Market Analysis / Second Quarter 2021

INDEPENDENT WEALTH MANAGEMENT

More Fiscal Stimulus, Jagged Virus Progress Start the Year

Riskier asset prices and bond yields continued to rise amid a progressing global recovery, the approval of a $1.9 trillion U.S. fiscal package, a broader rollout of COVID-19 vaccines, and expectations for an eventual full economic reopening. We expect fiscal and monetary policy to remain highly supportive of an acceleration in U.S. nominal growth, with elevated valuations and rising inflation representing challenges to asset markets.

	MACRO	ASSET MARKETS
Q1 2021	• Global economic recovery continued, with variance across regions due in part to different vaccine and virus trends.	• Riskier asset prices continued to rally amid reflationary leadership and rising bond yields.
OUTLOOK	• Most major countries' recoveries should broaden into full expansions as vaccine-related full reopening occurs. • The U.S. is progressing toward the mid-cycle phase, with a stimulus and reopening acceleration getting underway. • The rate of China's strong economic improvement may moderate as policymakers seek to restrain credit growth. • U.S. fiscal policy is likely to remain extremely supportive of nominal growth, in our view. • Monetary policy still highly accommodative; rising inflation risks will be a challenge.	• Policy decisions and their impact on real interest rates are likely to have an increasingly large influence on asset returns. • Buoyant asset valuations reflect positive expectations built into asset prices. • Market volatility may return as expectations adjust to a post-pandemic landscape. • Potential shifts in long-term trends, including the possibility of a more inflationary backdrop, also loom. • Cyclical outlook remains constructive, but portfolio diversification is as important as ever.

Diversification does not ensure a profit or guarantee against a loss.

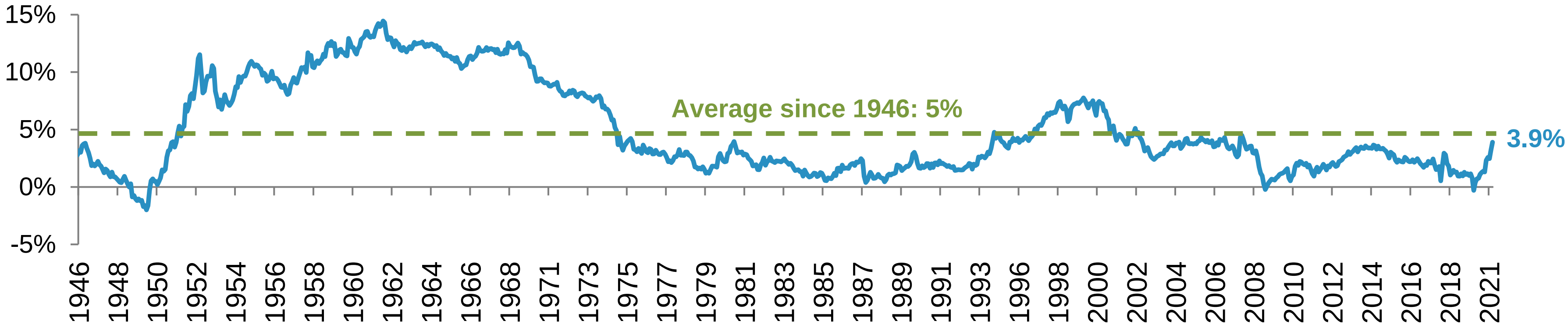
Reflationary Rally Extended Broad-Based Gains in Stocks

Rising growth and inflation expectations boosted riskier asset prices to additional gains during Q1, marking a remarkable one-year performance rebound since the bottom of the pandemic sell-off in March 2020. U.S. small and mid cap equities, REITs, and commodities led the way during Q1. Rising bond yields caused fixed income returns to struggle, with more economically sensitive high-yield corporate bonds holding up best.

	Q1 2021 (%)	1 Year (%)		Q1 2021 (%)	1 Year (%)
U.S. Small Cap Stocks	12.7	94.8	Emerging-Market Stocks	2.3	58.4
Real Estate Stocks	8.9	37.8	High Yield Bonds	0.9	23.3
U.S. Mid Cap Stocks	8.1	73.6	Investment-Grade Bonds	-3.4	0.7
Commodities	6.9	35.0	U.S. Corporate Bonds	-4.5	7.9
U.S. Large Cap Stocks	6.2	56.4	Emerging-Market Bonds	-4.7	14.3
Non-U.S. Small Cap Stocks	4.5	62.0	Gold	-10.0	8.3
Non-U.S. Developed-Country Stocks	3.5	44.6	Long Government & Credit Bonds	-10.4	-2.1

20-Year U.S. Stock Returns Minus IG Bond Returns Since 1946

Annualized Return Difference (%)

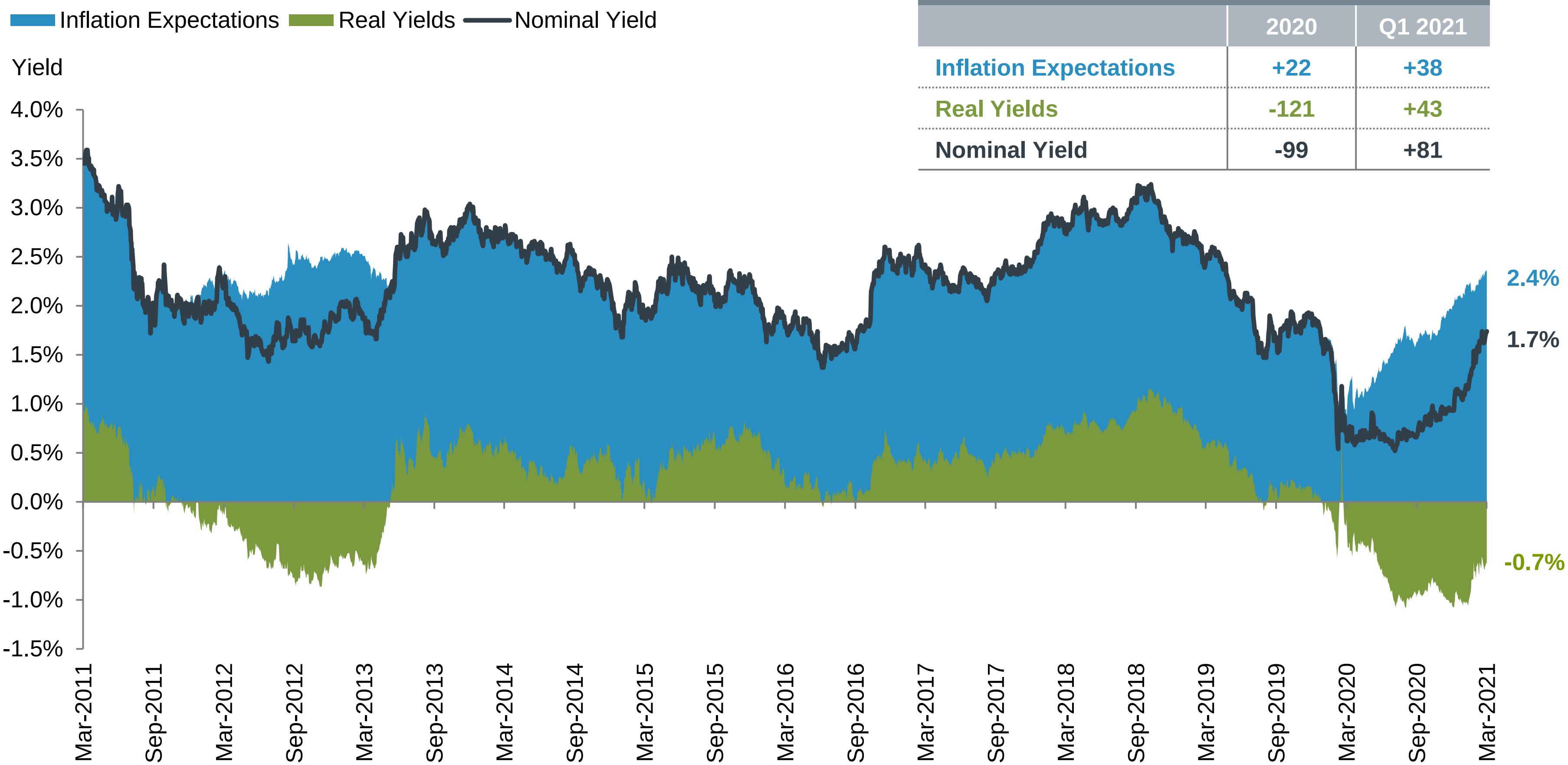


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Assets represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Bonds—JP Morgan EMBI Global Index; Emerging-Market Stocks—MSCI EM Index; Gold—Gold Bullion, LBMA PM Fix; High-Yield Bonds—ICE BofA High Yield Bond Index; Investment-Grade Bonds—Bloomberg Barclays U.S. Aggregate Bond Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Non-U.S. Small Cap Stocks—MSCI EAFE Small Cap Index; Real Estate Stocks—FTSE NAREIT Equity Index; U.S. Corporate Bonds—Bloomberg Barclays U.S. Credit Index; U.S. Large Cap Stocks—S&P 500®; U.S. Mid Cap Stocks—Russell Midcap® Index; U.S. Small Cap Stocks—Russell 2000® Index; Long Government & Credit Bonds—Bloomberg Barclays Long Government & Credit Index. Source: Bloomberg Finance L.P., Haver Analytics, Fidelity Investments Asset Allocation Research Team (AART), as of 3/31/21.

Rising Bond Yields Reflect Growth and Inflation Expectations

U.S. 10-year Treasury yields jumped more than 80 basis points during Q1, continuing their recovery from record low levels during the 2020 recession. Rising inflation expectations and real yields drove the increase in nominal yields, representing expectations for a recovery in both real growth and higher inflation. The real cost of borrowing remained negative, while inflation expectations rose to their highest level since 2013.

10-Year U.S. Government Bond Yields



Change in Yields (bps)		
	2020	Q1 2021
Inflation Expectations	+22	+38
Real Yields	-121	+43
Nominal Yield	-99	+81

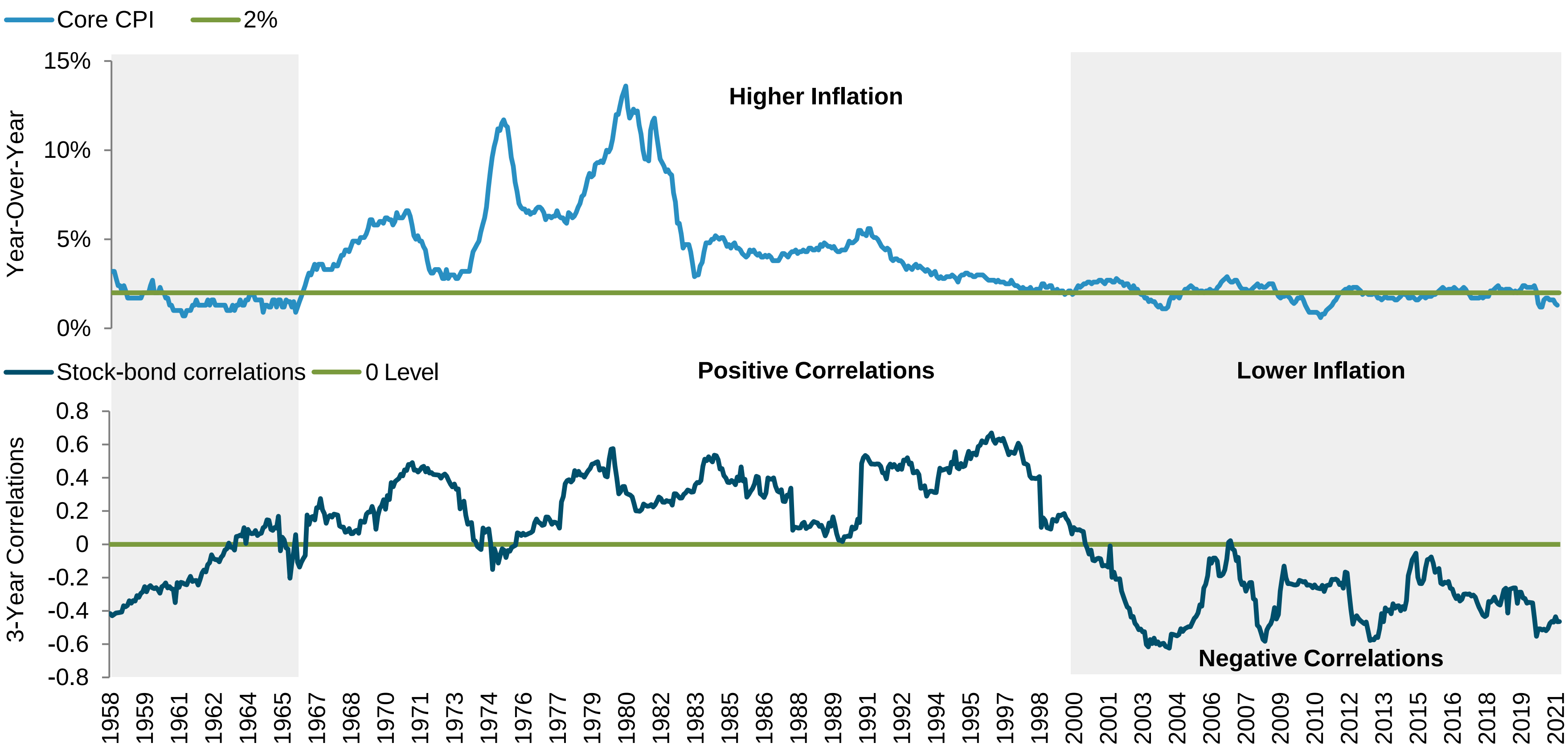
Bps: basis points. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/21.

Stock-Bond Diversification Highest When Inflation Is Tame

Over the past two decades, U.S. core inflation rarely stayed above 2%. In this environment, returns for U.S. Treasury bonds and stocks experienced negative correlations, providing strong portfolio diversification. Historically, higher inflation—such as during the prior period starting in the late 1960s—generated headwinds for both stocks and bonds and led to higher return correlations and diminished diversification benefits.

SUMMARY

Stock and Treasury Bond Correlations vs. Inflation

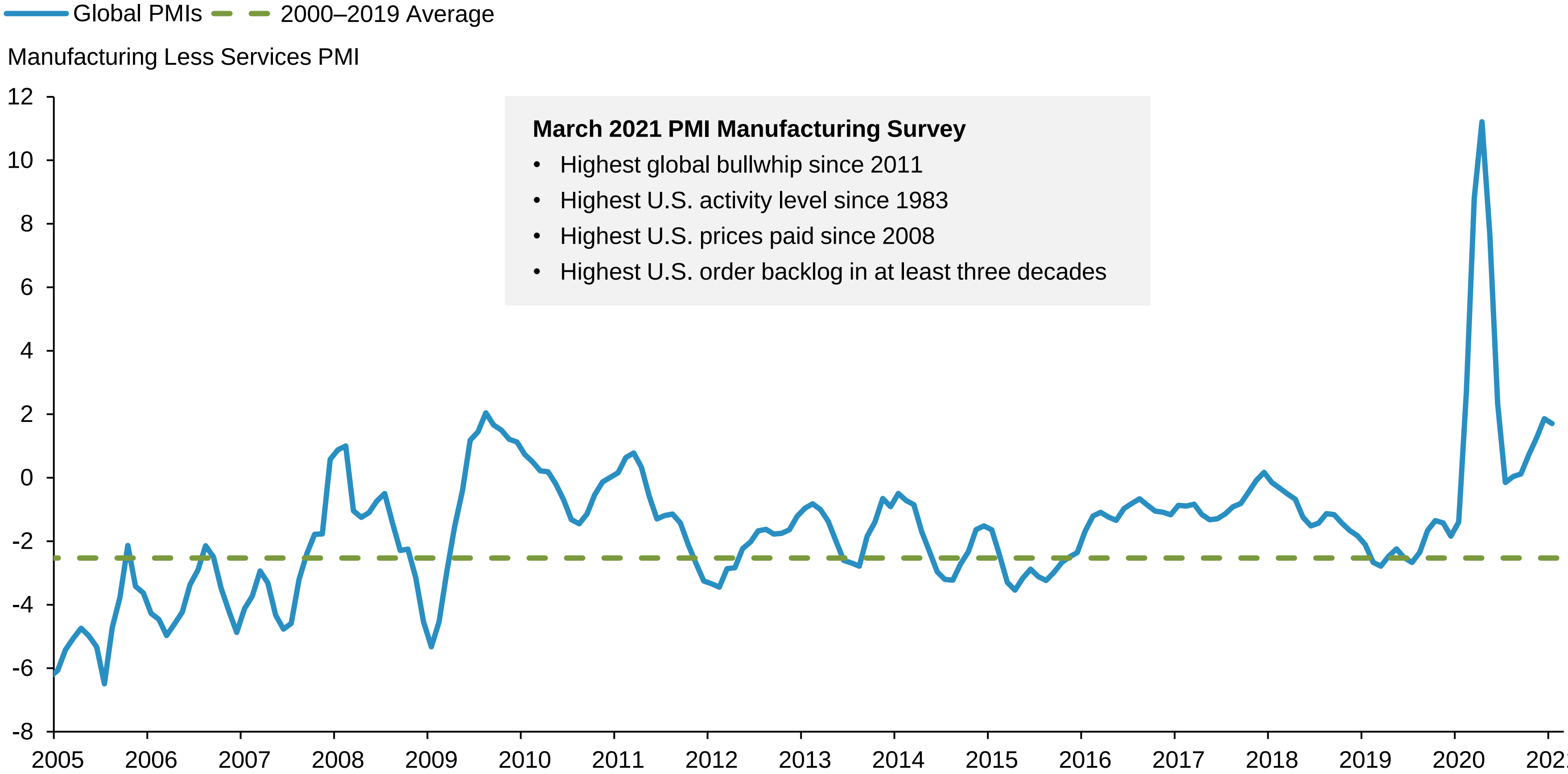


Past performance is no guarantee of future results. Correlations represented asset class total returns from indexes represented by Fidelity Investments, Dow Jones Total Stock Index, and Bloomberg Barclays. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Source: Bureau of Labor Statistics, Global Financial Data (GFD), Bloomberg Barclays, Haver Analytics, Bloomberg Finance L.P., Fidelity Investments (AART), as of 2/28/21.

Booming Global Manufacturing Outpacing Services

Purchasing manager surveys point to a widespread recovery in global manufacturing, including the highest U.S. activity level in four decades. Stressed supply chains and disruptions have slowed delivery times, raised pricing pressures, and resulted in lower inventories. Historically, expansions in services industries have exceeded those in manufacturing, but virus-related lockdowns have hindered services-industry activity.

Global PMI Activity: Manufacturing vs. Services



March 2021 PMI Manufacturing Survey

- Highest global bullwhip since 2011
- Highest U.S. activity level since 1983
- Highest U.S. prices paid since 2008
- Highest U.S. order backlog in at least three decades

PMI: Purchasing Managers' Index. A reading above 50 indicates expansion. Bullwhip is calculated as new orders less inventories.
CHART: Three-month moving average. Source: JP Morgan, IHS Markit, Institute for Supply Management, Haver Analytics, Fidelity Investments (AART), as of 2/28/21.

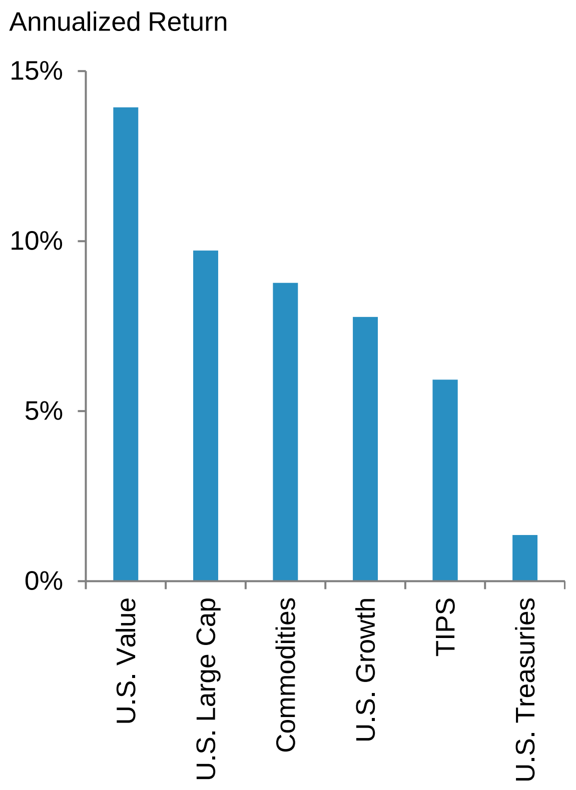
U.S. Reopening Backdrop May Resemble Postwar Era

The post-World War II shift to a peacetime economy, which catalyzed a cyclical rebound of growth and inflation, may be the closest historical analog to the upcoming post-COVID era where vaccination and reopening gain steam over the course of 2021 and 2022. Assets with exposure to high nominal growth rates, including value stocks and commodities, may hold up well, whereas bonds could struggle.

Post WW II Analog to COVID-19

	End of WWII	COVID-19
Short Sharp Recession	Sharp manufacturing decline and recovery	
Fiscal Support	Public Debt/GDP surged over 100%	
	GI Bill, Employment Act of 1946	Build Back Better plan
Monetary Accommodation	2.5% cap on 10-year Treasuries	ZIRP, QE, Extraordinary facilities
Repaired Financial System	Banks better capitalized after Great Depression and GFC	
Pent-Up Demand/ Savings Surge	Household savings rates peaked at >20%	
	Shift to domestic spending	Shift to services spending

Asset Returns 1946–1950

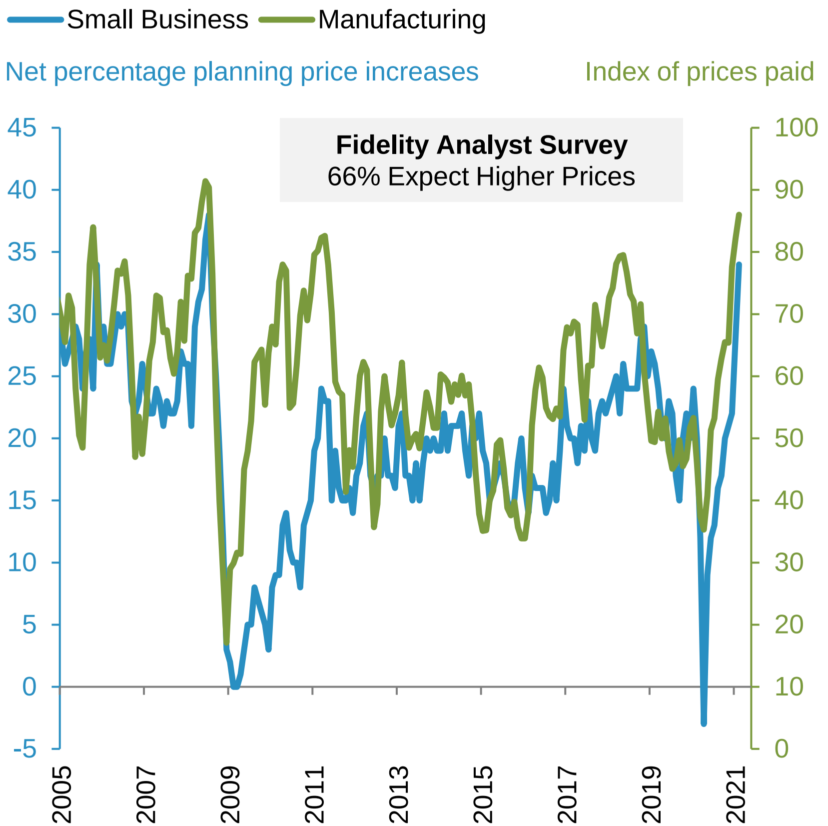


LEFT: Source: Fidelity Investments (AART), as of 3/31/21. ZIRP: Zero Interest Rate Policy. QE: Quantitative Easing. **RIGHT:** Past performance is no guarantee of future results. Asset class total returns represented by indexes from Fidelity Investments, GFD, and Bloomberg Barclays. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Deep history of TIPS index created by Fidelity Investments. Source: Bloomberg Barclays, Eugene Fama and Kenneth French, Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/21.

Market Expects Rising Inflation Pressure to Be Short Lived

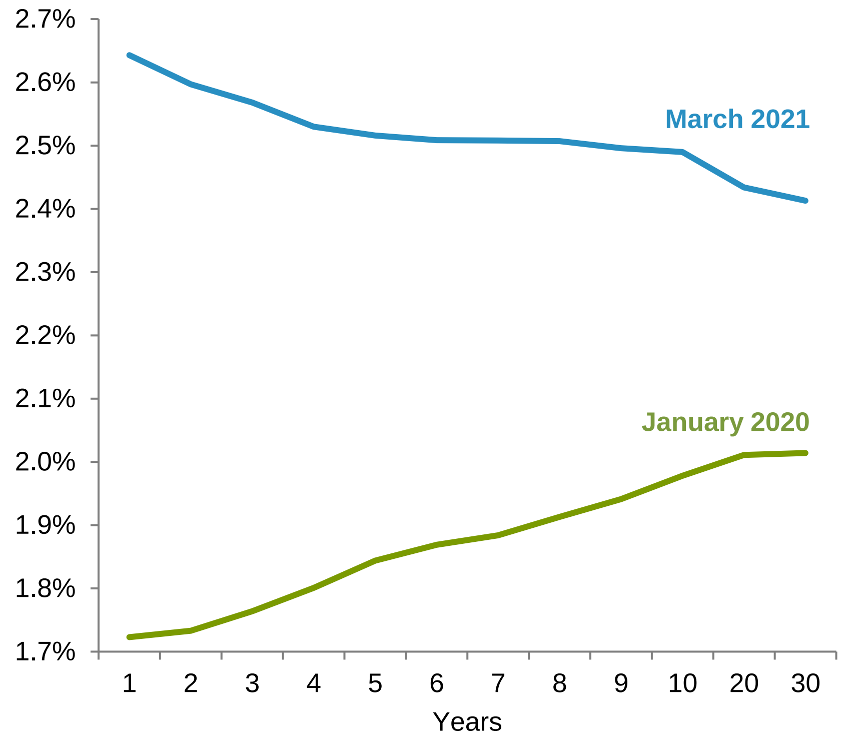
Surveys of manufacturing purchasing managers and small businesses reveal the highest price increases and inflationary pressures in more than a decade, a trend corroborated by our poll of Fidelity equity and fixed income research analysts. Near-term market inflation expectations are significantly higher than pre-pandemic levels but also indicate a belief that inflation pressures will be transitory and diminish in the years to come.

Surveys of Inflation Measures



Inflation Expectations: CPI Swaps

Expected CPI Year-Over-Year

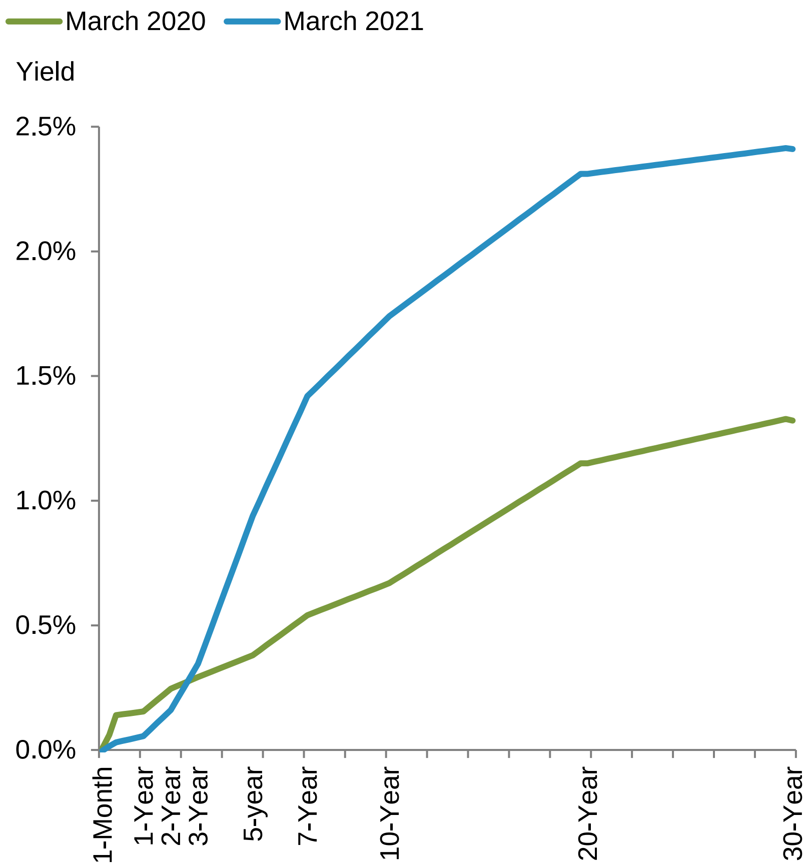


LEFT: Small Business: NFIB planning price increases, Manufacturing: ISM prices paid, Fidelity Analyst Survey: Quarterly survey of fixed income and equity analysts who cover different sectors and regions. Source: Haver Analytics, National Federation of Independent Business, Institute for Supply Management, Fidelity Investments (AART) as of 3/31/21. **RIGHT:** Inflation expectations derived from USD Inflation Zero-Coupon Swaps. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/21.

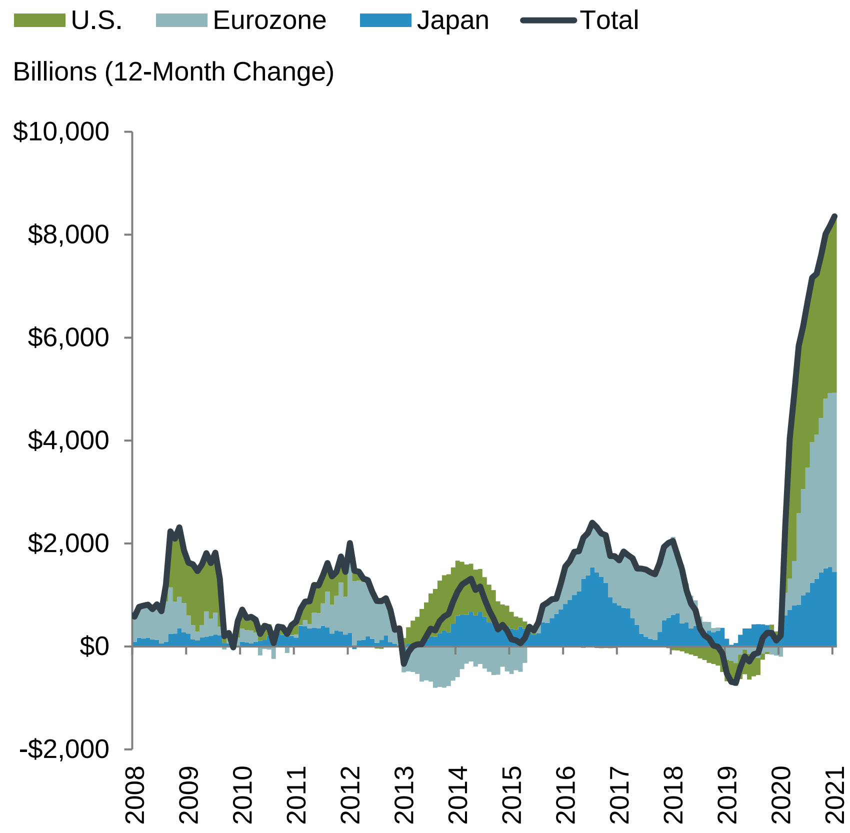
Central Banks Still Accommodative as Longer Yields Rise

The U.S. Treasury-bond yield curve steepened significantly as longer yields rose and the Federal Reserve indicated patience with its accommodative posture anchoring short-term rates near zero for an extended time. Central banks around the world continued QE programs that collectively have added more than $8 trillion to their balance sheets since last year, providing a powerful liquidity tailwind for financial markets.

U.S. Treasury Yield Curve



Central Bank Balance Sheets



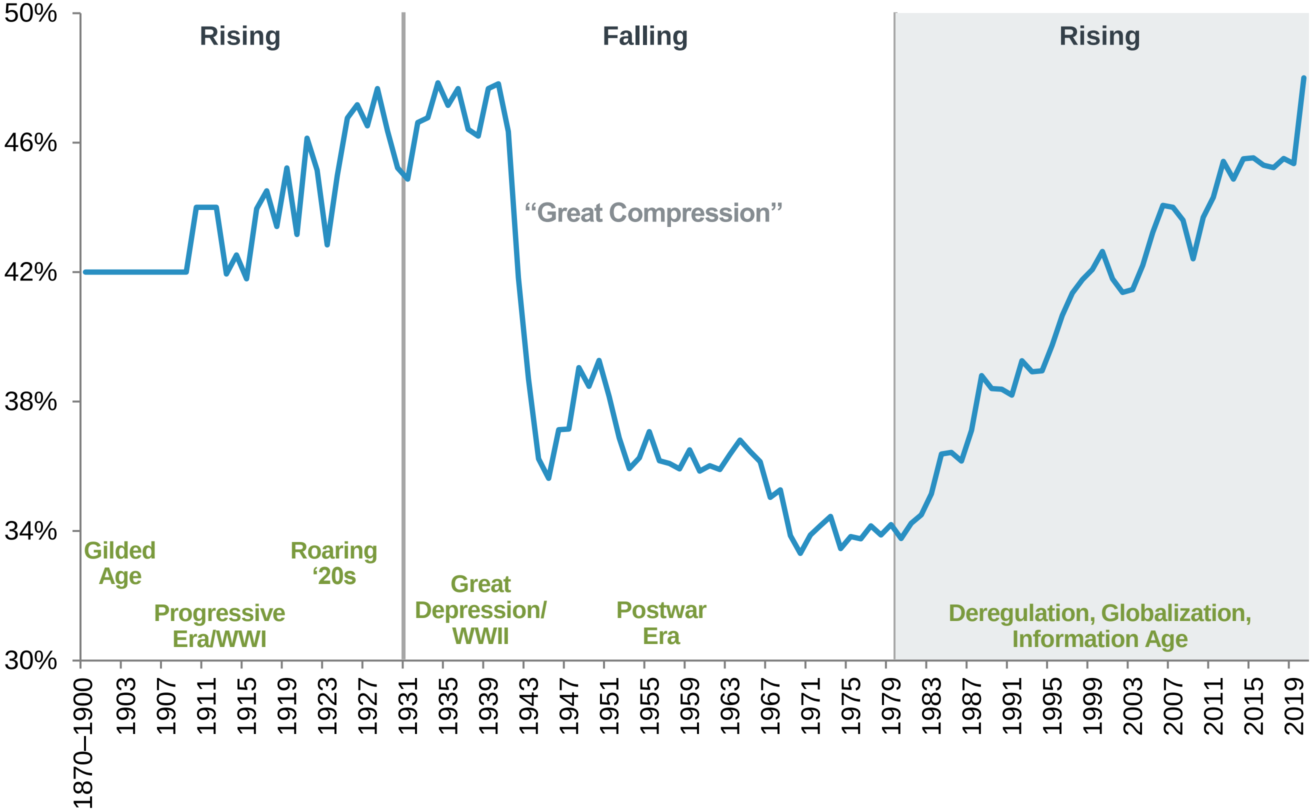
LEFT: Source: Bloomberg Finance L.P., Haver Analytics, Fidelity Investments (AART), as of 3/31/21. **RIGHT**: QE: Quantitative Easing. Source: Federal Reserve, Bank of Japan, European Central Bank, Haver Analytics, Fidelity Investments (AART), as of 2/28/21.

Policy Shift Toward Addressing Record-High Inequality

After decades of rapid technological change and policies that concentrated economic gains in the upper tiers, income and wealth inequality reached century-high levels. Political trends are shifting toward policy changes aimed at reducing inequality, directionally similar to the postwar, "Great Compression" era, including broad-based public investment, a more progressive tax regime, and support for low- and middle-income workers.

U.S. Income Inequality

Top 10% Earners' Share of Total Income



Modern Era Policies (1980–present)

- Rapid globalization, immigration
- Corporate power, de-unionization
- Less progressive tax rates
- Declining public investment
- Easy monetary policy
- High costs for education, health care
- Oligopolistic markets

Source: World Inequality Database, T. Piketty Capital and Ideology HUP 2020, Fidelity Investments (AART), as of 12/31/20.

Outlook: Market Assessment

Fidelity's Business Cycle Board, composed of portfolio managers responsible for a variety of global asset allocation strategies, believes the global outlook is constructive amid nascent recoveries, supportive policies, and vaccine-assisted reopenings. Board members remain overweight riskier assets, acknowledge valuations are generally above average, and believe security selection may provide additional return opportunities.

Business Cycle

Cyclical outlook is constructive amid nascent recoveries, supportive policies

Monetary policymakers appear committed to providing abundant support

Risks

Extraordinary fiscal and monetary support may lead to inflationary pressures

Benefits of economic recovery have not accrued equally

Asset Allocation Implications

An overweight to risk assets remains appropriate

Emphasize a focus on diversified and disciplined investment strategies

Opportunities include non-U.S. assets, U.S. small cap and value equities, and inflation-hedging assets

 For illustrative purposes only. Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 3/31/21.

Value Sectors Led Equity Rally, Bond Prices Declined

U.S. equities posted strong Q1 results amid continued leadership from small caps along with significant outperformance by value stocks, including the energy and financial sectors. Non-U.S. equities also added to gains but leadership shifted to Europe over emerging markets. While more cyclical equity and bond sectors led over the past year, safer and more interest-rate sensitive assets such as gold and Treasury bonds lagged.

U.S. Equity Styles Total Return

	Q1	1 Year
Small Cap	12.7%	94.8%
Value	11.9%	58.4%
Mid Cap	8.1%	73.6%
Large Cap	6.2%	56.4%
Growth	1.2%	64.3%

U.S. Equity Sectors Total Return

	Q1	1 Year
Energy	30.8%	75.1%
Financials	15.9%	67.3%
Industrials	11.4%	69.6%
Materials	9.1%	78.3%
Real Estate	9.0%	32.0%
Communication Services	8.1%	60.9%
Health Care	3.2%	34.0%
Consumer Discretionary	3.1%	70.3%
Utilities	2.8%	19.5%
Info Tech	2.0%	66.6%
Consumer Staples	1.1%	28.4%

International Equities and Global Assets Total Return

	Q1	1 Year
ACWI ex USA	3.5%	49.4%
Canada	9.6%	59.3%
EAFE Small Cap	4.5%	62.0%
Europe	4.1%	44.9%
EAFE	3.5%	44.6%
Japan	1.6%	39.7%
EMEA	8.1%	52.2%
Emerging Markets	2.3%	58.4%
EM Asia	2.2%	60.1%
Latin America	-5.3%	50.1%
Commodities	6.9%	35.0%
Gold	-10.0%	8.3%

U.S. Equity Factors Total Return

	Q1	1 Year
Size	13.4%	75.3%
Yield	11.6%	59.7%
Value	11.0%	62.0%
Quality	6.0%	51.5%
Low Volatility	2.8%	42.7%
Momentum	2.0%	49.6%

Fixed Income Total Return

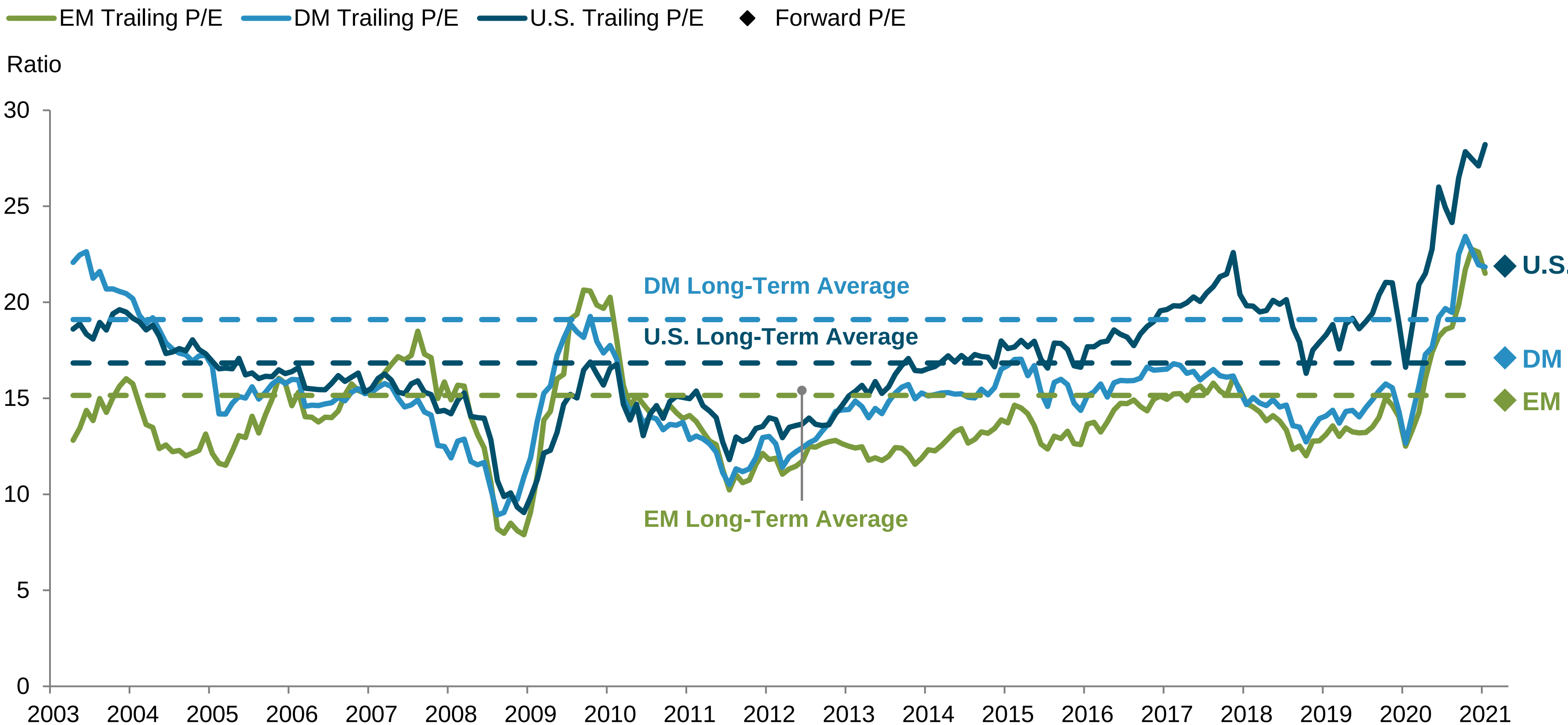
	Q1	1 Year
Leveraged Loan	1.8%	20.7%
High Yield	0.9%	23.3%
ABS	-0.2%	4.6%
Municipal	-0.4%	5.5%
MBS	-1.1%	-0.1%
TIPS	-1.5%	7.5%
Agency	-1.6%	-0.3%
CMBS	-2.3%	4.4%
Aggregate	-3.4%	0.7%
Treasuries	-4.3%	-4.4%
Credit	-4.5%	7.9%
EM Debt	-4.7%	14.3%
Long Govt & Credit	-10.4%	-2.1%

EM: Emerging Markets. EMEA: Europe, the Middle East, and Africa. For indexes and other important information used to represent above asset categories, see Appendix. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. Sector returns represented by S&P 500 sectors. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in more diversified baskets of securities. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/21.

Elevated Valuations, Particularly for U.S. Equities

Strong price gains pushed valuations higher for U.S. equities, leaving their price-to-earnings (P/E) ratios elevated on both a backward- and forward-looking basis relative to history. While trailing valuations across other global categories also remain elevated, forward-looking P/E ratios indicate expectations for developed- and emerging-market valuations to fall, bringing them in line with or below their long-term historical averages.

Global Stock Market P/E Ratios

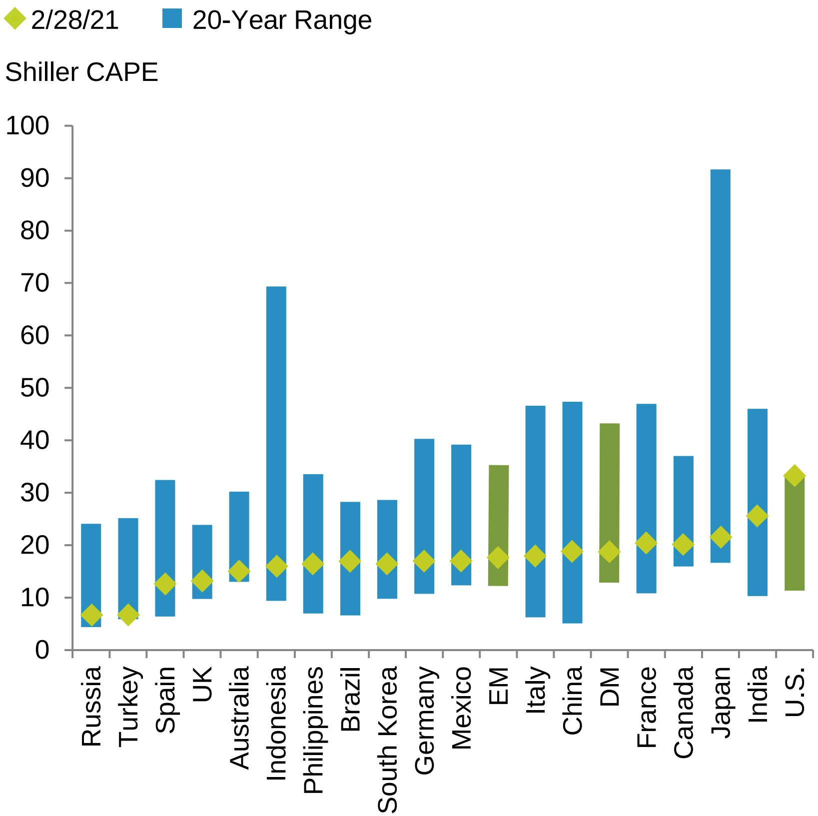


DM: Non-U.S. Developed Markets. EM: Emerging Markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings ratio (P/E): stock price divided by earnings per share. Also known as the multiple, P/E gives investors an idea of how much they are paying for a company's earnings power. Long-term average P/E for Emerging Markets includes data for 1988–2017; for Non-U.S. Developed Markets, 1973–2016; for the United States, 1926–2017. Indexes: DM—MSCI EAFE Index; EM—MSCI EM Index; United States—S&P 500. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 3/31/21.

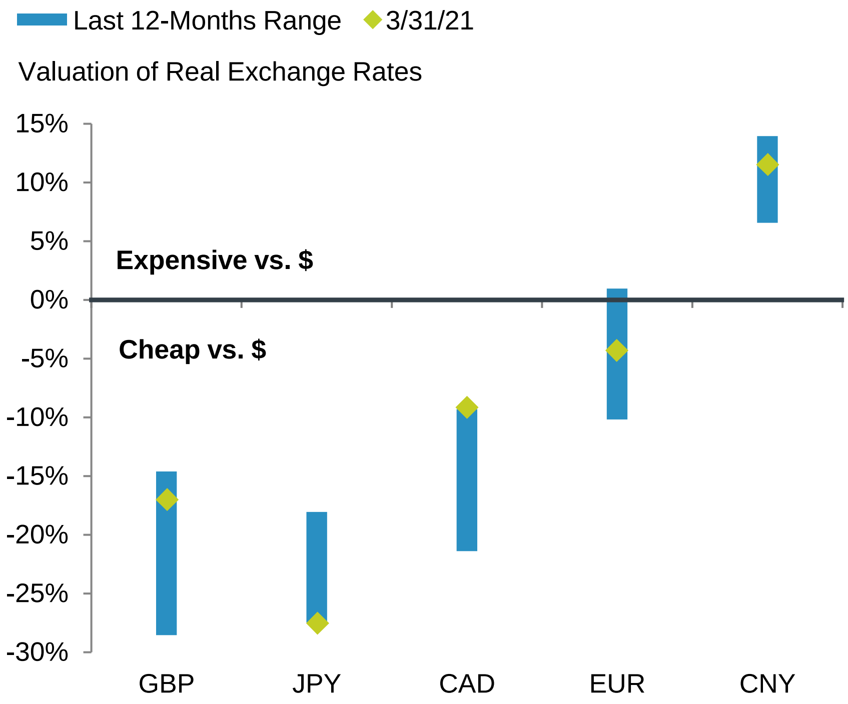
Non-U.S. Assets Relatively Attractive

Cyclically adjusted P/E (CAPE) ratios for non-U.S. equities remained below U.S. valuations, indicating an attractive long-term backdrop for non-U.S. stocks. After a broad-based decline in 2020, the U.S. dollar appreciated during Q1, particularly versus the euro and Japanese yen. The dollar remains relatively expensive against most major currencies, providing a positive backdrop for non-U.S. assets and currencies.

Cyclically Adjusted P/Es



Valuation of Major Currencies vs. USD

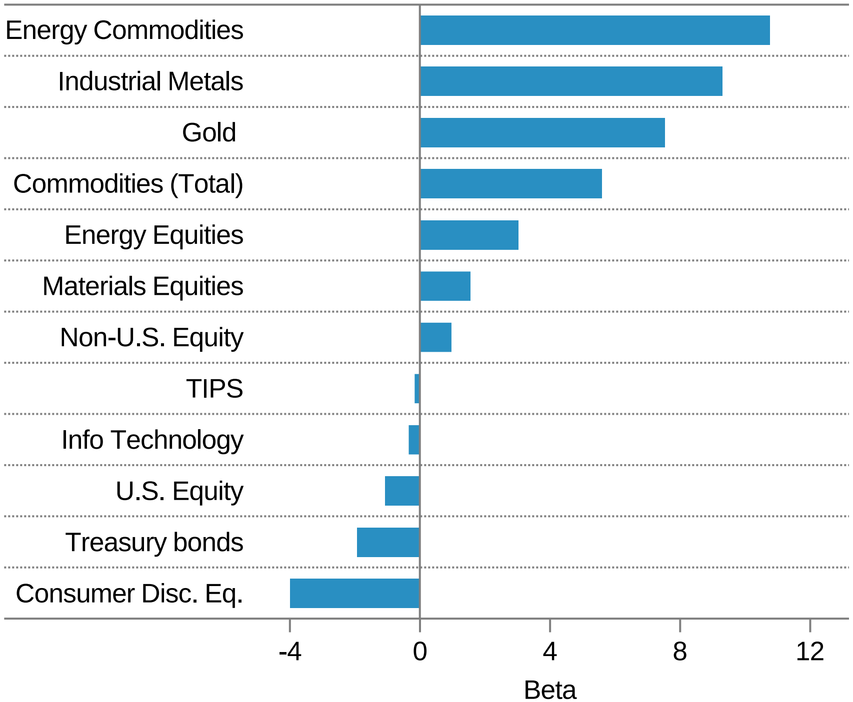


DM: Developed Markets. EM: Emerging Markets. Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. **LEFT:** Price-to-earnings (P/E) ratio (or multiple): stock price divided by earnings 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, Haver Analytics, Fidelity Investments (AART), as of 2/28/21. **RIGHT:** GBP—British pound; JPY—Japanese yen; CAD—Canadian dollar; EUR—euro; CNY—Chinese yuan. Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART), as of 3/31/21.

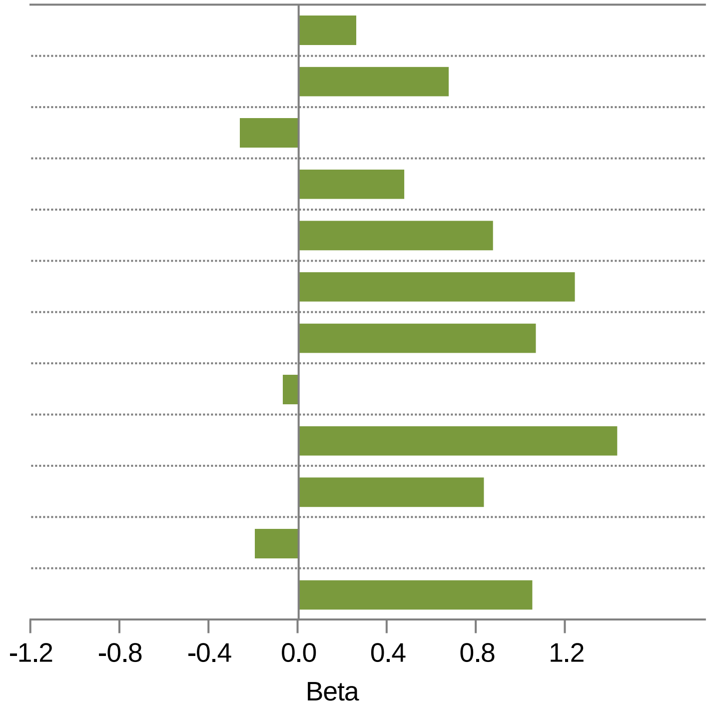
Inflation-Sensitive Assets Can Help Provide Diversification

The potential for higher inflation represents a risk factor for a multi-asset portfolio. Inflation-resistant assets, including commodities and commodity-producer equities, can help hedge against surprise increases in inflation while providing potential for capital appreciation in a higher nominal-growth environment. In fixed income, inflation-hedging assets such as TIPS have provided better diversification than Treasury bonds.

Return Sensitivity to Inflation Surprises (1972–2020)



Return Sensitivity to Growth Surprises (1972–2020)



Past performance is no guarantee of future results. Inflation sensitivity measured relative to CPI, an index that tracks the percentage change in the price of a specified “basket” of consumer goods and services. Growth sensitivity measured relative to the Purchasing Manager’s Index (PMI) that shows the prevailing trends in the manufacturing and service sectors. Beta is a measure of a variable’s sensitivity (response) relative to changes (volatility) in a reference (benchmark), which has a beta of 1; U.S. Equity: Dow Jones U.S. Total Stock Market Index℠. Equity sectors represent categories within MSCI All Country World Index (ACWI) as defined by the Global Industry Classification Standard (GICS®). Non-U.S. Equity (EM+DM): MSCI ACWI ex USA Index. Commodities: Bloomberg Commodity Index Total Return℠. Commodity sectors represent categories within the Bloomberg Commodity Index Total Return℠. See appendix for index definitions and other important information.

Source: Bureau of Labor Statistics, Fidelity Investments; data 1/1/72 through 10/31/20.

Performance Rotations Underscore Need for Diversification

The performance of different assets has fluctuated widely from year to year, and the magnitude of returns can vary significantly among asset classes in any given year—even among asset classes that are moving in the same direction. A portfolio allocation with a variety of global assets illustrates the potential benefits of diversification.

Periodic Table of Returns

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
26%	56%	32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	13%
10%	47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	12%
4%	39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	9%
-2%	37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	7%
-6%	31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	6%
-9%	31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	3%
-15%	29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	2%
-16%	28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	2%
-20%	24%	8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	1%
-22%	19%	7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	1%
-28%	4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-3%

Legend
Small Cap Stocks
Value Stocks
REITs
Commodities
Large Cap Stocks
Foreign-Developed Country Stocks
60% Large Cap 40% IG Bonds
Emerging-Market Stocks
Growth Stocks
High-Yield Bonds
Investment Grade Bonds

Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Asset classes represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Stocks—MSCI Emerging Markets Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Growth Stocks—Russell 3000 Growth Index; High-Yield Bonds—ICE BofA U.S. High Yield Index; Investment-Grade Bonds—Bloomberg Barclays U.S. Aggregate Bond Index; Large Cap Stocks—S&P 500 index; Real Estate/REITs—FTSE NAREIT All Equity Total Return Index; Small Cap Stocks—Russell 2000 Index; Value Stocks—Russell 3000 Value Index. Source: Morningstar, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 3/31/21.

Secular Forecast: Slower Global Growth, EM to Lead

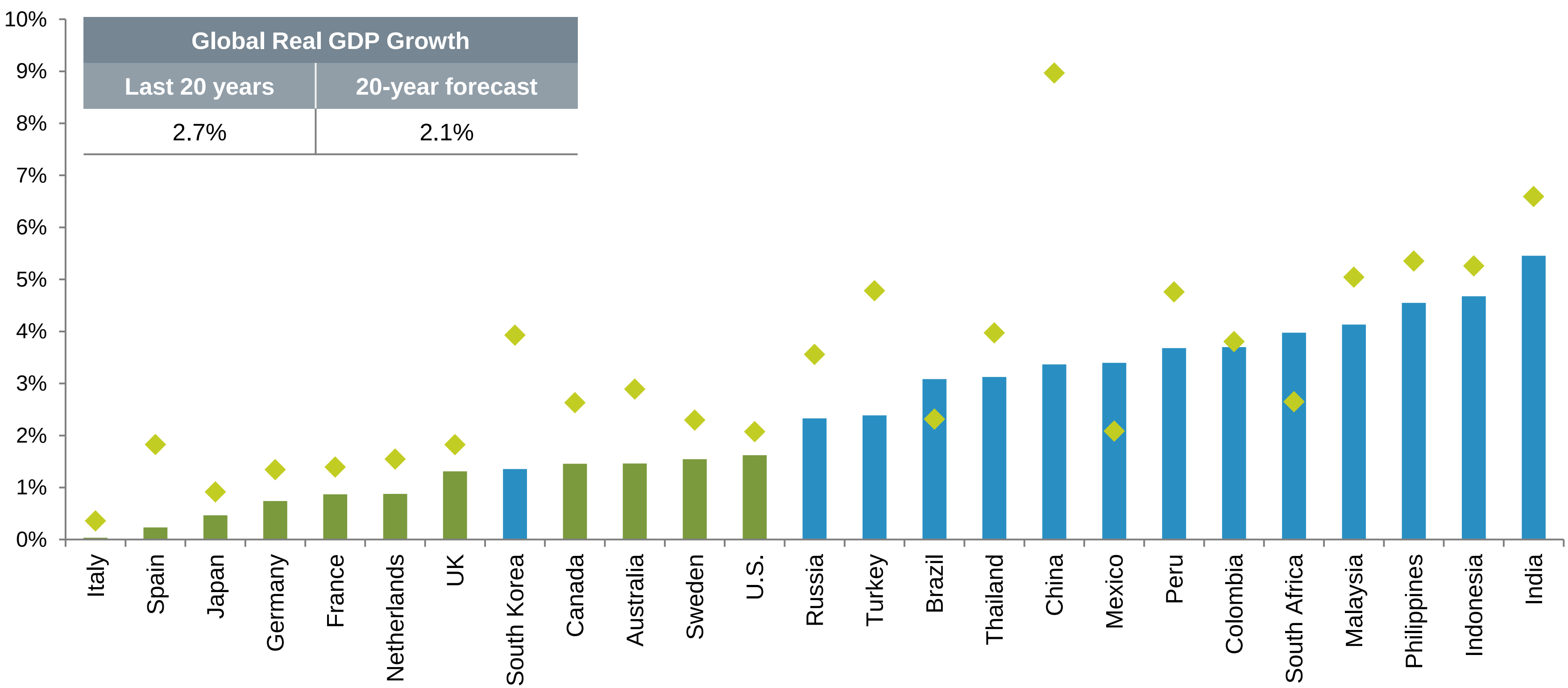
Slowing labor force growth and aging demographics are expected to tamp down global growth over the next two decades. We expect GDP growth in emerging markets to outpace that of developed markets over the long term, providing a relatively favorable secular backdrop for emerging-market equity returns.

LONG-TERM

Real GDP 20-Year Growth Forecasts vs. History

■ Developed Markets ■ Emerging Markets ◆ Last 20 Years

Annualized Rate



Global Real GDP Growth	
Last 20 years	20-year forecast
2.7%	2.1%

Past performance is no guarantee of future results. EM: Emerging Markets. GDP: Gross Domestic Product.
Source: OECD, Fidelity Investments (AART), as of 6/30/20.

Fidelity INVESTMENTS

Unintended Consequences of Extraordinary Monetary Policy

Over the past decade, global central banks have continued to employ extraordinary monetary accommodation. These policies have had mixed and unintended effects on the global economy, including increased risk in financial systems, deflationary impulses, and a weak consumer response. With many investors having grown accustomed to routine intervention, central banks may find it increasingly difficult to normalize their policies.

Extraordinary Monetary Policy Goals vs. Consequences

Intended Central Bank Goals	Unintended Consequences
Substitution effect	Income effect
Ease credit conditions	Price controls
Reduce debt-service burden	Weaker productivity
Improve export competitiveness	Currency wars
↓	↓
Consumption up	Savings up
Bank lending up	Bank lending down
Lower interest expense	Less-productive firms stay in business
Weaker currency	Limited impact on currency

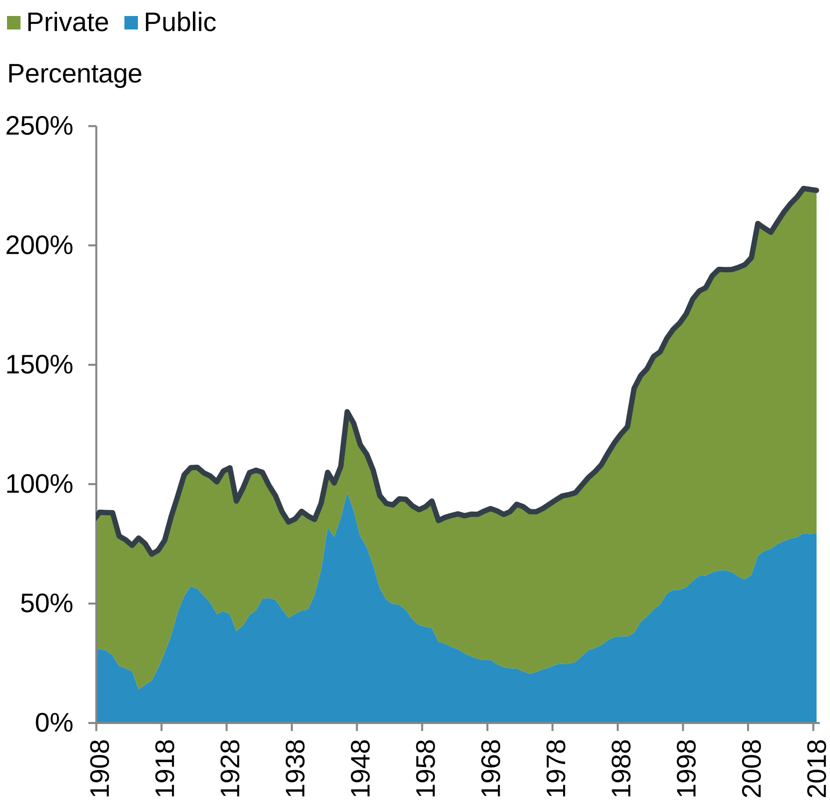
 Source: Fidelity Investments (AART), as of 12/31/20.

Rising Debt: Will Policy Response Be Inflationary?

The dramatic worldwide rise in public and private debt in recent decades reflects monetary and fiscal policymakers' proclivity to use low interest rates and government support in an attempt to boost growth rates. While technology and other factors have kept inflation in check, we believe greater policy experimentation and "peak globalization" trends will eventually cause long-term inflation to rise faster than expected.

LONG-TERM

Global Debt as a Share of GDP



Possible Secular Impact on Inflation

Secular Factors	Possible Developments	Risks to Inflation
Policy	Fed targets higher inflation	↑
	More stimulative fiscal policy	↑
Aging Demographics	Elderly people:	
	• Spend less (reducing demand)	↓
	• Work less (reducing supply)	↑
Peak Globalization	More expensive goods/labor	↑
Technological Progress	More robots, Amazon effect	↓

LEFT: Source: Bank of International Settlements, International Monetary Fund, Maddison Project, Fidelity Investments (AART), and the Jordà-Schularick-Taylor Macrohistory Database, compiled by Oscar Jordà, Moritz Schularick, and Alan M. Taylor. Accessed through www.macrohistory.net, as of 12/31/18. **RIGHT:** Source: Fidelity Investments (AART), as of 3/31/21.

Fidelity INVESTMENTS

Appendix: Important Information

Market Indexes (continued)

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.

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.

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.

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.

S&P 500® is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. S&P 500 is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Corporation and its affiliates.

Sectors and **Industries** are defined by Global Industry Classification Standards (GICS®), except where noted otherwise. **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 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; it includes media companies moved from Consumer Discretionary and internet services companies moved from Information Technology. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

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.

Appendix: Important Information

Other Indexes

Consumer Price Index (CPI) is a monthly inflation indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation.

VIX® is the Chicago Board Options Exchange Volatility Index®, a weighted average of prices on S&P 500 options with a constant maturity of 30 days to expiration. It is designed to measure the market's expectation of near-term stock market volatility.

ICE BofA MOVE (Merrill Option Volatility Estimate) Index is a measure of U.S. interest rate volatility that tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year, and 30-year Treasuries.

Definitions

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.

Price-to-Earnings (P/E) ratio is the ratio of a company's current share price to its current earnings, typically trailing 12-months earnings per share. A Forward P/E calculation will typically use an average of analysts' published estimates of earnings for the next 12 months in the denominator.

The Chartered Financial Analyst® (CFA®) designation is offered by CFA Institute. To obtain the CFA charter, candidates must pass three exams demonstrating their competence, integrity, and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis, and must also have at least four years of qualifying work experience, among other requirements.

Fidelity Institutional℠ provides investment products through Fidelity Distributors Company LLC; clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC (Members NYSE, SIPC); and institutional advisory services through Fidelity Institutional Wealth Adviser LLC.

Personal and workplace investment products are provided by Fidelity Brokerage Services LLC, Member NYSE, SIPC.

Institutional asset management is provided by FIAM LLC and Fidelity Institutional Asset Management Trust Company.

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