Quarterly Market Update

Third Quarter 2026

Primary Contributors

Kana Norimoto
Managing Director of Asset Allocation Research

Jake Weinstein, CFA
Senior Vice President
Asset Allocation Research

Justine Jonathan
Research Associate
Asset Allocation Research

Hope Allard
Research Analyst
Asset Allocation Research

Matt Glazier
Research Analyst
Asset Allocation Research

- **Market summary**
- Economy/macro backdrop
- Asset markets
- Long-term themes

Markets digest geopolitical headlines and new Fed Chair

Markets bounced back after a shaky first quarter as geopolitical fears alleviated and oil prices fell from their peaks. Artificial-intelligence (AI)-related capital expenditures broadened corporate earnings growth, while an improving labor market helped alleviate concerns of an economic slowdown. Despite a constructive macro backdrop, markets are predisposed to potential bouts of volatility as geopolitical and monetary policy uncertainty, inflation persistence, and elevated asset valuations warrant continued emphasis on portfolio diversification.

	Macro	Asset markets
Q2 2026	• Easing tensions between the U.S. and Iran alleviated fears of a global energy shortage.	• Stocks rebounded as commodities fell
Outlook	• The global and U.S. business cycles remain in an unsynchronized expansion. • The fundamental backdrop is supported by positive earnings momentum, improving labor dynamics, easing credit conditions, and accommodative policy. • The powerful AI upswing in capex may be showing early signs of broadening into the rest of the economy. • The Federal Reserve is in a tricky spot as it attempts to maintain credibility and bring inflation toward its 2% target.	• The mid-cycle expansion and low recession risks globally support risk assets; but equity market corrections are common especially after periods of strong performance. • Elevated risky-asset valuations—particularly for U.S. and emerging market stocks tied to AI—may not be a near-term impediment, but they provide little cushion amid a medium-term backdrop of policy, economic, and geopolitical risks. • Diversification in fixed income and inflation-resistant assets remains attractive to hedge risks.

 Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 6/30/26.

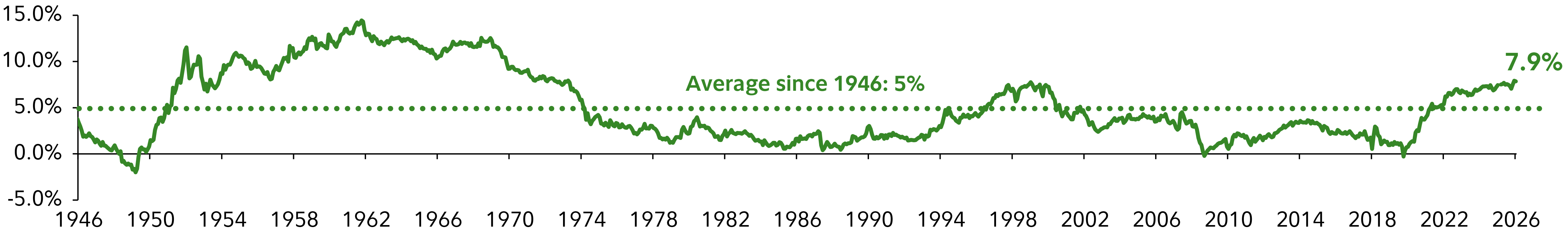
Asset returns broadened during Q2

Market optimism boosted equity markets in Q2, especially AI-related technology companies in emerging markets, and smaller U.S. companies, which trailed their larger counterparts in recent years. Despite interest-rate volatility and a more hawkish tone from the Federal Reserve, bonds provided positive performance across fixed income markets. Commodities declined in Q2 after peaking geopolitical risk subsided, and gold fell sharply, giving back some of its strong gain in 2025.

	Q2 2026	YTD		Q2 2026	YTD
Emerging-Market Stocks	24.1%	23.8%	Emerging-Market Bonds	4.6%	3.3%
U.S. Small Cap Stocks	21.5%	22.6%	High Yield Bonds	2.5%	1.9%
U.S. Growth	17.1%	5.9%	Long Government & Credit Bonds	1.5%	0.8%
U.S. Large Cap Stocks	15.2%	10.2%	U.S. Corporate Bonds	1.3%	0.8%
U.S. Value	14.0%	16.6%	Investment-Grade Bonds	0.7%	0.6%
Real Estate Stocks	12.4%	17.8%	Commodities	-8.1%	14.4%
Non-U.S. Developed-Country Stocks	10.8%	9.4%	Gold	-14.1%	-7.2%

20-year U.S. stock returns minus IG bond returns since 1946

Annualized return difference



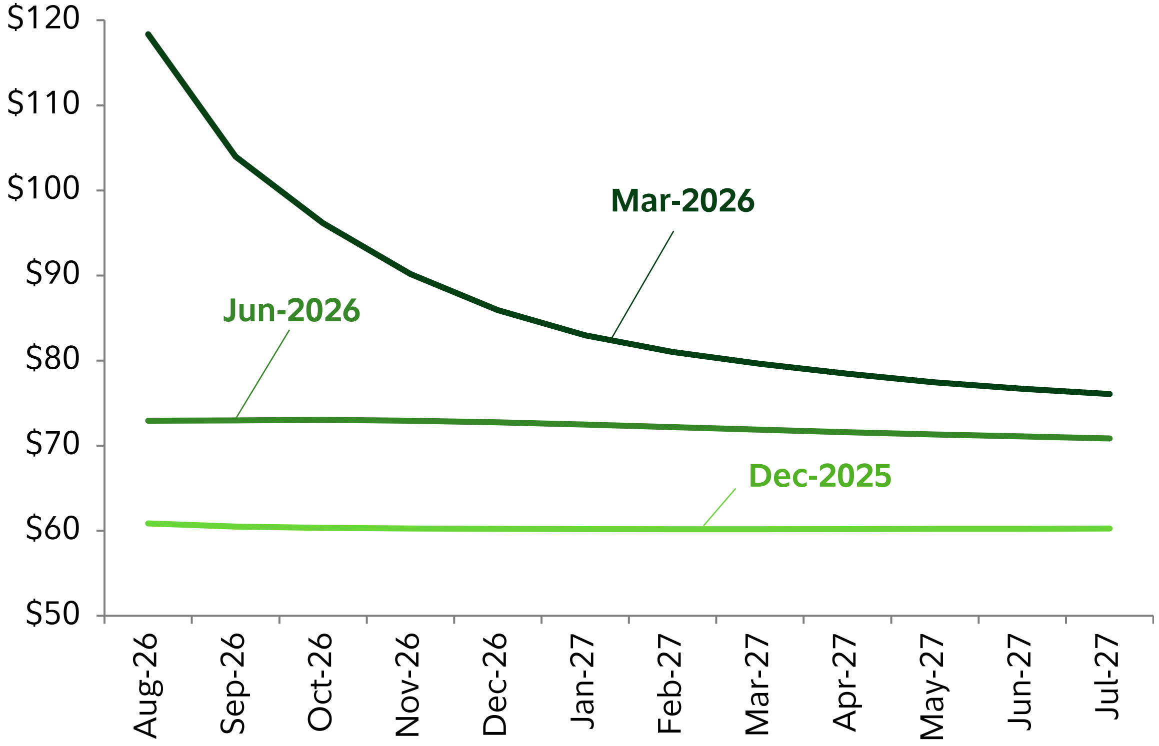
Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. IG: Investment grade. Assets represented by: U.S. Growth Stocks—Russell 3000 Growth Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Gold—Gold Bullion, LBMA PM Fix; U.S. Large Cap Stocks—S&P 500®; Long Government & Credit Bonds—Bloomberg Long Government & Credit Index; Emerging-Market Stocks—MSCI EM Index; High-Yield Bonds—ICE BofA High Yield Bond Index; U.S. Corporate Bonds—Bloomberg U.S. Credit Index; Investment-Grade Bonds—Bloomberg U.S. Aggregate Bond Index; U.S. Small Cap Stocks—Russell 2000® Index; Real Estate Stocks—FTSE NAREIT Equity Index; Emerging-Market Bonds—JP Morgan EMBI Global Diversified Composite Index; U.S. Value Stocks—Russell 3000® Value Index; Commodities—Bloomberg Commodity Index. Source: Bloomberg Finance L.P., Fidelity Investments Asset Allocation Research Team (AART), as of 6/30/26.

Oil supply shock subsided with China mitigating the global impact

After surging to over $120 per barrel in Q1, optimism over the opening of the Strait of Hormuz helped oil prices fall toward pre-Iran conflict levels. However, geopolitical risks continue, with oil not fully back to 2025 levels, when markets viewed oil supply as ample. Part of the reason oil may not have risen more was China's multiyear strategy of building petroleum reserves. Chinese oil imports fell sharply in Q2, potentially from less demand or substitution of other energy sources and its ability to draw down strategic stockpiles.

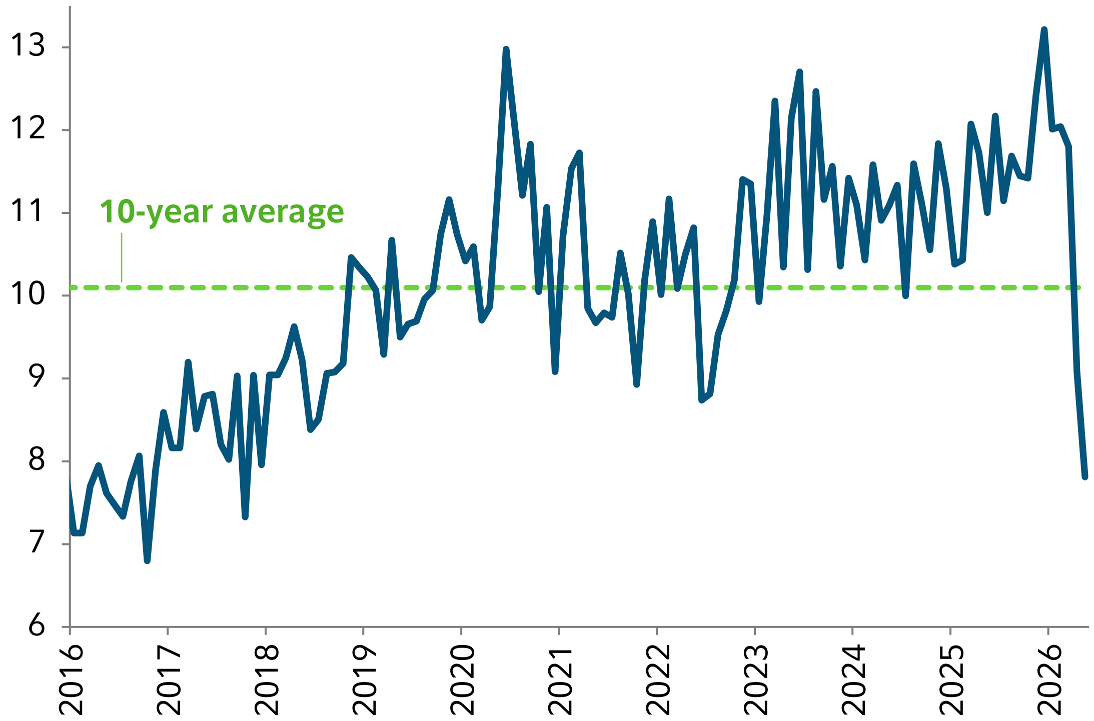
Brent crude futures curve

USD/barrel



China crude-oil imports

Barrels per day (millions)



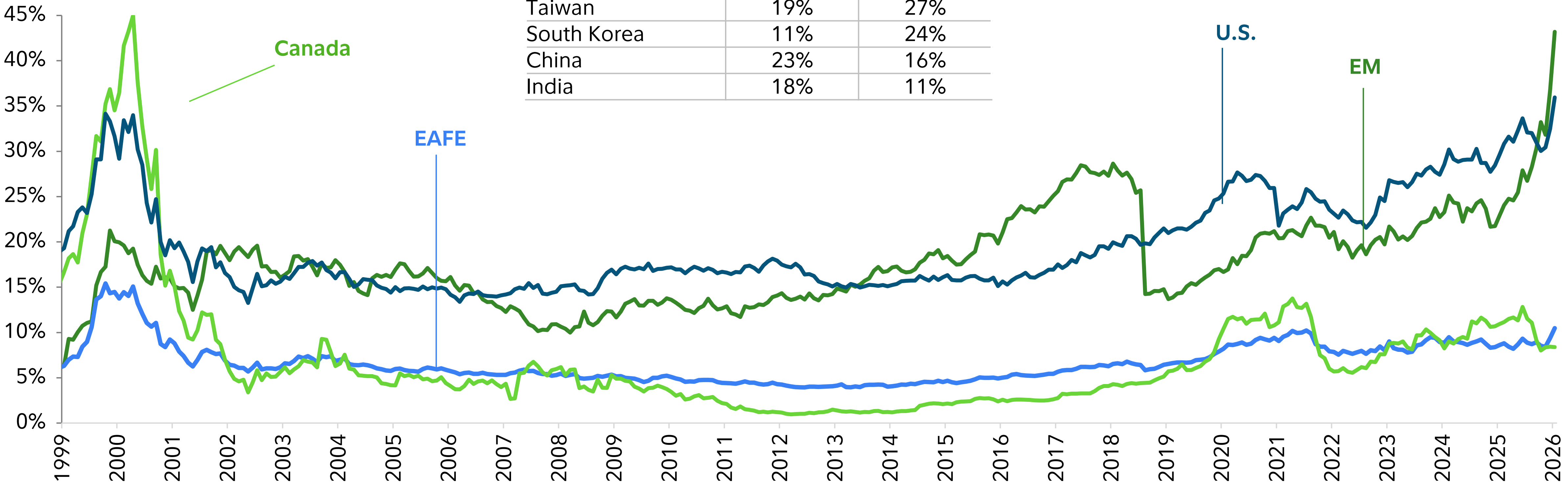
Past performance is no guarantee of future results. LEFT: Illustrates Brent crude oil futures curves in USD/barrel. X-axis is month of current underlying contract. Source: Macrobond, Fidelity Investments (AART), as of 6/30/26. RIGHT: Illustrates China's imports of crude oil in millions of barrels per day. Source: China General Administration of Customs (GAC), Joint Organizations Data Initiative (JODI), as of 5/31/26.

Tech concentration rose, especially in emerging markets

AI-related companies have demonstrated the strongest performance worldwide in recent years, increasing global market exposure to the technology sector. Over the last year, technology exposure in emerging markets catapulted from 23% to 43%, driven by Taiwan and South Korea, which now account for more than half of the MSCI EM market capitalization. Strong performance from the tech sector draws comparisons to the high-flying markets in the late 1990s/early 2000s, another period of rising market concentration.

Equity market IT concentration

Share of index



MSCI EM country weights

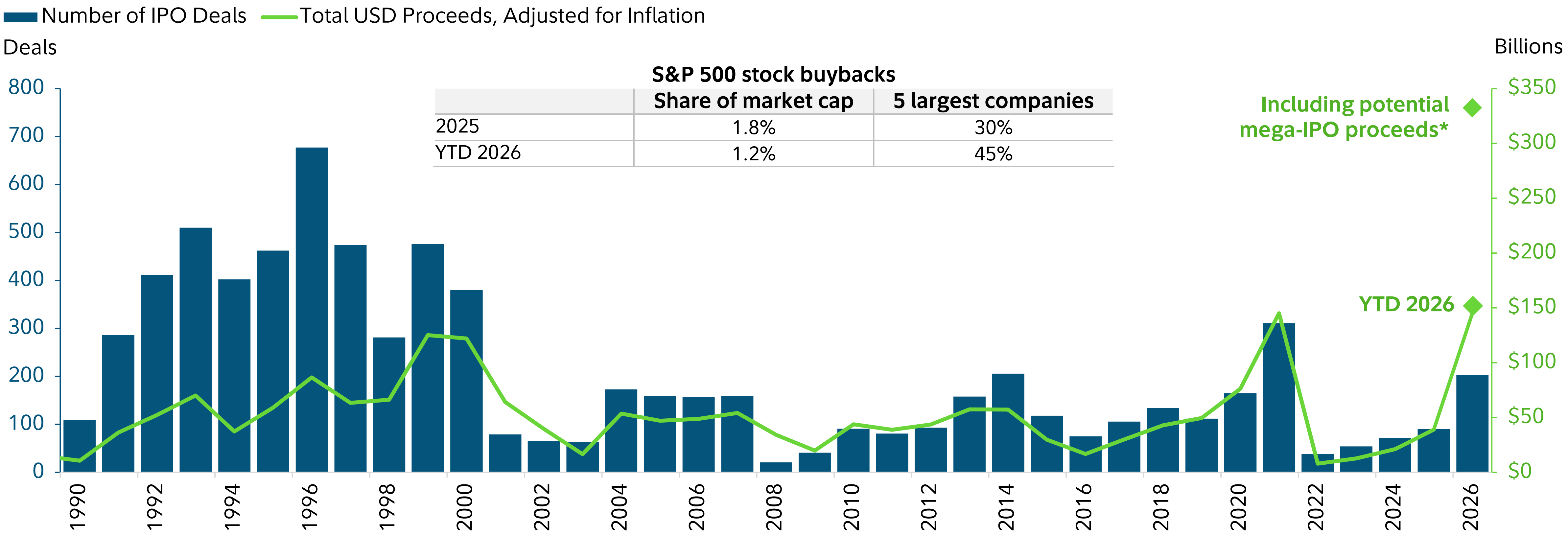
	Jun-25	Jun-26
Taiwan	19%	27%
South Korea	11%	24%
China	23%	16%
India	18%	11%

Information Technology sector market cap weights by region. Source: MSCI, Bloomberg Finance L.P., Haver Analytics, Fidelity Investments (AART) as of 5/31/26. Table presents country weights within the MSCI Emerging Markets Index as of 6/30/26 and 6/30/25, respectively. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART).

Equity issuance ramping up in 2026

Markets continued to reward AI-related capital investment, incentivizing several notable hyperscalers to ramp up financing. The total expected IPO-related* proceeds appear likely to well surpass the capital raised during the IPO frenzy in the late 1990s. Meanwhile, stock buybacks, which have long provided incremental support to equity returns continued year-to-date, especially across the largest public companies. The ability of companies to access financing will be critical for both equity and fixed income markets.

U.S. initial public offerings



S&P 500 stock buybacks

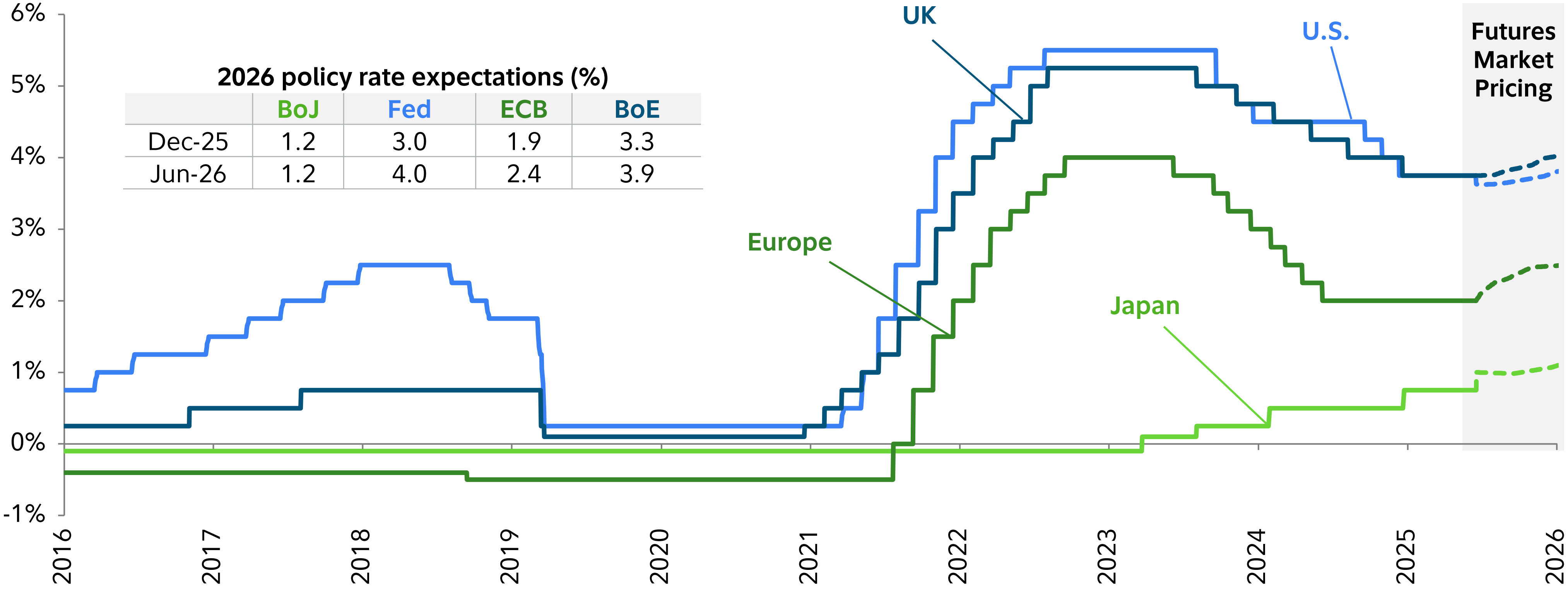
	Share of market cap	5 largest companies
2025	1.8%	30%
YTD 2026	1.2%	45%

IPO = initial public offering. Chart illustrates number of IPO deals and proceeds in chained USD billions. 2026 IPO numbers and dollar proceeds are figures associated with IPO deals announced and priced year-to-date. * Mega-IPO estimates for companies that have not yet disclosed how much they intend to raise are proxied by each company's latest round of funding ($187 billion total). Source: Jay R. Ritter, Initial Public Offerings: Updated Statistics, Warrington College of Business, University of Florida (updated July 2026), https://site.warrington.ufl.edu/ritter/files/IPO-Statistics.pdf, Bloomberg Finance L.P., Fidelity Investments (AART) as of 5/31/26. Table: Buyback ratio is S&P 500 stock buybacks divided by total market cap. Buyback concentration is five largest company buybacks as a share of total buybacks. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26.

Inflation fears inject a hawkish tone from global central banks

After most developed-market central banks eased monetary policy in recent years, higher oil prices and other stubborn components of core inflation caused central banks to shift more hawkish in efforts to keep inflation tame. As of the end of Q2, markets expect interest-rate hikes during 2026 and into next year. Markets have so far been able to digest the tightening bias from central banks, but if inflation stays elevated, monetary policy markers' reaction to inflation could be a key risk to financial conditions and borrowing rates.

Global short-term policy rates



2026 policy rate expectations (%)

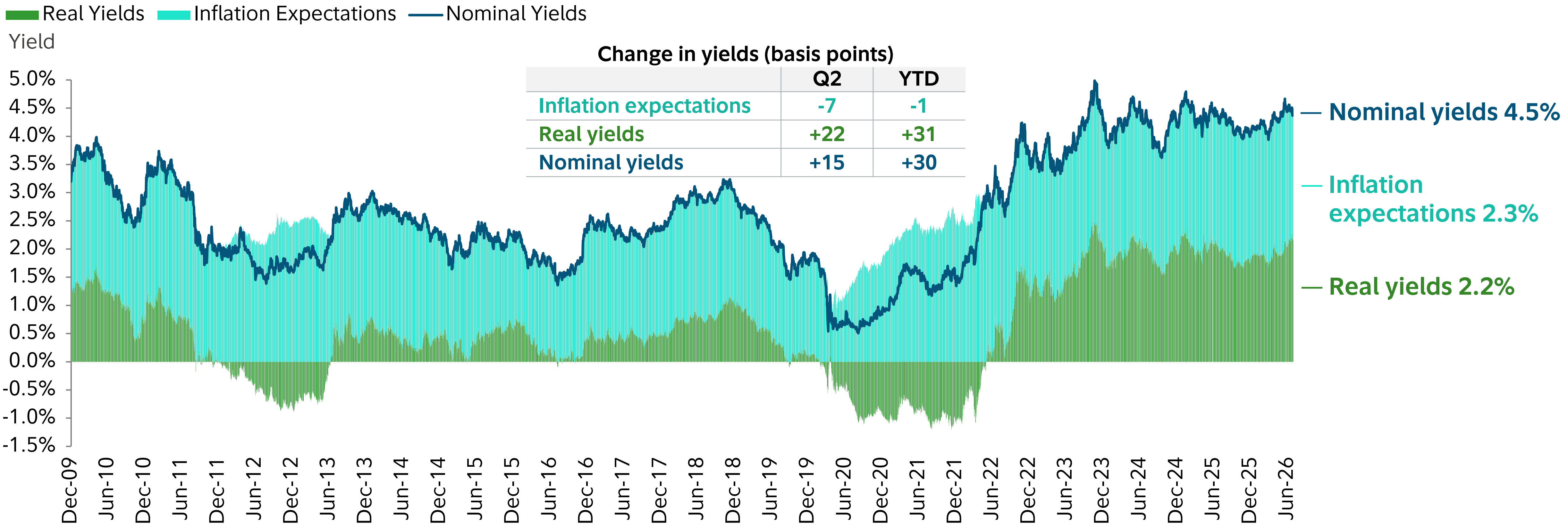
	BoJ	Fed	ECB	BoE
Dec-25	1.2	3.0	1.9	3.3
Jun-26	1.2	4.0	2.4	3.9

BOJ = Bank of Japan. Fed = U.S. Federal Reserve. ECB = European Central Bank. BoE = Bank of England. Chart illustrates central bank target rates, with dotted lines representing market rate expectations using futures contract pricing. Table denotes Dec-2026 fed funds rate expectations implied by futures market pricing through the end of 2026. Source: Federal Reserve, ECB, Bank of Japan, Bank of England, Macrobond, Fidelity Investments (AART), as of 6/30/26.

Treasury yields ticked higher amid elevated rate volatility

Nominal 10-year U.S. Treasury bond yields finished Q2 slightly higher. Most of this rise was in real yields—the inflation-adjusted cost of borrowing—attributed to the Federal Reserve's hawkish tone at its June meeting. Despite actual inflation measures rising, longer-term inflation expectations, as implied by Treasury Inflation Protection Securities, fell as markets were comforted by the new Fed chairman's comments on monetary policy and lower oil prices alleviated concerns of broadening inflation pressures.

10-year U.S. government bond yields



Change in yields (basis points)

	Q2	YTD
Inflation expectations	-7	-1
Real yields	+22	+31
Nominal yields	+15	+30

Nominal yields are U.S. Generic Govt 10-Year yields, inflation expectations are the U.S. Breakeven 10-Year rates. Inflation expectations and real yields may not sum to nominal yields due to rounding. TIPS: Treasury Inflation-Protected Securities.
Source: Bloomberg Finance L.P., U.S. Federal Reserve, Macrobond, Fidelity Investments (AART), as of 6/30/26.

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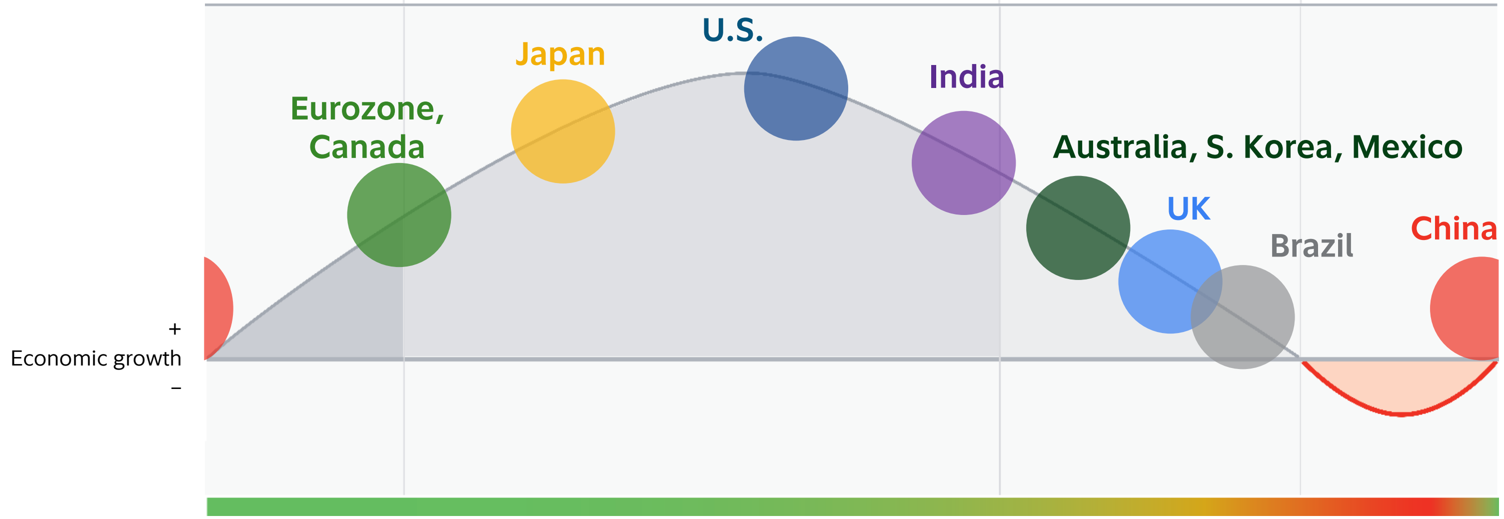
Global business cycle remains in an unsynchronized expansion

The global economy remains in a solid, albeit unsynchronized, expansion as countries continue to face a range of fiscal, monetary, and geopolitical crosscurrents. The U.S. demonstrated mid-cycle dynamics with solid economic activity over the quarter, including early signs of recovery in the labor market. While domestic activity in China remained subdued, cyclical momentum in most developed-market economies stayed intact even amidst elevated energy prices and supply-chain disruptions.

Business cycle framework

Cycle phases

EARLY	MID	LATE	RECESSION
• Activity rebounds (GDP, IP, employment) • Credit begins to grow • Profits grow rapidly • Policy still stimulative • Inventories low; sales improve	• Growth peaking • Credit growth strong • Profit growth peaks • Policy neutral • Inventories, sales grow; equilibrium reached	• Growth moderating • Credit tightens • Earnings under pressure • Policy contractionary • Inventories grow, sales growth falls	• Falling activity • Credit dries up • Profits decline • Policy eases • Inventories, sales fall



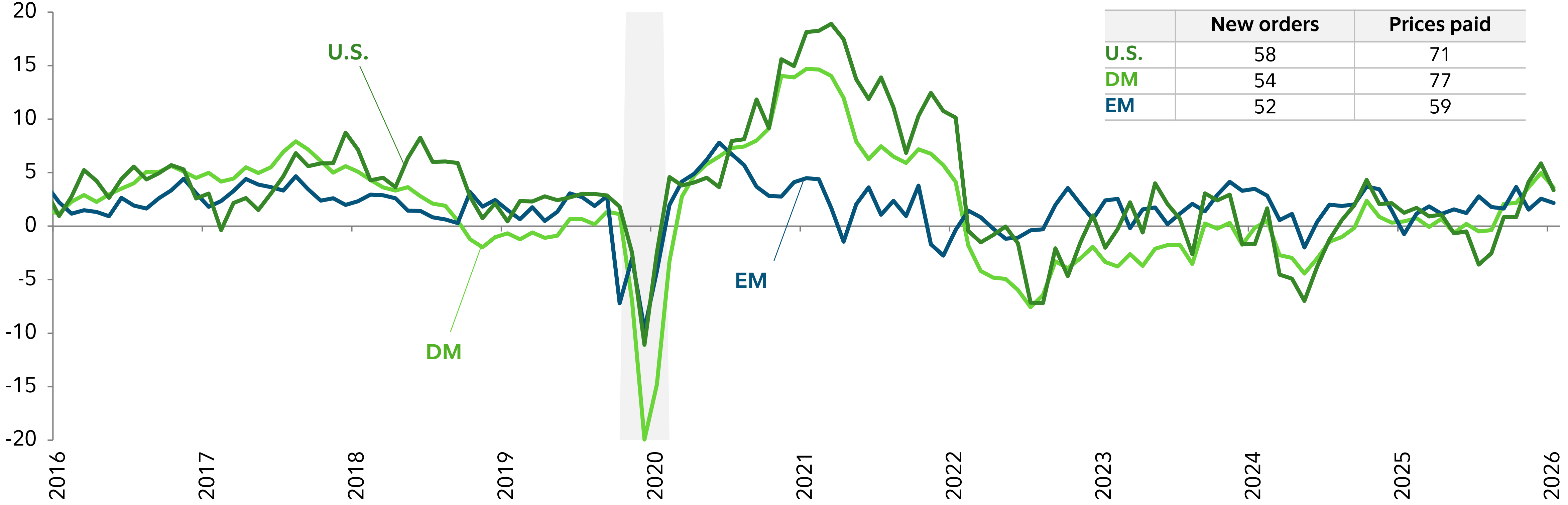
A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term horizon. There is not always a chronological, linear progression among the phases of the business cycle, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Source: Fidelity Investments (AART), as 6/30/26.

Global industrial activity intact despite price pressures

Global manufacturing activity remained in expansion as of Q2, overcoming geopolitical uncertainty and volatile energy costs. Such resilience is reflected in new orders rising relative to inventories across the U.S., other developed economies, and emerging markets. While headwinds associated with input price pressures and supply chain disruption have not entirely dissipated, this positive "bullwhip" effect suggests that global economies are well positioned to weather such challenges.

Regional manufacturing bullwhips

PMI new orders less inventories



Regional manufacturing PMIs

	New orders	Prices paid
U.S.	58	71
DM	54	77
EM	52	59

PMI = Purchasing Managers' Index. Chart illustrates regional manufacturing PMI Bullwhips: New Orders PMI less Inventories. Shading indicates U.S. recessions. Table presents manufacturing PMI components by region. Source: S&P Global, Fidelity Investments (AART), as of 5/31/26.

Broadening earnings growth across regions, sectors, and market cap

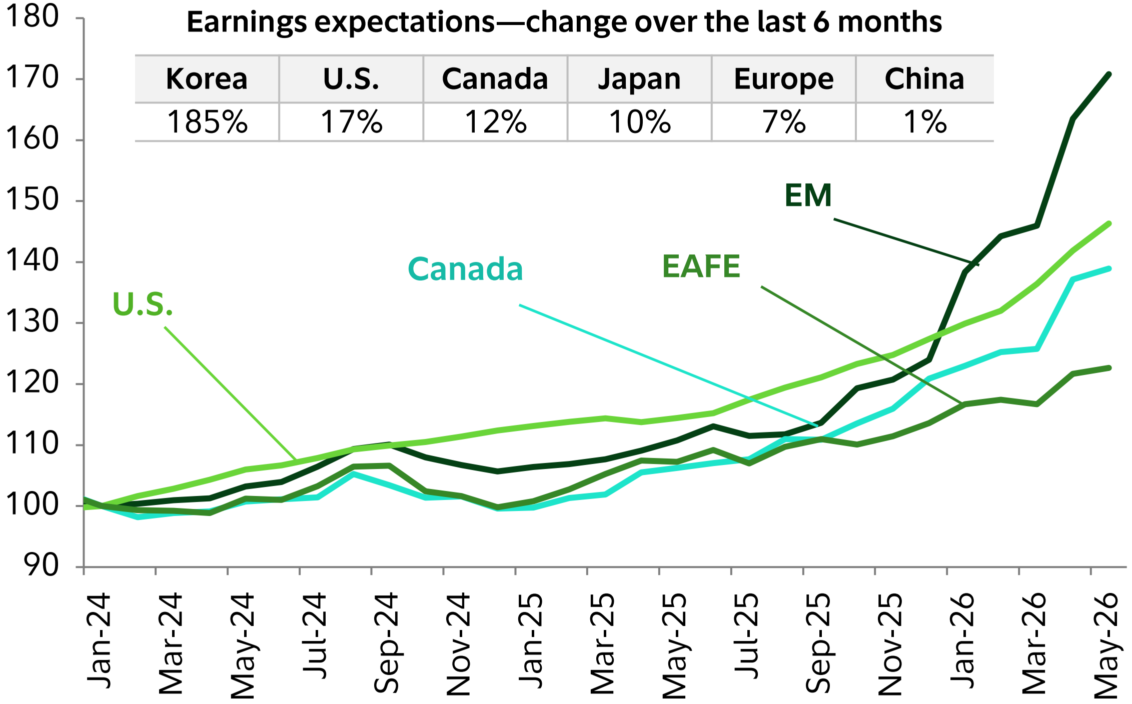
Earnings growth continued to broaden globally in the second quarter, with tech-concentrated emerging economies and the U.S. leading the way. Within the U.S., positive earnings trends have broadened beyond large-cap stocks, with forward earnings expectations for small-cap companies keeping pace with their mega-cap counterparts. An optimistic earnings outlook underpinned by improving profit margins provides a supportive backdrop for the global business cycle.

Regional earnings estimate revisions

Jan 2024=100

Earnings expectations—change over the last 6 months

Korea	U.S.	Canada	Japan	Europe	China
185%	17%	12%	10%	7%	1%

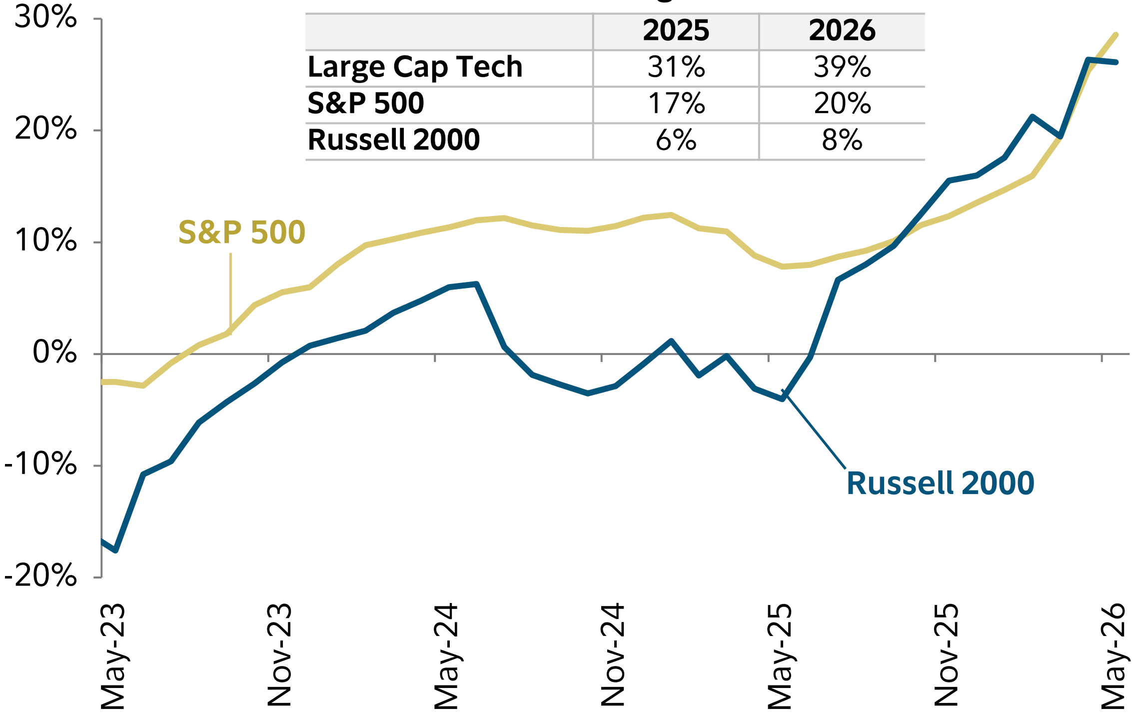


U.S. earnings growth expectations (next 12 months)

Year-over-year

Profit margins

	2025	2026
Large Cap Tech	31%	39%
S&P 500	17%	20%
Russell 2000	6%	8%



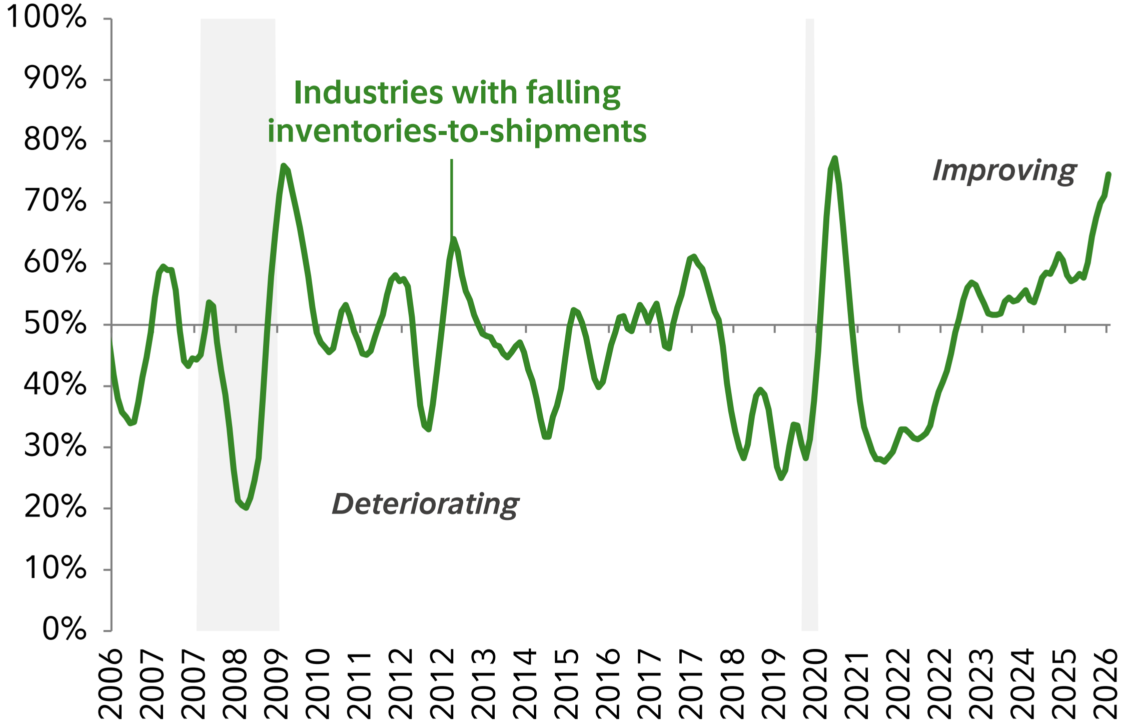
Past performance is no guarantee of future results. LEFT: Forward EPS is unsmoothed. EAFE: Europe, Australasia, and Far East EM: Emerging markets. EPS: Earnings per share. Forward EPS: Next 12 months' expectations. Indexes: MSCI EAFE, MSCI Emerging Markets Index, MSCI Canada Index, S&P 500, Source: FactSet, MSCI, S&P Global, Fidelity Investments (AART), as of 5/31/26. RIGHT: Chart illustrates year-on-year percent change in next 12 months' EPS expectations. Indexes: Russell 2000 Index; S&P 500. Source: FactSet, S&P Global, Fidelity Investments (AART), as of 5/31/26. Table presents operating profits as a share of revenue. Large Cap Tech is represented by S&P 500 Information Technology Sector GICS Level 1 Index. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26.

U.S. exhibiting solid mid-cycle dynamics

The U.S. remained in a healthy mid-cycle expansion during the second quarter despite concerns over higher oil prices. After three years of muted activity, the manufacturing sector rebounded, as improving AI-capex related demand boosted shipments and drew down inventories among a growing share of durable-goods industries. Bank lending standards also continued to ease amid accelerating loan growth, providing incremental support to households and businesses.

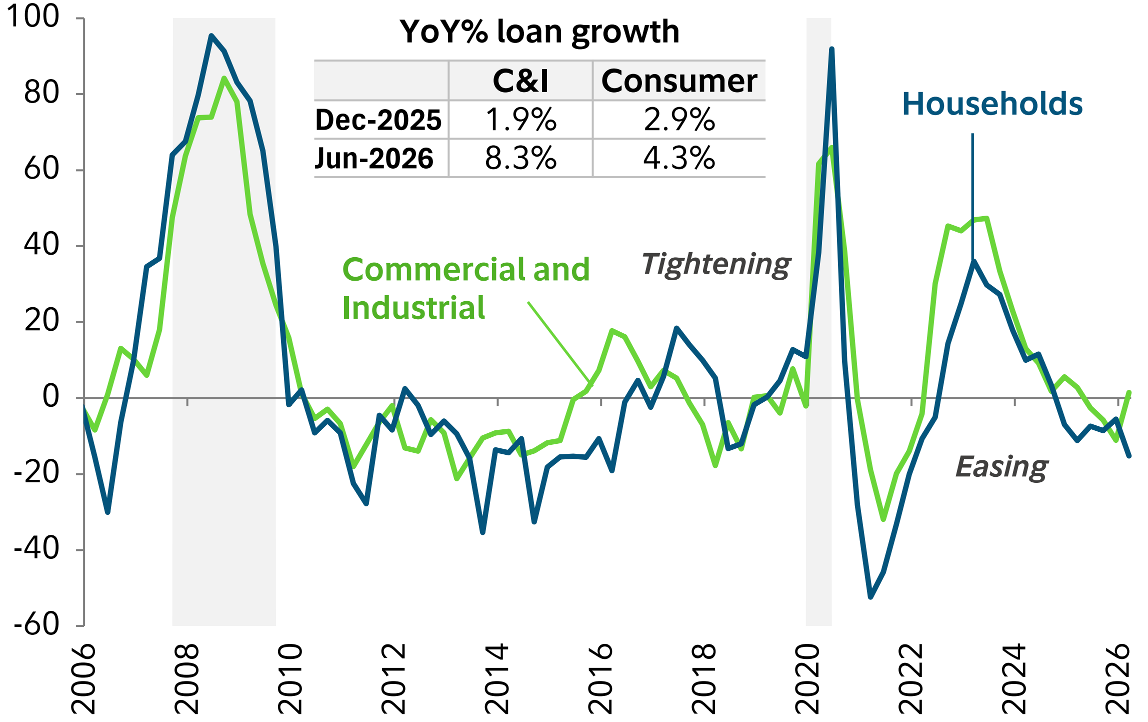
U.S. manufacturing inventory cycles

Share of industries



U.S. credit cycle

Net % of commercial banks tightening lending standards



YoY% loan growth

	C&I	Consumer
Dec-2025	1.9%	2.9%
Jun-2026	8.3%	4.3%

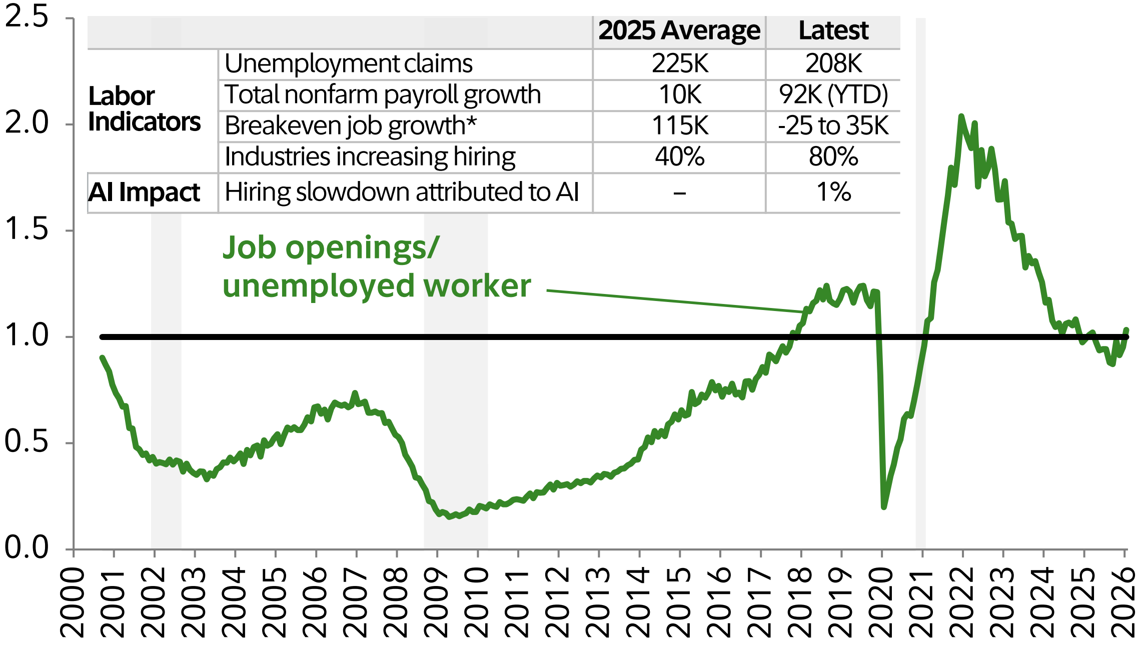
LEFT: Diffusion index is share of U.S. durable goods industries with falling inventory-shipments ratios over the last three months. Shading denotes recessions. Source: U.S. Census Bureau, Fidelity Investments (AART), data as of 4/30/26. RIGHT: Data is net percentage of commercial banks reporting tightening credit standards in the Federal Reserve Senior Loan Officer Survey as of Q2 2026. Table data is commercial bank credit growth as of 6/30/26. Source: Federal Reserve, Fidelity Investments (AART).

Labor market rebounded on strong demand and tight supply

Last year represented a cooling labor market with an average of around 10,000 payrolls created per month, but broad AI-related layoffs remained low. The first half of 2026 exhibited tightening labor conditions as payroll growth started to expand, signs of broadening emerged across industries, and unemployment claims remained low. Growing demand for labor and a slowing supply of workers from tighter immigration policy and aging demographics kept the unemployment rate subdued, reinforcing the mid-cycle expansion.

U.S. labor market dynamics

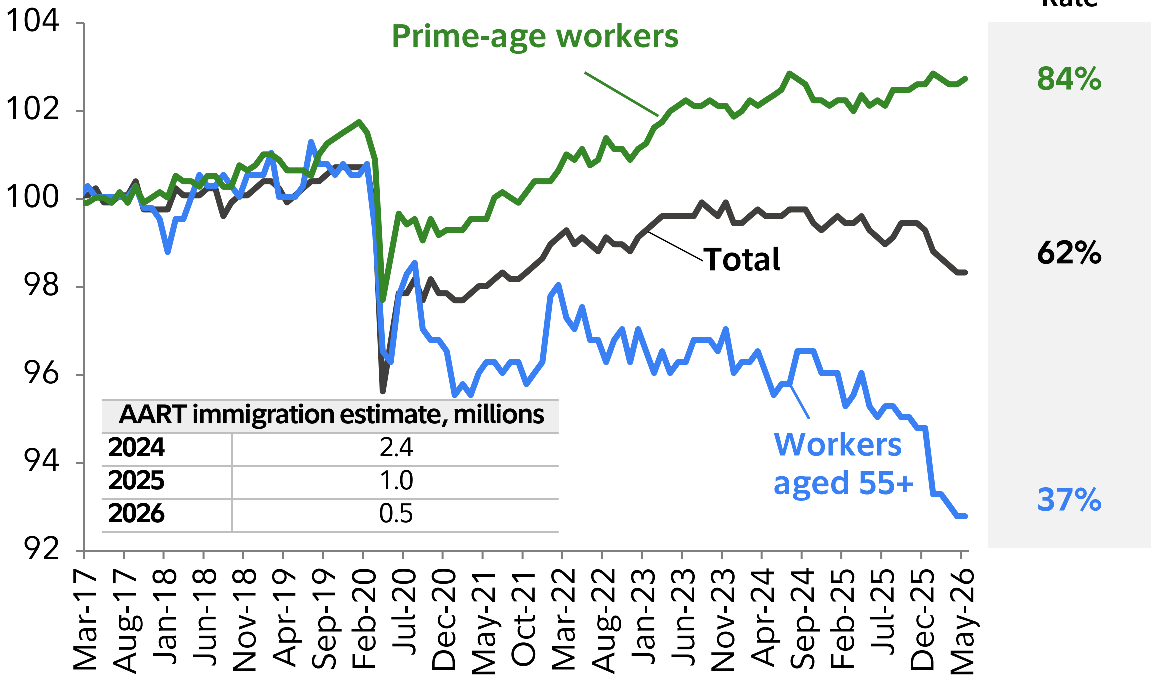
Ratio



		2025 Average	Latest
Labor Indicators	Unemployment claims	225K	208K
	Total nonfarm payroll growth	10K	92K (YTD)
	Breakeven job growth*	115K	-25 to 35K
	Industries increasing hiring	40%	80%
AI Impact	Hiring slowdown attributed to AI	–	1%

Labor force participation

2017 = 100



AART immigration estimate, millions	
2024	2.4
2025	1.0
2026	0.5

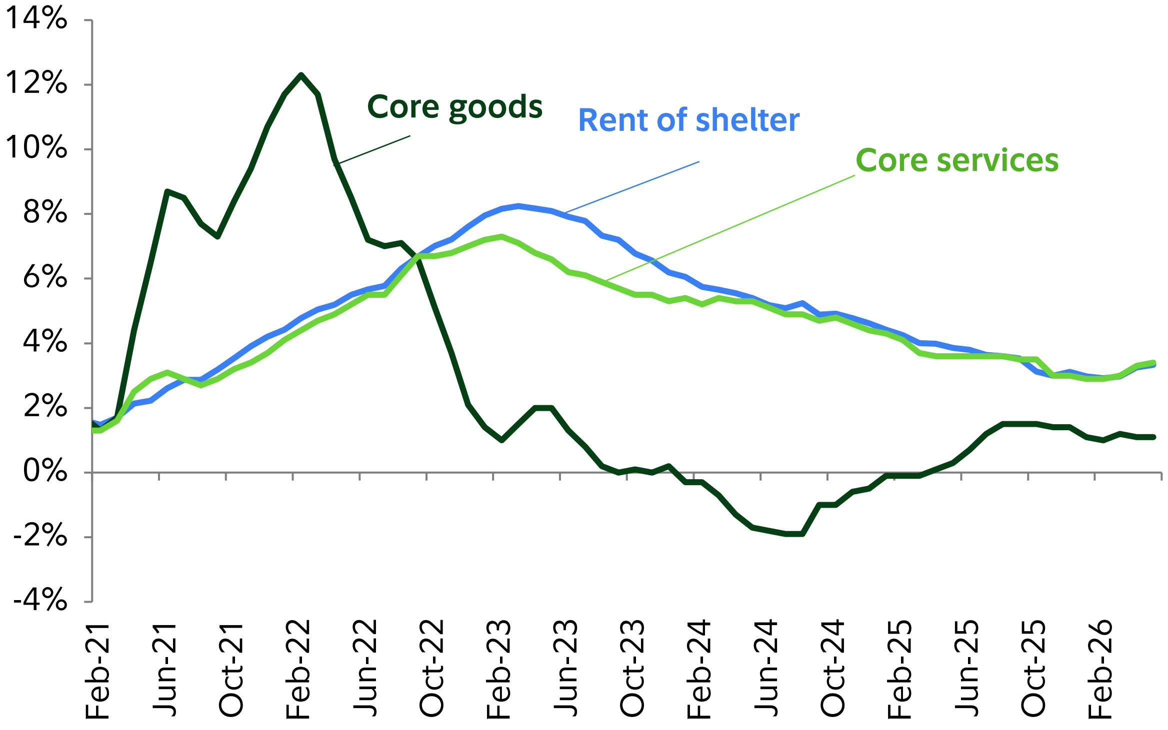
LEFT: Shading denotes recessions. Source: Bureau of Labor Statistics, Job Openings and Labor Turnover survey, Macrobond, Fidelity Investments (AART) as of 4/30/26. TABLE: Unemployment claims are a 1 month moving average of weekly initial unemployment claims. *Monthly payrolls needed to keep unemployment rate from rising. Breakeven job growth estimates are based on AART proprietary immigration and demographic estimates. Industries increasing hiring shows share of industries from ADP report with positive monthly job growth. Source: U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security, U.S. Customs and Border Patrol, U.S. Department of Labor, Hosseini Maasoum, Seyed Mahdi and Lichtinger, Guy, Generative AI as Seniority-Biased Technological Change: Evidence from U.S. Résumé and Job Posting Data (August 31, 2025). Available at SSRN: https://ssrn.com/abstract=5425555 or http://dx.doi.org/10.2139/ssrn.5425555, Macrobond, Fidelity Investments (AART) as of 6/30/26. Breakeven job growth and ADP data are as of 5/31/26. Nonfarm payroll data is as of 6/30/26. RIGHT: Prime age refers to workers aged 25-54. Source: Bureau of Labor Statistics, Fidelity Investments (AART), as of 5/31/26. TABLE: AART proprietary immigration estimates are calendar year estimates of net immigration. Source: U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security, U.S. Customs and Border Patrol, Fidelity Investments (AART), as of 6/30/26.

Inflation pressures remain entrenched

Consumer inflation rose in Q2 after the conflict in Iran triggered shipping disruptions and a spike in energy costs. Higher oil prices also passed through into core inflation, which excludes the more volatile food and energy components. After exhibiting a steady multiyear decline, shelter and service costs are showing signs of reacceleration, adding to tariff and Iran-conflict related inflation in core goods. Our inflation outlook is above market expectations and remains well above the Fed's 2% target into 2027.

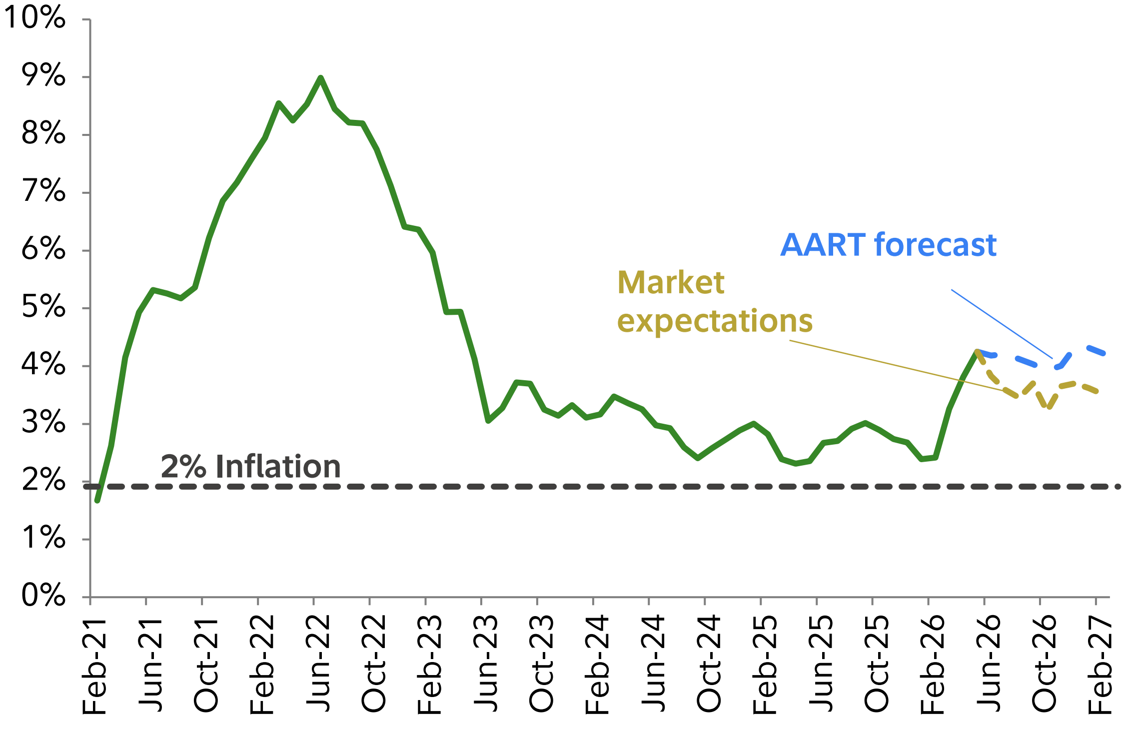
U.S. Core CPI inflation by category

Year-over-year



U.S. CPI inflation

Year-over-year



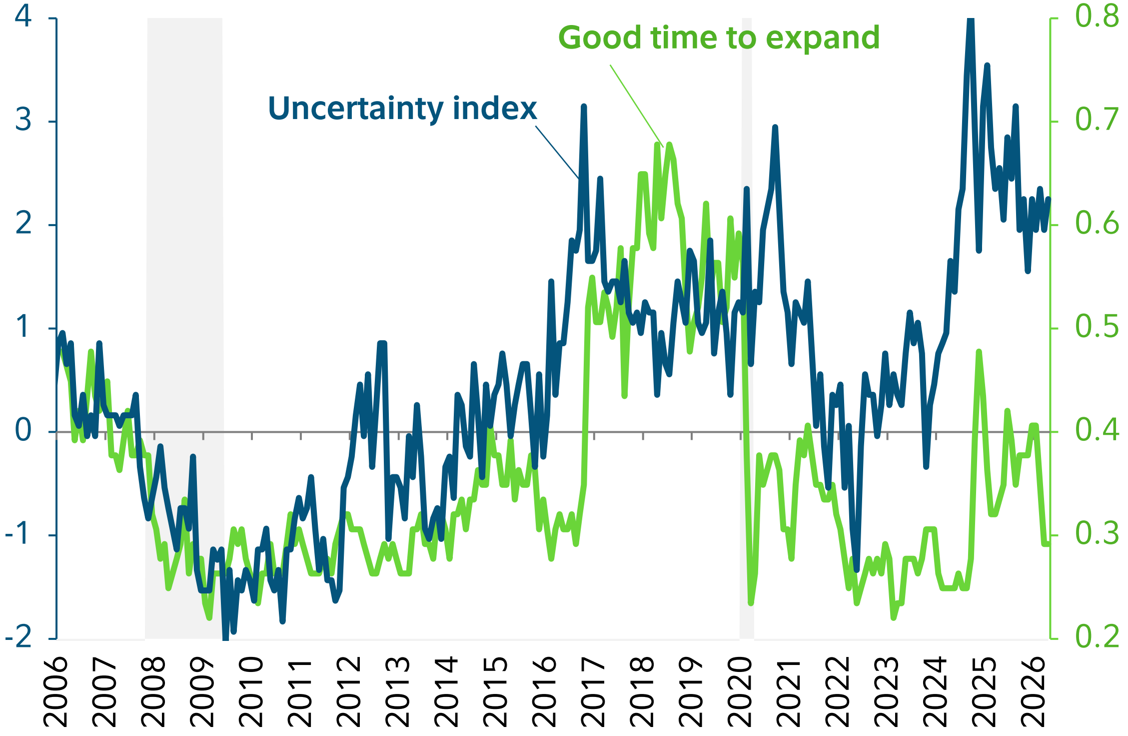
LEFT: CPI: Consumer Price Index. Core CPI excludes food and energy. Source: Bureau of Labor Statistics, Macrobond, Fidelity Investments (AART), as of 5/31/26. RIGHT: CPI: Consumer Price Index. Market expectations: inflation swaps. Source: Bureau of Labor Statistics, Bloomberg Finance L.P., Macrobond, Fidelity Investments (AART) as of 6/30/26.

Business investment boosted by AI, will rest of economy follow?

The increase in capital expenditures has been primarily focused by AI-related outlays from large companies in the technology and communications sectors, while trade policy has particularly weighed on companies in other sectors and small businesses. Policy uncertainty is below its tariff-related peak, but sentiment remains subdued despite the enactment of business-friendly policies. If uncertainty wanes, a broadening of business investment could boost growth and provide further support to the cycle.

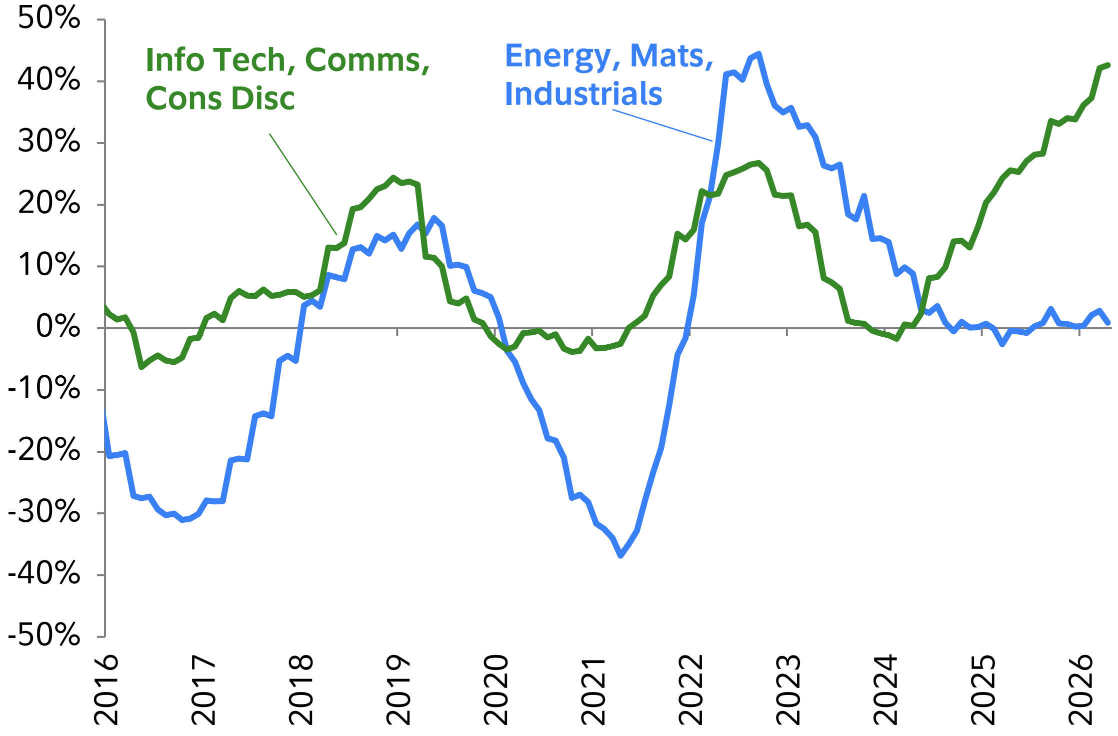
Small business sentiment

NFIB Survey Z-score



Capital expenditures by industry

Year-over-year growth

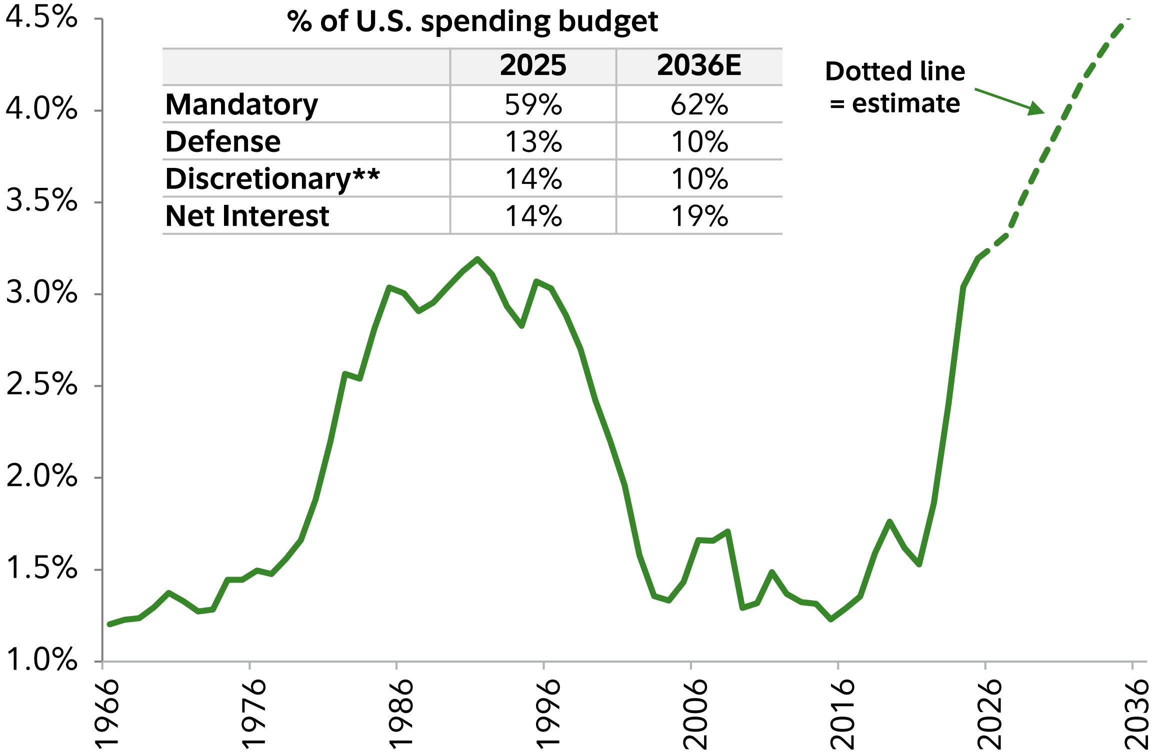


LEFT: Source: "Good time to expand" = business owners reported to National Federal of Independent Business (NFIB) that, "now is a good time to expand their business." Shading indicates U.S. recession dates. National Federation of Independent Business, Macrobond, Fidelity Investments (AART), as of 5/31/26. RIGHT: Mats = materials; Comms = Communications Services; Cons Disc = Consumer Discretionary. Data from 3000 largest publicly traded companies. Shading indicates U.S. recession dates. Source: Fidelity Investments (AART), as of 5/31/26.

Fiscal boost may be short-lived; upward interest-rate pressure a risk

The OBBBA* fiscal legislation is providing fiscal support to the economy, but impacts are expected to fade in 2027, since most of the spending is front-loaded. The persistence of large budget deficits is expected to increase interest payments to account for nearly one-fifth of spending, while non-defense discretionary is set to fall to just 10% of the total budget. A challenging fiscal outlook is shared by other advanced economies, as the rise in 30-year government-bond yields reflects investor concerns about global fiscal profligacy.

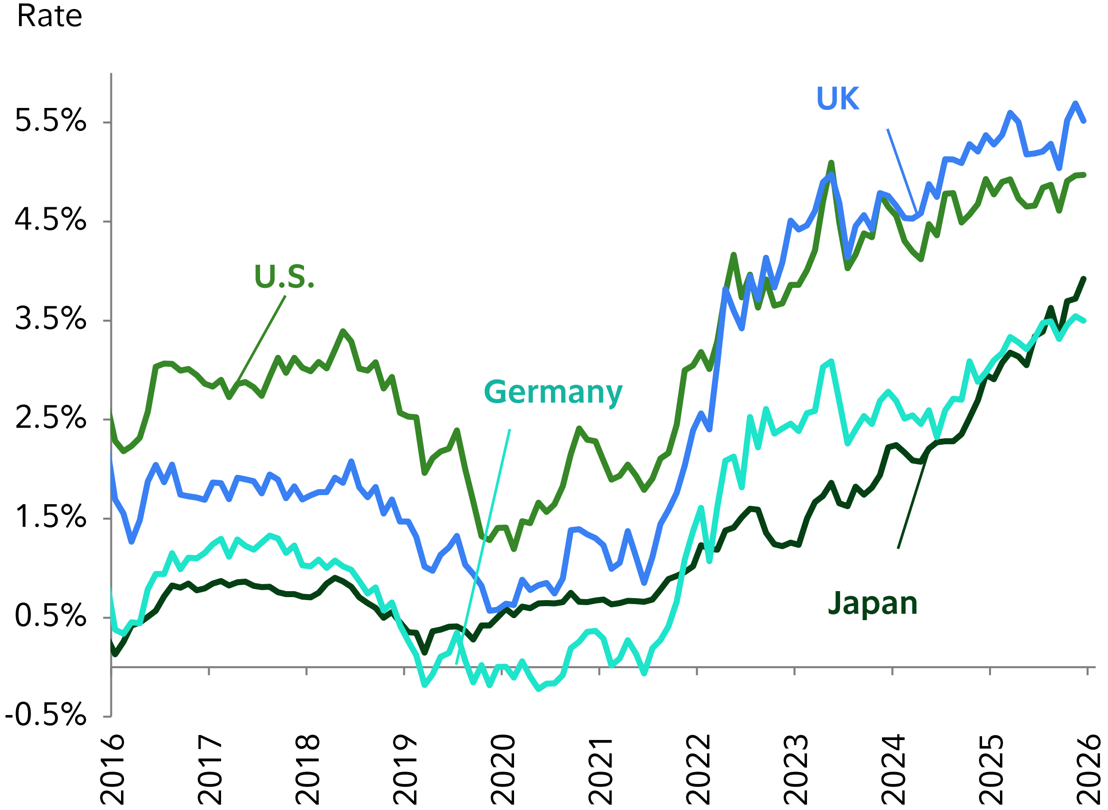
Net interest outlay (% of GDP)



% of U.S. spending budget

	2025	2036E
Mandatory	59%	62%
Defense	13%	10%
Discretionary**	14%	10%
Net Interest	14%	19%

30-year sovereign bond yields

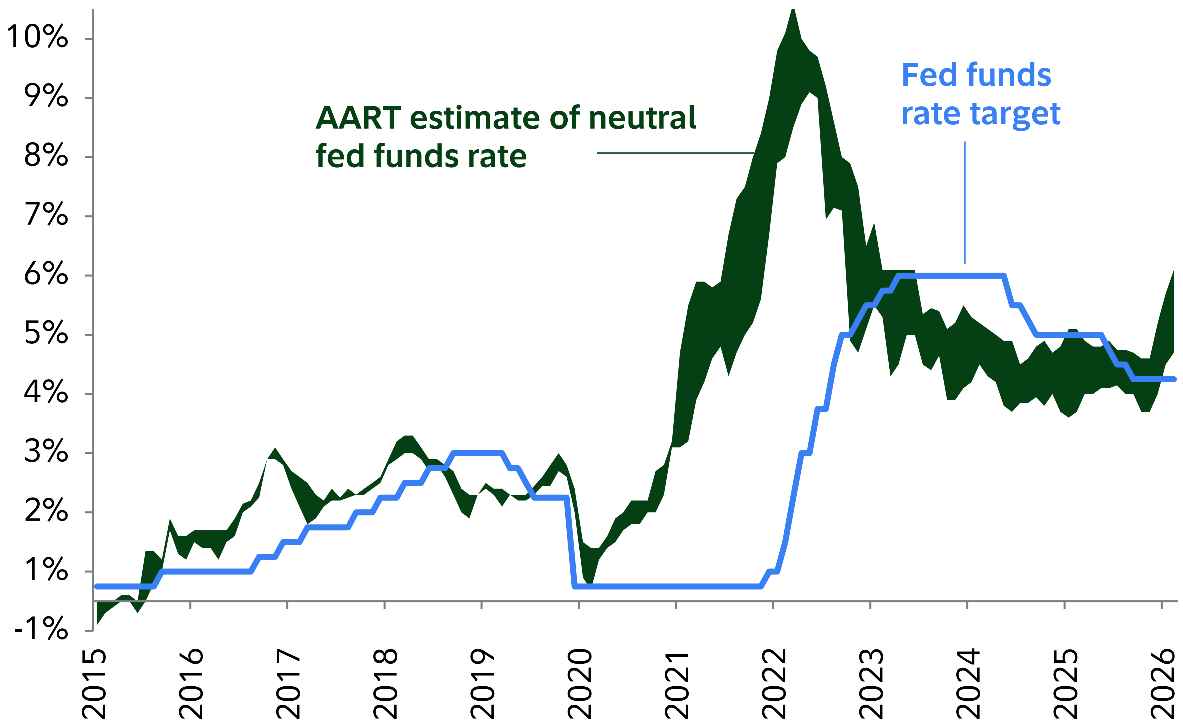


Past performance is no guarantee of future results. * One Big Beautiful Bill Act. LEFT: Net interest outlay as a share of GDP and forecast from CBO. Table presents latest U.S. budget components as a share of total budget and 2036 forecast from CBO. **Non-defense discretionary. Source: Congressional Budget Office (CBO), Fidelity Investments (AART), as of 2/28/26. RIGHT: 30-Year U.S. Treasury Yield, 30-Year German Bund Yield, 30-Year UK Gilt Yield, 30-Year JGB Yield. Source: Bloomberg Finance L.P., Macrobond, Fidelity Investment (AART), as of 6/30/26.

New leadership and supply shocks complicate Fed policy

The Fed came into 2026 expecting to continue cutting rates amid soft labor markets and falling inflation. Persistent inflation, a recovering labor market, and a hawkish tone from the new Fed Chair shifted market expectations to rate hikes. AART's estimate of neutral fed funds, the policy rate that supports stable inflation, suggests the Fed may need to raise rates to tamp down inflation. However, the outlook for policy is highly uncertain, as there are several reasons why the new Fed Chair could encourage patience before hiking rates.

Fed funds rate



Fed's considerations for next move

	Hike rates	Hold/cut rates
Inflation	• Above target • Lagged impact of higher oil	• AI disinflationary • Trimmed mean/median CPI/PCE falling • Oil/tariff impacts short-lived
Employment	• Payrolls accelerating • Unemployment rate stable	• Recovery concentrated (leisure/healthcare) • Wage growth decelerating
Other	• Maintain credibility • Easy financial conditions • Policy rate below neutral	• Housing weak • Low-income consumer struggling

LEFT: FOMC: Federal Open Market Committee. Shaded area represents AART estimate of neutral fed funds rate. Source: U.S. Federal Reserve Board, National Bureau of Economic Research (NBER), Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26. RIGHT: Source: Macrobond, Fidelity Investments (AART), as of 6/30/2026.

- Market summary
- Economy/macro backdrop
- **Asset markets**
- Long-term themes

Growth, tech, and EM led second-quarter rebound

The second quarter of 2026 saw a strong rebound in information technology and growth stocks, while energy and utilities underperformed. International equity outperformance was broad-based over the quarter, with EM Asia leading gains globally. Emerging markets also led performance in fixed income, where more credit-sensitive assets outperformed Treasuries. Meanwhile, gold and broad commodities gave back gains over the quarter, though the latter remained in positive territory so far in 2026.

U.S. equity styles total return

	Q2 2026	YTD
Small Caps	21.5%	22.6%
Growth	17.1%	5.9%
Large Caps	15.2%	10.2%
Value	14.0%	16.6%
Mid Caps	13.8%	15.3%

U.S. equity sectors total return

	Q2 2026	YTD
Info Tech	31.8%	19.8%
Industrials	14.9%	20.2%
Consumer Discretionary	9.3%	-0.8%
Financials	9.0%	-1.3%
Health Care	8.8%	3.5%
Real Estate	8.5%	11.5%
Communication Services	8.3%	0.8%
Materials	2.0%	12.0%
Consumer Staples	0.3%	8.0%
Utilities	-0.5%	7.7%
Energy	-13.4%	19.7%

Non-U.S./global assets total return

	Q2 2026	YTD
ACWI ex-USA	14.5%	13.7%
Japan	14.2%	15.8%
Europe	10.9%	7.8%
EAFE	10.8%	9.4%
EAFE Small Cap	9.0%	7.6%
Canada	6.0%	7.4%
EM Asia	30.2%	28.2%
Emerging Markets	24.1%	23.8%
EMEA	2.3%	2.3%
Latin America	-3.6%	10.5%
Commodities	-8.1%	14.4%
Gold	-14.1%	-7.2%

U.S. equity factors total return

	Q2 2026	YTD
Momentum	23.5%	18.0%
Size	18.9%	20.9%
Value	12.7%	8.6%
Quality	12.4%	8.3%
Yield	10.3%	8.4%
Low Volatility	6.0%	3.2%

Fixed income total return

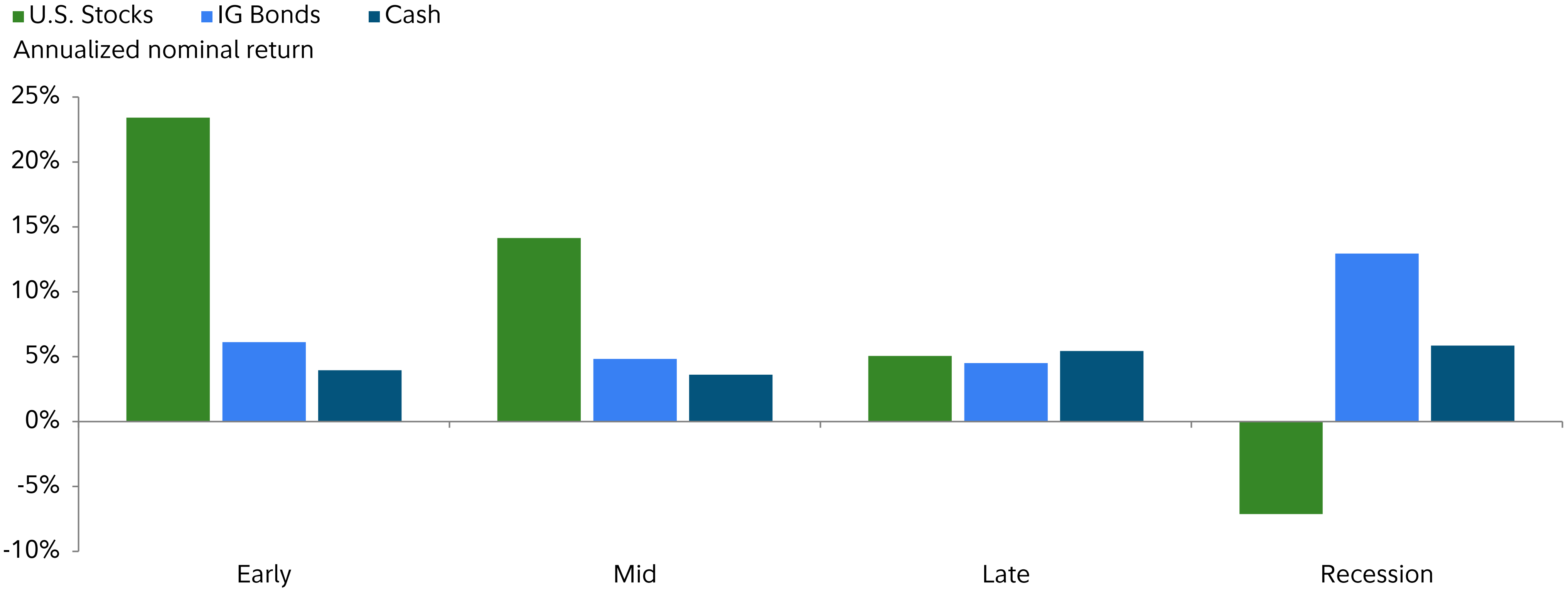
	Q2 2026	YTD
EM Debt	4.6%	3.3%
Municipal	2.5%	2.3%
High Yield	2.5%	1.9%
Leveraged Loan	1.9%	1.3%
Long Govt & Credit	1.5%	0.8%
Credit	1.3%	0.8%
TIPS	0.9%	1.2%
ABS	0.8%	1.1%
Aggregate	0.7%	0.6%
MBS	0.6%	1.0%
CMBS	0.5%	0.8%
Agency	0.4%	0.6%
Treasuries	0.3%	0.3%

Past performance is no guarantee of future results. ACWI ex-USA represented developed non-U.S. equities. EAFE: Europe, Australasia, and the Far East. EM: Emerging markets. EMEA: Europe, the Middle East, and Africa. For indexes and other important information used to represent above asset categories and equity factor returns, see Appendix. 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 6/30/26.

Business cycle road map a starting point for near-term allocation

The business cycle can be a critical determinant of asset performance over the short-to-intermediate term. Stocks have consistently outperformed earlier in the cycle, whereas bonds have outperformed during recessions. We believe a business cycle approach to actively managed asset allocation has the potential to help smooth portfolio performance amid cyclical fluctuations, but portfolio returns over the long term have tended to be driven by secular factors.

Asset class performance by cycle phase (1950–2020)



For illustrative purposes only. **Past performance is no guarantee of future results.** Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. U.S. Stocks—Dow Jones U.S. Total Stock Market Index; Investment-Grade (IG) Bonds—Bloomberg U.S. Aggregate Bond Index; Cash—Bloomberg 1-3 Month Treasury Bill Index. Source: Fidelity Investments, Morningstar, Bloomberg Finance L.P., as of 12/31/25.

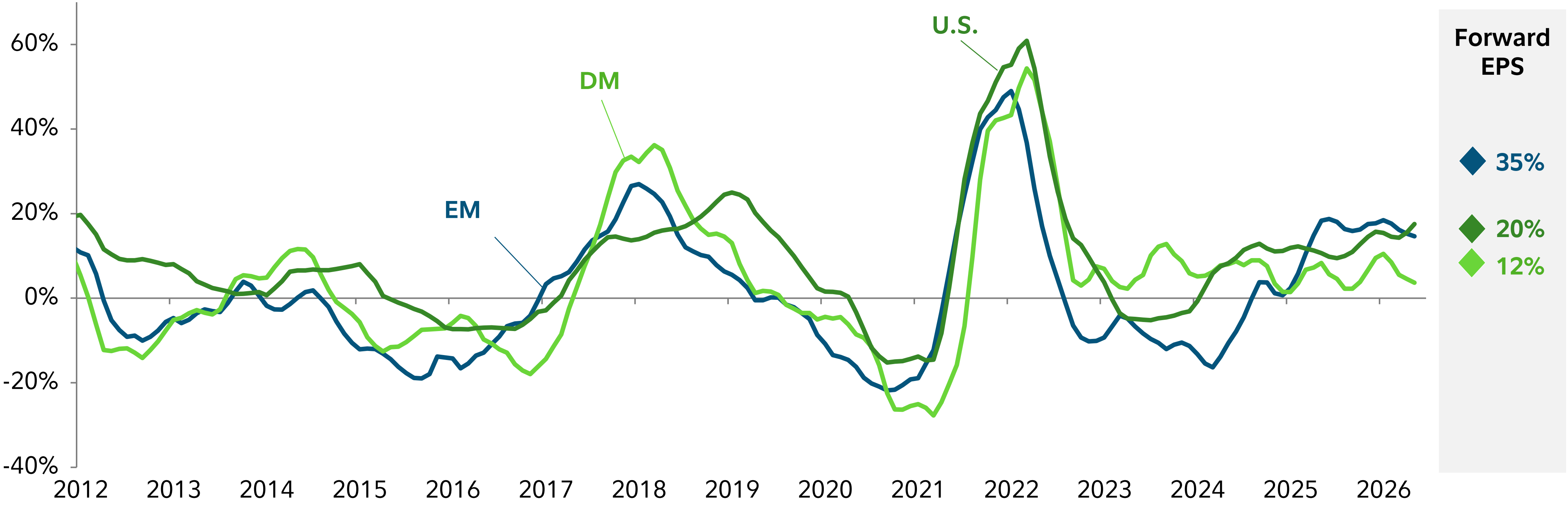
U.S. and EM lead strong global earnings growth

Earnings growth remained positive across regions in Q2, particularly for the U.S. and emerging markets, where growth hit double digits. Non-U.S. developed markets experienced positive, albeit slower earnings growth. Investors continue to anticipate double-digit earnings in all regions over the next 12 months.

Global EPS growth (trailing 12 months)

◆ Forward

Year-over-year, 3-month average

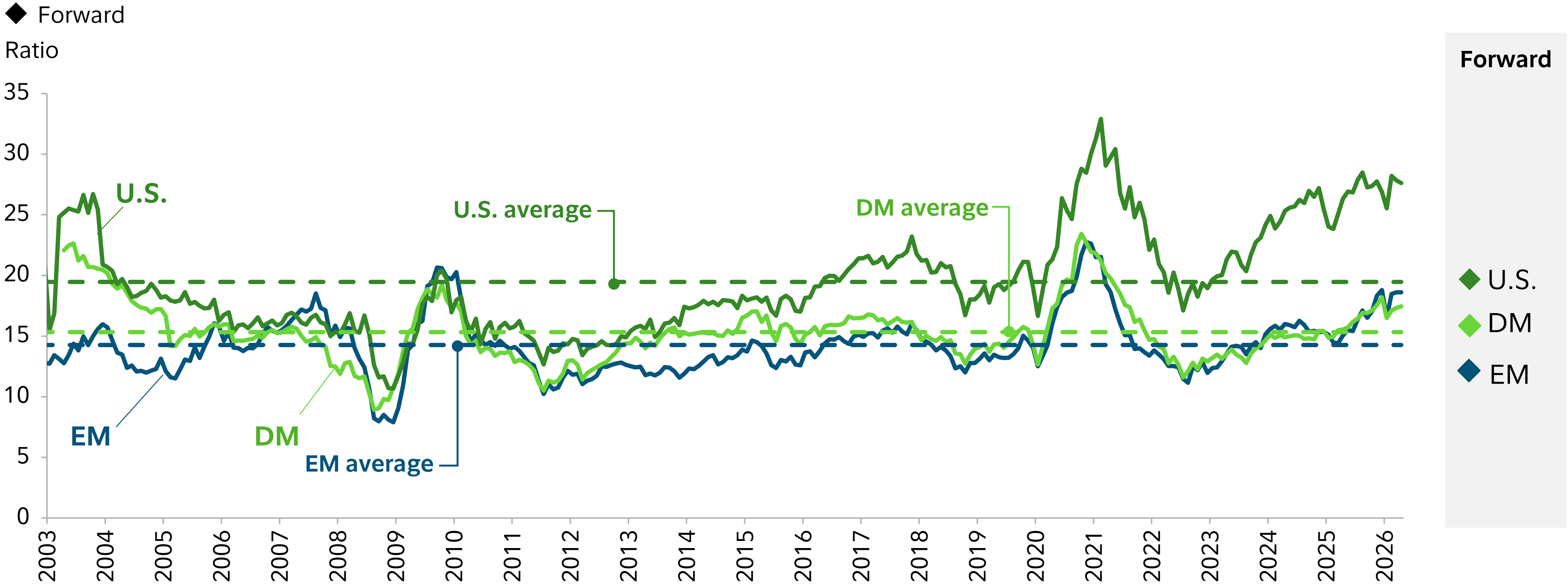


Past performance is no guarantee of future results. Forward EPS is unsmoothed. DM: Developed markets ex-USA. EM: Emerging markets. EPS: Earnings per share. Forward EPS: Next 12 months' expectations. Indexes: DM—MSCI EAFE Index; EM—MSCI Emerging Markets Index; U.S.—S&P 500. Source: MSCI, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26.

Non-U.S. equity valuations are still relatively attractive

Equity valuations have risen across regions over the last three years. The market expects a reversion in valuations across all major regions, with forward price-to-earnings (P/E) ratios for the U.S. well above non-US markets. The U.S. P/E ratio remained well above its long-term average, making non-U.S. equity valuations appear relatively attractive.

Global stock market P/E ratios

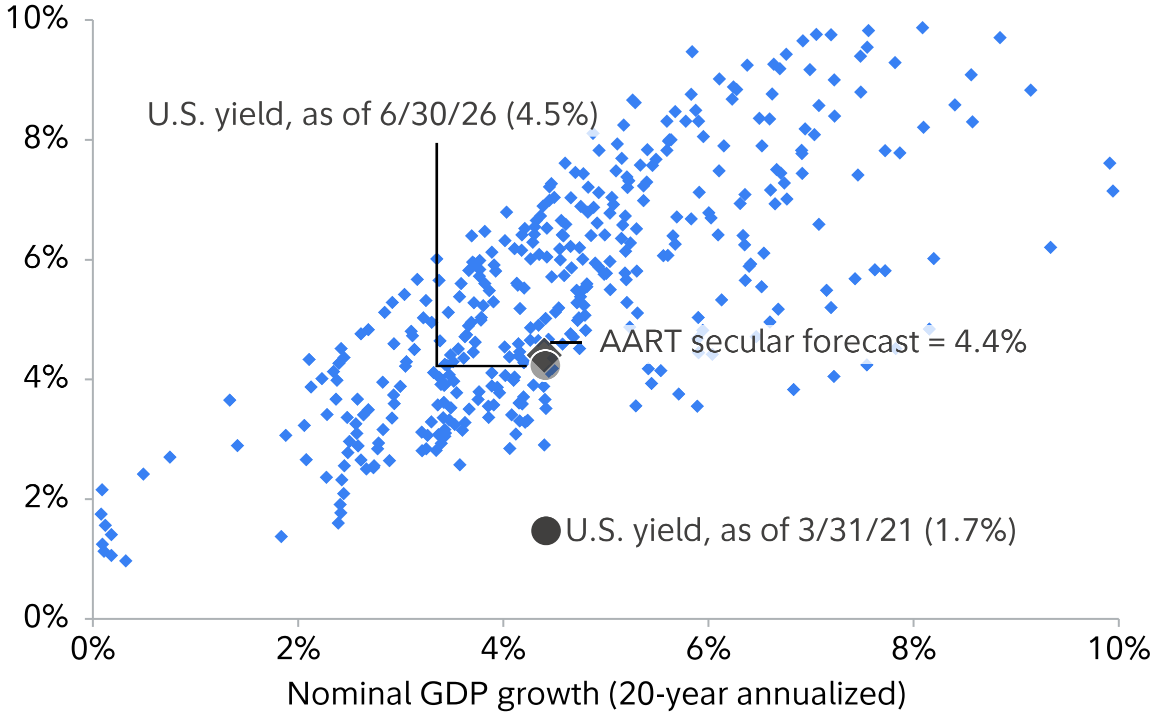


Past performance is no guarantee of future results. DM: Non-U.S. developed markets. EM: Emerging markets. Chart includes trailing 12-month P/Es. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Price-to-earnings (P/E) ratio (or multiple): Stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Long-term average P/E includes data from 3/31/03 to 6/30/26. Indexes: DM—MSCI EAFE Index; EM—MSCI Emerging Markets Index; U.S.—S&P 500. Source: FactSet, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26.

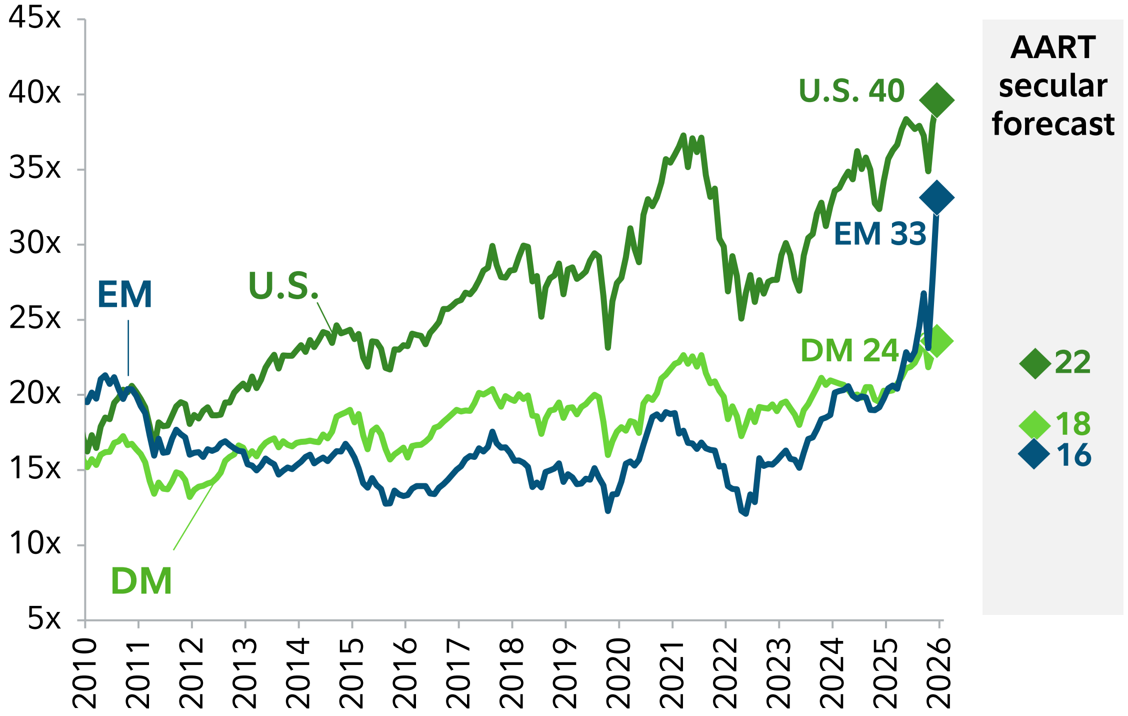
Relative valuations may provide opportunities ahead

Our long-term valuation metrics suggest certain equity and bond assets offer attractive entry points. The 10-Year U.S. Treasury yield remains near our secular forecast of 4.4%, and bond valuations are favorable compared with the past decade and relative to equities. Although we believe U.S. stocks should trade at premium valuations to other markets, cyclically adjusted price-to-earning ratios for U.S. stocks remain well above our secular forecasts and suggest non-U.S. developed market equities appear relatively attractive.

10-year sovereign bond yields vs. GDP



Equity valuations

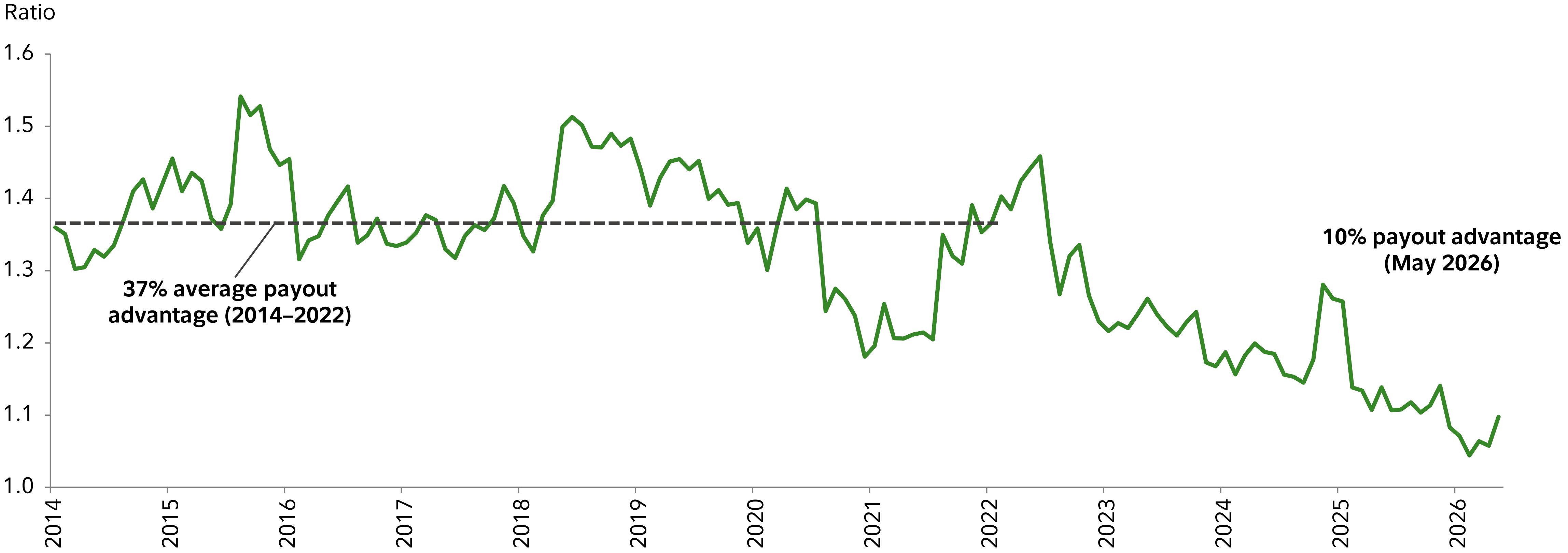


Past performance is no guarantee of future results. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. LEFT: Highlighted dots are U.S. 10-year Treasury bond yields. AART secular forecast refers to an estimate for U.S. nominal GDP (4.4%). Source: Official Country Estimates, Haver Analytics, Fidelity Investments (AART), as of 3/31/26. RIGHT: CAPE: Cyclically adjusted price-earnings. DM: Developed markets. EM: Emerging markets. Price-to-earnings (P/E) ratio (or multiple): Stock price divided by earnings per share, which indicates how much investors are paying for a company's earnings power. Cyclically adjusted earnings are 10-year averages adjusted for inflation. Source: FactSet, countries' statistical organizations, MSCI, Fidelity Investments (AART), as of 5/31/26. AART secular forecasts are as of 4/30/26.

U.S. equity payout advantage is dwindling

The U.S. has long held a superior corporate sector track record, underpinned by high returns on equity and strong corporate governance. For example, from 2014 to 2022, U.S. public companies provided higher total payments for shareholders (dividend and share buybacks) that resulted in equity payout yields that averaged nearly 40% higher than their foreign counterparts. However, this advantage has narrowed in recent years, as some countries have prioritized more shareholder-friendly policies.

U.S. equity vs. non-U.S. equity payout yield

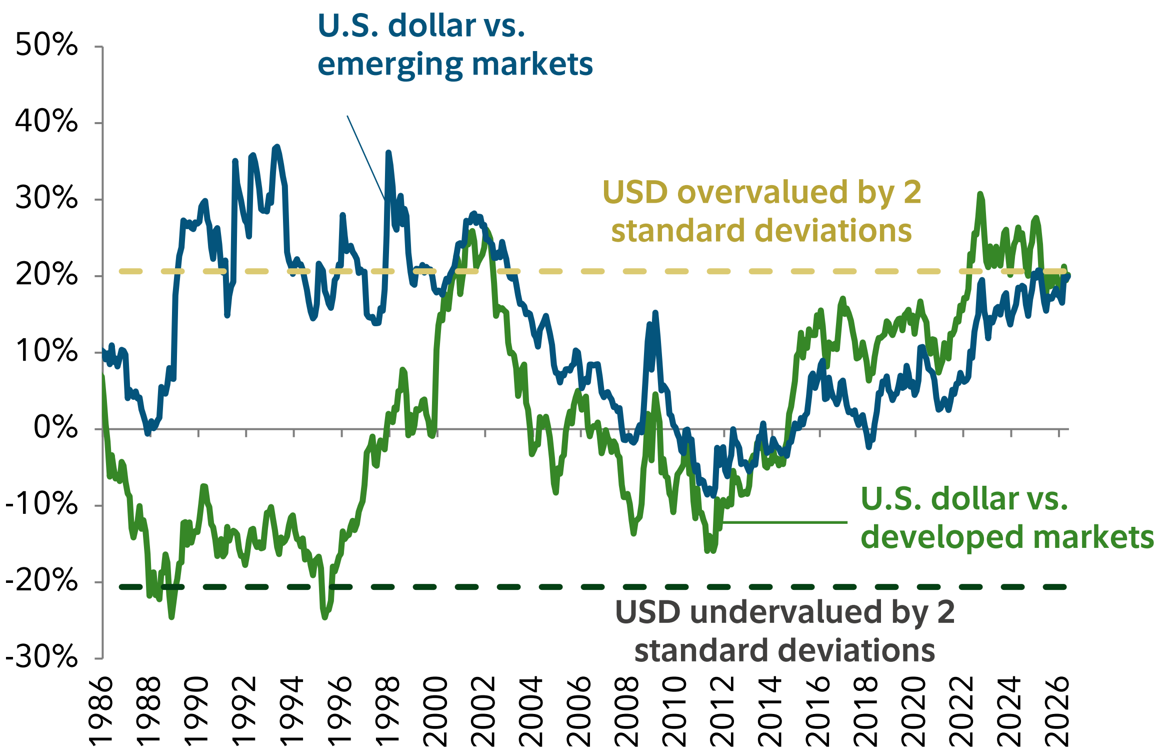


 Past performance is no guarantee of future results. MSCI USA Index Payout vs. ACWI ex U.S. Index Payout. Payout includes both dividends and share buybacks. Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 5/31/26.

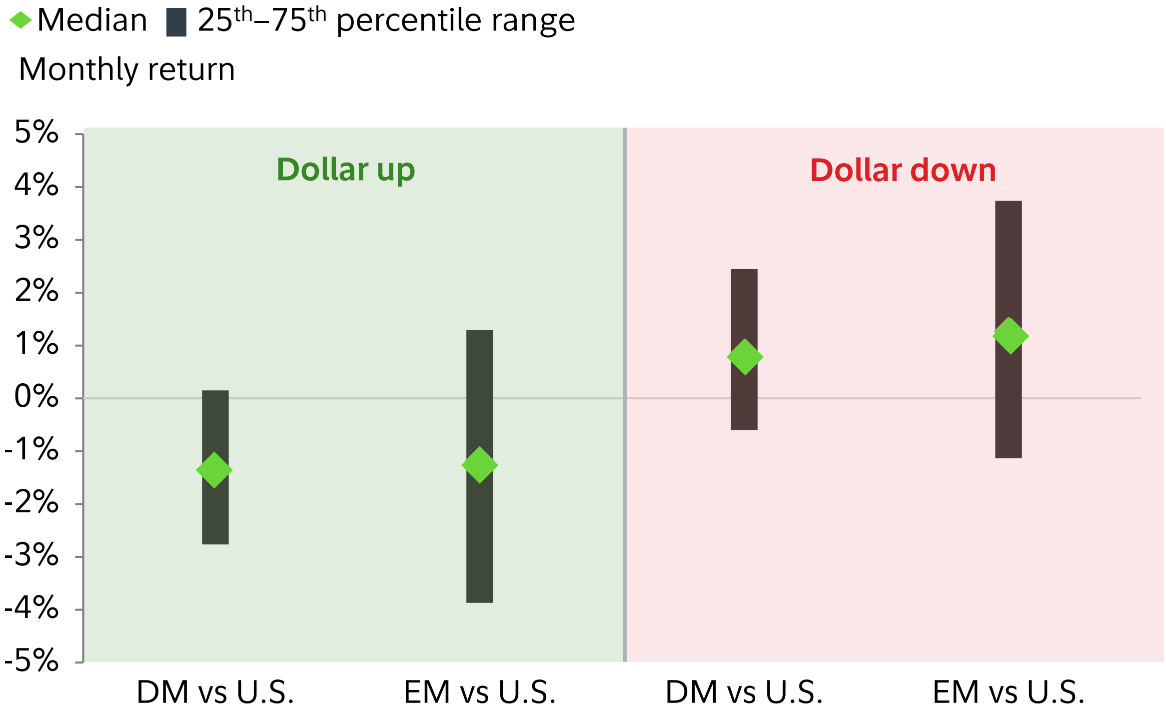
Dollar still expensive, a positive for non-U.S. assets

The U.S. dollar ticked higher in Q2 after depreciating from its 2025 peak. We continue to believe the greenback remains overvalued relative to both developed and emerging-market (EM) currencies, and that this tends to offer a reliable long-term signal for a weaker dollar. Historically, a weaker dollar has been a tailwind for the relative returns of DM and EM equities (versus U.S. stocks). We believe owning assets denominated in foreign currencies is an important component of portfolio diversification for U.S. investors.

U.S. dollar valuations (1986–2026)



Relative regional equity performance by U.S. dollar changes, 2003–2026



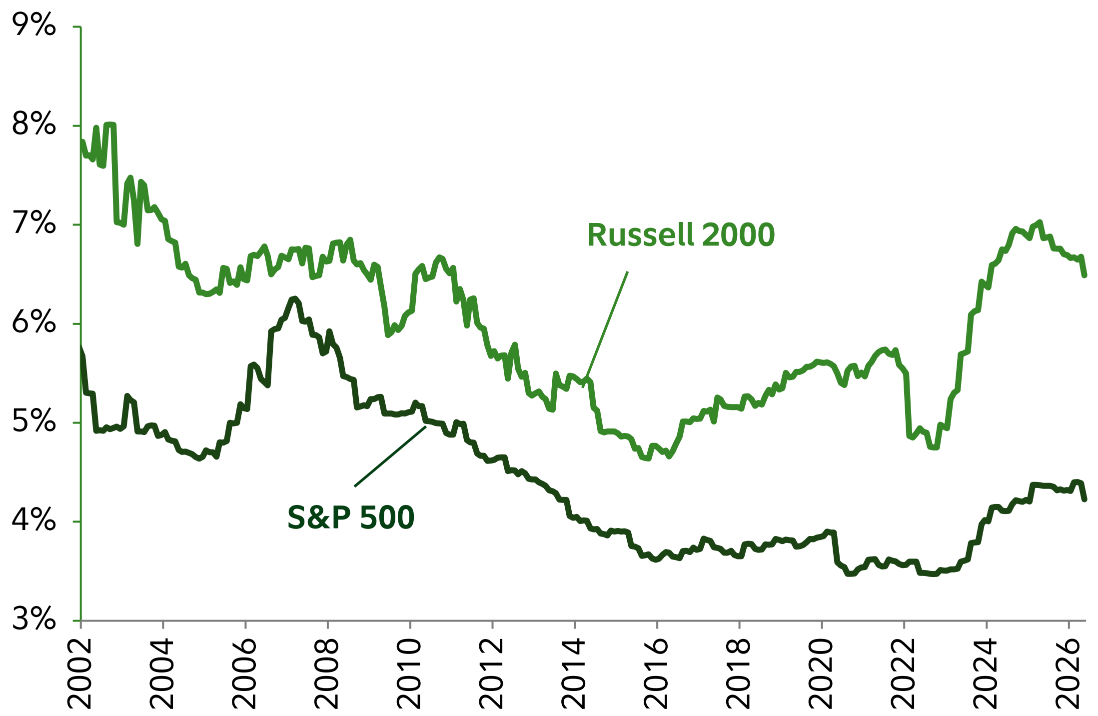
Past performance is no guarantee of future results. LEFT: U.S. Dollar Index is DXY. Measures the dollar against a basket of six currencies (Euro, Japanese Yen, British Pound, Canadian Dollar, Swedish Krona, Swiss Franc). Source: Bloomberg Finance L.P., EPFR Global, Macrobond, Fidelity Investments (AART) as of 5/31/26. RIGHT: Source: DM is represented by MSCI EAFE Net Total Return USD Index. EM is MSCI Emerging Net Total Return USD Index. U.S. is S&P 500. The dollar is represented by the Bloomberg Dollar Spot Index. Source: MSCI, S&P Global, Bloomberg Finance L.P., Macrobond, Fidelity Investments (AART), as of 6/30/26.

Will small cap broadening continue?

Relative to large corporations, smaller companies have been more sensitive to higher interest rates in recent years because of their shorter-term liabilities and greater need for refinancing. Rate cuts in recent years have helped reduce the interest-rate expense of smaller companies, many of which have had ample time to adjust to a higher cost of financing. From a business cycle perspective, the largest outperformance of small caps tends to be during the early cycle when growth is accelerating.

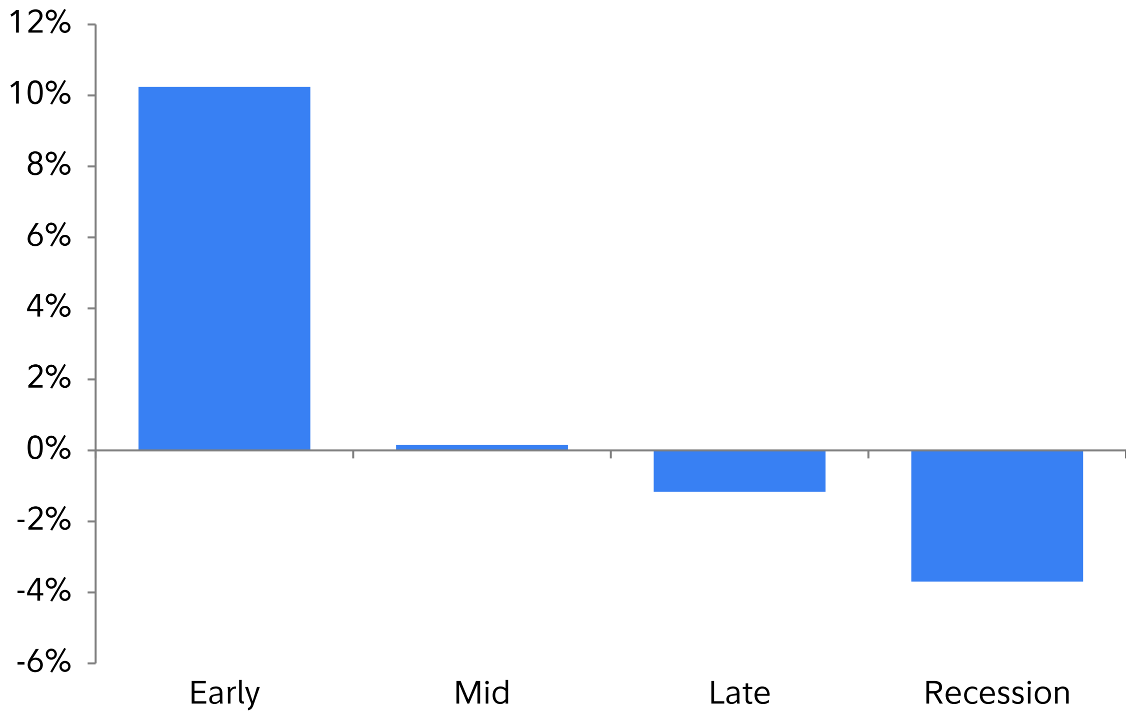
U.S. large and small cap interest expense

Net interest expense/total debt



U.S. small cap performance by business cycle phase (1950–2020)

Relative returns vs. large caps (annualized)



Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Large cap measured by S&P 500 and small cap measured by Russell 2000 and AART proprietary deep history of asset market returns. LEFT: Source: FactSet, Macrobond, Fidelity Investments (AART), as of 5/31/26. RIGHT: Source: Fidelity Investments, Macrobond, as of 5/31/26.

Business cycle approach to equity sectors

A disciplined business cycle approach to sector allocation seeks to generate active returns by favoring industries that may benefit from cyclical trends. Economically sensitive sectors historically have performed better in the early- and mid-cycle phases of an economic expansion. Meanwhile, companies in defensive sectors with relatively more stable earnings growth have tended to outperform in weaker environments.

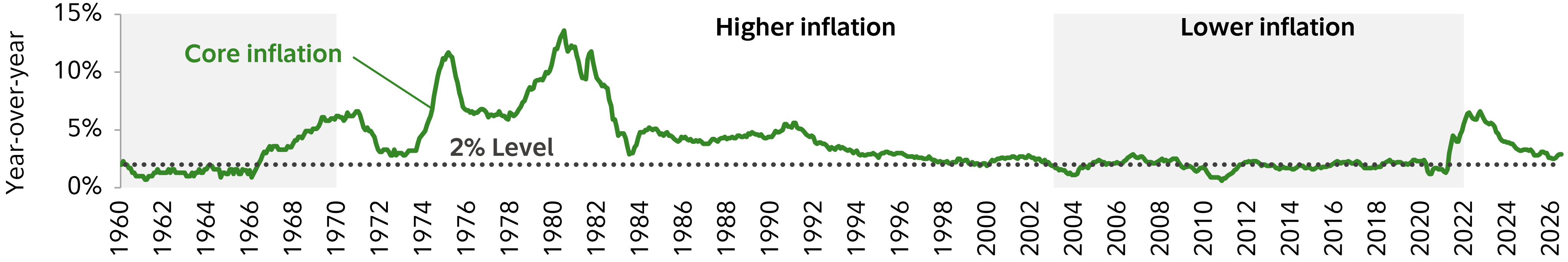
Sector	**Early Cycle**—rebounds	**Mid Cycle**—peaks	**Late Cycle**—moderates	**Recession**—contracts
Financials	+			-
Real Estate	++	-	+	--
Consumer Discretionary	++		--	
Information Technology	+	+	-	--
Industrials	++			--
Materials	+	--		-
Consumer Staples	--	-	+	++
Health Care	--			++
Energy	--		++	--
Communication Services		+		-
Utilities	--	-	+	++
	Economically sensitive sectors have tended to outperform, while more defensive sectors have tended to underperform.	Making marginal portfolio allocation changes to manage drawdown risk with sectors may enhance risk-adjusted returns during this cycle.	Defensive and inflation-resistant sectors have tended to perform better, while more cyclical sectors underperform.	Since performance generally has been negative during recessions, investors should focus on the most defensive, historically stable sectors.

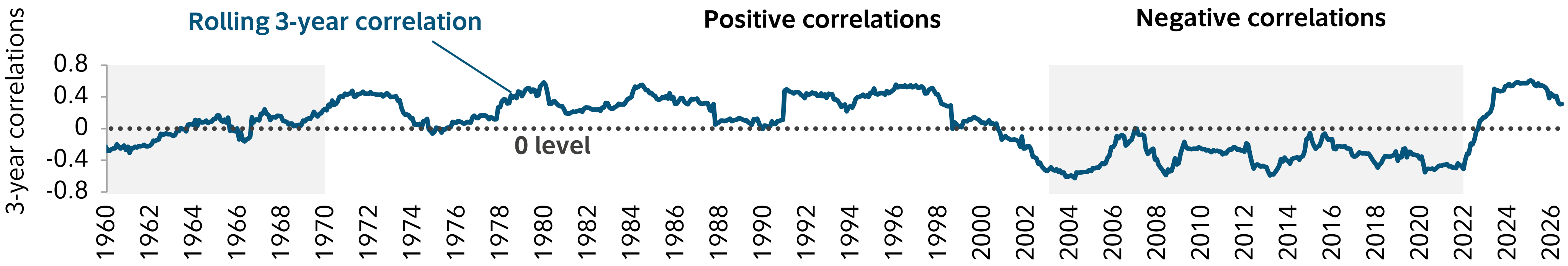
Past performance is no guarantee of future results. Sectors as defined by GICS. White line is a theoretical representation of the business cycle as it moves through early, mid, late, and recession phases. Green- and tan-shaded portions above represent over- or underperformance, respectively, relative to the broader market; unshaded (white) portions suggest no clear pattern of over- or underperformance. Double +/– signs indicate that the sector is showing a consistent signal across all three metrics: full-phase average performance, median monthly difference, and cycle hit rate. A single +/– indicates a mixed or less consistent signal. Return data from 1962 to 2021. Source: Fidelity Investments (AART), as of 6/30/26.

High inflation has driven positive stock-bond correlations

Over the past 20 years, subdued and relatively stable U.S. core inflation averaged about 2% and facilitated an environment of negative correlations between U.S. stocks and Treasury bonds, leading to strong portfolio diversification. Since 2021, the backdrop has been more akin to prior periods of high inflation and positive stock-bond correlations.

Stock and treasury bond correlations vs. inflation



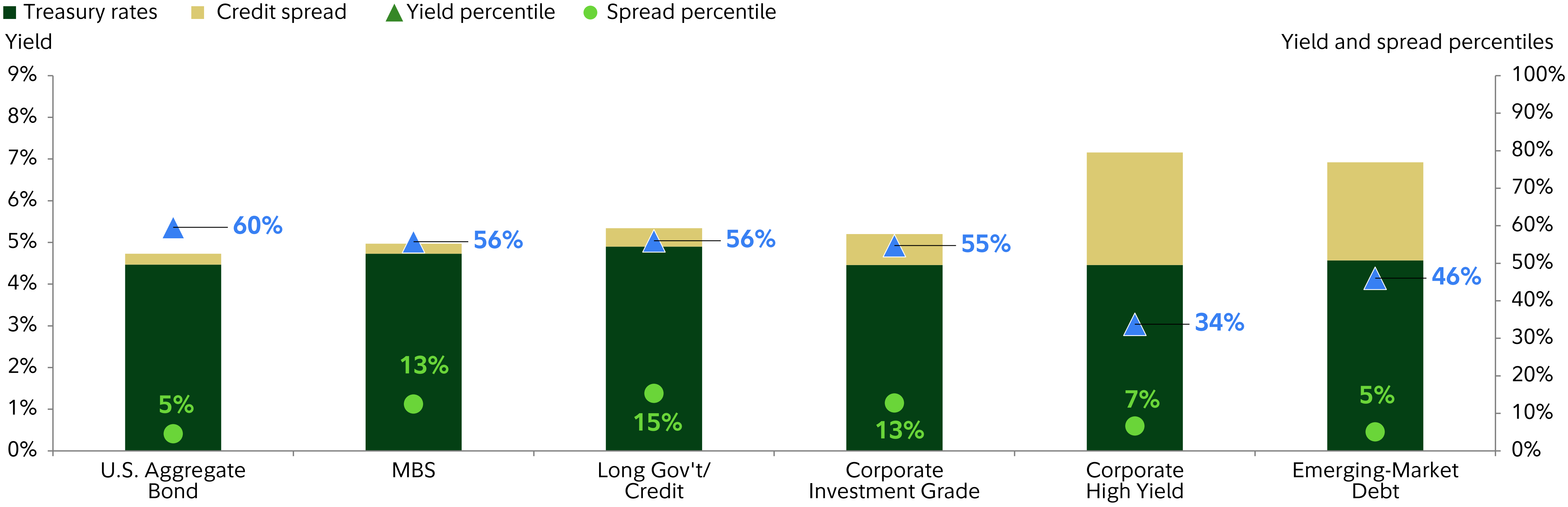


Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. Fidelity Investments proprietary analysis of historical asset class performance is not indicative of future performance. Stocks measured by the Dow Jones U.S. Total Stock Market Index (Total Return). U.S. Treasuries measured by the Bloomberg U.S. Intermediate Treasury Bond Index (Total Return). Source: Bureau of Labor Statistics, Macrobond, Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26.

Bond yields slightly higher, helped by tighter credit spreads

Yields were slightly higher across major fixed income categories with tighter credit spreads helping provide an offset. Credit spreads in the Bloomberg U.S. Aggregate Bond Index, emerging market, and high-yield sectors ended the quarter in the lowest quartile of their historical range, providing limited compensation for taking on credit risk. Overall, yields for most fixed income categories stood at or above their 50th percentile, suggesting bond valuations are roughly in line with long-term averages and provide solid income within a balanced portfolio.

Fixed income yields and spreads (1993–2026)



Past performance is no guarantee of future results. U.S. Aggregate Bond—Bloomberg U.S. Aggregate Bond Index; MBS—Bloomberg MBS Index; Long Gov't/Credit Bonds—Bloomberg Long Government & Credit Index; Corporate Investment Grade—Bloomberg U.S. Corporate Bond Index; High-Yield Bonds—ICE BofA High Yield Bond Index; Emerging-Market Bonds—JP Morgan EMBI Global Diversified Composite Index. It is not possible to invest directly in an index. All indexes are unmanaged. See Appendix for important index information. Percentile ranks of yields and spreads based on historical period from 1993 to 2026. Treasury rates different across asset classes due to different duration for each index.
Source: Bloomberg Finance L.P., Fidelity Investments (AART), as of 6/30/26.

- Market summary
- Economy/macro backdrop
- Asset markets
- **Long-term themes**

Secular trends present new challenges for asset markets

We believe shifting long-term trends in economic and policy conditions imply a secular regime change for financial markets. Record-high debt and widespread aging demographics create challenges for fiscal and monetary policy, while more unstable geopolitics and peaking global integration represent a different direction from recent decades. Inflation, policy, and profit risks warrant higher levels of strategic diversification.

Broad secular trends	Secular factors	Potential impact
Unprecedented debt levels	Monetary policy	More uncertain with bigger swings between financial repression and fighting inflation
Widespread aging demographics	Fiscal policy	Higher structural deficits
Peak globalization	Labor force	Supply constrained
Geopolitical instability	Supply-chain self sufficiency, reliability	Less goods and labor disinflation
	National security-oriented policies	Business backdrop less market-driven

Results

- Inflation and interest rates more volatile
- Policy and political risks higher
- Financial fragility
- Profit-margin pressures
- Higher asset price volatility
- Lower global asset correlations

Shows need for **strategic diversification:**
More-nuanced diversification and less reliance on simple extrapolation of past trends

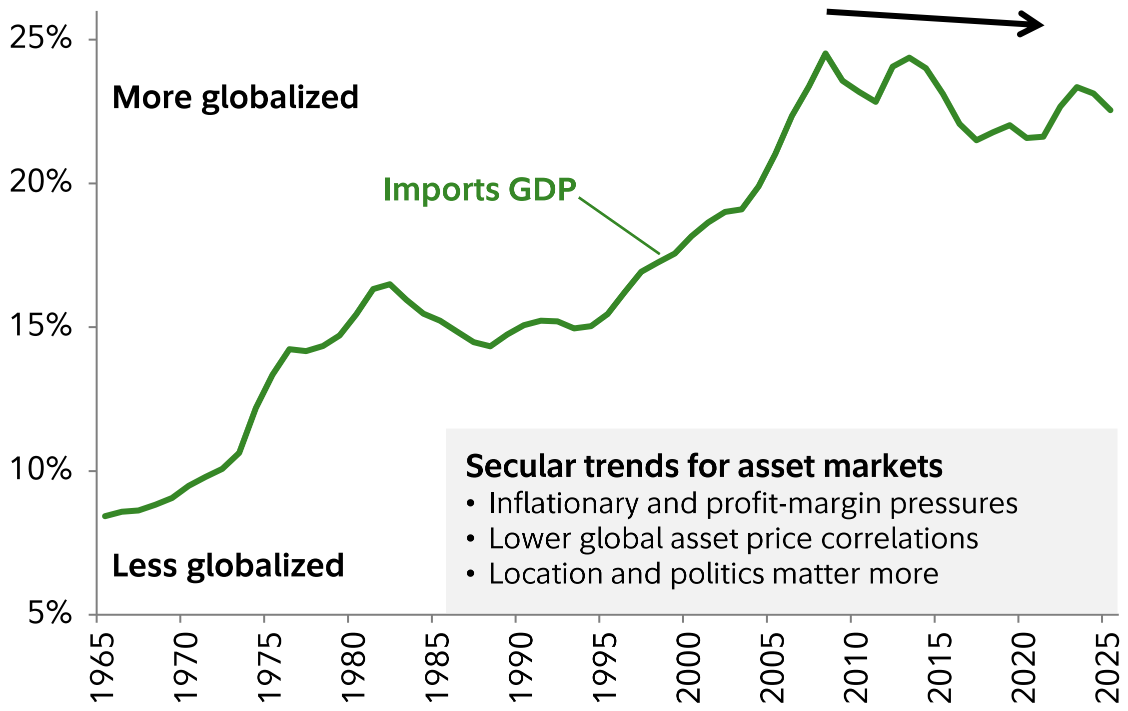
 Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss.

Unstable multipolar geopolitics at the heart of peak globalization

The stable, unipolar backdrop under U.S. dominance fostered rapid global integration, but economic openness has stalled in recent years. At the heart of "peak globalization" is a secular environment of higher geopolitical risk. The shift to today's multipolar environment implies more great-power competition, particularly the deepening U.S.–China rivalry, and a less stable global backdrop. The more politics and location matter, the greater the potential benefits and active opportunities from global asset diversification.

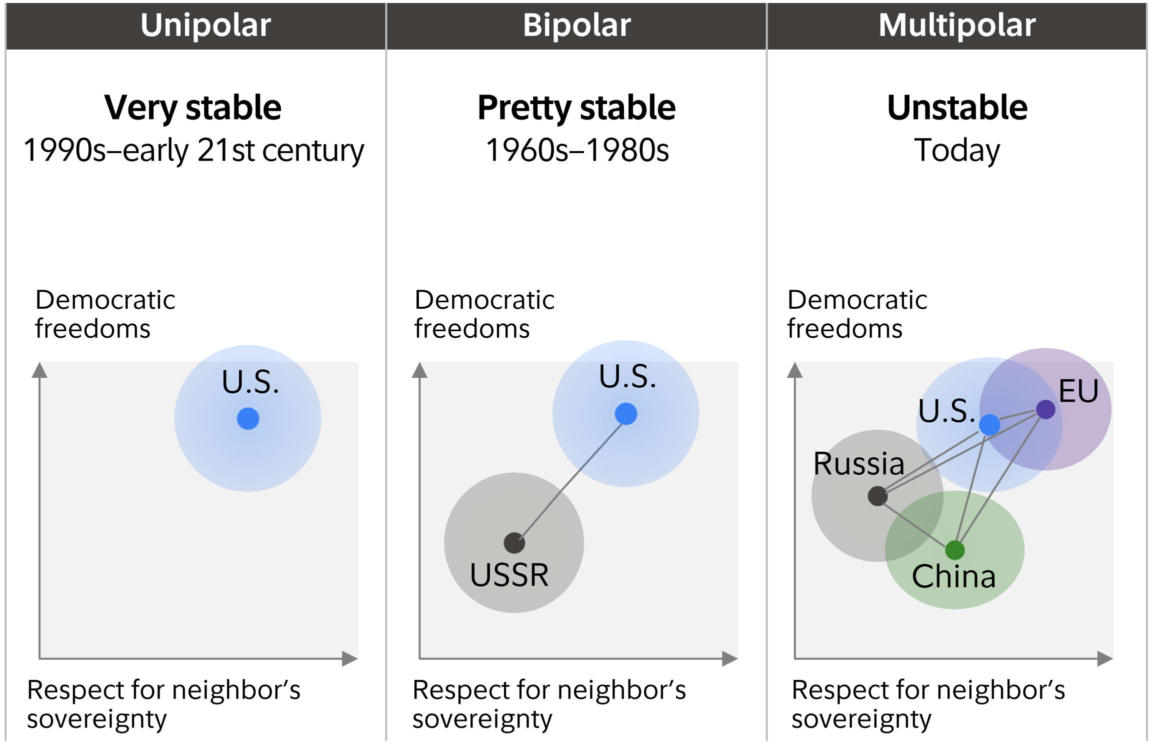
Trade globalization

Ratio, 3-year moving average



Secular trends for asset markets
- Inflationary and profit-margin pressures
- Lower global asset price correlations
- Location and politics matter more

Global regime stability



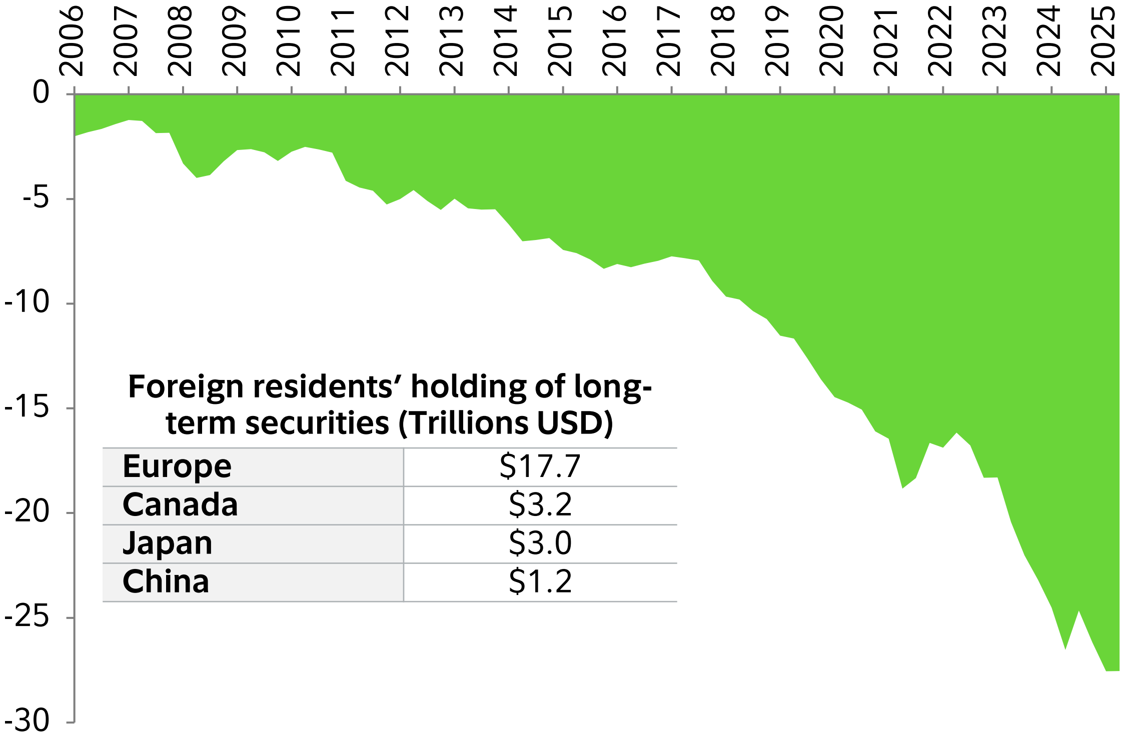
Diversification does not ensure a profit or guarantee against a loss. LEFT: The arrow on the chart notes the general downtrend in global imports as a percentage of gross domestic product since roughly the end of the 2007–2009 Global Financial Crisis. Source: World Bank Publication, International Monetary Fund (IMF), Macrobond, Fidelity Investments (AART), as of 12/31/25. RIGHT: Source: Fidelity Investments (AART), as of 6/30/26.

Peak "U.S. exceptionalism"?

U.S. financial markets benefited from significant foreign capital inflows in recent years, resulting in premium asset valuations, a strong dollar, and a record-high international investment deficit of more than $25 trillion. Traditional U.S. allies—such as Europe, Japan, and Canada—account for a large proportion of the foreign-owned U.S. stocks and bonds. A variety of structural attributes developed over the past century underpin the perception of "U.S. exceptionalism," and it's possible this investor narrative has reached a peak.

U.S. international investment position

USD (trillions)



Foreign residents' holding of long-term securities (Trillions USD)

Europe	$17.7
Canada	$3.2
Japan	$3.0
China	$1.2

Examples of the underpinnings of U.S. exceptionalism

Capital market manifestations
- Premium asset valuations
- Risk-free asset, lower rates
- Foreign capital inflows

Structural attributes

Economic/financial
- Global reserve currency and asset (UST)
- Deepest capital markets
- Higher productivity growth and corporate ROE
- Innovation/tech and science leadership

Foundational
- Rule of law and societal trust
- High-quality institutions
- Deep network of global alliances & soft power

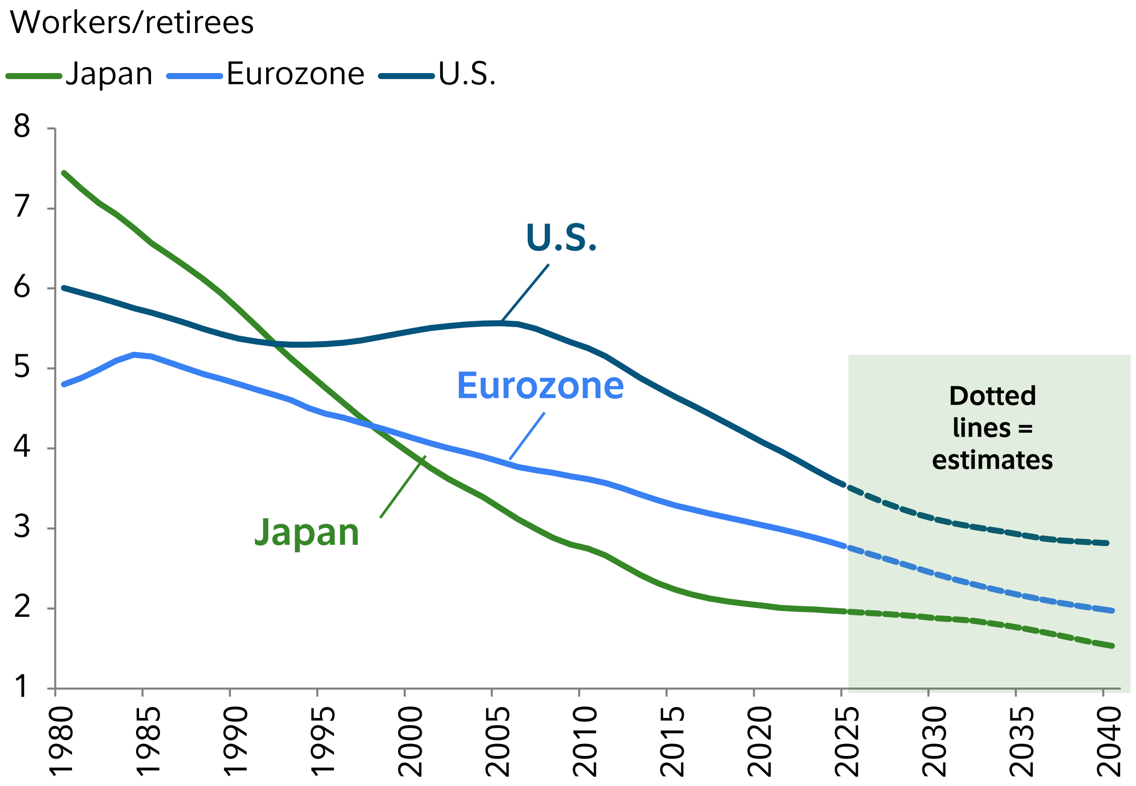
Great power foundations
- Largest, wealthiest global consumer
- Military power
- Resource endowments and geography

 LEFT: Chart: Source: Macrobond, Fidelity Investments (AART), net international investment position International Monetary Fund, as of 12/31/25. Table: U.S. Federal Reserve, as of 4/30/26. RIGHT: Fidelity Investments (AART), as of 6/30/26.

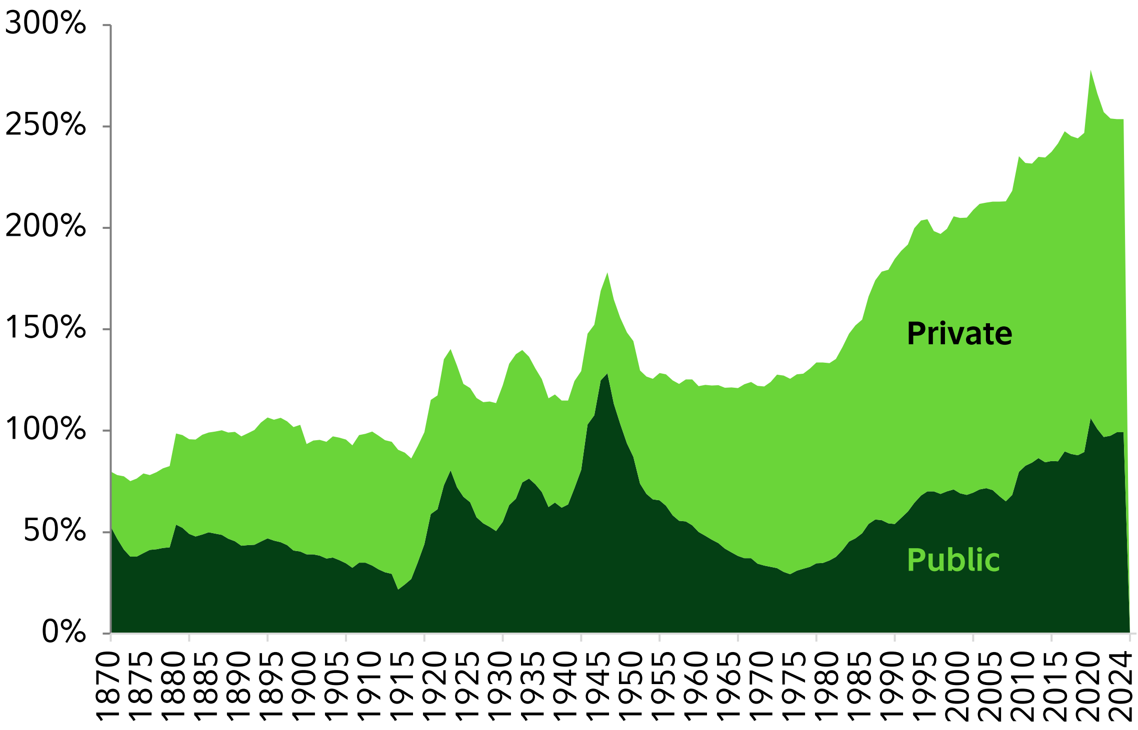
Unprecedented debt levels amid aging demographics

Most major economies face deteriorating demographic trends. With fewer new workers to support a growing number of retirees, greater fiscal pressures are ahead due to rising spending on pensions and health care. The dramatic worldwide rise in public and private debt in recent decades has been sustained by extraordinary monetary accommodation, leaving the outlook more uncertain amid higher interest and inflation rates.

Demographic support ratio



Global debt as a share of GDP



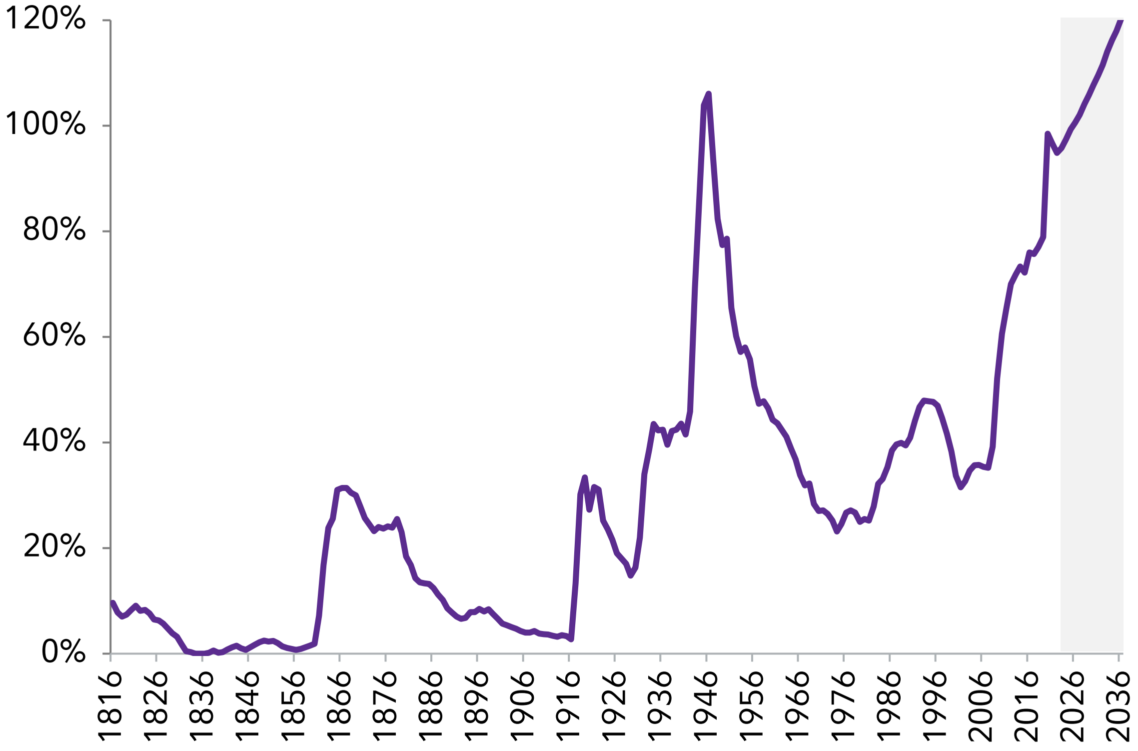
LEFT: The demographic support ratio is calculated as the number of workers (15–64 years old)/number of retirees (65 and older). Dotted lines in the shaded green area represent projections. Source: United Nations, Haver Analytics, Fidelity Investments (AART), as of 7/31/22. RIGHT: Private refers to non-government debt. Source: Bank for International Settlements (BIS), International Monetary Fund, Maddison Project (MPD 2020), Fidelity Investments (AART), and the Jordà-Schularick-Taylor Macrohistory Database, compiled by Oscar Jordà, Moritz Schularick, and Alan M. Taylor, as of 12/31/24.

U.S. government debt on track to reach an all-time high

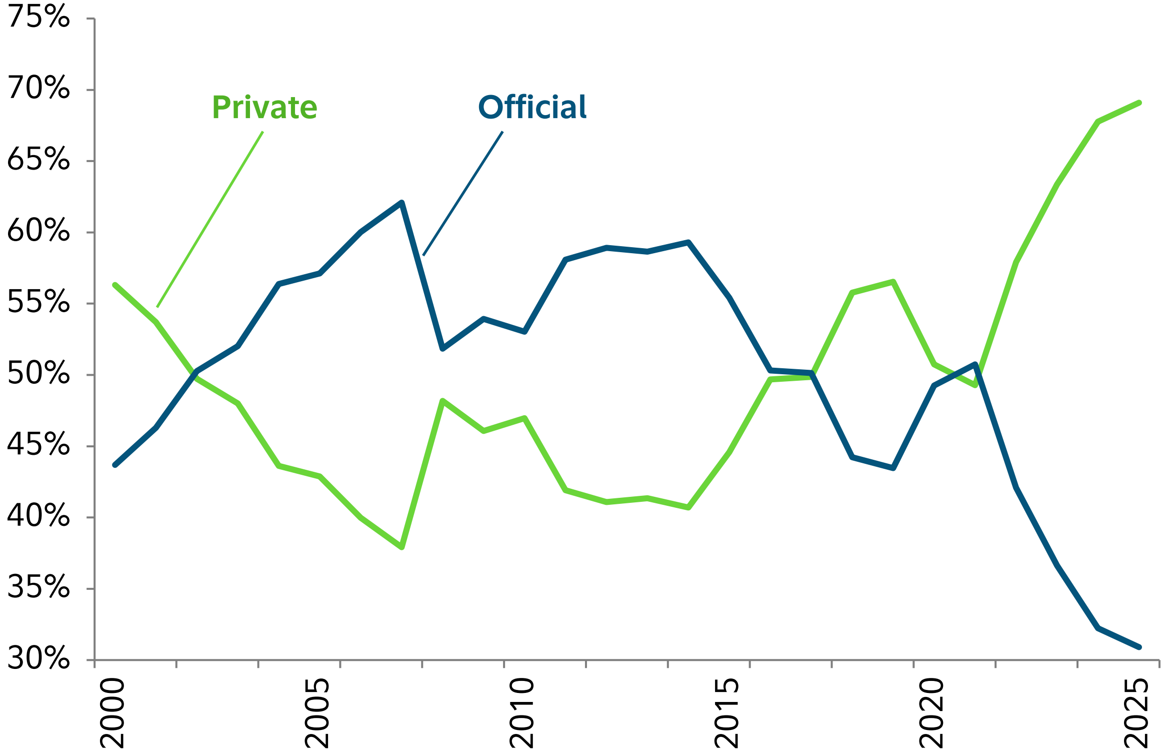
U.S. government debt is at record peacetime levels and is soon expected to surpass all-time highs. Historically, highly indebted countries were often unable to produce fast enough real economic growth to stabilize debt, which often resulted in financial repression efforts to hold interest rates at artificially low levels that raised the risks of higher inflation. With more Treasuries now in the hands of private-sector investors who may be more price-sensitive, policymakers face challenges that represent upside risks for long-term bond yields.

U.S. government debt

Debt/GDP



U.S. Treasury ownership



LEFT: Debt/GDP is CBO baseline. Shaded range represents forecasts. Does not reflect the impact of the One Big Beautiful Bill Act or the changes in tariff policy. Congressional Budget Office, "The Long-Term Budget Outlook: 2025–2055." Cbo.gov/publications/61187, as of 6/30/26. RIGHT: Official ownership includes governments and central banks. Source: U.S. Treasury, U.S. Federal Reserve, Fidelity Investment (AART), as of 12/31/25.

Secular inflation risks confront monetary policymakers

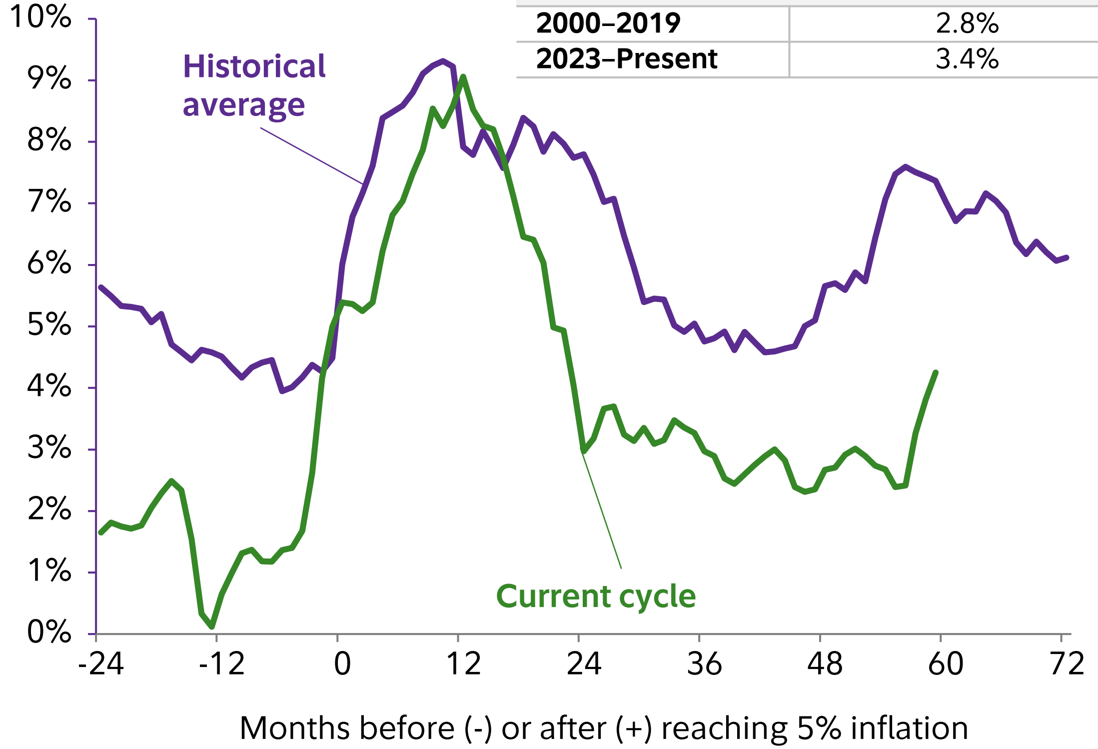
Several long-term trends have become more inflationary in recent years, raising the odds that we've entered a medium-term, high-inflation regime. These factors include supply-side pressures from deglobalization and aging demographics, accommodative fiscal policies, and climate disruption. Historically, inflation has moderated after reaching peaks above 5%, but inflation rates have often remained stubbornly high and even risen again in the following years.

Possible secular impact on inflation

Secular factors	Long-term trends	Risks to inflation
Policy	Fed tolerates higher inflation More accommodative fiscal policy	↑ ↑
Peak globalization	More expensive goods and labor Geopolitical friction China structural overcapacity	↑ ↑ ↓
Aging demographics	Older adults: • Spend less (reducing demand) • Work less (reducing supply)	 ↓ ↑
Technological progress	Artificial intelligence, robots Lower long-term productivity	↓ ↑
Climate change	More volatile weather, supply damage Greater innovation/R&D in clean energy	↑ ↓

U.S. CPI inflation after reaching 5%

3-month moving average



U.S. consumer 5-year inflation expectations	
2000–2019	2.8%
2023–Present	3.4%

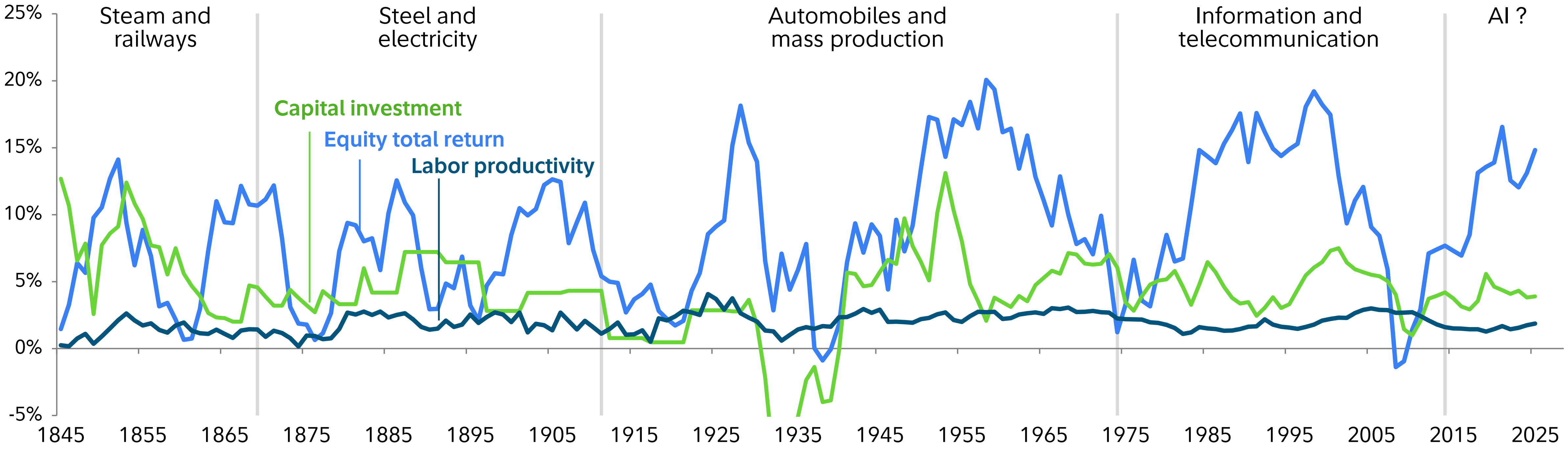
LEFT: Diversification does not ensure a profit or guarantee against a loss. Source: Fidelity Investments (AART), as of 12/31/25. RIGHT: Current represents headline CPI starting in June 2021. Historical average is an average of the six periods after 1944 where inflation exceeded five percent. Source: Bureau of Labor Statistics, Macrobond, Fidelity Investments (AART), as of 5/31/26. TABLE: Source: University of Michigan, Macrobond, Fidelity Investments (AART), as of 6/30/26.

AI capex boom: Boost to cycle and maybe long-term productivity

Our study of two centuries of technological transformations, from steamships to the internet, uncovers a typical pattern after a new technology emerges. Stock prices tend to rise first, followed shortly by a boom in capital investment, with widespread productivity gains typically following after a relatively long lag. So far, the current boom in AI-related business investment—led by massive outlays by large tech companies—has provided a huge boost to U.S. economic growth and stock prices, and likely only a modest lift to productivity.

200 years of technological transformation

10-year rolling geometric rate (%)

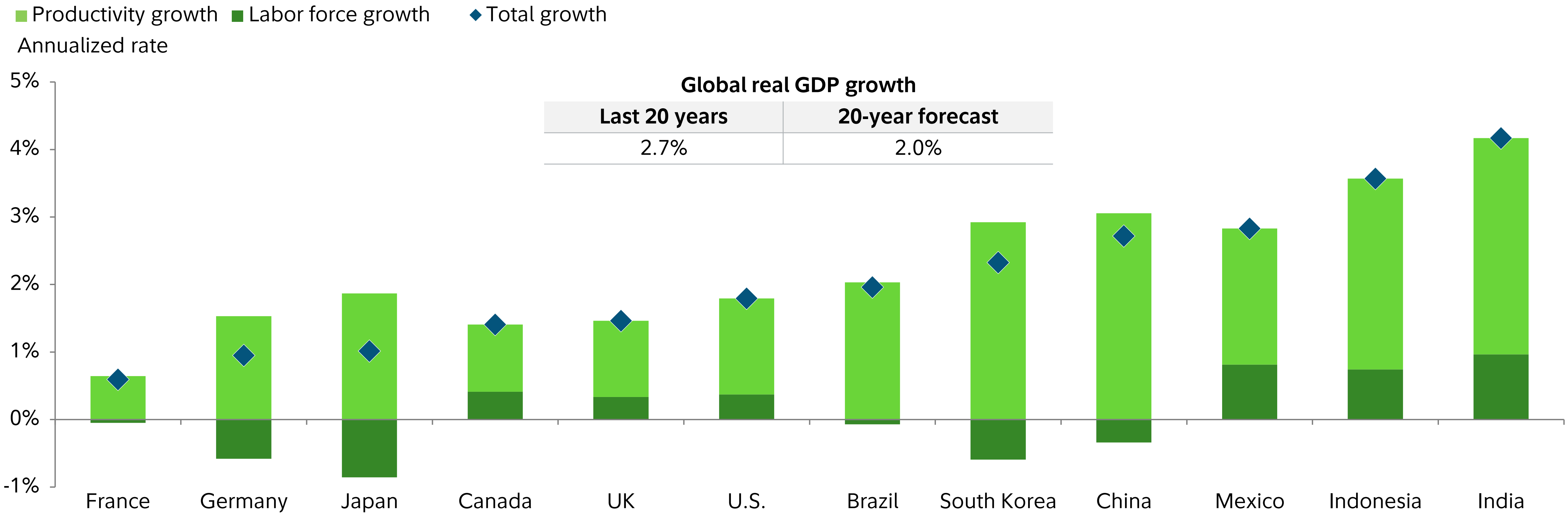


Past performance is no guarantee of future results. Labor productivity is real nonfarm output per hour (extended back from 1890 using real GDP per capita). Capital investment is real private nonresidential fixed investment (extended back from 1869 using total private investment). Equity total return is S&P 500 (extended back from 1957 using historical stock aggregates). 10-year annualized rate. Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Maddison Project Database, Historical Statistics of the United States, International Center for Finance at the Yale School of Management, Haver Analytics, Fidelity Investments (AART), as of 12/31/25.

Secular forecast: Slower global growth, EM to lead

Slowing labor-force growth and aging demographics are expected to tamp down global economic growth over the next two decades (relative to the past 20 years). 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.

Real GDP 20-year growth forecasts



Global real GDP growth

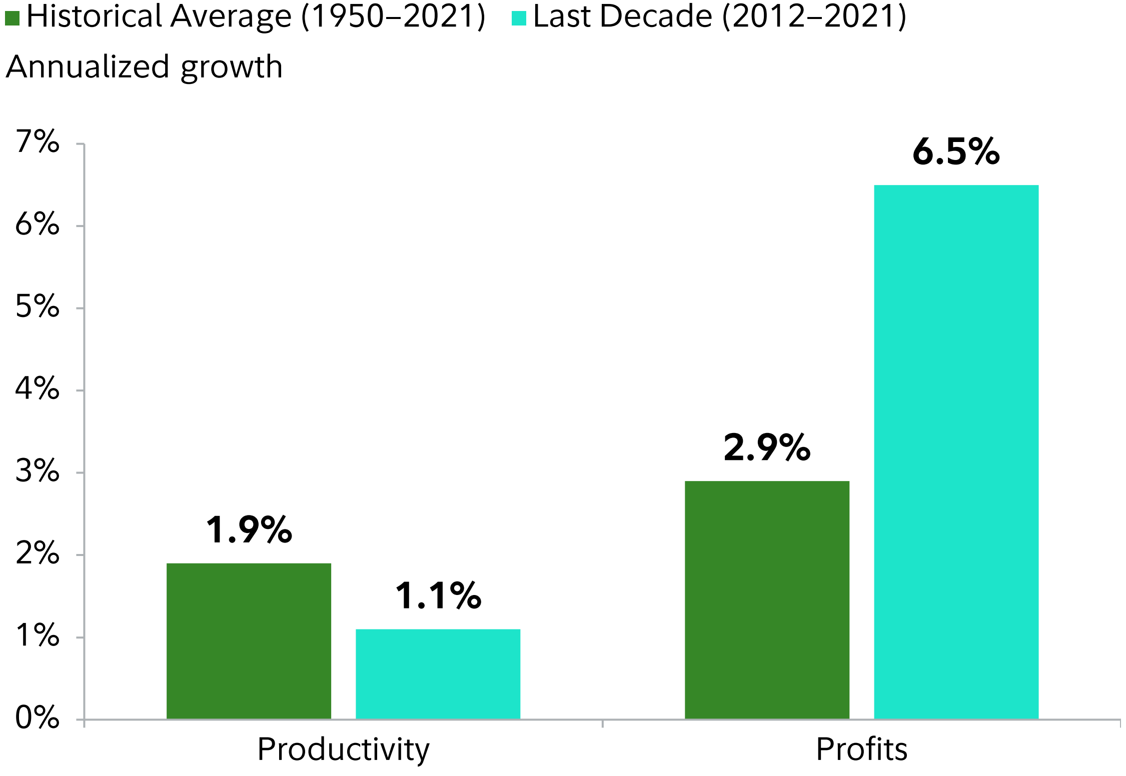
Last 20 years	20-year forecast
2.7%	2.0%

 Past performance is no guarantee of future results. EM: Emerging markets. GDP: Gross domestic product. Source: OECD and Fidelity Investments (AART), as of 4/30/26.

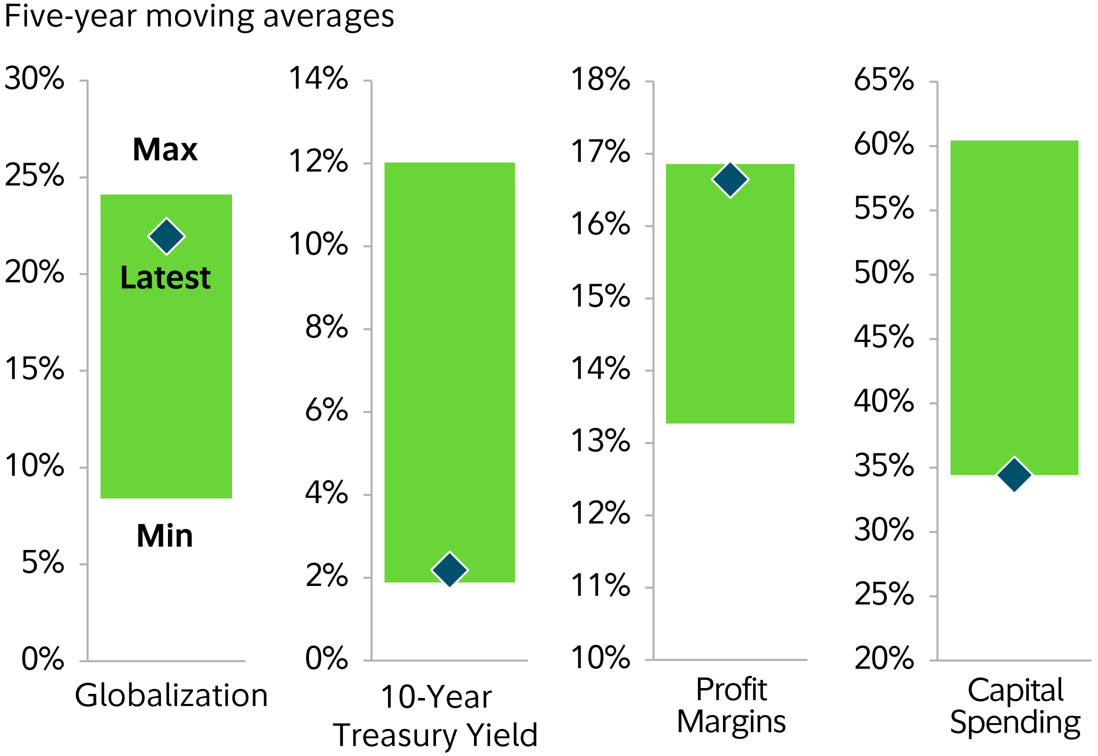
Corporate behavior may be shifting

Over the past two decades, corporations were able to generate record-high profit growth despite productivity growth sinking to postwar lows. Businesses reduced costs by globalizing supply chains and taking advantage of record-low interest rates. With rates now higher and globalization past its peak, we posited in 2023 that corporations may raise their capital expenditures from record-low levels, which could boost the productivity outlook. Recent trends imply this change in corporate behavior may be underway.

Real productivity growth vs. real profit growth



Range of corporate indicators, 1962–2022



LEFT: Productivity is real GDP per hour. Profits are real S&P 500 earnings per share. Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Standard & Poor's, Haver Analytics, Fidelity Investments (AART), as of 12/31/21. RIGHT: Globalization measured as global imports/GDP. Profit margins measured as EBITDA/Sales. Capital spending is relative to EBITDA and excludes financials and real estate. Exhibit compiled using annual data. Source: IMF, World Bank Publication, Federal Reserve Board, Fidelity Investments (AART), as of 12/31/22.

Strategic opportunities amid productivity upside scenarios

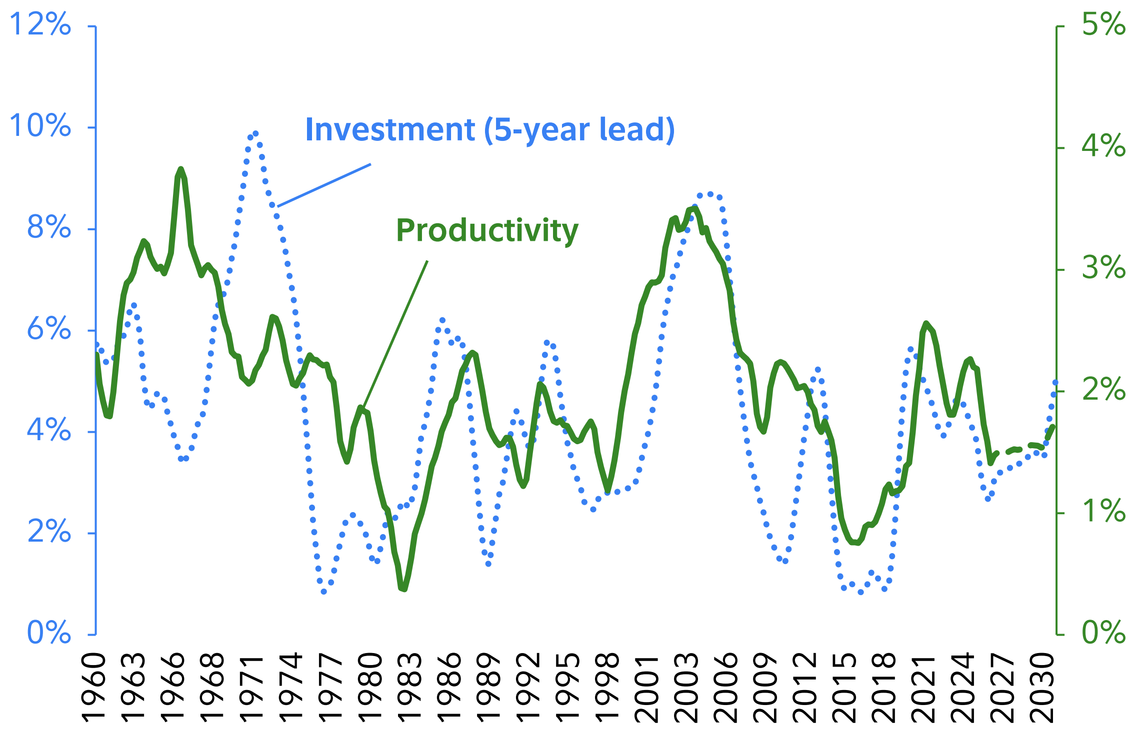
Several potential catalysts could boost productivity over the next decade, including rising investments to build out AI capabilities, reshore manufacturing, and mitigate climate change. While new capital expenditures typically take several years to translate into widespread productivity gains, it appears an upswing may be underway after reaching record-low investment and productivity rates during the past decade. Secular changes may provide greater global active opportunities across countries, industries, and companies.

Examples of strategic opportunities

Global opportunities	Capex, innovation, and shifting market leadership opportunities
Lower asset correlations increase the benefits of geographic diversification	**Artificial intelligence** Sector-specific automation, wider adoption
Greater active opportunities across regions, countries, industries, and companies	**Reshoring and near-shoring** Regionalization, supply-chain resilience
Non-aligned countries as key beneficiaries	**National security** Energy, critical resources, defense, cyber
	Environmental Climate mitigation and adaptation, decarbonization

Real private investment spending vs. productivity

Five-year annualized growth



Diversification and asset allocation do not ensure a profit or guarantee against loss. LEFT: Source: Fidelity Investments (AART) as of 6/30/23. RIGHT: Investment growth tends to lead productivity by five years and is led five years ahead to illustrate a potential scenario for productivity growth over the next five years. Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 6/30/26.

Performance rotations may underscore the 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

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
14%	26%	56%	32%	35%	35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	43%	16%	41%	32%	34%	24%
8%	10%	47%	26%	21%	33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	29%	-8%	26%	25%	31%	22%
5%	4%	39%	21%	14%	27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	27%	-11%	18%	16%	18%	18%
2%	-2%	37%	18%	12%	22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	26%	-13%	18%	14%	18%	17%
-2%	-6%	31%	17%	7%	18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	25%	-14%	17%	12%	16%	14%
-4%	-9%	31%	11%	5%	16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	17%	-16%	14%	9%	16%	10%
-4%	-15%	29%	11%	5%	12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	15%	-18%	13%	8%	14%	9%
-12%	-16%	28%	9%	5%	11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	11%	-20%	12%	8%	13%	6%
-20%	-20%	24%	8%	4%	9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	5%	-20%	10%	5%	9%	4%
-20%	-22%	19%	7%	3%	4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	-2%	-24%	6%	4%	7%	2%
-21%	-28%	4%	4%	2%	2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-3%	-29%	-8%	1%	3%	1%

Legend
Emerging-Market Stocks
Small Cap Stocks
REITs
Value Stocks
Commodities
Large Cap Stocks
Foreign-Developed Country Stocks
60% Large Cap 40% IG Bonds
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 a 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 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, Fidelity Investments (AART), as of 6/30/26.

Appendix: Important information

Information presented herein is for discussion and illustrative purposes only and is not a recommendation or an offer or a solicitation to buy or sell any securities. Views expressed are as of 3/31/26, based on the information available at that time, and may change based on market and other conditions. Unless otherwise noted, the opinions provided are those of the authors and not necessarily those of Fidelity Investments or its affiliates. Fidelity does not assume any duty to update any of the information.

Unless otherwise expressly disclosed to you in writing, the information provided in this material is for educational purposes only. Any viewpoints expressed by Fidelity are not intended to be used as a primary basis for your investment decisions and are based on facts and circumstances at the point in time they are made and are not particular to you. Accordingly, nothing in this material constitutes impartial investment advice or advice in a fiduciary capacity, as defined or under the Employee Retirement Income Security Act of 1974 or the Internal Revenue Code of 1986, both as amended. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in the products or services and may receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services. Before making any investment decisions, you should take into account all of the particular facts and circumstances of your or your client's individual situation and reach out to an investment professional, if applicable.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk. Nothing in this content should be considered legal or tax advice, and you are encouraged to consult your own lawyer, accountant, or other advisor before making any financial decision. 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 and dividend rates are historical and do not guarantee future results.

Investing involves risk, including risk of loss.

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

Index or benchmark performance presented in this document does not reflect the deduction of advisory fees, transaction charges, and other expenses, which would reduce performance.

Indexes are unmanaged. It is not possible to invest directly in an index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall, and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments.

Additionally, bonds and short-term investments entail greater inflation risk—or the risk that the return of an investment will not keep up with increases in the prices of goods and services—than stocks. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease.

Stock markets, especially non-U.S. markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. The securities of smaller, less well-known companies can be more volatile than those of larger companies.

There is no guarantee that a factor-based investing strategy will enhance performance or reduce risk. Before investing, make sure you understand how a factor investment strategy may differ from a more traditional index-based or actively managed approach. Depending on market conditions, factor-based investments may underperform compared to investments that seek to track a market capitalization-weighted index or investments that employ full active management.

Growth stocks can perform differently from the market as a whole and from other types of stocks and can be more volatile than other types of stocks. Value stocks can perform differently from other types of stocks and can continue to be undervalued by the market for long periods of time.

Lower-quality debt securities generally offer higher yields but also involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

Floating rate loans generally are subject to restrictions on resale, and sometimes trade infrequently in the secondary market; as a result, they may be more difficult to value, buy, or sell. A floating rate loan may not be fully collateralized and therefore may decline significantly in value.

The municipal market can be affected by adverse tax, legislative, or political changes, and by the financial condition of the issuers of municipal securities. Interest income generated by municipal bonds is generally expected to be exempt from federal income taxes and, if the bonds are held by an investor resident in the state of issuance, from state and local income taxes. Such interest income may be subject to federal and/or state alternative minimum taxes. Investing in municipal bonds for the purpose of generating tax-exempt income may not be appropriate for investors in all tax brackets. Generally, tax-exempt municipal securities are not appropriate holdings for tax-advantaged accounts, such as IRAs and 401(k)s.

The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

The gold industry can be significantly affected by international monetary and political developments, such as currency devaluations or revaluations, central bank movements, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries.

Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

Leverage can magnify the impact that adverse issuer, political, regulatory, market, or economic developments have on a company. In the event of bankruptcy, a company's creditors take precedence over the company's stockholders.

Appendix: Important information

Market indexes

Index returns on slide 21 represented by: Growth—Russell 3000® Growth Index; Small Cap—Russell 2000® Index; Large Cap—S&P 500®; Mid Cap—Russell Midcap® Index; Value—Russell 3000® Value Index; ACWI ex USA—MSCI ACWI (All Country World Index) ex USA Index; Japan—MSCI Japan Index; EAFE Small Cap—MSCI EAFE Small Cap Index; EAFE—MSCI EAFE (Europe, Australasia, Far East) Index; Europe—MSCI Europe Index; Canada—MSCI Canada Index; EM Asia—MSCI Emerging Markets Asia Index; Emerging Markets (EM)—MSCI EM Index; EMEA (Europe, Middle East, and Africa)—MSCI EM EMEA Index; Latin America—MSCI EM Latin America Index; Gold—Gold Bullion Price, LBMA PM Fix; Commodities—Bloomberg Commodity Index; High Yield—ICE BofA U.S. High Yield Index; Leveraged Loan—S&P/LSTA Leveraged Loan Index; TIPS (Treasury Inflation-Protected Securities)—Bloomberg U.S. TIPS Index; EM Debt (Emerging-Market Debt)—JP Morgan EMBI Global Diversified Composite Index; CMBS (Commercial Mortgage-Backed Securities)—Bloomberg Investment-Grade CMBS Index; Credit—Bloomberg U.S. Credit Bond Index; Municipal—Bloomberg Municipal Bond Index; Long Government & Credit (Investment-Grade)—Bloomberg Long Government & Credit Index; ABS (Asset-Backed Securities)—Bloomberg ABS Index; Aggregate—Bloomberg U.S. Aggregate Bond Index; Agency—Bloomberg U.S. Agency Index; Treasuries—Bloomberg U.S. Treasury Index; MBS (Mortgage-Backed Securities)—Bloomberg MBS Index; Momentum—Fidelity U.S. Momentum Factor Index TR; Low Volatility—Fidelity U.S. Low Volatility Factor Index; Quality—Fidelity U.S. Quality Factor Index; Value—Fidelity U.S. Value Factor Index; Size—Fidelity Small-Mid Factor Index; Yield—Fidelity High Dividend Index.

Bloomberg U.S. Aggregate Bond is a broad-based, market value-weighted benchmark that measures the performance of the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market.

Bloomberg U.S. Credit Bond Index is a market value-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg U.S. Treasury Index is a market value-weighted index of public obligations of the U.S. Treasury with maturities of one year or more.

Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) Index (Series-L) is a market value-weighted index that measures the performance of inflation-protected securities issued by the US Treasury.

Bloomberg Long U.S. Government Credit Index includes all publicly issued U.S. government and corporate securities that have $250 million or more of outstanding face value.

Bloomberg U.S. Agency Bond Index is a market value-weighted index of U.S. Agency government and investment-grade corporate fixed-rate debt issues.

Bloomberg Municipal Bond Index is a market value-weighted index of investment-grade municipal bonds with maturities of one year or more.

Bloomberg U.S. MBS Index is a market value-weighted index of fixed-rate securities that represent interests in pools of mortgage loans, including balloon mortgages, with original terms of 15 and 30 years that are issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corp. (FHLMC).

Bloomberg CMBS Index is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch, respectively, with maturities of at least one year.

Bloomberg ABS Index is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing.

ICE BofA U.S. High Yield Index is a market capitalization-weighted index of U.S. dollar-denominated, below-investment-grade corporate debt publicly issued in the U.S. market.

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

Standard & Poor's/Loan Syndications and Trading Association (S&P/LSTA) Leveraged Performing Loan Index is a market value-weighted index designed to represent the performance of U.S. dollar-denominated institutional leveraged performing loan portfolios (excluding loans in payment default) using current market weightings, spreads, and interest payments.

Bloomberg Commodity Index measures the performance of the commodities market. It consists of exchange-traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.

Russell 3000® Index is a market capitalization-weighted index designed to measure the performance of the 3,000 largest companies in the U.S. equity market.

Russell 3000 Growth Index is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

Russell 3000 Value Index is a market capitalization-weighted index designed to measure the performance of the small to mid cap value segment of the U.S. equity market. It includes those Russell 3000 Index companies with lower price-to-book ratios and lower forecasted growth rates.

Russell Midcap® Index is a market capitalization-weighted index designed to measure the performance of the mid cap segment of the U.S. equity market. It contains approximately 800 of the smallest securities in the Russell 1000 Index.

Russell 1000® Index is a market capitalization-weighted index designed to measure the performance of the large cap segment of the U.S. equity market.

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

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

Appendix: Important information

Market indexes (continued)

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® 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**: Consumer Discretionary—companies that tend to be the most sensitive to economic cycles. Consumer Staples—companies whose businesses are less sensitive to economic cycles. Energy—companies whose businesses are dominated by either of the following activities: the construction or provision of oil rigs, drilling equipment, and other energy-related services and equipment; or the exploration, production, marketing, refining, and/or transportation of oil and gas products, coal, and consumable fuels. Financials—companies involved in activities such as banking, consumer finance, investment banking and brokerage, asset management, insurance and investments, and mortgage real estate investment trusts (REITs). Health Care—companies in two main industry groups: health care equipment suppliers, manufacturers, and providers of health care services; and companies involved in research, development, production, and marketing of pharmaceuticals and biotechnology products. Industrials—companies that manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. Information Technology—companies in technology software and services and technology hardware and equipment. Materials—companies that engage in a wide range of commodity-related manufacturing. Real Estate—companies in real estate development, operations, and related services, as well as equity REITs. Communication Services—companies that facilitate communication and offer related content through various media. Utilities—companies considered electric, gas, or water utilities, or that operate as independent producers and/or distributors of power.

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

MSCI All Country World Index (ACWI) is a market capitalization-weighted index designed to measure investable equity market performance for global investors of developed and emerging markets.

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

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

MSCI EAFE Small Cap Index is a market capitalization-weighted index designed to measure the investable equity market performance of small cap stocks for global investors in developed markets, excluding the U.S. and Canada.

MSCI Europe Index is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors of the developed markets in Europe.

MSCI Canada Index is a market capitalization-weighted index designed to measure equity market performance in Canada.

MSCI Japan Index is a market capitalization-weighted index designed to measure equity market performance in Japan.

MSCI Emerging Markets (EM) Index is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in emerging markets.

MSCI EM Asia Index is a market capitalization-weighted index designed to measure equity market performance of EM countries of Asia.

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

MSCI EM Latin America Index is a market capitalization-weighted index designed to measure the investable equity market performance for global investors in Latin America.

FTSE® National Association of Real Estate Investment Trusts (NAREIT®) All REITs Index is a market capitalization-weighted index that is designed to measure the performance of all tax-qualified REITs listed on the NYSE, the American Stock Exchange, or the NASDAQ National Market List.

FTSE® NAREIT® Equity REIT Index is an unmanaged market value-weighted index based on the last closing price of the month for tax-qualified REITs listed on the New York Stock Exchange (NYSE).

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

Fidelity U.S. Low Volatility Factor Index is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies with lower volatility than the broader market.

Fidelity U.S. Value Factor Index is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies that have attractive valuations.

Fidelity U.S. Quality Factor Index is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies with a higher quality profile than the broader market.

Fidelity Small-Mid Factor Index is designed to reflect the performance of stocks of small and mid-capitalization U.S. companies with attractive valuations, high quality profiles, positive momentum signals, and lower volatility than the broader market.

Fidelity U.S. Momentum Factor Index is designed to reflect the performance of stocks of large and mid-capitalization U.S. companies that exhibit positive momentum signals.

Fidelity High Dividend Index is designed to reflect the performance of stocks of large and mid-capitalization dividend-paying companies that are expected to continue to pay and grow their dividends.

Appendix: Important information

Market indexes (continued)

The London Bullion Market Association (LBMA) publishes the international benchmark price of gold in USD, twice daily. The LBMA gold price auction takes place by ICE Benchmark Administration (IBA) at 10:30 a.m. and 3:00 p.m.

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

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

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

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 4,000 hours of qualifying work experience completed in a minimum of 36 months, among other requirements. CFA® is a trademark owned by CFA Institute.

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