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2026 - Q4 Economic and Market Commentary



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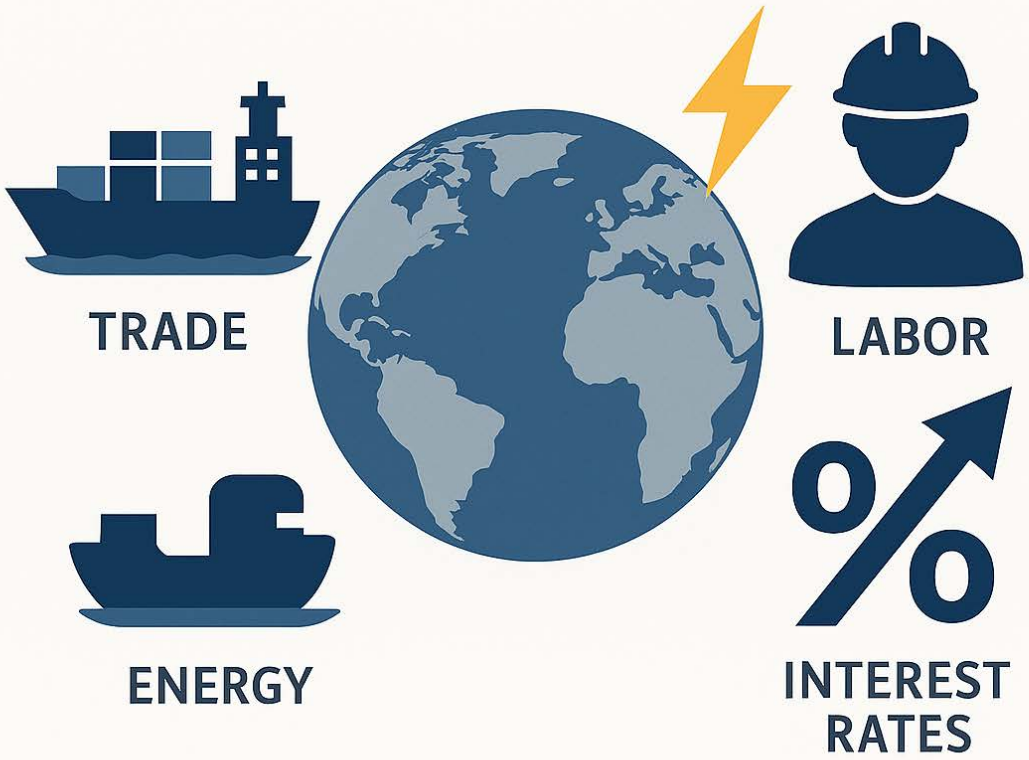
GLOBAL ECONOMIC FACTORS



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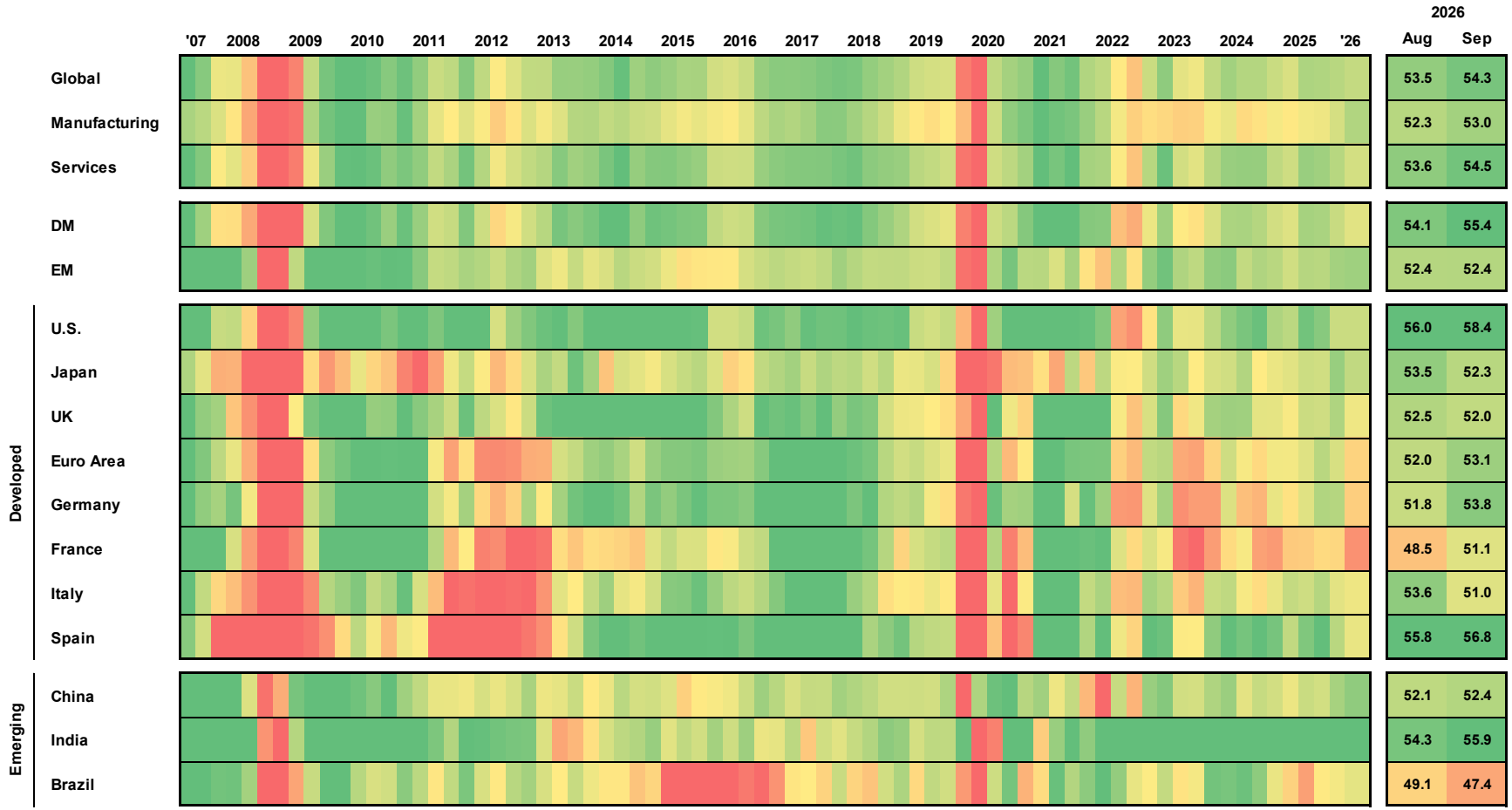
Global economic activity momentum

Global Composite (manufacturing & services combined) Purchasing Managers' Index, quarterly



Source: J.P. Morgan Economic Research, Standard & Poor's, J.P. Morgan Asset Management.
Any italicized figures represent estimates by J.P. Morgan Asset Management. The Composite PMI includes both manufacturing and services sub-indices. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the period shown. Heatmap is based on quarterly averages, except for the two most recent figures, which are single month readings. Data for the U.S. are back-tested and filled in for 2007 to 2009. Data for Japan are back-tested and filled in for the first two quarters of 2007. DM and EM represent developed markets and emerging markets, respectively.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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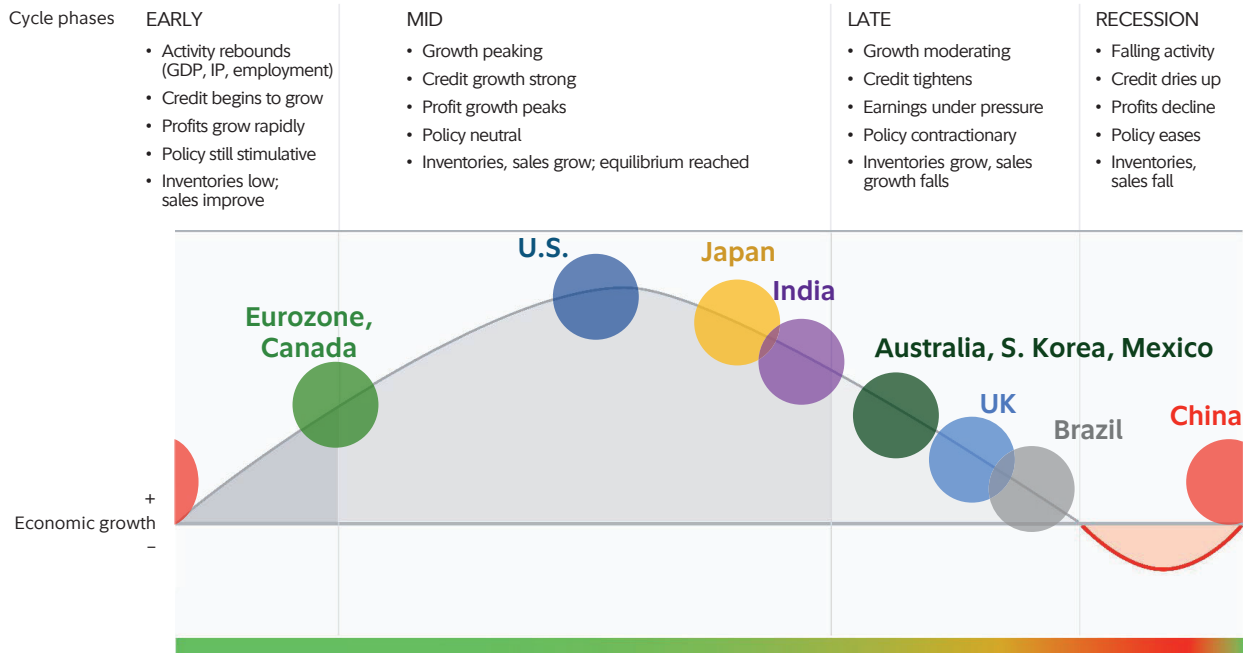
Global business cycle remains in an unsynchronized expansion

The global economy remains in a solid yet unsynchronized expansion as countries continue to face fiscal, monetary, and geopolitical crosscurrents. The U.S. demonstrated sturdy mid-cycle dynamics with strengthening economic activity over the quarter, ranging from signs of recovery in the labor market to growing optimism among manufacturers. While domestic activity in China remained subdued, cyclical momentum in most developed-market economies remained resilient even against an uncertain policy and geopolitical backdrop.

Business cycle framework

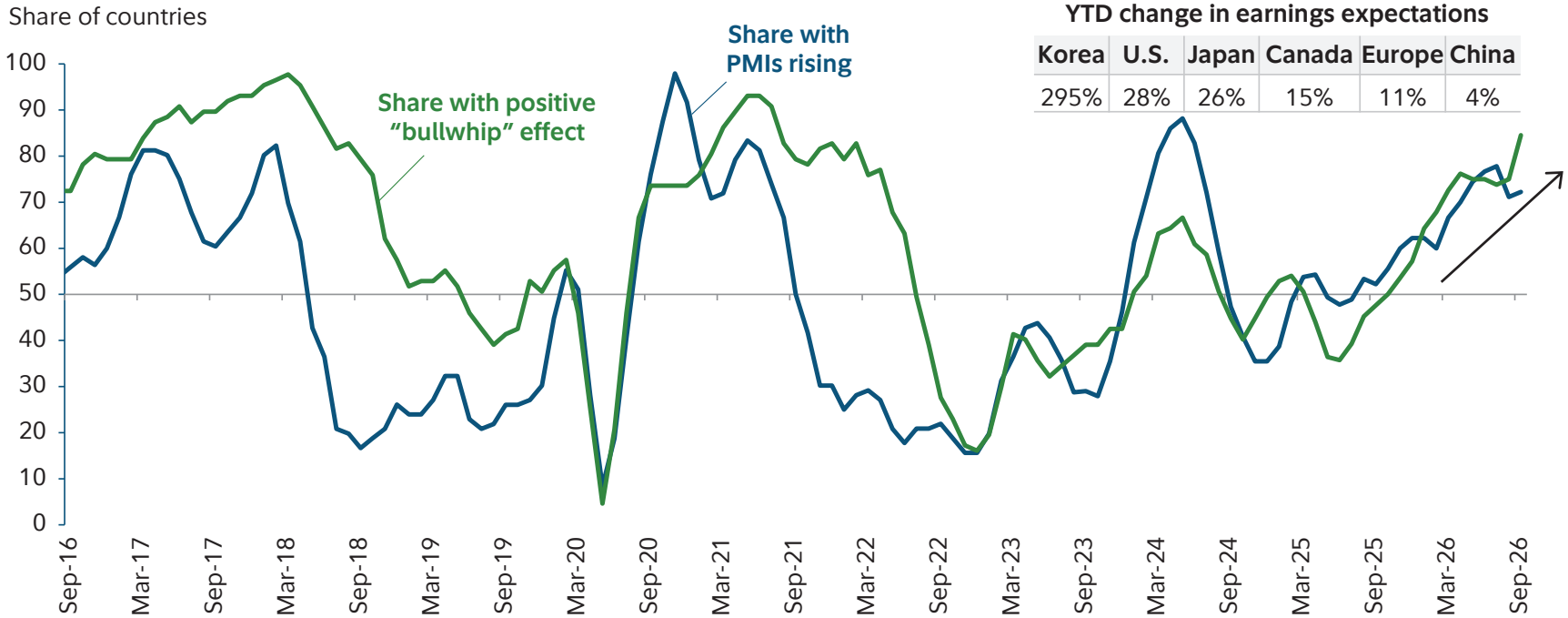


A growth recession is a significant decline in activity relative to a country's long-term economic potential. Note: The diagram above is a hypothetical illustration of the business cycle, the pattern of cyclical fluctuations in an economy over a few years that can influence asset returns over an intermediate-term 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 9/30/26.

Global industrial activity resilient despite geopolitical uncertainty

Amid the geopolitical uncertainty, global activity remained in expansion throughout Q3, underpinning earnings optimism and upward profit revisions across all major regions. This resilience was reflected by broad-based improvement across global manufacturing activity, and a positive "bullwhip" effect defined by rising new orders relative to inventories. While energy-related disruptions and supply-chain pressures persist, the global economy appears well positioned to weather such challenges.

PMI diffusion indexes



YTD change in earnings expectations

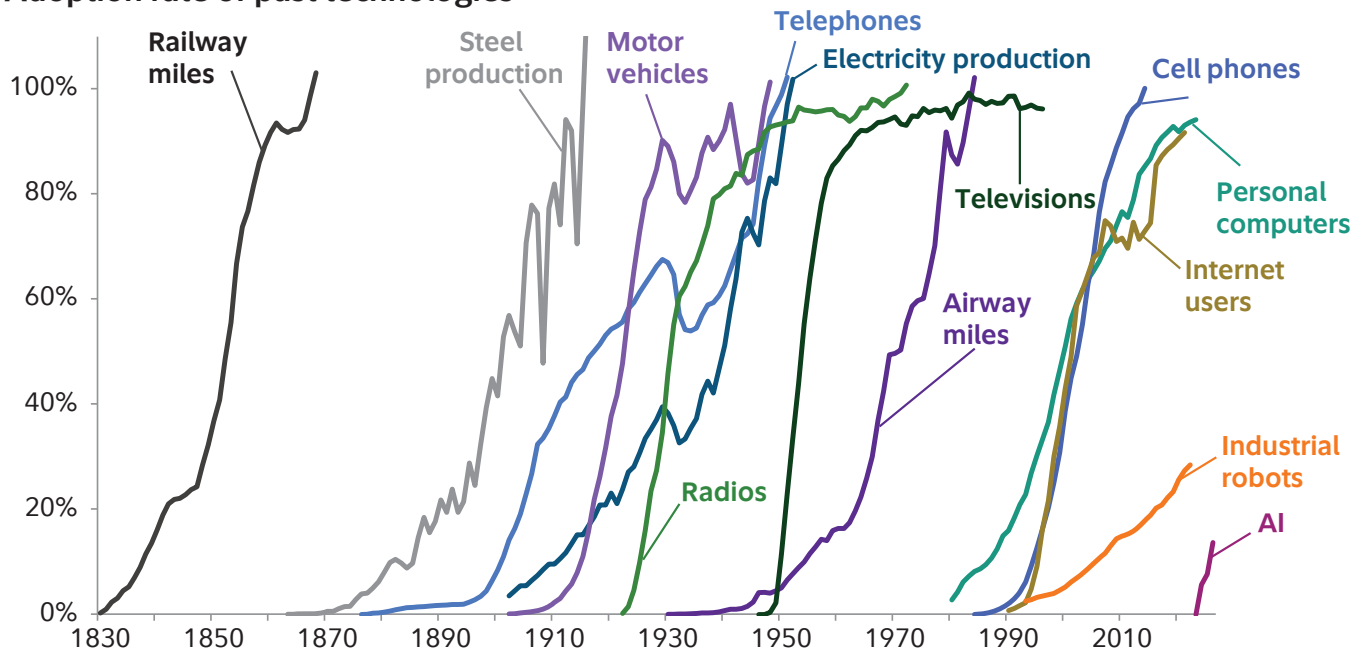
Korea	U.S.	Japan	Canada	Europe	China
295%	28%	26%	15%	11%	4%

PMI = Purchasing Managers' Index. Chart illustrates regional manufacturing PMI Bullwhips: New Orders PMI less Inventories. Table presents year-to-date changes in 12-month forward earnings expectations by region. Source: S&P Global, FactSet, Fidelity Investments (AART), as of 9/30/26.

AI adoption appears to be in early stages

AI has the potential to reshape corporate profit growth potential, improve labor market productivity, and reduce inflation. The technology appears to be in its infancy, as highlighted by low, but steadily rising adoption rates versus past technological advancements. The economic impact has been gradual and mixed with few labor market implications. AI capex has contributed to higher input costs and has yet to show evidence of disinflation or productivity gains. The pace of AI adoption will help assess its future economic contribution.

Adoption rate of past technologies



Impact of AI across the economy

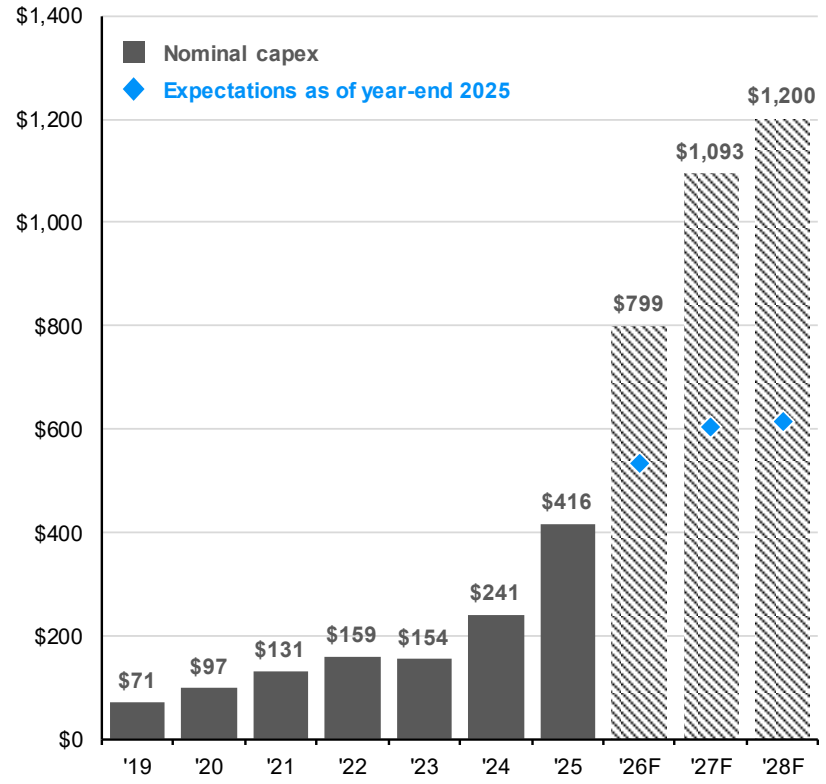
Category	Measures to watch
AI adoption	Business survey responses
Labor markets	Employment of exposed occupations
Hardware demand and supply	Compute pricing, international trade flows
Funding	Debt issuance, IPOs
Inflation	CPI and PPI of AI-exposed categories

LEFT: Railway miles per 1000 people, steel short tons per employee, telephone lines per household, electricity 10 Mwh per household, automobiles per household, radios per household, airway miles per 1000 people, televisions per household, households with computers, cell phones per person, internet users per person, robots per 1000 manufacturing employees. AI adoption is based on mentions of AI usage by businesses in Fidelity's internal equity publications from the past 6 months. The current adoption percent represents the firms using AI out of a sample of 4,000 companies reported on by equity analysts in Fidelity's internal publication platform. A firm is counted as an adopter if there are early experimentations with AI in pilot projects or as a research tool, usage across multiple business development units, or highly integrated usage that is fundamental to the company's operations or business model. 100% adoption would represent AI usage by all companies in the Fidelity sample. Source: "Historical Statistics of the United States, Earliest Times to the Present: Millennial Edition," edited by Susan B. Carter et al., New York: Cambridge University Press, 2006. Diego Comin and Bart Hobijn, "An Exploration of Technology Diffusion," The American Economic Review, Vol. 100, No. 5 (December 2010), pp. 2031–2059. IFR–International Federation of Robotics, World Bank Publication, U.S. Census Bureau, Bureau of Labor Statistics, Haver Analytics, Fidelity Investments (AART), as of 8/31/26.

Artificial intelligence: Hyperscaler investment

Capex from the major AI hyperscalers

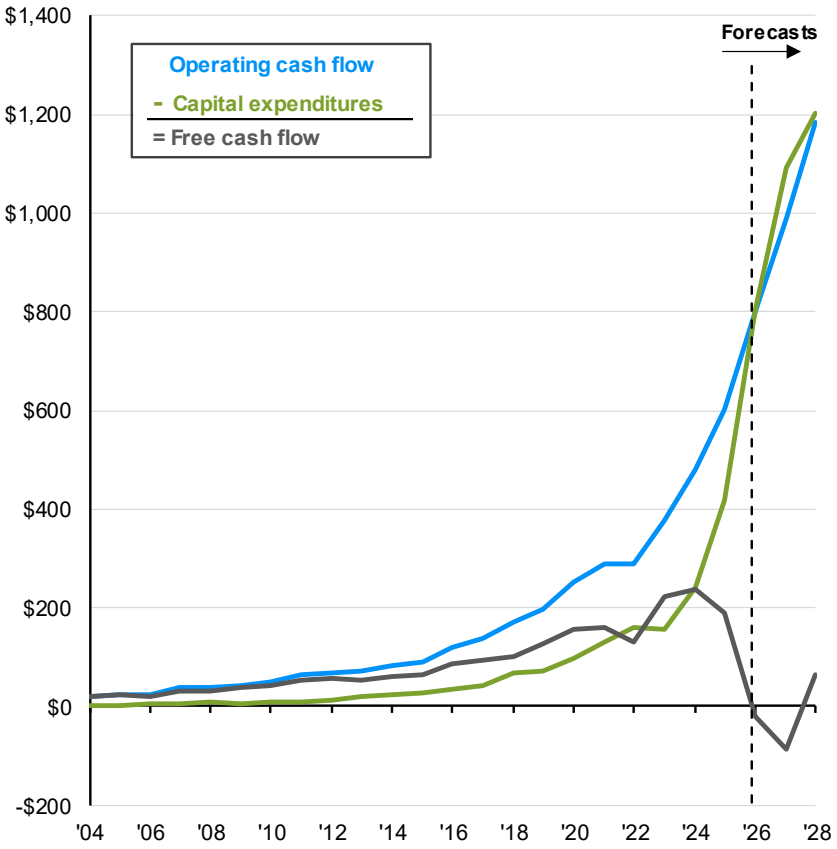
USD billions; Alphabet, Amazon, Meta, Microsoft, Oracle



Annual growth	4%	37%	35%	21%	-3%	56%	73%	92%	37%	10%

Hyperscalers' cash flow and capex

USD billions; Alphabet, Amazon, Meta, Microsoft, Oracle



Source: Bloomberg, J.P. Morgan Asset Management.
Data for 2026, 2027 and 2028 reflect consensus estimates. Capex shown is company total. Hyperscalers are the large cloud computing companies that own and operate data centers with horizontally linked servers that, along with cooling and data storage capabilities, enable them to house and operate AI workloads.
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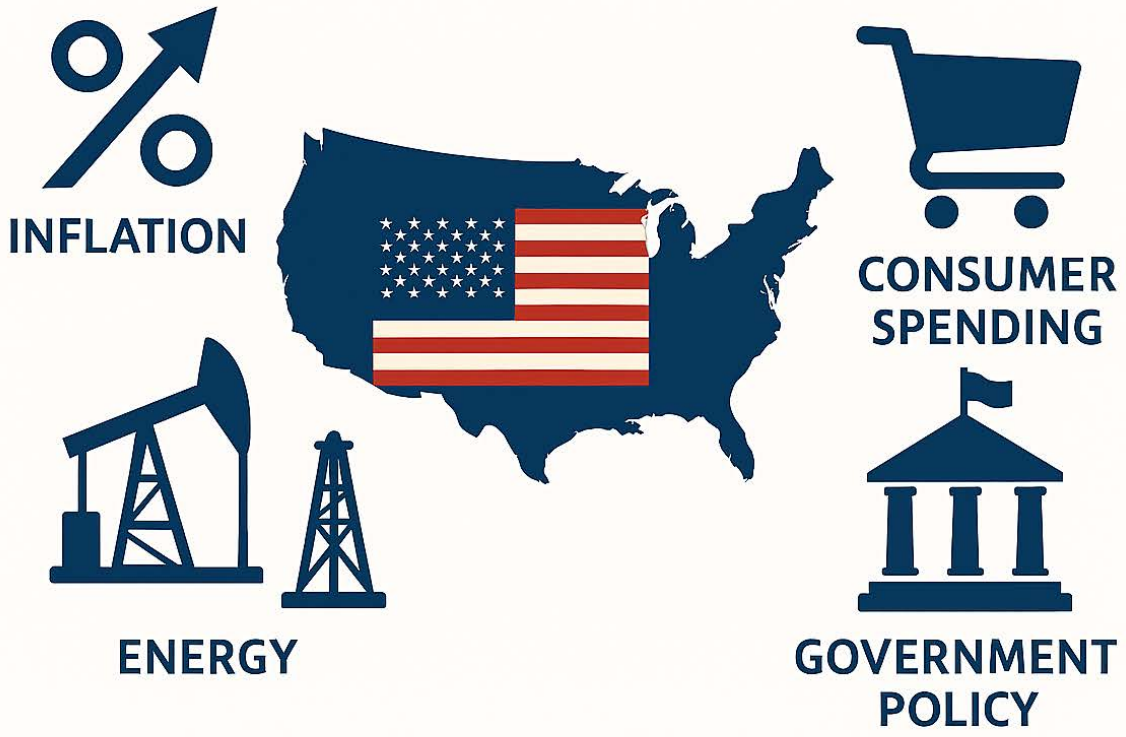
UNITED STATES ECONOMIC FACTORS



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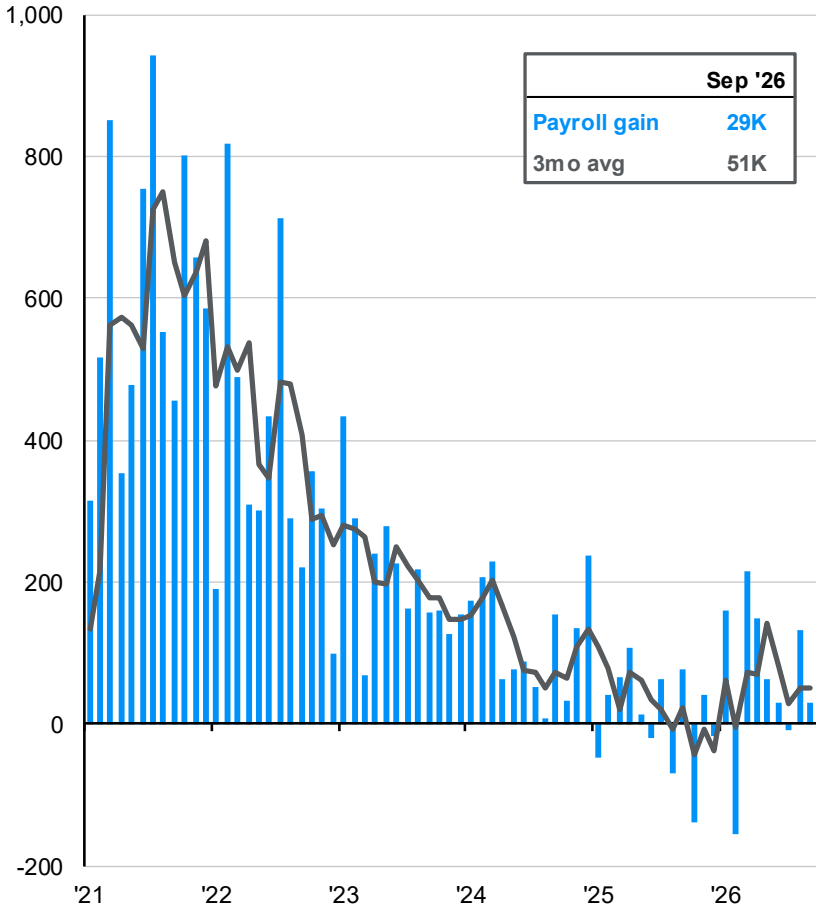
Labor market dynamics

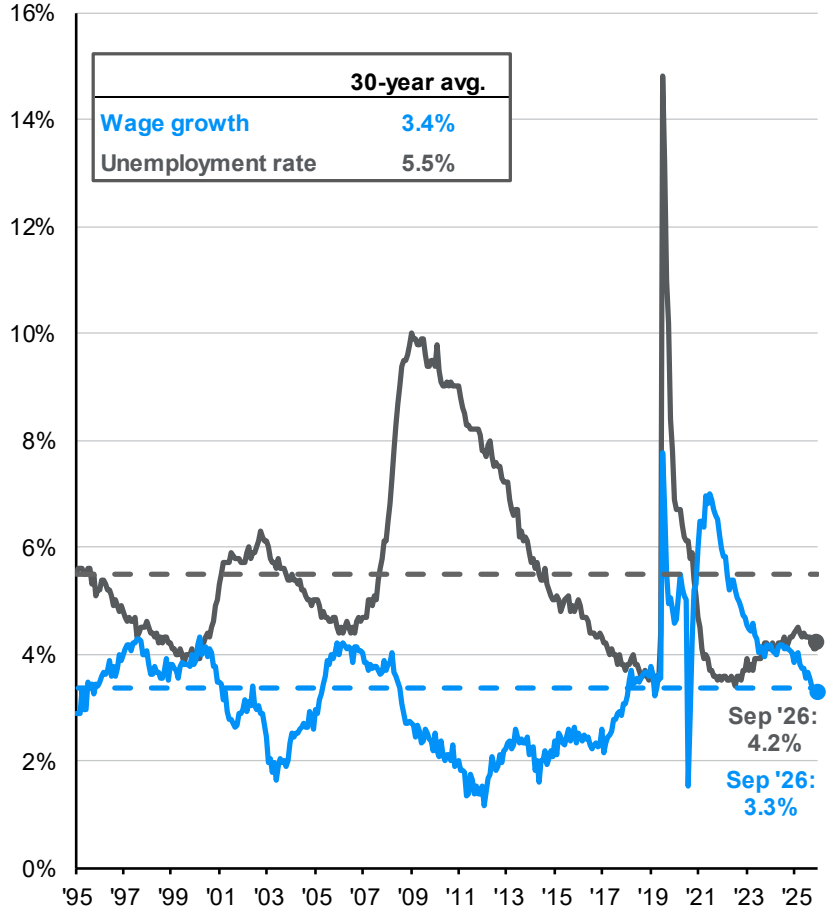
Nonfarm payroll gains

Month-over-month change and 3-month moving average, thousands, SA



Civilian unemployment rate and annual wage growth

Private production and non-supervisory workers, seasonally adjusted, %



Source: BLS, FactSet, J.P. Morgan Asset Management.
Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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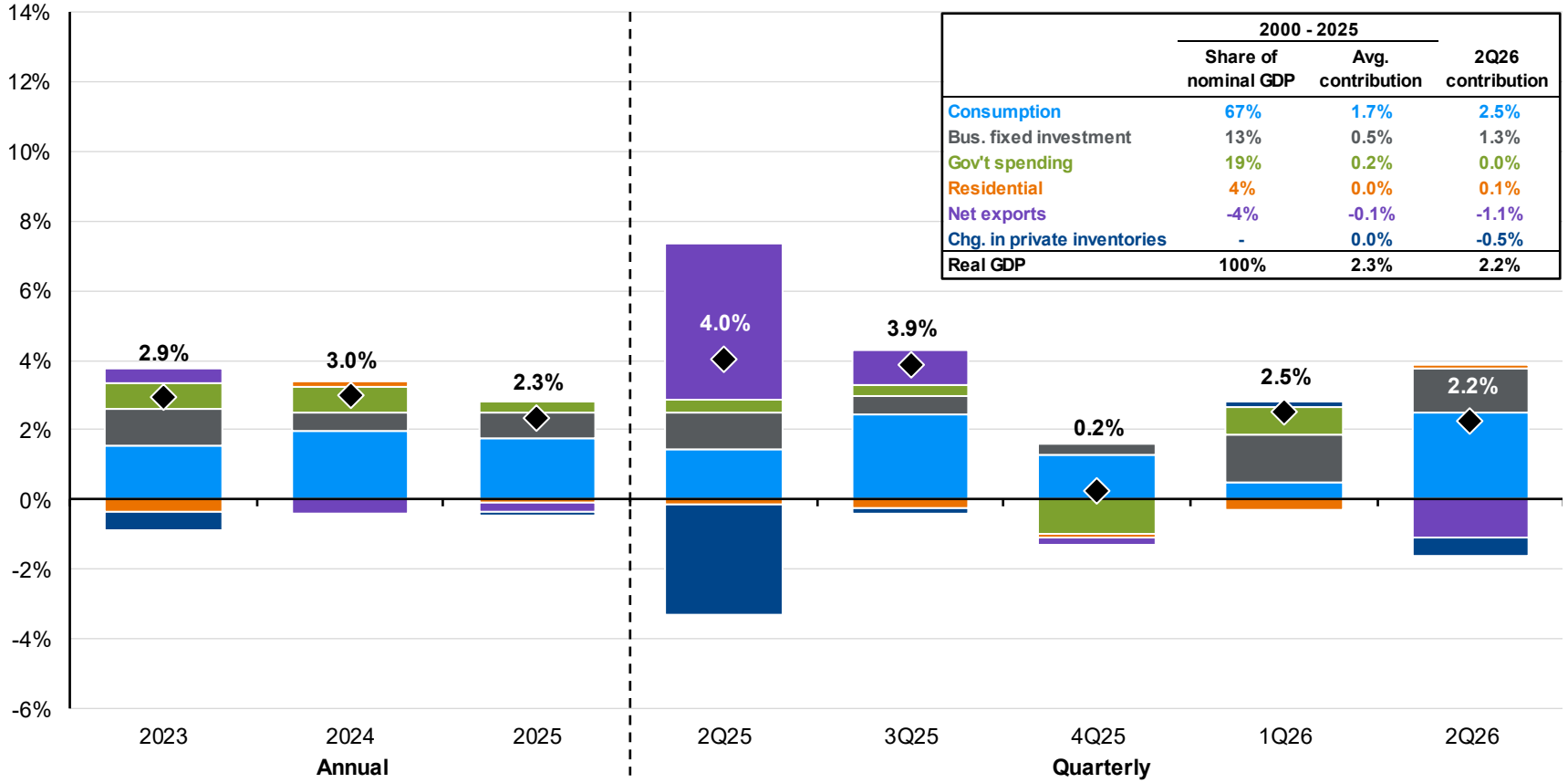
Components of GDP growth

Contributors to real GDP growth

Seasonally adjusted annualized rate



	2000 - 2025 Share of nominal GDP	2000 - 2025 Avg. contribution	2Q26 contribution
Consumption	67%	1.7%	2.5%
Bus. fixed investment	13%	0.5%	1.3%
Gov't spending	19%	0.2%	0.0%
Residential	4%	0.0%	0.1%
Net exports	-4%	-0.1%	-1.1%
Chg. in private inventories	-	0.0%	-0.5%
Real GDP	100%	2.3%	2.2%

Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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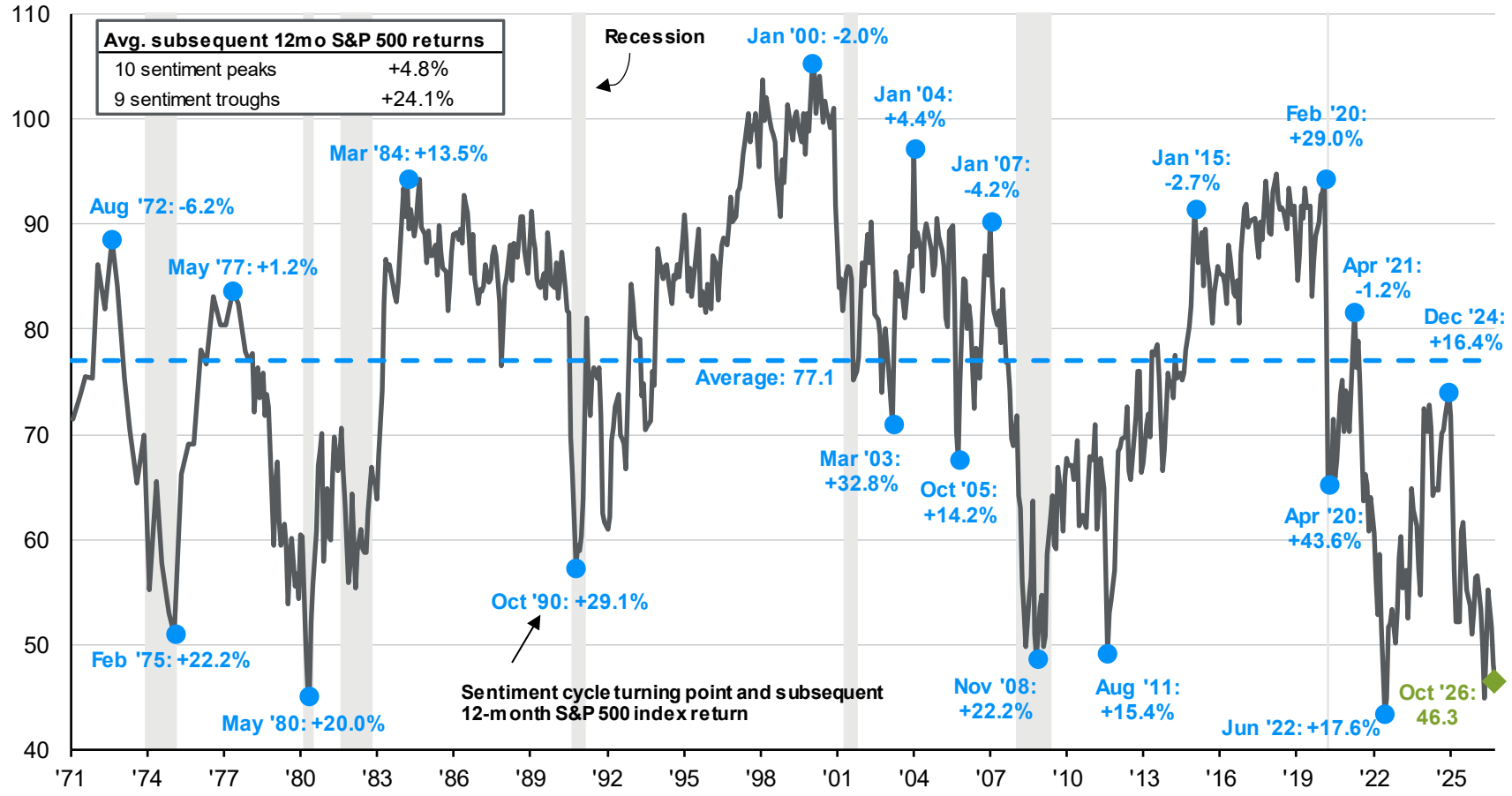
Consumer confidence and the stock market

Consumer Sentiment Index* and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.
Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only starting from the end of the month and excluding dividends. Past performance is no guarantee of future results. *Data prior to August 2024 adjusted by J.P. Morgan Asset Management to account for methodological changes by the University of Michigan.
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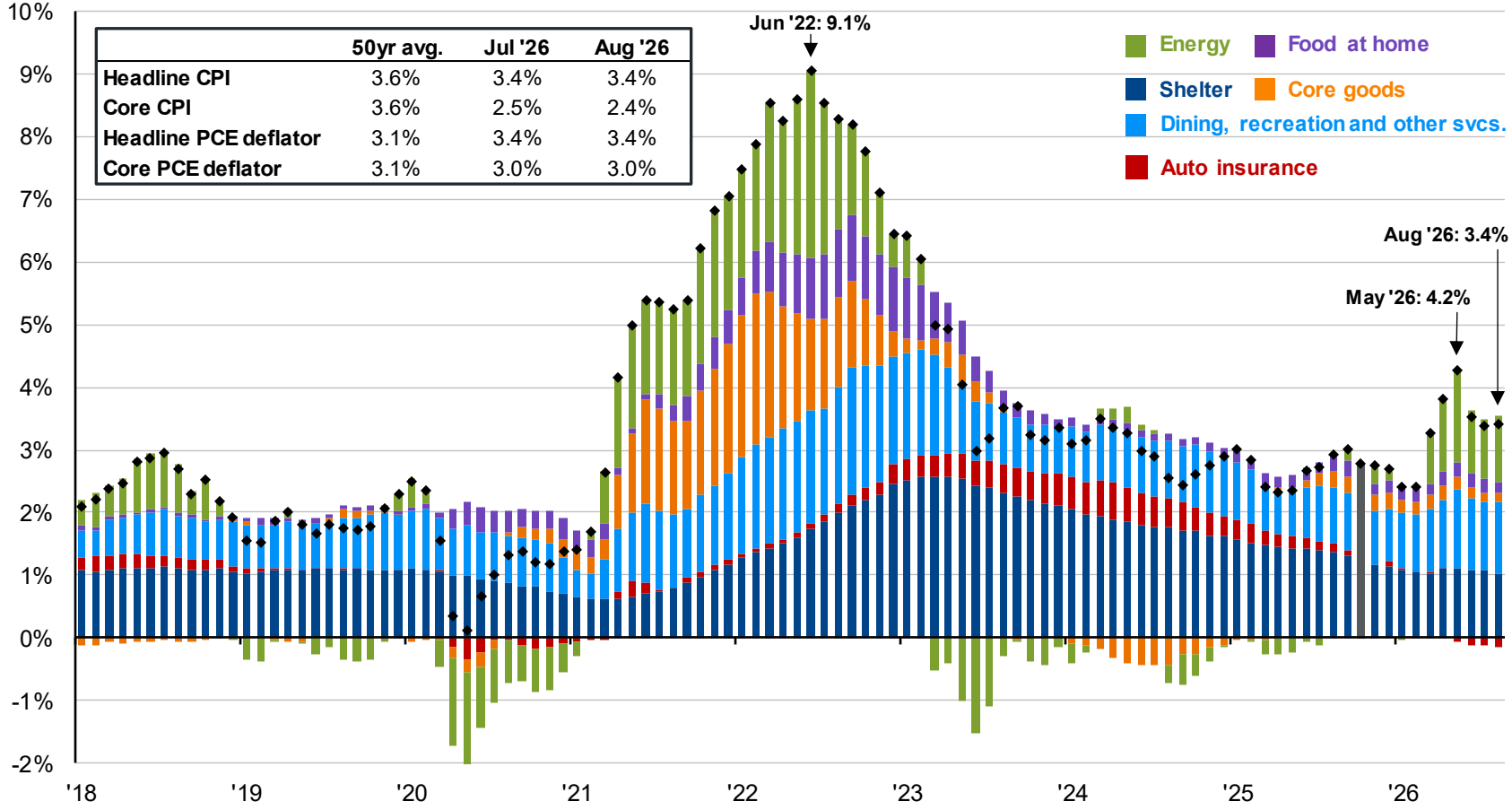
Inflation components

Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted

	50yr avg.	Jul '26	Aug '26
Headline CPI	3.6%	3.4%	3.4%
Core CPI	3.6%	2.5%	2.4%
Headline PCE deflator	3.1%	3.4%	3.4%
Core PCE deflator	3.1%	3.0%	3.0%



Source: BLS, FactSet, J.P. Morgan Asset Management.
Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and tenants' and household insurance. "Food at home" includes alcoholic beverages. "Other services" includes services not shown separately elsewhere in the chart, including health care services, education and communication and other personal services. Headline and core PCE deflator inflation shown are based on seasonally adjusted data due to data availability. Official October 2025 data unavailable due to government shutdown and data shown are J.P. Morgan Asset Management estimates.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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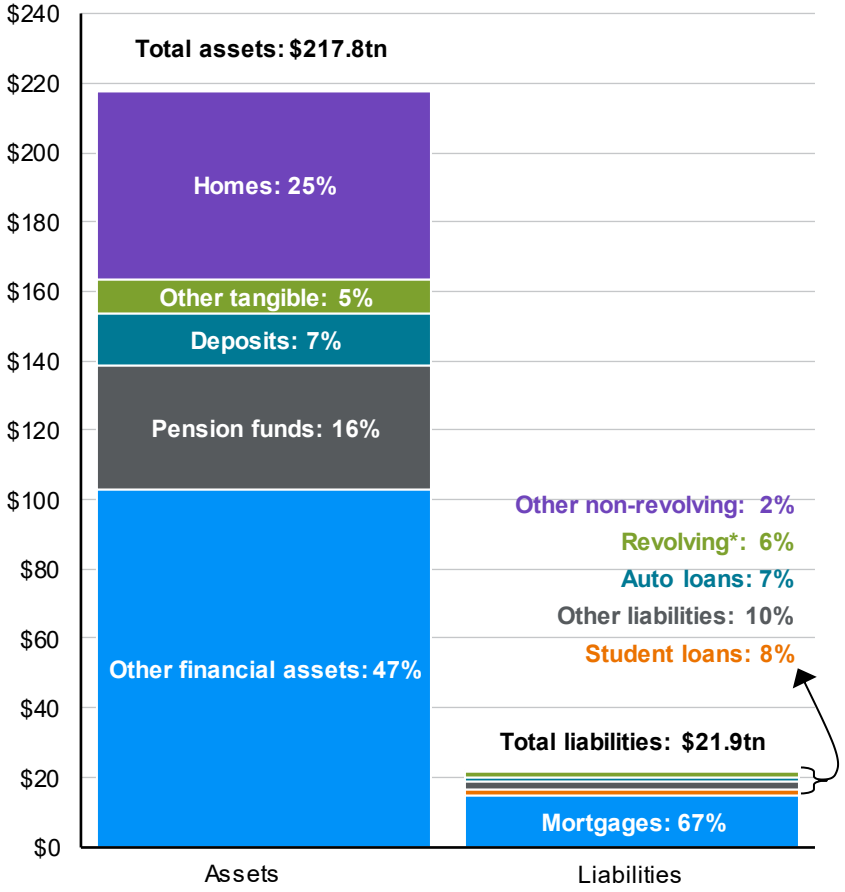
Consumer finances

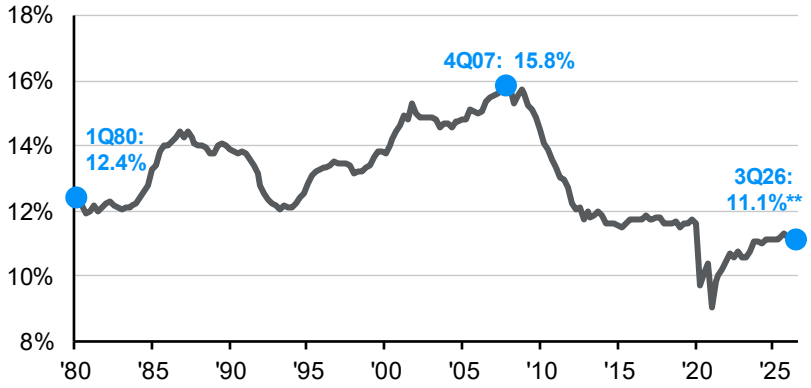
Consumer balance sheet

2Q26, USD trillions, not seasonally adjusted



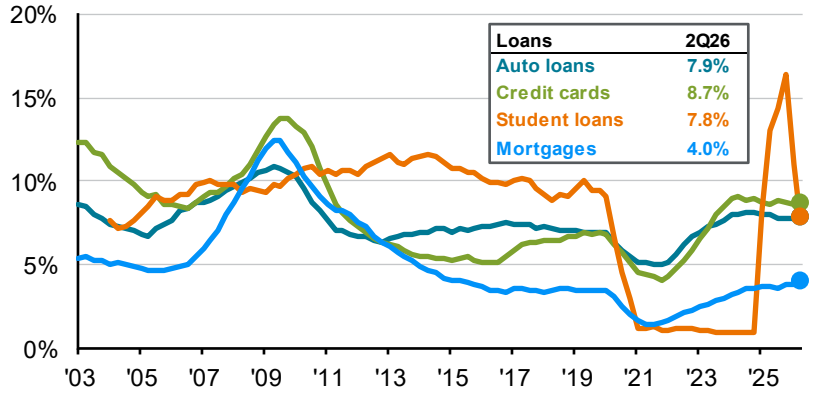
Household debt service ratio

Debt payments as % of disposable personal income, SA



Flows into early delinquencies

% of balance delinquent 30+ days



Source: BEA, FactSet, FRB, J.P. Morgan Asset Management.
Data include households and nonprofit organizations. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **Periods for which official data are unavailable are J.P. Morgan Asset Management estimates. Household debt service ratio data from 1Q80 to 4Q04 are J.P. Morgan Asset Management estimates. Due to the moratorium on delinquent student loan payments being reported to credit bureaus, missed federal student loan payments were not reported until 4Q24.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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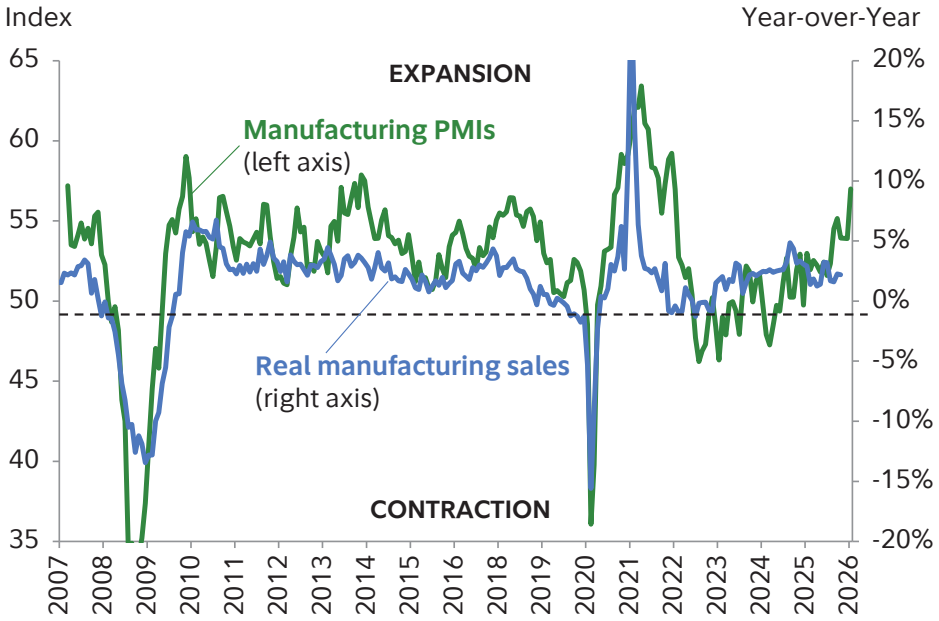
U.S. exhibiting solid mid-cycle dynamics

The U.S. remains in a mid-cycle expansion despite tightening monetary policy and higher oil prices. The manufacturing sector strengthened, as PMIs rebounded and new orders remained sturdy. Leading indicators point to a strong underlying economy, underpinned by an improving labor market and solid demand across the corporate and consumer sectors. Areas of concern include interest-rate- and inflation-sensitive sectors, which have been a drag on housing and contributed to the consumer's pessimistic outlook.

U.S. manufacturing activity



U.S. leading indicators

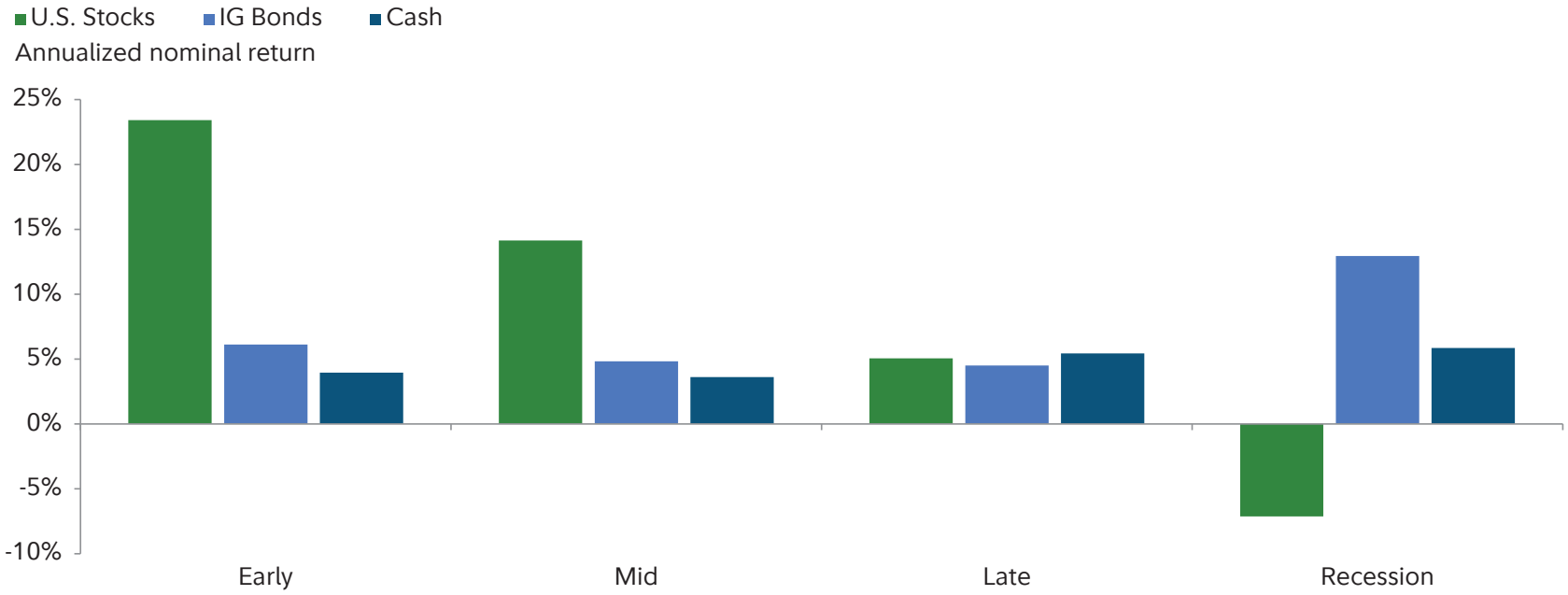
Indicator	YTD
New orders of capital goods	+7%
New orders of consumer goods	+1%
Weekly initial unemployment claims	-3%
Average weekly hours worked, manufacturing	+1%
Building permits	-2%
Consumer expectations	-6%

LEFT: PMI: Purchasing Managers' Index. Source: S&P Global, U.S. Bureau of Economic Analysis, Macrobond, Fidelity Investments (AART) as of 9/30/26. Real manufacturing sales are as of 6/30/26. RIGHT: New orders of capital goods excludes aircraft. New orders metrics are inflation adjusted. Indicators are from The Conference Board's Leading Economic Indicator Index. Source: The Conference Board, Macrobond, Fidelity Investments (AART), as of 8/31/26.

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.

Our unique approach

Our insight

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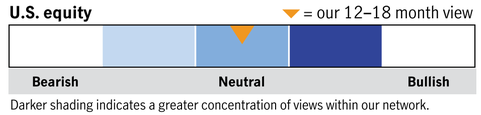
International equity

Fixed income

Our top portfolio ideas

Our investment strategists

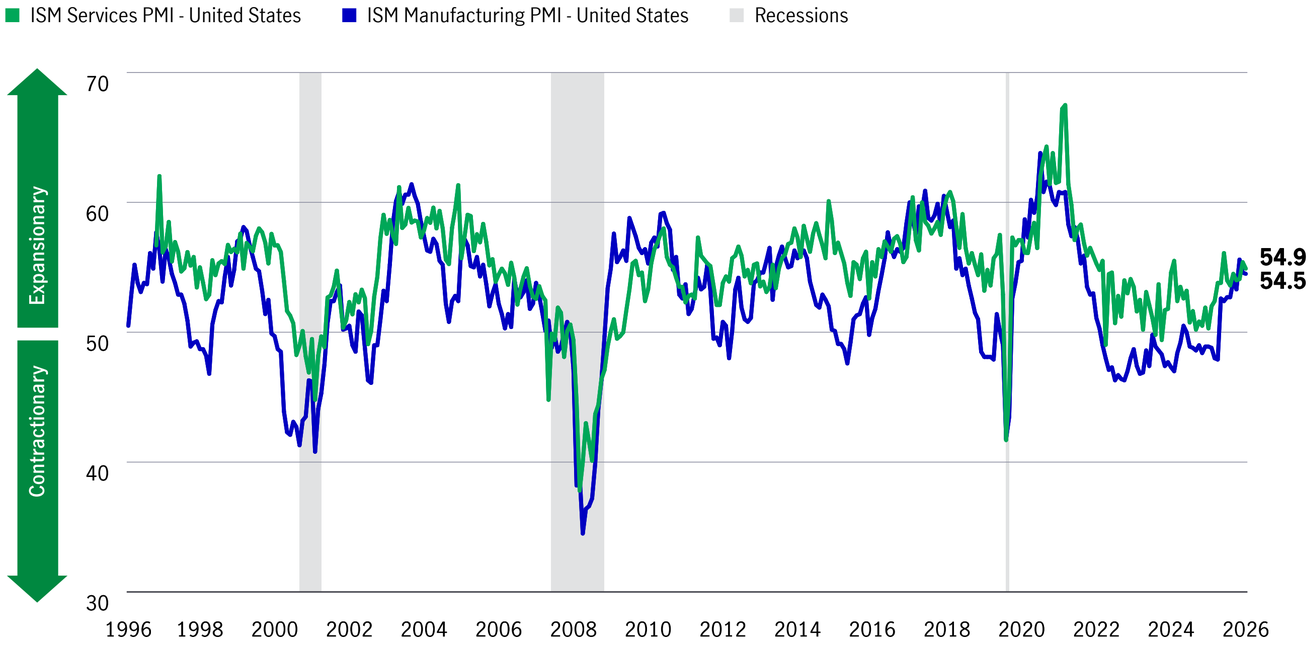
Business cycle indicators improved in the third quarter



Darker shading indicates a greater concentration of views within our network.

Both services and manufacturing gained ground in the third quarter

ISM Manufacturing and Services PMIs



Several business activity indicators have ticked up

ISM business "directional signals"

	Manufacturing	Services
New orders	↗	↗
Production	↗	↗
Employment	↗	→
Prices	↗	↗
New export orders	↗	↘

Source: FactSet, Institute for Supply Management (ISM), as of 9/30/26. The Purchasing Managers' Index (PMI) tracks the economic activity of the manufacturing and services sectors in a given country. It is not possible to invest directly in an index. Past performance does not guarantee future results.

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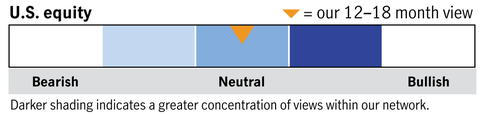
Recession indicators remain at low levels



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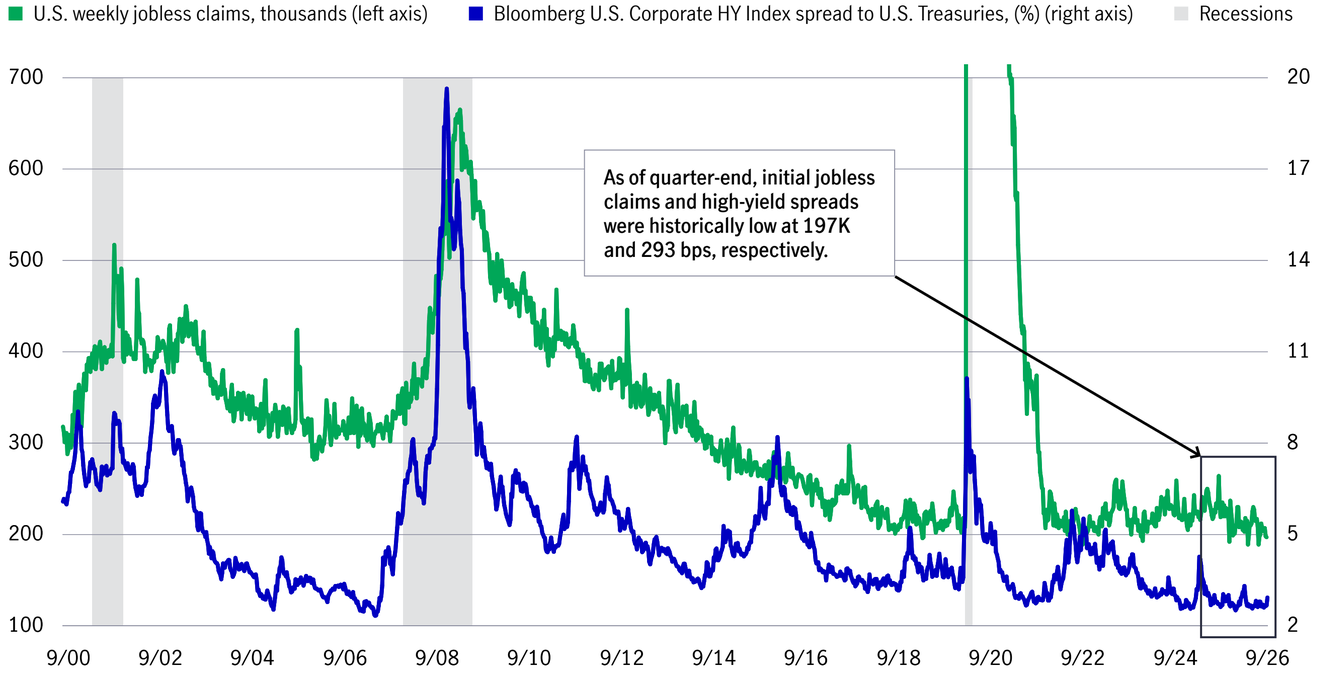
A still-steady labor market and relatively tight spreads suggest the economy remains resilient



Potential triggers for a contraction

- Initial jobless claims over 300K
- High-yield spreads over 5%
- Unemployment rate of 5% or more

Source: FactSet, as of 9/30/26. The Bloomberg U.S. Corporate HY Index tracks the performance of U.S. high-yield corporate bonds. It is not possible to invest directly in an index. Past performance does not guarantee future results.

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While housing prices are slowly recovering, higher mortgage rates may keep them anchored

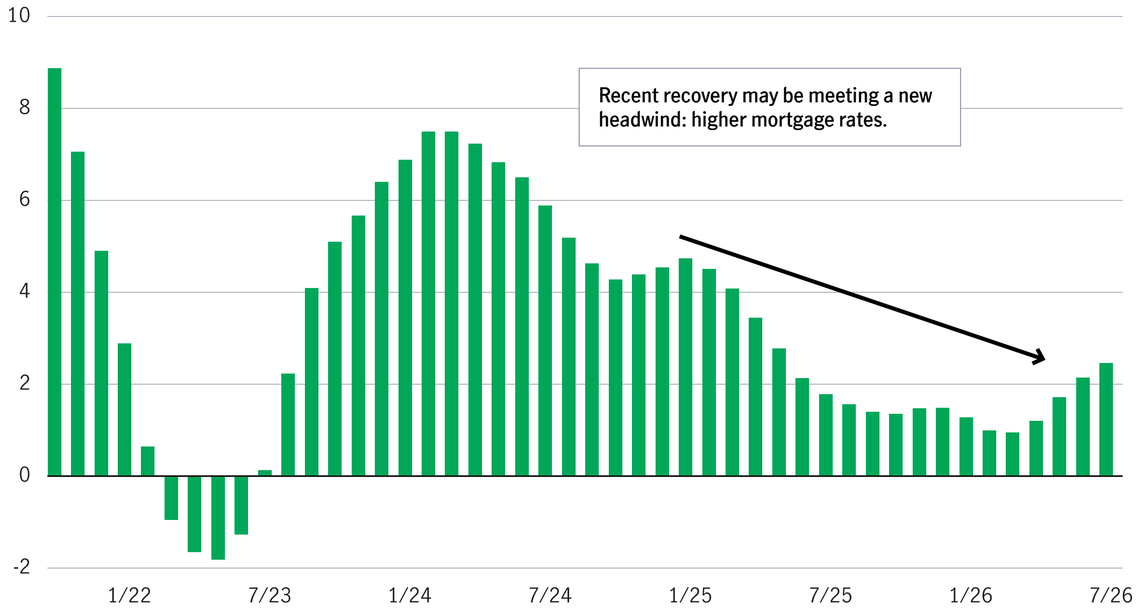
Fixed income ▼ = our 12–18 month view

Bearish | Neutral | Bullish

Darker shading indicates a greater concentration of views within our network.

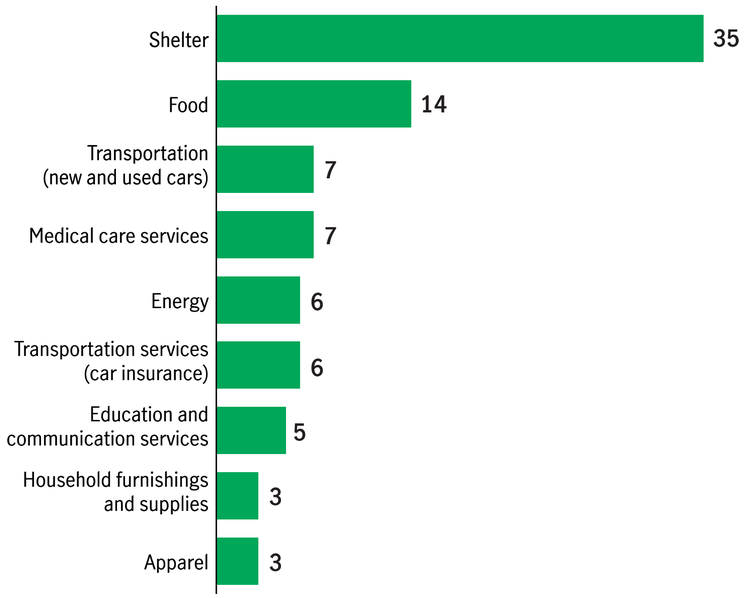
Year-over-year home price growth may have bottomed but remains at relatively low levels

S&P CoreLogic Case-Shiller 20-City Composite Home Price SA Index (%)



Shelter prices account for over a third of U.S. inflation

Weightings of major U.S. CPI components (%)



Source: FactSet, Standard & Poor's, U.S. Bureau of Labor Statistics, as of 9/30/26. The S&P CoreLogic Case-Shiller 20-City Composite Home Price SA Index is a monthly index that tracks changes in the prices of residential real estate across 20 major U.S. metropolitan areas. The U.S. Consumer Price Index (CPI) is a broad measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Index weightings may be subject to change. It is not possible to invest directly in an index. Past performance does not guarantee future results.

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Year to Date Relative Performance



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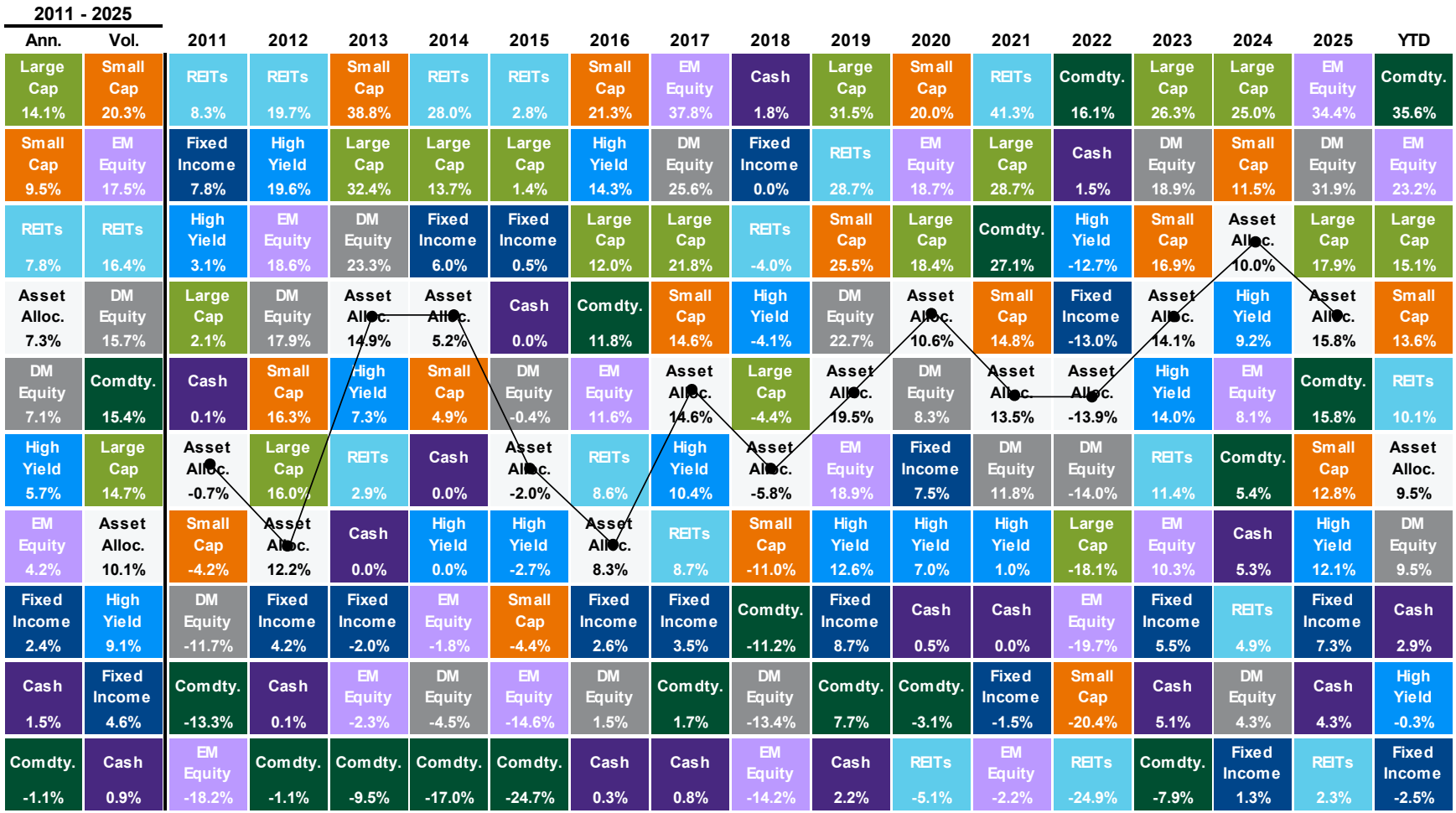
Asset class returns



Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
Large Cap: S&P 500; Small Cap: Russell 2000; EM Equity: MSCI EME; DM Equity: MSCI EAFE; Comdty: Bloomberg Commodity Index; High Yield: Bloomberg Global HY Index; Fixed Income: Bloomberg U.S. Aggregate; REITs: NAREIT Equity REIT Index; Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio is for illustrative purposes only and assumes annual rebalancing with the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Annualized (Ann.) return and volatility (Vol.) represent the period from 12/31/2010 to 12/31/2025. Please see the disclosure page at the end for index definitions. All data represent total return for stated period. Past performance is no guarantee of future results.
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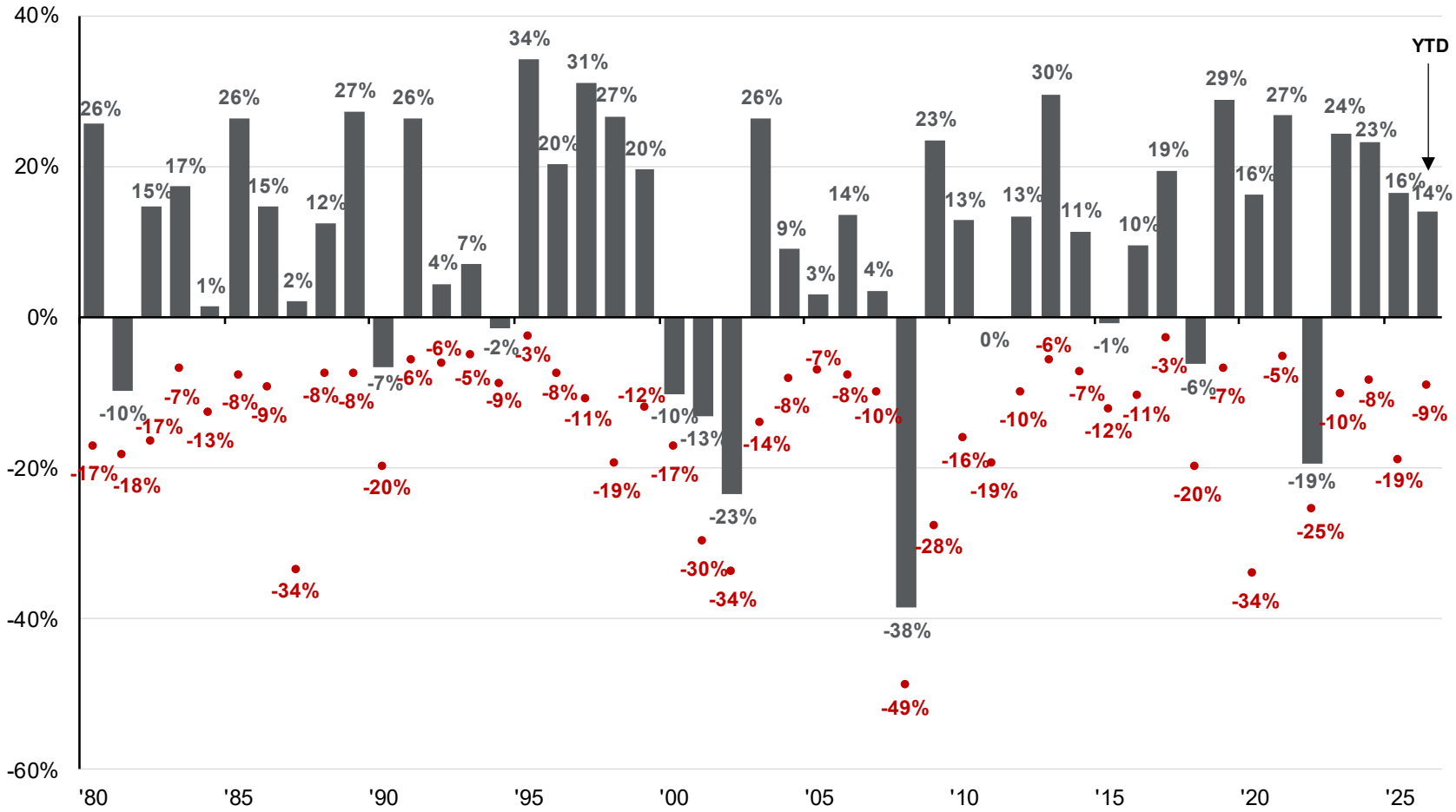
Annual returns and intra-year declines

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results.
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Returns and valuations by style

10-year annualized

	Value	Blend	Growth
Large	11.9%	15.7%	18.5%
Mid	10.4%	11.7%	12.4%
Small	9.6%	10.0%	10.1%

YTD

	Value	Blend	Growth
Large	22.5%	15.1%	7.9%
Mid	18.4%	14.8%	3.4%
Small	17.8%	13.6%	9.8%

Since previous peak (January 2022)

	Value	Blend	Growth
Large	66.8%	74.3%	71.2%
Mid	47.3%	42.4%	27.8%
Small	38.8%	31.4%	23.4%

Since market low (October 2022)

	Value	Blend	Growth
Large	102.1%	130.8%	151.0%
Mid	83.5%	86.4%	84.5%
Small	74.6%	75.1%	75.1%

Forward P/E vs. 20-year avg. P/E

	Value	Blend	Growth
Large	17.1 / 14.2	19.2 / 16.5	22.2 / 20.2
Mid	14.3 / 14.6	16.3 / 16.5	26.6 / 21.6
Small	15.3 / 17.0	22.5 / 22.0	42.6 / 32.3

Forward P/E as % of 20-year avg. P/E

	Value	Blend	Growth
Large	120.8%	116.8%	110.3%
Mid	98.0%	98.6%	123.2%
Small	90.3%	102.4%	132.1%

Source: FactSet, FTSE Russell, Standard & Poor's, J.P. Morgan Asset Management.
All calculations are cumulative total return, including dividends reinvested for the stated period. Since previous peak represents the period from 1/3/2022 to the present. Since market low represents the period from 10/12/2022 to the present. For all time periods, total return is based on Russell style indices except for the large blend category, which is based on the S&P 500 index. Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by FactSet. Past performance is no guarantee of future results.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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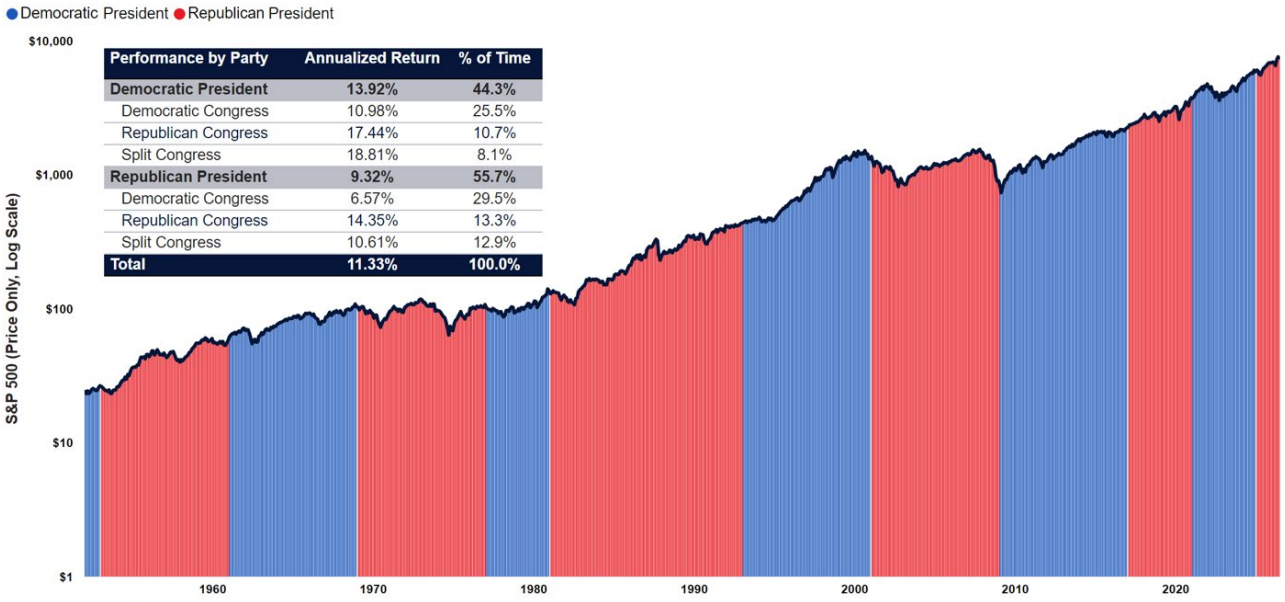
Don't Mix Politics and Investing

Politics can influence headlines and short-term market sentiment, but political leadership alone does not drive long-term market performance. As the chart shows, stocks have historically grown over time under different political conditions. For long-term investors, political opinions are often best expressed at the polls, while portfolio decisions should remain grounded in goals, risk tolerance, and time horizon.

Stocks Do Well Under Various Political Combinations

S&P 500 Monthly Closing Price (1952 to Present)



Performance by Party	Annualized Return	% of Time
Democratic President	**13.92%**	**44.3%**
Democratic Congress	10.98%	25.5%
Republican Congress	17.44%	10.7%
Split Congress	18.81%	8.1%
Republican President	**9.32%**	**55.7%**
Democratic Congress	6.57%	29.5%
Republican Congress	14.35%	13.3%
Split Congress	10.61%	12.9%
Total	**11.33%**	**100.0%**

Source: LPL Research, Bloomberg LP. 7/1/2026
Past Performance is no guarantee of future results. All indexes are unmanaged and cannot be invested into directly.

Key Takeaways

- **Markets look beyond Washington:** Political headlines can feel important, but markets are influenced by a much broader set of economic and business factors.
- **Long-term investors have been rewarded across political cycles:** Stocks have historically moved higher over time under a variety of political environments.
- **Emotions can cloud investment decisions:** Strong political views may tempt investors to make portfolio changes that are not aligned with their long-term goals.
- **Stay focused on the plan:** A disciplined investment strategy should be based on objectives, risk tolerance, and time horizon, not election outcomes.

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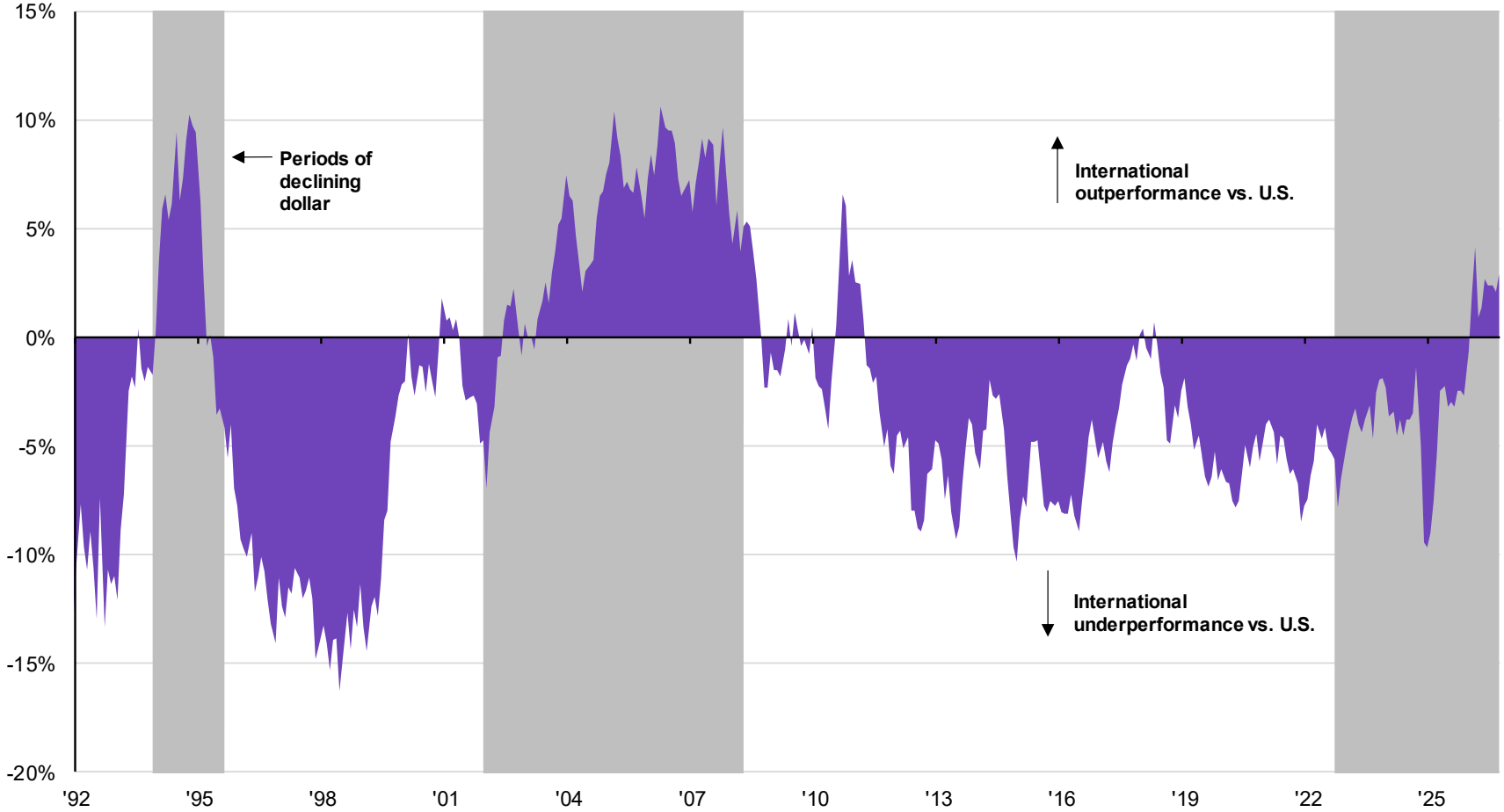
International equities and the U.S. dollar

Cycles of international outperformance and USD

International out/underperformance vs. U.S., MSCI ACWI ex-USA, S&P 500, DXY Index, total return, rolling 2-year ann.



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
MSCI ACWI ex-USA: A benchmark tracking large- and mid-cap stocks in developed and emerging markets, excluding the U.S. Past performance is no guarantee of future results.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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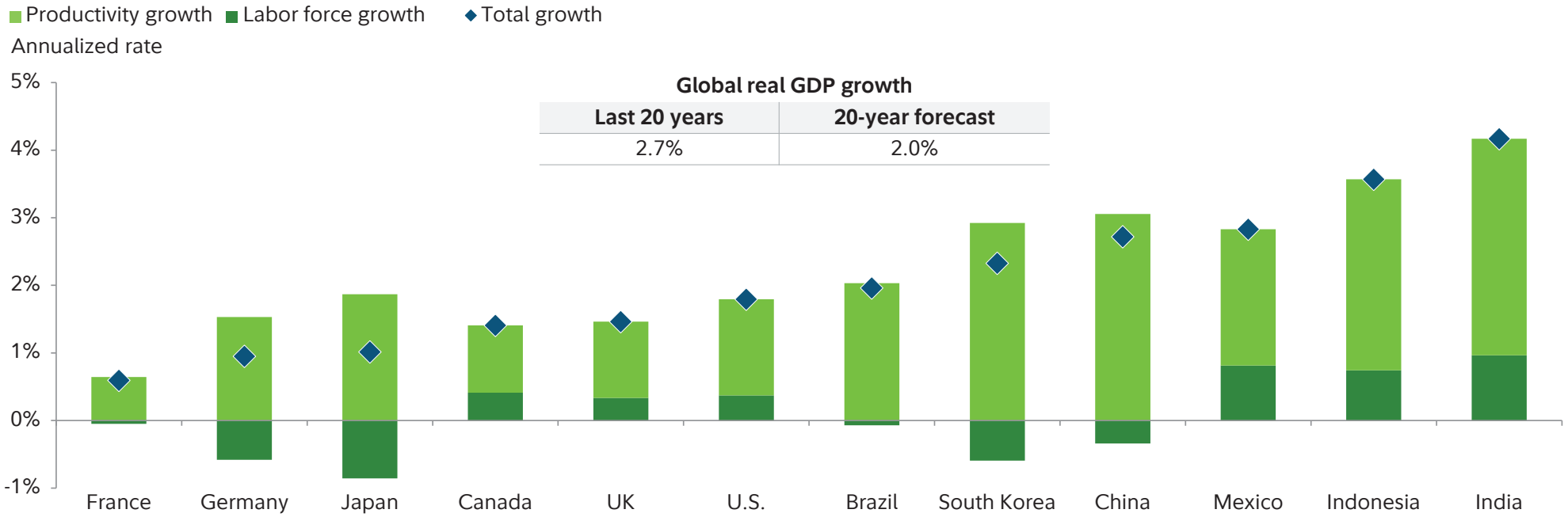
Secular forecast: Slower global growth, EM to lead

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

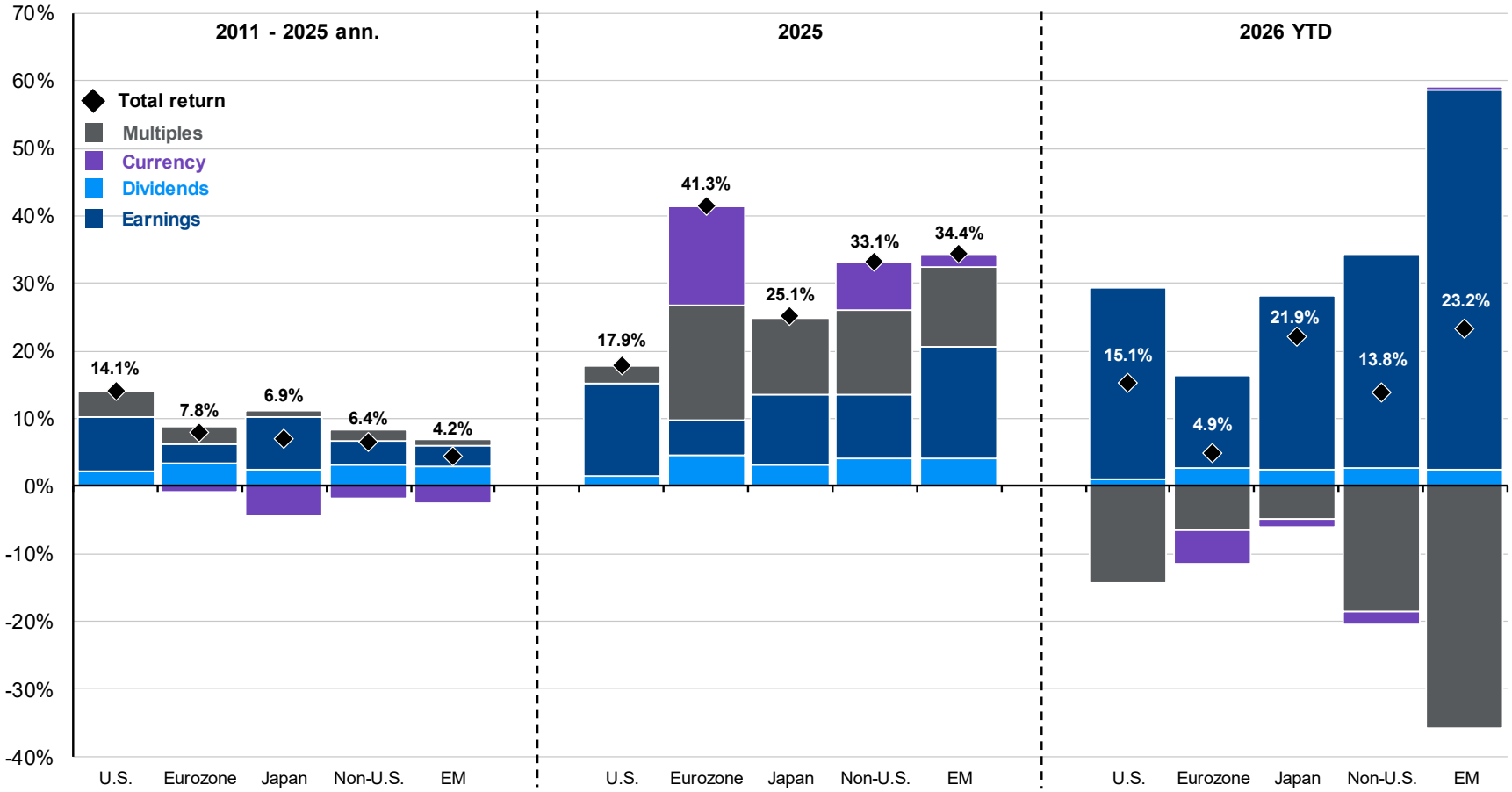
Last 20 years	20-year forecast
2.7%	2.0%

 Past performance is no guarantee of future results. EM: Emerging markets. GDP: Gross domestic product. Source: OECD and Fidelity Investments (AART), as of 4/10/26.

Global equity return composition

Sources of global equity returns*

Total return, USD



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
All return values are MSCI Gross Index data, except the U.S., which is the S&P 500. Non-U.S. is MSCI AC World ex USA Index. *Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on next 12 months earnings estimates. Chart is for illustrative purposes only. Past performance is no guarantee of future results.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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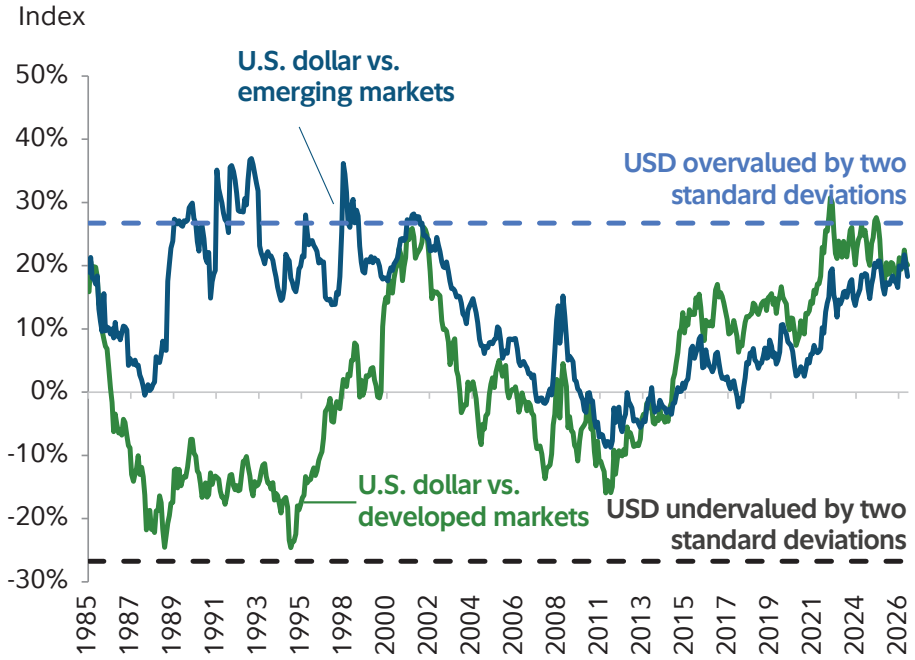
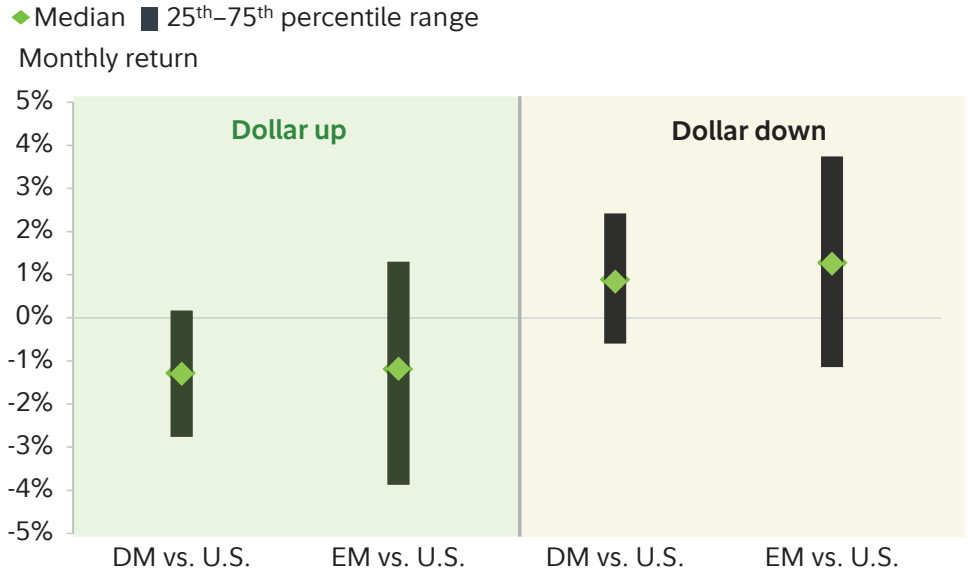
Dollar still expensive, a positive for non-U.S. assets

The U.S. dollar ended the quarter slightly higher in Q3 after depreciating from its 2025 peak. The dollar remains heavily overvalued relative to both developed- and emerging-market currencies, a backdrop that historically has preceded long-term periods of dollar weakness. A weaker dollar tends to benefit non-U.S. equity returns relative to U.S. stocks. We believe owning assets denominated in foreign currencies provides important portfolio diversification for U.S. investors.

U.S. dollar valuations (1985–2026)



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 8/31/26. 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 9/30/26.

Our unique approach

Our insight

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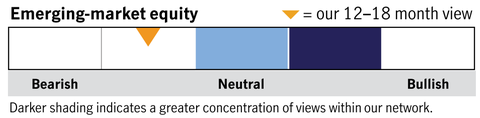
Our top portfolio ideas

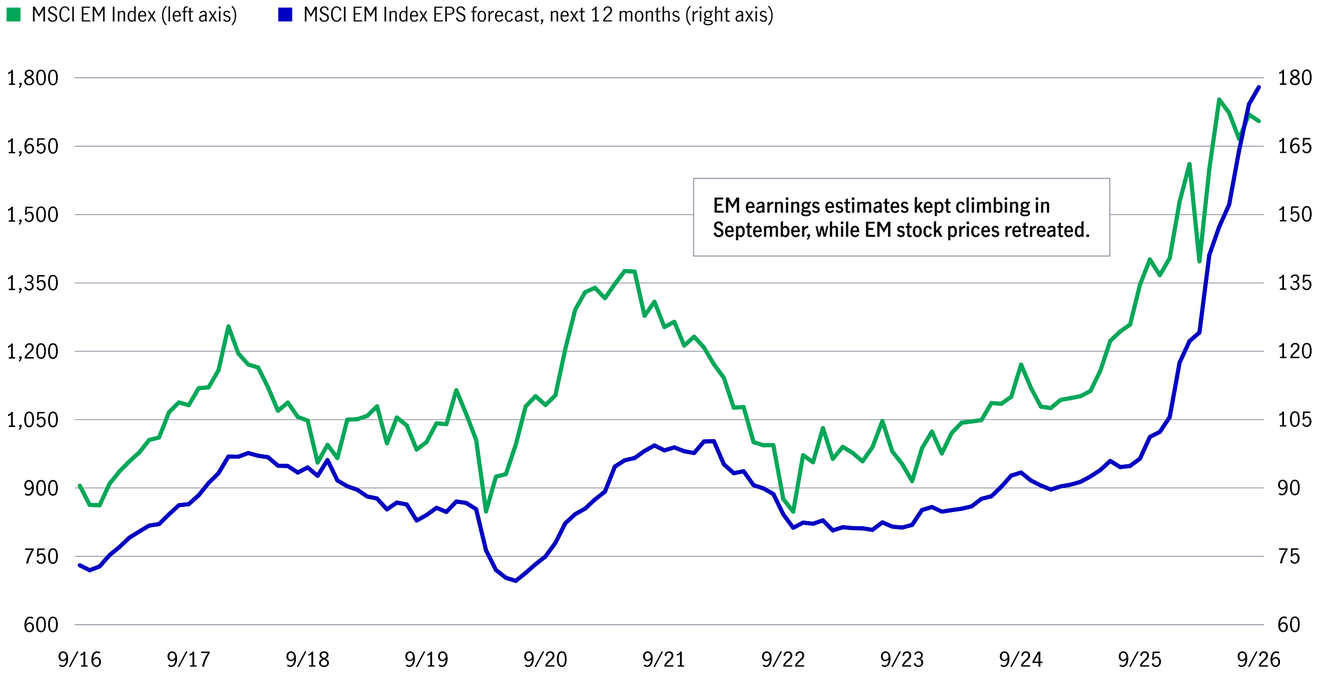
Our investment strategists

EM earnings estimates have been improving but look overly optimistic



Darker shading indicates a greater concentration of views within our network.

EM earnings estimates rose in the third quarter and remain at a decade-high level



EPS growth estimates, YoY (%)	2026	2027
Information technology	235.3	42.7
Materials	98.1	10.9
Industrials	55.6	20.8
MSCI EM Index	**53.1**	**20.6**
Energy	34.0	-3.2
Healthcare	21.5	14.8
Consumer discretionary	14.8	24.4
Financials	8.2	8.3
Communication services	7.7	10.8
Real estate	2.4	14.6
Consumer staples	-4.1	21.4
Utilities	-10.4	16.5

Source: FactSet, as of 9/30/26. Earnings per share (EPS) is a measure of how much profit a company has generated calculated by dividing the company's net income by its total number of outstanding shares. YoY refers to year over year.
The MSCI Emerging Markets (EM) Index tracks the performance of large- and mid-cap emerging-market stocks. It is not possible to invest directly in an index. No forecasts are guaranteed. Past performance does not guarantee future results.

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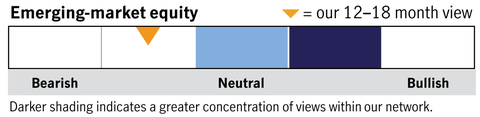
EM equities are increasingly concentrated in tech, especially semiconductors



Darker shading indicates a greater concentration of views within our network.

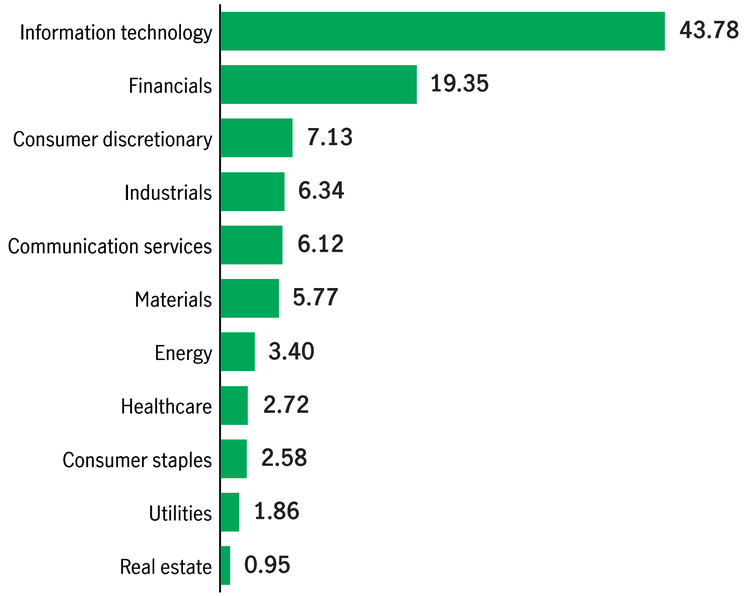
The semiconductor component of the index has surged over the past year or so

MSCI EM Index Semiconductors & Semiconductor Equipment weighting (%)



The technology sector now makes up nearly 44% of the index

MSCI EM Index sector weightings (%)



Source: FactSet, MSCI, as of 9/30/26. The MSCI Emerging Markets (EM) Index tracks the performance of large- and mid-cap emerging-market stocks. The MSCI Emerging Markets (EM) Semiconductors & Semiconductor Equipment Index is an industry-specific subset of the broader MSCI Emerging Markets Index. It is not possible to invest directly in an index. Index weightings may be subject to change. Past performance does not guarantee future results.

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Oil markets

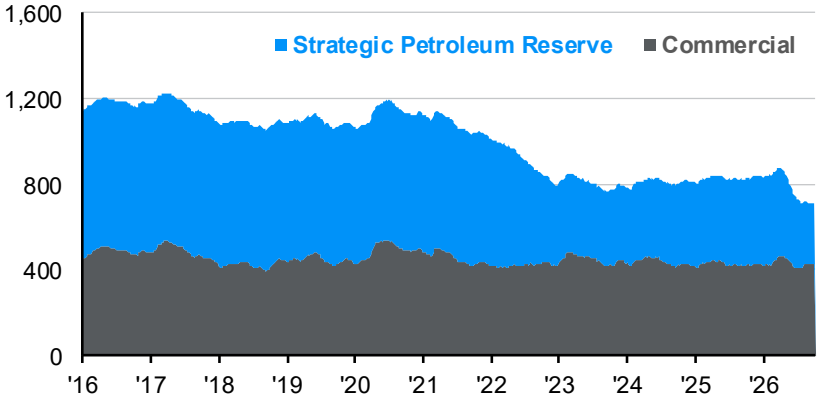
U.S. net imports of petroleum and related products*

% of nominal GDP, quarterly



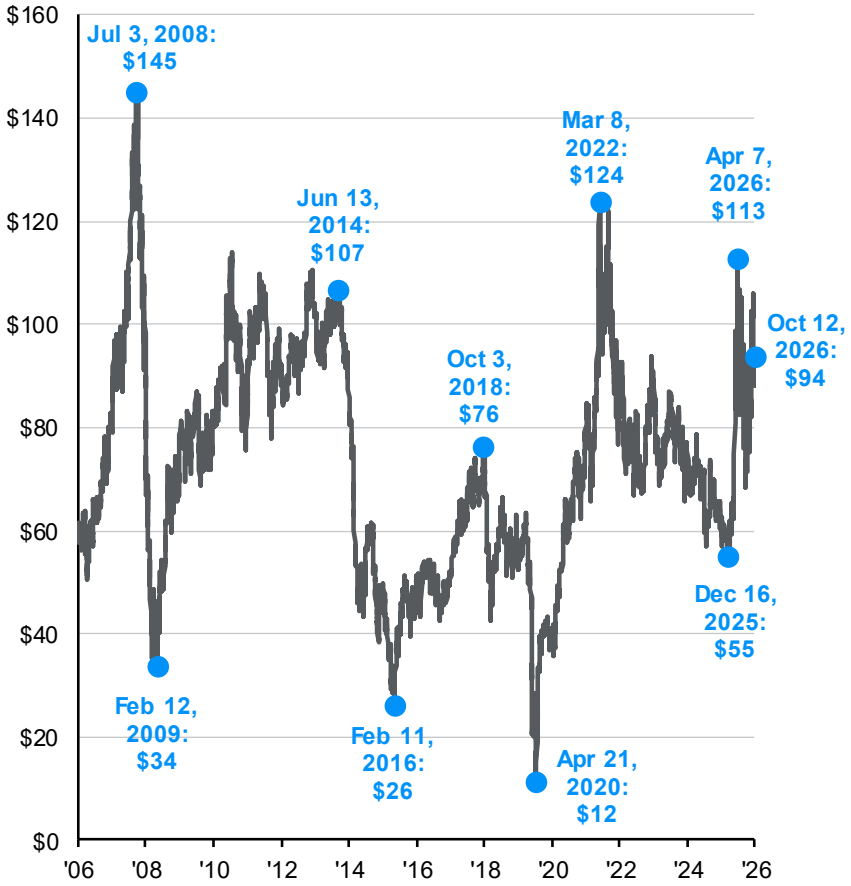
U.S. crude oil inventories

Million barrels



Price of oil

WTI crude, nominal prices, USD/barrel



Source: BEA, EIA, FactSet, J.P. Morgan Asset Management
WTI crude prices are continuous contract NYM prices in USD. *Data shown before 1985 represent petroleum and related product imports as a share of nominal GDP.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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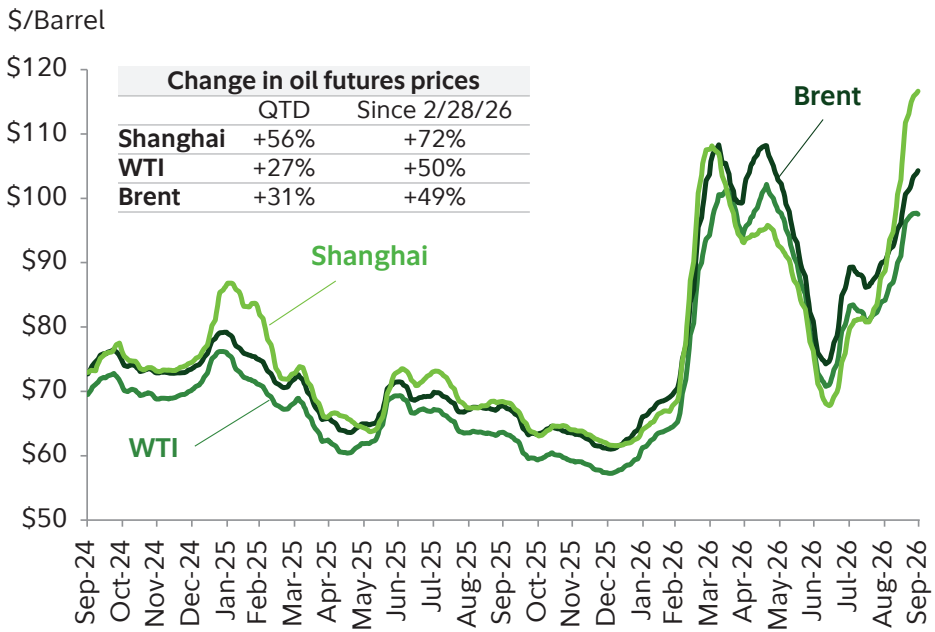
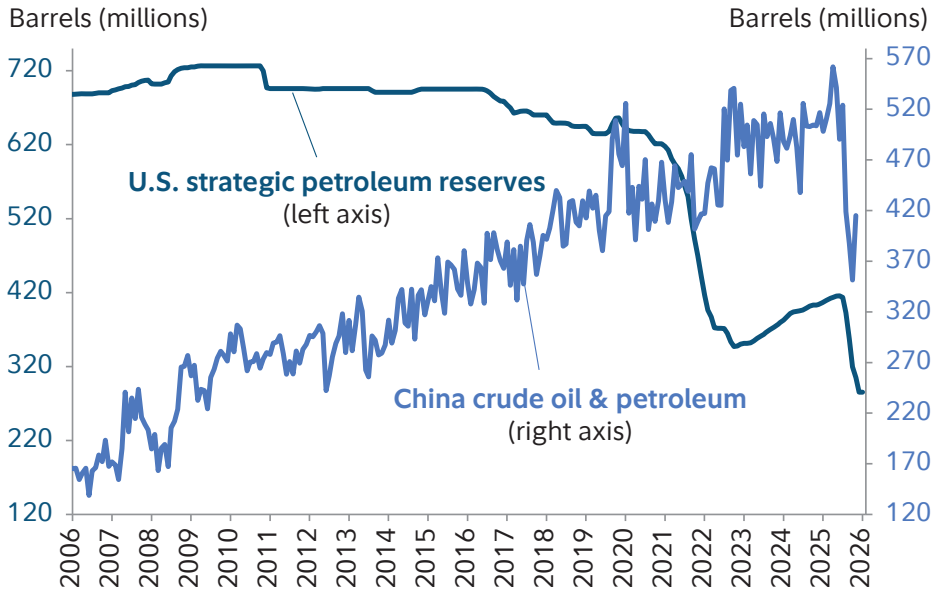
Multiple supply supports reverse, lifting oil prices

Expectations for a resolution to the U.S.–Iran conflict faded during Q3 as tensions escalated. Oil prices rose sharply amid continued disruptions to shipping through the Strait of Hormuz. Lower Chinese oil imports had tempered price pressures earlier in the year, but a recent uptick of oil inflows could reflect higher demand. Also, the U.S. approached the limits of its strategic petroleum reserve releases, reducing a key source of support for global oil supply.

Crude oil futures comparison



Global energy holdings

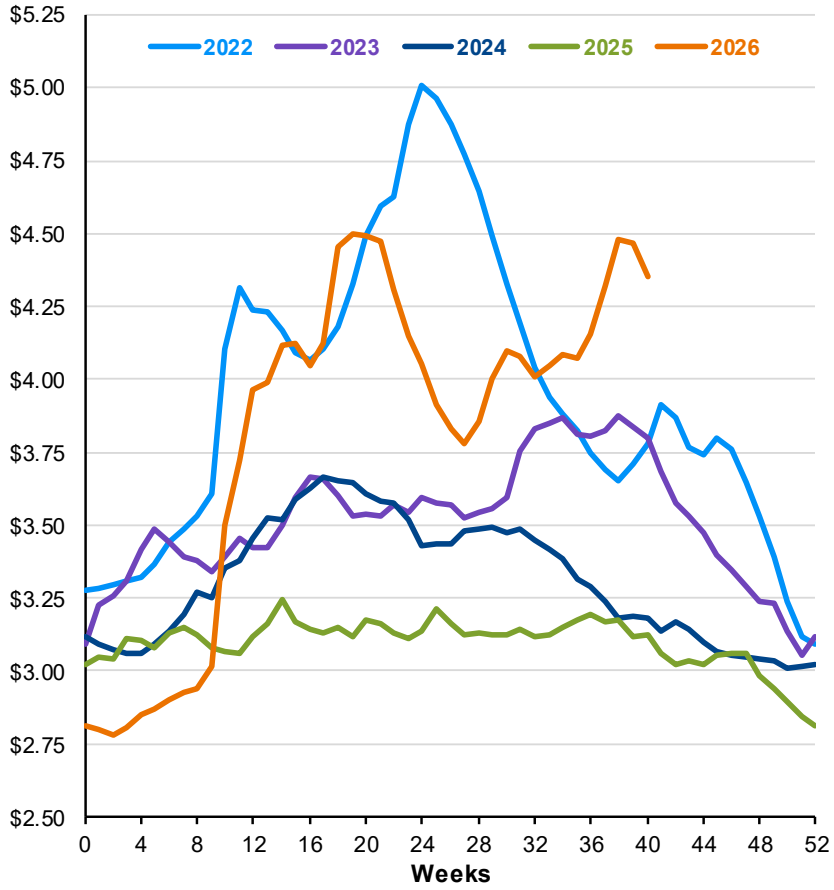


Past performance is no guarantee of future results. LEFT: Illustrates Brent, WTI, and Shanghai crude oil futures curves in USD/barrel. Brent crude is a global benchmark for seaborne oil trade, WTI is a U.S. oil benchmark, and Shanghai is China's benchmark crude futures contract. Table presents changes in each oil futures price quarter-to-date and since 2/28/2026 as proxy for the start of the Iran conflict. Source: Macrobond, Fidelity Investments (AART), as of 9/30/26. RIGHT: Illustrates U.S. strategic petroleum reserve draws and monthly crude oil and petroleum products supplied to China in millions of barrels. Source: U.S. Energy Information Administration (EIA) Joint Organizations Data Initiative (JODI), as of 8/31/26.

Oil and the U.S. consumer

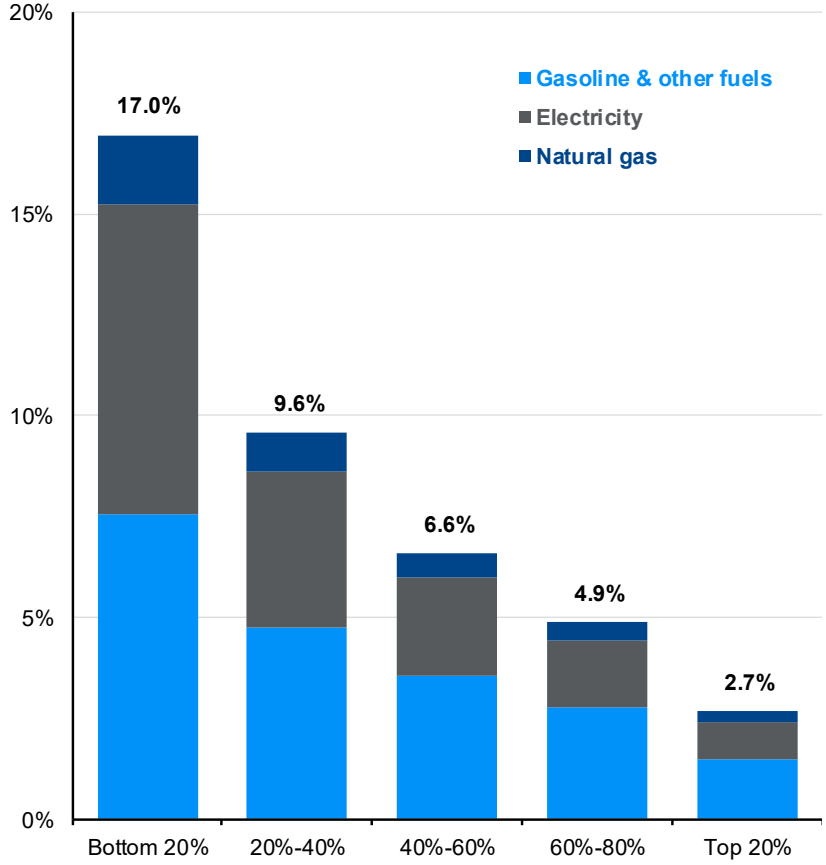
Retail gasoline prices

All regular formulations, USD per gallon, weekly



Consumer expenditures on energy

% of total income, by pre-tax income cohort, 2024



Source: BLS, Department of Energy, FactSet, J.P. Morgan Asset Management.
(Right) Data sourced from the 2024 BLS Consumer Expenditure Survey.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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Rates and oil drive wider return dispersion

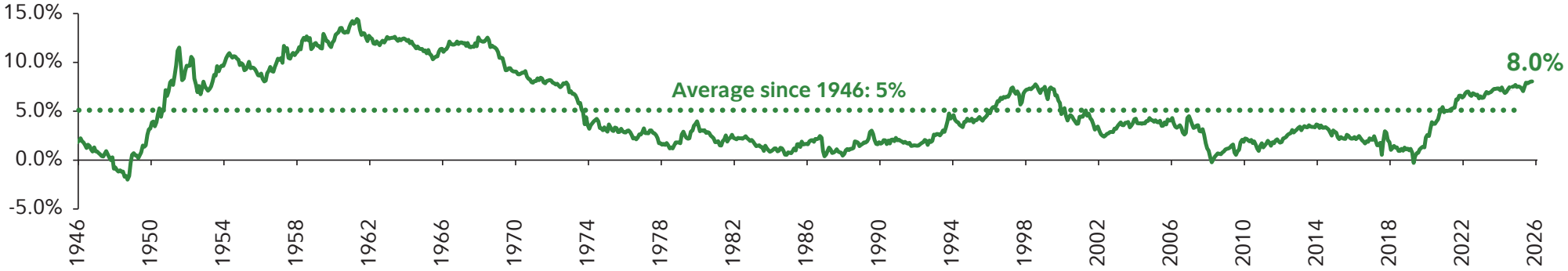
Commodities led all core asset categories as geopolitical risks intensified and oil prices surged. Higher bond yields pressured fixed income markets and rate-sensitive equities, including real estate and small caps. Return dispersion widened across both equity sectors and fixed income categories.

	Q3 2026	YTD
Commodities	16.2%	32.9%
Gold	3.7%	-3.7%
U.S. Value	2.3%	19.2%
U.S. Large Cap Stocks	2.3%	12.7%
Non-U.S. Developed-Country Stocks	0.8%	10.3%
U.S. Growth	0.5%	6.4%
Emerging-Market Stocks	-0.4%	23.4%

	Q3 2026	YTD
High Yield Bonds	-1.8%	0.0%
Investment-Grade Bonds	-3.5%	-2.9%
U.S. Corporate Bonds	-3.8%	-3.0%
Emerging-Market Bonds	-3.9%	-0.7%
Real Estate Stocks	-6.1%	10.6%
U.S. Small Cap Stocks	-7.2%	13.7%
Long Government & Credit Bonds	-7.7%	-7.0%

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 1000 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 1000® Value Index; Commodities—Bloomberg Commodity Index. Source: Bloomberg Finance L.P., Fidelity Investments Asset Allocation Research Team (AART), as of 9/30/26.



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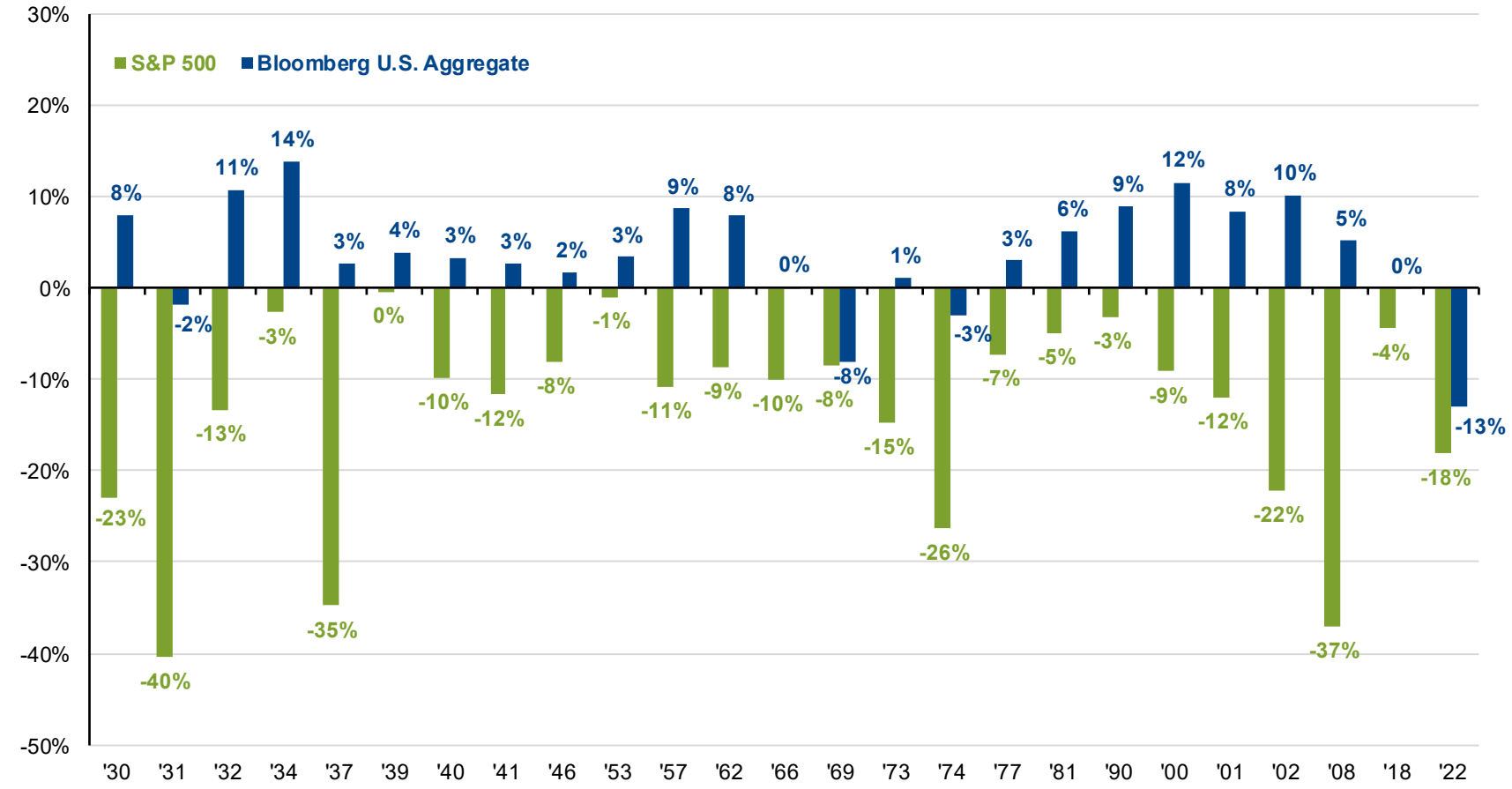
Bond performance in equity down years

Bond performance when stock returns were negative

Over the last century, bond returns were positive in 21 of the 25 years that stock returns were negative



Source: FactSet, Strategas, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of October 12, 2026.

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Our unique approach
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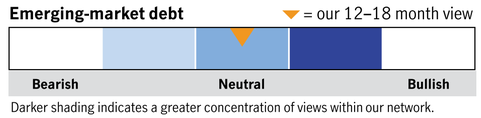
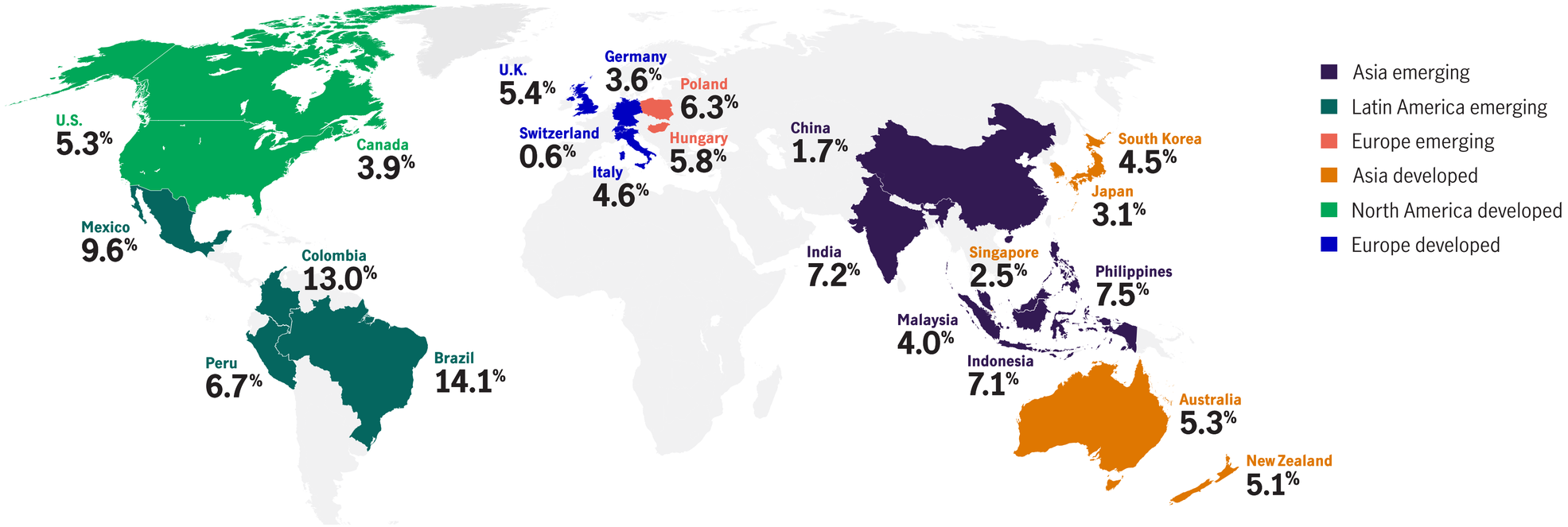
Our top portfolio ideas
Our investment strategists

While often riskier and more volatile, EM debt offers attractive yield potential



10-year government bond yields



Source: FactSet, as of 9/30/26. Foreign investing, especially in emerging markets, involves additional risks such as currency and market volatility and political and social instability. EM refers to emerging market. Past performance does not guarantee future results.

J.P. Morgan Asset Management – Index definitions

All indexes are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

Equities:

The **Dow Jones Industrial Average** is a price-weighted average of 30 actively traded blue-chip U.S. stocks.

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **MSCI EAFE Index(Europe, Australasia, Far East)**is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI Europe Index** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance in Europe.

The **MSCI Pacific Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the Pacific region.

The **Russell 1000 Index®** measures the performance of the 1,000 largest companies in the Russell 3000.

The **Russell 1000 Growth Index®** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index®** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index®** measures the performance of the 2,000 smallest companies in the Russell 3000 Index.

The **Russell 2000 Growth Index®** measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 2000 Value Index®** measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 3000 Index®** measures the performance of the 3,000 largest U.S. companies based on total market capitalization.

The **Russell Midcap Index®** measures the performance of the 800 smallest companies in the Russell 1000 Index.

The **Russell Midcap Growth Index ®** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

The **Russell Midcap Value Index ®** measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The **S&P 500 Index** focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

Fixed income:

The **Bloomberg 1-3 Month U.S. Treasury Bill Index** includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have $250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be fixed rate and non convertible.

The **Bloomberg Global High Yield Index** is a multi-currency flagship measure of the global high yield debt market. The index represents the union of the US High Yield, the Pan-European High Yield, and Emerging Markets (EM) Hard Currency High Yield Indices. The high yield and emerging markets sub-components are mutually exclusive. Until January 1, 2011, the index also included CMBS high yield securities.

The **Bloomberg Municipal Index**: consists of a broad selection of investment-grade general obligation and revenue bonds of maturities ranging from one year to 30 years. It is an unmanaged index representative of the tax-exempt bond market.

The **Bloomberg US Dollar Floating Rate Note (FRN) Index** provides a measure of the U.S. dollar denominated floating rate note market.

The **Bloomberg US Corporate Investment Grade Index** is an unmanaged index consisting of publicly issued US Corporate and specified foreign debentures and secured notes that are rated investment grade (Baa3/BBB or higher) by at least two ratings agencies, have at least one year to final maturity and have at least $250 million par amount outstanding. To qualify, bonds must be SEC-registered.

The **Bloomberg US High Yield Index** covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included.

The **Bloomberg US Mortgage Backed Securities Index** is an unmanaged index that measures the performance of investment grade fixed-rate mortgage backed pass-through securities of GNMA, FNMA and FHLMC.

The **Bloomberg US TIPS Index** consists of Inflation-Protection securities issued by the U.S. Treasury.

The **J.P. Morgan Emerging Market Bond Global Index(EMBI)**includes U.S. dollar denominated Brady bonds, Eurobonds, traded loans and local market debt instruments issued by sovereign and quasi-sovereign entities.

The **J.P. Morgan Domestic High Yield Index** is designed to mirror the investable universe of the U.S. dollar domestic high yield corporate debt market.

The **J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI Broad Diversified)**is an expansion of the **J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI)**. The CEMBI is a market capitalization weighted index consisting of U.S. dollar denominated emerging market corporate bonds.

The **J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI Global Diversified)** tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds. The index limits the exposure of some of the larger countries.

The **J.P. Morgan GBI EM Global Diversified** tracks the performance of local currency debt issued by emerging market governments, whose debt is accessible by most of the international investor base.

The **U.S. Treasury Index** is a component of the U.S. Government index.

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J.P. Morgan Asset Management – Definitions

Other asset classes:

The **Alerian MLP Index** is a composite of the 50 most prominent energy Master Limited Partnerships (MLPs) that provides investors with an unbiased, comprehensive benchmark for the asset class.

The **Bloomberg Commodity Index** and related sub-indices are composed of futures contracts on physical commodities and represents twenty two separate commodities traded on U.S. exchanges, with the exception of aluminum, nickel, and zinc

The **Cambridge Associates U.S. Global Buyout and Growth Index®** is based on data compiled from 1,768 global (U.S. & ex –U.S.) buyout and growth equity funds, including fully liquidated partnerships, formed between 1986 and 2013.

The **CS/Tremont Hedge Fund Index** is compiled by Credit Suisse Tremont Index, LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The Index uses the Credit Suisse/Tremont database, which tracks over 4500 funds, and consists only of funds with a minimum of US$50 million under management, a 12-month track record, and audited financial statements. It is calculated and rebalanced on a monthly basis, and shown net of all performance fees and expenses. It is the exclusive property of Credit Suisse Tremont Index, LLC.

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2200 funds listed on the internal HFR Database.

The **NAREIT EQUITY REIT Index** is designed to provide the most comprehensive assessment of overall industry performance, and includes all tax-qualified real estate investment trusts (REITs) that are listed on the NYSE, the American Stock Exchange or the NASDAQ National Market List.

The **NFI-ODCE**, short for NCREIF Fund Index -Open End Diversified Core Equity, is an index of investment returns reporting on both a historical and current basis the results of 33 open-end commingled funds pursuing a core investment strategy, some of which have performance histories dating back to the 1970s. The NFI-ODCE Index is capitalization-weighted and is reported gross of fees. Measurement is time-weighted.

Definitions:

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Bonds are subject to interest rate risks. Bond prices generally fall when interest rates rise.

Investments in **commodities** may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.

Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.

Distressed Restructuring Strategies employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings.

Investments in **emerging markets** can be more volatile. The normal risks of investing in foreign countries are heightened when investing in emerging markets. In addition, the small size of securities markets and the low trading volume may lead to a lack of liquidity, which leads to increased volatility. Also, emerging markets may not provide adequate legal protection for private or foreign investment or private property.

The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

Equity market neutral strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. Equity Market Neutral Strategies typically maintain characteristic net equity market exposure no greater than 10% long or short.

Global macro strategies trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that the use of **long and short positions** will succeed in limiting an investor's exposure to domestic stock market movements, capitalization, sector swings or other risk factors. Using long and short selling strategies may have higher portfolio turnover rates. Short selling involves certain risks, including additional costs associated with covering short positions and a possibility of unlimited loss on certain short sale positions.

Merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction.

Mid-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies. Historically, mid-cap companies' stock has experienced a greater degree of market volatility than the average stock.

Price to forward earnings is a measure of the price-to-earnings ratio (P/E) using forecasted earnings. **Price to book value** compares a stock's market value to its book value. **Price to cash flow** is a measure of the market's expectations of a firm's future financial health. **Price to dividends** is the ratio of the price of a share on a stock exchange to the dividends per share paid in the previous year, used as a measure of a company's potential as an investment.

Real estate investments may be subject to a higher degree of market risk because of concentration in a specific industry, sector or geographical sector. Real estate investments may be subject to risks including, but not limited to, declines in the value of real estate, risks related to general and economic conditions, changes in the value of the underlying property owned by the trust and defaults by borrower.

Relative Value Strategies maintain positions in which the investment thesis is predicated on realization of a valuation discrepancy in the relationship between multiple securities.

Small-capitalization investing typically carries more risk than investing in well-established "blue-chip" companies since smaller companies generally have a higher risk of failure. Historically, smaller companies' stock has experienced a greater degree of market volatility than the average stock.

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J.P. Morgan Asset Management – Risks & disclosures

The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions.

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Unless otherwise stated, all data are as of October 12, 2026 or most recently available.

Guide to the Markets – U.S.

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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.

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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 23 represented by: Growth—Russell 1000® Growth Index; Small Cap—Russell 2000® Index; Large Cap—S&P 500®; Mid Cap—Russell Midcap® Index; Value—Russell 1000® 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 10 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 1000® 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 1000 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 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 small to mid cap value segment of the U.S. equity market. It includes those Russell 1000 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 1000 Index.

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

Sectors and **Industries** are defined by Global Industry Classification Standards (GICS®), except where noted otherwise. **S&P 500 sectors**: 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 10:10 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.

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