



Second Quarter 2012 | QUARTERLY MARKET UPDATE

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Market Summary

Market Summary Data																			

Q2 2012 Market Summary

Riskier asset categories suffered in a global environment highlighted by sluggish growth, disappointing economic data, and a resurgence of eurozone financial turmoil. The U.S. remains in a mid-cycle expansion and the corporate sector remains solid, but improvement has slowed, and global and policy risks dampened the overall outlook for riskier assets.

TRENDS

- Sell-off in riskier assets
- Global economic data below expectations
- Rising eurozone risk dampened sentiment
- Global economy lackluster, lack of traction in many larger countries
- U.S. still in mid-cycle expansion
 - Pace of improvement weaker
 - Housing improving, corporate sector solid
- Europe recession likely deepening
- China and Asia struggling to reaccelerate growth
- Oil dropped, continued decline in commodity prices; falling inflation pressures
- Record-low U.S. government bond yields

THEMES

- Policy uncertainty casts shadow over outlook
 - Eurozone financial risks have become more urgent
 - U.S. fiscal cliff looms
- Monetary policy accommodation continues, though efficacy may be diminishing
- Profit growth slowing, but valuations reasonable
- Volatility unusually muted
- U.S. still in better stage of economic cycle, more risk abroad
- Riskier assets appear less attractive

PERFORMANCE

- Perceived safer assets outperformed, more economically sensitive asset categories trailed
- Biggest declines in non-U.S. stock markets

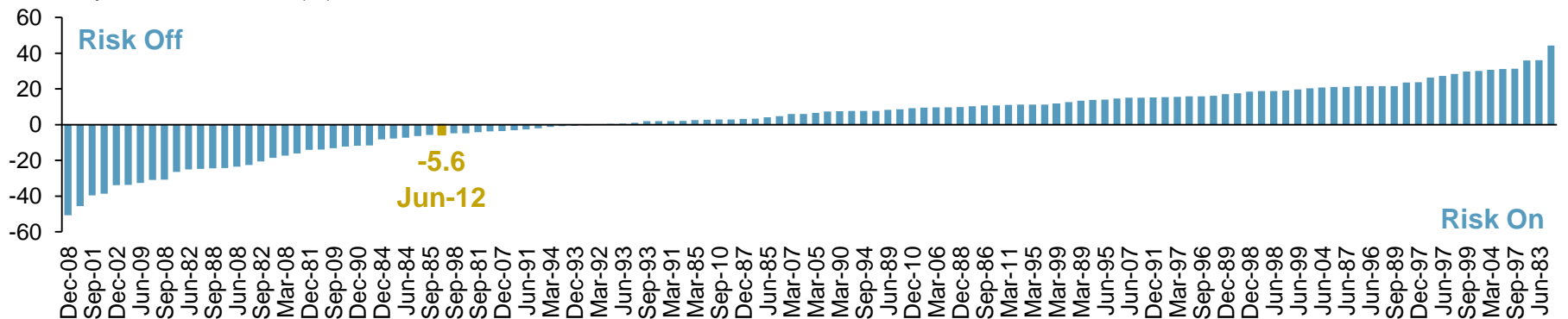
Asset Market Performance

Global stock markets and commodities declined during the second quarter, with the worst losses in markets outside the U.S. Fixed-income categories generally posted positive returns, led by defensive Treasury bonds. The risk meter was in the bottom 26% of most negative quarters during the past 30 years.

	Q2 2012 (%)	1-Year (%)		Q2 2012 (%)	1-Year (%)
Real Estate Stocks	4.0	12.5	U.S. Small-Cap Stocks	-3.5	-2.1
U.S. Treasury Bonds	2.8	9.0	Gold	-3.8	6.2
Emerging-Market Bonds	2.5	10.9	U.S. Mid-Cap Stocks	-4.4	-1.7
U.S. Corporate Bonds	2.5	9.5	Commodities	-4.5	-14.3
Investment-Grade Bonds	2.1	7.5	Non-U.S. Developed-Country Stocks	-6.9	-13.4
High-Yield Bonds	1.8	6.5	Non-U.S. Small-Cap Stocks	-8.5	-14.8
U.S. Large-Cap Stocks	-2.8	5.4	Emerging-Market Stocks	-8.8	-15.7

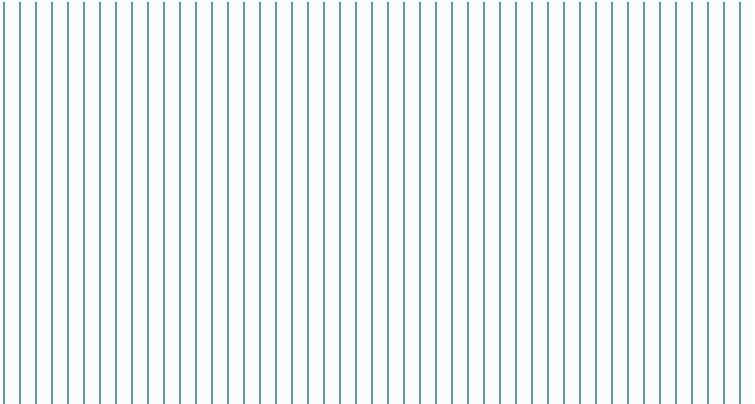
Risk Meter: U.S. Stock Minus Treasury Bond Returns, 1982–2012

Quarterly Return Difference (%)



Past performance is no guarantee of future results. You cannot invest directly in an index. See appendix for important index information. Assets represented by: Gold – Gold Bullion, London PM Fix; U.S. Treasury Bonds – Barclays Capital® (BC) Treasury Index; U.S. Corporate Bonds – BC Credit Index; High-Yield Bonds – Bank of America Merrill Lynch® (BofA ML) High Yield Master II Index; U.S. Small-Cap Stocks – Russell 2000 Index; U.S. Large-Cap Stocks – S&P 500; Real Estate Stocks – NAREIT Equity Only Index; Non-U.S. Developed-Country Stocks – MSCI® EAFE Index; Emerging-Market Stocks – MSCI EM Index; Non-U.S. Small-Cap Stocks – MSCI EAFE Small Cap Index; Commodities – DJ-UBS Commodity Index; U.S. Mid-Cap Stocks – Russell Midcap Index; Emerging-Market Bonds – JPMorgan EMBIG+ Index; Investment-Grade Bonds – BC U.S. Aggregate Bond Index. Source: FactSet, Wall Street Journal, Haver Analytics, Fidelity Investments (AART) as of 6/30/12.

Economy/Macro Backdrop



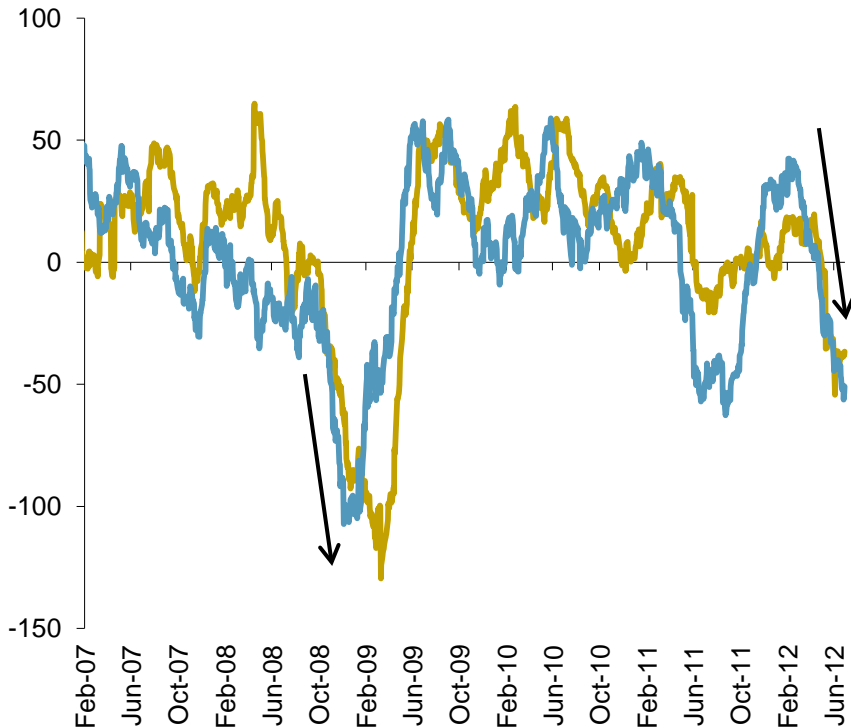
Weak Global Economic Data, Falling Commodity Prices

Economic data disappointed in a synchronized fashion during the second quarter, with economic surprise indices falling sharply in the U.S., Europe, and emerging markets. Led by significant declines in crude oil, commodity prices dropped further, which is typically a signal of generalized global weakness.

Citigroup Economic Surprise Indices

— Emerging Markets — G10 Countries

Index Level

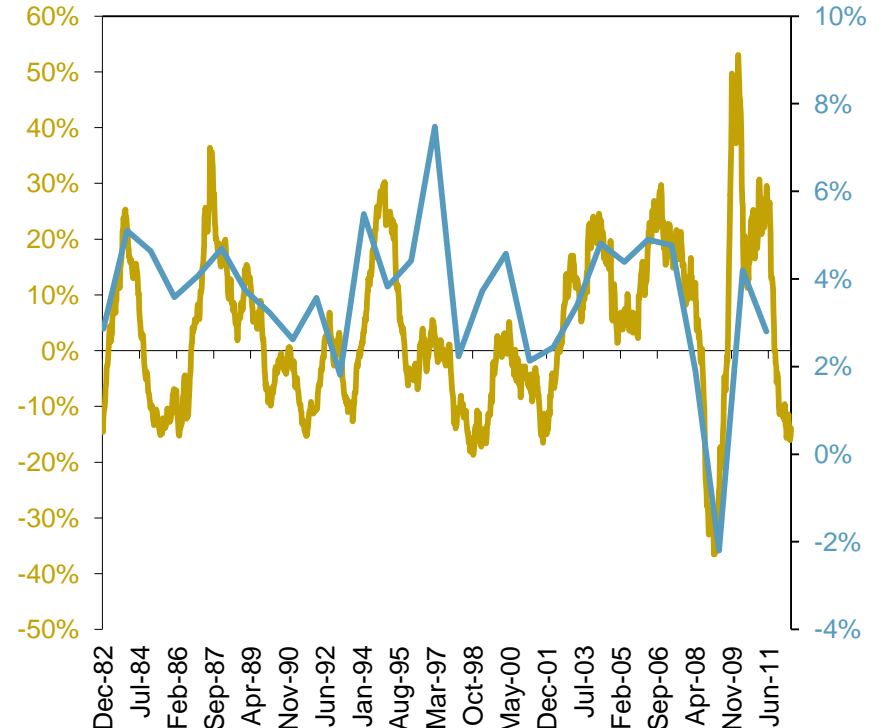


Commodity Prices and Global Growth

— CRB Raw Industrials Index — Global GDP Growth

Year-over-Year Change

Year-over-Year Change



LEFT: G10 countries include: U.S., U.K., Japan, Canada, Switzerland, Australia, Euro area, Norway, Sweden, and New Zealand. Emerging Markets include: Brazil, Chile, China, Colombia, the Czech Republic, Hong Kong, Hungary, India, Indonesia, South Korea, Malaysia, Mexico, Peru, Philippines, Poland, Singapore, South Africa, Taiwan, Thailand, and Turkey. Source: Citigroup, Haver Analytics, Fidelity Investments (AART) through 6/30/12. **RIGHT:** 2009–2011 Gross Domestic Product (GDP) growth rates are IMF estimates. Source: International Monetary Fund, Commodity Research Bureau, Haver Analytics, Fidelity Investments (AART) as of 6/30/12.



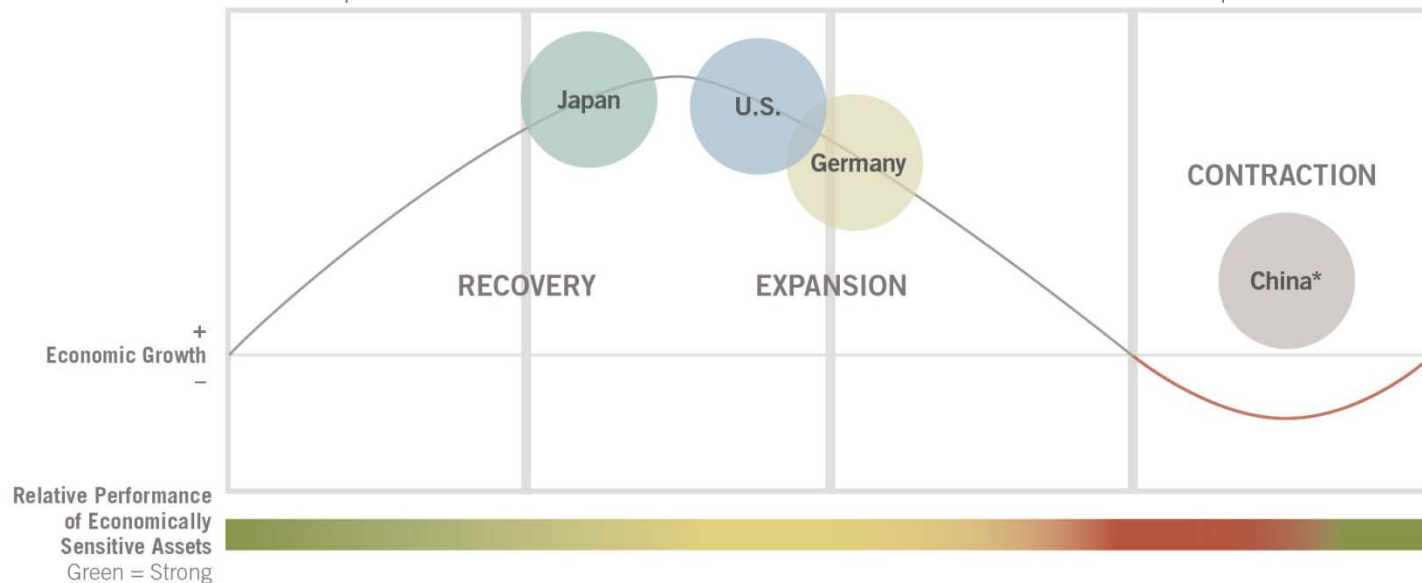
Mixed Business Cycle Signals Among Largest Economies

In a relatively attractive position, the U.S. economy remained in a mid-cycle expansion, with few signs of late-cycle pressures. China appeared stuck in a mild growth recession (deviation from trend), burdened in particular by a negative inventory cycle. Japan and Germany maintained reasonably healthy domestic environments, but are faced with weak external conditions.

Inflationary Pressures
Red = High

EARLY	MID	LATE	RECESSION*
-------	-----	------	------------

- | | | | |
|---|---|--|---|
| <ul style="list-style-type: none"> • Activity rebounds (GDP, IP, employment, incomes) • Credit begins to grow • Profits grow rapidly • Policy still stimulative • Inventories low; sales improve | <ul style="list-style-type: none"> • Growth peaking • Credit growth strong • Profit growth peaks • Policy neutral • Inventories, sales grow; equilibrium reached | <ul style="list-style-type: none"> • Growth moderating • Credit tightens • Earnings under pressure • Policy contractionary • Inventories grow; sales growth falls | <ul style="list-style-type: none"> • Falling activity • Credit dries up • Profits decline • Policy eases • Inventories, sales fall • Decline relative to long-term potential* |
|---|---|--|---|



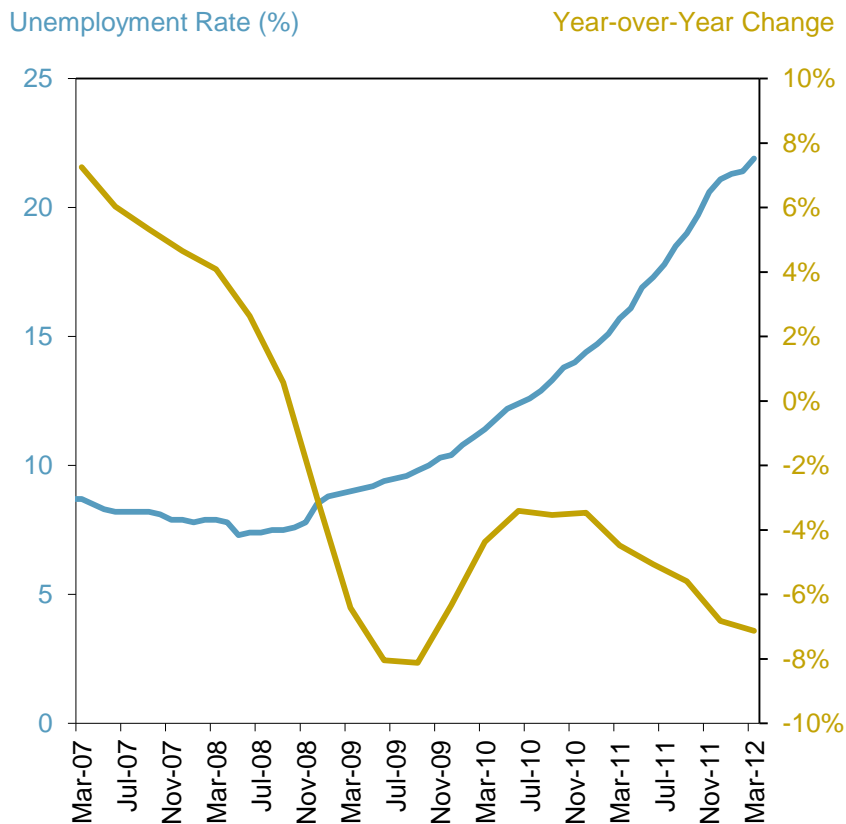
*A growth recession is a significant slowing in a country's growth rate relative to its long-term economic potential. We have adopted the "growth cycle" definition for most developing economies such as China because they tend to exhibit strong trend performance driven by rapid factor accumulation and increases in productivity, and the deviation from the trend tends to matter the most for asset returns. We use the classic definition of recession, involving an outright contraction in economic activity, for developed economies. Source: Fidelity Investments (AART) through 6/30/12.

European Economy Likely Worse Amid Renewed Turmoil

After some signs of stability earlier this year, deteriorating financial conditions likely exacerbated problems in Europe's real economy during the second quarter. The housing downturn in Spain intensified, while unemployment in Greece and Spain continued to rise. The turmoil threatens to reduce the flow of credit and further undermine confidence in other areas of Europe.

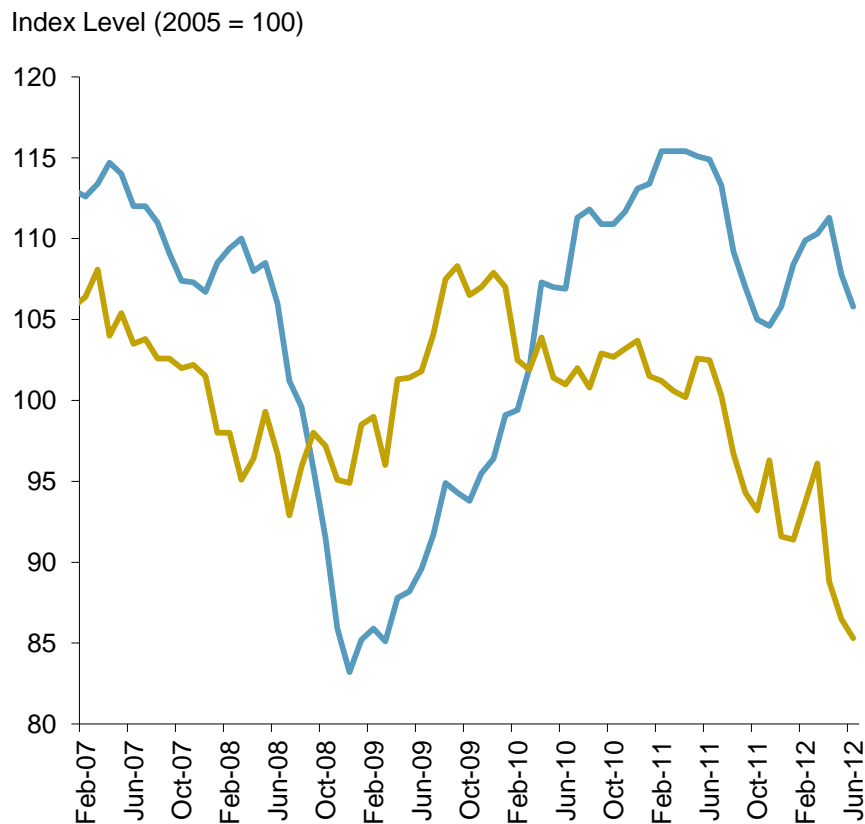
Greece Unemployment & Spain Housing

— Greece Unemployment Rate — Spain Housing Prices



German & Italian Confidence Surveys

— Germany Business Climate — Italy Consumer Confidence



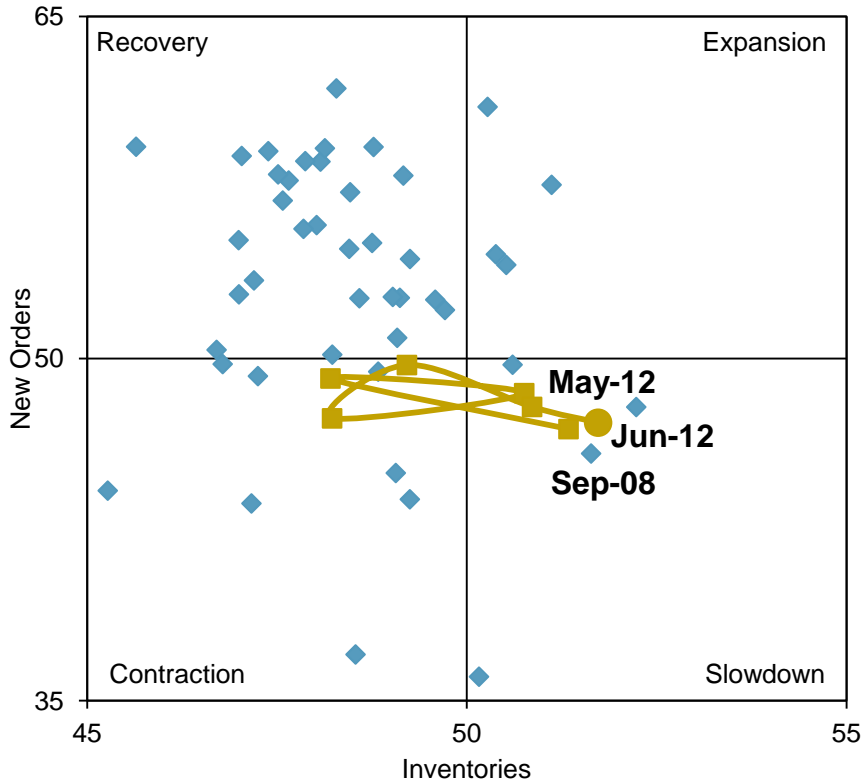
LEFT: Ministerio de Vivienda, National Statistical Service of Greece, Haver Analytics, Fidelity Investments (AART) through 3/31/12. RIGHT: German business climate represented by German Ifo Business Climate Index. Source: Ifo-Institut für Wirtschaftsforschung, Istituto Nazionale di Statistica, Haver Analytics, Fidelity Investments (AART) through 6/30/12.

Overcapacity Blunting China's Efforts to Reaccelerate

In addition to a continued overhang of excess supply in its property markets, China has also experienced rising inventories across its manufacturing sector. New policy-easing measures are likely to help stabilize the negative trends, but weak new order growth and subdued loan demand suggest that overcapacity issues could blunt the impact of the stimulus.

China PMI New Orders vs. Inventories, 2008–2012

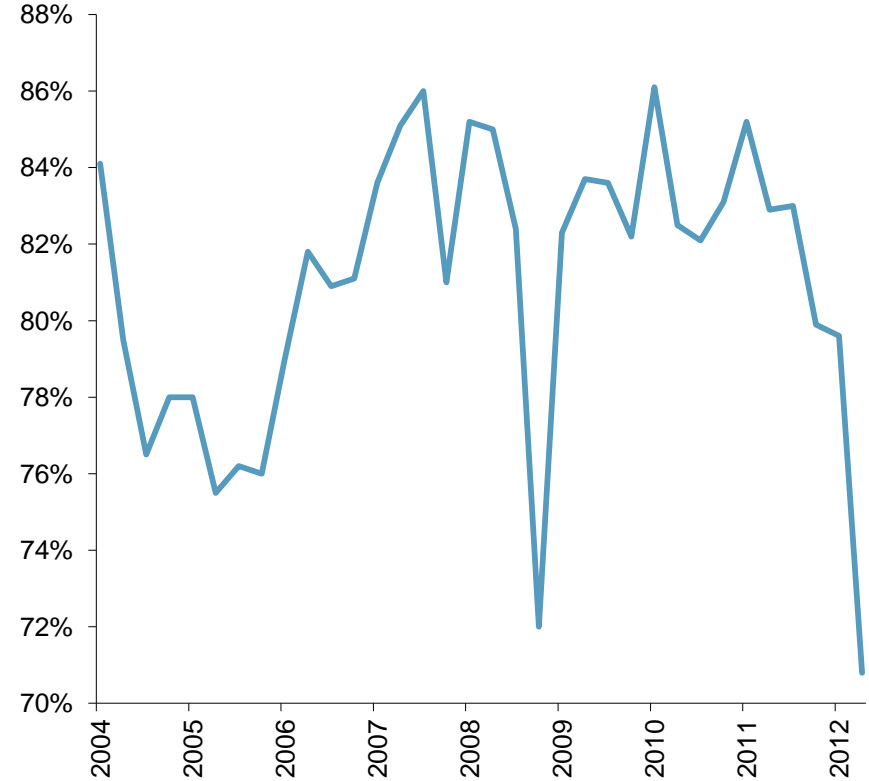
◆ Feb-08 through Nov-11 ■ Dec-11 through Jun-12



China Loan Demand

— Bank Survey of Loan Demand (Diffusion Index)

Net % Good Loan Demand



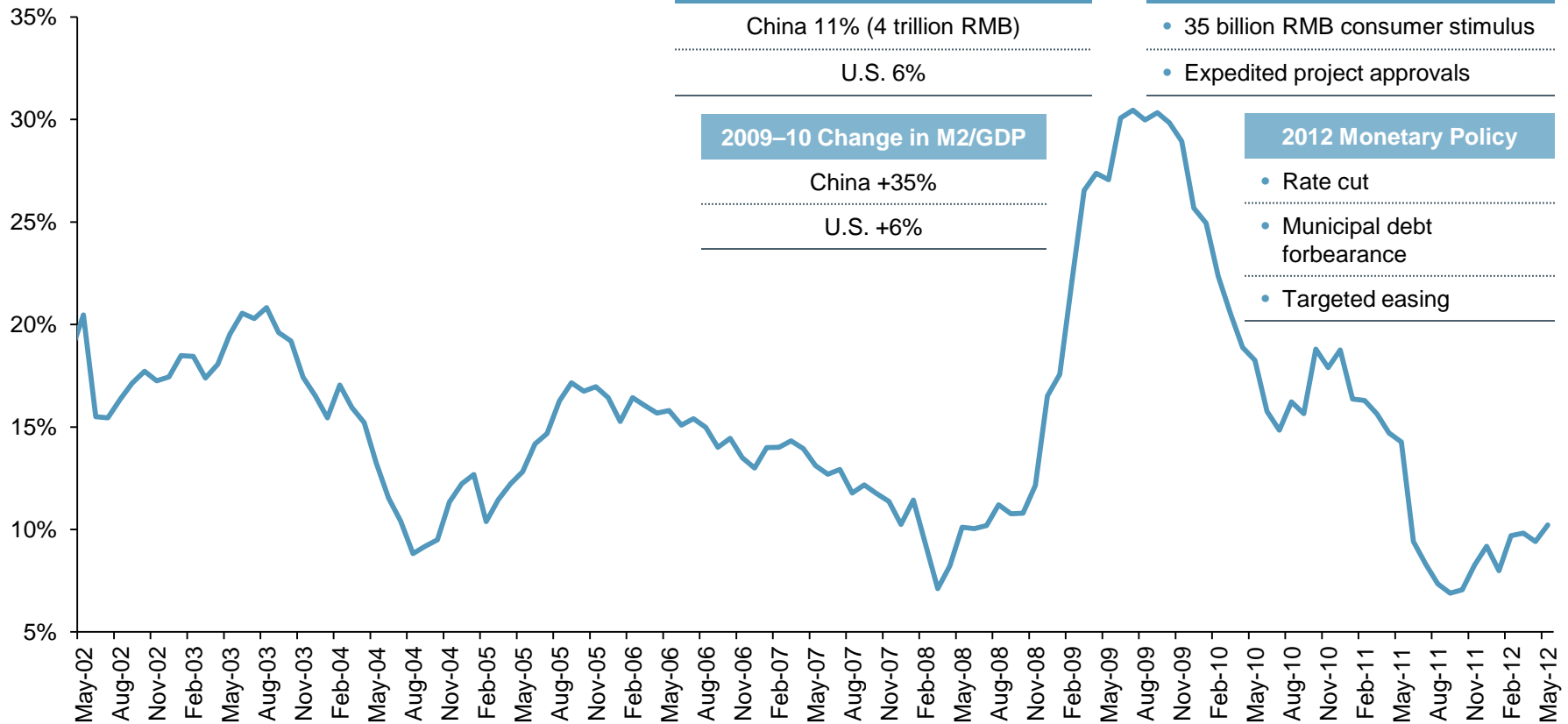
LEFT: PMI = Purchasing Managers' Index. Source: HSBC, Markit, Haver Analytics, Fidelity Investments (AART) through 6/30/12. RIGHT: Net % of respondents saying loan demand is good versus bad. Source: China National Bureau of Statistics, Haver Analytics, Fidelity Investments (AART) through 6/30/12.

China's Policy Easing Still Small by Historical Standards

China's interest rate cut and other recent policy announcements are measured responses relative to the magnitude of the stimulus after the 2008 crisis, when bank lending rose by 35 trillion yuan (about 33% of GDP). Money growth remains muted by historical standards, and the capacity and willingness to initiate a massive reflation policy may now be more limited.

China Real M2 Growth

Year-over-Year

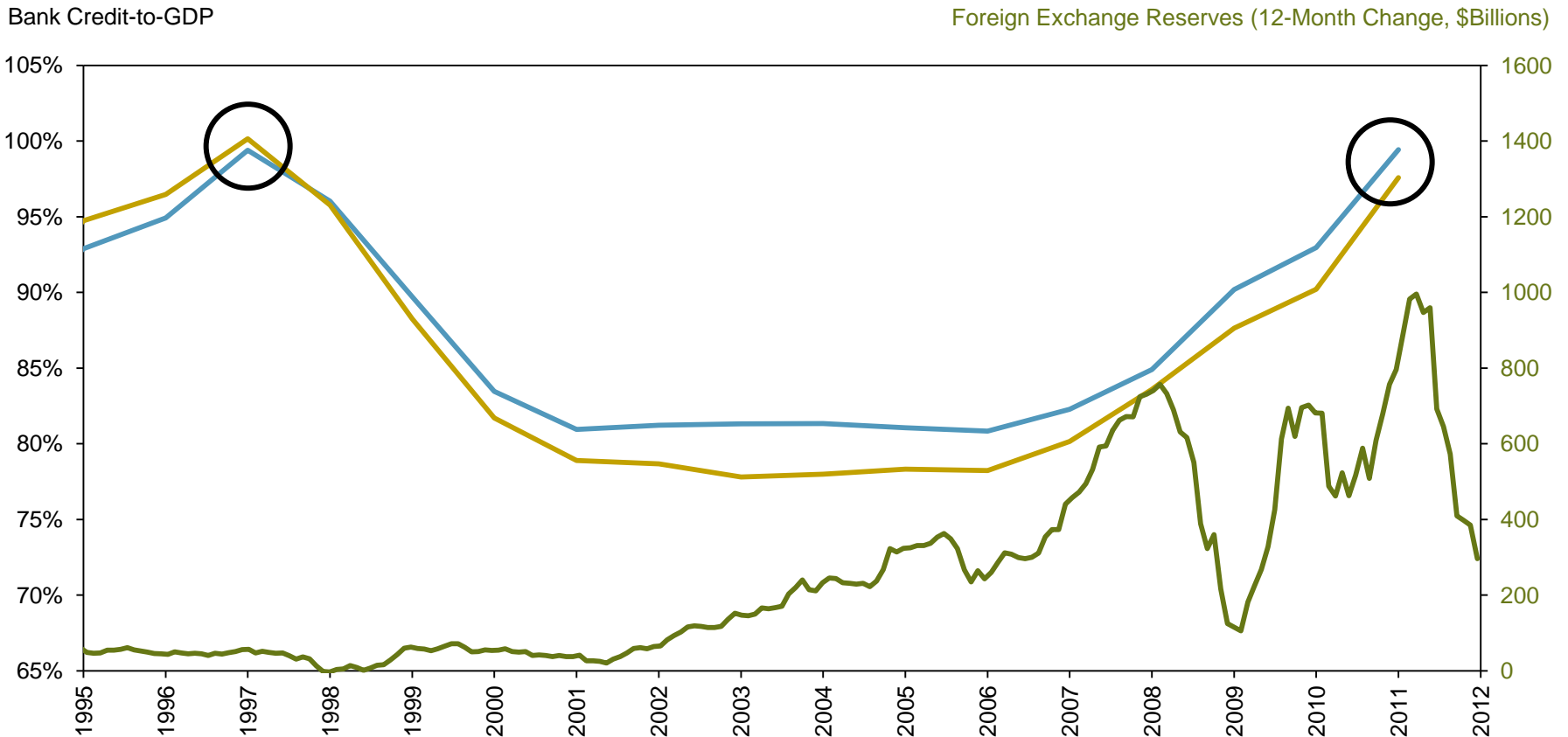


Emerging Asia Increases Leverage Amid Trade Downturn

The decade-long rise in trade surpluses and foreign exchange reserves enjoyed by Southeast Asian economies has dwindled. With diminished liquidity generated from current account surpluses, the region has relied more on leverage after the global financial crisis, resulting in the highest level of bank credit relative to GDP since the Asian financial crisis in 1997.

Developing Asia Bank Credit & Foreign Exchange Reserves

— Developing Asia — Developing Asia ex China — Developing Asia FX Reserves Growth



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 3/31/12. Bank credit data through 12/31/11.

Slower U.S. Labor Repair, Though Hiring Sentiment Healthy

The pace of improvement in labor markets decelerated as unemployment claims stopped falling during the second quarter, partly due to the deterioration in the external economic environment. The overall trend of ongoing slow repair remained intact, however, with hiring sentiment surveys for both large and small businesses continuing to improve.

Initial Jobless Claims

— Year-over-Year Change of Claims — Initial Claims

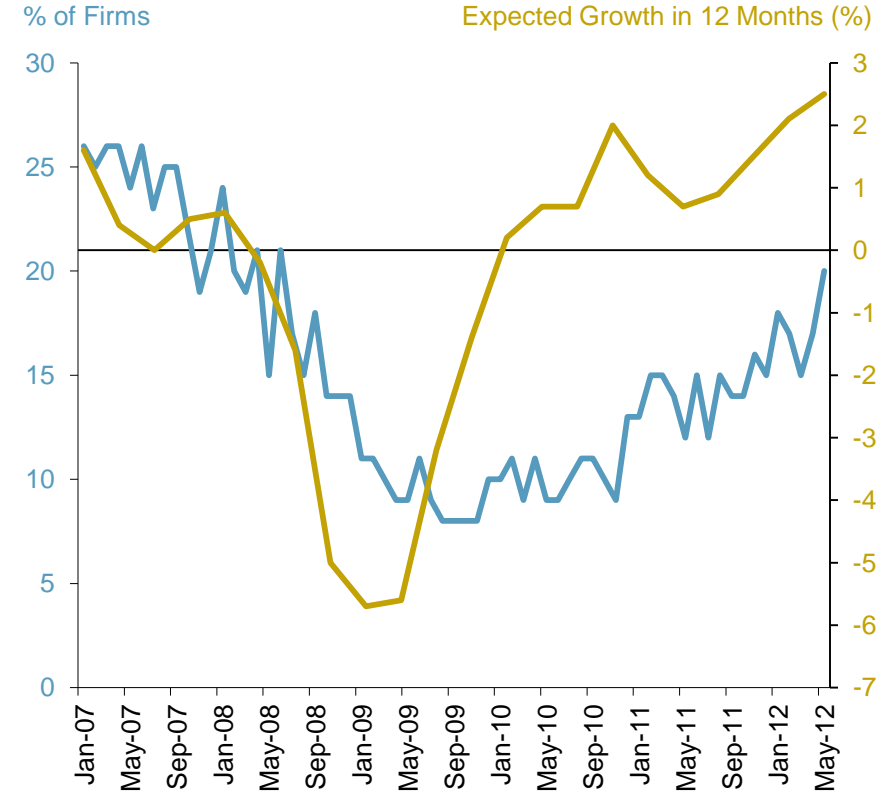
Year-over-Year Change 4-Week Moving Average



Business Hiring Sentiment

— Small Businesses with One or More Job Opening — Duke/CFO Outlook Expected Full-Time Employment Growth

% of Firms Expected Growth in 12 Months (%)



LEFT: Source: Department of Labor, Haver Analytics, Fidelity Investments (AART) through 6/23/12. RIGHT: Source: National Federation of Independent Business, Duke Fuqua School of Business, CFO Magazine, Haver Analytics, Fidelity Investments (AART) through 5/31/12.

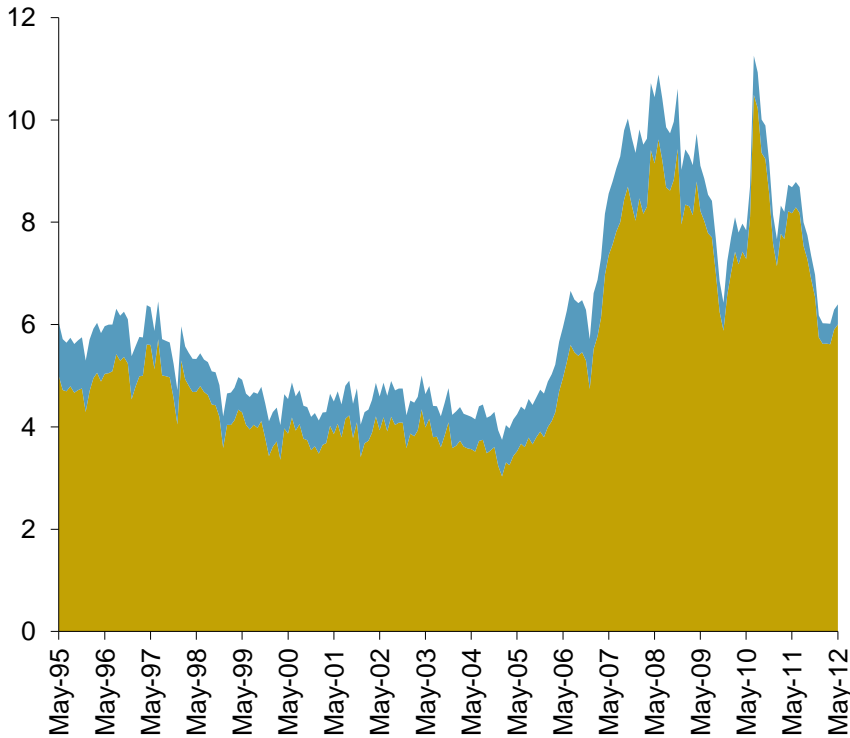
Housing Continued to Stabilize, Easing Pressure on Wealth

Gradual improvement in the residential housing market has become broad-based. Housing inventories have stabilized well below crisis levels, though “shadow” inventories remain high. Prices have also largely stabilized, helping—along with the recovery of financial asset prices—to boost household balance sheets.

Housing Inventories

■ New Homes ■ Existing Homes

Months of Supply

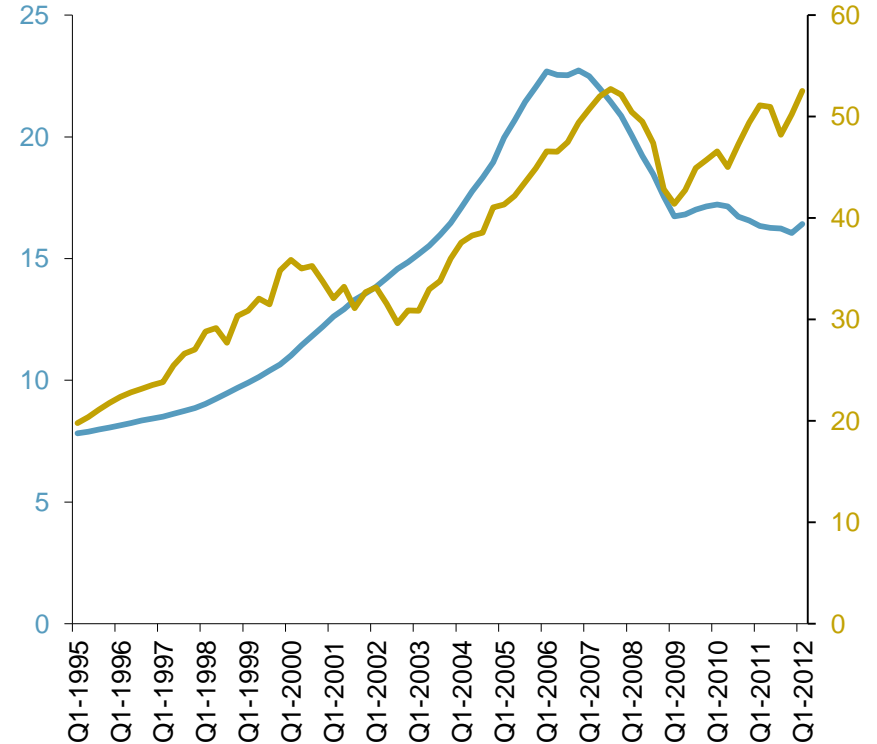


Household Assets

— Real Estate Assets — Financial Assets

Dollars (Trillions)

Dollars (Trillions)



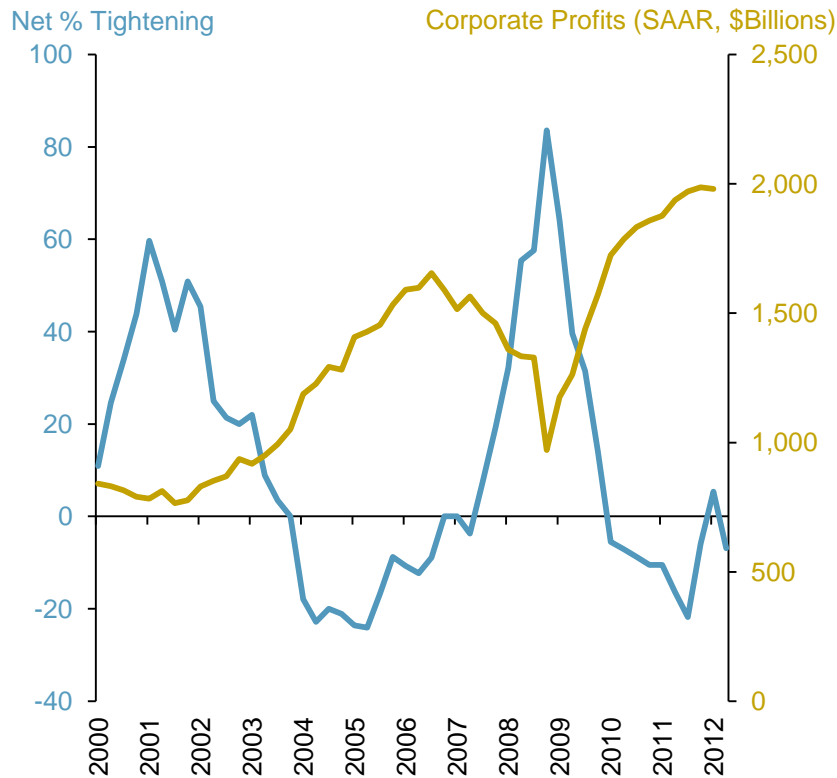
LEFT: Combined sales rate of existing and new home sales used for inventory calculation. Source: National Association of Realtors, Census Bureau, Haver Analytics, Fidelity Investments (AART) through 5/31/12. **RIGHT:** Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART) through 3/31/12.

Late-Cycle Pressures Still Absent in U.S.

The credit cycle, profit cycle, and inventory cycle—key components of continued economic expansion—all remain constructive. Corporations have had ample access to credit at low interest rates, and profitability has remained solid. Manufacturing activity in the U.S. slowed toward the end of the second quarter, but inventories remained in check.

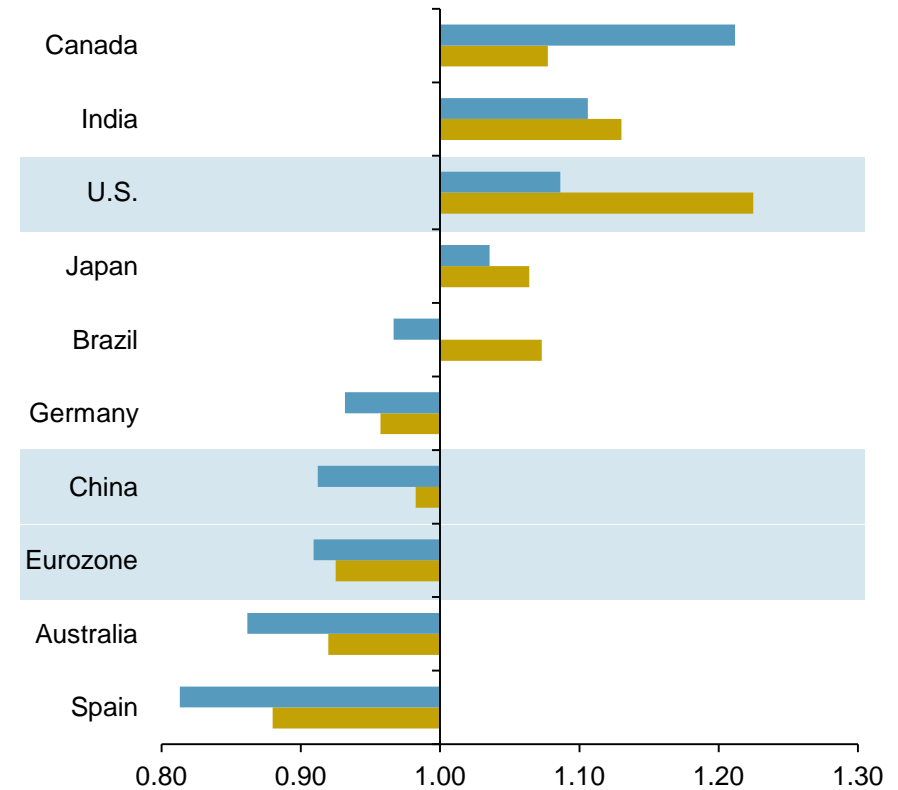
Corporate Profits & Credit Standards

— Banks Tightening Standards on C&I Loans to Large Firms
 — Corporate Profits



Manufacturing New Orders-to-Inventories Ratio

■ Jun-12 ■ Mar-12

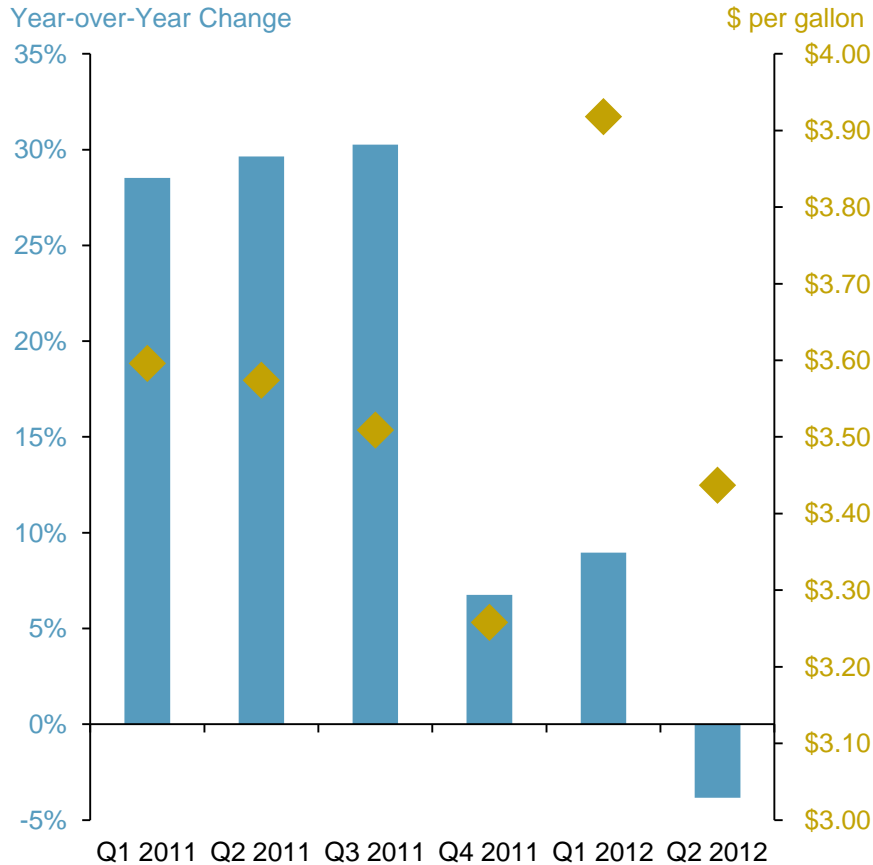


LEFT: SAAR = Seasonally adjusted at annualized rate. Profits with inventory valuation and capital consumption adjustment. C&I = Commercial and Industrial. Source: Federal Reserve Board, Bureau of Economic Analysis, Fidelity Investments (AART) through 6/30/12. Corporate profit data through 3/31/12. **RIGHT:** PMI = Purchasing Managers Index. Source: Institute for Supply Management, Markit, Haver Analytics, Fidelity Investments (AART) as of 6/30/12.

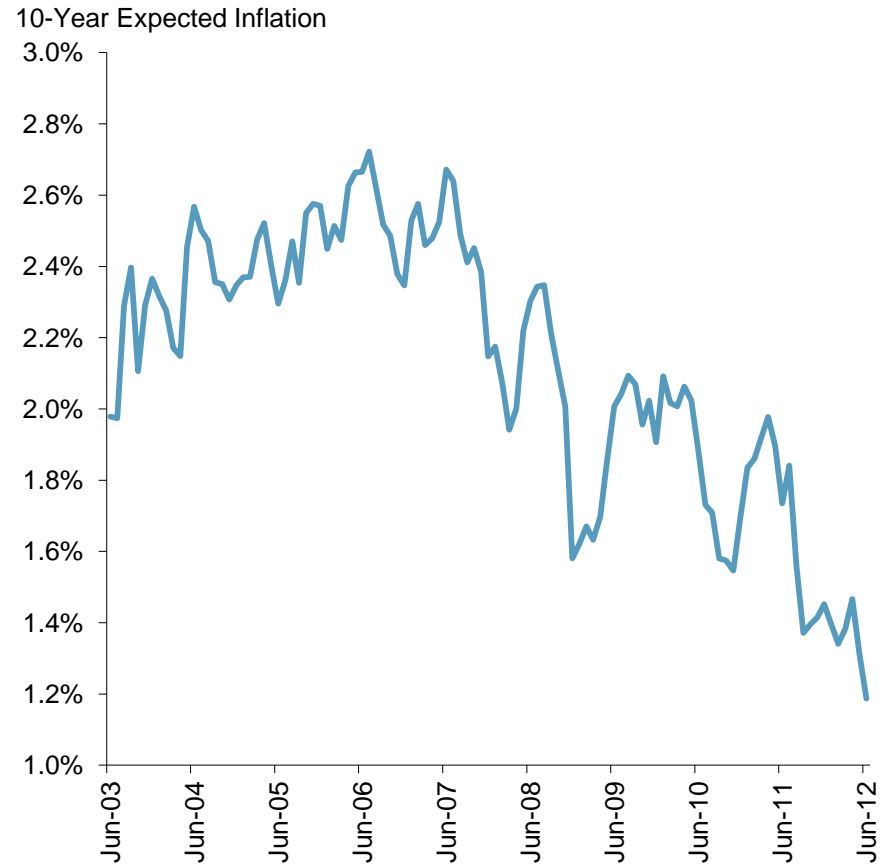
Positive Offsets: Falling Gas Prices & Inflation Expectations

Inflationary pressures are well contained, with a slight downward bias due to weakening energy price trends and ongoing global growth concerns. Falling gasoline prices afford consumers more money for discretionary purchases, and weaker inflation expectations give monetary policy makers more breathing room to employ additional stimulus.

Gasoline Prices



Cleveland Fed Inflation Expectations



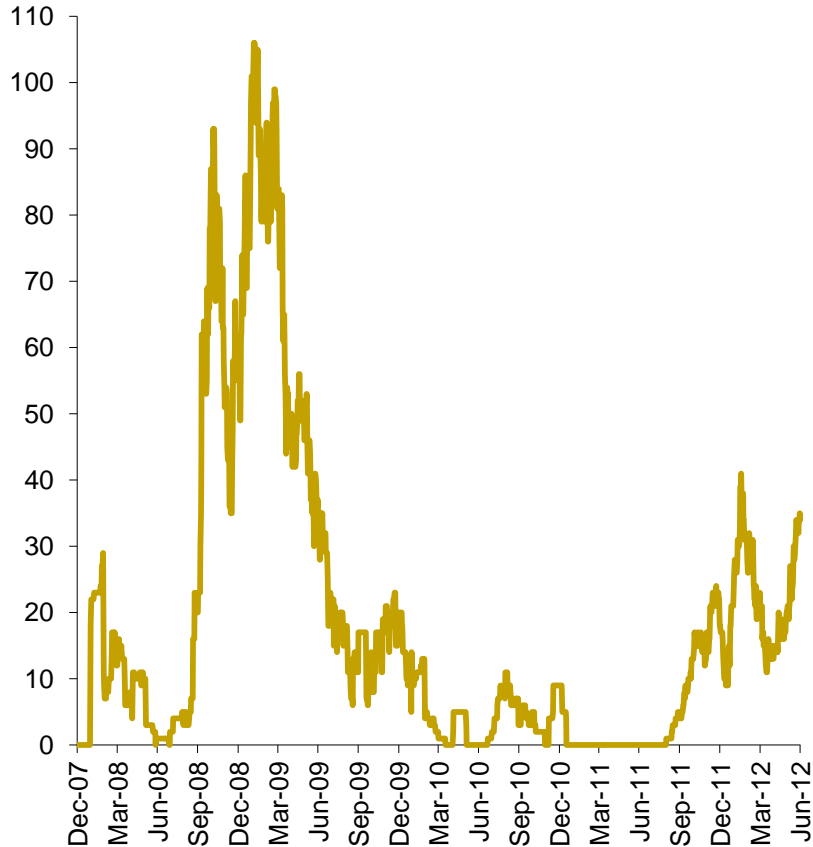
LEFT: Source: Energy Information Administration, Bloomberg, Fidelity Investments (AART) through 6/30/12. RIGHT: Source: Federal Reserve Bank of Cleveland, Fidelity Investments (AART) as of 6/30/12.

Positive Offsets: Monetary Policy Easing

Central banks around the world took a more aggressive easing stance as global growth and inflation softened during the second quarter. The U.S. Federal Reserve maintained its accommodative stance by extending Operation Twist—lengthening the maturity profile of its Treasury bond holdings—without committing to increasing the size of its balance sheet.

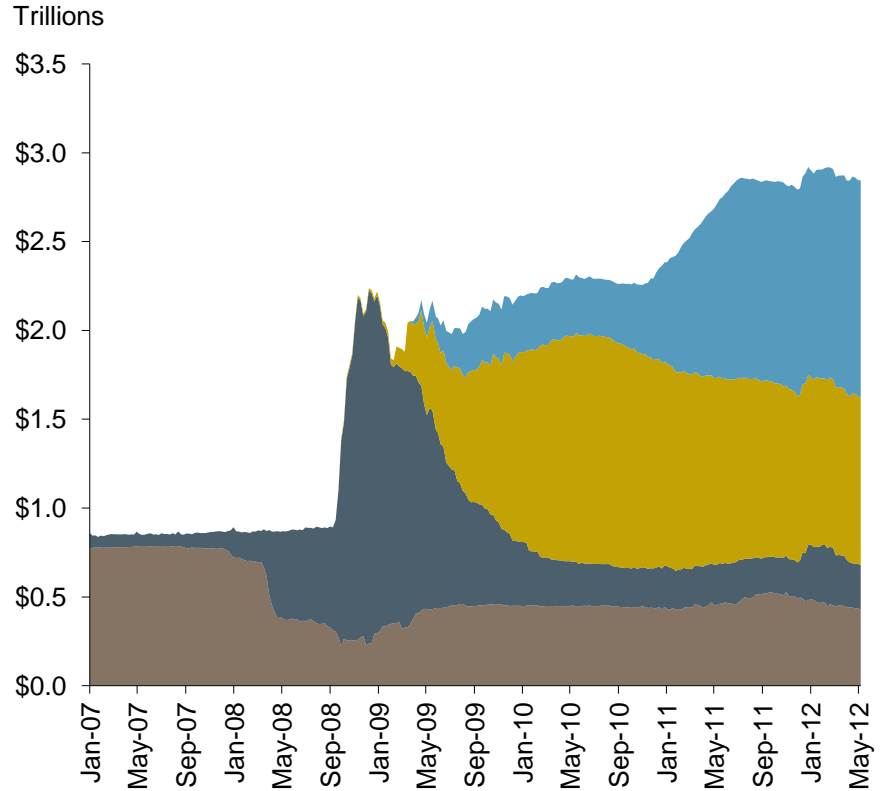
Global Policy Easing Measures

Easing Measures (past 30 days)



Federal Reserve Balance Sheet

■ Long-Term Treasury Purchases
 ■ Fed Agency Debt MBS Purchases
 ■ Other
 ■ Traditional Security Holdings



LEFT: Source: ISI Group, Fidelity Investments (AART) through 6/30/12. RIGHT: Source: Federal Reserve Board, Haver Analytics, Fidelity Investments (AART) as of 5/31/12.

Outlook: Market Assessment

Global economic growth is slower, though the mid-cycle dynamics in the U.S. provide a more favorable investing backdrop than in many non-U.S. economies. The risk of policy errors in balancing growth while restoring fiscal responsibility and normal monetary regimes is high, making the environment less supportive of riskier assets despite reasonable valuations.

U.S. economy in mid-cycle expansion, China and Europe in late cycle/recession

Systemic risk elevated

Solid corporate fundamentals, reasonable valuations

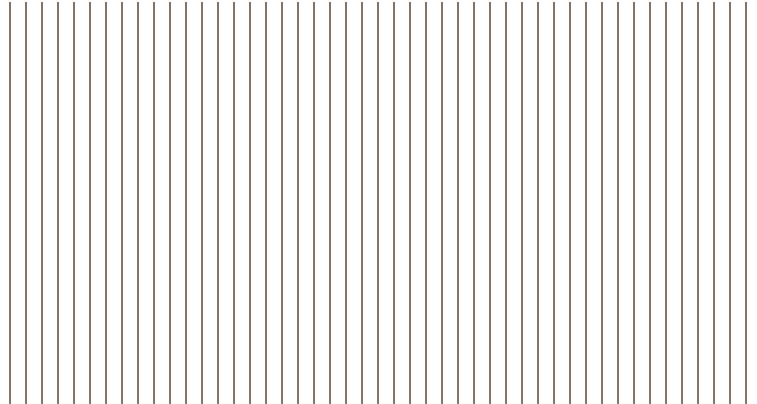
Risks:

- Policy
 - Managing excess government debt and fiscal austerity in developed economies
 - Diminishing efficacy of monetary measures and eventual difficulty of normalizing policies
- General
 - Investor de-risking, bank deleveraging, sluggish global demand

Potential Asset Allocation Implications:

- Environment no longer as supportive of riskier assets
- Watching for signs of policy progress and improvement in global growth trends for future buying opportunities
- Favor investments and industries that are more U.S.-centric than China-centric and global

Quarterly Theme: Policy Risks

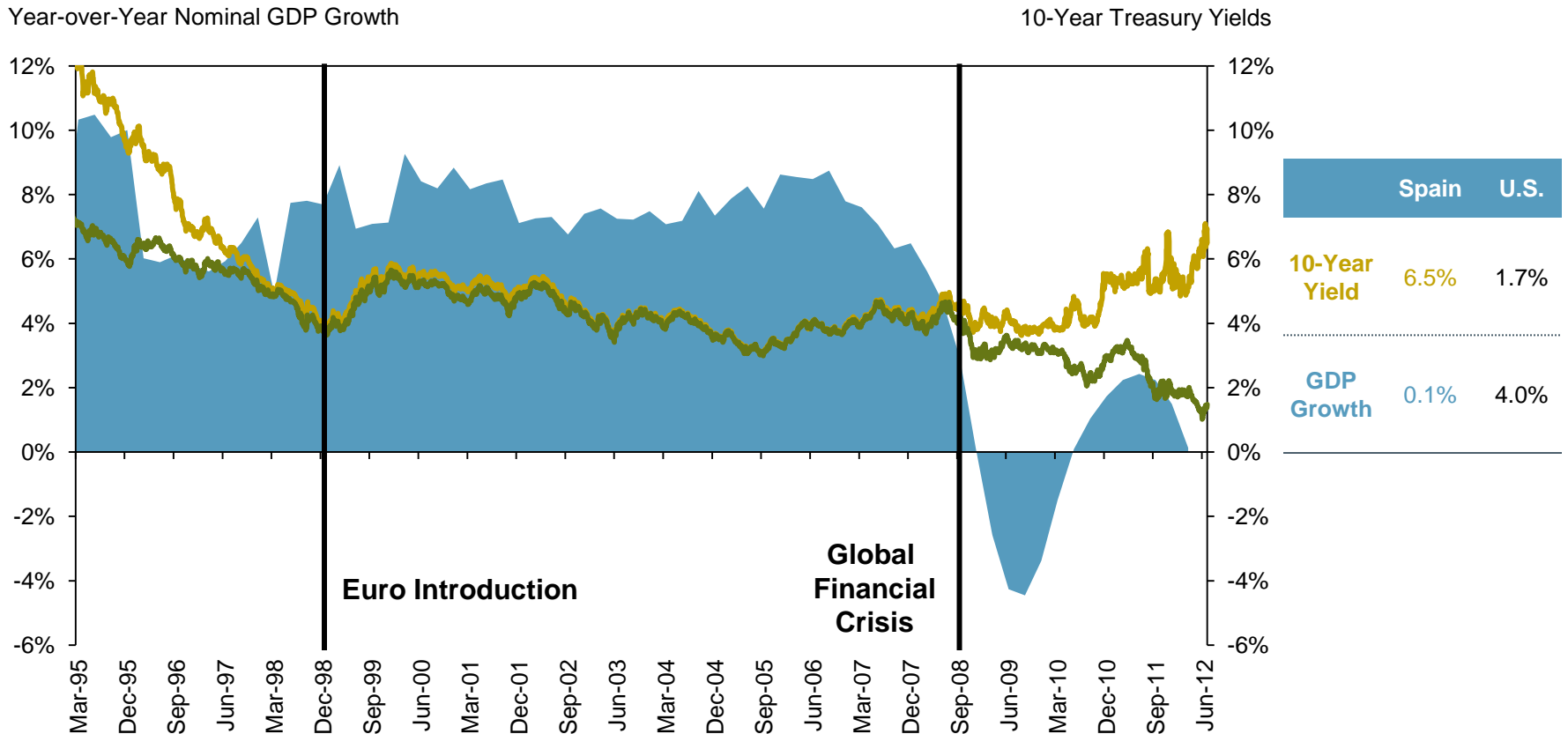


Euro Divergences: Periphery Struggles with Debt, Growth

The convergence of eurozone periphery yields with those of core countries after the 1999 introduction of the euro led to a period of solid growth but increasing imbalances in relative competitiveness, current account balances, and debt levels. Peripheral growth rates are now well below funding levels, making current conditions unsustainable over the long term.

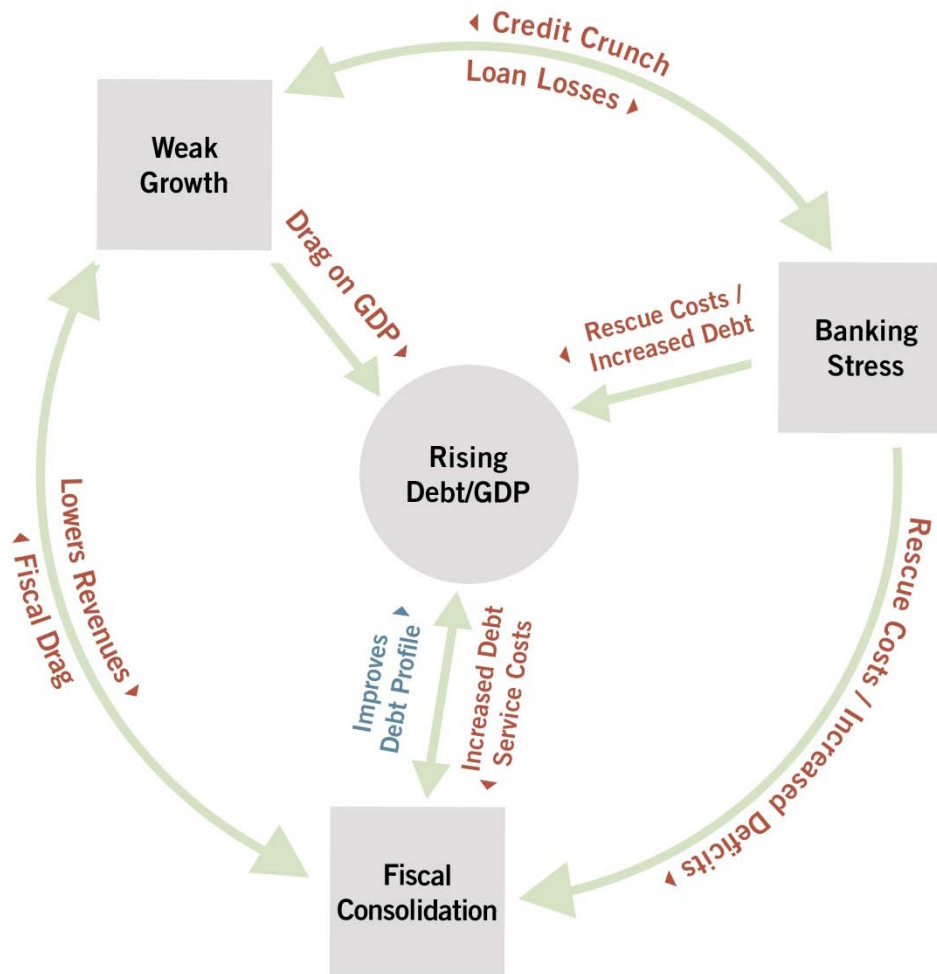
European 10-Year Yields & Nominal GDP Growth

Spain GDP Spain 10-Year Yield Germany 10-Year Yield



Negatively Reinforcing Trends in Europe's Circle of Debt

Policies to address peripheral country debt dynamics have often tightened the link between weak banks and weak sovereigns, hurting the economy and making fiscal austerity more difficult. Solutions to break the circular pattern and get at the root of the rising debt/GDP problem include measures that would move toward greater banking and fiscal union.



- | Break the Cycle? |
|-----------------------------|
| Growth/Austerity |
| • Gradual, balanced |
| • Medium-term consolidation |
| • Long-term sustainability |
| • Structural reforms |
| • Fiscal union |

- | Break the Cycle? |
|--------------------------|
| Banks |
| • Recapitalization |
| • Integrated supervision |
| • Deposit insurance |
| • Resolution power |
| • Banking union |

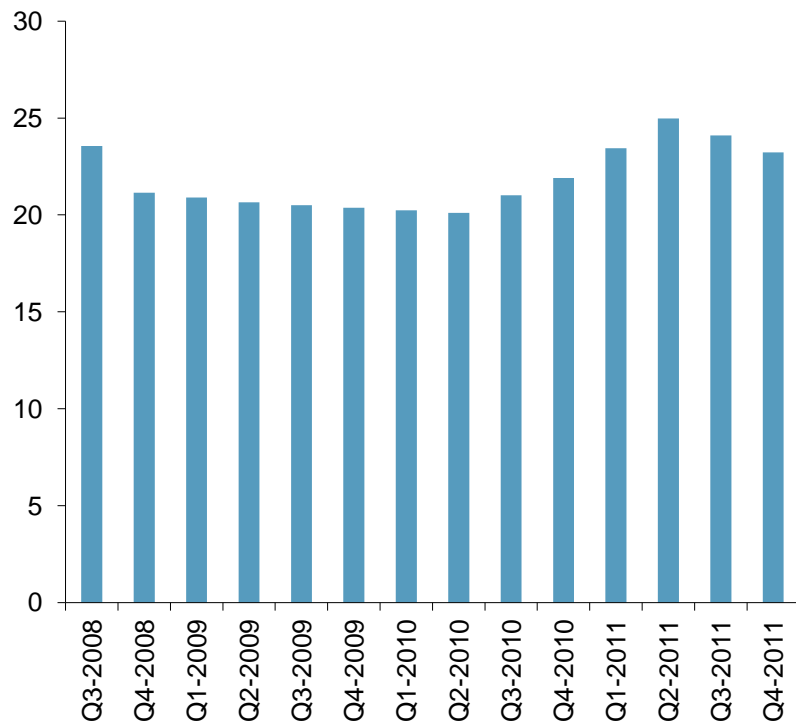
Unclear Systemic Risks Heighten Uncertainty

Financial contagion is the most profound way that the eurozone could negatively impact global financial markets, and the high notional value of derivatives (though low net exposure) becomes a potential vulnerability if counterparty risks rise. Germany's central bank claims on other euro countries demonstrate its interconnectedness and financial incentive for avoiding a break-up.

Euro Foreign Exchange Derivatives

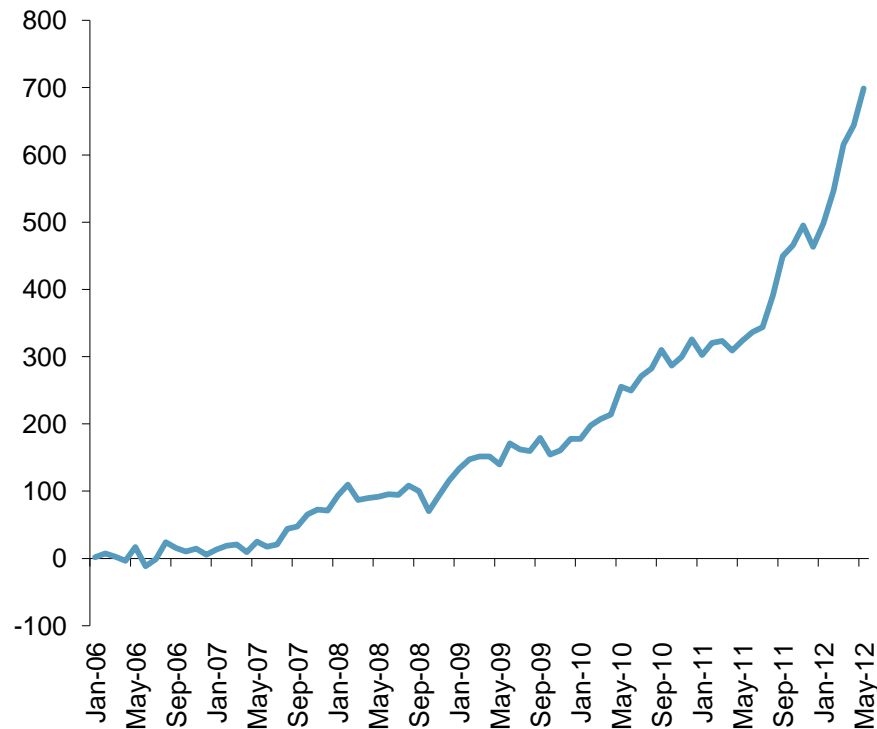
■ Notional Outstanding Value

Euros (Trillions)



German Central Bank Claims on Euro Monetary System (TARGET2)

Euros (Billions)



LEFT: Notional amounts outstanding are defined as the gross nominal or notional value of all deals concluded and not yet settled on the reporting date. Source: Bank for International Settlements, Haver Analytics, Fidelity Investments (AART) as of 5/9/12. **RIGHT:** TARGET2 = Second generation of the Trans-European Automated Real-time Gross Settlement Express Transfer System. Source: Deutsches Bundesbank, Haver Analytics, Fidelity Investments (AART) as of 5/31/12.

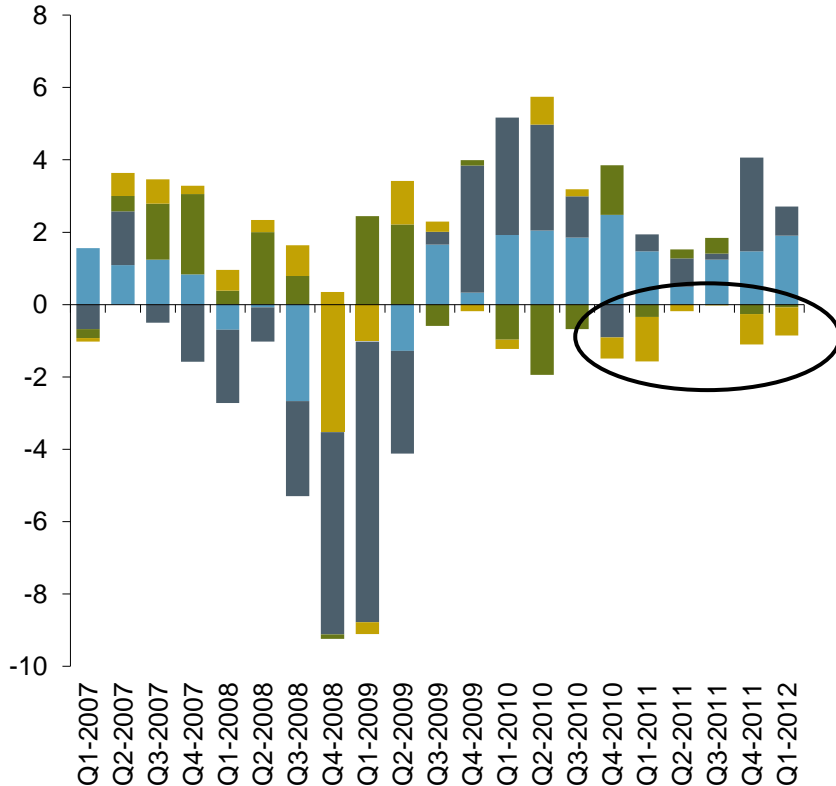
U.S. Fiscal Cliff Looms, Fiscal Drag Already Occurring

At more than \$600 billion (around 5% of GDP), the fiscal cliff of currently legislated spending cuts and expiring tax cuts would likely push the U.S. into recession in 2013. While hitting the full brunt of the fiscal cliff head-on would be a negative shock, the economy has already been weathering a fiscal drag of roughly 0.8% of GDP during the past two quarters.

Real GDP Growth

■ Consumption ■ Investment ■ Net Exports ■ Government

Contribution to Real GDP Growth(%)



Fiscal Cliff Components

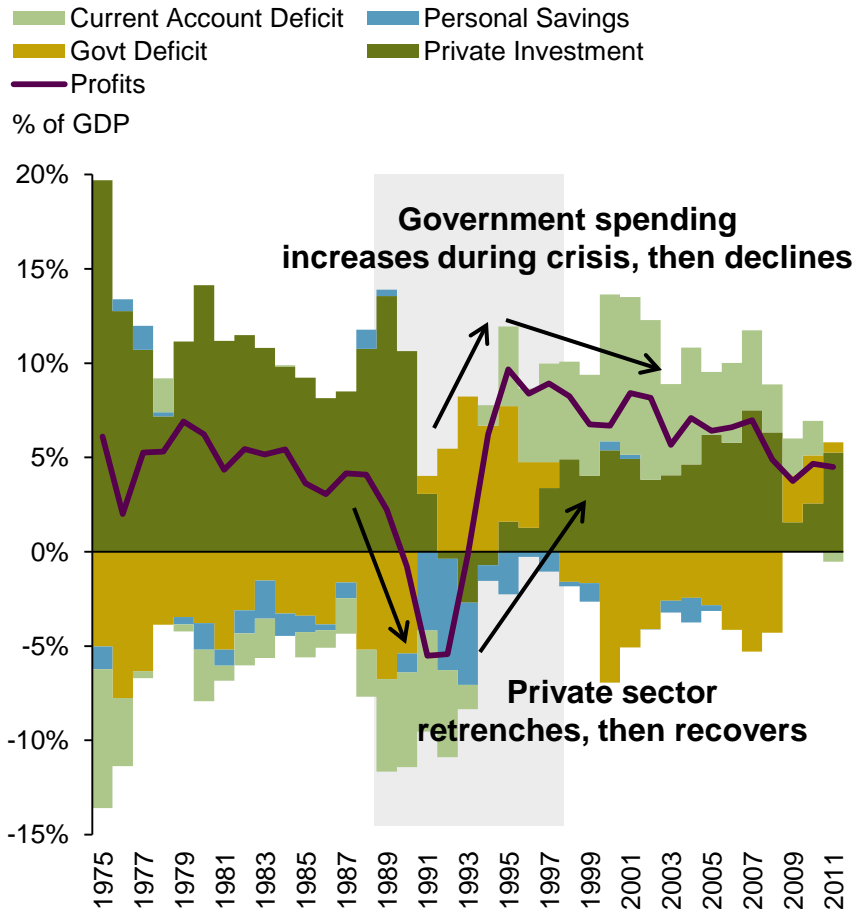
	\$ Billion
Bush Era Tax Cuts	221
Other Revenue and Spending Changes*	160
Payroll Tax Expiration	95
Budget Sequester	65
Tax Extender Expiration	65
Total	606

LEFT: Source: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART) through 3/31/12. RIGHT: * Includes expiration of Emergency Unemployment Benefits, Health Care Reform Taxes, and Medicare Doctor Payment Cut. Source: Congressional Budget Office, Fidelity Investments (AART) as of 5/22/12.

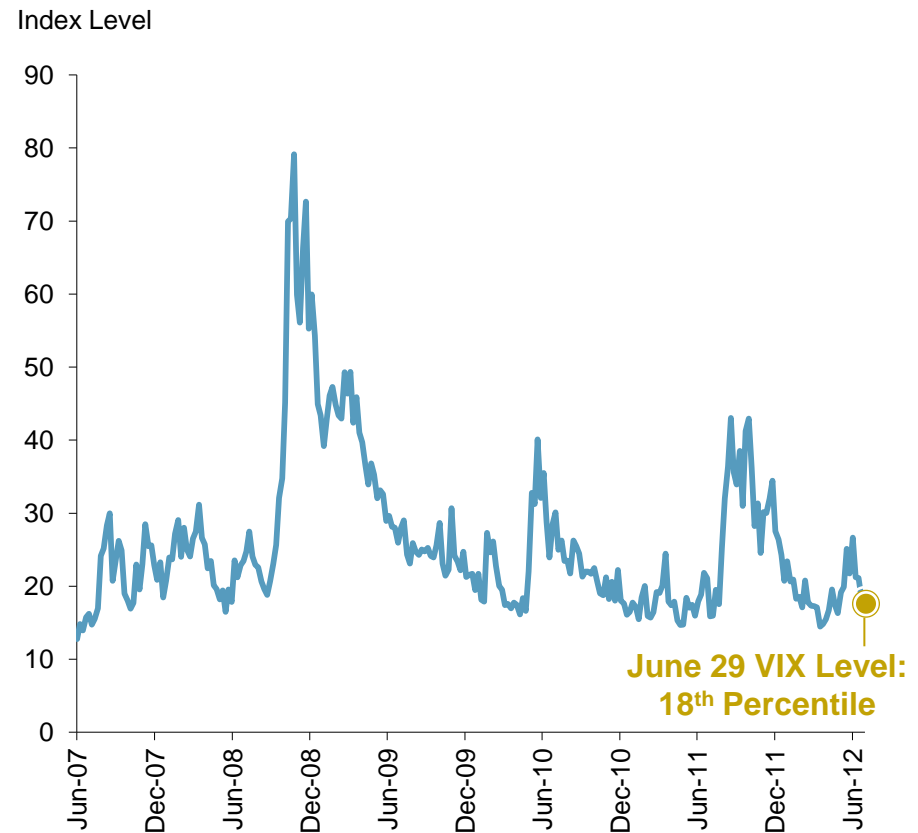
Gradual Austerity Best Pace, Worst Case Not Priced In

After a financial crisis, a gradual move to fiscal austerity allows for private-sector activity to recover and take the growth baton from government spending, as illustrated by the successful fiscal consolidation of Finland during the early 1990s. Low levels of stock market volatility suggest the worst-case scenario of hitting the full fiscal cliff is not reflected in current market prices.

Sources of Corporate Profits: Finland



U.S. Stock Volatility Index (VIX)



LEFT: Profits after tax net of dividends. Source: Statistics Finland, Fidelity Investments (AART) as of 12/31/11.

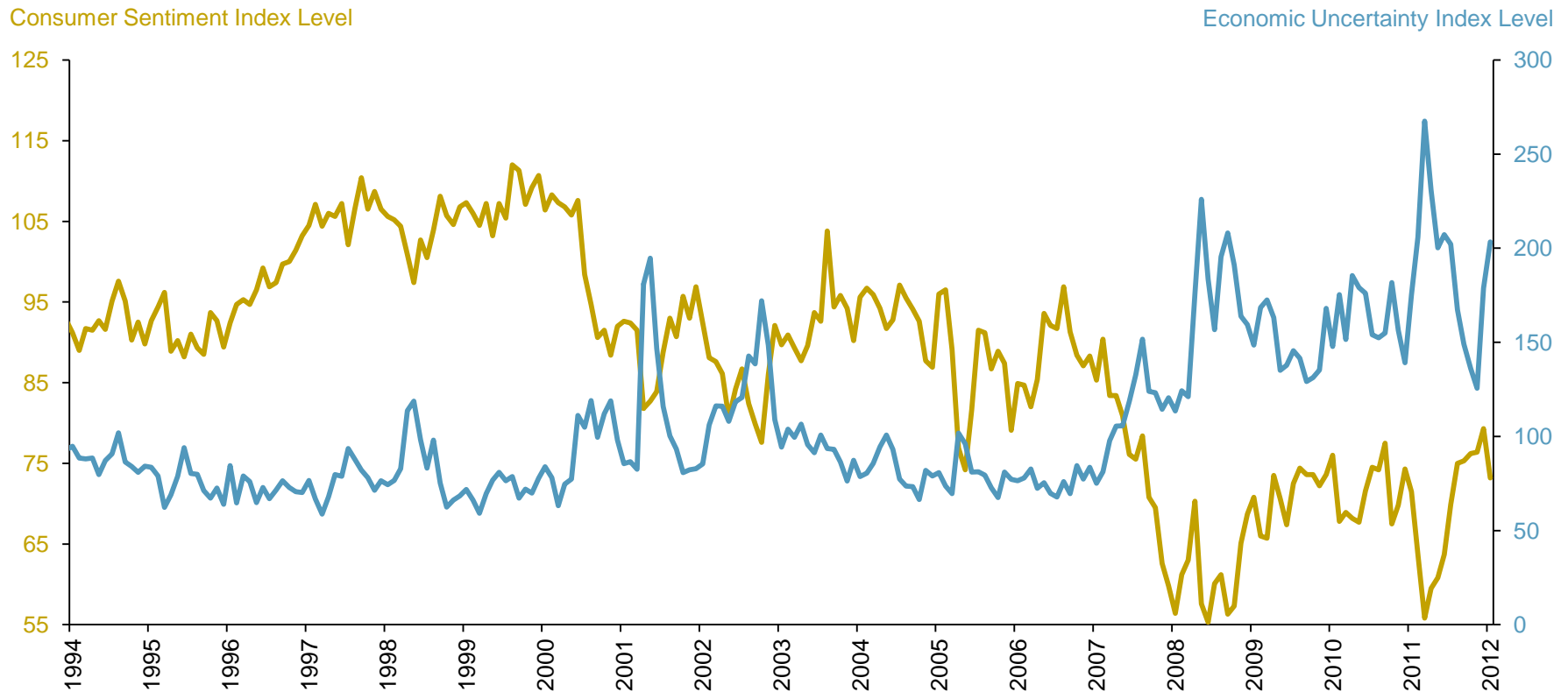
RIGHT: Percentile ranking for 2007–2012. Source: Wall Street Journal, Haver Analytics, Fidelity Investments (AART) as of 6/29/12.

Policy Uncertainty Casts Dark Shadow Over Sentiment

Consistently higher levels of policy uncertainty have likely weighed on the sentiment of consumers, businesses, and investors in recent years. To the extent that uncertainty increases in the run-up to the potential fiscal cliff at the beginning of next year, further caution may be the result. Alternatively, any progress on policy issues holds the promise of diminishing this headwind.

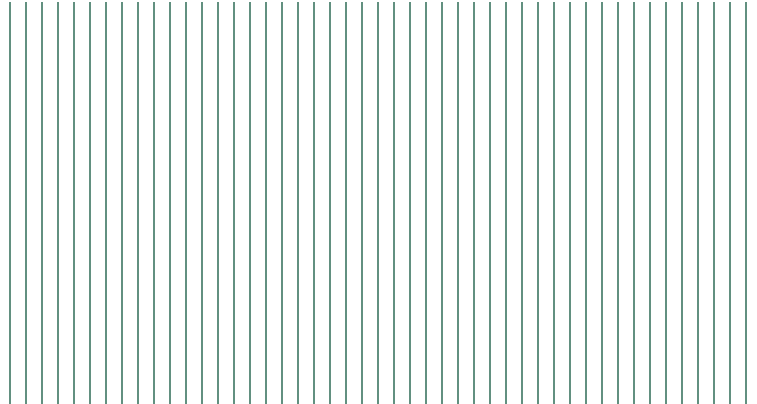
Consumer Sentiment & Economic Uncertainty

— Consumer Sentiment — Uncertainty



The economic policy uncertainty index is composed of three measures of economic policy uncertainty: the frequency of references to economic uncertainty and policy in the news, the number of federal tax code provisions set to expire in future years, and the extent of disagreement among economic forecasters over future federal government purchases and the future CPI price level. Source: University of Michigan, Stanford University, Haver Analytics, Fidelity Investments (AART) as of 6/30/12.

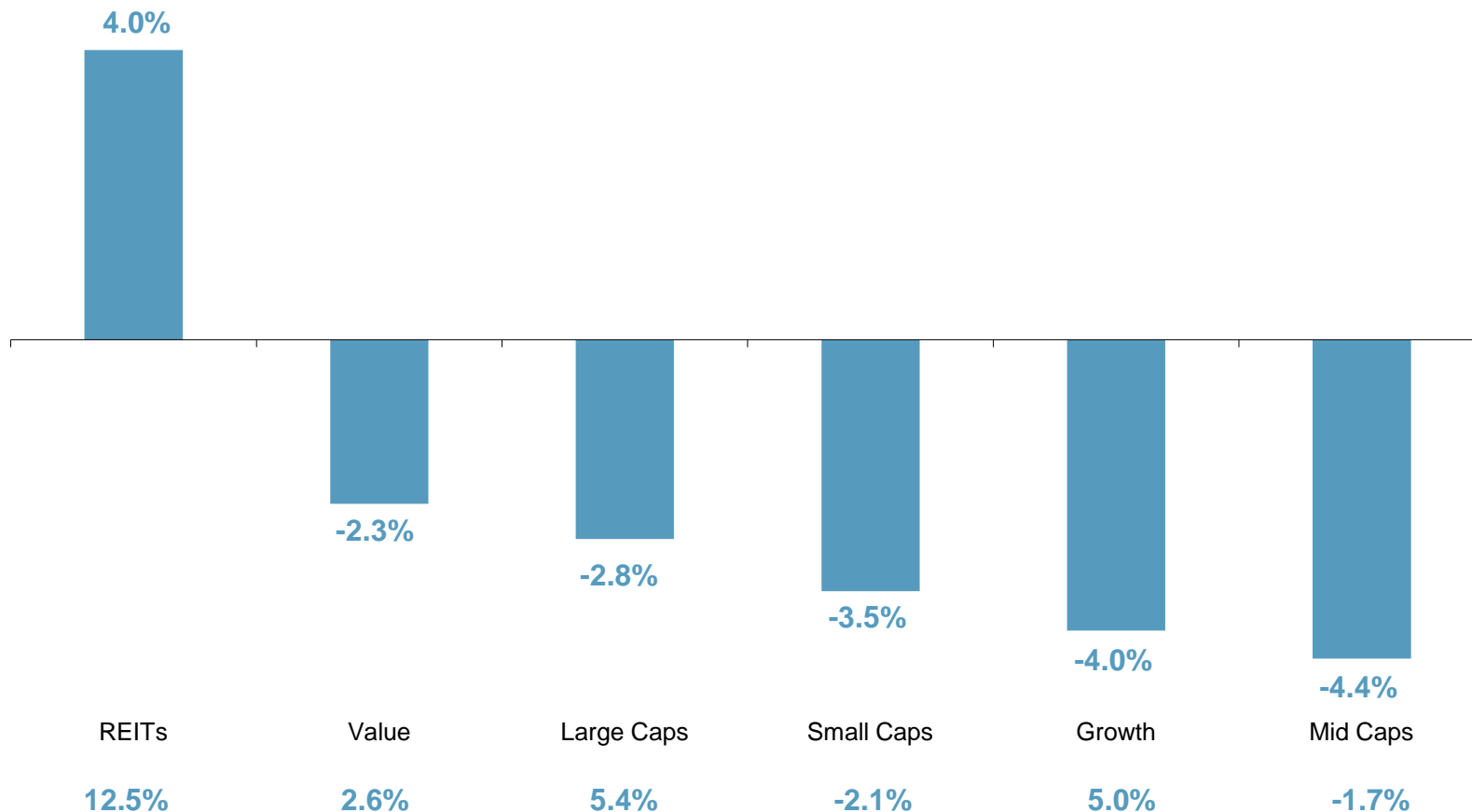
U.S. Equity Markets



Most U.S. Equities Finish Lower

Concerned about global economic and policy risks, investors avoided riskier asset categories in a reversal from last quarter. Equity performance disappointed across the market capitalization and style spectrum—with the exception of REITs, which were able to benefit from improving real estate fundamentals and investor demand for high yields in the second quarter.

Q2 2012 Total Return

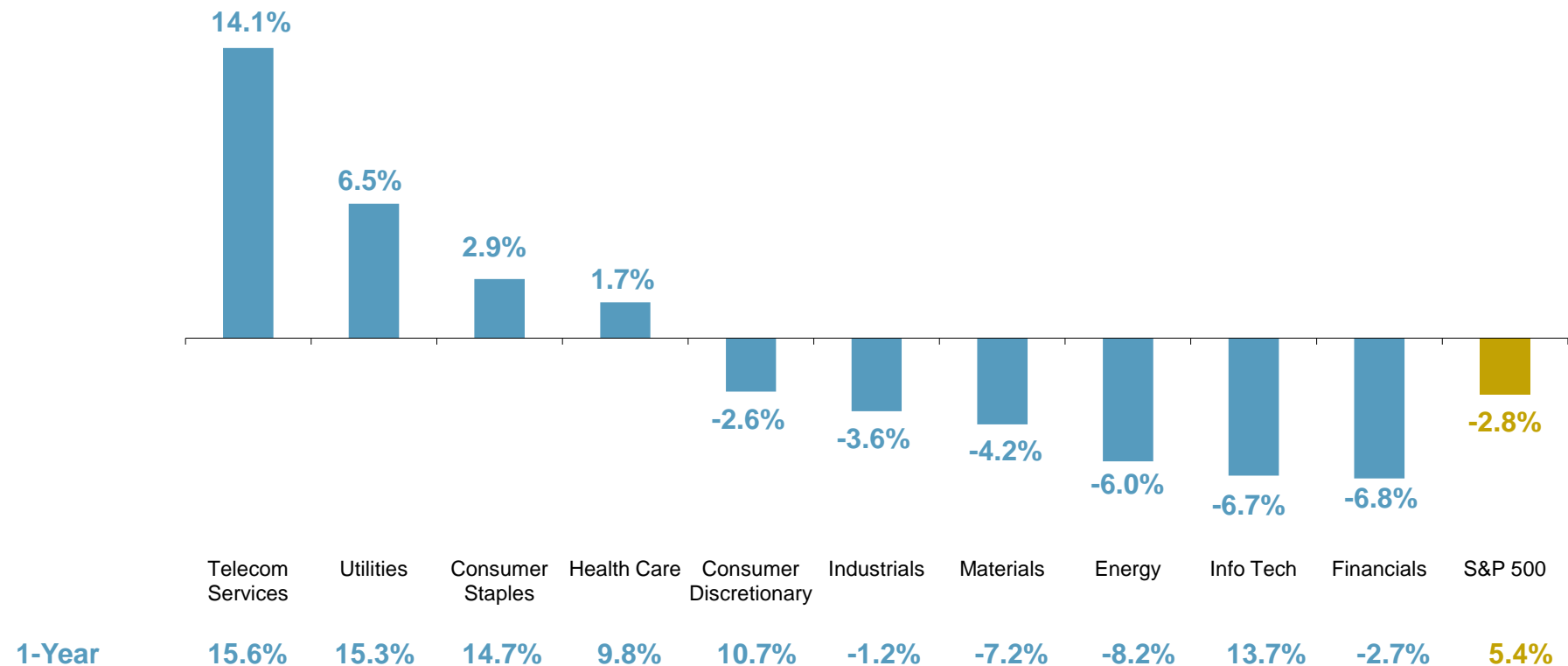


Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Equity market returns represented by: Large Caps – S&P 500 Index, Mid Caps – Russell Midcap Index, Small Caps – Russell 2000 Index, Growth – Russell 3000 Growth Index, Value – Russell 3000 Value Index, REITs – NAREIT Equity Only Index. Source: Fidelity Investments (AART) as of 6/30/12.

Defensive Sectors Outpaced Economically Sensitive Ones

Performance leadership rotated away from the financial and information technology sectors favored in the first quarter to domestically oriented, high-yielding sectors such as telecommunications and utilities, which tend to be less sensitive to global financial turmoil and weak economic growth. Defensive consumer staples and health care sectors also fared relatively well.

Q2 2012 Total Return



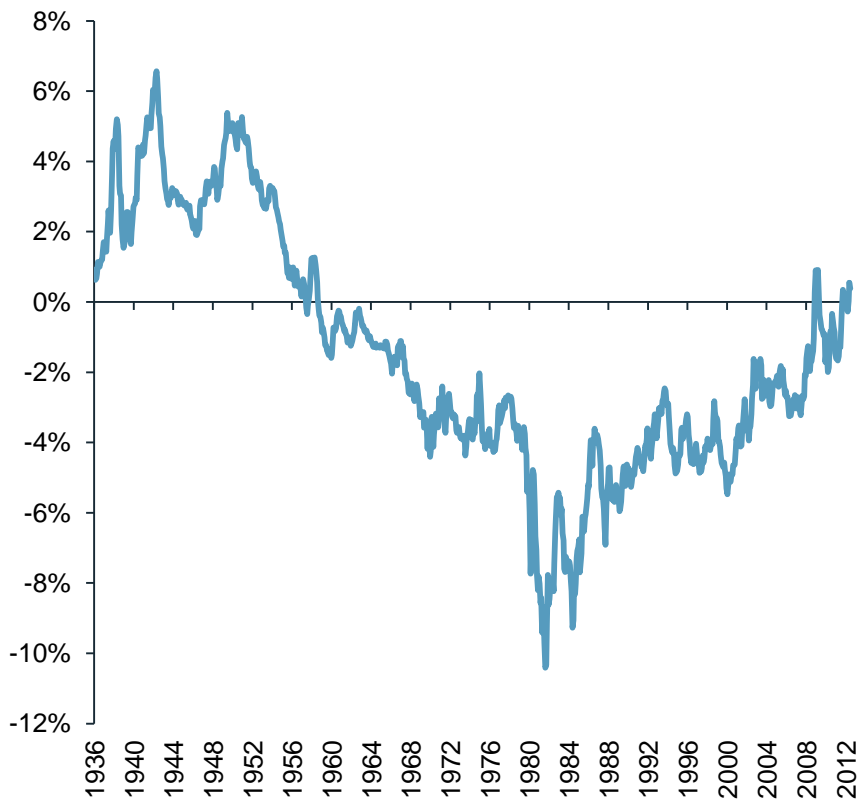
Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Sector investing involves risk. Because of its narrow focus, sector investing may be more volatile than investing in a more diversified basket of securities. Sector returns represented by S&P 500 sectors. Source: Fidelity Investments (AART) as of 6/30/12.



Equity Income and Non-Bond Opportunities

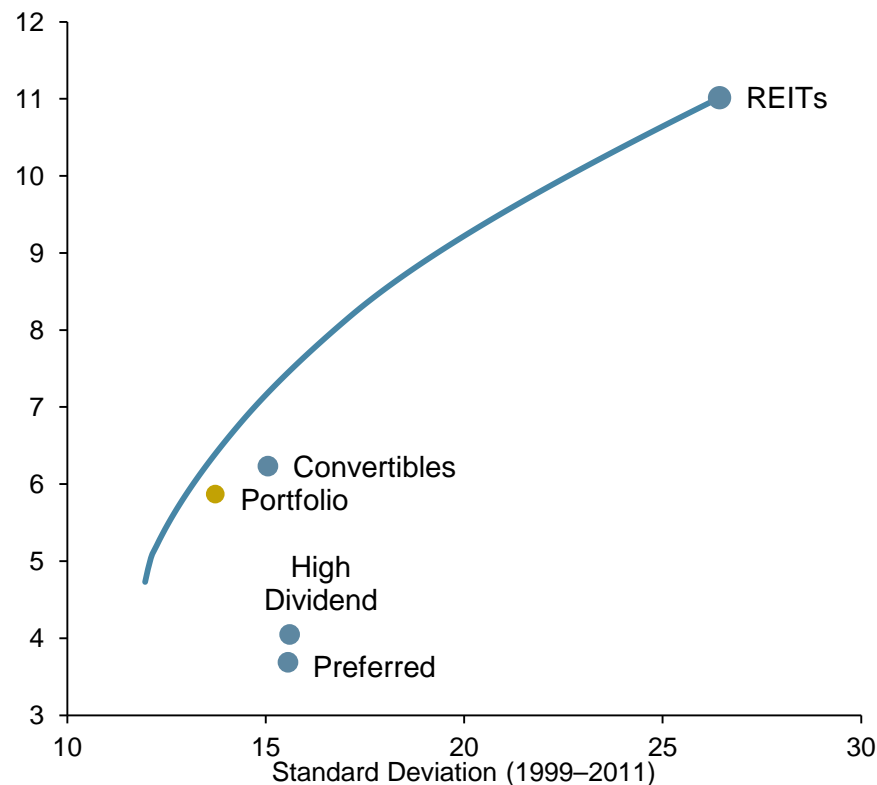
With bond yields historically low, equity yields are more attractive on a relative basis than at any time since the early 1960s. Non-bond sources of income, including preferred stocks, convertible securities, and high dividend payers such as REITs, have different risk characteristics, which may create diversification benefits and raise a portfolio's risk-reward profile.

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



Non-Bond Income Efficient Frontier

Average Return (1999–2011)













Past performance is no guarantee of future results. **LEFT:** Source: Standard & Poor's, Robert Shiller, Global Financial Data, Fidelity Investments (AART) through 6/30/12. **RIGHT:** Efficient frontier represents the optimal risk-return combinations of the four assets. High dividend stocks represented by the MSCI USA High Dividend Index; Preferred stocks represented by the BofA ML U.S. Fixed Rate Preferred Securities Index; Real Estate Investment Trusts (REITs) represented by the FTSE NAREIT Equity REIT Index; Convertibles represented by the 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, FAM (AART) as of 7/31/11.



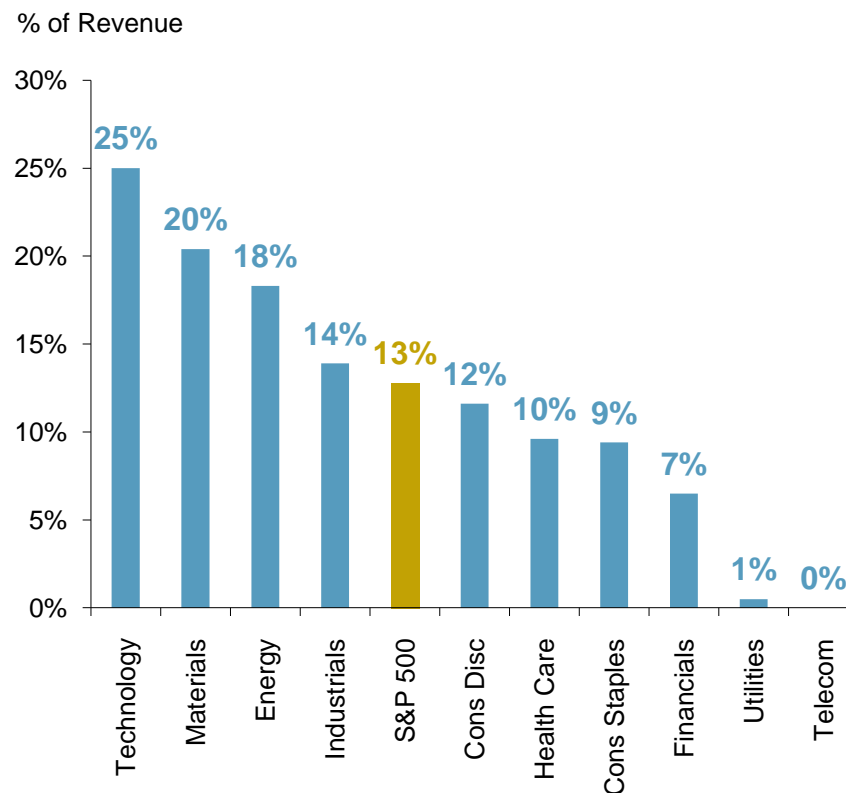
Sectors: U.S. Mid-Cycle vs. Weak Global Dynamics

A disciplined business cycle approach to sector allocation can produce active returns, although the mid-cycle U.S. economy has historically had the least pronounced relative performance patterns. Due to the weakness in the current global business cycle, particularly in Europe, favoring domestically oriented sectors may complement the approach.

Business Cycle Approach to Sectors

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

S&P 500 Sector Revenue Exposure to Europe



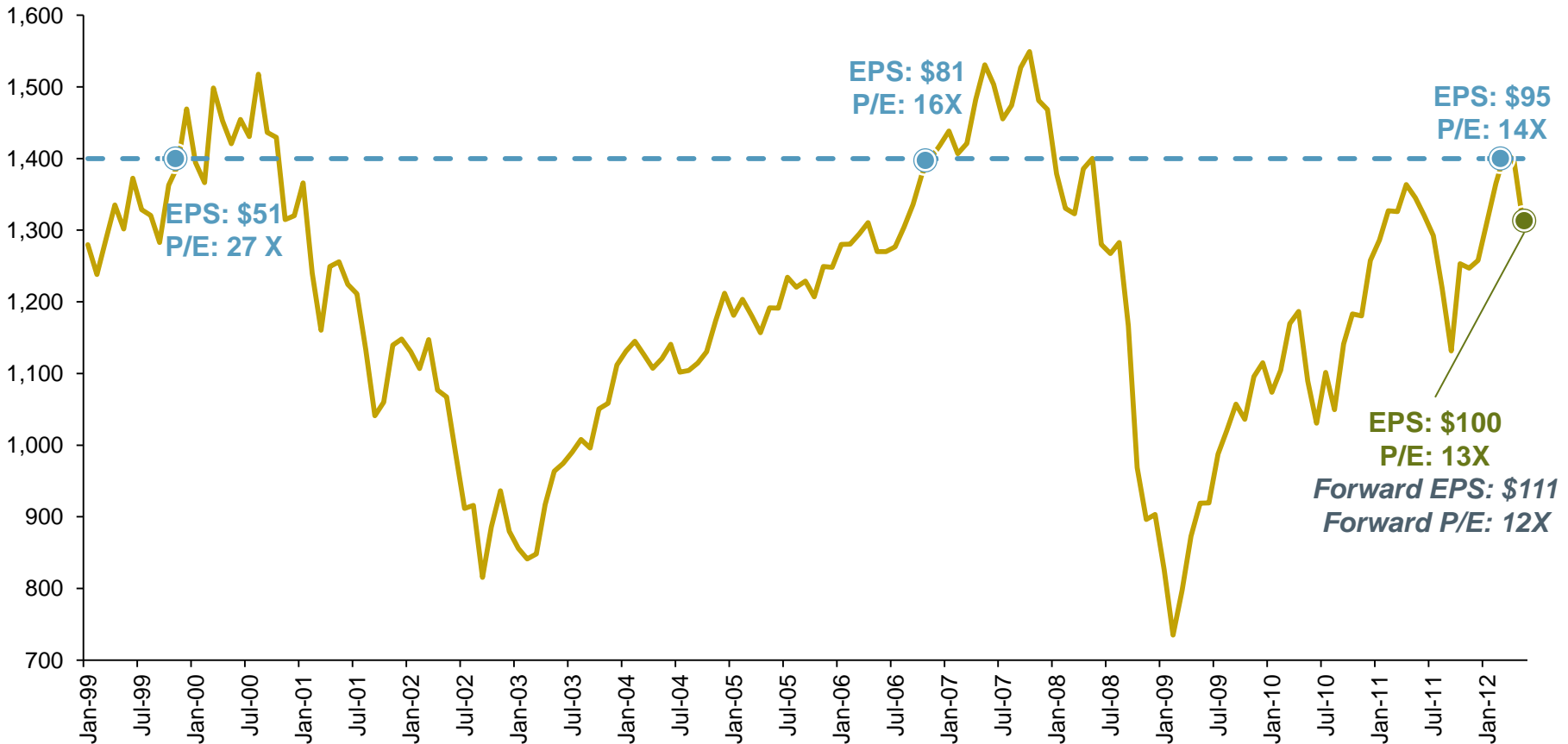
Past performance is no guarantee of future results. **LEFT:** Green portions suggest a pattern of outperformance, red portions suggest a pattern of underperformance, and unshaded portions suggest no clear pattern of out- or underperformance vs. the broader market. Broader market represented by top 3000 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:** Sectors as defined by GICS. Source: Fidelity Investments (AART) as of 6/12/12.

Reasonable Valuations After Long Multiple Contraction

At other points when the S&P 500 Index was around 1400 (a level reached during the second quarter of 2012), earnings per share were lower than today's EPS of \$100. As a result, trailing earnings multiples have compressed to the current price-to-earnings ratio of 13—well below the long-term average trailing P/E near 17.

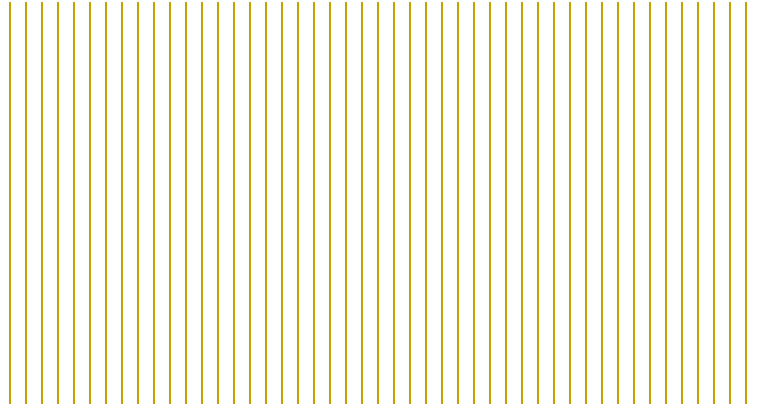
S&P 500

Index Level



EPS = Earnings per share, P/E = Price-to-earnings ratio. All EPS and P/E data are trailing unless otherwise noted. Source: FactSet, Fidelity Investments (AART) as of 6/30/12.

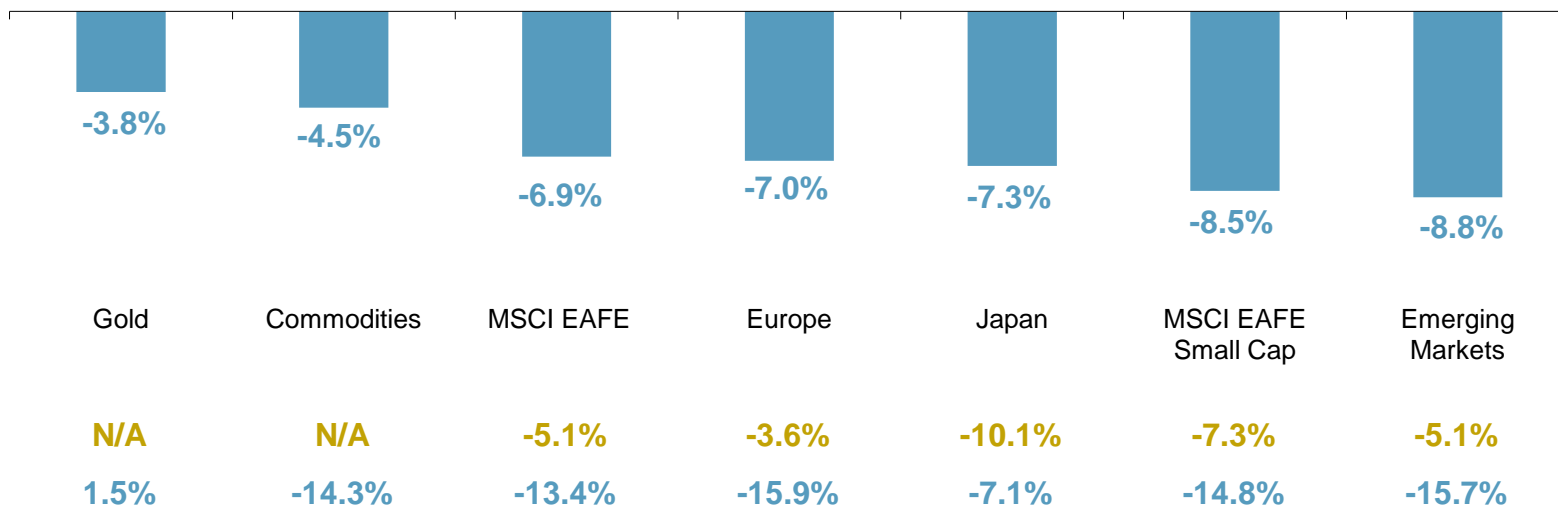
International Equity Markets & Global Assets



Global Flight from Risk Assets

Even gold failed to provide a “safe haven” during the second quarter’s declines, faring little better than commodities dragged down by energy. Emerging-market and small-cap stocks had the lowest returns after leading in the first quarter, while equity indices for Japan, Europe, and large caps also posted sizable losses on global growth and fiscal policy uncertainty.

Q2 2012 Total Return



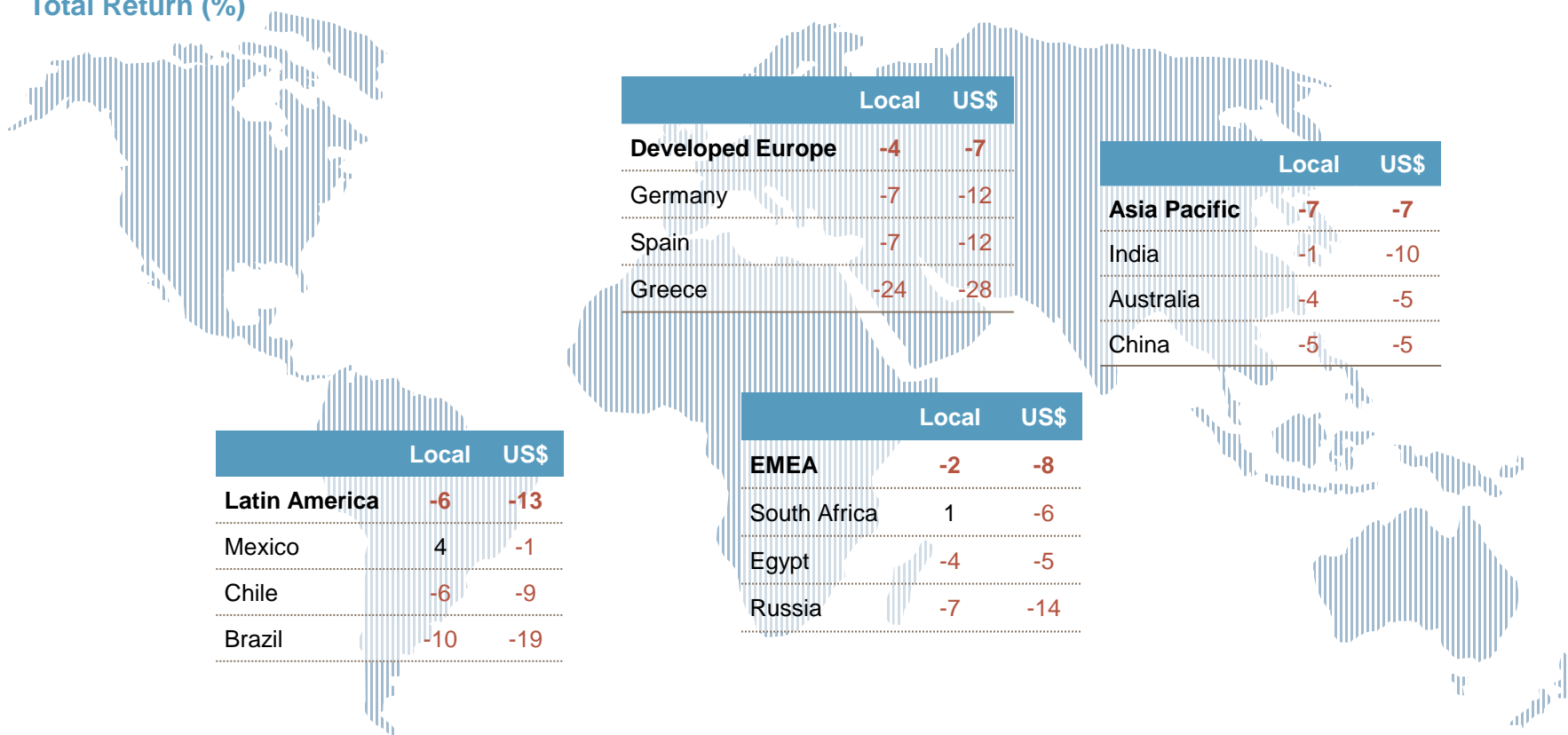
LC = Local currency. All returns are gross in U.S. dollars unless otherwise noted. Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: Europe – MSCI Europe Index; Japan – MSCI Japan Index; Emerging Markets – MSCI EM Index; Gold – Gold Bullion Price, London PM Fix; Commodities – S&P GSCI Commodities Index. Source: FactSet, Fidelity Investments (AART) as of 6/30/12.

Strong Dollar Exacerbated Non-U.S. Equity Losses

Falling foreign currency values generally exacerbated pervasive stock declines around the world for U.S. investors, particularly among some emerging-market countries such as Brazil and India. Eurozone stock losses were among the worst of any region.

Q2 2012 Global Equity Market Performance

Total Return (%)



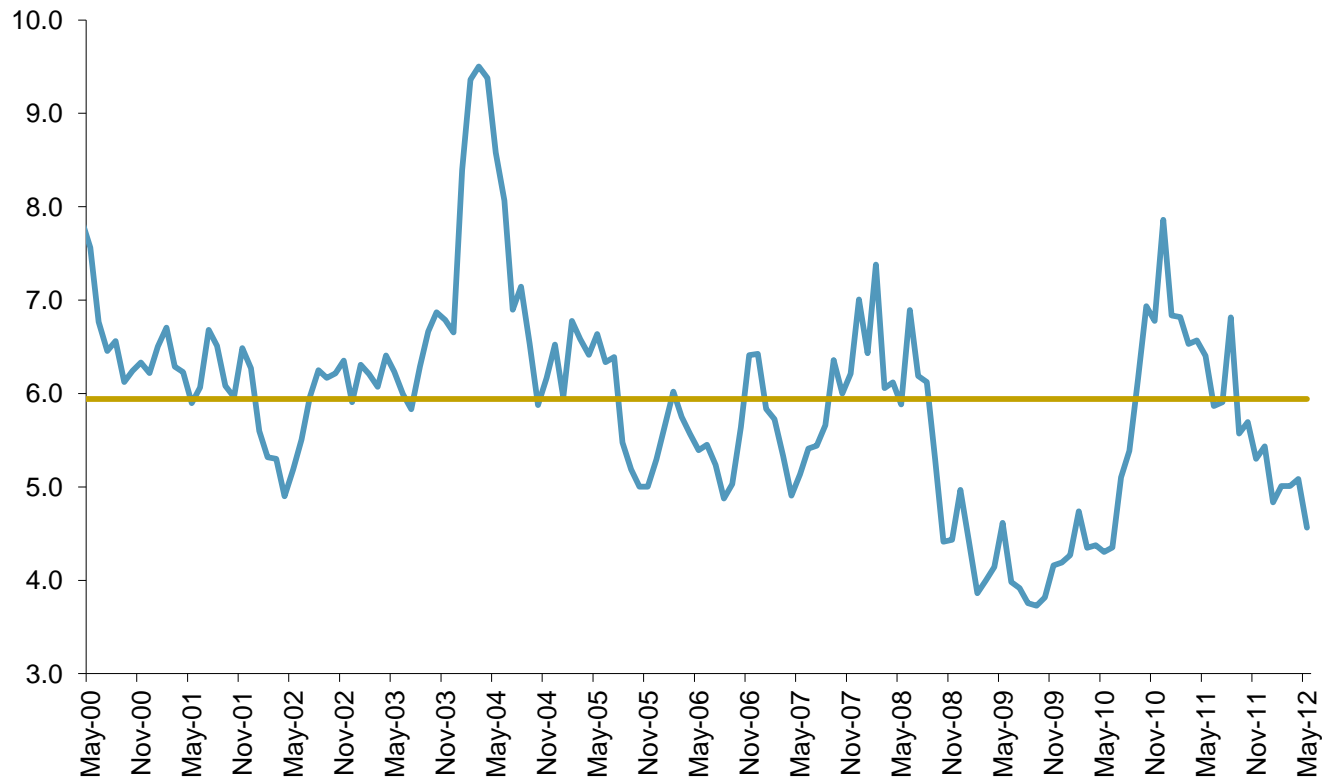
Local = Local currency returns. US\$ = U.S. dollar returns. Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: Europe, Middle East, & Africa (EMEA) = MSCI EM EMEA. Developed Europe = MSCI Europe Index. Asia Pacific = MSCI AC Asia Pacific Index. Latin America = MSCI EM Latin America. All country/region returns are gross MSCI country/region indices, in US\$ unless otherwise noted. Sources: MSCI, FactSet, Fidelity Investments (AART) as of 6/30/12.

Commodity Prices Down, Valuations Improved

Commodity prices have seen significant declines recently, especially those commodities closely linked to the global economy. Based on our bottom-up estimates of the marginal cost of production for each commodity, we find that valuations are attractive, although global demand fundamentals remain challenging in many categories.

Commodity Price-to-Marginal Cost

— Price-to-Marginal Cost — Average



	Price Change	Q2	1-Year
Precious Metals	-9%		-2%
Energy	-23%		-18%
Agriculture and Livestock	2%		-4%
Industrial Metals	-13%		-27%

Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Commodity price-to-marginal cost is weighted in a similar manner to the DJ-UBS Commodity Index sub-indices: Energy, Metals, and Agriculture. Price changes reflect the performance of the S&P GSCI Commodity sub-indices. Source: Bloomberg, Fidelity Investments (AART) through 6/30/12. Price-to-marginal cost data through 5/31/12.

Non-U.S. Stock Valuations Linger Below Long-Term Average

Valuations remain compressed in both emerging and developed markets. Current trailing and forward earnings multiples remain well below the long-term average P/E, signaling that investors have already priced in at least some deceleration in corporate profit growth.

Emerging Markets' P/E Ratio

Trailing P/E Forward P/E Long-Term Avg P/E

Price-to-Earnings Ratio



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

Trailing P/E Forward P/E Long-Term Avg P/E

Price-to-Earnings 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. 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 1988–2011. Long-term average P/E for Developed Markets includes data for 1978–2011. Non-U.S. Developed – MSCI EAFE Index, Emerging Markets – MSCI EM Index. Source: FactSet, Fidelity Investments (AART) as of 6/30/12.

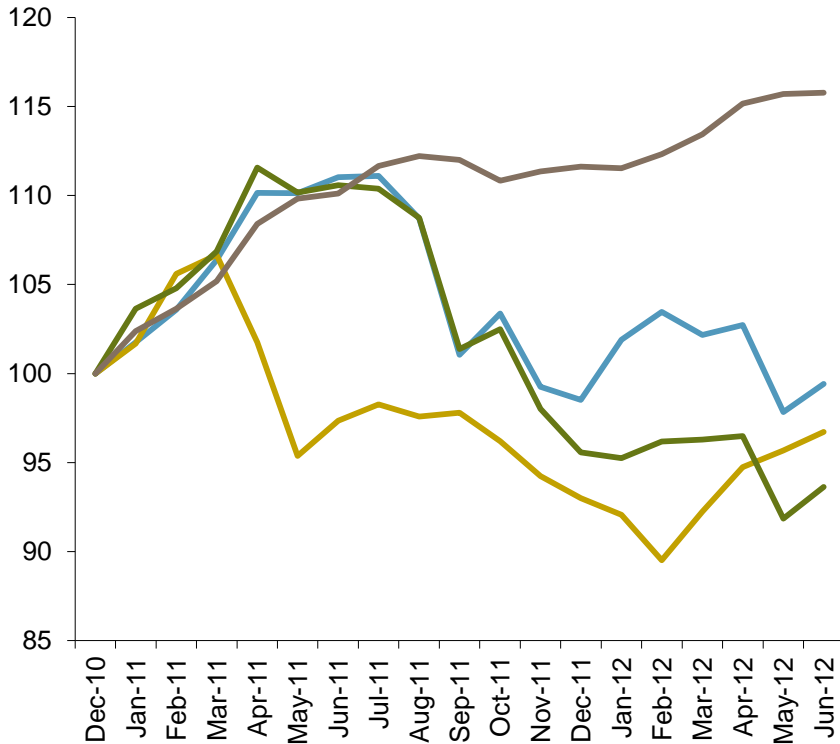
Earnings Expectations Generally Declining Outside the U.S.

Earnings expectations are trending lower in emerging markets and Europe, though rising in Japan. Expectations vary widely across sectors in the eurozone, where financial stocks have suffered from downward revisions, while the consumer discretionary sector has held up well amid solid profit expectations.

Earnings Expectations

— Emerging Markets — Japan — Europe — S&P 500

Earnings Next Twelve Months (12/31/10 = 100)



Eurozone Sector Earnings Expectations and Returns

	YTD Change in Earnings Expectations	YTD 2012 Dollar Total Return
Consumer Discretionary	6.1%	3.0%
Materials	0.0%	-4.7%
Consumer Staples	-0.7%	2.4%
Health Care	-1.0%	6.6%
Energy	-2.1%	-13.4%
Industrials	-4.3%	-4.3%
Information Technology	-10.5%	-1.7%
Utilities	-12.7%	-9.4%
Financials	-13.9%	-10.2%
Telecommunication Services	-15.5%	-14.7%

Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. **LEFT:** Emerging Markets – MSCI Emerging Markets Index, Japan – MSCI Japan Index, Europe – MSCI Europe Index. Source: FactSet, Fidelity Investments (AART) through 6/28/12. **RIGHT:** Sectors represented by the GICS sector classification of the MSCI EMU Index. EMU = European Monetary Union. Source: FactSet, Fidelity Investments (AART) as of 6/28/12.

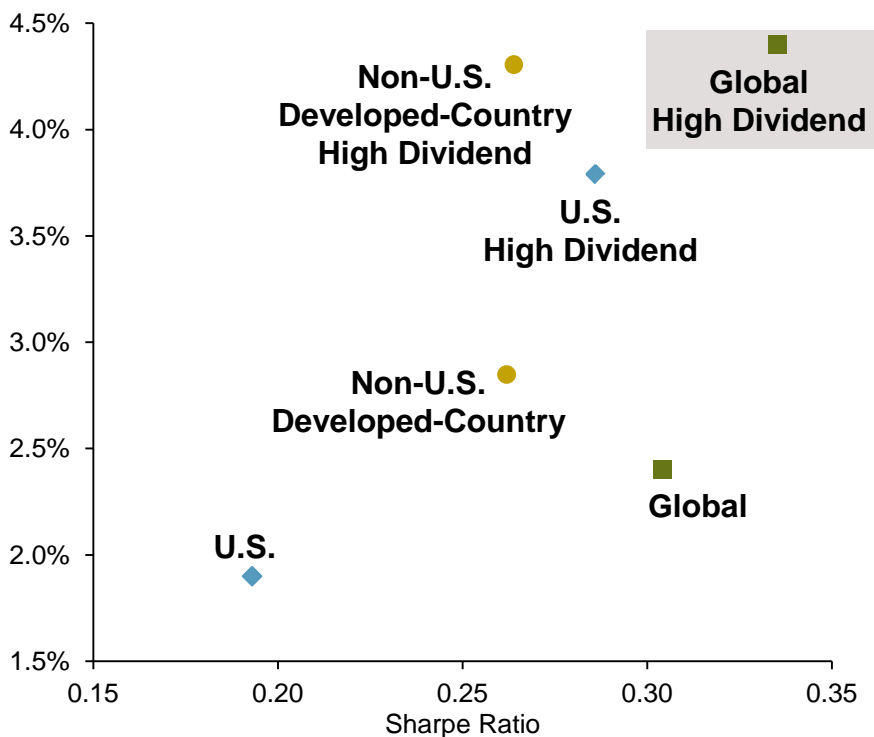


Merits of a Global Equity Income Approach

During the past decade, a global equity income approach has delivered higher risk-adjusted returns and average dividend yields than several other equity categories. This approach may also provide some offset to potential inflationary pressures, as demonstrated by its outperformance relative to bonds and many equities during the high-inflation 1970s.

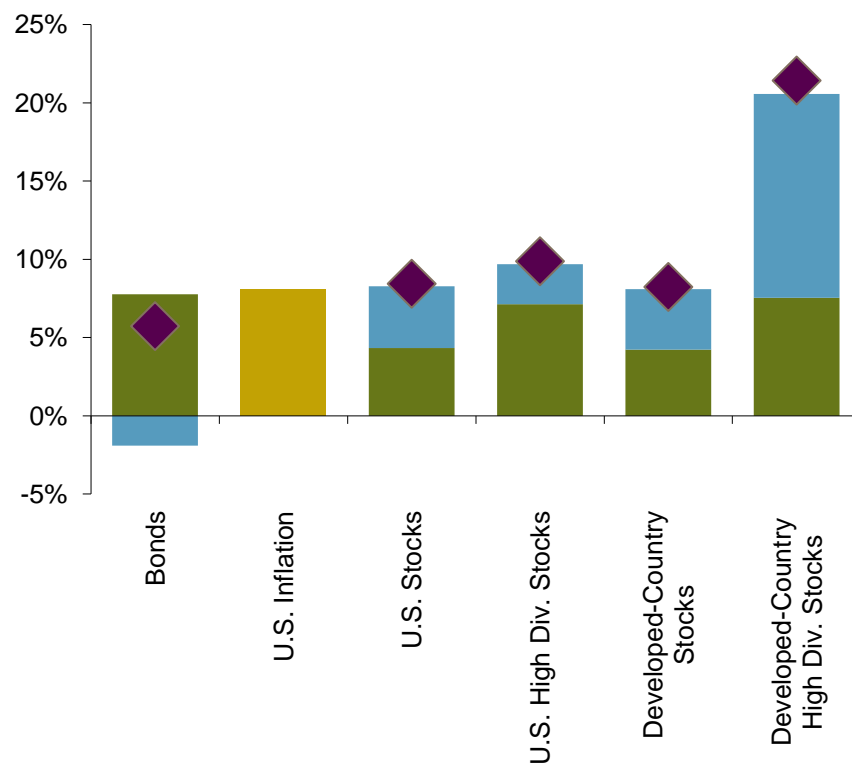
Dividend Yield and Sharpe Ratio, 2001–2011

Dividend Yield (Average)



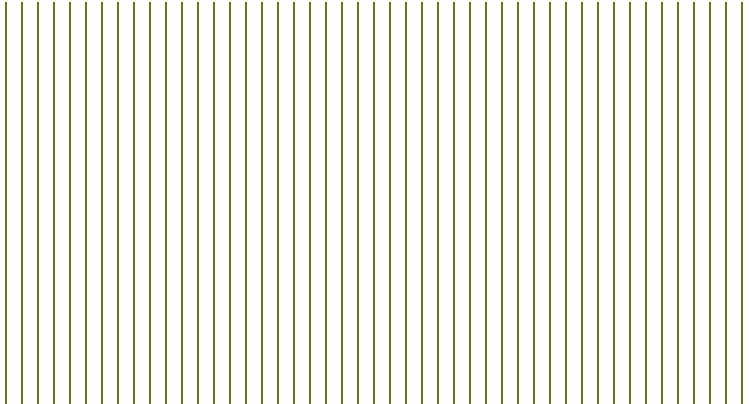
Performance and Inflation, 1970–1980

Price Return Income Return Total Return



Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. 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. U.S. Stocks – MSCI USA Index, Non-U.S. Developed-Country Stocks – MSCI EAFE Index, Developed-Country Stocks – MSCI World Index, Global Stocks – MSCI All-Country World Index. Bonds – IA SBBI U.S. Intermediate-Term Government Bond Index. Source: Morningstar Encorr, Fidelity Investments (AART). Left chart data as of 12/31/11, Right chart data as of 12/31/80.

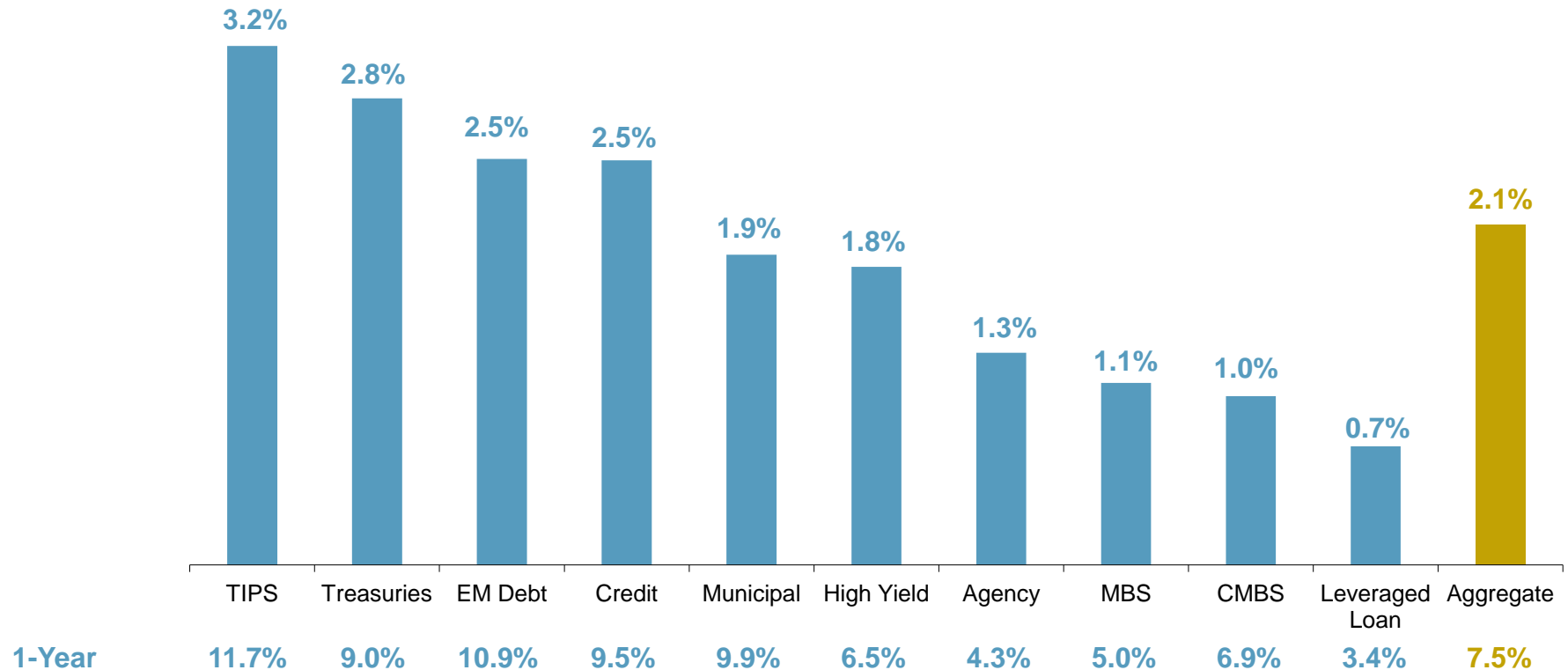
Fixed-Income Markets



More Defensive Categories Led Fixed Income

The global flight to safety pushed high-quality bond prices up and yields down, boosting the returns of both inflation-protected and nominal Treasuries. Although riskier, more credit-sensitive securities trailed, with leveraged loans the laggard, most categories achieved positive absolute returns despite spread widening.

Q2 2012 Total Return



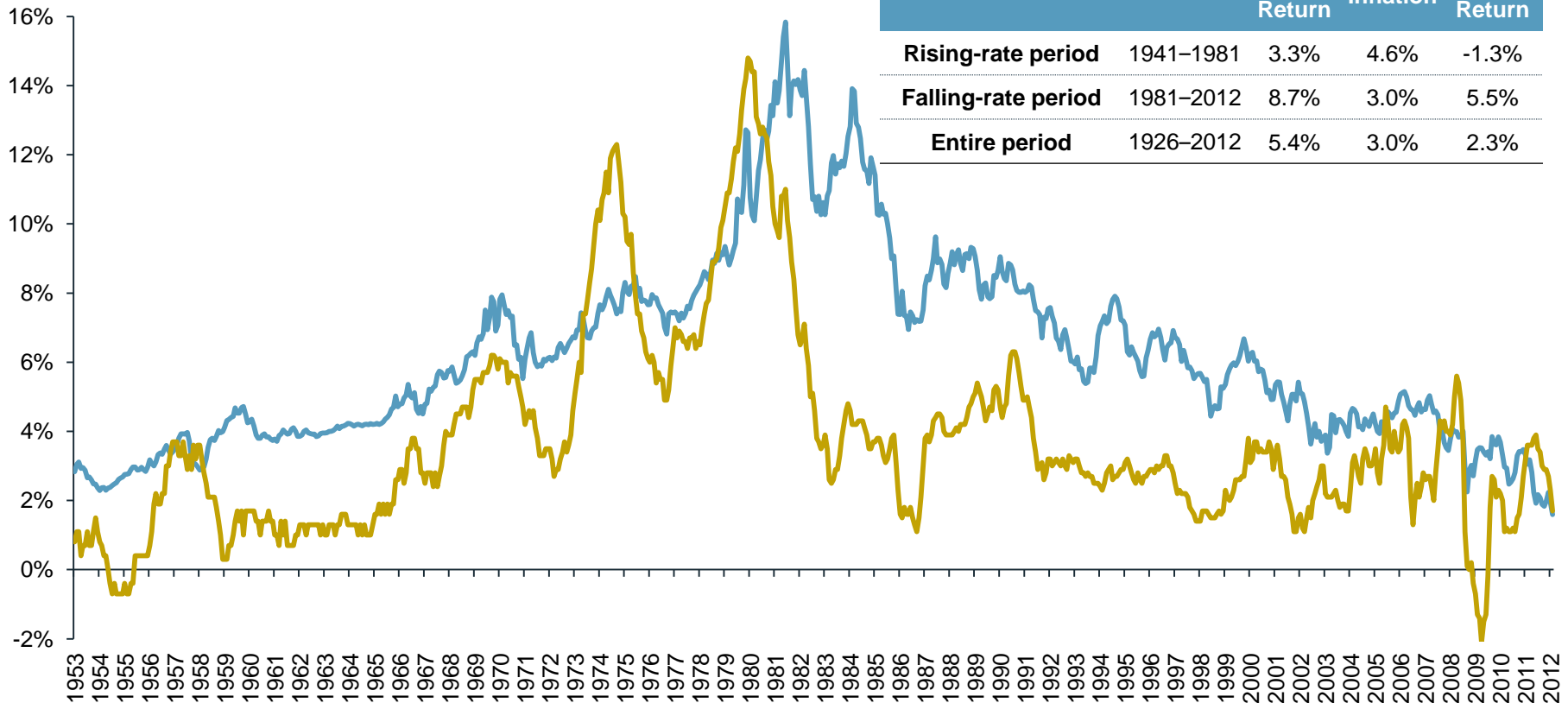
Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Index returns represented by: Treasury Inflation-Protected Securities (TIPS) – BC U.S. TIPS Index, Treasuries – BC U.S. Treasury Index, Emerging-Market Debt (EM Debt) – JP Morgan EMBI Global Index, Credit – BC Credit Bond Index, Municipal – BC Municipal Bond Index; High Yield – BofA ML U.S. High Yield Master II Index, Agency – BC U.S. Agency Index, Mortgage-Backed Securities (MBS) – BC MBS Index, Commercial Mortgage-Backed Securities (CMBS) – BC Investment-Grade CMBS Index, Leveraged Loan – S&P/LSTA Leveraged Loan Index, Aggregate – BC U.S. Aggregate Bond Index. Source: FactSet, Fidelity Investments (AART) as of 6/30/12.

Challenging Environment for Real Bond Returns

Treasury yields have sunk below the current inflation rate, unlike the previous three decades that produced consistently strong positive real returns for high credit-quality bonds. With Federal Reserve policies aimed at keeping nominal rates near historical lows while simultaneously trying to reflate the economy, bond investors face a challenging real-return environment.

10-Year Treasury Yield & Inflation

— 10-Year Treasury Yield — CPI Inflation



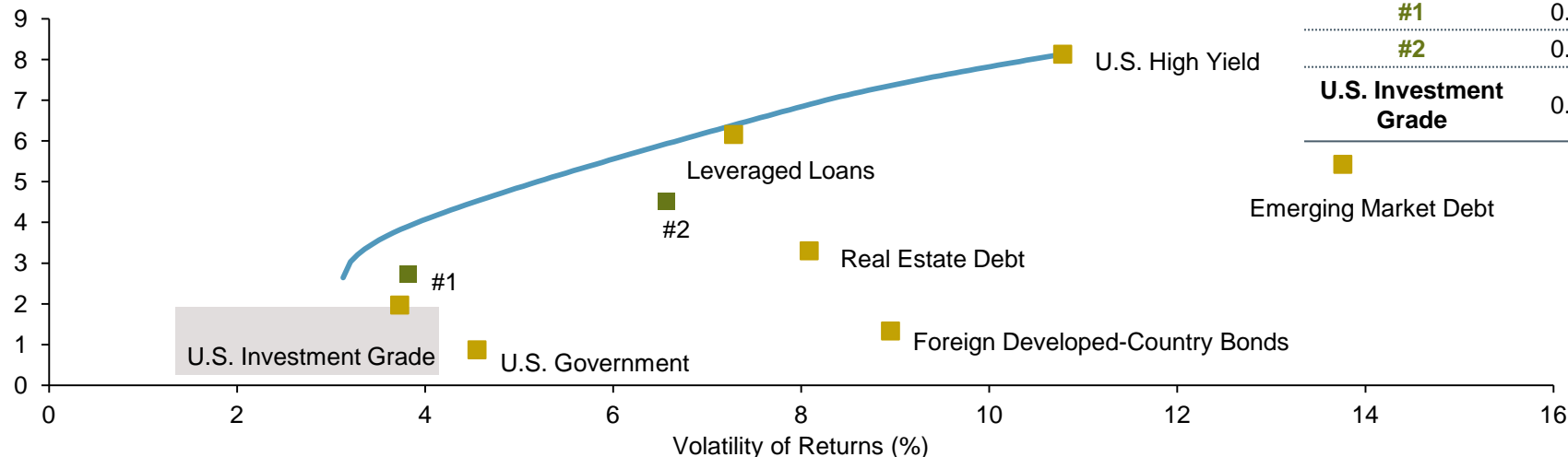
CPI = Consumer Price Index. Total returns represented by the Ibbotson US Intermediate-Term Government Bond Index. Real returns are adjusted by the rates of inflation. Source: U.S. Treasury, Federal Reserve Board, Haver Analytics, Morningstar EnCorr, Fidelity Investments (AART) as of 5/31/12.

Allocating to Fixed Income: A Multi-Sector Approach

Historically low yields on traditional high-quality U.S. bonds suggest that a portfolio's Sharpe ratio, or risk-adjusted return, may be improved significantly by diversifying across a broad variety of fixed-income sectors. These categories may also provide opportunities to diversify by offering characteristics such as more inflation resistance or geographic variation.

Efficient Frontier Using Yield-to-Maturity, 1998–2012

Yield-to-Maturity (%)



Portfolio	Sharpe Ratio
#1	0.71
#2	0.58
U.S. Investment Grade	0.53

Portfolio	Description
#1	<p>High-quality portfolio with limited risk</p> <ul style="list-style-type: none"> 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	<p>Mix of high-yield, government, and foreign</p> <ul style="list-style-type: none"> 40% U.S. High Yield 30% U.S. Government 15% Foreign Developed 15% Emerging Market

Past performance is no guarantee of future results. U.S. Investment-Grade – BC U.S. Aggregate Bond Index, U.S. Government – BC U.S. Government Index, U.S. High-Yield – Bank of America Merrill Lynch (BofA ML) High Yield Master II Index, Real Estate Debt – 50% BC 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 5/31/12.

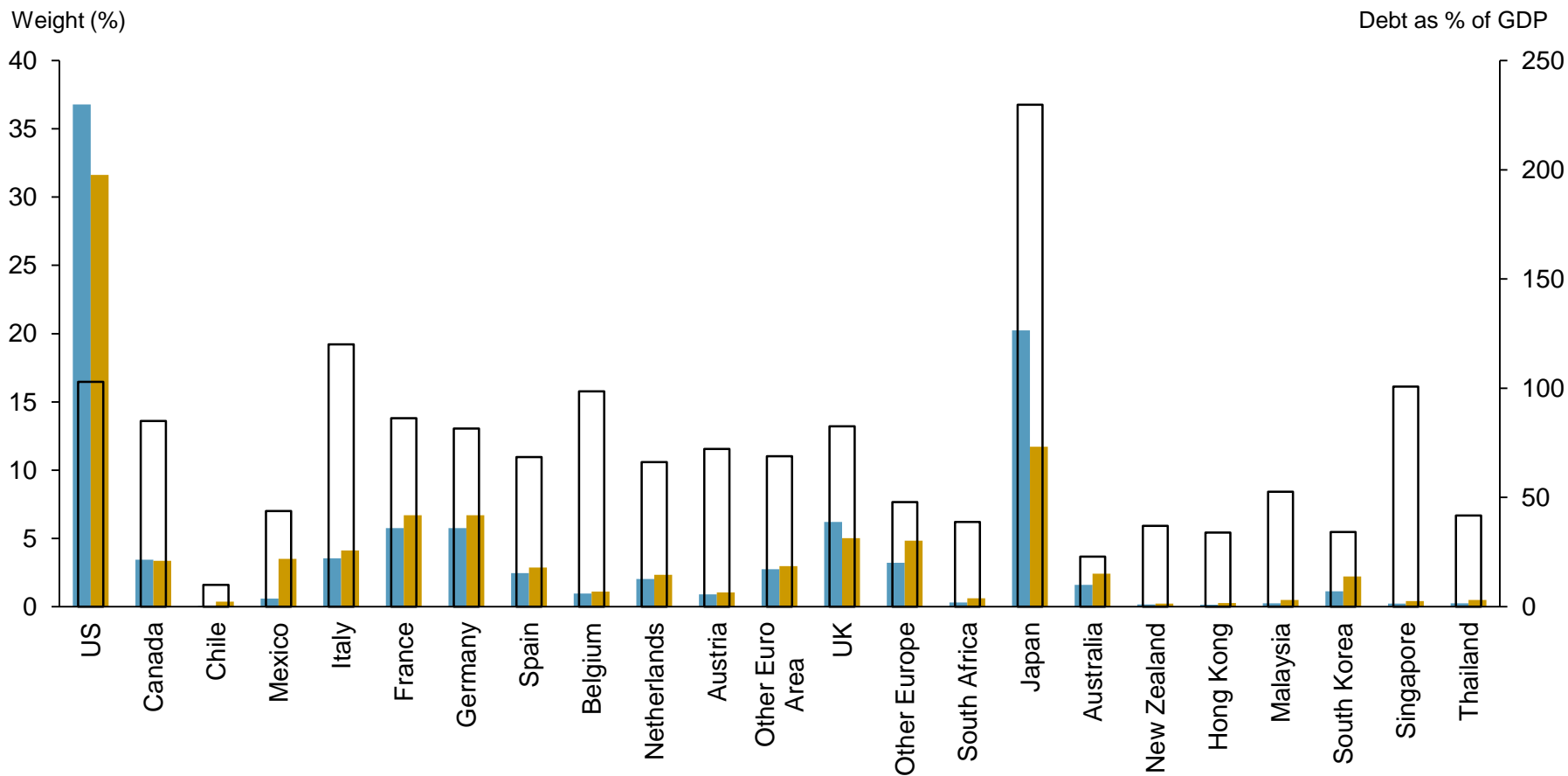


Global Bond Investing in the Sovereign Risk Era

Global fixed-income indices are often market capitalization-weighted, which provides higher exposure to more indebted countries regardless of their ability to service that debt. In a world where credit ratings typically lag fundamentals—Greece's debt was rated investment grade less than two years ago—active management may be necessary to navigate this backdrop.

Global Bond Benchmark Weights & Country Debt Burdens

■ Market Value Weight ■ GDP Weight □ 2011 Gross Debt % GDP

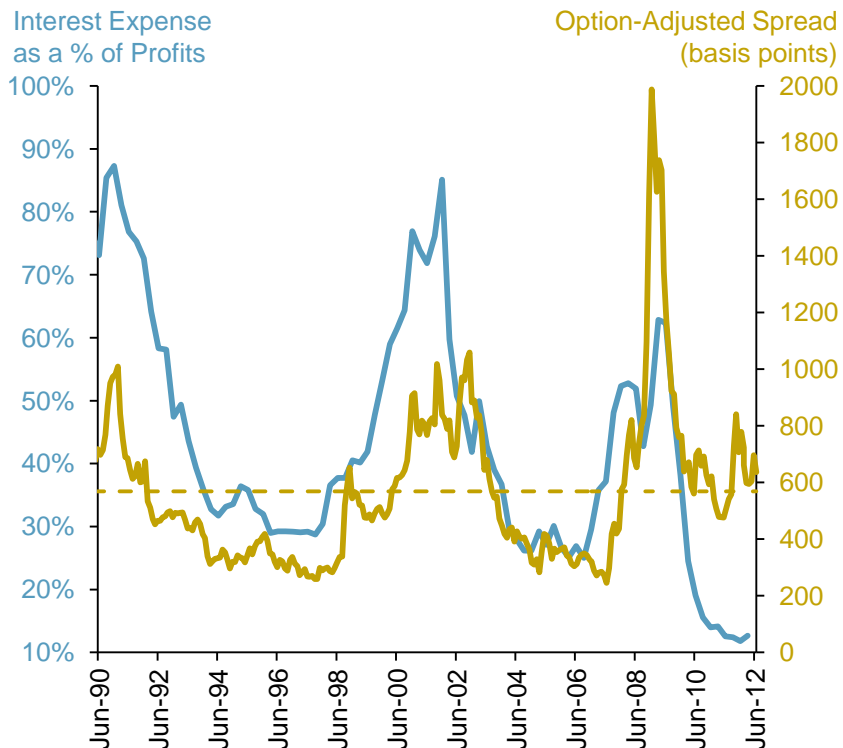


High Yield Bond Spreads Wider, Fundamentals Still Solid

Corporate bond spreads for high yield securities widened by 50 bps and ended the quarter well above historical averages. High yield bonds remain susceptible to any economic or financial deterioration, and default rates have ticked up, but the market has priced in even higher default rates despite low debt-servicing costs and solid corporate balance sheets.

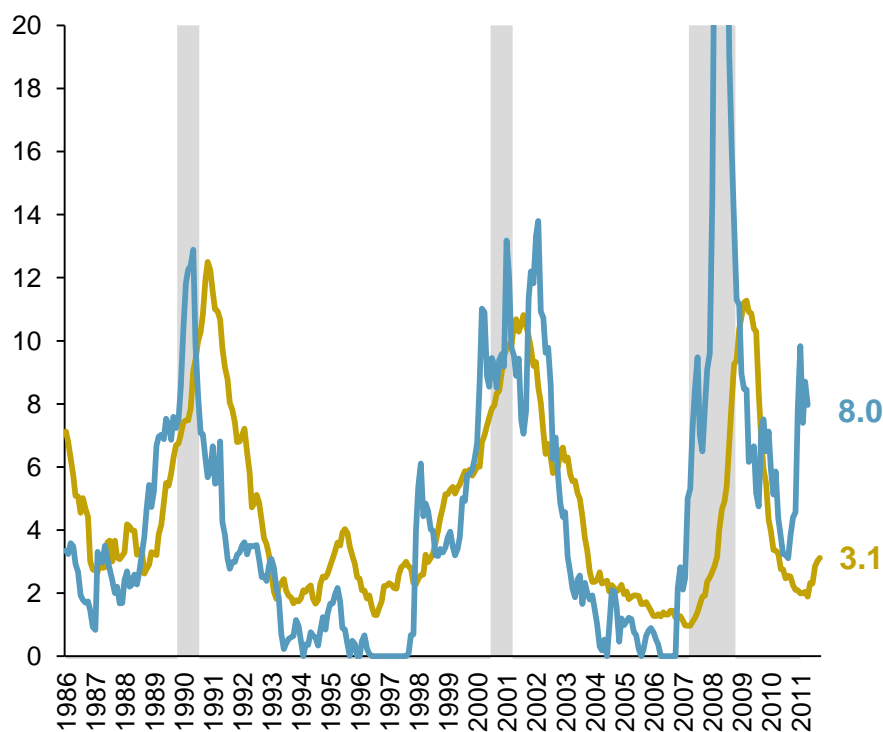
High-Yield Spreads & Corporate Interest Expense

— Interest Expense — High Yield Spread - - - Average Spread



Actual & Implied High Yield Default Rates

— Actual Default Rate — Implied Default Rate (45% Recovery)

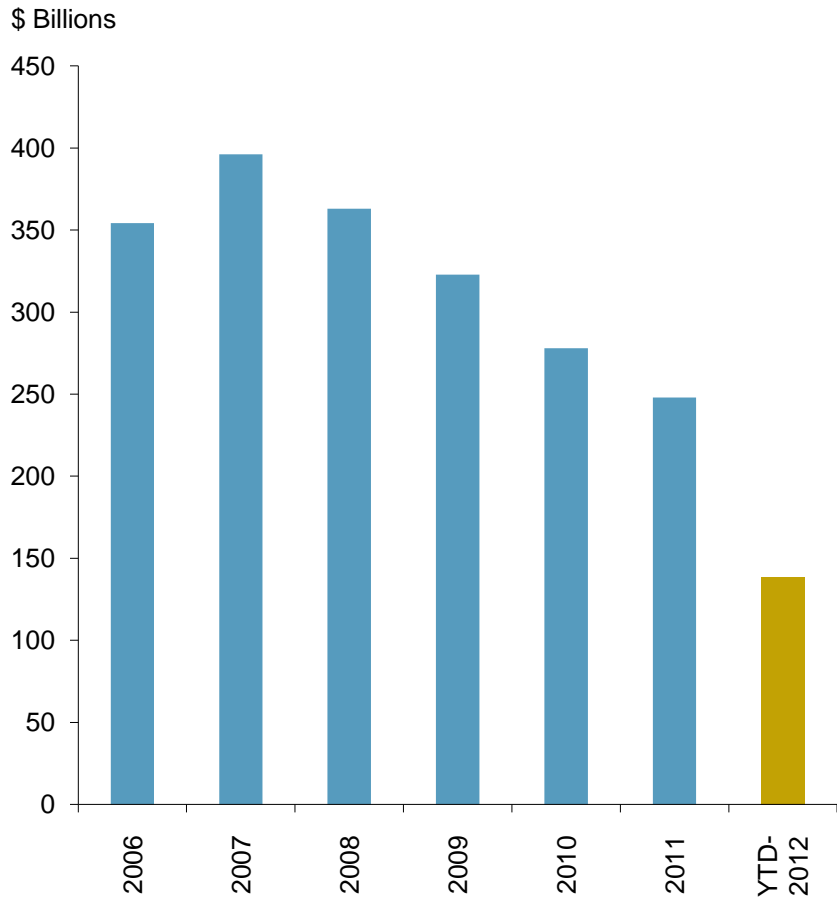


LEFT: Interest expense for all non-financial U.S. firms as defined by Bureau of Economic Analysis. OAS = option-adjusted spread. High Yield – BofA ML U.S. High Yield Master II Index. Source: Bureau of Economic Analysis, Haver Analytics, Fidelity Investments (AART) as of 6/30/12. **RIGHT:** Implied defaults reached a peak of 30.5% in November 2008, not shown for scaling purposes. Actual default rates according to Moody's trailing 12-month default rate. Source: Moody's, Fidelity Investments (AART) as of 5/31/12.

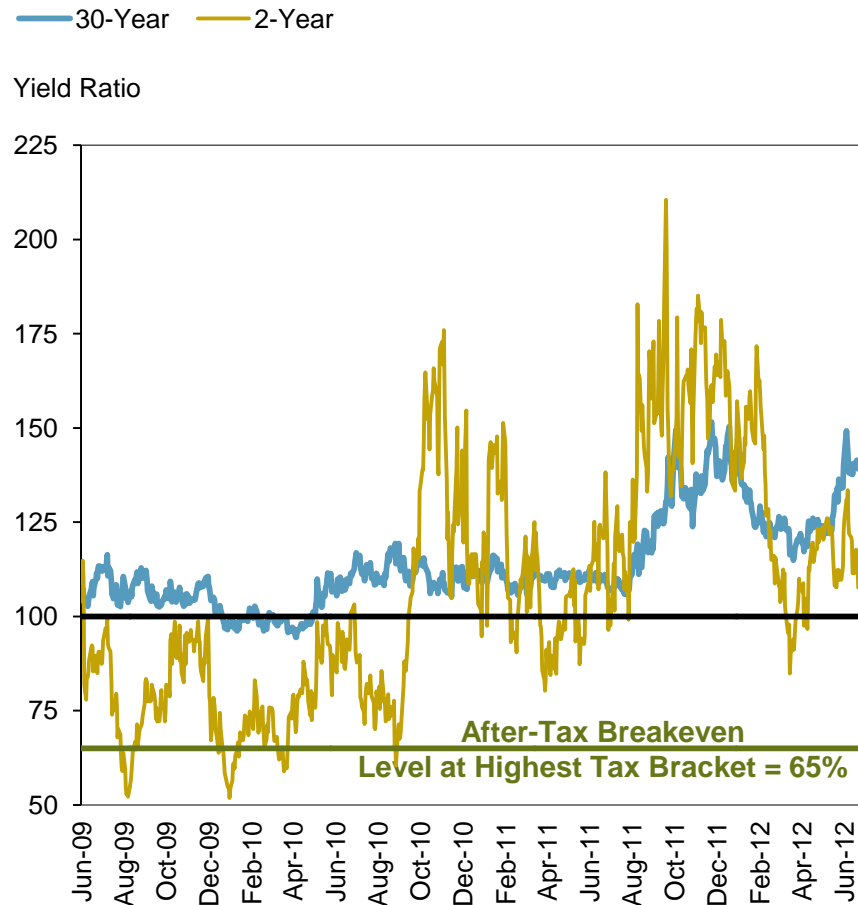
Favorable Supply-Demand Backdrop for Muni Bonds

The relatively high credit-quality and tax-advantaged status of municipal bonds have kept investor demand for munis strong, but municipalities have been issuing fewer bonds into the tax-exempt market. The potential for increased tax rates in the near future could further increase muni bond demand. AAA-rated municipal bond yields remain attractive relative to Treasuries.

Municipal Tax-Exempt Bond Issuance

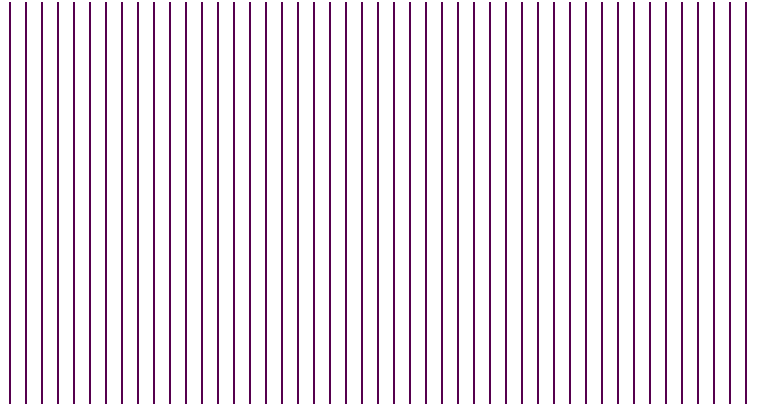


AAA Municipal-to-Treasury Yield Ratios



LEFT: Source: AMG, Thomson Reuters, Fidelity Investments (AART) as of 5/30/12. RIGHT: Past performance is no guarantee of future results. Breakeven level uses current top federal income tax bracket (35%). Source: Fidelity Investments (AART) as of 6/22/12.

Asset Allocation Themes

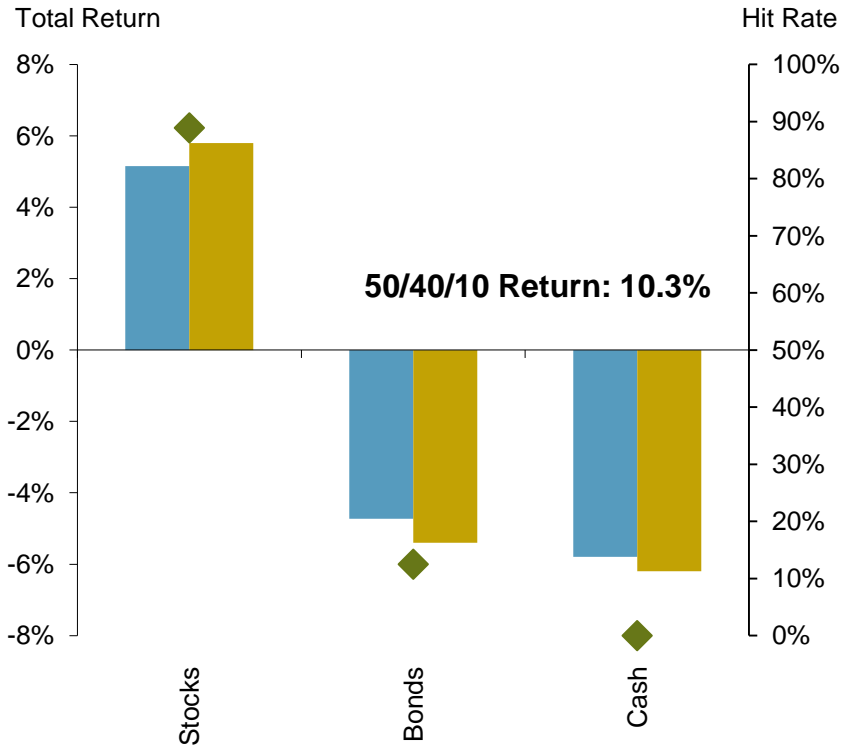


Mid-Cycle, Election Year Historically Supportive of Stocks

U.S. asset class returns vary during the business cycle, with stocks historically the biggest contributors to diversified portfolio total returns in the mid-cycle phase. Long-term performance during the presidential cycle demonstrates that asset class returns in election years have not deviated much from their overall averages.

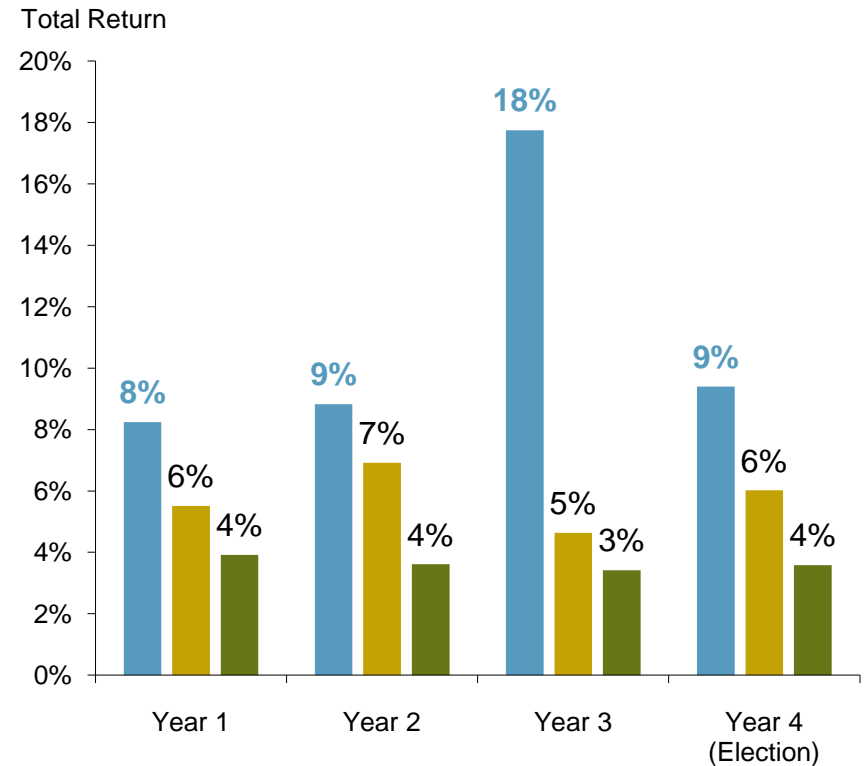
Mid-Cycle Asset Class Returns Relative to 50/40/10 Benchmark, 1950–2010

■ Average ■ Median Difference ◆ Hit Rate



Presidential Cycle Average Asset Class Returns, 1929–2011

■ Stocks ■ Bonds ■ Cash



Bonds represented by BC U.S. Aggregate Bond Index and cash represented by 30-day Treasury bills. Past performance is no guarantee of future results. **LEFT:** Hit Rate = Frequency of an asset class outperforming the 50/40/10 portfolio in each mid-cycle phase of the business cycle since 1950. 50/40/10 benchmark composed of 50% stocks, 40% bonds, and 10% cash. Stocks represented by the top 3000 U.S. stocks ranked by market capitalization. Source: Fidelity Investments (AART) as of 6/30/12. **RIGHT:** Stock returns represented by the S&P 500 Index. Source: Fidelity Investments (AART) as of 12/31/11.

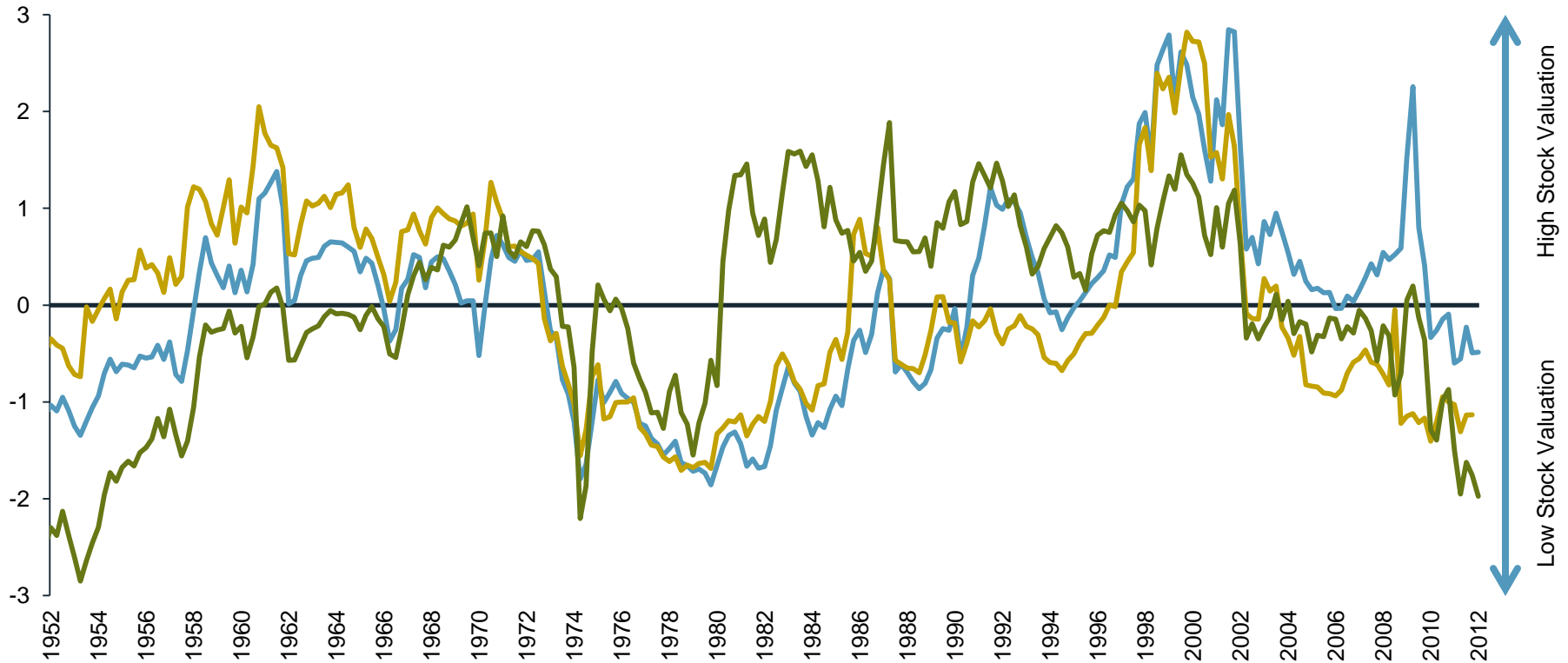
Stock Valuations Below Historical Averages

U.S. equity price-to-earnings multiples have compressed to low levels compared to their long-term averages. These low valuations are even more pronounced when equity prices are viewed in relation to economy-wide corporate earnings and particularly to the spread between earnings yields and 10-year Treasury yields, or the equity risk premium.

S&P 500 Valuation Metrics

— S&P 500 Price-to-Earnings — S&P 500 Price-to-NIPA Earnings — Equity Risk Premium (inverted)

Z-score (number of standard deviations from average)



NIPA = National Income and Product Accounts. NIPA earnings are national corporate profits after tax. Equity Risk Premium is the S&P 500 earnings yield minus the 10-year Treasury yield. Source: Federal Reserve Board, Standard & Poor's, Haver Analytics, Fidelity Investments (AART) through 6/30/12. S&P 500 Price-to-NIPA Earnings data through 12/31/11.



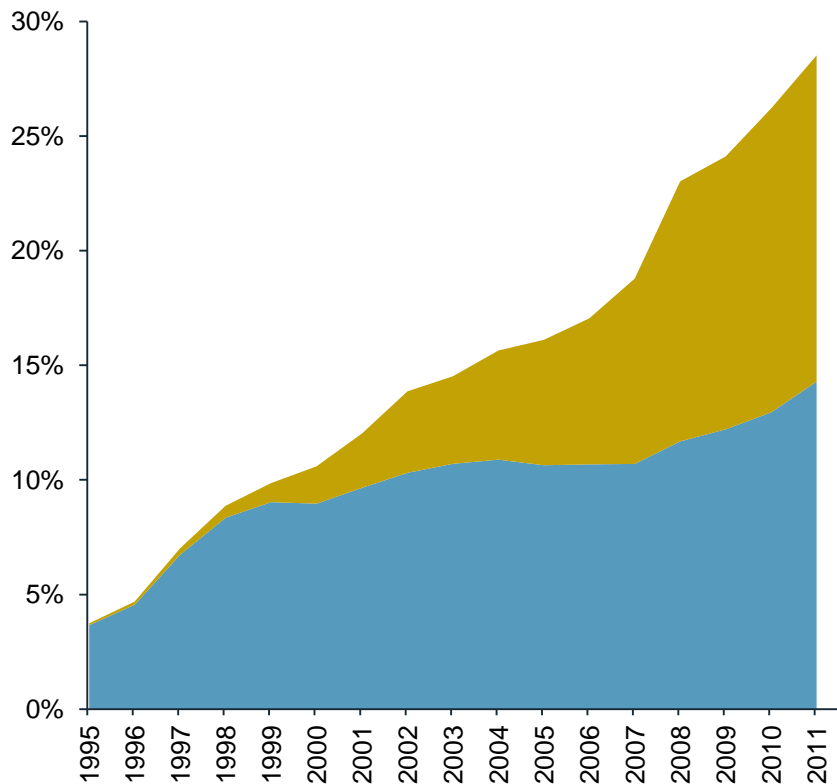
Index Fund Growth Has Coincided With Rising Correlations

The growth of passive investing strategies has coincided with a significant increase in the correlations among U.S. stocks, as whole baskets of securities are traded at once regardless of individual fundamentals. After declining during the first quarter, equity correlations have risen back above their elevated average during the past several years.

Stock Correlations vs. Index Funds

■ Index ETFs ■ Index Mutual Funds

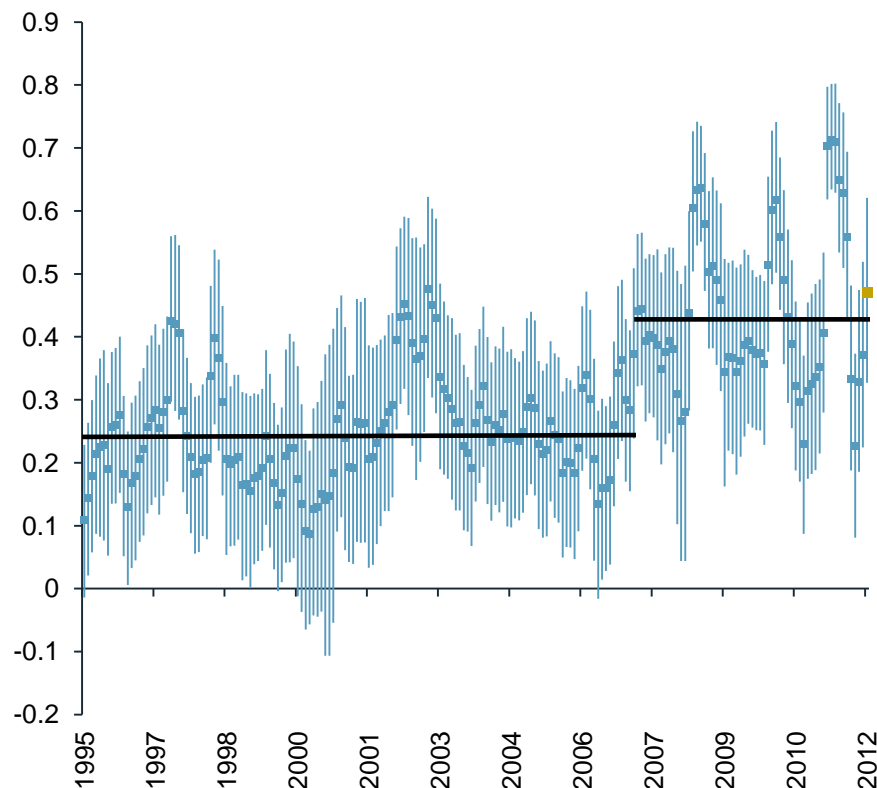
Index Fund Assets as % of Total Fund Assets



Russell Top 200 Correlation

■ Mean | Spread — Average for Period ■ 6/30/12

Monthly Correlations among Russell Top 200 Stocks



You cannot invest directly in an index. Please see appendix for important index information. **LEFT:** ETF = Exchange Traded Fund. Source: Investment Company Institute, Haver Analytics, Fidelity Investments (AART) through 12/31/11. **RIGHT:** Source: Fidelity Investments (AART) through 6/30/12.

Asset Classes: Varying Risks, Returns, and Correlations

Despite the rise in correlations in recent years, adding asset classes whose correlations with other assets are low can still improve a portfolio's overall risk-return profile. Correlations, along with the historical volatility and returns of each asset class, remain key inputs in developing a diversified portfolio.

Asset Class Correlations (1993–2012)

Aggregate										
High Yield	0.22									
Gold	0.10	-0.03								
EM Debt	0.33	0.52	0.08							
S&P 500	0.05	0.62	-0.16	0.54						
MSCI EAFE	0.01	0.64	-0.02	0.50	0.83					
Small Caps	-0.04	0.63	-0.10	0.50	0.81	0.76				
REITs	0.12	0.61	-0.10	0.38	0.57	0.56	0.66			
Commodities	0.04	0.34	0.11	0.27	0.33	0.46	0.34	0.29		
Emerging Markets	-0.02	0.62	0.03	0.66	0.74	0.80	0.73	0.48	0.44	
	Investment-Grade Bonds	High-Yield Bonds	Gold	Emerging-Market Debt	Large-Cap Stocks	Developed-Country Stocks	Small-Cap Stocks	Real Estate Stocks	Commodities	Emerging-Market Stocks
Standard Deviation	3.7%	9.2%	13.2%	13.6%	15.6%	17.1%	20.2%	20.6%	16.0%	24.5%
Annualized Total Return	6.2%	7.5%	7.9%	10.2%	7.8%	4.4%	7.5%	10.5%	5.6%	5.4%

* 2012 performance through 6/27/12. Past performance is no guarantee of future results. You cannot invest directly in an index. Please see appendix for important index information. Asset classes represented by: Large Caps – S&P 500 Index; Small Caps – Russell 2000 Index; Growth – Russell 3000 Growth Index; Value – Russell 3000 Value Index; Developed-Country Stocks – MSCI EAFE Index; Emerging Markets – MSCI Emerging Markets Index; High Yield – Bank of America Merrill Lynch U.S. High Yield Index; Investment-Grade Bonds – Barclays Capital U.S. Aggregate Bond Index; Real Estate – NAREIT Equity-Only Index; Commodities – DJ-UBS Commodity Index. Source: Standard & Poor's, Haver Analytics, Fidelity Investments (AART) as of 6/27/12.

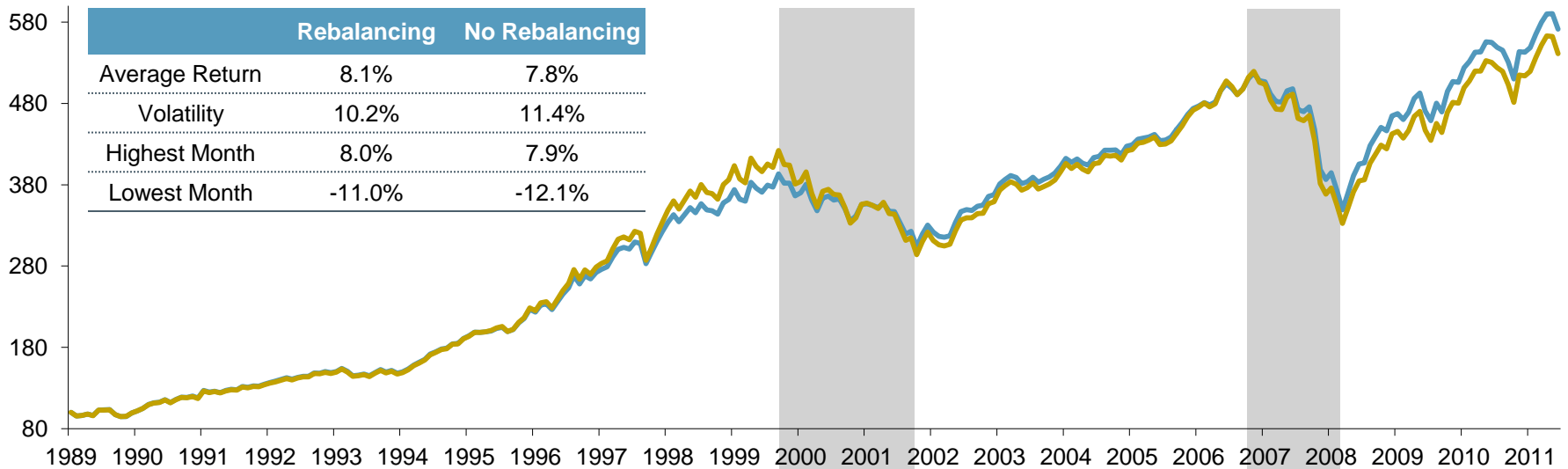
Portfolio Rebalancing May Smooth Performance Over Time

Regular portfolio rebalancing back to the asset weights chosen for a long-term investment strategy has historically tended to produce lower long-term volatility and smoother monthly fluctuations. Regular rebalancing since 1990 would have kept a portfolio from reaching large equity overweight positions prior to the sharp stock market downturns in 2000 and 2008.

Rebalancing vs. No Rebalancing in a 60% Equity / 40% Bond Portfolio

— Monthly Rebalancing — No Rebalancing

Index Level (12/31/89 = 100)



Equity Overweight with No Rebalancing (%)



You cannot invest directly in an index. Please see appendix for important index information. Equity represented by the S&P 500 Index and bonds represented by the Barclays Capital U.S. Aggregate Bond Index. Source: Morningstar EnCorr, Haver Analytics, Fidelity Investments (AART) through 5/31/12.

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 author and not necessarily those of Fidelity Investments. 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.

Past performance is no guarantee of 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 than 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 is volatile and can be significantly affected by adverse tax, legislative, or political changes and by the financial condition of the issuers of municipal securities. Interest rate increases can cause the price of a debt security to decrease. A portion of the dividends you receive may be subject to federal, state, or local income tax or may be subject to the federal alternative minimum tax. 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.

Changes in real estate values or economic conditions can have a positive or negative effect on issuers in the real estate industry, which may affect your investment.

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

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 Russell 2000® Index is a market capitalization-weighted index of smaller company stocks. The 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. The 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. The 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. The 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. The Russell Top 200 Index measures the performance of the largest cap segment of the U.S. equity universe, including approximately 200 of the largest securities based on a combination of their market cap and current index membership, and representing approximately 68% of the U.S. market.

The 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. The MSCI Europe Index is a market capitalization-weighted index of over 550 stocks traded in 14 European markets. The MSCI Emerging Markets (EM) Index is a market capitalization-weighted index of over 850 stocks traded in 22 world markets. The MSCI EM (Emerging Markets) Latin America Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Latin America. The MSCI EM Latin America Index consists of the following six emerging-market country indices: Argentina, Brazil, Chile, Colombia, Mexico, and Peru. The MSCI EM (Emerging Markets) Asia Pacific 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. The 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. The MSCI Spain Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Spain. The MSCI Russia Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Russia. The MSCI Germany Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Germany. The MSCI Greece Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Greece. The MSCI South Africa Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in South Africa. The MSCI Egypt Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Egypt. The MSCI China Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in China. The MSCI India Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in India. The MSCI Brazil Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Brazil. The MSCI Mexico Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Mexico. The MSCI Chile Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Chile. The MSCI Australia Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in Australia.

The 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.

The MSCI EM (Emerging Markets) 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. The MSCI EM EMEA Index consists of the following 10 emerging-market country indices: Czech Republic, Hungary, Poland, Russia, Turkey, Israel, Jordan, Egypt, Morocco, and South Africa.

The 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. 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. The Morgan Stanley Capital International (MSCI) USA High Dividend Index is an unmanaged index that tracks the performance of U.S. high dividend-yield equities. The MSCI European Monetary Union (EMU) Index is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, and Spain. The EMU sectors are classified according to the Global Industry Classification Standard (GICS).

Appendix: Important Information

The Barclays Capital® (BC) U.S. Treasury Index is designed to cover public obligations of the U.S. Treasury with a remaining maturity of one year or more. The BC 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. The BC 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. The BC 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. The BC 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. The BC 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). The BC 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. The BC TIPS Index is an unmanaged market index made up of U.S. Treasury Inflation-Protected Securities. The BC U.S. Government Bond Index is a market value-weighted index of U.S. government fixed-rate debt issues with maturities of one year or more. The BC 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.

The Barclays Capital (BC) Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed-rate debt markets. The BC Global Aggregate GDP Weighted Index is a GDP-weighted version of the BC Global Aggregate Bond Index. It weights index-eligible country blocs by the size of their economies as measured by GDP, rather than the total amount of outstanding debt and borrowing. After GDP weights are applied at a country bloc level, all index-eligible securities within each bloc are market value-weighted in order to best reflect the investment choice set available to investors in that bloc.

The JPM® EMBI Global Index tracks total returns for traded external debt instruments issued by emerging-market sovereign and quasi-sovereign entities.

The 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.

The following is a definition of the S&P 500 sectors: Consumer Discretionary – Companies that tend to be the most sensitive to economic cycles. Consumer Staples – Companies whose businesses are less sensitive to economic cycles. Energy – Companies whose businesses are dominated by either of the following activities: The construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment, including seismic data collection. The exploration, production, market, 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.

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.

The Commodity Research Bureau's (CRB) Raw Industrials Index is a sub-index of 13 markets including: burlap, copper scrap, cotton, hides, lead scrap, print cloth, rosin, rubber, steel scrap, tallow, tin, wool tops, and zinc.

Appendix: Important Information

The 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.

The CBOE Volatility Index (VIX) is based on the prices of eight S&P 500 Index put and call options.

The 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. The BofA ML All U.S. Convertibles Index is an unmanaged index that tracks the performance of all U.S. convertible securities. The 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. The BofA ML Corporate Real Estate 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; it is a subset of the BofA Merrill Lynch US Corporate Index. 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.

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.

The SBBI US Intermediate-Term Government Bond Index is a custom index designed to measure the performance of intermediate-term U.S. government bonds.

The Citigroup Economic Surprise Indexes are objective and quantitative measures of economic news, covering all G10 economies. They are defined as weighted historical standard deviations of data surprises (actual releases vs. Bloomberg survey median).

The Economic 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 Ifo Business Climate Index is based on surveys of over 7,000 companies in Germany to obtain their opinions of the current business situation.

The Purchasing Managers' Index (PMI) is a survey of purchasing managers in a certain economic sector. A PMI over 50 represents expansion of the sector compared to the previous month, while a reading under 50 represents a contraction, and a reading of 50 indicates no change. The Institute for Supply Management (ISM) reports U.S. PMIs; Markit compiles non-U.S. PMIs.

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.

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