Second Quarter 2013 | QUARTERLY MARKET UPDATE

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This report is a product of Fidelity's Asset Allocation Research Team (AART) with contributions from throughout Fidelity's asset management organization. AART conducts economic, fundamental, and quantitative research to develop asset allocation recommendations for Fidelity's portfolio managers and investment teams. AART is responsible for analyzing and synthesizing investment perspectives across Fidelity's asset management unit to generate insights on macroeconomic and financial market trends and their implications for asset allocation.

Market Summary

Market Overview: Favorable Backdrop, Gains Mute Outlook

Global markets have generally enjoyed a positive backdrop of incremental economic improvement, modest inflation, highly accommodative monetary policies, and low volatility. Systemic policy risk continued to ebb, though bank failure in Cyprus and sequestration cuts in the U.S. may create ongoing headwinds. The risk-return outlook is less favorable after the asset rally.

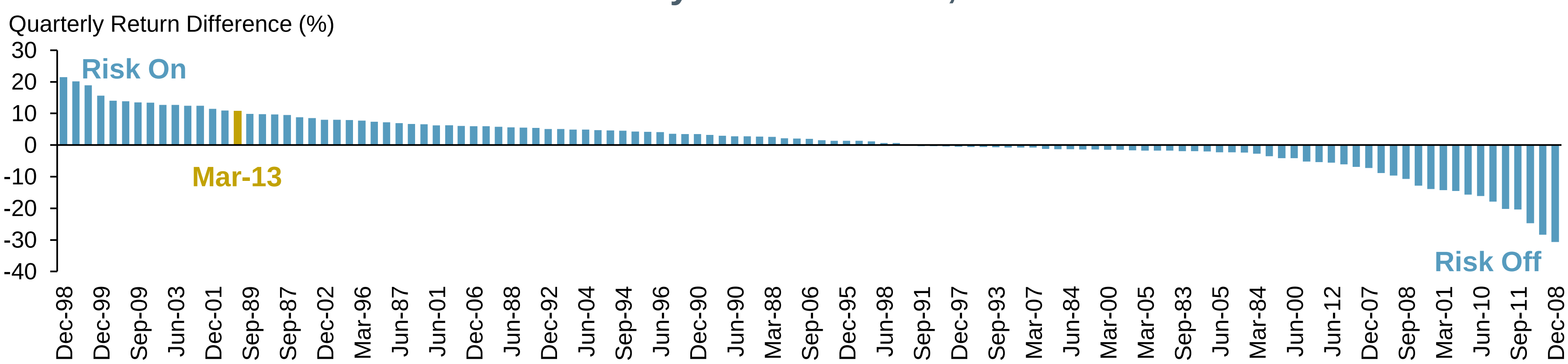
	Q1 2013 BACKDROP	OUTLOOK
TRENDS	• Slowly improving global economy – U.S. in mid-cycle expansion – China and Japan in early cycle – Europe recessionary • Modest inflation pressures • Continued monetary easing • Policy uncertainty (Cyprus, sequester) but at low simmer	• U.S. and global business cycles still provide solid backdrop for economically sensitive assets • Policy risk still a threat, though systemic risk trend is ebbing • Maturing cycle and rising sentiment imply upside/downside outlook has deteriorated
IMPLICATIONS	• Higher prices and valuations for riskier assets → asset prices reflect more positive backdrop • Falling correlations and lower volatility	• Risk-reward outlook less favorable than before • Improved backdrop for active management • Still favor economically sensitive assets – Some global equity opportunities – Credit more fully valued

Asset Market Performance: U.S. Stocks Led Mixed Results

Spurred by the sharp rally in U.S. and Japanese equities, most risky asset categories posted strong returns during the first quarter. Emerging-market assets and commodities performed the worst, while U.S. investment-grade bonds posted their first negative quarterly returns since 2010. The risk meter was in the top 13% of most positive quarters during the past 30 years.

	Q1 2013 (%)	1-Year (%)		Q1 2013 (%)	1-Year (%)
U.S. Mid-Cap Stocks	13.0	17.3	Investment-Grade Bonds	-0.1	3.8
U.S. Small-Cap Stocks	12.4	16.3	U.S. Corporate Bonds	-0.2	7.0
U.S. Large-Cap Stocks	10.6	14.0	U.S. Treasury Bonds	-0.2	3.1
Non-U.S. Small-Cap Stocks	8.6	13.8	Commodities	-1.1	-3.0
Real Estate Stocks	8.1	17.1	Emerging-Market Stocks	-1.8	2.1
Non-U.S. Developed-Country Stocks	5.3	11.8	Emerging-Market Bonds	-2.3	10.4
High-Yield Bonds	2.9	13.1	Gold	-3.6	-3.9

Risk Meter: U.S. Stock minus Treasury Bond Returns, 1983–2013

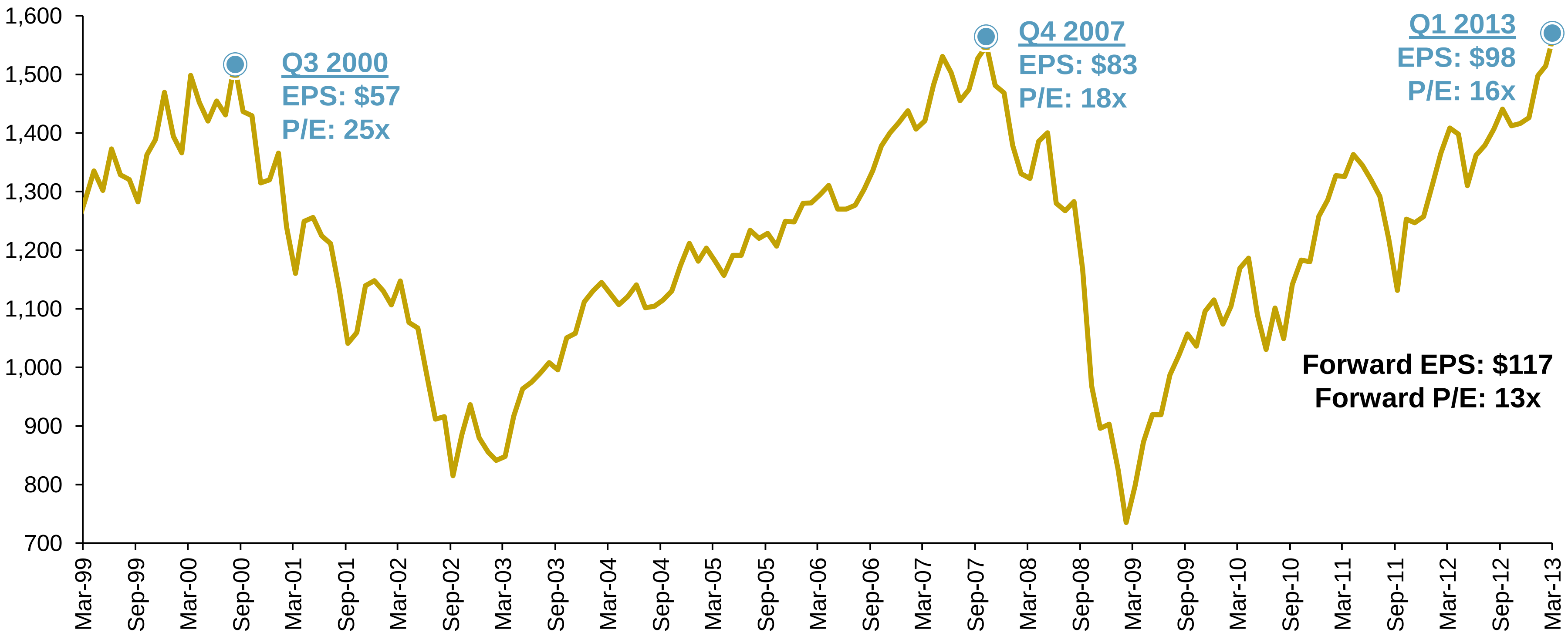


New Stock Index Highs, but Long-term Valuation Compression

The S&P 500 Index hit a new nominal high during the first quarter, but remains only marginally higher than previous peaks in 2000 and 2007. Over the past 13 years, the sideways market and steady growth in corporate earnings have allowed valuation multiples to compress significantly, leaving the price-to-earnings ratio for the market close to historical averages.

S&P 500

Compound Annual Growth Rate	1981–1999	2000–2013	1926–2013
S&P 500 Price	13.4%	0.5%	5.7%
S&P 500 Earnings	6.8%	5.0%	5.2%

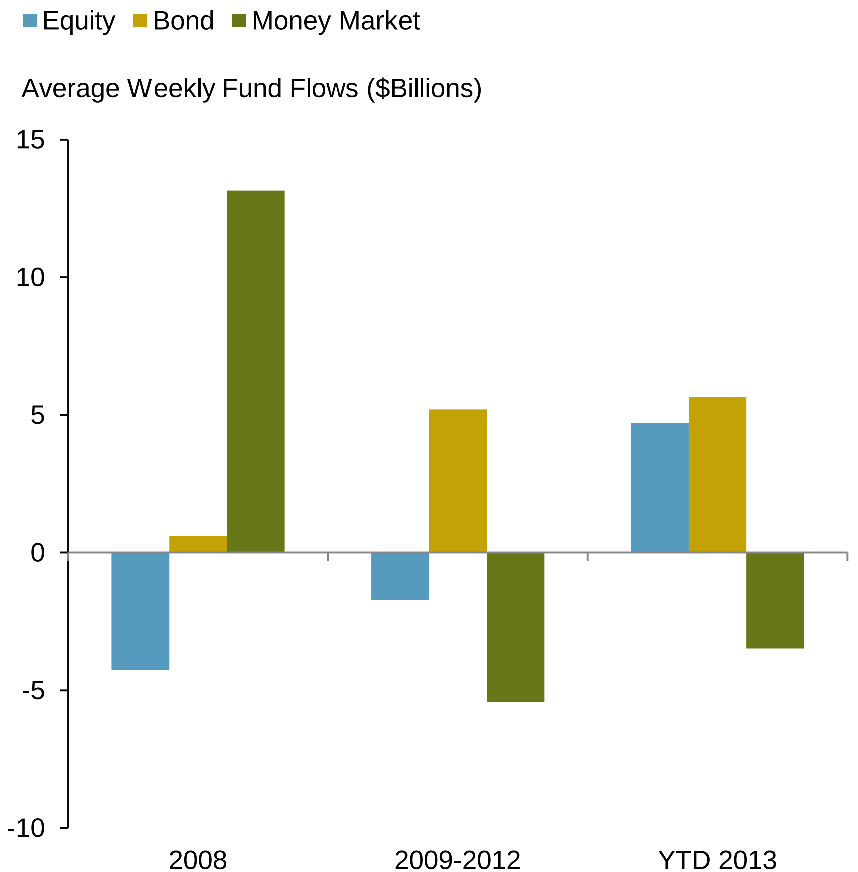


Past performance is no guarantee of future results. You cannot invest directly in an index. EPS = Earnings per share, P/E = Price-to-earnings ratio. All EPS and P/E data are trailing unless otherwise noted. Standard & Poor's estimates used Q1 2013 EPS, forward EPS and P/E. Source: Standard & Poor's, FactSet, Fidelity Investments (AART) as of 3/31/13.

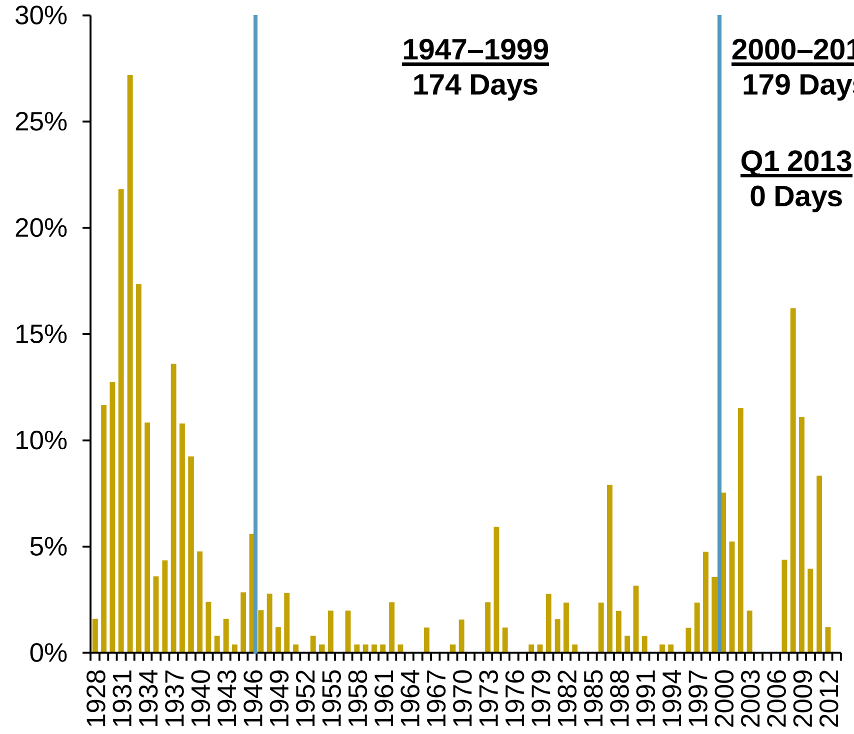
Rising Interest in Equities as Volatility Abates

After sharply increasing money market positions during high stock volatility and declines in 2008, investors flocked to bond mutual funds in 2009–2012. As stock market volatility continued to ebb this past quarter, equity funds enjoyed the largest quarterly inflow in six years. With the net movement coming from money market funds, bond fund flows also rose.

Mutual Fund Flows



% of S&P 500 Trading Days Down > 2%



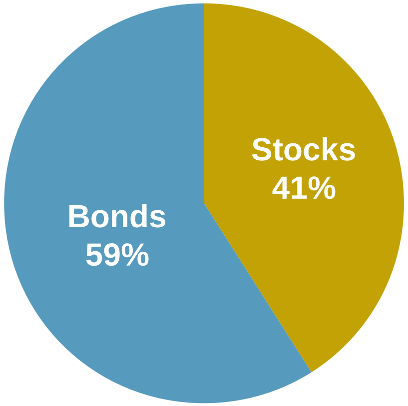
Past performance is no guarantee of future results. **LEFT:** Source: Investment Company Institute, Haver Analytics, Fidelity Investments (AART) through 3/20/13. **RIGHT:** Source: Bloomberg, Fidelity Investments (AART) through 3/31/13.

Fading Impact of Myopic Loss Aversion Could Boost Stocks

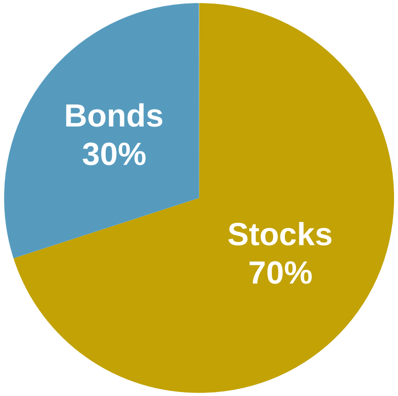
The behavioral bias of myopic loss aversion suggests the more frequently investors evaluate their portfolios, the more often they see losses, which may prompt a move to less risky assets such as bonds. Since 2008, news headlines associated with market declines have prompted more frequent evaluations, but this psychological effect may be waning as volatility falls.

Impact of Evaluation Frequency on Investment Decisions

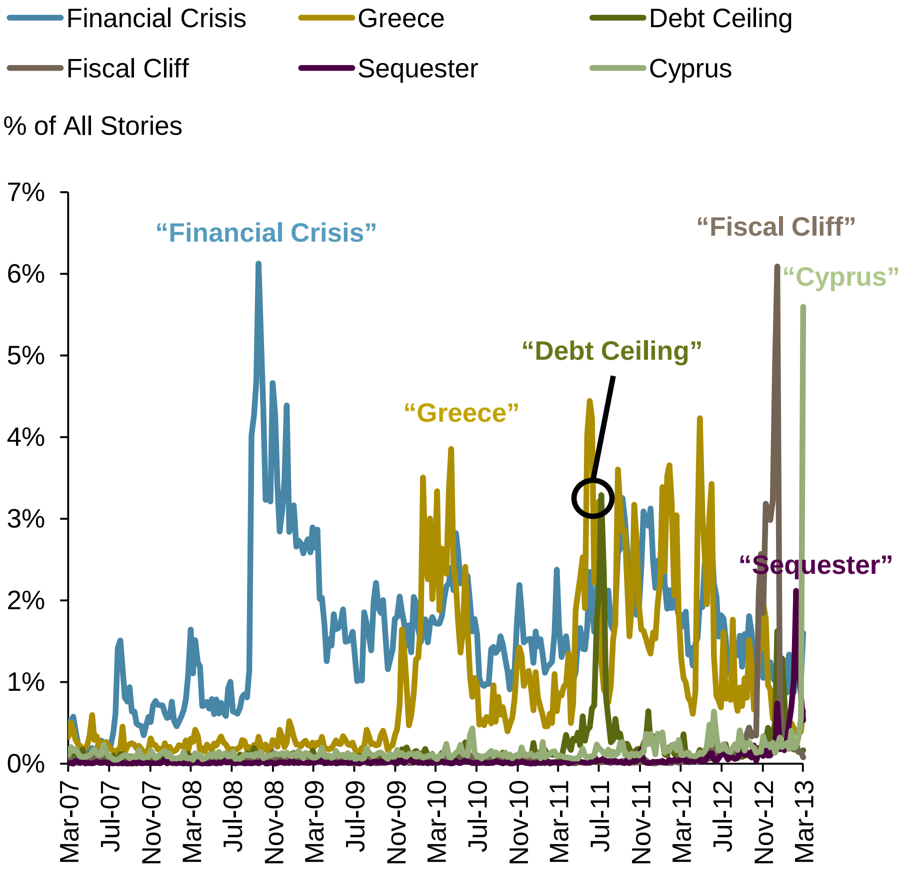
Monthly



Yearly



News Headlines

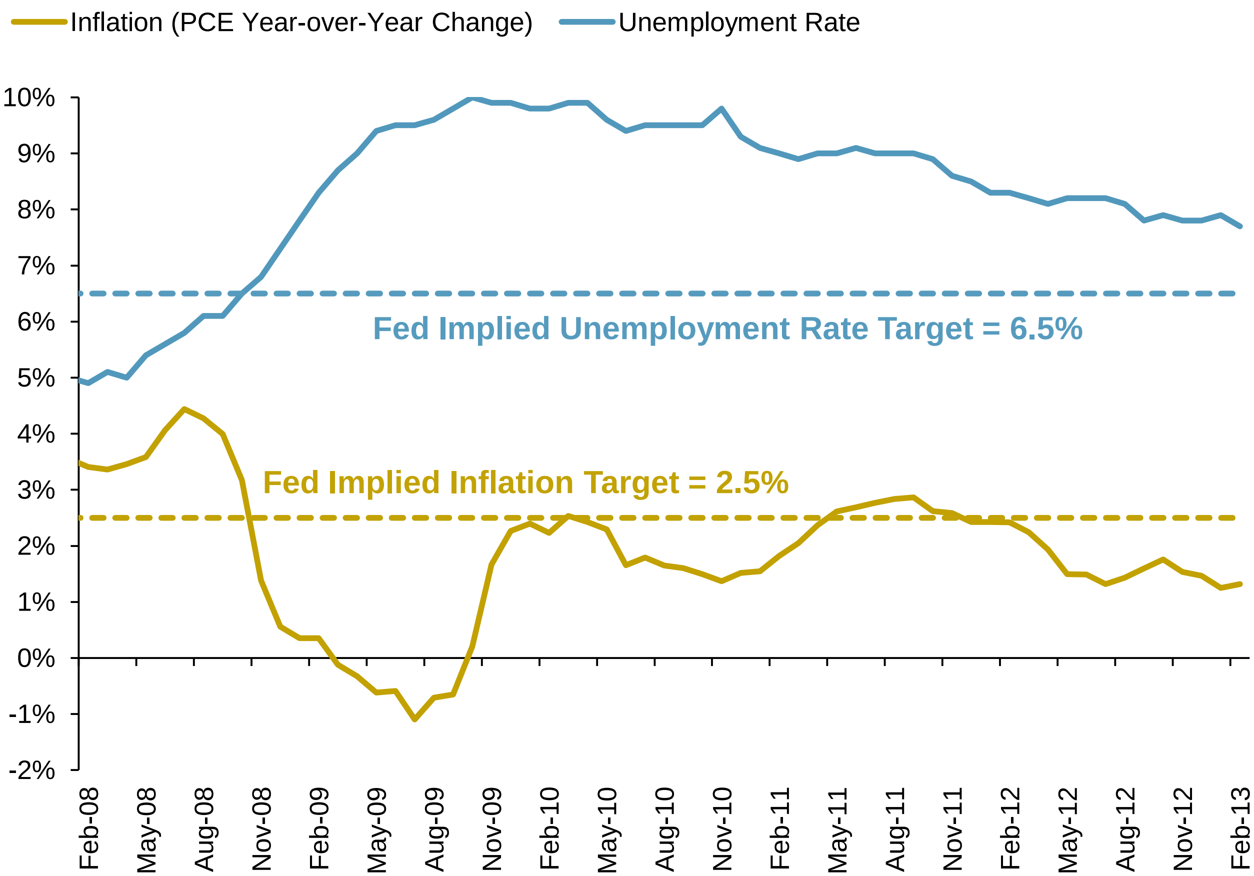


LEFT: In the study, subjects were assigned simulated conditions that were similar to making portfolio decisions on a monthly or yearly basis. Source: Thaler, Tversky, Kahneman, Schwartz (1997). **RIGHT:** Source: Bloomberg, Fidelity Investments (AART) through 3/31/13.

Rates Rising Gradually for the Right Reasons

With unemployment above and inflation below the Fed's stated thresholds for tightening, monetary policy is likely to remain highly accommodative. However, market yields rose modestly over the past few months as the economy gained traction. If this pattern continues, risks are low of an aggressive tightening and a Fed-induced sharp downturn in equity and bond prices.

10-Year Treasury Yield, Inflation, and Unemployment



	Jul 2012	Latest
10-Year Treasury Yield	1.5%	1.9%
Inflation	1.3%	1.3%
Unemployment Rate	8.2%	7.7%

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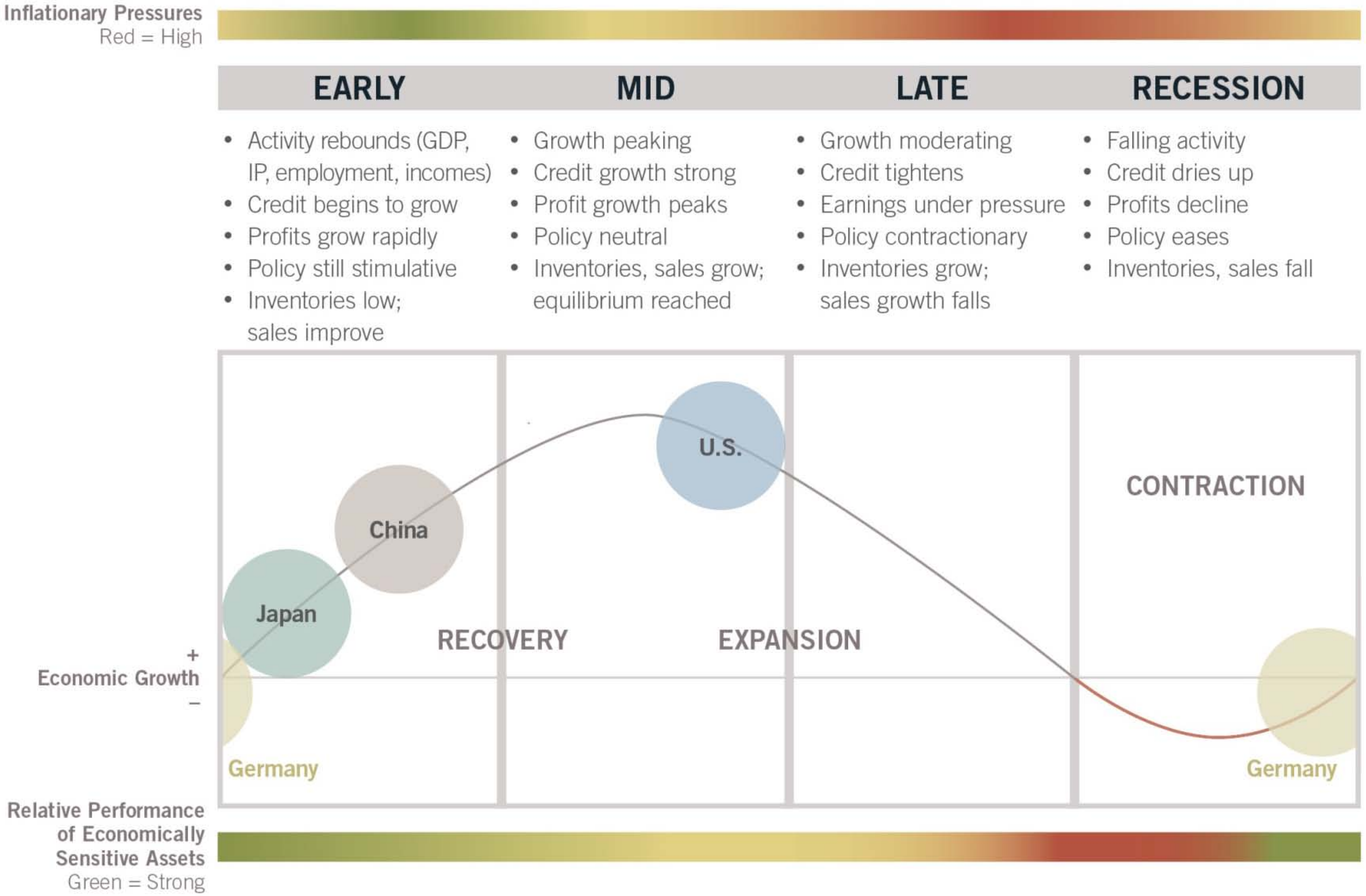
Past performance is no guarantee of future results. PCE = Personal consumption expenditures. Latest 10-year Treasury yield data as of 3/31/13. Latest inflation and unemployment data as of 2/28/13. Source: Federal Reserve Board, Bureau of Labor Statistics, Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART) as of 2/28/13.

Economy/Macro Backdrop

Business Cycle Outlook Improves for Largest Economies

The global economy continues to show signs of improvement. The U.S. economy remains solidly in mid-cycle expansion after the late-cycle risks experienced at the end of 2012 decreased. Japan joined China in early-cycle recoveries, providing a boost to the rest of Asia. Germany's economy has begun to pick up, but much of the rest of Europe is still in recession.

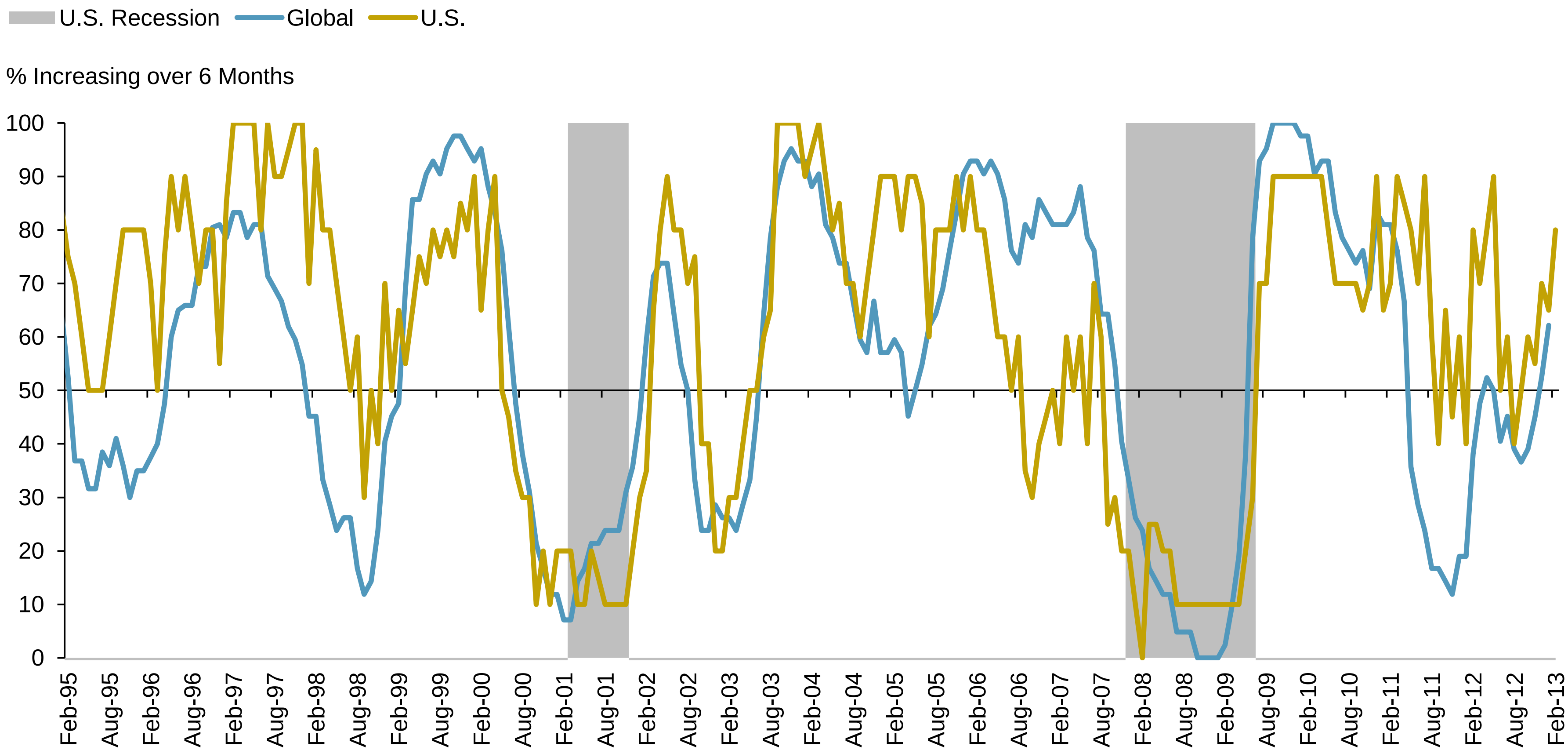


For developed economies, we use the classic definition of recession, involving an outright contraction in economic activity. For developing economies, such as China, we have adopted "growth cycle" definition because they tend to exhibit strong trend performance driven by rapid factor accumulation and increases in productivity, and deviation from trend tends to matter most for asset returns. Source: Fidelity Investments (AART) through 3/31/13.

Leading Indicators Point to Pick-up in Global Growth

After two years of sluggishness, global leading economic indicators accelerated in the first quarter. Nearly two-thirds of the world's 37 largest economies showed improvement over the past six months. U.S. leading indicators similarly strengthened, benefiting from the better global backdrop and firmer domestic conditions.

Leading Economic Indicators (LEI)

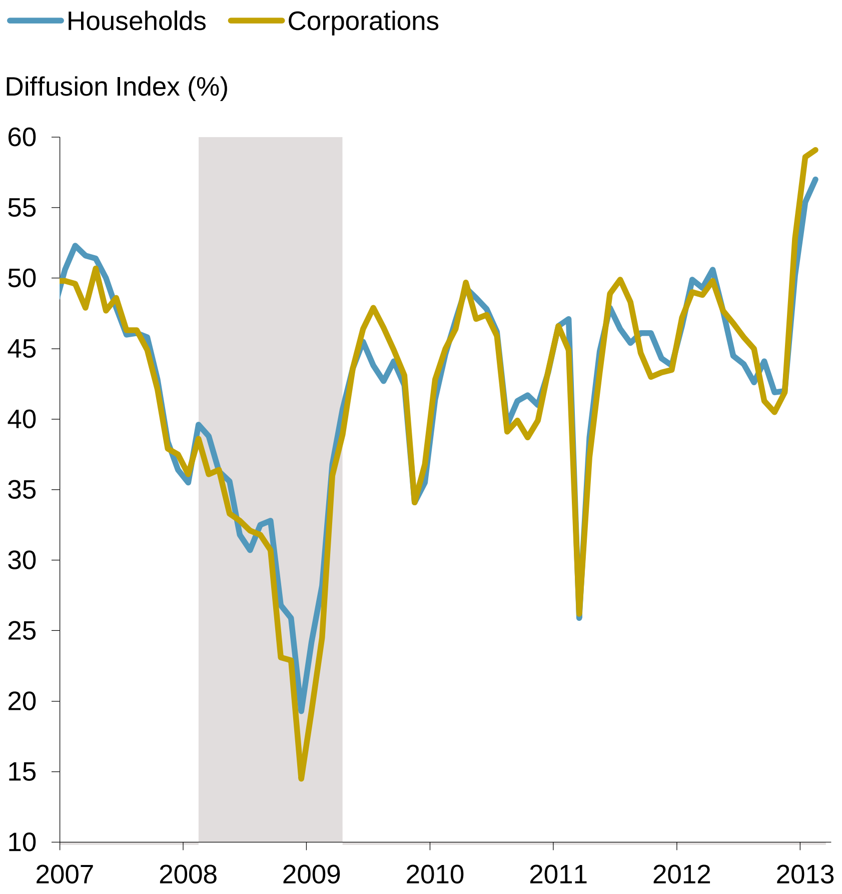


Shading denotes U.S. recession as defined by National Bureau of Economic Research (NBER). Global LEI = percent of world's 37 largest economies with rising Leading Economic Indicators. See appendix for list of countries. U.S. LEI = percent of 10 indicators included in the Conference Board Leading Economic Indicators Index rising on 6-month basis. Source: Organization for Economic Cooperation and Development (OECD), Foundation for International Business and Economic Research, The Conference Board, Haver Analytics, Fidelity Investments (AART) through 2/28/13. Global LEI data through 1/31/13.

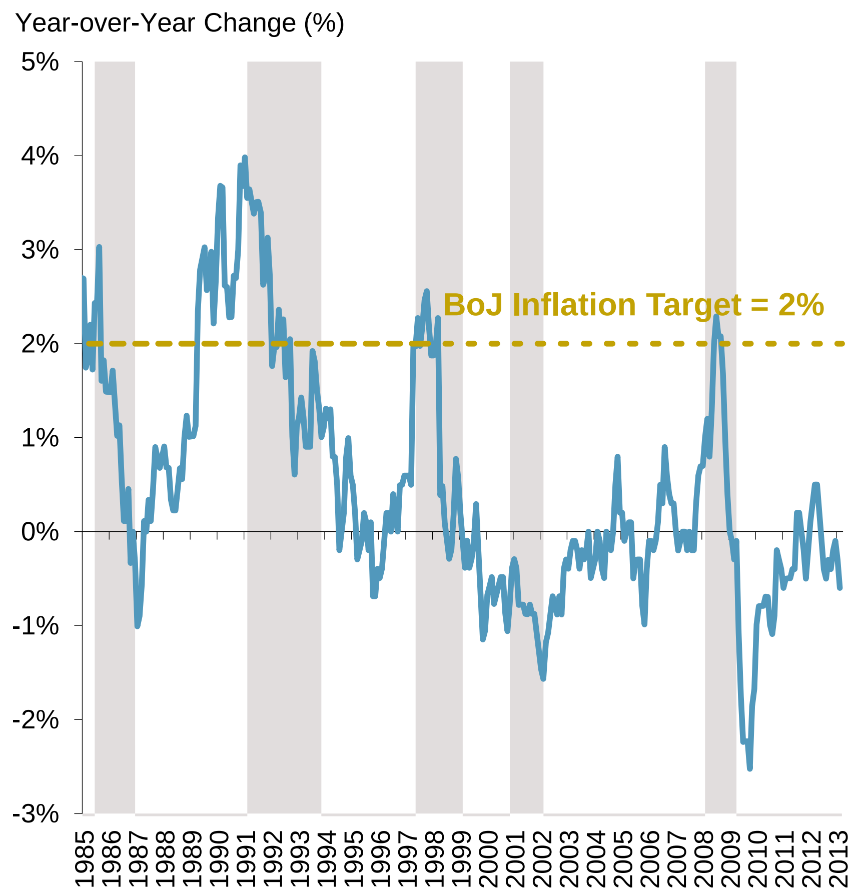
Japan Reform Program Boosts Economic Sentiment

Shinzo Abe's new government announced a major reform package that will focus on the three pillars of fiscal stimulus, monetary stimulus, and structural reform. As a result, optimism about the Japanese economic outlook has increased sharply. Yet achieving the stated reform goals—particularly reaching a 2% inflation target and defeating deflation—may prove difficult.

Japan Economic Expectations



Japan Inflation

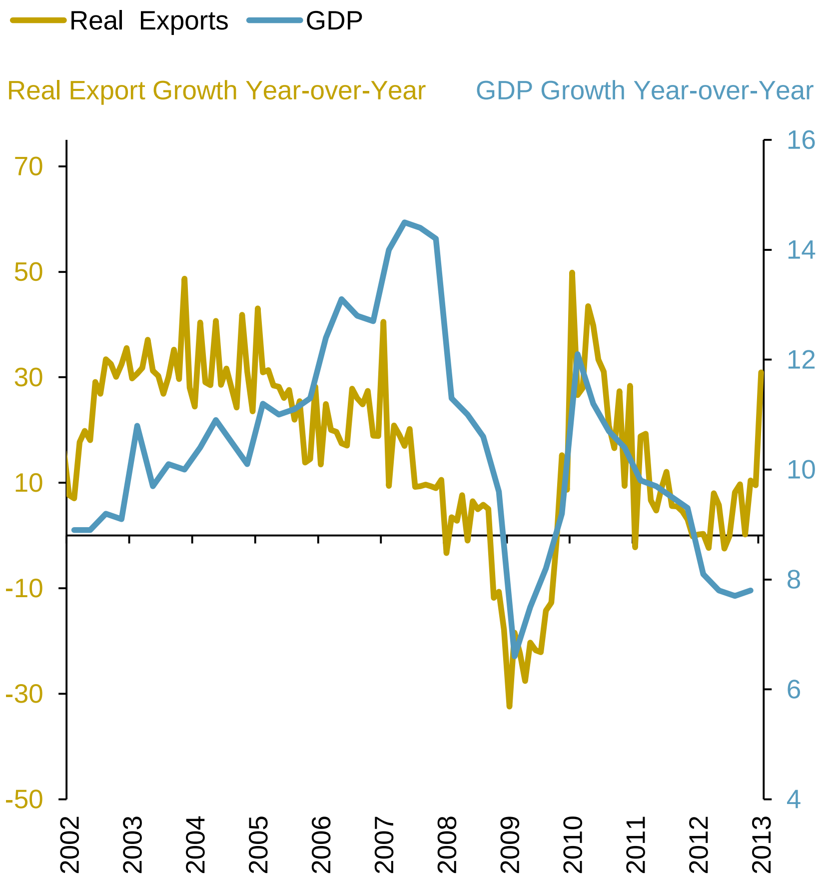


Shading reflects recessions as defined by Cabinet Office of Japan. BoJ = Bank of Japan. **LEFT:** Economic Watchers Survey Diffusion Index shown. See appendix for definition. Source: Cabinet Office of Japan, Haver Analytics, Fidelity Investments (AART) through 2/28/13. **RIGHT:** Source: Cabinet Office of Japan, Haver Analytics, Fidelity Investments (AART) through 2/28/13.

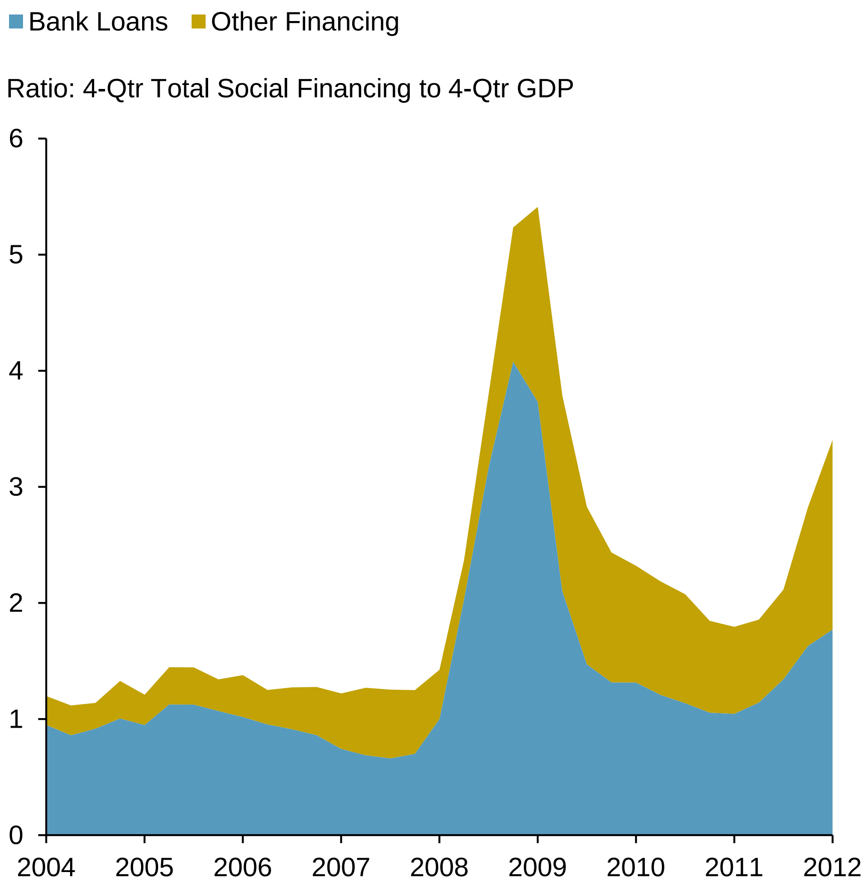
Credit and Exports Fuel China's Cyclical Upswing

China's reacceleration into early-cycle territory has been a significant boost to the global economy, and rising trade volumes bode well for continued economic expansion. However, the credit intensity of China's economy has nearly tripled since 2007, reflecting a greater reliance on debt to fuel incremental growth and slower growth potential than in the mid-2000s.

China Real Exports and GDP Growth



Credit Intensity of GDP

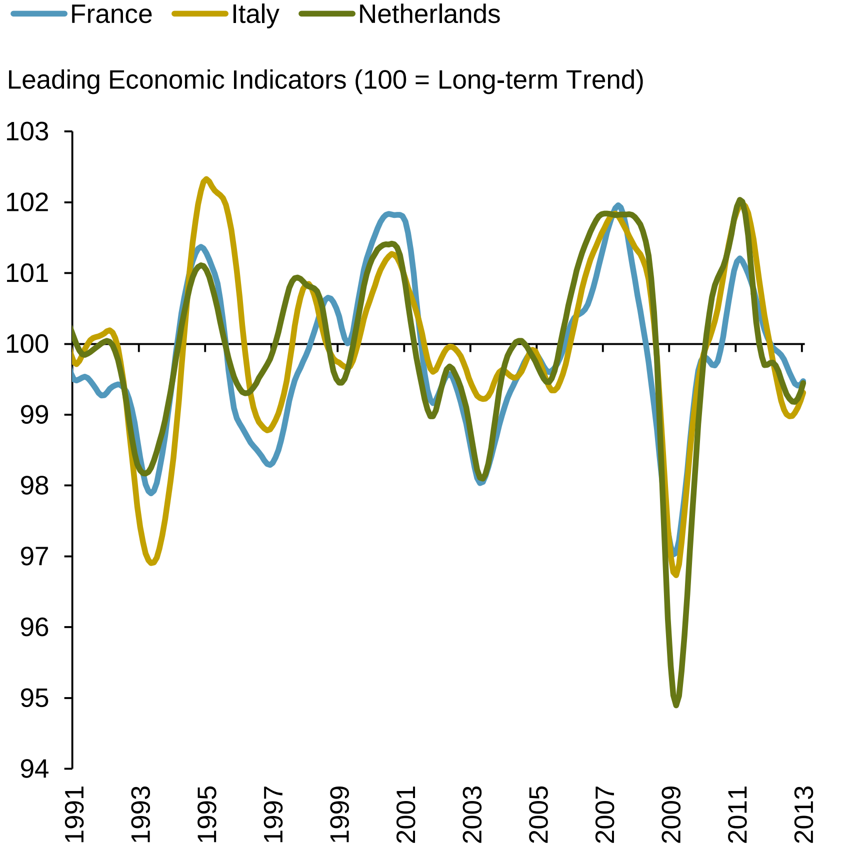


Real exports = Exports adjusted by inflation. **LEFT:** Source: China National Bureau of Statistics, Haver Analytics, Fidelity Investments (AART) through 1/31/13. GDP data through 12/31/12. **RIGHT:** Source: People's Bank of China, China National Bureau of Statistics, Fidelity Investments (AART) through 12/31/12.

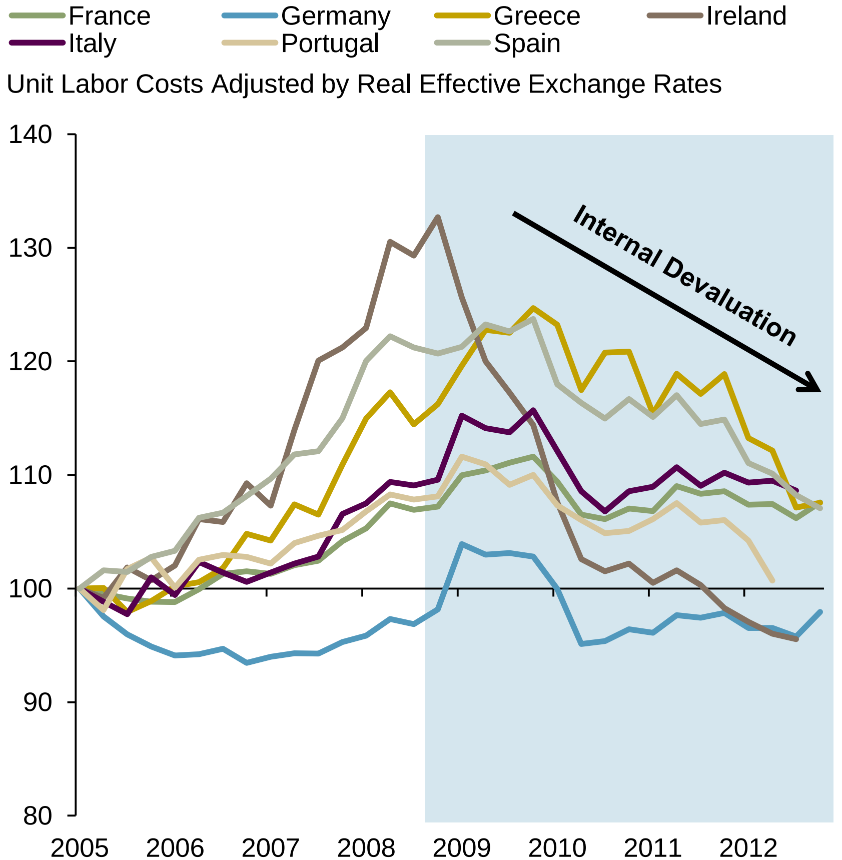
Europe: Policy Risks amid Slow Core, Adjusting Periphery

Leading indicators in Europe stabilized during Q1, although most of the continent remained in recession. Core country weakness remains a significant concern, especially in France. Peripheral euro countries have shown surprising progress in increasing labor competitiveness and improving trade balances, but remain stymied by weak banks and high unemployment .

Core Eurozone Leading Indicators



Eurozone Unit Labor Costs

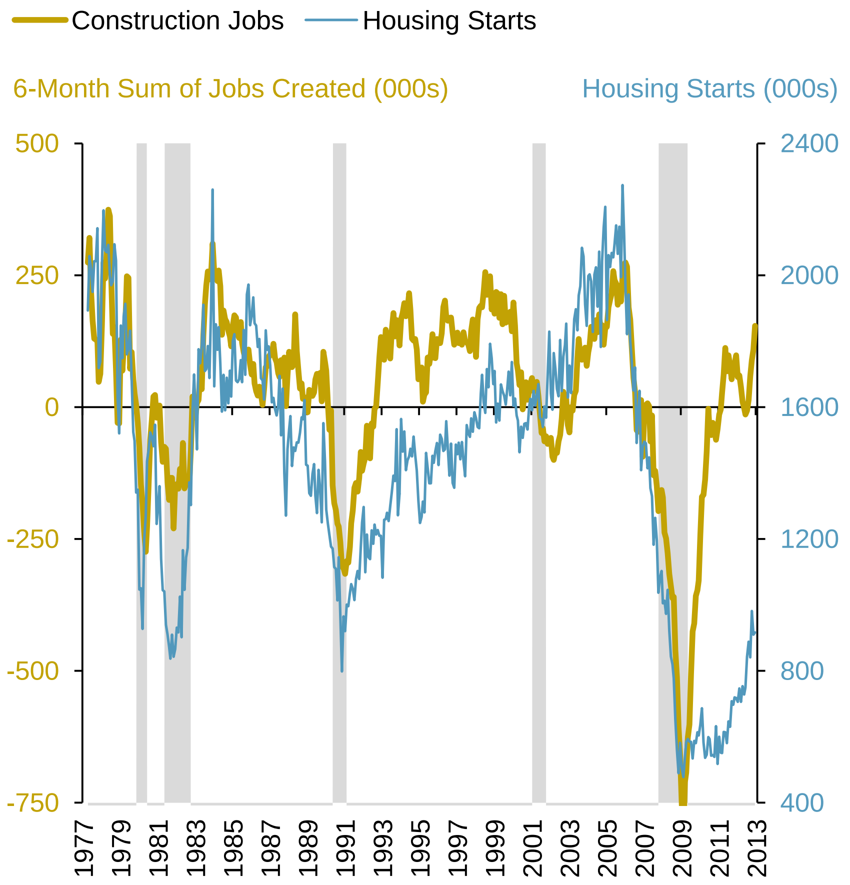


LEFT: Source: Organization for Economic Cooperation and Development (OECD), Haver Analytics, Fidelity Investments (AART) through 1/31/13.
RIGHT: Source: OECD, European Central Bank, Haver Analytics, Fidelity Investments (AART) through 12/31/12.

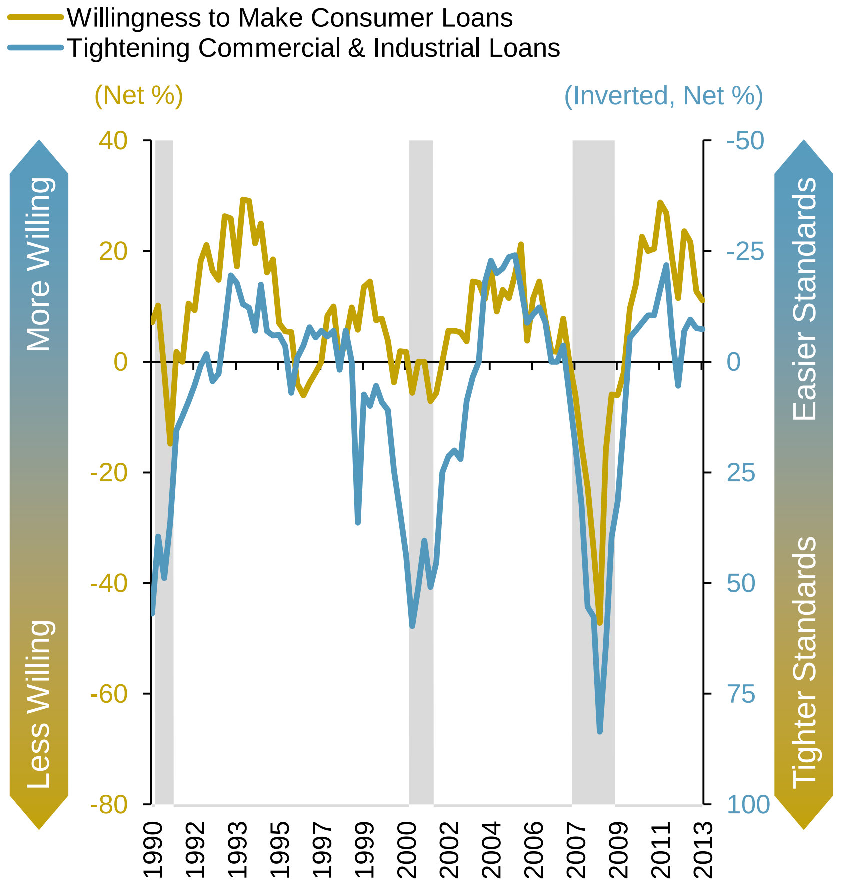
U.S. Housing and Credit Cycles Remain Supportive

By boosting economic activity and underpinning firmer labor market conditions, the housing recovery is helping to offset the drag to consumers from fiscal austerity measures. Over the six months through February, more than 10% of new jobs were in construction. Lending standards became incrementally easier, reinforcing the U.S. mid-cycle expansion.

Housing Starts and Construction Job Growth



Corporate and Consumer Credit Standards

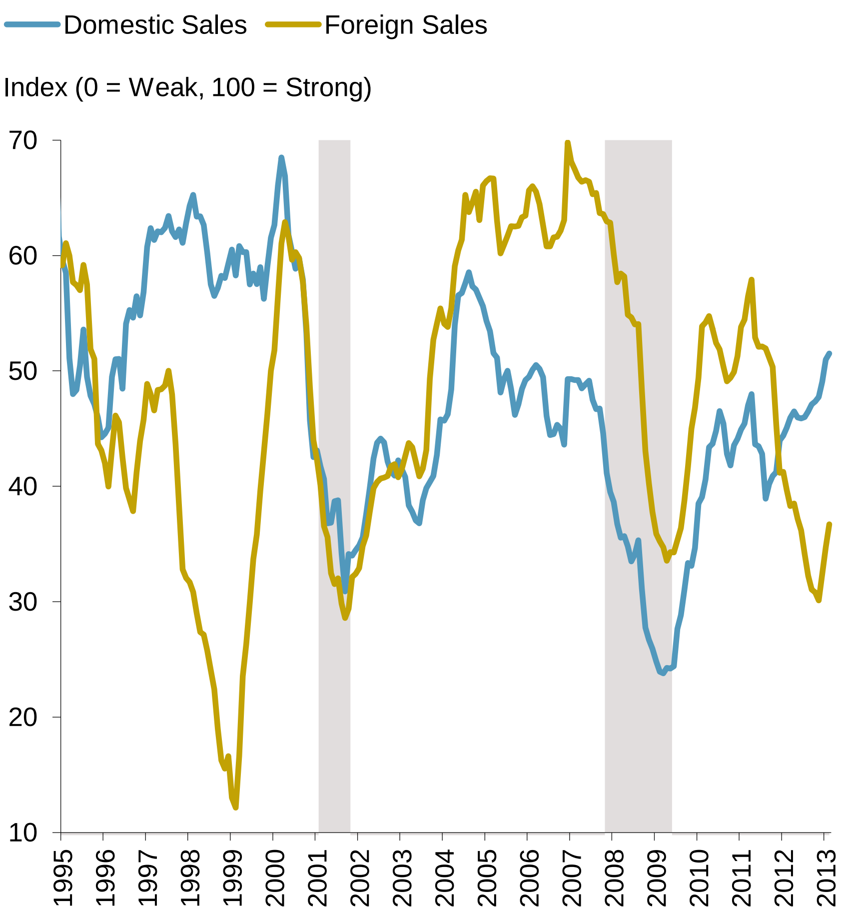


Shading reflects recessions as defined by National Bureau of Economic Research. **LEFT:** Source: Census Bureau, Haver Analytics, Fidelity Investments (AART) through 2/28/13. **RIGHT:** Consumer loans exclude mortgages and include credit cards, auto loans, and other consumer loans. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART) through 1/31/13.

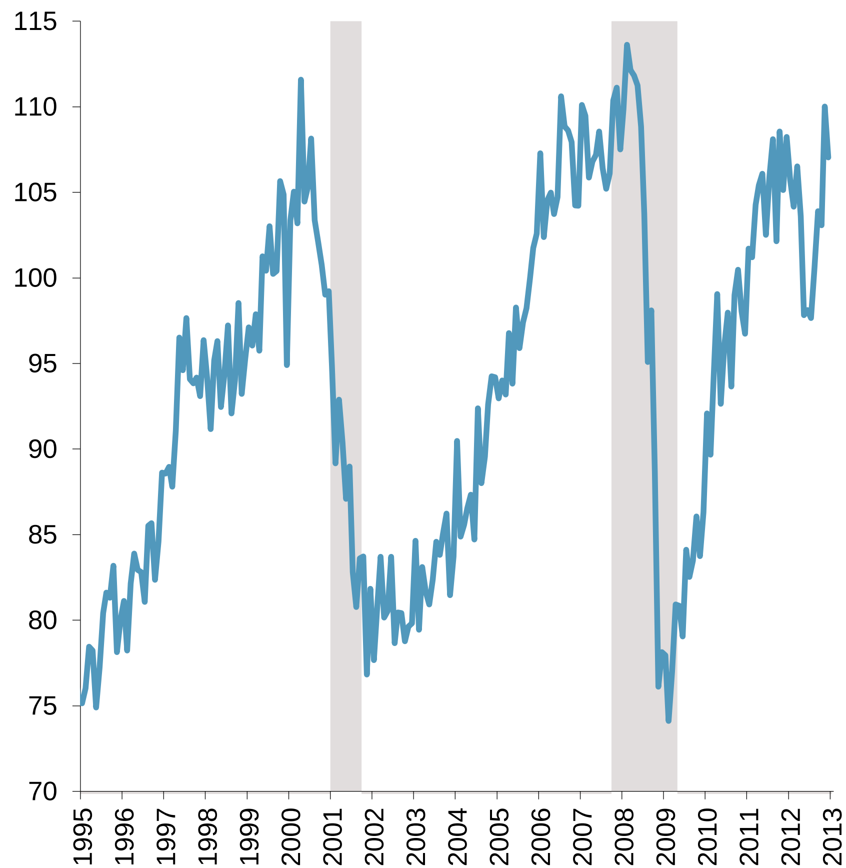
Stronger Capex and Global Demand Lift Manufacturing Activity

The recently strengthening global economy combined with a longer trend of generally improving domestic demand to boost manufacturers' sales. In addition, the U.S. corporate sector continued to show signs of health as evidenced by capital expenditure growth. Core capital goods orders reached new cyclical highs, though defense orders were slowed by fiscal cuts.

ISI Manufacturers' Sales Survey



New Orders for Core Capital Goods

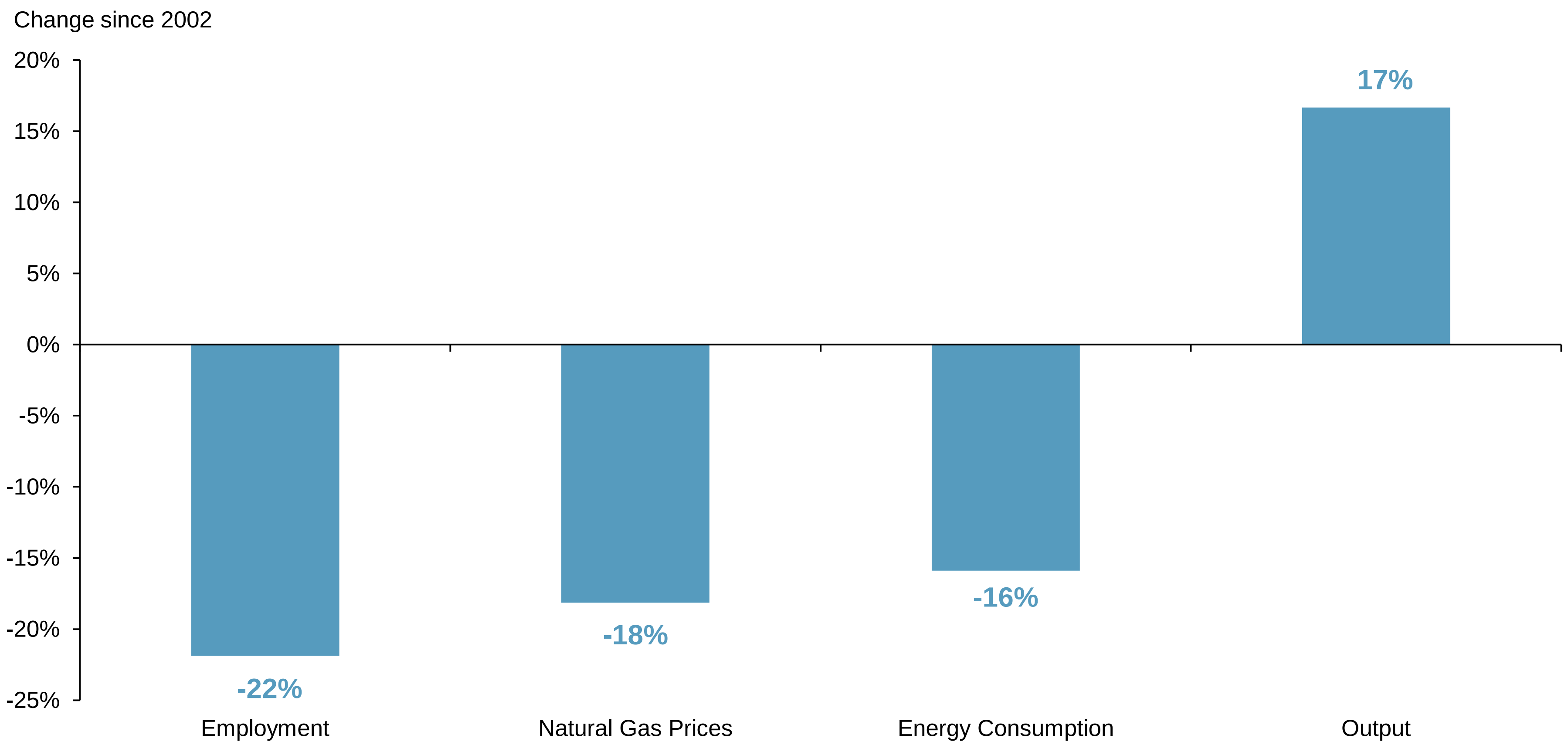


Capex = Capital expenditures. Shading reflects recessions as defined by National Bureau of Economic Research. **LEFT:** Source: International Strategy & Investment (ISI), Fidelity Investments as of 3/31/13. **RIGHT:** Core capital goods are capital goods excluding aircraft and defense. Source: Census Bureau, Haver Analytics, Fidelity Investments as of 2/28/13.

Secular Trends Boosting U.S. Manufacturing Resurgence

Still in the early innings of a long-term resurgence, U.S. manufacturing has gone through a significant adjustment process over the past decade. Lower energy and unit labor costs—from job cuts and a weaker dollar—have created a more competitive manufacturing sector, which will likely have far-reaching positive effects across the economy for years to come.

Manufacturing Inputs and Production

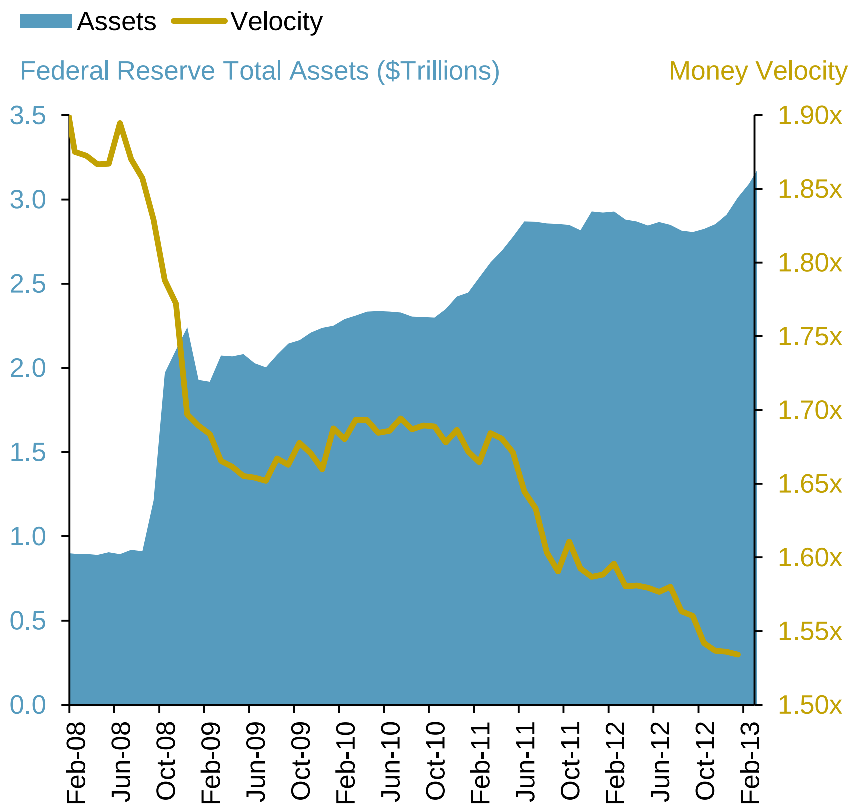


Source: Bureau of Labor Statistics, World Bank, Bureau of Economic Analysis, Energy Information Administration, Haver Analytics, Fidelity Investments (AART) through 12/31/12.

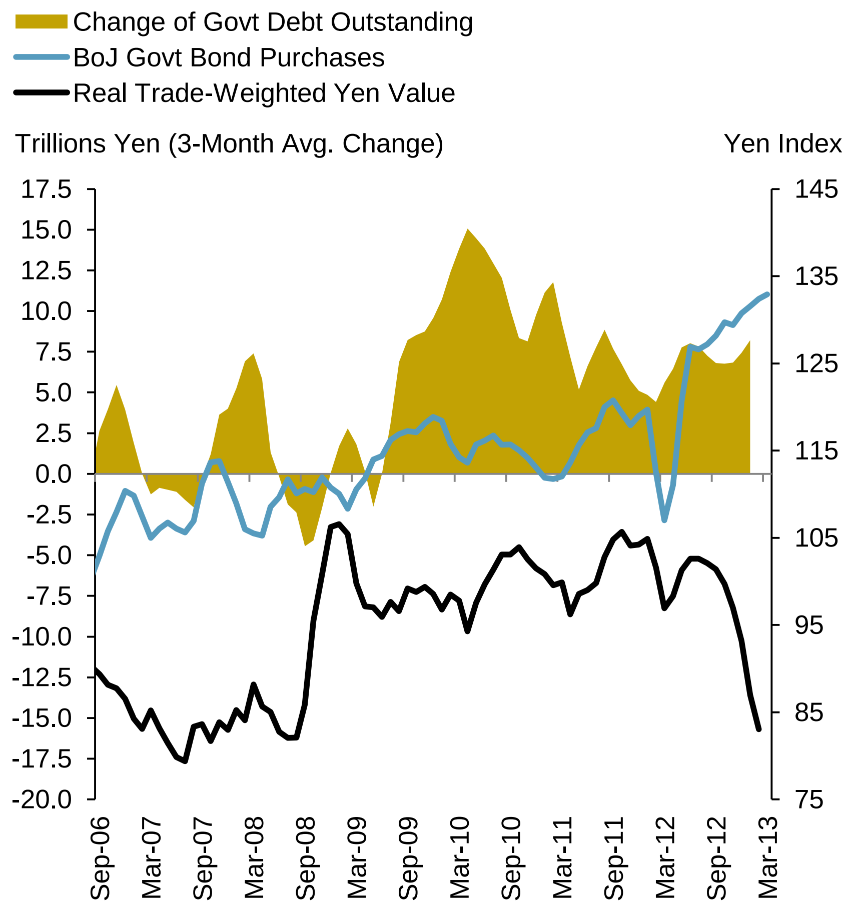
Global Monetary Easing Cycle Continues

As the Fed continued to add $85 billion in monthly quantitative easing, the newly aggressive Bank of Japan bought all the net issuance of government debt. Japan's policies caused the yen to plunge more than 15% over the past few months, but low U.S. money velocity implies that little inflationary pressure has been transmitted through bank lending.

Federal Reserve Assets and Money Velocity



Japan Quantitative Easing

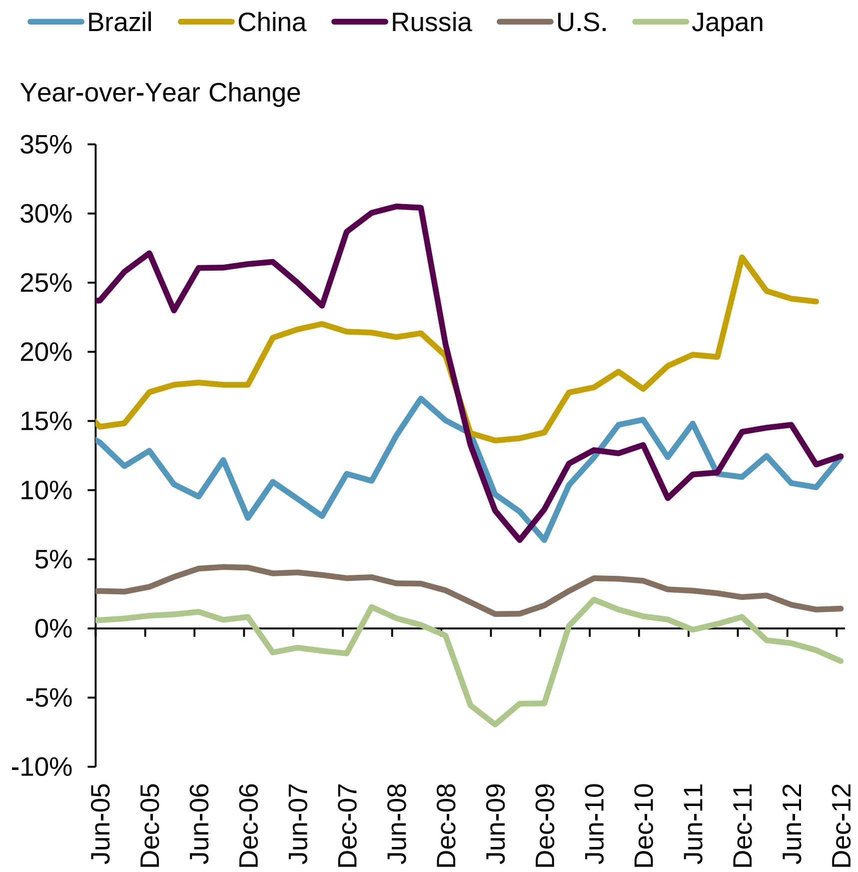


LEFT: Money velocity = GDP/M2. GDP = Gross domestic product. M2 = money supply measure including currency, demand deposits, checking deposits, savings accounts, money market accounts, certificates of deposit. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART) through 2/28/13. **RIGHT:** Latest government debt data as of 1/31/13. Latest trade-weighted yen value as of 2/28/13. Source: Bank of Japan, Japan Securities Dealers Association, Haver Analytics, Fidelity Investments (AART) as of 3/31/13.

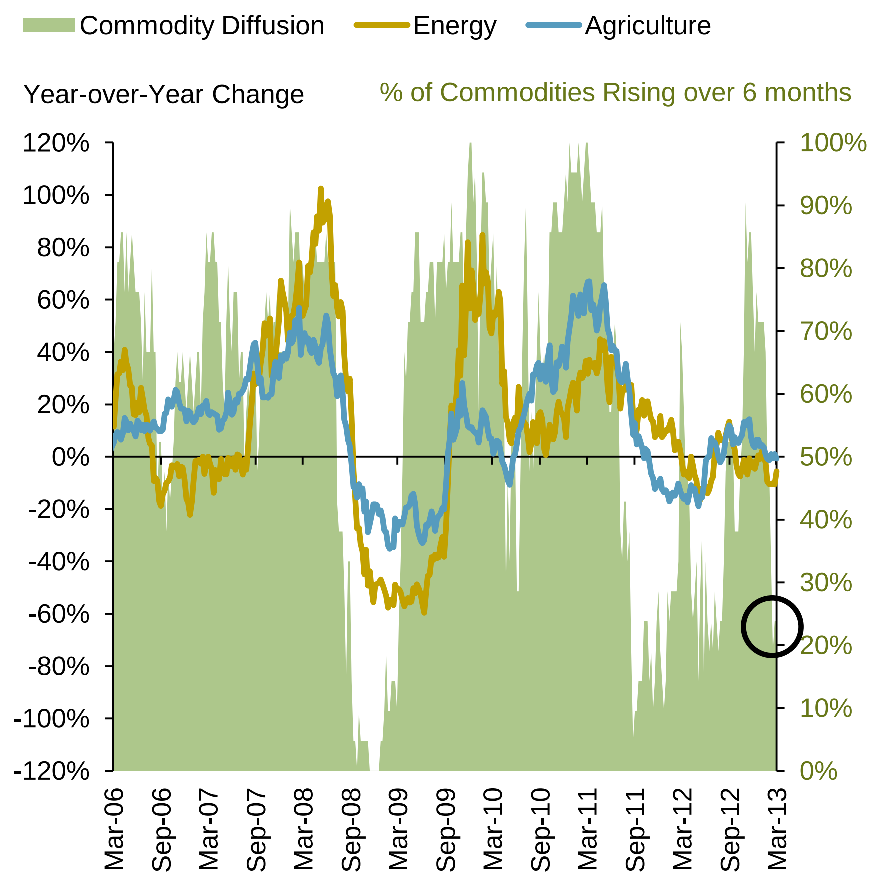
Inflation: Muted Pressures, though Higher in EM

Rising wages have propped up core inflationary pressures in many emerging-market economies, pressuring profits and limiting the scope for further policy easing. In the developed world, weak wage growth has generally kept core inflation in check. Range-bound commodity prices have limited headline inflation, though supply/demand may tighten during 2013.

Wage Inflation



Commodity Inflation



EM = Emerging Market(s). **LEFT:** Overall earnings data for Brazil, China, Japan and U.S. Accrued wages data used for Russia. Source: Country statistical organizations, Haver Analytics, Fidelity Investments (AART) through 12/31/12. **RIGHT:** Commodity diffusion composed of 21 S&P commodity indices. Energy and agriculture prices represented by the S&P GSCI Energy and Agriculture sub-indices. Source: Standard & Poor's, Haver Analytics, Fidelity Investments (AART) as of 3/31/13.

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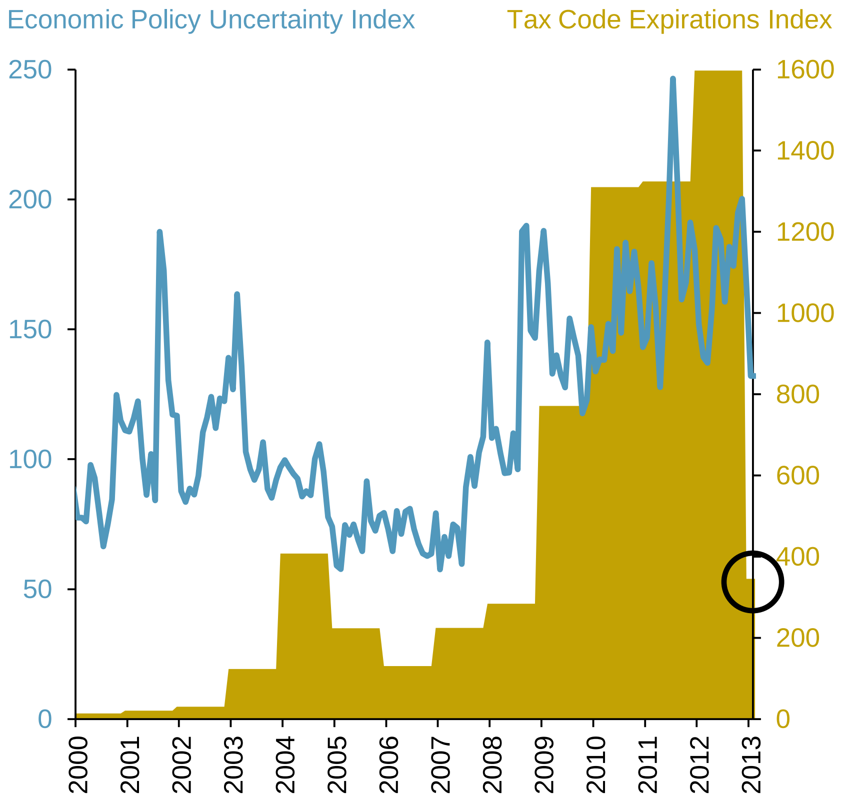
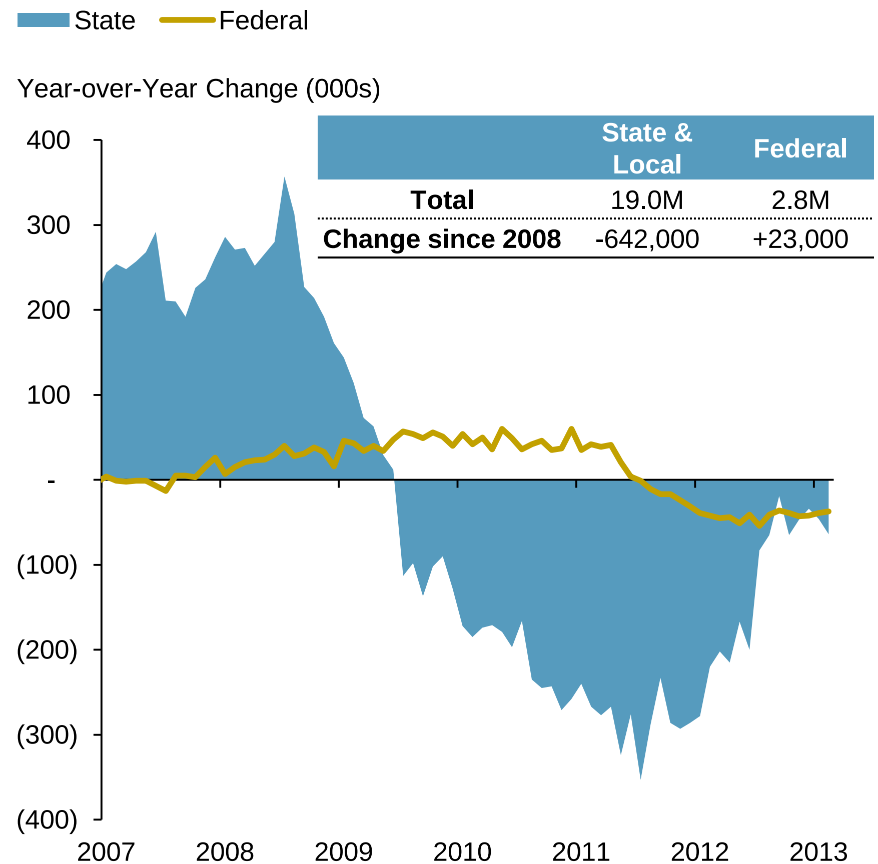
Policy Risks Present, but Some Offsets for Sequester

Automatic spending cuts from the U.S. sequestration will provide an economic headwind in 2013 and ongoing pressure on federal government employment. However, the sequester and the revenue increases from the early-2013 fiscal legislation are providing fiscal savings and greater tax-code visibility, and the pace of state and local government layoffs has slowed.

Economic Uncertainty and Tax Code Expirations



U.S. Payroll Growth

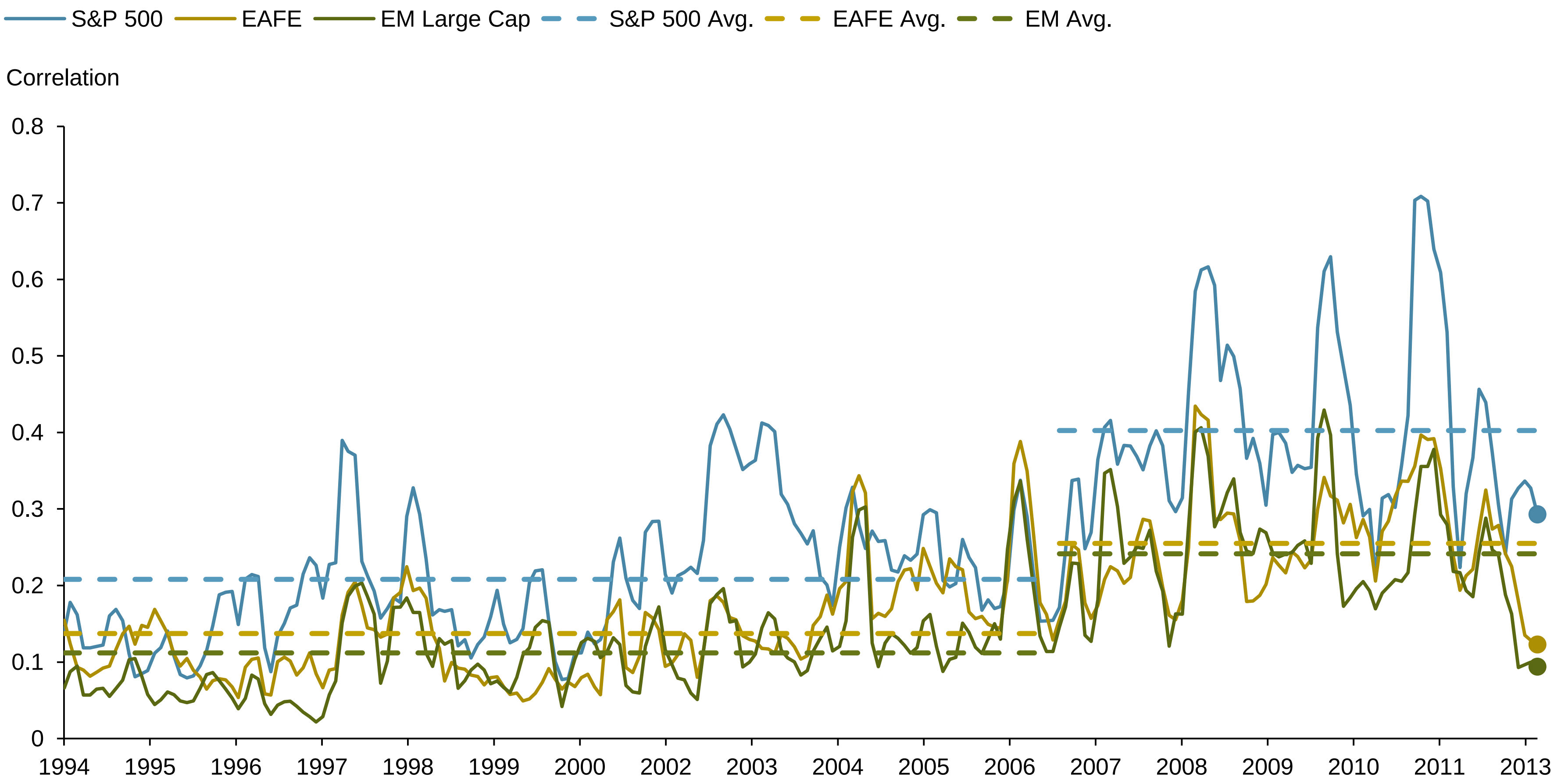


	State & Local	Federal
Total	19.0M	2.8M
Change since 2008	-642,000	+23,000

More Active Opportunities amid Lower Correlations

Intra-stock performance correlations remained lower than the elevated average over the past few years, benefiting from ebbing policy risk and a less macro-driven environment. Lower correlations provide more opportunities for active security selection—particularly in non-U.S. markets, where correlations dropped to pre-2007 average levels.

Equity Market Index Intra-stock Correlations



Past performance is no guarantee of future results. EM Large Cap represented by MSCI Emerging Market Large Cap Index. Source: Fidelity Investments (AART) as of 3/31/13.

Outlook: Market Assessment

According to Fidelity's Business Cycle Board, composed of portfolio managers responsible for a variety of asset allocation strategies across Fidelity's asset management unit, the U.S. business cycle remains in expansion. Several non-U.S. developed and emerging economies have begun to positively inflect, though policy uncertainty clouds the outlook.

U.S. fiscal drag offset by housing recovery, healthy credit availability	Policy remains crucial to the cyclical course in Europe, Japan, and China	U.S. profit growth slowing, but risk of pre-emptive monetary tightening is low

Opportunities:

- Global cycle upturn
  - Export-oriented economies appear to be improving, with Japan pursuing a range of stimulus policies and structural reforms

Risks:

- Policy risks in Europe
  - Cyprus is reminder that signs of recovery remain vulnerable to potential policy errors

Potential Asset Allocation Implications:

- Equity markets may have already reflected improving growth story
- Economic cycle still generally improving, but asset market outlook more mixed

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Source: Market Assessment Statement of Global Asset Allocation's Business Cycle Board, Fidelity Investments as of 3/31/13.

QUARTERLY MARKET UPDATE

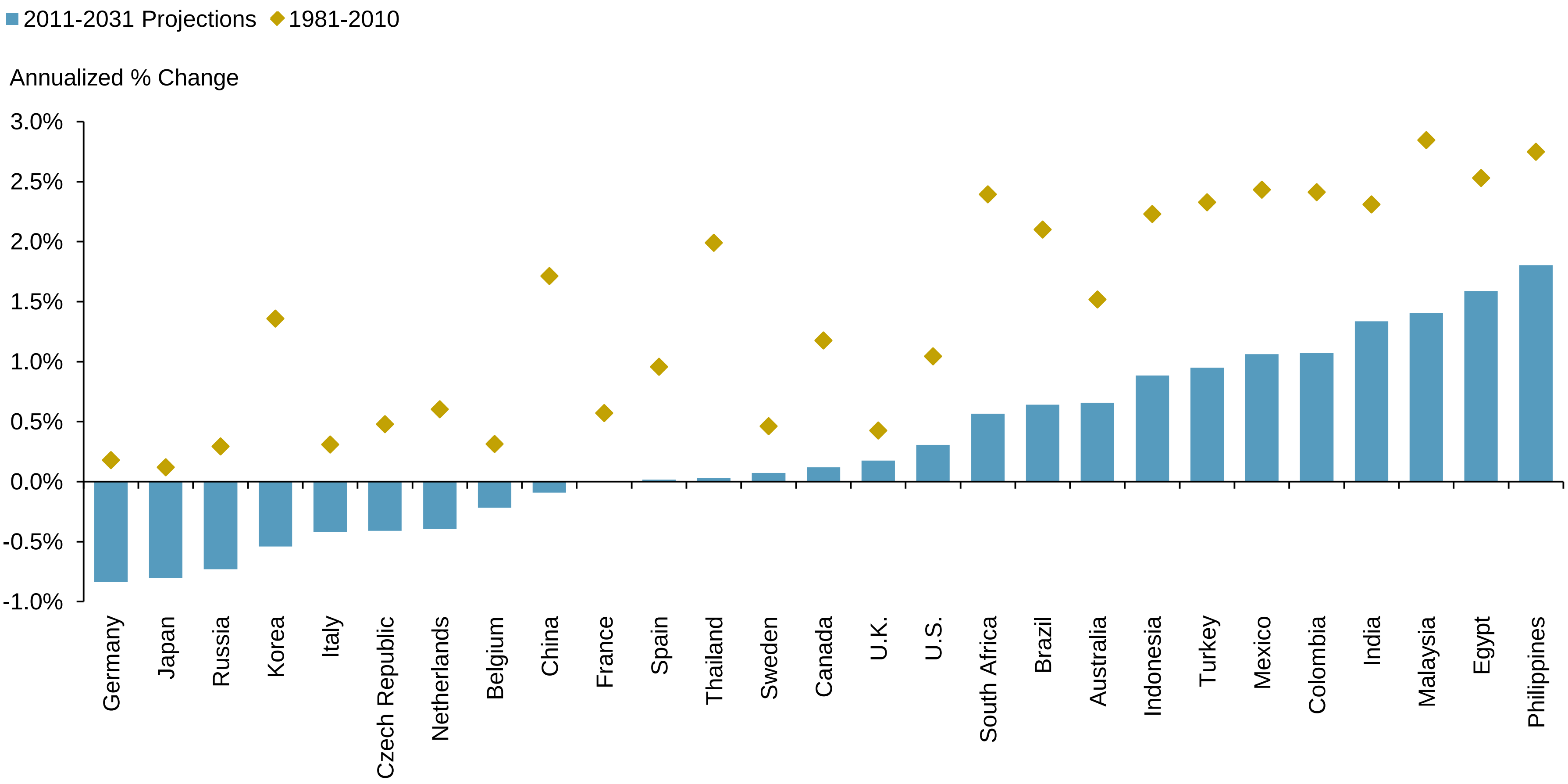
Second Quarter 2013

Theme: Emerging Opportunities in Global Markets

Slower Global Growth from Demographics, EMs Positive

Most countries will receive a much lower contribution to economic growth from rising populations over the next 20 years compared with the past few decades. While many developed economies will experience economic headwinds from outright contractions in their working-age populations, most developing economies will still enjoy a positive demographic contribution.

Working Age Population Growth

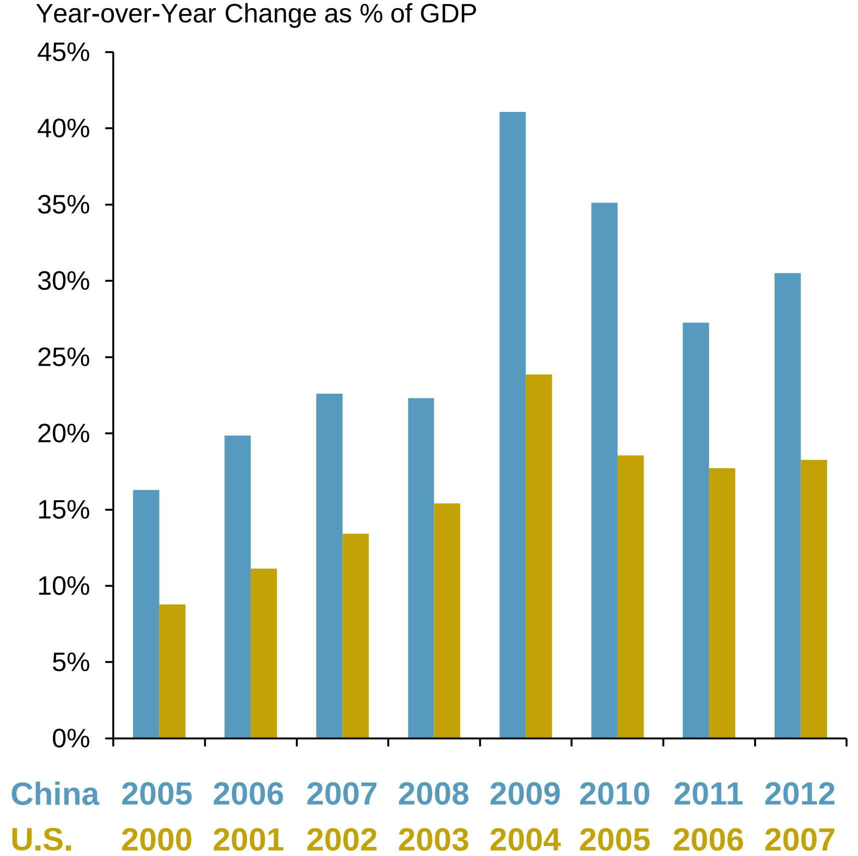


EM = Emerging Markets. United Nations estimates and projections used for 2011–2031 data. Source: United Nations, Haver Analytics, Fidelity Investments (AART) as of 9/26/12.

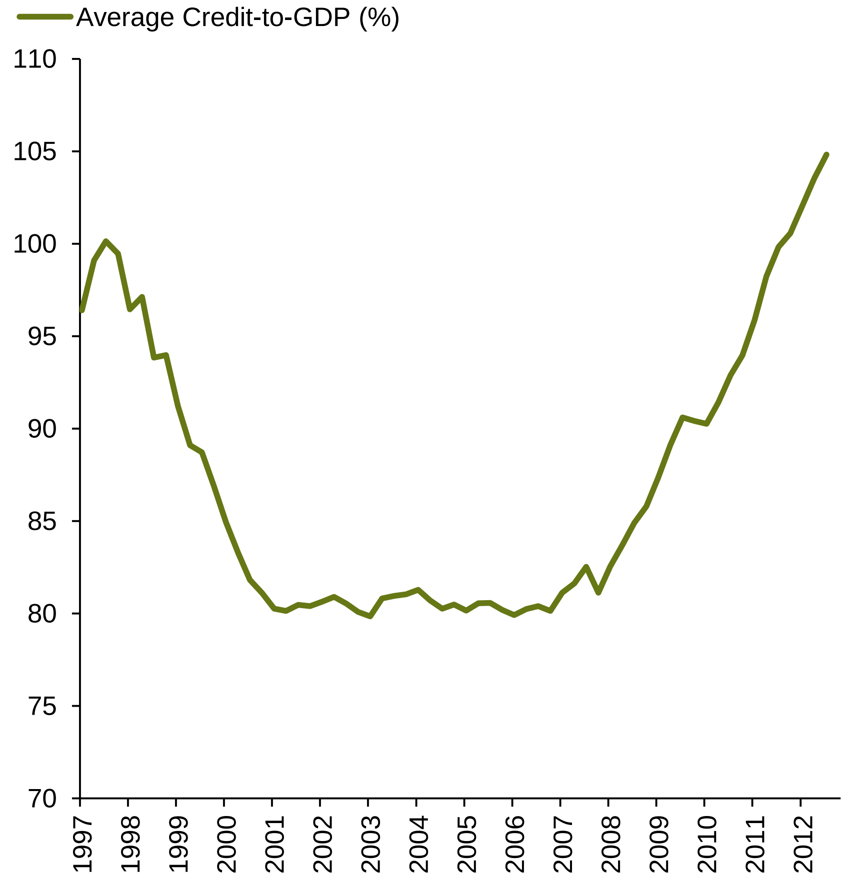
Rising Leverage Boosts Growth, Presents Risks

Rapid expansions in credit have underpinned growth in many developing economies in recent years, with China's credit rising faster as a share of GDP than in the U.S. during the housing bubble. Emerging Asia as a whole now has a higher credit-to-GDP ratio than during its 1997 financial crisis, suggesting further increases in leverage may need to be more modest.

Private Nonfinancial Debt Growth



Developing Asia Credit-to-GDP



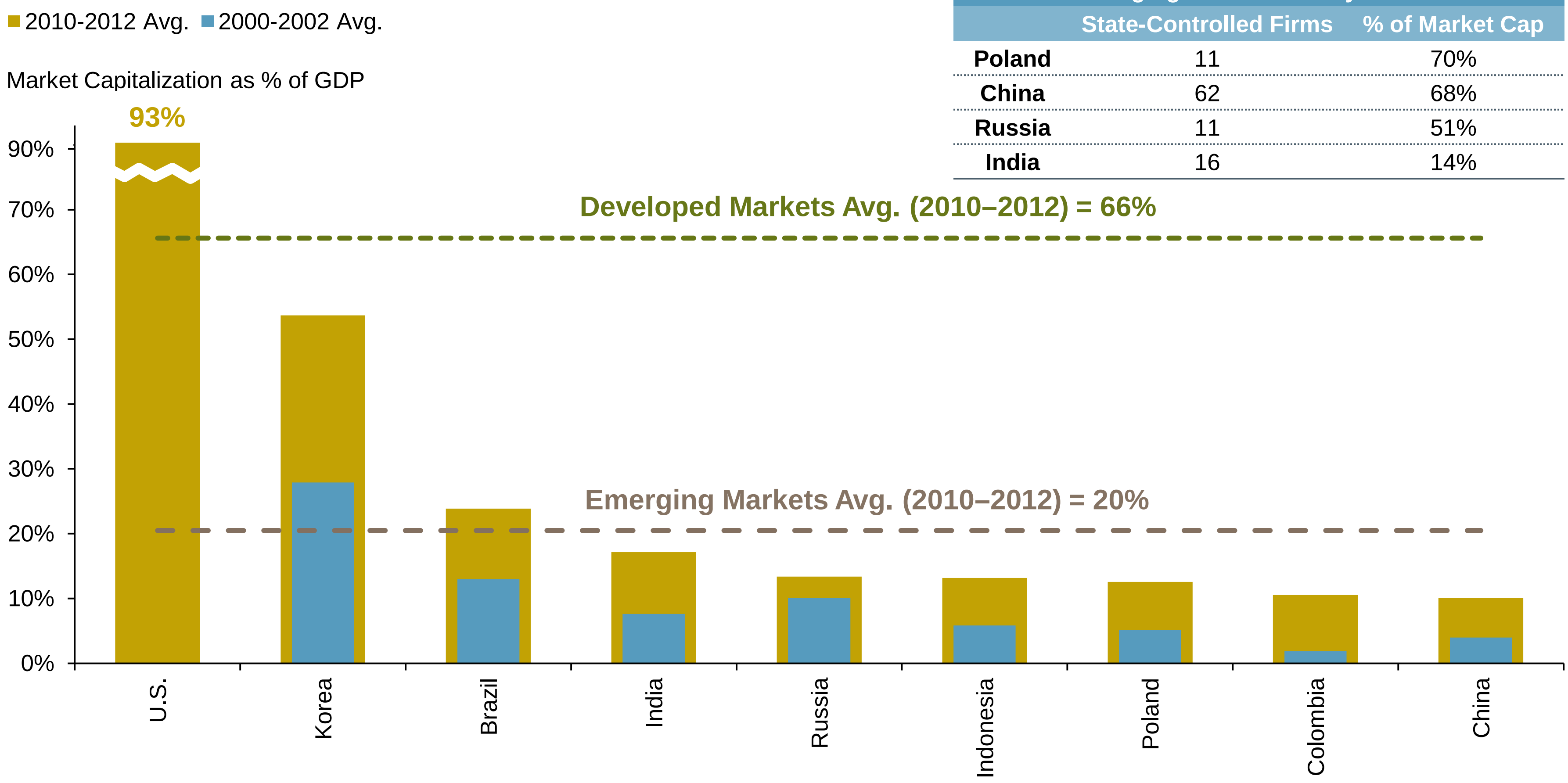
LEFT: Bureau of Economic Analysis, Federal Reserve Board, People's Bank of China, China National Bureau of Statistics, Fidelity Investments (AART) through 12/31/12. **RIGHT:** Developing Asia countries include: China, Hong Kong, India, Indonesia, South Korea, Malaysia, Philippines, Singapore, Sri Lanka, Taiwan, and Thailand. Source: Country statistical organizations, Haver Analytics, Fidelity Investments (AART) as of 12/31/12.

Room for Additional Growth in EM Capital Markets

Despite significant financial deepening over the past decade, the growth in developing-country equity markets has not matched their rising share of the world economy. Most emerging markets still have small stock markets relative to the size of their economies. Moreover, indices in several countries have substantial weights in firms with significant state ownership.

Size of Equity Market

Emerging Market Country Indices		
	State-Controlled Firms	% of Market Cap
Poland	11	70%
China	62	68%
Russia	11	51%
India	16	14%

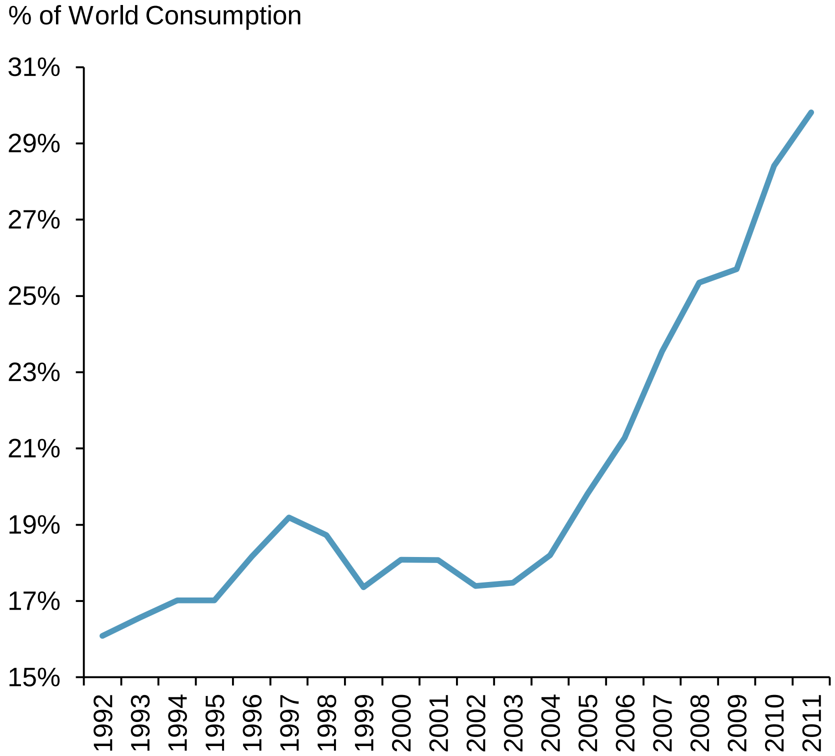


State-controlled companies defined as firms with 30% or more of shares outstanding owned by governments. Each country's market capitalization represented by its free float-adjusted MSCI country and region indices. Source: FactSet, International Monetary Fund, Haver Analytics, Fidelity Investments (AART) as of 12/31/12.

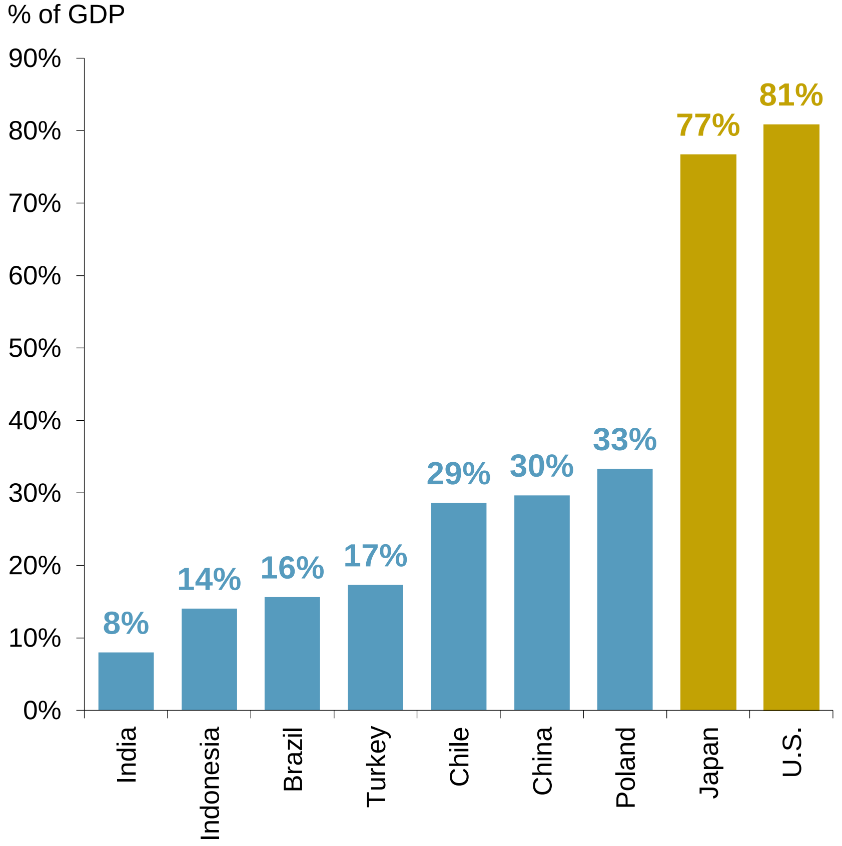
Long-term Opportunities in Rising Global Middle Classes

Rising income and wealth levels have made consumption in developing countries a larger contributor to global growth. With low levels of household debt and per capita incomes, emerging-market consumption should remain one of the world's best growth areas. Given equity index weights, active strategies may be necessary to gain significant exposure to this theme.

Emerging Market Share of World Consumption



Consumer Debt Levels



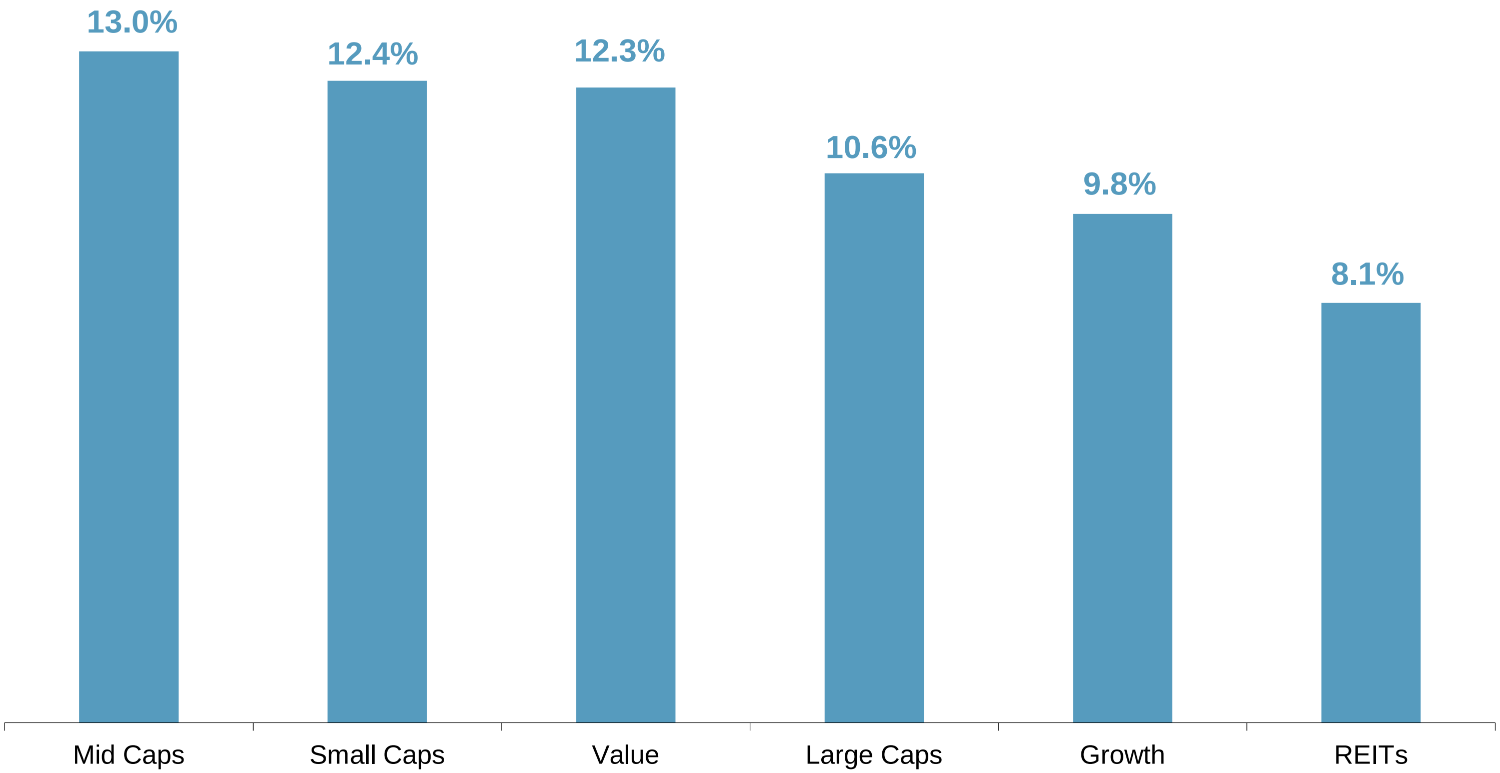
LEFT: Source: World Bank, Fidelity Investments (AART) through 12/31/11. **RIGHT:** Source: Country statistical organizations, Haver Analytics, Fidelity Investments (AART) as of 12/31/12.

U.S. Equity Markets

Sharp Rally for U.S. Equities

After mixed results at the end of 2012, U.S. equities experienced strong, broad-based returns in the first quarter. The major categories experienced robust gains, with little dispersion among top-performing mid caps, small caps, and value stocks. All U.S. equity categories posted double-digit one-year returns.

Q1 2013 Total Return



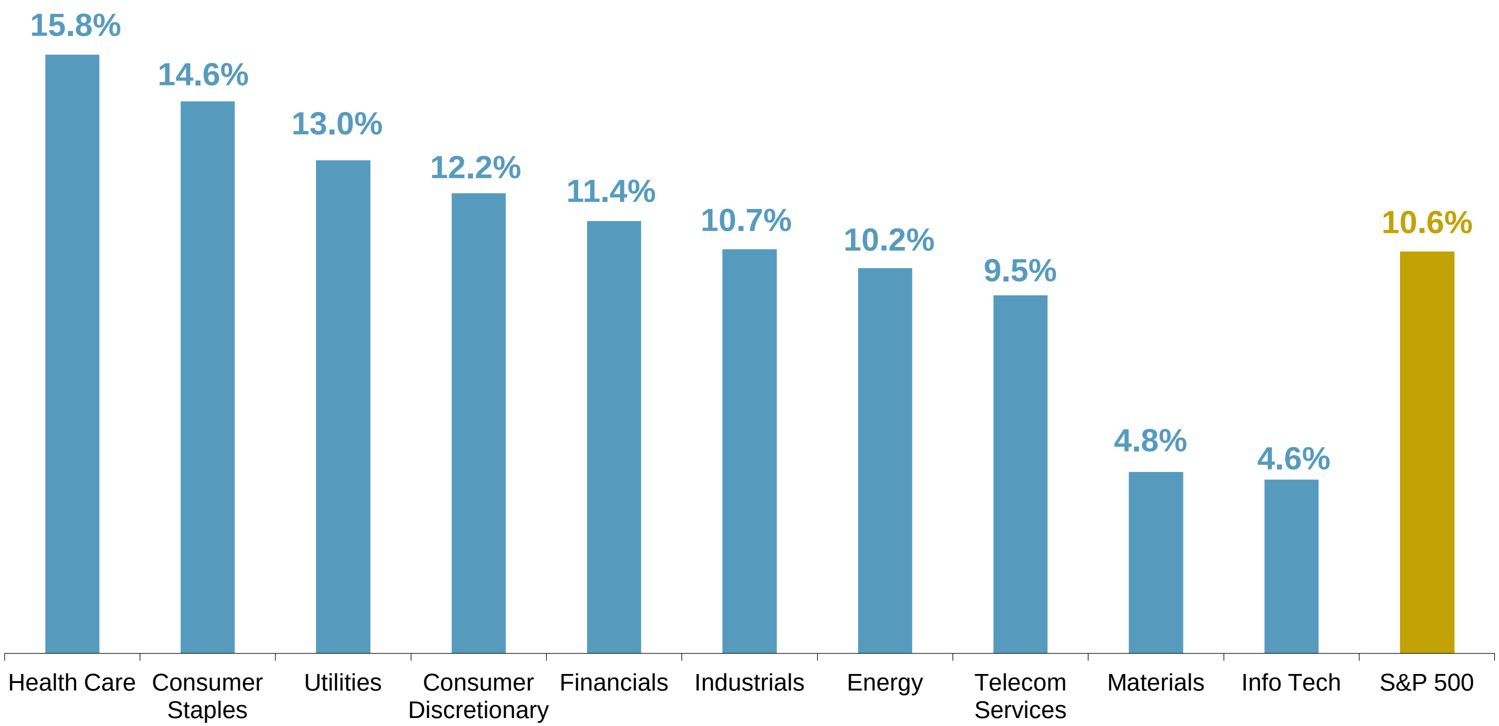
	Mid Caps	Small Caps	Value	Large Caps	Growth	REITs
1-Year	17.3%	16.3%	18.7%	14.0%	10.4%	17.1%

Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Equity market returns represented by: Large Caps – S&P 500 Index; Mid Caps – Russell Midcap Index; Small Caps – Russell 2000 Index; Growth – Russell 3000 Growth Index; Value – Russell 3000 Value Index; Real Estate Investment Trusts (REITs) – NAREIT Equity Only Index. Source: Fidelity Investments (AART) as of 3/31/13.

More Defensive Sectors Fared Especially Well

Reflecting income-oriented investors' ongoing focus on steady, dividend-paying stocks, health care, consumer staples, and utilities rebounded from relative weakness in the previous quarter. Materials and information technology—sectors that are more dependent on global demand—lagged the market return for the first quarter and the trailing year.

Q1 2013 Total Return



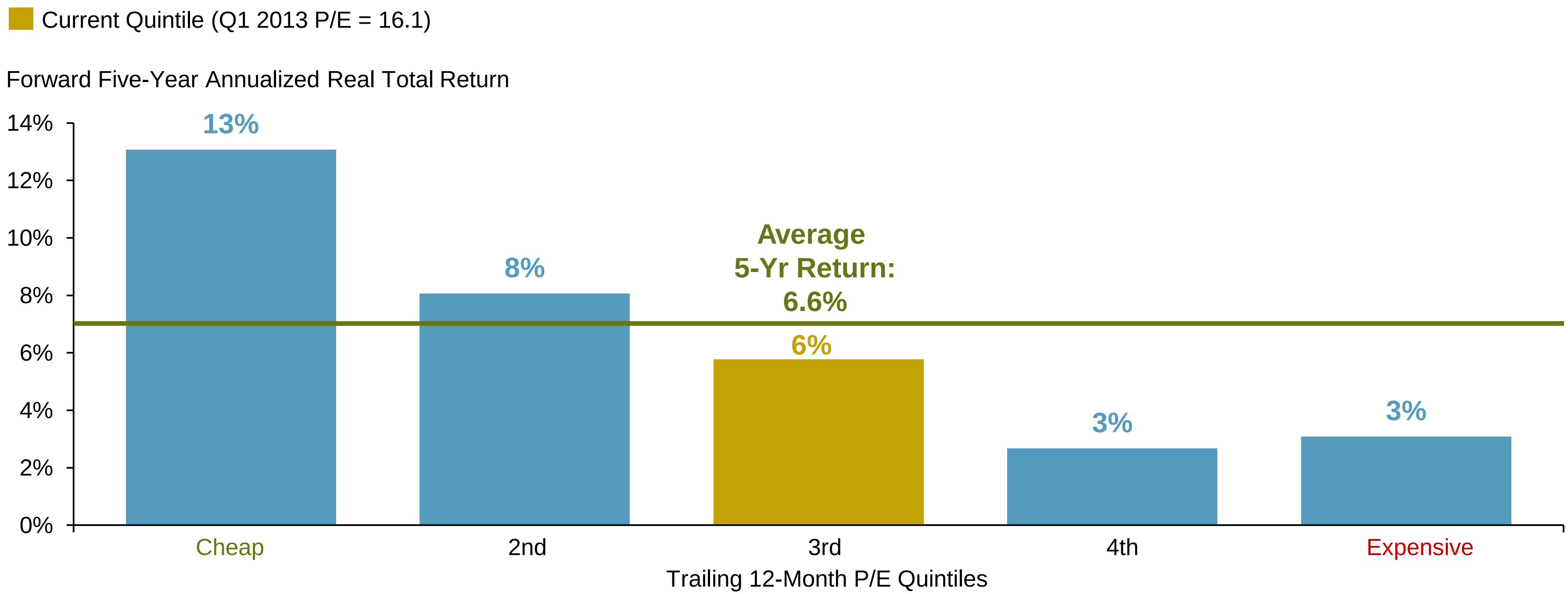
	Health Care	Consumer Staples	Utilities	Consumer Discretionary	Financials	Industrials	Energy	Telecom Services	Materials	Info Tech	S&P 500
1-Year	25.2%	20.2%	16.4%	19.8%	17.6%	14.7%	10.9%	26.9%	8.4%	-1.1%	14.0%

Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in more diversified baskets of securities. Sector returns represented by S&P 500 sectors. Source: Fidelity Investments (AART) as of 3/31/13.

Current Valuations Suggest Decent Return Expectations

Based on historical experience, owning stocks when valuation measures are below average has typically resulted in higher-than-average subsequent five-year real returns, while expensive valuations have implied subpar forward returns. Current valuations are near average, which suggests average intermediate-term return expectations.

Forward Real Return by Price-to-Earnings Quintile, 1926–2013



5-Yr Real Returns by Cyclically Adjusted P/E Quintile				
1st	2nd	3rd	4th	5th
15%	7%	7%	6%	0%

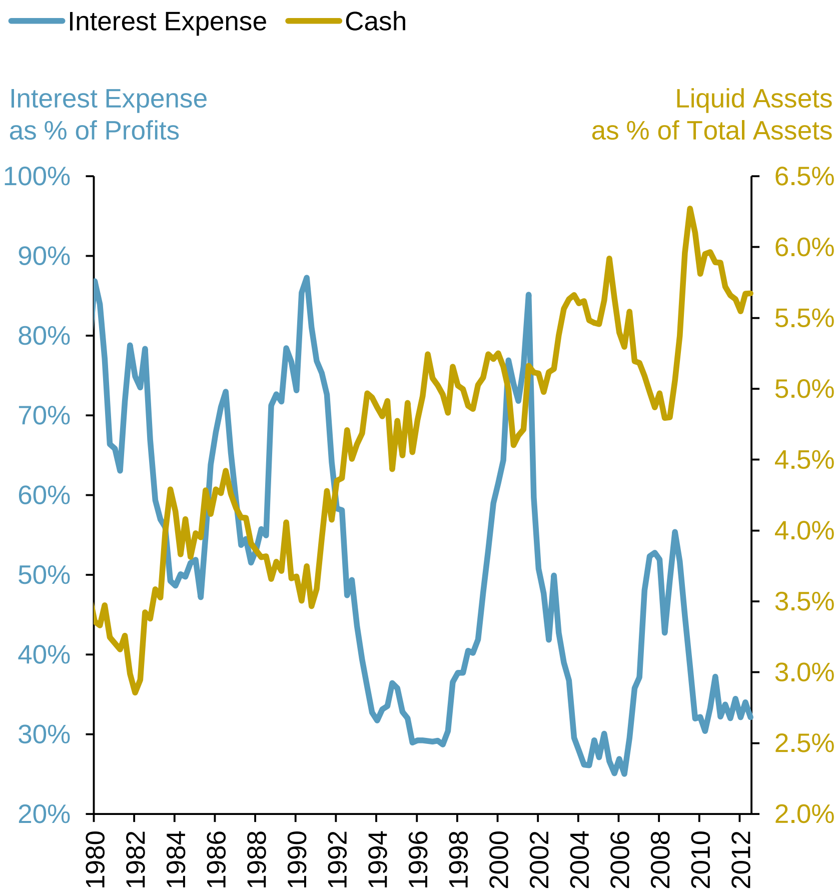
P/E = Price-to-earnings ratio. Real returns are nominal returns adjusted by inflation rate (Consumer Price Index). Cyclically adjusted figures use trailing five-year earnings. Past performance is no guarantee of future results. You cannot invest directly in an index. Stocks represented by total returns of S&P 500 Index including reinvestment of dividends and interest income. S&P earnings estimates used for Q1 2013. Source: Standard & Poor's, Robert Shiller, Fidelity Investments (AART) through 3/31/13.

Fidelity INVESTMENTS

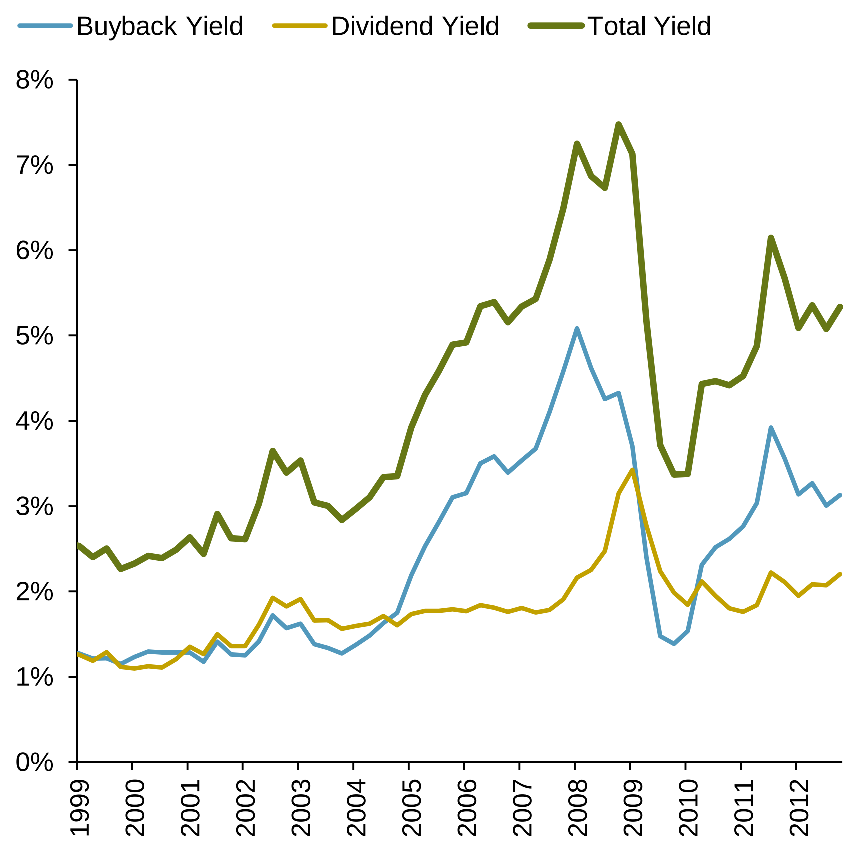
Healthy Balance Sheets Enable Focus on Investor Returns

Low interest rates and strong profitability have allowed U.S. corporations to reduce interest expense, shore up balance sheets, and accumulate liquid assets. With these high cash balances, companies have been able to return value to shareholders as both dividends and share buybacks, thus boosting the total yield to investors.

Corporate Cash and Interest Expense



S&P 500 Dividend, Buyback, and Total Yields

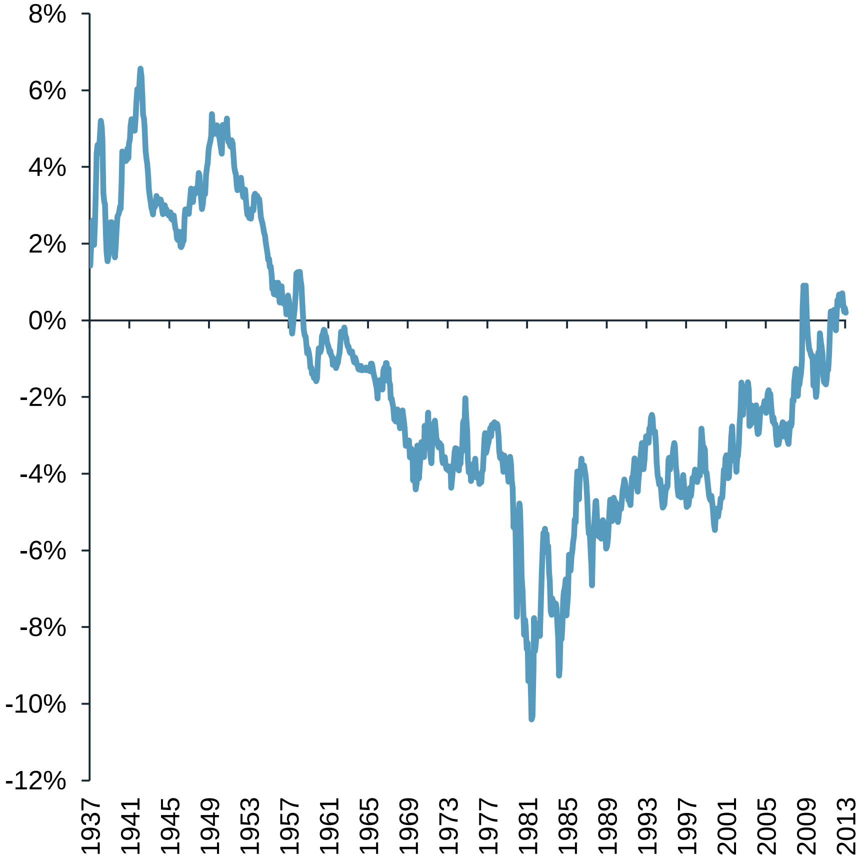


LEFT: Interest expense for all nonfinancial U.S. firms as defined by Bureau of Economic Analysis. Source: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART) as of 12/31/12. **RIGHT:** Buyback and dividend yields are 12-month sums divided by S&P 500 market capitalization. Source: Standard and Poor's, Fidelity Investments (AART) through 12/31/12.

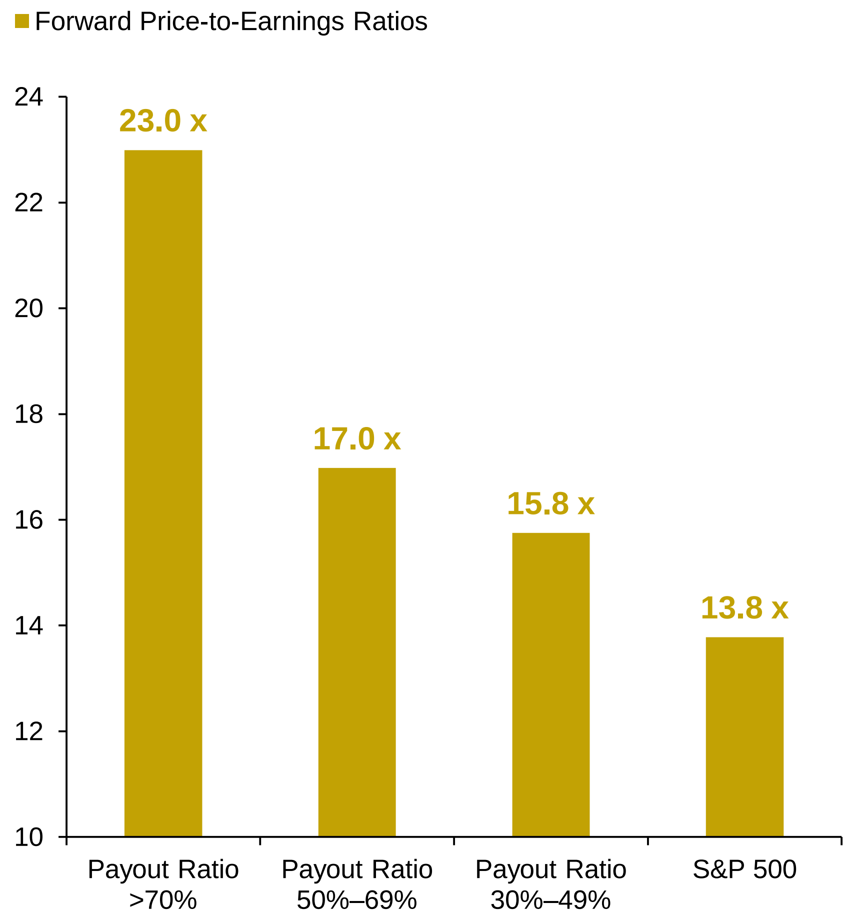
Opportunities for Equity Income as Market Revalues Dividends

The market environment of historically high equity yields relative to bond yields has provided attractive opportunities for generating income. Reflecting a possible long-term shift in investor preferences, stocks with higher payout ratios have enjoyed higher valuations as the market has paid a premium for the stability of distributed earnings.

S&P 500 Dividend Yield minus 10-Year Treasury Yield



S&P 500 Valuations

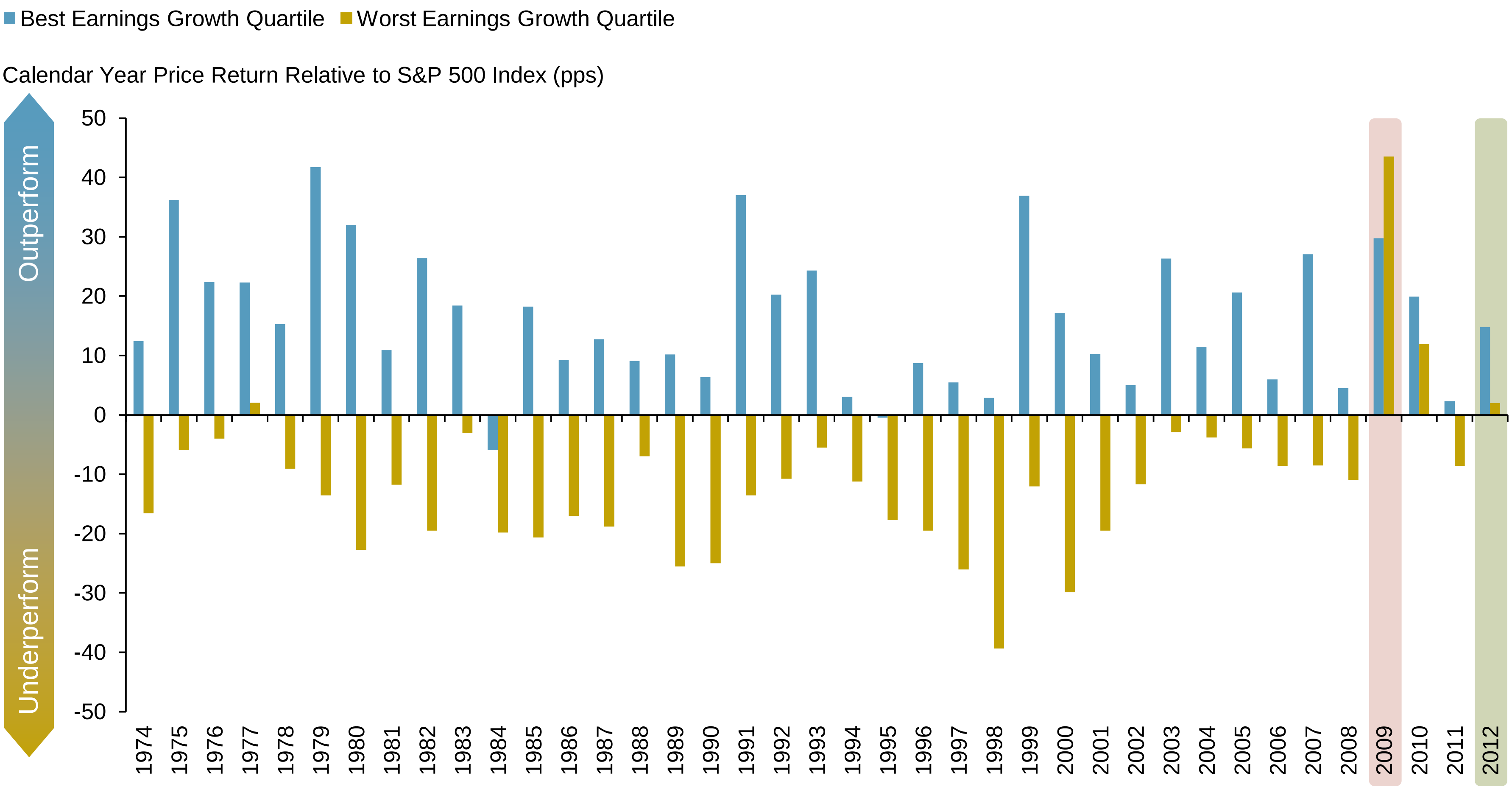


Past performance and dividend rates are historical and do not guarantee future results. **LEFT:** Source: Standard & Poor's, Federal Reserve Board, Haver Analytics, Fidelity Investments (AART) through 3/31/13. **RIGHT:** Source: FactSet, Fidelity Investments (AART) as of 3/31/13.

Earnings Growth Fundamentals Being Rewarded Again

Since 1974, the stocks of companies with the fastest earnings growth have outpaced those with the slowest by 28 pps on average. From 2009 to 2011, strong earnings growth was rewarded less than before. In 2012, the wider performance gap indicated a return to a more normal environment and a potential shift to better active management opportunities.

S&P 500 Relative Stock Returns Grouped by Earnings Growth



Past performance does not guarantee future results; pps = percentage points. Source: FactSet, Fidelity Investments (AART) as of 12/31/12.

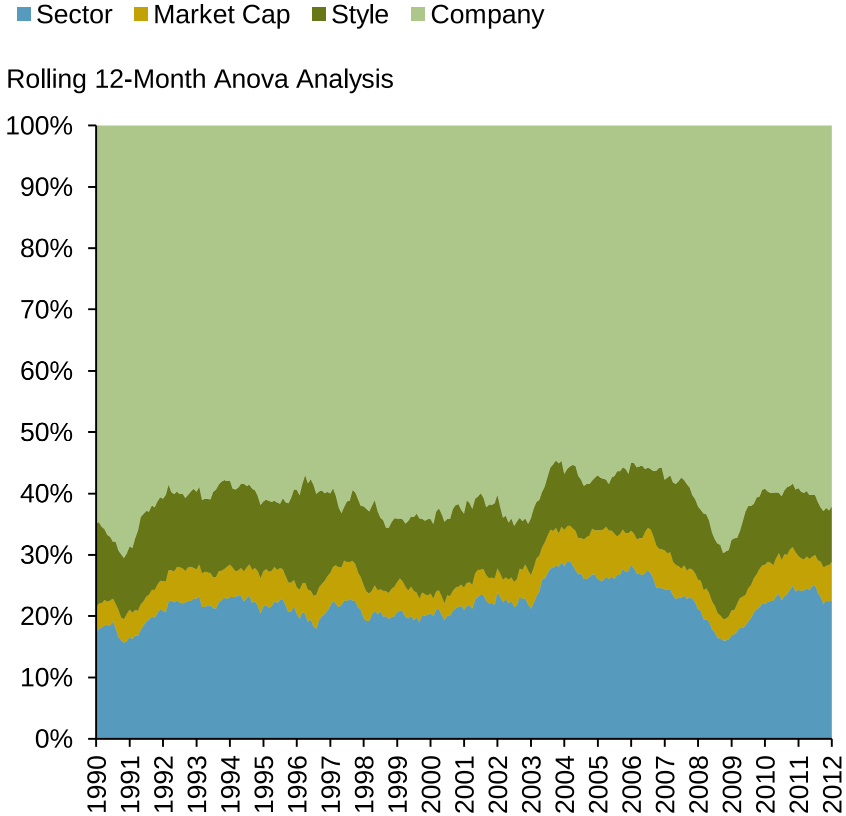
Equity Allocations Using Sectors: U.S. Mid-Cycle

A disciplined business cycle approach to sector allocation can produce active returns, even though historically, the least pronounced relative performance patterns have occurred in the mid-cycle. Quantitative analysis of past stock market returns shows that sector exposure is a significant factor for explaining differences in performance between individual stocks.

Business Cycle Approach to Sectors

Sector	Early	Mid	Late	Recession
Financials	+			
Consumer Discretionary	+		–	–
Technology	+	+	–	–
Industrials	+	+		–
Materials	+	–	+	
Consumer Staples			+	+
Health Care			+	+
Energy	–		+	
Telecom	–			+
Utilities	–	–	+	+

Average Source of Return for Stocks in Russell 3000



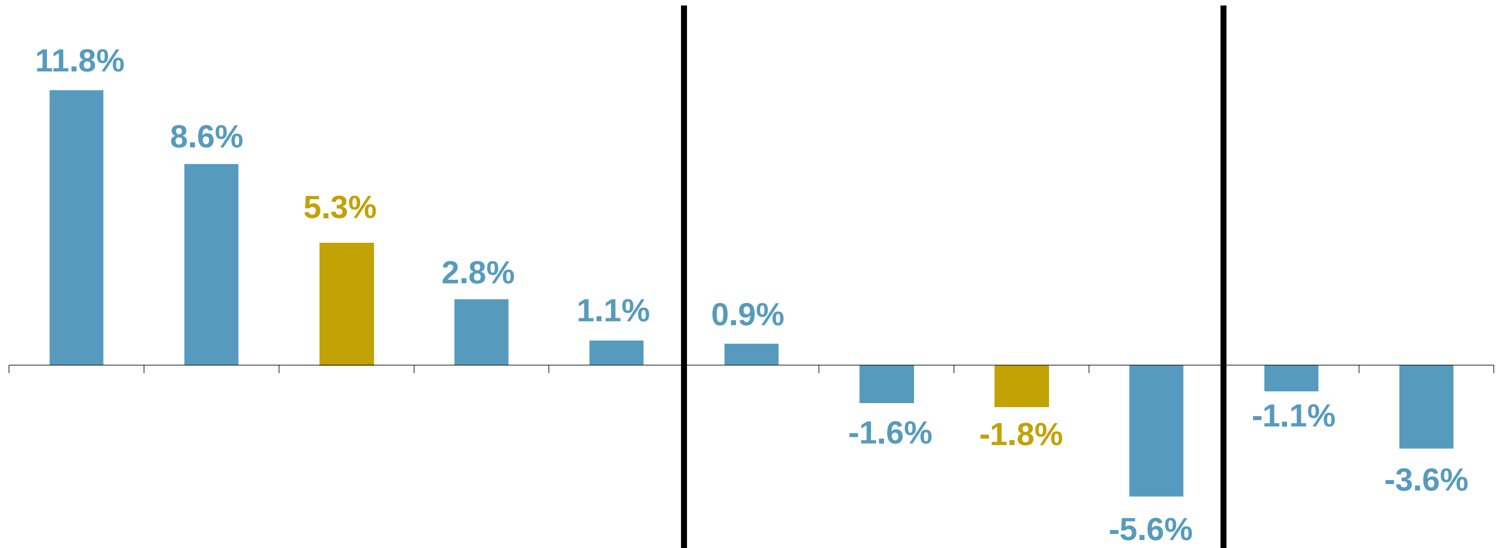
Past performance is no guarantee of future results. Sectors as defined by GICS. **LEFT:** Green portions suggest historical pattern of outperformance, red portions suggest underperformance, and unshaded portions indicate no clear pattern of out- or underperformance vs. broader market represented by top 3,000 U.S. stocks by market capitalization. Analysis includes performance for 1962–2010. Source: *The Business Cycle Approach to Sector Investing,* Fidelity Investments (AART) as of May 2012. **RIGHT:** Anova = analysis of variation. Source: FactSet, Fidelity Investments (AART) as of 12/31/12.

International Equity Markets & Global Assets

Among Non-U.S. Equity Markets, Japan Led the Way

Encouraged by the pro-growth policies of the new government, Japanese stocks surged amid mixed results for global assets. Emerging-market stocks faltered after the previous quarter's strong rally, and commodity prices declined. For U.S. investors, the currency impact (outside Latin America) was generally negative, particularly the steep drop in the Japanese yen.

Q1 2013 Total Return



	Japan	EAFE Small Cap	EAFE	Europe	Canada	Latin America	EM Asia	Emerging Markets	EMEA	Commodities	Gold
Local Currency	21.6%	13.6%	9.8%	7.1%	3.1%	-1.1%	-0.3%	-0.7%	-1.2%	N/A	N/A
1-Year USD	8.8%	13.8%	11.8%	11.3%	4.2%	-4.1%	5.3%	2.1%	-0.4%	-3.0%	-3.9%

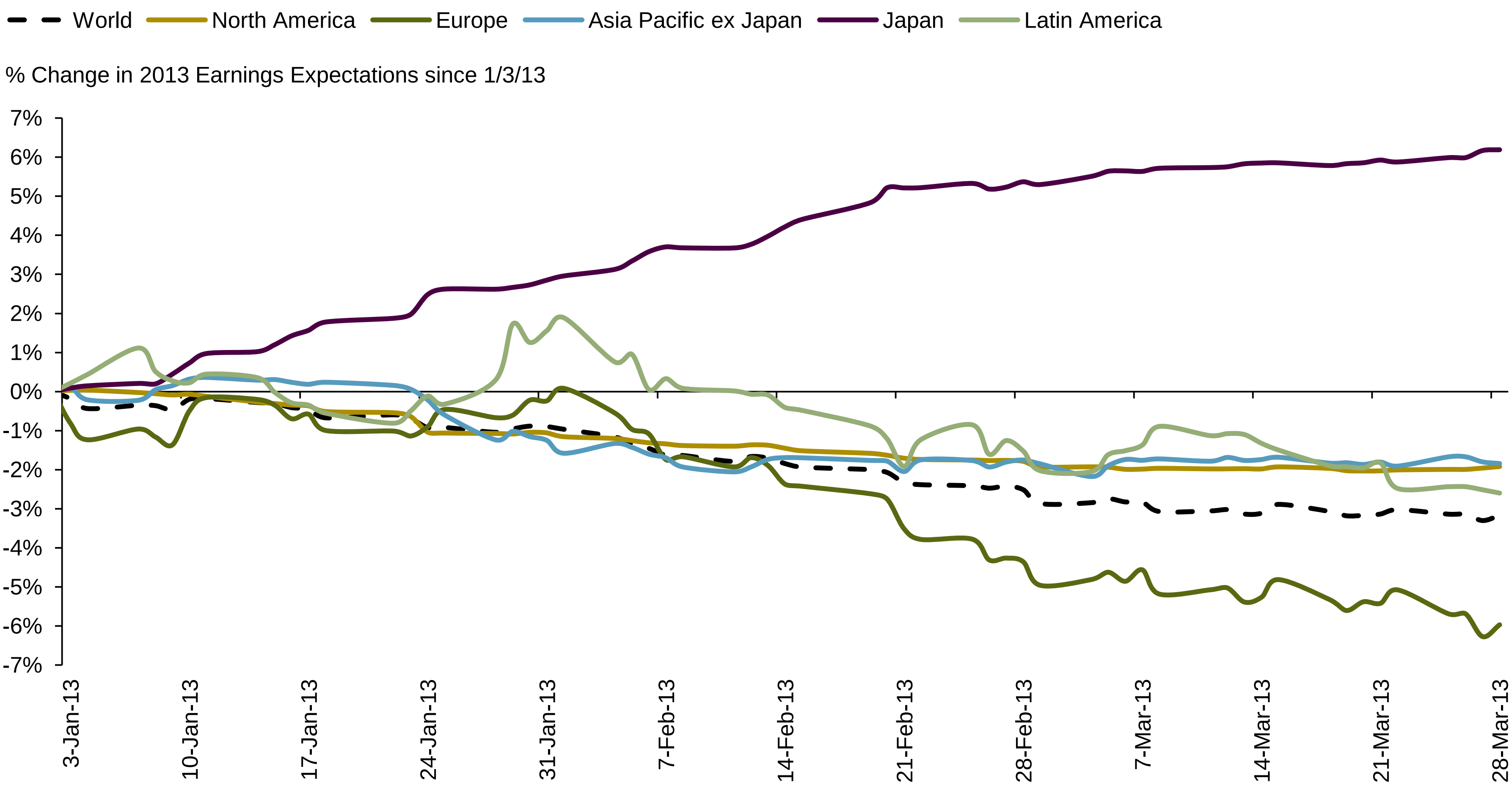
Developed-Market Equities (Japan – Canada) | **Emerging-Market Equities** (Latin America – EMEA) | **Commodities** (Commodities, Gold)

All returns are gross in U.S. dollars unless otherwise noted. Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: Canada – MSCI Canada Index; Europe – MSCI Europe Index; Japan – MSCI Japan Index; Emerging Markets (EM) – MSCI EM Index; EM Asia – MSCI Emerging Markets Asia Index; Europe, Middle East, & Africa (EMEA) – MSCI EM EMEA Index; Latin America – MSCI EM Latin America Index; Gold – Gold Bullion Price, London PM Fix; Commodities – S&P GSCI Commodities Index. Source: FactSet, Fidelity Investments (AART) as of 3/31/13.

World Earnings Expectations Moderating except in Japan

During the first quarter, analysts consistently lowered their 2013 earnings expectations for most world regions. Only Japan bucked the trend, with expectations up 6% amid rising confidence that new government policies would boost corporate results. Later in the quarter, expectations for the rest of Asia stabilized, while projections for Europe continued to deteriorate.

Revisions in Global 2013 Earnings Expectations

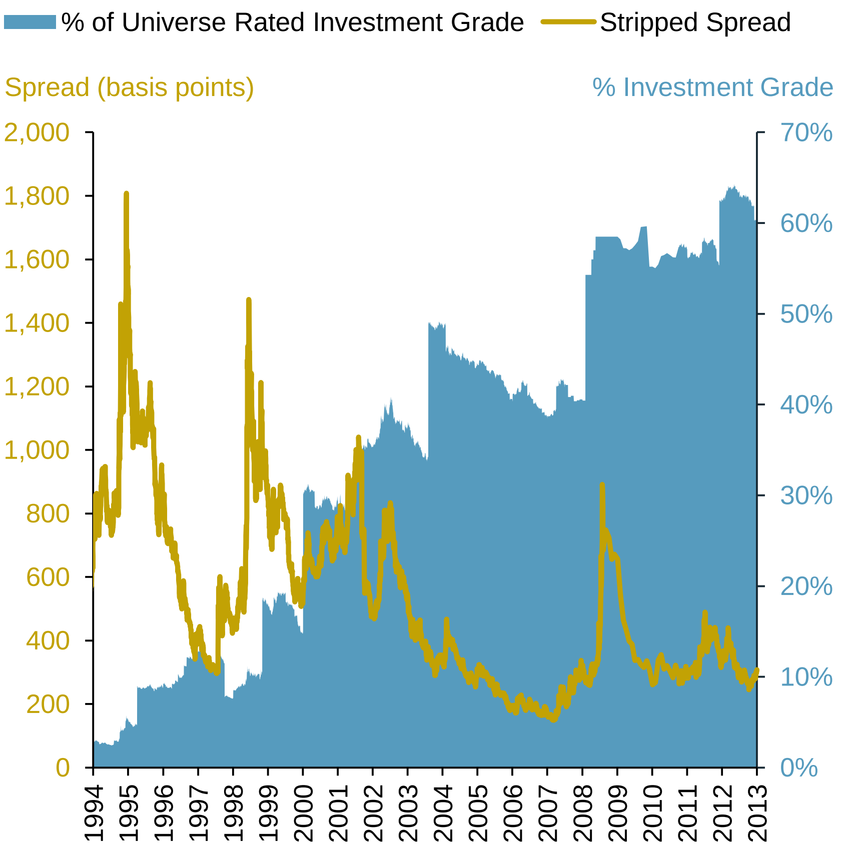


Source: FactSet, Fidelity Investments (AART) through 3/31/13.

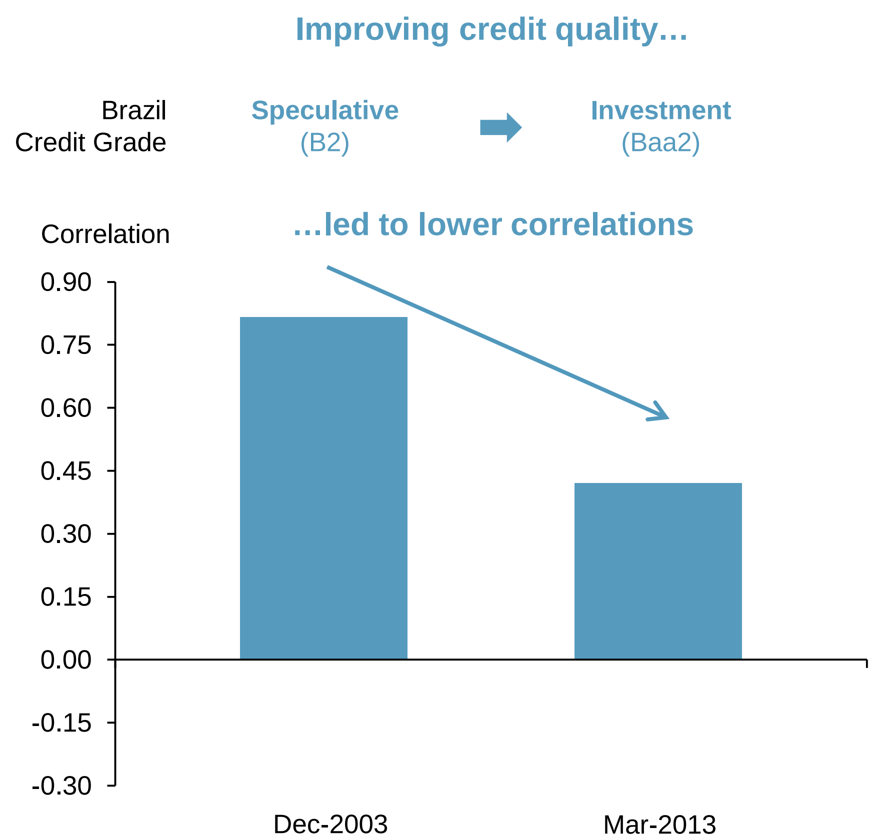
Emerging Markets Warrant More Balanced Approach

The credit quality of emerging-market countries has largely improved over the past two decades. Historically, higher-quality sovereign debt tends to have a lower correlation with a country's stock market and vice versa. Better diversification effects may be achieved by allocating to both equity and debt securities of countries with rising credit qualities.

Emerging Market Debt Credit Quality and Valuation



Emerging Market Equity and Bond Correlations

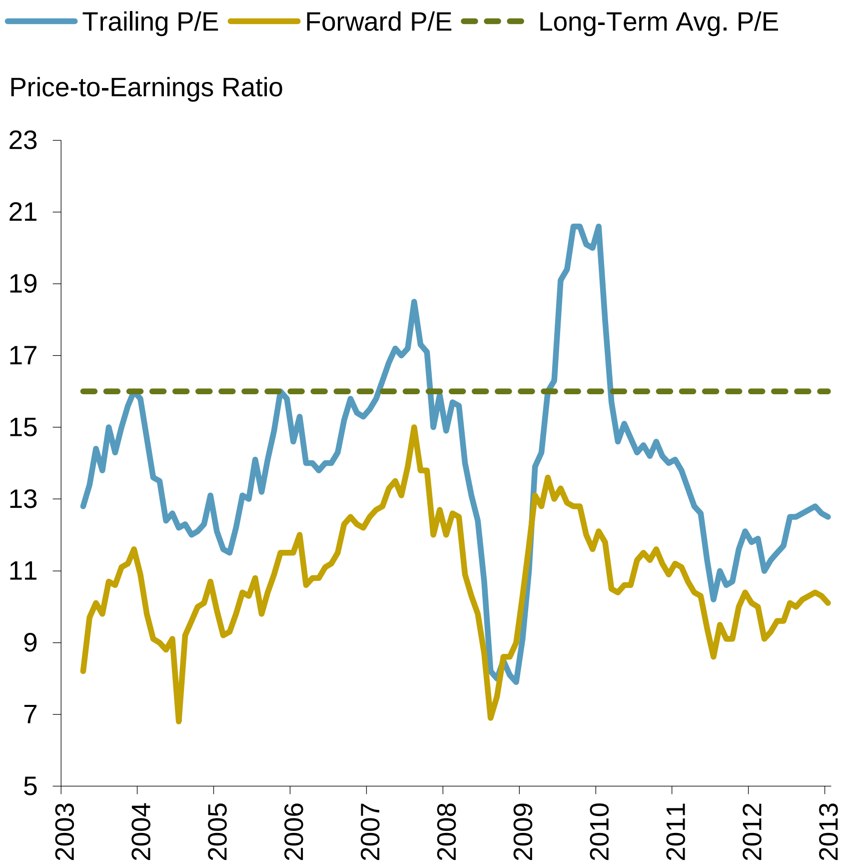


Diversification does not ensure a profit or guarantee against a loss. **LEFT:** Emerging-market debt represented by JP Morgan EMBI Global Index. Source: J.P. Morgan, Bloomberg, Haver Analytics, Fidelity Investments (AART) as of 3/31/13. **RIGHT:** Equity and bond country returns represented by Brazil sub-index of MSCI Emerging Market Index and JP Morgan EMBI Global Index. Source: FactSet, Fidelity Investments (AART) through 3/31/13.

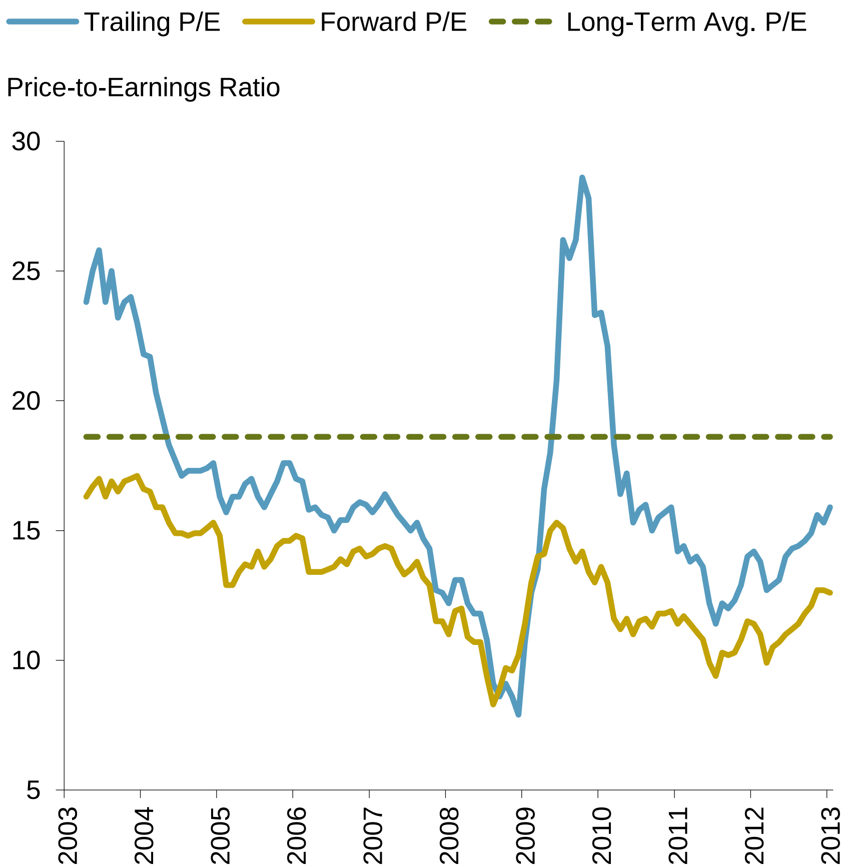
Non-U.S. Stock Valuations Still Below Average

In developed markets outside the U.S., current price-to-earnings multiples continued to tick up on both a trailing and a forward basis, thanks to the first quarter's positive price momentum. Yet these metrics remain below the long-term average price-to-earnings ratios in developed as well as emerging markets.

Emerging Markets' P/E Ratio



Non-U.S. Developed Markets' P/E Ratio



Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Price-to-earnings ratio (P/E) = stock price divided by earnings per share; this P/E "multiple" indicates how much investors are paying for a company's earnings power. Long-term average P/E for Emerging Markets includes MSCI EM Index data for 1988–2013. Long-term average P/E for Non-U.S. Developed Markets includes MSCI EAFE Index data for 1978–2013. Source: FactSet, Fidelity Investments (AART) as of 3/31/13.

QUARTERLY MARKET UPDATE

Second Quarter 2013

Fixed Income Markets

Investment-Grade Bonds Lagged in First Quarter

With interest rates rising slightly during the first quarter, Treasuries and other investment-grade bond categories experienced modest negative returns. High-yield corporate bonds and leveraged loans benefited from additional spread tightening amid strong investor demand and solid corporate fundamentals.

Q1 2013 Total Return

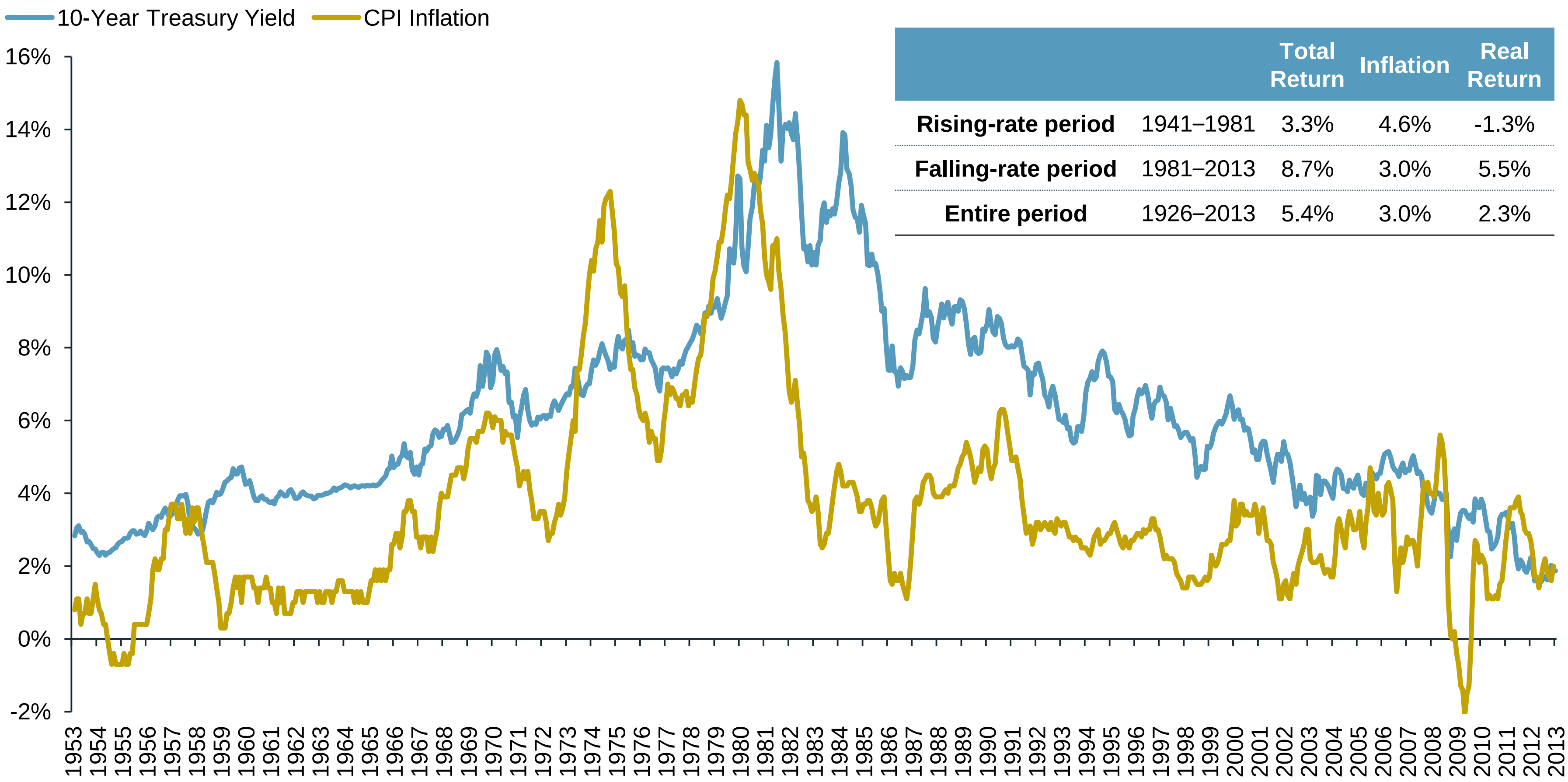
	High Yield	Leveraged Loan	Municipal	CMBS	Agency	ABS	MBS	Credit	Treasuries	TIPS	Long Government	EM Debt	Aggregate
1-Year	13.1%	7.9%	5.2%	6.6%	2.3%	2.9%	2.0%	7.0%	3.1%	5.7%	8.9%	10.4%	3.8%

Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: High Yield – BofA ML U.S. High Yield Master II Index; Leveraged Loan – S&P/LSTA Leveraged Loan Index; Municipal – Barclays Municipal Bond Index; Commercial Mortgage-Backed Securities (CMBS) – Barclays Investment-Grade CMBS Index; Agency – Barclays U.S. Agency Index; Asset-Backed Securities (ABS) – Barclays ABS Index; Mortgage-Backed Securities (MBS) – Barclays MBS Index; Credit – Barclays Credit Bond Index; Treasuries – Barclays U.S. Treasury Index; Treasury Inflation-Protected Securities (TIPS) – Barclays U.S. TIPS Index; (Investment Grade) Long Government – Barclays Government Credit Long Index; Emerging-Market Debt (EM Debt) – JP Morgan EMBI Global Index; Aggregate – Barclays U.S. Aggregate Bond Index. Source: FactSet, Fidelity Investments (AART) as of 3/31/13.

Bond Investors Face a Challenging Environment

High-quality bonds consistently produced positive real returns during the past three decades. With the Federal Reserve's efforts to reflate the economy by keeping nominal interest rates low, however, Treasury yields have fallen below the current inflation rate. This has created a challenging environment for bond investors.

10-Year Treasury Yield and Inflation

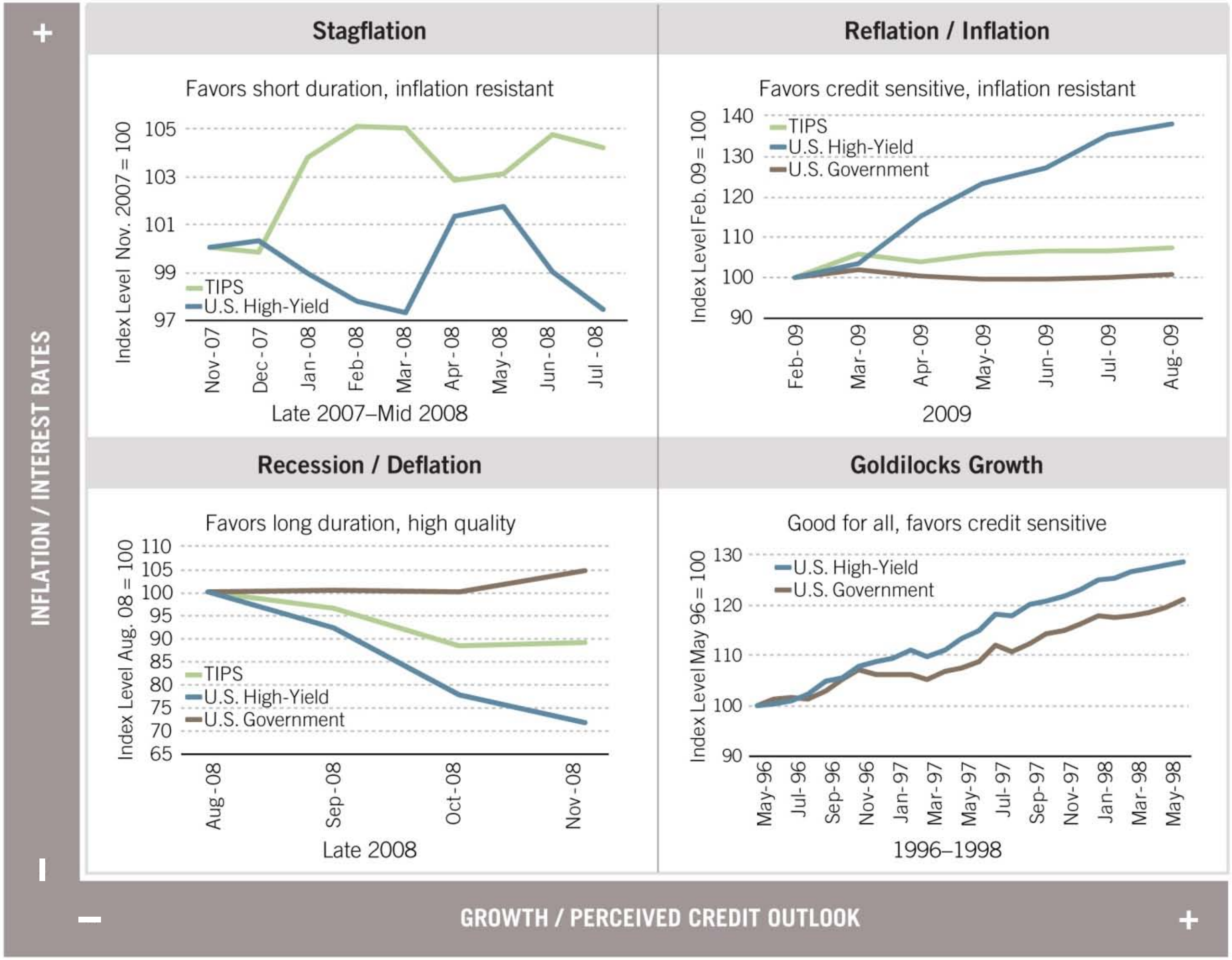


		Total Return	Inflation	Real Return
Rising-rate period	1941–1981	3.3%	4.6%	-1.3%
Falling-rate period	1981–2013	8.7%	3.0%	5.5%
Entire period	1926–2013	5.4%	3.0%	2.3%

CPI = Consumer Price Index. Past performance is no guarantee of future results. Total returns represented by IA SBBI U.S. Intermediate-Term Government Bond Index. Real returns are adjusted by rates of inflation; differences are due to rounding. Source: U.S. Treasury, Federal Reserve Board, Haver Analytics, Morningstar EnCorr, Fidelity Investments (AART) as of 3/31/13. Inflation data through 2/28/13.

Uncertainty Drives Need for Multisector Bond Exposure

The U.S. economy has abruptly shifted through varying conditions during the past several years. Such shifts have historically affected the relative performance of different fixed income sectors. Amid high levels of indebtedness and macroeconomic uncertainty, active management of risk exposures across fixed income categories has become even more important.

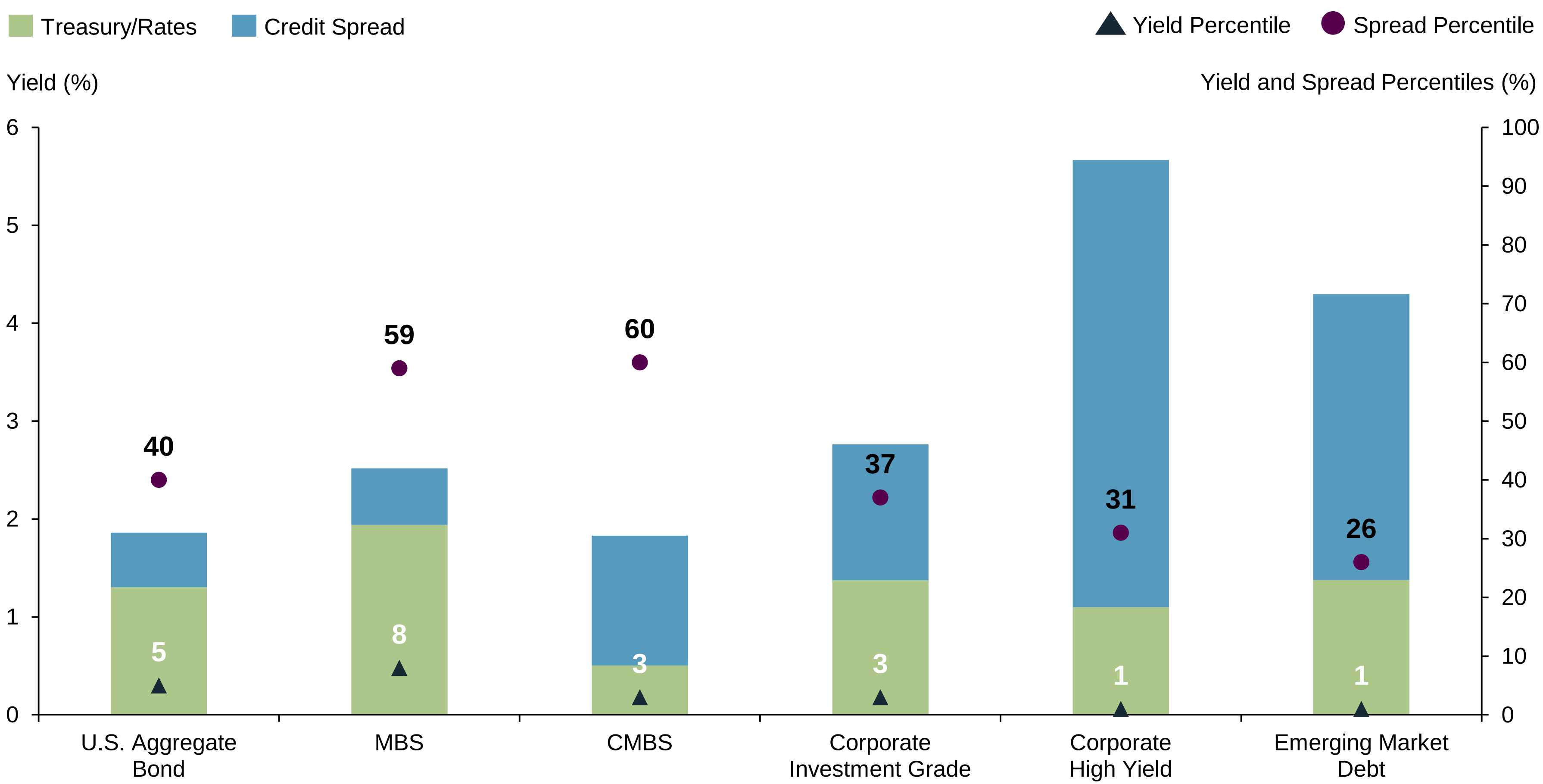


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss.
Please see appendix for representative index definitions. Source: Morningstar EnCorr, Fidelity Investments (AART) as of 3/31/13.

Bond Yields Low, Credit Spreads Still Relatively Tight

Extremely low interest rates have pushed yields in many fixed income categories to near-record lows. After a sustained period of significant tightening, yield spreads on most categories have narrowed to below historical averages. During the first quarter, spreads on most categories widened modestly, with only high-yield corporate bonds continuing to tighten.

Fixed Income Yields and Spreads



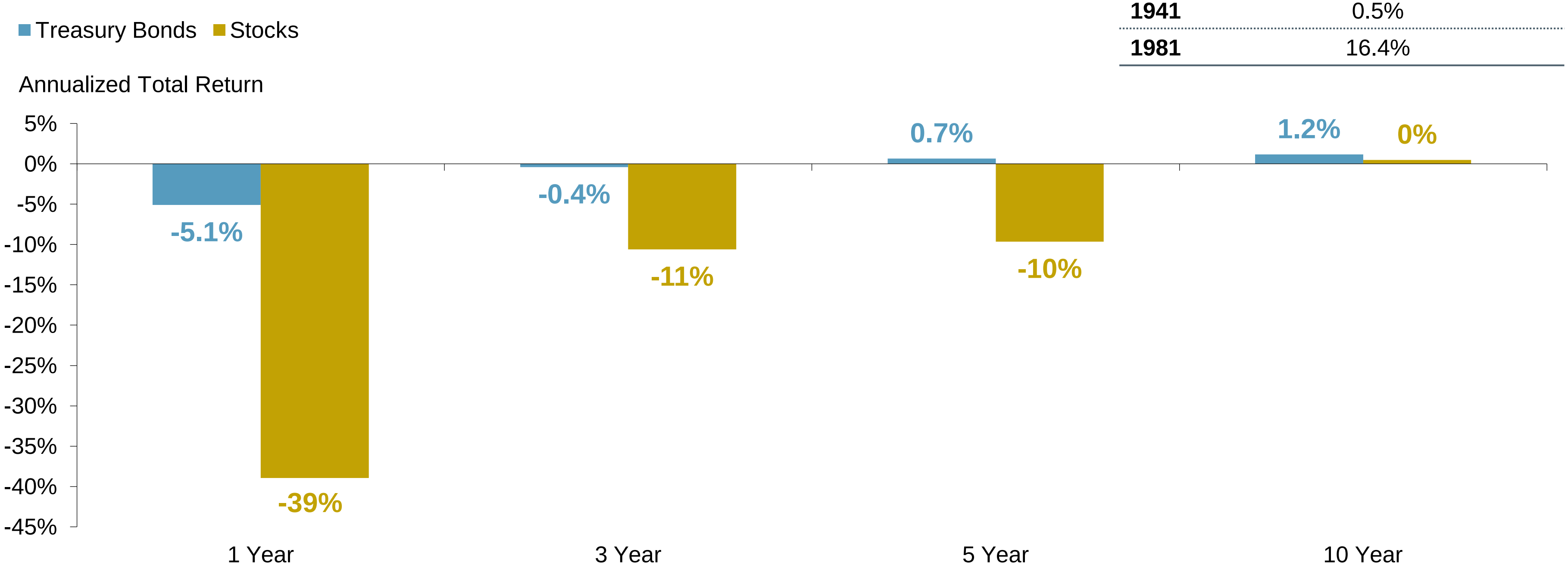
Past performance is no guarantee of future results. Percentile ranks of yields and spreads based on historical period from 2000 to 2012. MBS = Mortgage-Backed Securities; CMBS = Commercial Mortgage-Backed Securities. All categories represented by respective Barclays bond indices. Please see appendix for important index information. Source: Barclays as of 3/31/13.

Bonds Historically Less Volatile Even Amid Rising Rates

Historically, Treasury bonds—the most interest rate–sensitive bond category—still offered better downside protection than U.S. stocks, even when rates were rising. During the 40-year bond bear market from 1941 to 1981, yields rose from 0.5% to 16%, yet bonds had less severe episodes of losses and lower probabilities of negative returns over all holding periods.

Worst Total Returns over Various Holding Periods, 1941–1981

Period of Rising Rates	
	Intermediate-Term Treasury Yield
1941	0.5%
1981	16.4%



Percentage of Holding Periods with Negative Returns				
	1 Year	3 Year	5 Year	10 Year
Bonds	10.3%	0.8%	0%	0%
Stocks	24.1%	10.9%	4.8%	0%

Fidelity INVESTMENTS

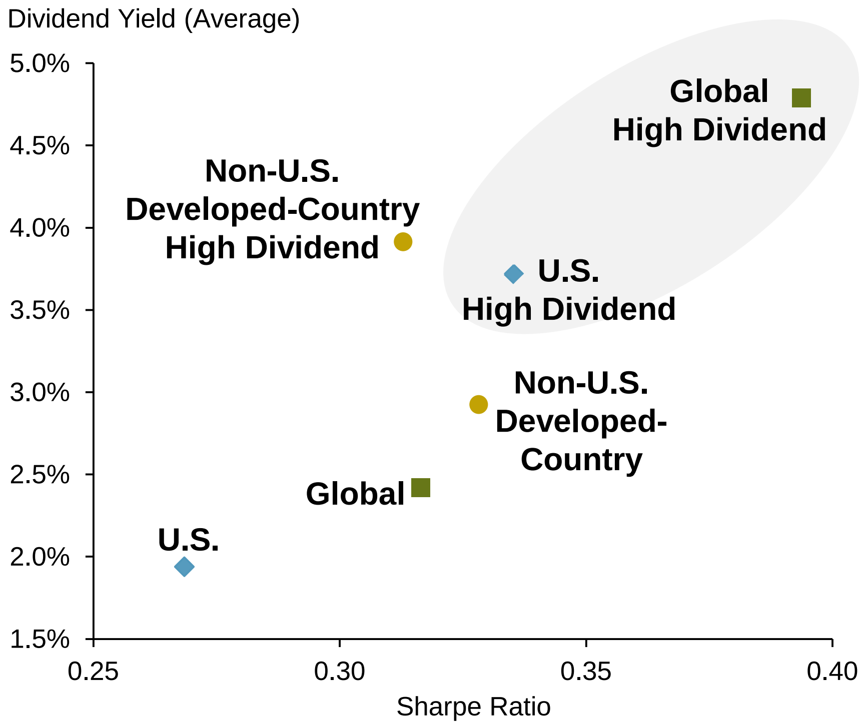
Based on rolling monthly holding periods. Bonds represented by the Ibbotson US Intermediate-Term Government Bond Index and stocks represented by the S&P 500 Index. See appendix for important index information. Past performance is no guarantee of future results. Source: Morningstar EnCorr, Fidelity Investments (AART) as of 3/31/13.

Asset Allocation Themes

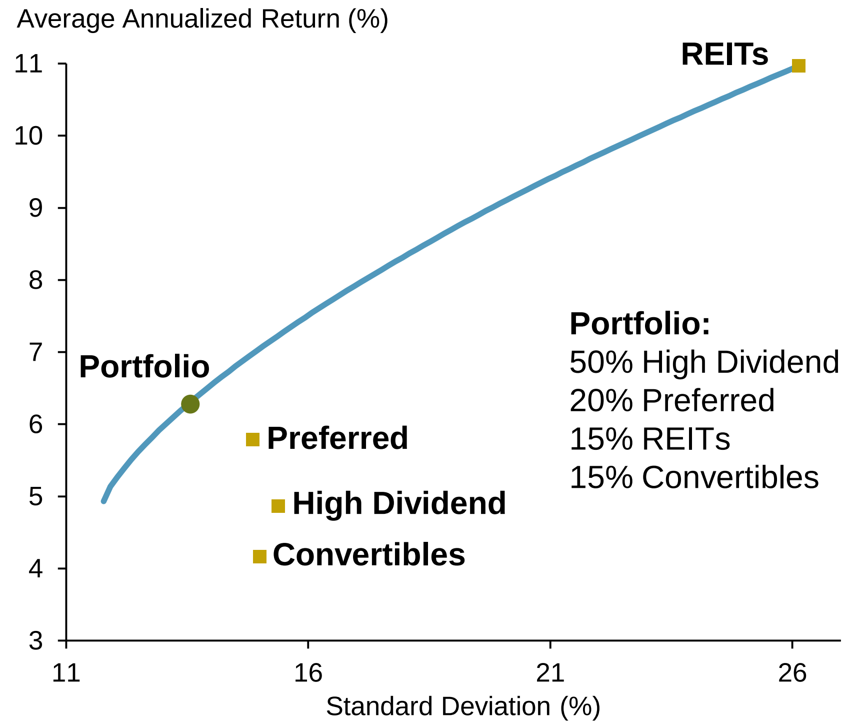
Non-Bond Opportunities to Diversify Income Sources

U.S. and non-U.S. high dividend-paying stocks have delivered higher risk-adjusted returns and average dividend yields than other equity categories. Combining various non-bond sources of income may create diversification benefits by lowering the entire portfolio's potential volatility and raising its expected risk-adjusted return profile.

Dividend Yield and Sharpe Ratio, 2001–2012



Efficient Frontier, 1999–2013



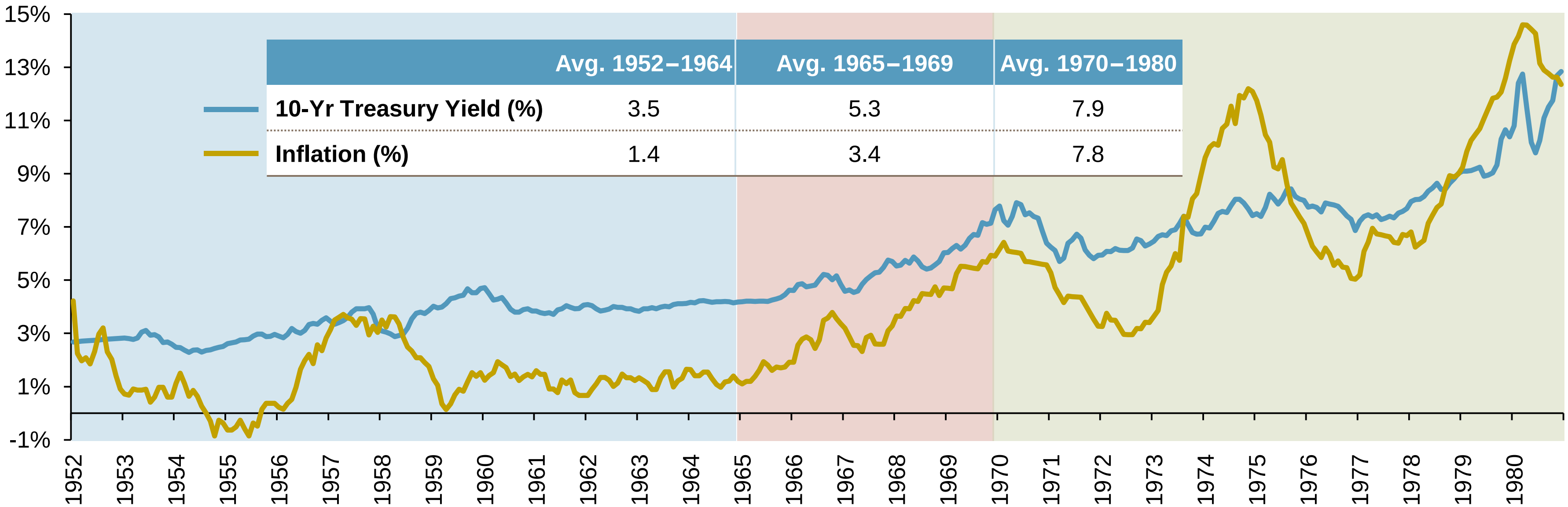
Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against loss. **LEFT:** High dividend stocks are subsets of their respective indices containing securities with greater-than-average dividend yields and reasonable dividend per share growth and dividend payouts. Index returns represented by: U.S. Stocks – MSCI USA Index; Non-U.S. Developed-Country Stocks – MSCI EAFE Index; Global Stocks – MSCI All-Country World Index; Source: Morningstar EnCorr, Fidelity Investments (AART). Left chart as of 12/31/12. **RIGHT:** Efficient frontier represents optimal risk-return combinations of four assets. Index returns represented by: High Dividend Stocks – MSCI USA High Dividend Index; Preferred Stocks – BofA ML U.S. Fixed Rate Preferred Securities Index; Real Estate Investment Trusts (REITs) – FTSE NAREIT Equity REIT Index; Convertibles – BofA ML All U.S. Convertibles Index. Portfolio allocation is 50% High Dividend Stocks, 20% Preferred Stocks, 15% Convertibles, and 15% REITs. Source: Morningstar EnCorr, Fidelity Investments (AART) as of 3/31/13.

Fidelity INVESTMENTS

Equities: Better Potential to Adjust Upward with Inflation

In the current low-inflation and low-yield environment, many investors are paying closer attention to the inflation protection provided by various asset classes. When inflation is rising, fixed-rate bonds have historically struggled, particularly when starting from low interest rates, while equities have tended to hold up better, as stock real returns have remained positive.

Low Inflation and Yields | **Low but Rising Inflation and Yields** | **High and Rising Inflation and Yields**



	Avg. 1952–1964	Avg. 1965–1969	Avg. 1970–1980
10-Yr Treasury Yield (%)	3.5	5.3	7.9
Inflation (%)	1.4	3.4	7.8

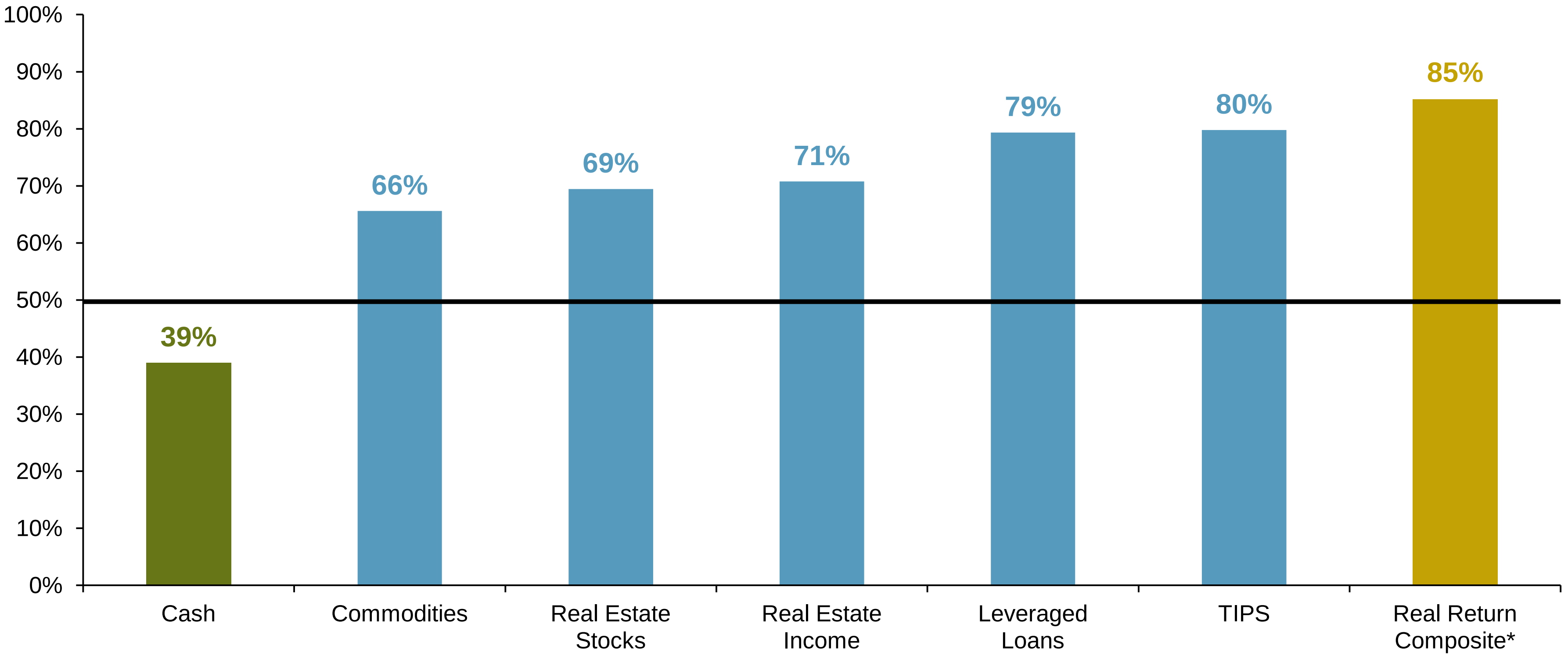
	Change over Period	1952–1964	1965–1969	1970–1980
Average %	Real Stock Returns	13.2	1.1	0.2
	Real Bond Returns	1.6	-3.0	-1.1
Sharpe Ratio	Stocks	1.0	0.0	0.1
	Bonds	0.2	-1.0	0.0

Past performance is no guarantee of future results. Real returns are adjusted by rates of inflation. Stocks represented by total returns of S&P 500 Index, including reinvestment of dividends and interest income. Bonds represented by Barclays Aggregate Bond Index for 1/1976–12/1980 and by composite of IA SBBI Intermediate-Term Government Bond Index (67%) and IA SBBI Long-Term Corporate Bond Index (33%) for 1/1952–12/1975. Source: Robert Shiller, Morningstar EnCorr, Fidelity Investments (AART) as of 3/31/13.

Real Return: Seeking Protection against Inflation

Cash has rarely exceeded the rate of inflation over the long run. Other investments with hard-asset or income-adjusting characteristics have offered some inflation protection. Since these asset categories have different sensitivities to inflation, combining them into a real return composite may increase the frequency of outpacing inflation.

Frequency of Exceeding Inflation, 1973–2013

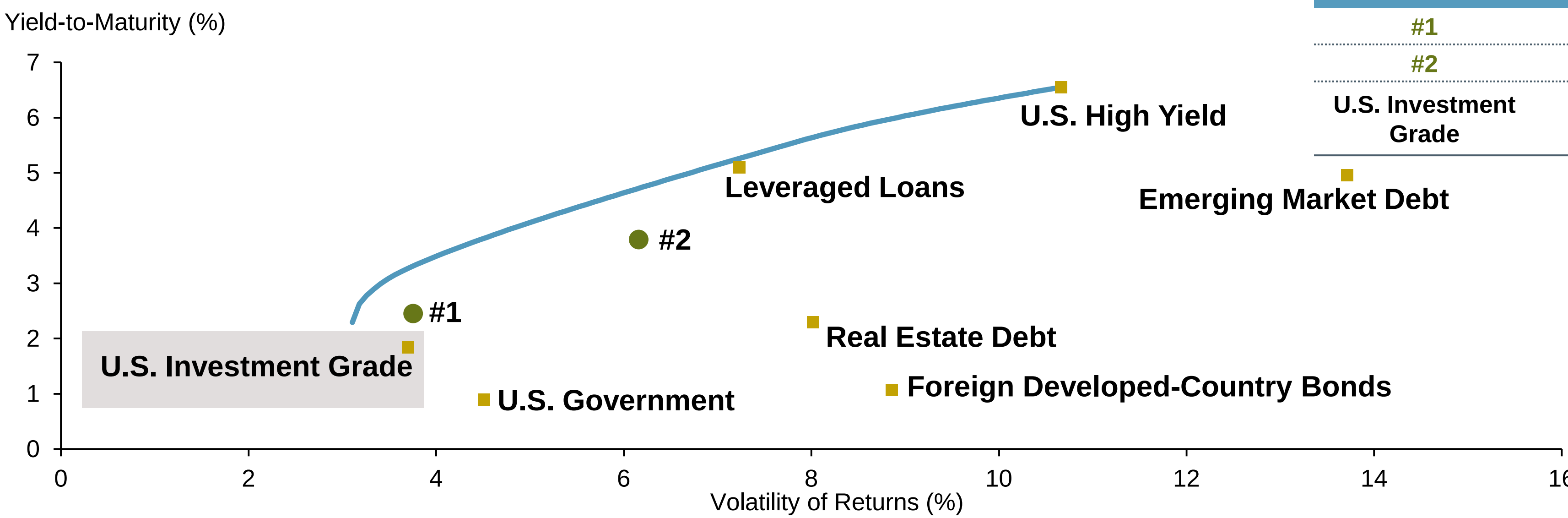


Frequency of exceeding inflation shows percent of trailing 12-month periods each asset class outperformed trailing 12-month change of Consumer Price Index. *Real Return Composite represented by 30% TIPS, 25% Leveraged Loans, 25% Commodities, 10% Real Estate Income, 10% Real Estate Equity. Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: Cash – U.S. 30-day T-bill; Commodities – Goldman Sachs Commodities Index through 12/1990, Dow Jones UBS Commodity Index from 1/1991; Real Estate Equity – FTSE NAREIT All REITS Index through 12/1977, DJ U.S. Select RESI from 1/1978; Real Estate Income – NAREIT through 12/1996, 40% BofA Merrill Lynch Corporate Real Estate Index / 40% MSCI REIT Preferred / 20% NAREIT from 1/1997; Leveraged Loans – Barclays Intermediate Credit for 1/1973–12/1975, Barclays 1-3 Yr Credit for 1/1976–1/1978, ML 1-3 Corp for 2/1978–12/1991, Credit Suisse Leveraged Loans for 1/1992–1/1999, S&P/LSTA Leveraged Loan from 2/1999; TIPS – Fidelity-compiled index through 2/1997, Barclays U.S. TIPS Index from 3/1997. Source: Morningstar EnCorr, Fidelity Investments (AART) through 2/28/13.

Allocating to Fixed Income: A Multisector Approach

With yields on high-quality U.S. bonds historically low, diversifying across a broad spectrum of fixed income sectors may significantly improve a portfolio's Sharpe ratio, or risk-adjusted return. Investing in a variety of sectors may also provide opportunities to diversify across risk characteristics, which could enhance inflation resistance or geographic variation.

Efficient Frontier Using Yield-to-Maturity, 1998–2013



Portfolio	Sharpe Ratio
#1	0.66
#2	0.63
U.S. Investment Grade	0.44

Portfolio	Description
#1	**High-quality portfolio with limited risk** 80% U.S. Investment Grade 5% U.S. High Yield 5% U.S. Real Estate Debt 5% Leveraged Loans 5% Emerging Market

Portfolio	Description
#2	**Mix of high yield, government, and foreign** 40% U.S. High Yield 30% U.S. Government 15% Foreign Developed 15% Emerging Market

Volatility represented by standard deviation. Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: U.S. Investment Grade – Barclays U.S. Aggregate Bond Index; U.S. Government – Barclays U.S. Government Index; U.S. High Yield – Bank of America Merrill Lynch (BofA ML) High Yield Master II Index; Real Estate Debt – 50% Barclays CMBS Index and 50% BofA ML Corporate Real Estate Index; Leveraged Loans – S&P/LSTA Performing Loan Index; Emerging Market Debt – JP Morgan (JPM) EMBIG Composite Index; Foreign Developed-Country Bonds – Citigroup G-7 non-USD Bond Index. Source: FactSet, Bloomberg, Morningstar EnCorr, Fidelity Investments (AART) as of 3/31/13.

Fidelity INVESTMENTS

Appendix: Important Information

Views expressed are as of the date indicated, 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. Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

These materials are provided for informational purposes only and should not be used or construed as a recommendation of any security, sector, or investment strategy.

Fidelity does not provide legal or tax advice and the information provided herein is general in nature and should not be considered legal or tax advice. Consult with an attorney or a tax professional regarding your specific legal or tax situation.

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

Investing involves risk, including risk of loss.

Diversification does not ensure a profit or guarantee against loss.

All indices are unmanaged and performance of the indices includes reinvestment of dividends and interest income and, unless otherwise noted, is not illustrative of any particular investment. An investment cannot be made in any 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 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.

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

MSCI® Europe, Australasia, Far East Index (EAFE) is an unmanaged market capitalization-weighted index designed to represent the performance of developed stock markets outside the United States and Canada. MSCI Emerging Markets (EM) Index is a market capitalization-weighted index of over 850 stocks traded in 22 world markets. MSCI EM Europe, Middle East, and Africa (EMEA) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in the emerging-market countries of Europe, the Middle East, and Africa; it consists of the following 10 emerging-market country indices: Czech Republic, Hungary, Poland, Russia, Turkey, Israel, Jordan, Egypt, Morocco, and South Africa. MSCI EM Latin America Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Latin America; it consists of the following six emerging-market country indices: Argentina, Brazil, Chile, Colombia, Mexico, and Peru. MSCI EM Asia Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in the following countries: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand. MSCI All Country (AC) Asia ex Japan Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia excluding Japan; it consists of the following 10 developed and emerging market country indices: China, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand. MSCI North America Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the United States and Canada. MSCI AC Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Europe; it consists of the following developed and emerging market country indices: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, Turkey, and United Kingdom. MSCI EM Large Cap Index is composed of those securities in the MSCI EM Index that are defined as large-capitalization stocks.

MSCI Europe Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom. MSCI Japan Index is an unmanaged index of stock prices that reflects the common stock prices of the index companies translated into U.S. dollars, assuming reinvestment of all dividends paid by the index stocks net of any applicable non-U.S. taxes. MSCI Canada Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Canada. MSCI Brazil Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Brazil.

MSCI EAFE Small Cap Index currently consists of the following 21 developed-market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and United Kingdom. This index aims to capture 40% of the full market capitalization of the eligible small-cap universe of companies in each country by industry. This is a range of 200–1500 billion USD. MSCI then free-float adjusts the included companies.

MSCI USA Investable Market Index (IMI) includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI Korea IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI Brazil IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI India IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI Russia IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI Indonesia IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI Poland IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI Colombia IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market. MSCI China IMI includes large, mid-cap, and small-cap segments and provides exhaustive coverage of these size segments by targeting a coverage range of close to 99% of the free float-adjusted market capitalization in each market.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets. The countries included in the index are: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Colombia, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United States, United Kingdom. MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed markets. MSCI USA Index is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of the United States. MSCI USA High Dividend Index is an unmanaged index that tracks the performance of U.S. high-dividend-yield equities; it consists of those securities in the MSCI USA Index that have higher-than-average dividend yield, a track record of consistent dividend payments, and the capacity to sustain future dividend payments.

Appendix: Important Information

S&P GSCI Commodities Index is a world production-weighted index composed of 24 widely traded commodities. All sub-indices of the S&P GSCI™ sub-indices (Energy, Industrial Metals, Precious Metals, and Agriculture and Livestock) follow the same rules regarding world production weights, methodology for rolling, and other functional characteristics.

Dow Jones-UBS 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.

Barclays® U.S. Treasury Index is designed to cover public obligations of the U.S. Treasury with a remaining maturity of one year or more. Barclays U.S. Aggregate Bond Index is an unmanaged, market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. Barclays U.S. Credit Bond Index is designed to cover publicly issued U.S. corporate and specified non-U.S. debentures and secured notes that meet the specified maturity, liquidity, and quality requirements; bonds must be SEC-registered to qualify. Barclays U.S. Agency Index is designed to cover publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or non-U.S. debt guaranteed by the U.S. Government. Barclays CMBS Index is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch, respectively, with maturities of at least one year. Barclays MBS Index covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). Barclays U.S. Municipal Bond Index covers the U.S. dollar-denominated, long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Barclays U.S. TIPS Index is an unmanaged market index made up of U.S. Treasury Inflation-Protected Securities. Barclays ABS Index is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing. Barclays Long U.S. Government Credit Index includes all publicly issued, U.S. government and corporate securities that have a remaining maturity of 10 or more years, are rated investment grade, and have $250 million or more of outstanding face value. Barclays U.S. Intermediate Credit Bond Index is a market value-weighted index of investment-grade fixed-rate corporate debt and sovereign, supranational, local authorities, and non-U.S. agency debt with intermediate range maturities. Barclays U.S. 1–3 Year Credit Bond Index is a market value-weighted index of investment-grade fixed-rate debt securities with maturities from one to three years from the U.S. Corporate Indices. Barclays® U.S. Government Index is designed to cover public obligations of the U.S. Government with a remaining maturity of one year or more.

JPM® EMBI Global Index, and its country sub-indices, tracks total returns for traded external debt instruments issued by emerging-market sovereign and quasi-sovereign entities.

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

S&P 500 sectors are defined as follows: Consumer Discretionary – companies that tend to be the most sensitive to economic cycles. Consumer Staples – companies whose businesses are less sensitive to economic cycles. Energy – companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment, including seismic data collection; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials – companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and real estate, including 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 whose businesses manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. Information Technology – Companies in technology software & services and technology hardware & equipment. Materials – companies that are engaged in a wide range of commodity-related manufacturing. Telecommunication Services – companies that provide communications services primarily through fixed line, cellular, wireless, high bandwidth, and/or fiber-optic cable networks. Utilities – companies considered electric, gas, or water utilities, or companies that operate as independent producers and/or distributors of power.

S&P/LSTA Leveraged Performing Loan Index (Standard & Poor's/Loan Syndications and Trading Association 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.

Appendix: Important Information

Russell 2000® Index is a market capitalization-weighted index of smaller company stocks. Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 26% of the total market capitalization of the Russell 1000 Index. Russell 3000® Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. Russell 3000 Growth Index is an unmanaged index that measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. Russell 3000 Value Index is an unmanaged index that measures the performance of those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth values

Bank of America Merrill Lynch (BofA ML) U.S. Fixed Rate Preferred Securities Index is an unmanaged index that tracks the performance of fixed-rate preferred securities publicly issued in the U.S. domestic market. BofA ML All U.S. Convertibles Index is an unmanaged index that tracks the performance of all U.S. convertible securities. BofA ML High Yield Bond Master II Index is an unmanaged index that tracks the performance of below-investment-grade, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. BofA ML Corporate Real Estate Index, a subset of BofA Merrill Lynch U.S. Corporate Index, is a market capitalization-weighted index of U.S. dollar-denominated investment-grade corporate debt publicly issued in the U.S. domestic market by real estate issuers. Qualifying securities must have an investment-grade rating (based on an average of Moody's, S&P, and Fitch). In addition, qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule, and a minimum amount outstanding of $250 million. BofA ML 1–3 Year Corporate Index is a market value-weighted index of investment-grade fixed-rate debt securities with maturities from one to three years.

The IA SBBI U.S. Intermediate-Term Government Bond Index is an unweighted index which measures the performance of five-year maturity U.S. Treasury Bonds. Each year a one-bond portfolio containing the shortest non-callable bond having a maturity of not less than five years is constructed. IA SBBI U.S. Long-Term Corporate Bond Index is a custom index designed to measure the performance of long-term U.S. corporate bonds.

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

MSCI REIT Preferred Index is a preferred stock market capitalization-weighted index of certain exchanged-traded perpetual preferred securities issued by U.S. Equity and U.S. Hybrid REITS.

Citigroup Non-USD Group-of-Seven (G7) Index is designed to measure the unhedged performance of the government bond markets of the Group of 7, excluding the U.S., which are Japan, Germany, France, Britain, Italy, and Canada. Issues included in the index have fixed-rate coupons and maturities of one year or more.

Dow Jones U.S. Select Real Estate Securities Index is a float-adjusted market capitalization-weighted index of publicly traded real estate securities, such as real estate investment trusts (REITs) and real estate operating companies (REOCs).

Credit Suisse Leveraged Loan Index is a market value-weighted index designed to represent the investable universe of the U.S. dollar-denominated leveraged loan market.

Cyclically Adjusted Price-to-Earnings (CAPE) ratio was developed in the late 1990s by Yale professor Robert Shiller and Harvard professor John Campbell.

Standard deviation shows how much variation there is from the average (mean or expected value). A low standard deviation indicates that the data points tend to be very close to the mean, whereas a high standard deviation indicates that the data points are spread out over a large range of values.

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

Sharpe Ratio compares portfolio returns above the risk-free rate relative to overall portfolio volatility. A higher Sharpe Ratio implies better risk-adjusted returns.

Payout ratio is the dividend paid out over the year divided by the earnings over the year. A low payout ratio indicates dividend growth potential, while a high payout ratio indicates less cash to increase dividends.

Appendix: Important Information

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

The Economic Policy Uncertainty Index is composed of three underlying components. The first component quantifies newspaper coverage of policy-related economic uncertainty. The second component reflects the number of federal tax code provisions set to expire in future years. The third component uses disagreement among economic forecasters as a proxy for uncertainty.

The major economies included in the Global Leading Indicators Diffusion Index are: Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, India, Indonesia, Ireland, Italy, Japan, South Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Russia, Slovakia, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United States, United Kingdom.

The S&P GSCI sub-indices used in the diffusion index include: Crude Oil, Gasoline, Heating Oil, GasOil, Natural Gas, Aluminum, Copper, Lead, Nickel, Zinc, Gold, Silver, Wheat, Corn, Soybeans, Cotton, Sugar, Coffee, Cocoa, Live Cattle, Hogs.

Thaler, R. H., A. Tversky, D. Kahneman, and A. Schwartz. “The Effect of Myopia and Loss Aversion on Risk Taking: An Experimental Test.” *The Quarterly Journal of Economics* 112.2 (1997): pp. 647–61.

The Conference Board Leading Economic Indicators (LEI) is a composite of 10 leading indicators designed to signal peaks and troughs in the business cycle. The weighted LEI Index gives each component a certain weight based on the perceived importance as a leading indicator. The LEI Diffusion Index measures the proportion of the components that are rising to those that are falling.

The Economic Watchers Survey 2050 monitors nationwide from August 2001 onward. Respondents are asked to select an answer from 5 valuations: better, rather better, no change, rather worse, and worse. Each valuation is given a point as follows; better is +1, rather better is +0.75, no change is +0.5, rather worse is +0.25. The computation of the diffusion index is based on the percentage of each answer multiplied by the point given to each answer.

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