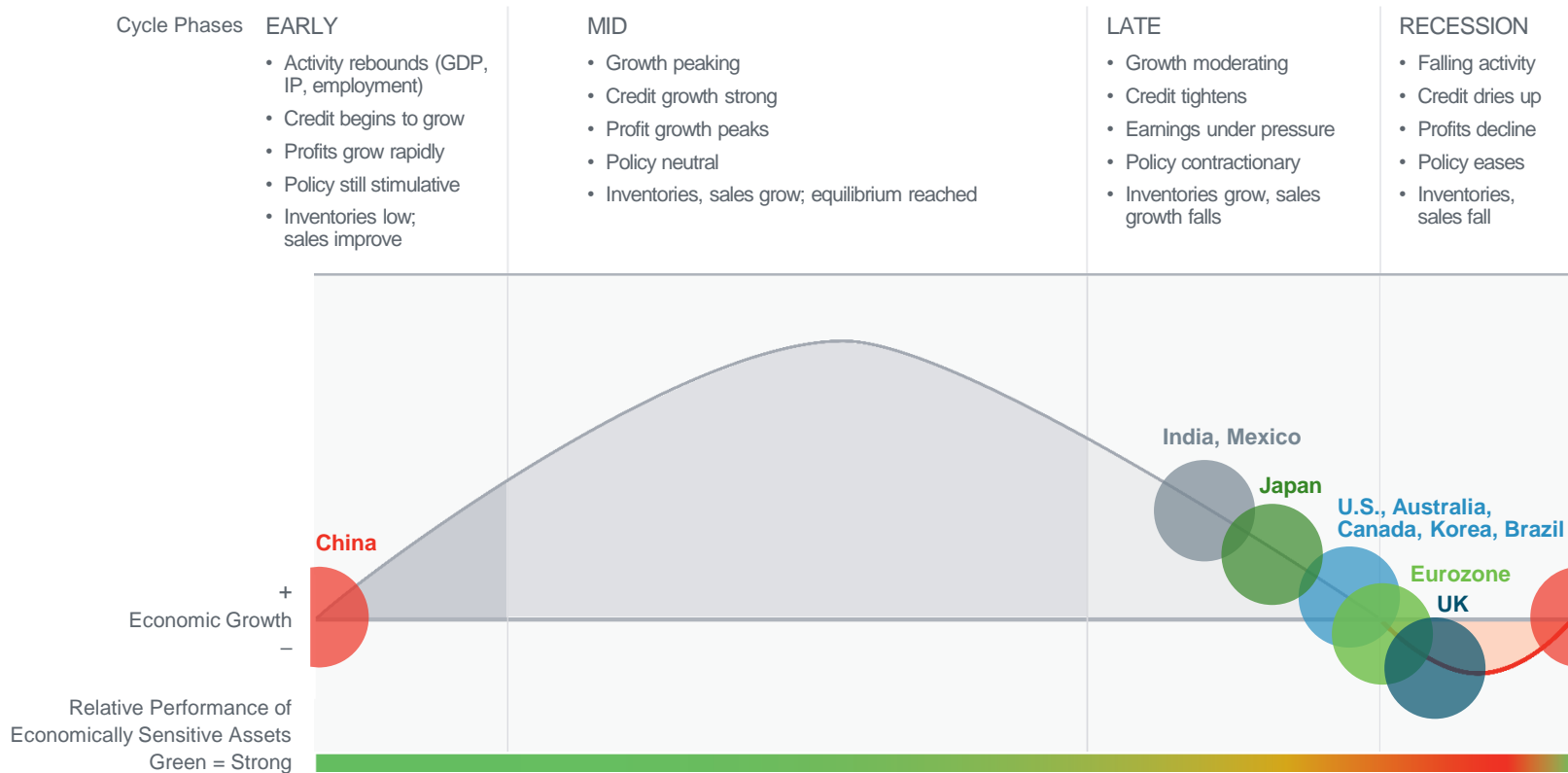


**Real Yields:** The inflation adjusted cost of borrowing.

**Nominal Yield:** The stated interest rate paid on a bond, computed by dividing the amount of annual income by the bond's par value.

# Global business cycle in an uneven expansion

## Business Cycle Framework



A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term horizon. 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. Source: Fidelity Investments (AART), as of 9/30/23.

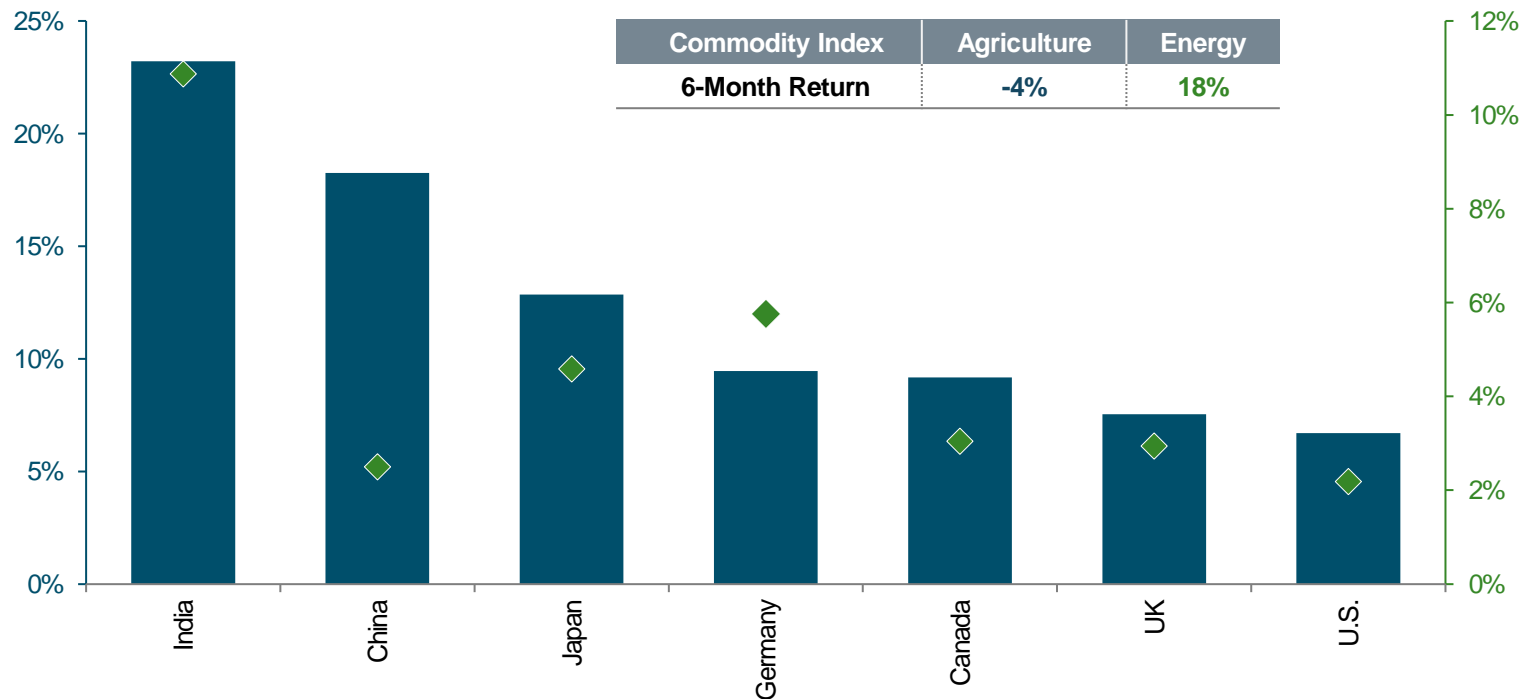
# Global exposure to commodities mixed

## Household Spending on Food and Energy

■ Food    ◆ Energy

Share of Disposable Income

Share of Disposable Income



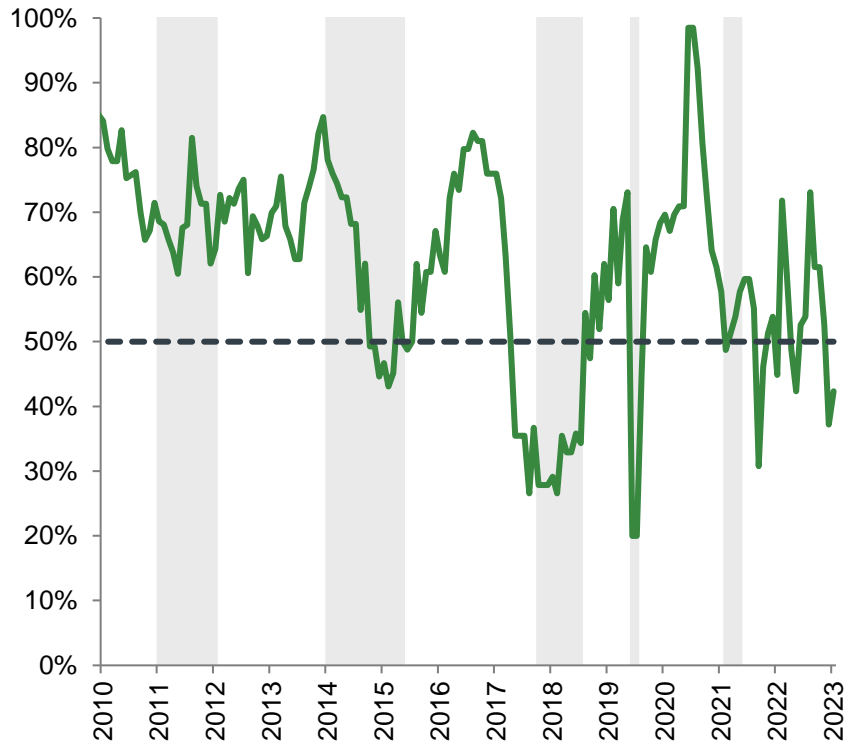
Food: at home; Energy: utilities, gasoline, gas, oil, water. Share of disposable income calculated from 2019 values. **Past performance is no guarantee of future results.** TABLE: It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Returns represented by Bloomberg commodity total return sub-indexes. Source: World Bank, Haver Analytics, Bloomberg Finance L.P.,

# China: Structural headwinds constrain recovery

## China Industrial Activity

— AART Industrial Production Diffusion Index

Percentage of Industries in Expansion



## China: Economic and Policy Trends

Positive	Negative
Policy easing in manufacturing and consumption sectors (tax cuts, EV subsidies)	Structural imbalances (excess capacity, high debt)
Monetary policy easing	Property overhang (asset value deterioration)
Fiscal policy support and infrastructure investments	Depressed consumer sentiment
Property sector easing (fewer home buying restrictions, relaxation of three red lines)	Geopolitical risk
	Regulatory risk (focus on “common prosperity”)

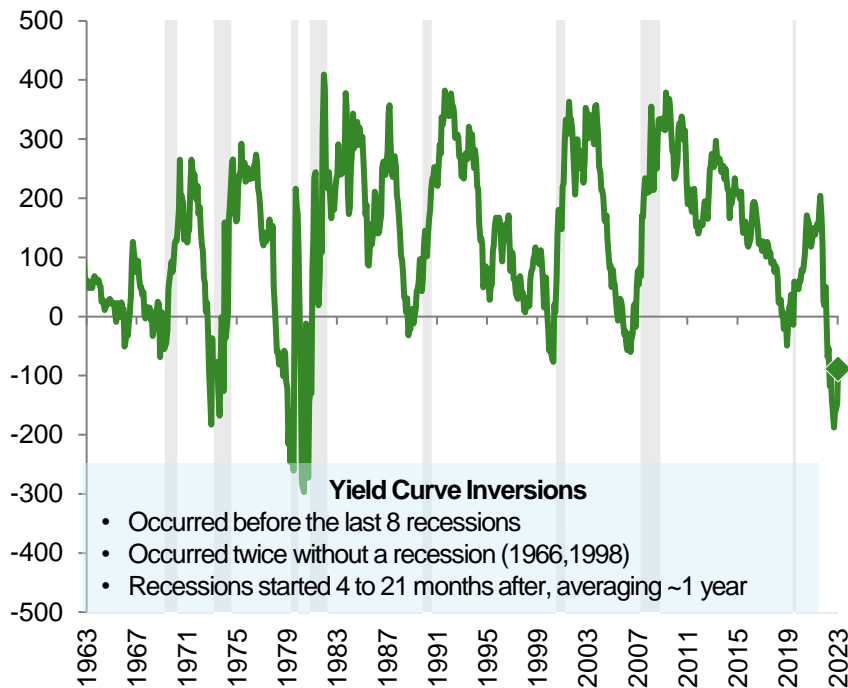
9 Gray bars represent growth recessions as defined by AART. LEFT: Source: National Bureau of Statistics, People’s Bank of China, Fidelity Investments (AART), as of 9/30/23.

# Deeply inverted curve typical of late cycle

## Treasury Yield-Curve Spread

— 10-Year minus 3-Month

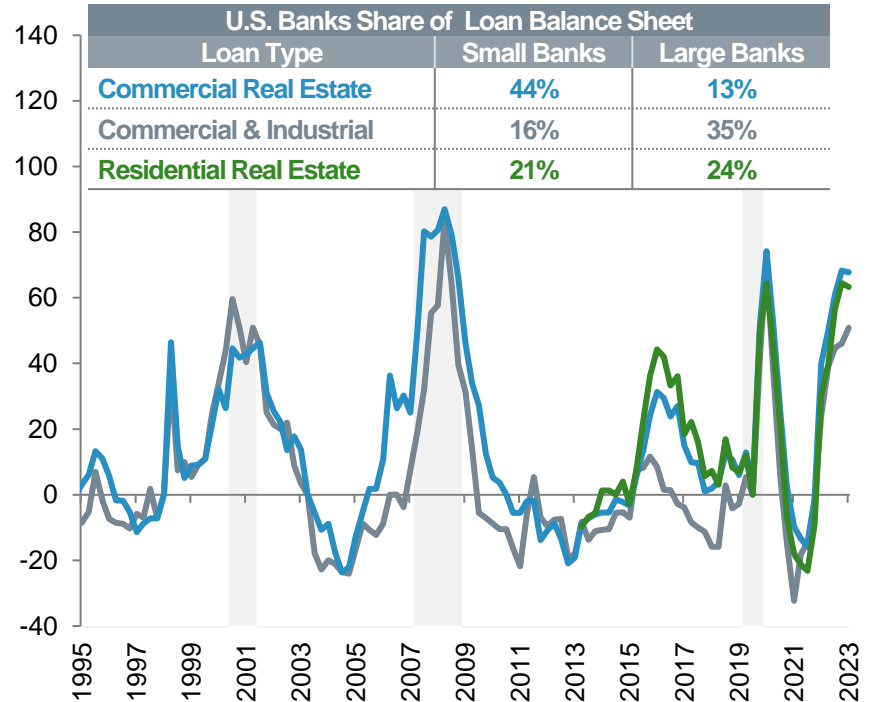
Basis Points



## U.S. Banks Lending Standards by Loan Type

— Commercial & Industrial      — Commercial Real Estate  
 — Multi-Family Residential

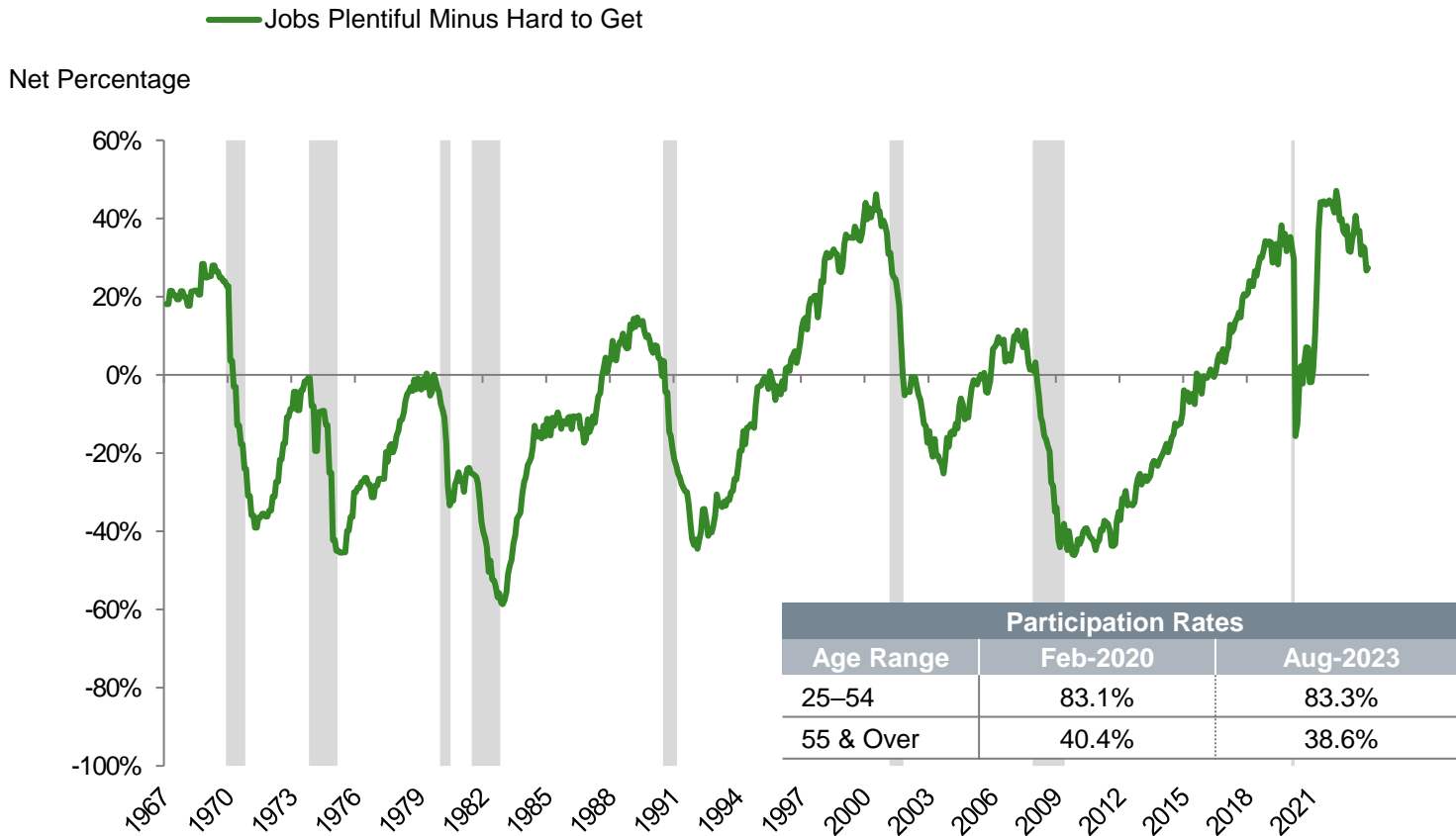
Share of Banks Tightening



Shaded areas denote U.S. recession. **LEFT:** Diamond depicts the last chart point (as of 9/30/23). Source: U.S. Federal Reserve Board, NBER, Haver Analytics, Fidelity Investments (AART), as of 9/30/23. **RIGHT:** Large Banks: Top 25 U.S. Domestically Chartered ranked by domestic assets. Source: Federal Reserve Board, NBER, Haver Analytics, Fidelity Investments (AART), as of 9/30/23.

# Modest cooling in extremely tight U.S. labor markets

## Employment Conditions: Worker Sentiment



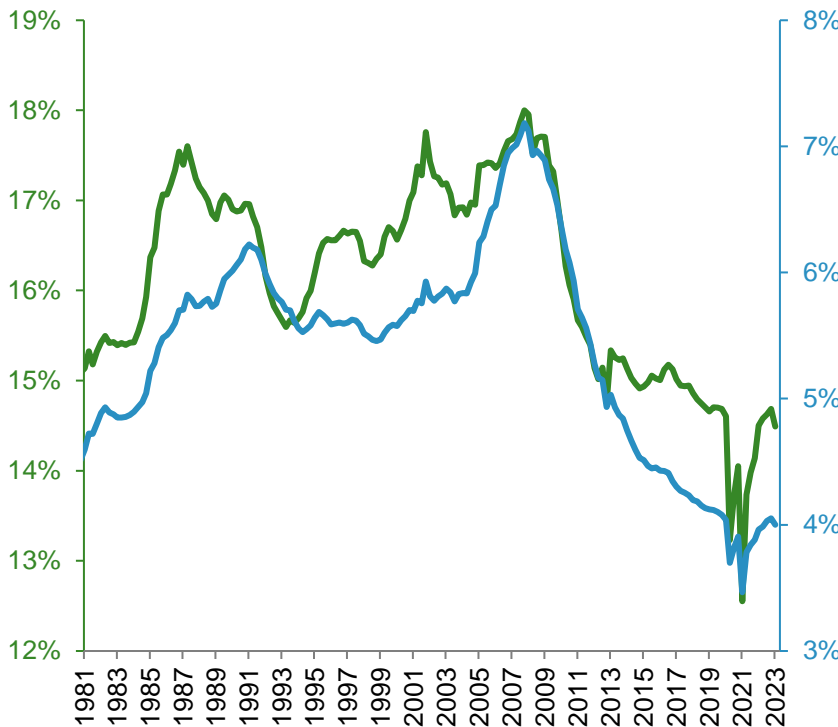
Shaded areas represent U.S. recessions. Source: Conference Board, National Bureau of Economic Research, Macrobond, Fidelity Investments (AART), as of 9/30/23.

# Rising cost of capital in a low-rate-sensitive economy

## Consumer Interest Rate Exposure

Financial Obligations Household Mortgage Debt Service

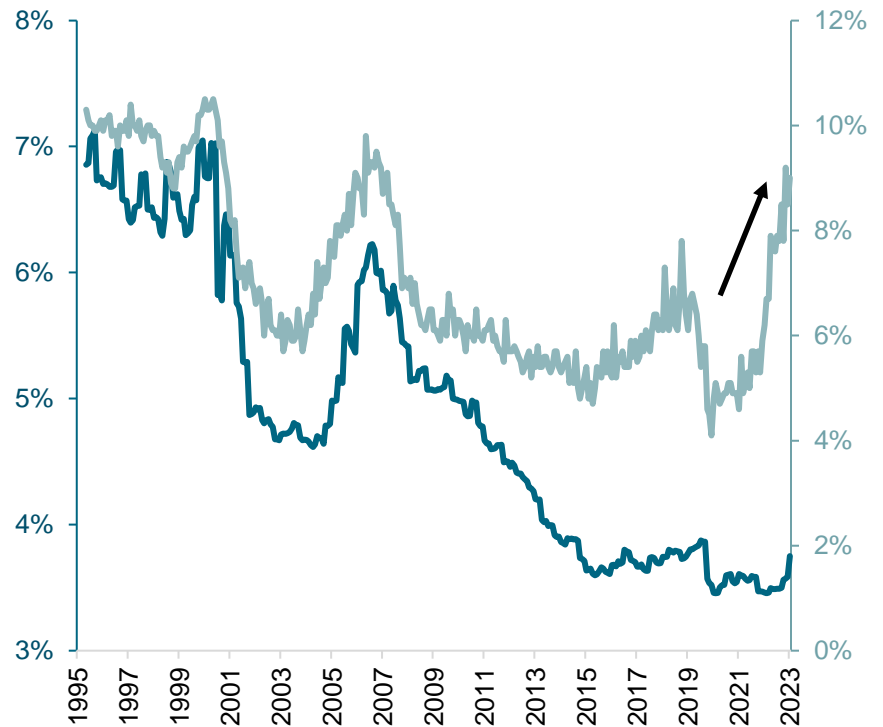
Percent of Disposable Income Percent of Disposable Income



## Corporate Interest Rate Exposure

Large Companies Small Companies

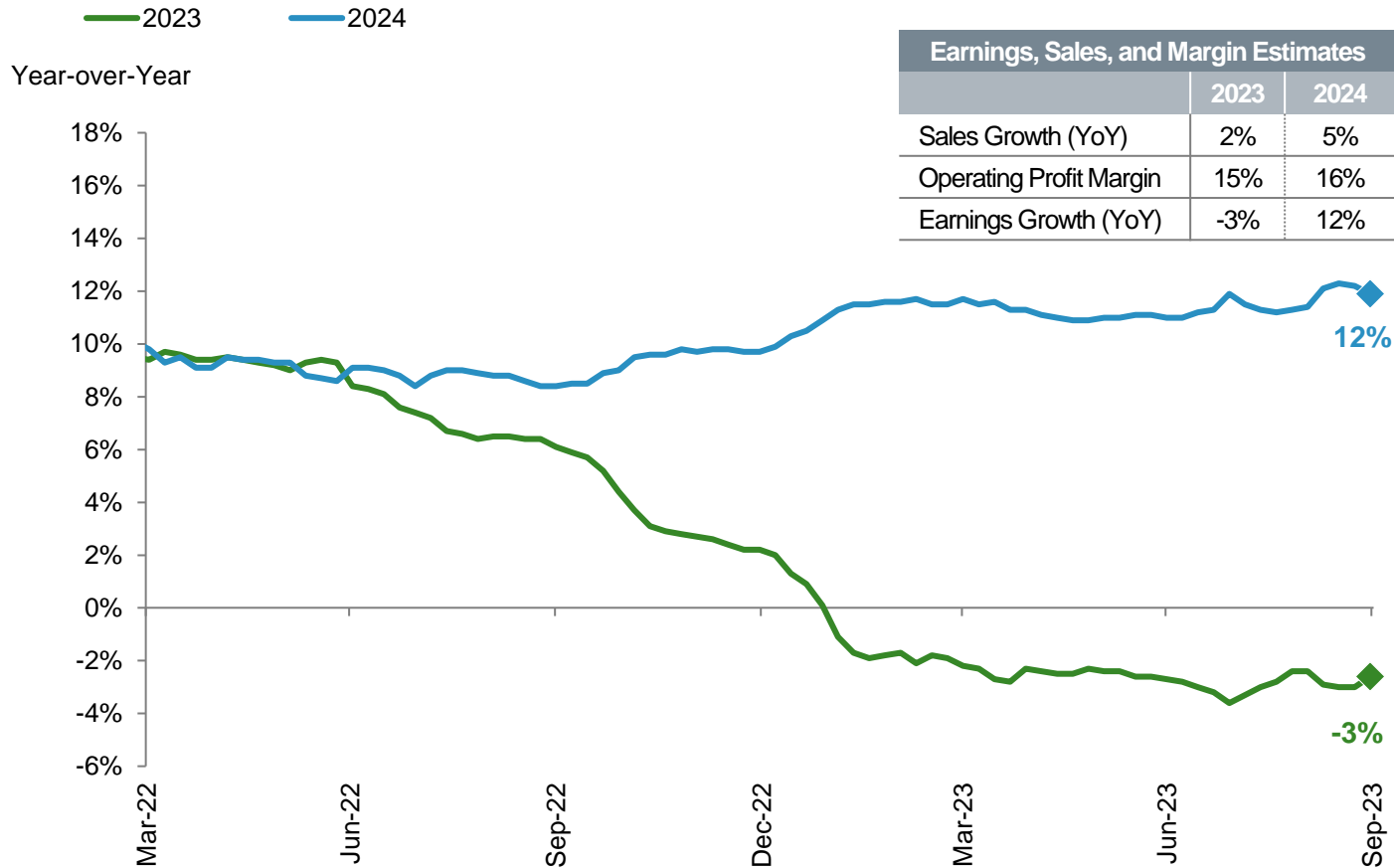
Interest Expense/Total Debt Average Rate on Debt



**LEFT:** Financial obligations ratio: automobile lease payments, rental payments on tenant-occupied property, homeowners' insurance and property tax payments relative to disposable personal income. Household Mortgage Debt Service Ratio shown above corresponds to the mortgage debt as a share of disposable income. Source: Federal Reserve, Macrobond, Fidelity Investments (AART) as of 4/30/23 **RIGHT:** The arrow in the chart notes the uptick in the average rate of small-company debt since 2019. Source: National Federation of Independent Business, Factset, Macrobond, Fidelity Investments (AART) as of 8/31/23.

# Market expects earnings rebound in 2024

## S&P 500 Earnings Growth Expectations

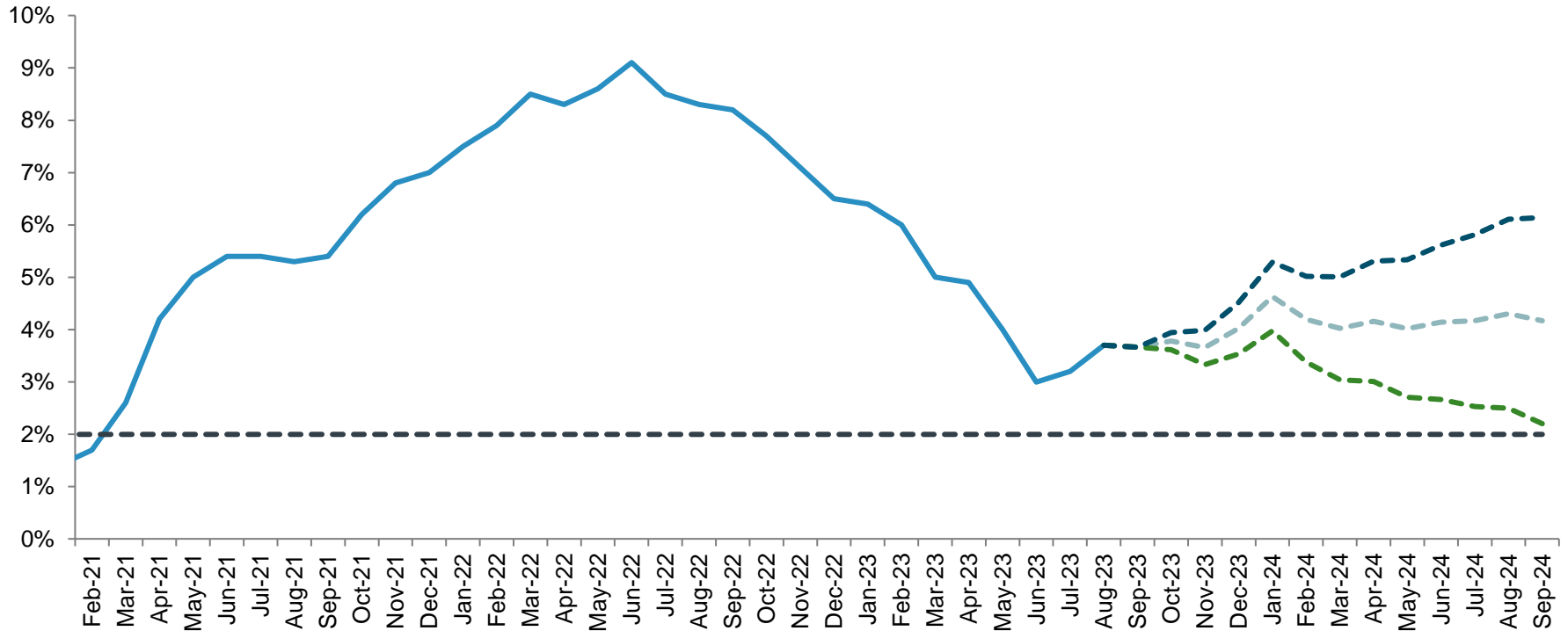


# Easy disinflation is over; reaching 2% may be a challenge

## Inflation Estimates under Different Commodity Price Scenarios

— Headline CPI    - - - AART Scenario 1: Baseline    - - - AART Scenario 2: Commodities -30%    - - - AART Scenario 3: Commodities +30%

Year-over-Year



CPI: Consumer Price Index. Commodity prices are represented by the Bloomberg Commodity Index (BCOM), and their hypothetical changes over the next year are assumed to occur equally throughout the year. Source: Bureau of Labor Statistics, Bloomberg, Haver Analytics, Fidelity Investments (AART), as of 9/30/23.

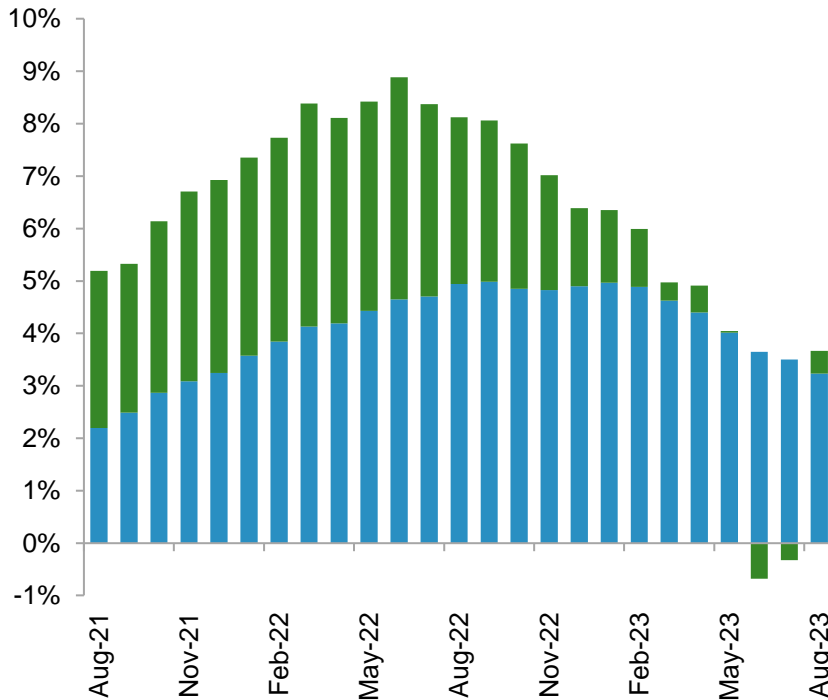


# Persistent factors continue to drive inflation pressures

## Persistent vs. Transitory Inflation

■ Persistent Inflation ■ Transitory Inflation

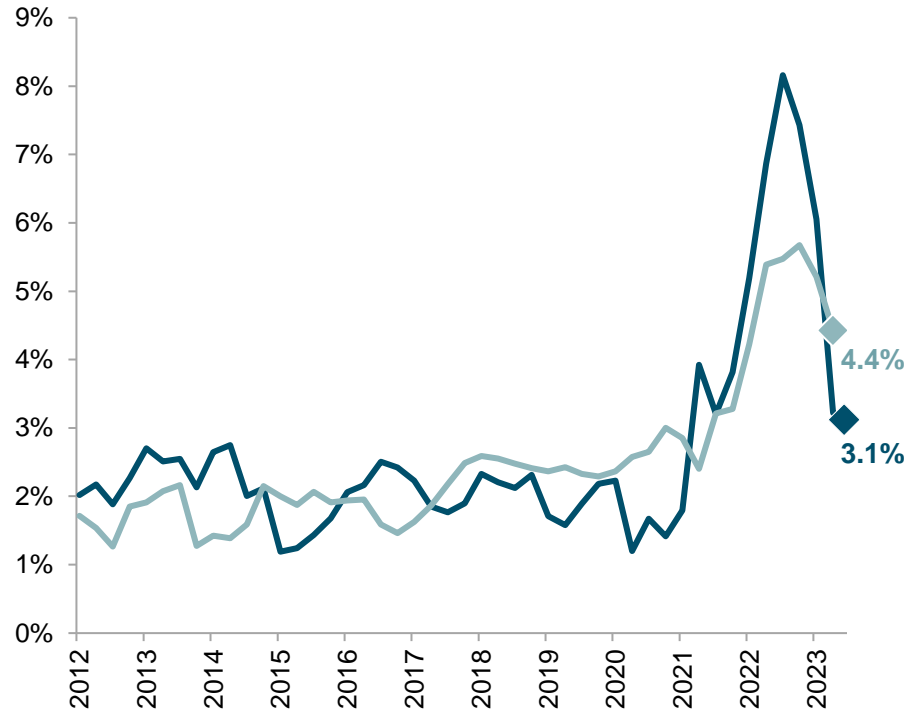
Year-over-Year



## Services Inflation vs. Labor Costs

— CPI Services less Shelter — Labor Costs

Year-over-Year



CPI: Consumer Price Index. **LEFT:** Contribution to Year-over-Year CPI over the past 12 months. Persistent Categories include areas where, historically, inflation has taken longer to dissipate, such as Housing and Food & Beverages. Source: Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 8/31/23. **RIGHT:** Unit Labor Costs measured as 4-quarter moving average. Diamonds depict the last chart points (as of 9/30/23). Source: Bureau of Labor Statistics, Haver Analytics, Bloomberg, Fidelity Investments (AART), as of 8/31/23.

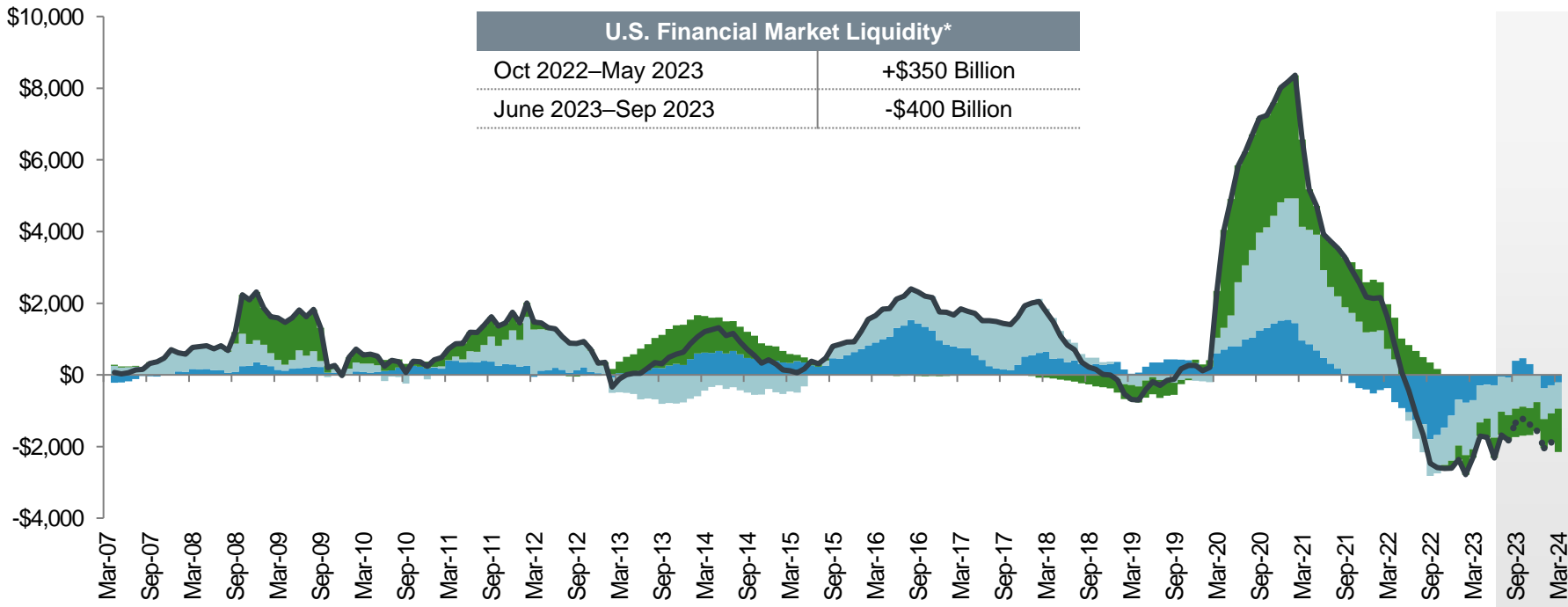


# Central bank tightening starting to pressure market liquidity

## Central Bank Balance Sheets

U.S. Eurozone Japan Total

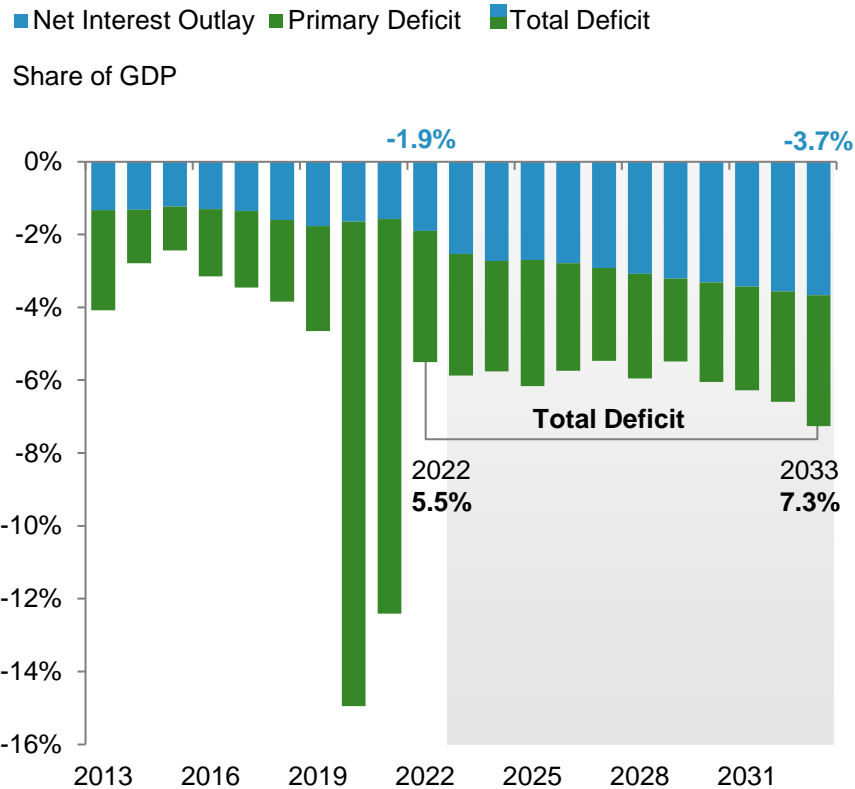
Billions (12-Month Change)



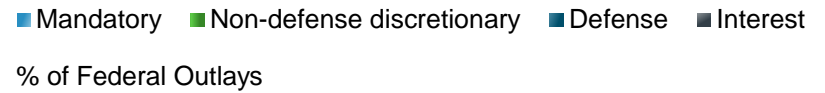
\* U.S. Financial Market Liquidity is Federal Reserve Balance Sheet Assets less Reverse Repo Program (RRP) and Treasury General Account (TGA). Shaded area represents estimates based on the U.S. Federal Reserve conducting \$80 billion of QT per month, the European Central Bank conducting 20 billion euro of QT per month and redeeming Targeted Long-Term Refinancing Operations throughout 2023 based on expected loan maturities, and the Bank of Japan purchasing assets at an average of the prior six months. Source: Federal Reserve, Bank of Japan, European Central Bank, Haver Analytics, Fidelity Investments (AART), as of 8/31/23.

# Fiscal policy cyclically neutral but long-term challenged

## U.S. Fiscal Deficit



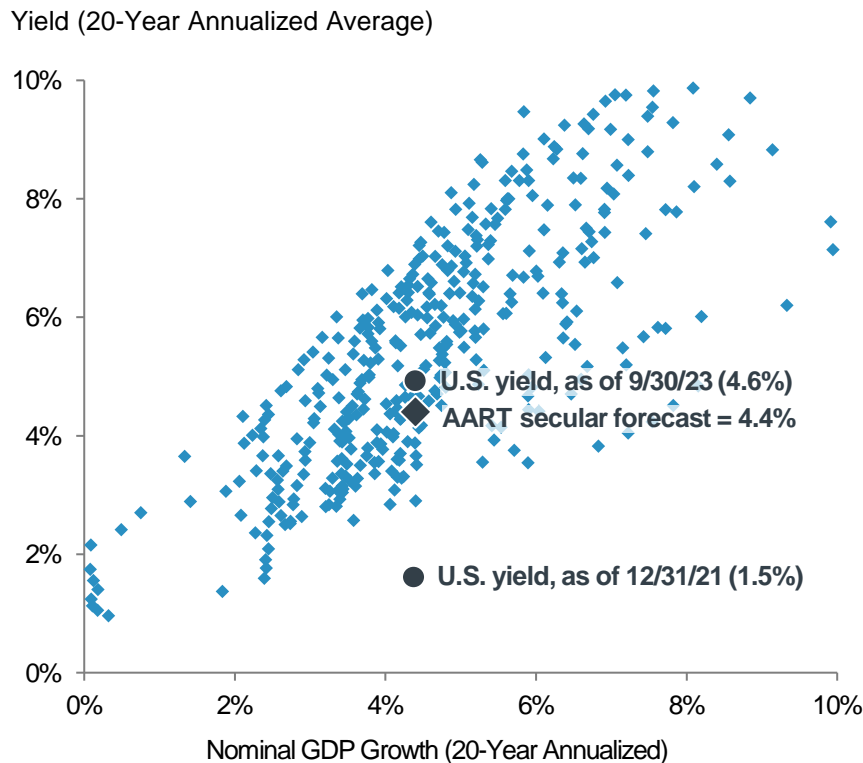
## Categories of Federal Spending, FY 2023



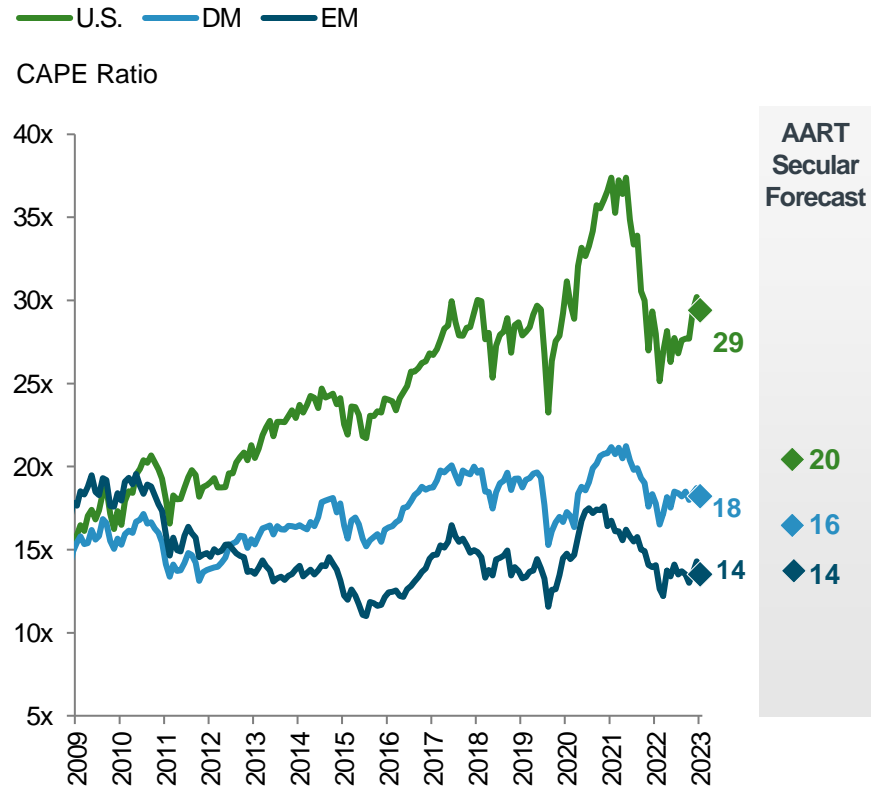
LEFT: Shaded area represents deficit baseline from the CBO. Primary deficit is the total deficit minus the net interest outlay. Source: Congressional Budget Office, Macrobond, Fidelity Investments (AART), as of 5/12/23. RIGHT: FY is fiscal year. Source: Congressional Budget Office, Fidelity Investments (AART), as of 5/31/23.

# Relative valuations may provide opportunities ahead

## 10-Year Sovereign Bond Yields vs. GDP



## Equity Valuations



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. **LEFT:** Highlighted dots are U.S. 10-year Treasury bond yields. AART secular forecast refers to an estimate for U.S. nominal GDP (4.4%). Source: Official Country Estimates, Haver Analytics, Fidelity Investments (AART), as of 9/30/23. **RIGHT:** DM: Developed markets. EM: Emerging markets. Price-to-earnings (P/E) ratio (or multiple): Stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Cyclically adjusted earnings are 10-year averages adjusted for inflation. Source: FactSet, countries' statistical organizations, MSCI, Fidelity Investments (AART), as of 8/31/23.

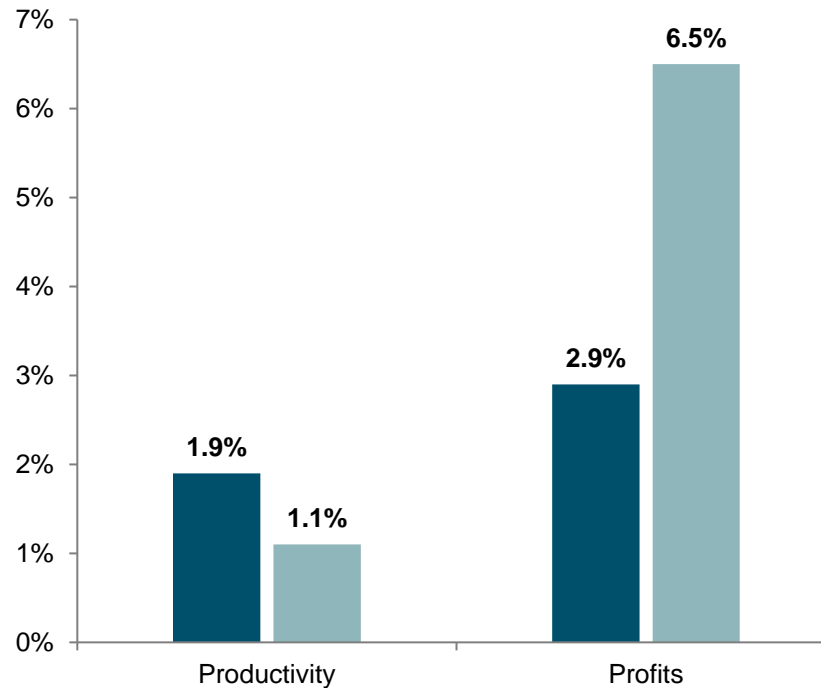


# Change in corporate behavior on the horizon?

## Real Productivity Growth vs. Real Profit Growth

■ Historical Average (1950–2021) ■ Last Decade (2012–2021)

Annualized growth



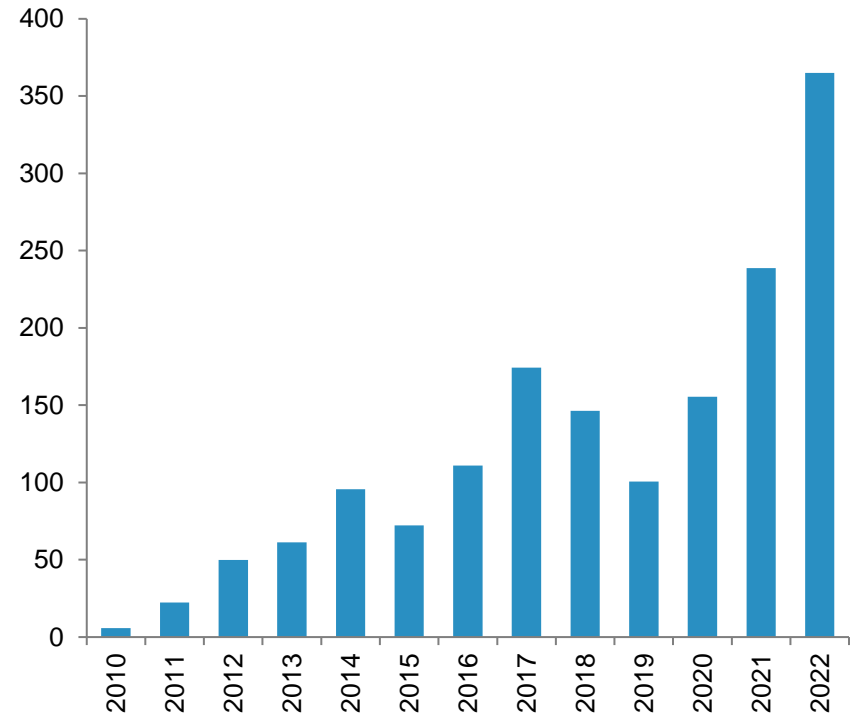
# Strategic opportunities amid productivity upside scenarios

## Examples of Strategic Opportunities

Global opportunities	Capex, innovation, and shifting market leadership opportunities
Lower asset correlations increase benefit of geographic diversification	<b>Reshoring and near-shoring</b> Supply-chain resilience
Greater opportunities across regions, industries, and companies	<b>National security</b> Energy, defense, cyber
	<b>Artificial intelligence</b> Sector-specific automation

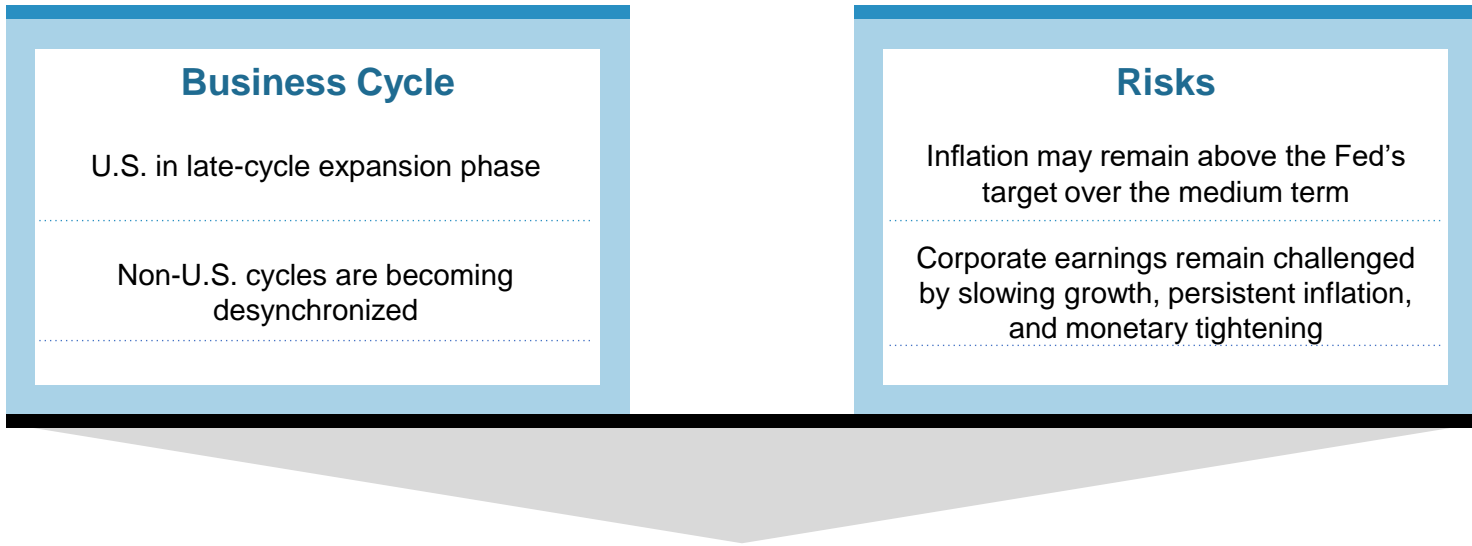
## U.S. Jobs Created from Reshoring and FDI

Thousands



FDI is Foreign Direct Investment. Diversification and asset allocation do not ensure a profit or guarantee against loss. LEFT: Source: Fidelity Investments (AART) as of 6/30/23. RIGHT: Based on reshoring announcements by U.S. headquartered companies and FDI by foreign companies that are shifting production or sourcing from offshore to the U.S. Source: Reshoring Initiative, Fidelity Investments (AART), as of 12/31/22.

# Outlook: Market assessment



## Asset Allocation Implications

The late-cycle phase warrants smaller active allocation positions

Desynchronized global cycles across major economies provide diversification opportunities

Security selection may present additional return opportunities

# Appendix: Important information

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or a solicitation to buy or sell any securities. Views expressed are as 9/30/23, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the authors and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

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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 a 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.

# Appendix: Important information

## Market Indexes

**Bloomberg 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 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 U.S. Treasury Index** is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more. **Bloomberg 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 US Treasury. **Bloomberg Long U.S. Government Credit Index** includes all publicly issued U.S. government and corporate securities that have \$250 million or more of outstanding face value. **Bloomberg 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 Municipal Bond Index** is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more.

**Bloomberg 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 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 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.

**ICE BofA 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 Diversified Composite Index** comprises of USD denominated Brady bonds, Eurobonds and Traded loans issued by sovereign and quasi sovereign entities. The Diversified version limits the weights of the index countries by only including a specified portion of those countries' eligible current face amounts of debt outstanding. This provides a more even distribution of weights within the countries in the index.

### 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.

**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.

**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.

**Russell 1000® Index** is a market capitalization-weighted index designed to measure the performance of the large cap segment of the U.S. equity market. **Russell 1000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the large cap growth segment of the U.S. equity market. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth rates. **Russell 1000 Value Index** is a market capitalization-weighted index designed to measure the performance of the large cap value segment of the U.S. equity market. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth rates.

**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.

# Appendix: Important information

## Market Indexes (continued)

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**Sectors and Industries** are defined by Global Industry Classification Standards (GICS®), except where noted otherwise. **S&P 500 sectors:** 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; 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. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

**Dow Jones U.S. Total Stock Market Index<sup>SM</sup>** is a full market capitalization-weighted index of all equity securities of U.S.-headquartered companies with readily available price data.

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

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

**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.

**MSCI Emerging Markets (EM) Index** is a market capitalization-weighted index 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 of EM countries of Asia.

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

**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). **FTSE NAREIT All Equity Total Return Index** is a market capitalization-weighted index that is designed to measure the performance of tax-qualified real estate investment trusts (REITs) listed on the New York Stock Exchange, the NYSE MKT LLC, or the NASDAQ National Market List.

**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 a.m. and 3:00 p.m.

**Consumer Price Index (CPI)** is an inflationary indicator published monthly by the U.S. Bureau of Labor Statistics that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

**Personal consumption expenditure (PCE)** indexes, published by the U.S. Bureau of Economic Analysis, are a primary measure of actual and imputed household expenditures on goods (durable and non-durable) and services. Core PCE, the Federal Reserve's preferred measure of consumer price inflation, excludes volatile food and energy prices. Definitions, data, and related resources regarding CPI and PCE variants are available at <https://www.atlantafed.org/research/inflationproject/underlying-inflation-dashboard>.

# Appendix: Important information

## Market Indexes (continued)

**Bloomberg Commodity Total Return Sub-indexes** are composed of futures contracts and reflect the returns on fully collateralized commodity investments in metals, agriculture, energy, and precious metals. The sub-indexes are the Bloomberg Industrial Metals Subindex Total Return Index, Bloomberg Agriculture Subindex Total Return Index, Bloomberg Energy Subindex Total Return Index, and the Bloomberg Precious Metals Subindex Total Return Index.

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