

Building Portfolios for the Long Term

Why diversification matters¹

ANNUAL RETURNS OF KEY ASSET CLASSES (%), 1999–2018

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Emerging Markets 66.41	U.S. Mid Cap 17.51	U.S. Investment-Grade Bonds 8.44	U.S. Investment-Grade Bonds 10.26	Emerging Markets 56.28	Emerging Markets 25.95	Emerging Markets 34.54	Emerging Markets 32.55	Emerging Markets 39.82	U.S. Investment-Grade Bonds 5.24	Emerging Markets 79.02	U.S. Small Cap 26.85	U.S. Investment-Grade Bonds 7.84	Emerging Markets 18.63	U.S. Small Cap 38.82	U.S. Large Cap Growth 14.89	U.S. Large Cap Growth 5.52	U.S. Small Cap 21.31	Emerging Markets 37.75	U.S. Investment-Grade Bonds 0.01	HIGHEST
U.S. Large Cap Growth 28.25	U.S. Investment-Grade Bonds 11.63	U.S. High Yield Debt 4.48	U.S. High Yield Debt -0.53	U.S. Small Cap 47.25	Non-U.S. Developed-Markets 20.70	Non-U.S. Developed-Markets 14.02	Non-U.S. Developed-Markets 26.86	Non-U.S. Developed-Markets 11.63	U.S. High Yield Debt -26.11	U.S. High Yield Debt 58.10	U.S. Mid Cap 26.64	U.S. Large Cap Growth 4.65	Non-U.S. Developed-Markets 17.90	U.S. Mid Cap 33.50	U.S. Large Cap 13.69	U.S. Large Cap 1.38	U.S. Mid Cap 20.74	U.S. Large Cap Growth 27.44	U.S. Large Cap Growth -0.01	
Non-U.S. Developed-Markets 27.30	U.S. Large Cap Value 6.08	U.S. Small Cap 2.49	Emerging Markets -6.00	Non-U.S. Developed-Markets 39.17	U.S. Small Cap 18.33	U.S. Mid Cap 12.56	U.S. Large Cap Value 20.80	Diversified Portfolio 9.33	Diversified Portfolio -33.14	U.S. Mid Cap 37.38	Emerging Markets 19.20	U.S. High Yield Debt 4.37	U.S. Mid Cap 17.88	U.S. Large Cap Growth 32.75	U.S. Large Cap Value 12.36	U.S. Investment-Grade Bonds 0.55	U.S. High Yield Debt 17.49	Non-U.S. Developed-Markets 25.62	U.S. High Yield Debt -2.27	
Diversified Portfolio 21.48	U.S. Small Cap -3.02	U.S. Mid Cap -0.61	Diversified Portfolio -12.61	U.S. Mid Cap 35.62	U.S. Mid Cap 16.48	Diversified Portfolio 9.51	U.S. Small Cap 18.37	U.S. Large Cap Growth 9.13	U.S. Small Cap -33.79	Diversified Portfolio 35.47	Diversified Portfolio 16.41	U.S. Large Cap 2.11	U.S. Large Cap Value 17.68	U.S. Large Cap 32.39	U.S. Mid Cap 9.77	Non-U.S. Developed-Markets -0.39	U.S. Large Cap Value 17.40	U.S. Large Cap 21.83	U.S. Large Cap -4.38	
U.S. Small Cap 21.26	U.S. High Yield Debt -5.19	Emerging Markets -2.37	U.S. Mid Cap -14.53	Diversified Portfolio 32.95	U.S. Large Cap Value 15.71	U.S. Large Cap Value 5.82	Diversified Portfolio 16.75	U.S. Mid Cap 7.98	U.S. Large Cap Growth -34.92	Non-U.S. Developed-Markets 32.46	U.S. Large Cap Value 15.10	U.S. Large Cap Value -0.48	U.S. Small Cap 16.35	U.S. Large Cap Value 31.99	Diversified Portfolio 6.42	U.S. Mid Cap -2.18	Diversified Portfolio 12.39	Diversified Portfolio 18.88	Diversified Portfolio -7.26	
U.S. Large Cap 21.04	Diversified Portfolio -5.42	Diversified Portfolio -5.01	Non-U.S. Developed-Markets -15.66	U.S. Large Cap Value 31.79	Diversified Portfolio 14.38	U.S. Large Cap 4.91	U.S. Large Cap 15.79	U.S. Investment-Grade Bonds 6.97	U.S. Mid Cap -36.23	U.S. Large Cap Growth 31.57	U.S. High Yield Debt 15.07	U.S. Mid Cap -1.73	U.S. Large Cap 16.00	Non-U.S. Developed-Markets 23.29	U.S. Investment-Grade Bonds 5.97	Diversified Portfolio -2.43	U.S. Large Cap 11.96	U.S. Mid Cap 16.24	U.S. Large Cap Value -8.95%	
U.S. Mid Cap 14.72	U.S. Large Cap -9.10	U.S. Large Cap Value -11.71	U.S. Small Cap -20.48	U.S. Large Cap 28.68	U.S. Large Cap 10.88	U.S. Small Cap 4.55	U.S. Large Cap Growth 11.01	U.S. Large Cap 5.49	U.S. Large Cap -37.00	U.S. Small Cap 27.17	U.S. Large Cap 15.06	Diversified Portfolio -1.92	U.S. High Yield Debt 15.55	Diversified Portfolio 21.76	U.S. Small Cap 4.89	U.S. Large Cap Value -3.13	Emerging Markets 11.60	U.S. Large Cap Value 15.36	U.S. Small Cap -11.01	
U.S. Large Cap Value 12.72	Non-U.S. Developed-Markets -13.96	U.S. Large Cap -11.89	U.S. Large Cap Value -20.85	U.S. High Yield Debt 27.97	U.S. High Yield Debt 10.87	U.S. Large Cap Growth 4.00	U.S. High Yield Debt 10.76	U.S. High Yield Debt 2.53	U.S. Large Cap Value -39.22	U.S. Large Cap 26.46	U.S. Large Cap Growth 15.05	U.S. Small Cap -4.18	Diversified Portfolio 15.42	U.S. High Yield Debt 7.41	U.S. High Yield Debt 2.51	U.S. Small Cap -4.41	U.S. Large Cap Growth 6.89	U.S. Small Cap 14.65	U.S. Mid Cap -11.08	
U.S. High Yield Debt 2.43	U.S. Large Cap Growth -22.08	U.S. Large Cap Growth -12.73	U.S. Large Cap -22.10	U.S. Large Cap Growth 25.66	U.S. Large Cap Growth 6.13	U.S. High Yield Debt 2.78	U.S. Mid Cap 10.32	U.S. Large Cap Value 1.99	Non-U.S. Developed-Markets -43.06	U.S. Large Cap Value 21.18	Non-U.S. Developed-Markets 8.21	Non-U.S. Developed-Markets -11.73	U.S. Large Cap Growth 14.61	U.S. Investment-Grade Bonds -2.02	Emerging Markets -1.82	U.S. High Yield Debt -4.61	U.S. Investment-Grade Bonds 2.65	U.S. High Yield Debt 7.48	Non-U.S. Developed-Markets -13.36	
U.S. Investment-Grade Bonds -0.82	Emerging Markets -30.61	Non-U.S. Developed-Markets -21.21	U.S. Large Cap Growth -23.59	U.S. Investment-Grade Bonds 4.10	U.S. Investment-Grade Bonds 4.34	U.S. Investment-Grade Bonds 2.43	U.S. Investment-Grade Bonds 4.33	U.S. Small Cap -1.57	Emerging Markets -53.18	U.S. Investment-Grade Bonds 5.93	U.S. Investment-Grade Bonds 6.54	Emerging Markets -18.17	U.S. Investment-Grade Bonds 4.21	Emerging Markets -2.27	Non-U.S. Developed-Markets -4.48	Emerging Markets -14.60	Non-U.S. Developed-Markets 1.51	U.S. Investment-Grade Bonds 3.54	Emerging Markets -14.25	LOWEST

Past performance is no guarantee of future results.

Not intended to represent the performance of any Fidelity fund. All market indices are unmanaged. It is not possible to invest directly in an index.

Please see reverse side for index definitions.

- U.S. Investment-Grade Bonds
Bloomberg Barclays U.S. Aggregate Bond Index
- Non-U.S. Developed-Markets
MSCI® EAFE® Index
- Emerging Markets
MSCI® Emerging Markets Index

- U.S. Small Cap
Russell 2000® Index
- U.S. High Yield Debt
ICE BofAML U.S. High Yield Index
- U.S. Large Cap Growth
S&P 500® Growth Index

- U.S. Large Cap Value
S&P 500® Value Index
- U.S. Large Cap
S&P 500® Index

- U.S. Mid Cap
S&P MidCap 400® Index
- Diversified Portfolio
Equal allocation to each index

Not FDIC Insured • May Lose Value • No Bank Guarantee

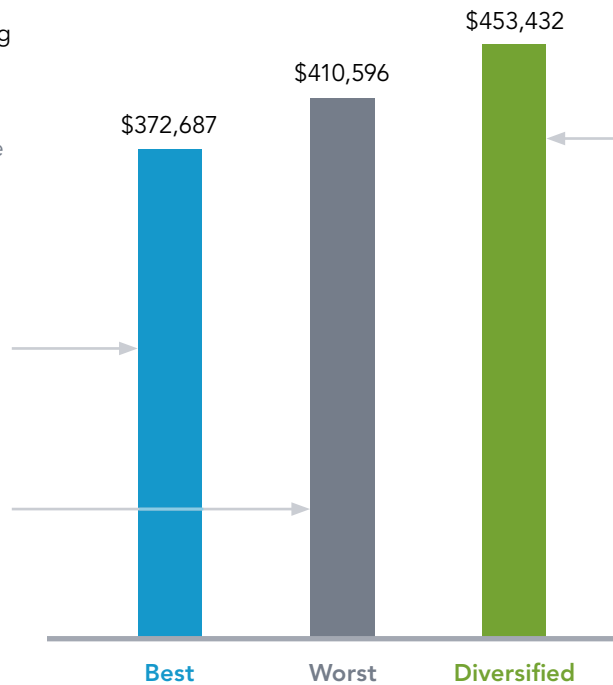
DIVERSIFICATION¹ MAY INCREASE YOUR RETURNS

Hypothetical investments of \$10,000 made at the beginning of each year, 1999–2018

This chart demonstrates both the potential benefit of diversification and why it may be a mistake to try to time the market. (This is a hypothetical example; you cannot invest directly in any market index.)

Best-Performing Index Based on a \$10,000 investment each year in the prior year's best-performing index.

Worst-Performing Index Based on a \$10,000 investment each year in the prior year's worst-performing index.



All Indices Based on a \$10,000 investment each year, split evenly among the nine indices (\$1,111.11 in each).

By spreading investments over all asset classes, our hypothetical investor would have accrued \$453,432.

That's \$42,836 more than if this investor had chased the worst-performing index, and \$80,745 more than if he or she had chased the best-performing index.

The message is clear: While there are no guarantees, diversification may provide better returns with less risk over time. Your advisor can potentially ease your concerns by helping you stay focused on your financial goals.

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Not FDIC Insured • May Lose Value • No Bank Guarantee

Unless otherwise disclosed to you, in providing this information, Fidelity is not undertaking to provide impartial investment advice, act as an impartial adviser, or to give advice in a fiduciary capacity.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. • In general the bond market is volatile, and fixed income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities. Fixed income securities also carry inflation, credit, and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. • Stock markets, especially foreign 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 risk.

¹ Diversification does not ensure a profit or guarantee against a loss.

Not NCUA or NCUSIF insured. May lose value. No credit union guarantee.

Source: Morningstar, as of 12/31/18. • **Bloomberg Barclays U.S. Aggregate Bond Index** is a broad-based, market-value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. **ICE BofAML U.S. High Yield Constrained Index** is a modified market capitalization-weighted index of US dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch). Defaulted securities are excluded. The index contains all securities of The ICE BofAML U.S. High Yield Index but caps issuer exposure at 2%. **MSCI EAFE Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the U.S. & Canada. **MSCI Emerging Markets Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in emerging markets. **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. **S&P 500 Index** is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. **S&P MidCap 400 Index** is a market capitalization-weighted index of 400 mid cap stocks of U.S. companies chosen for market size, liquidity, and industry group representation. **S&P 500 Growth** measures growth stocks using three factors: sales growth, the ratio of earnings change to price, and momentum. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500. **S&P 500 Value** measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500.

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