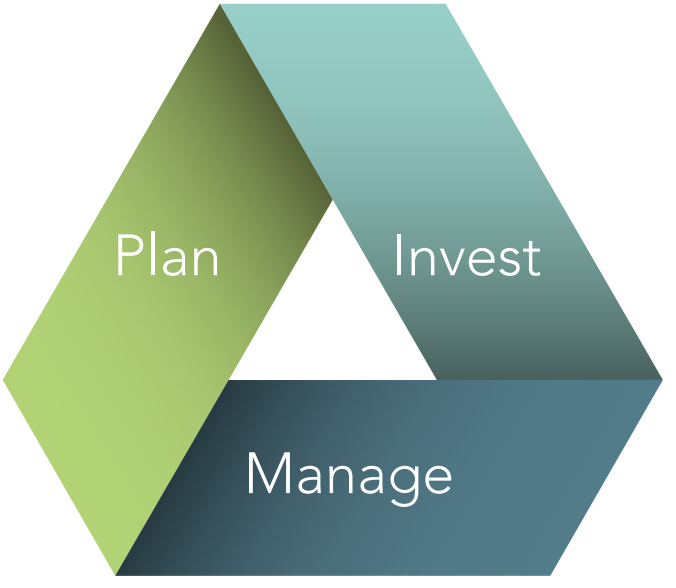


Disciplined Investing

Consistent decision-making in a complex environment

Fidelity INVESTMENTS

Contents

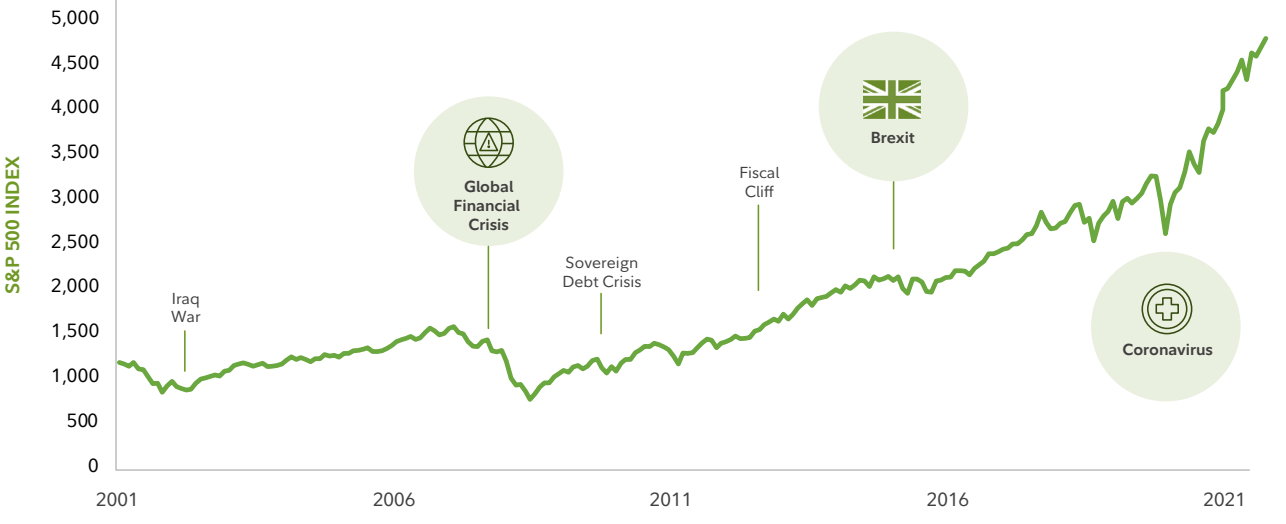
Disciplined investing can be challenging.

You may have a number of reasons to invest — retirement, your children's education, your legacy, even buying a dream home.

Creating a strategy and choosing investments can be the easy part. Sticking to that strategy can be more difficult. You will have to deal with changes in the economic environment, the markets, your career, the needs of your family, and more. One of the greatest challenges you will face is managing your emotions when markets rise and fall.

A disciplined investment strategy can include asset allocation in combination with your protection strategy to provide confidence in your plan.

MARKET VOLATILITY WILL HAPPEN



Past performance is no guarantee of future results. The S&P 500® Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC.

Ready to get started?

Remember, we'll be here to help every step of the way.

Market volatility and decisions

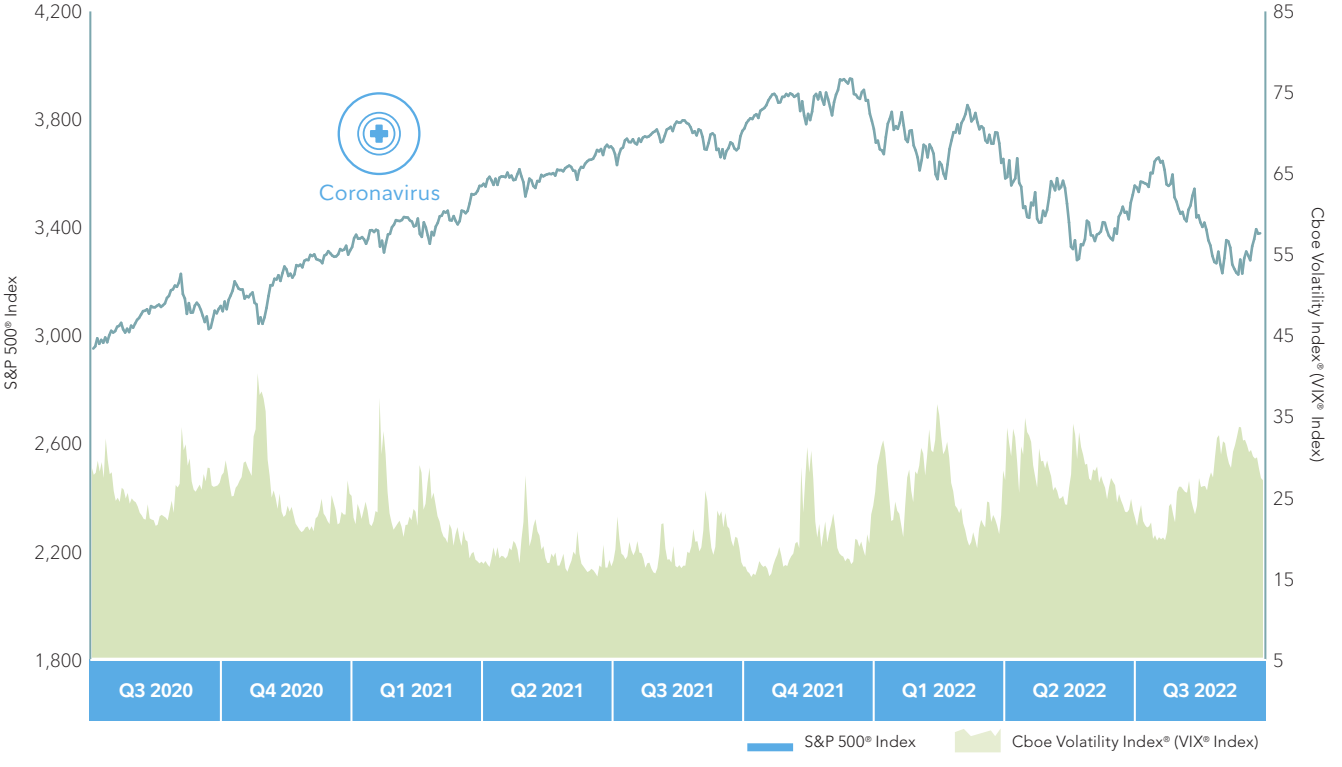
Investors have always been affected by volatility.

Every generation has faced dramatic market challenges. Political events, economic upheavals, and natural and man-made catastrophes have impacted markets, which in turn have tested the discipline of investors.

The chart below shows some recent events, how the market dipped temporarily, and how it quickly recovered. An investor who overreacted and pulled out of the market during a downturn might have missed the gains that followed.

Overreacting to market movement is a potential threat to reaching your long-term financial goals. The good news is you control how you react. Having a disciplined long-term investment plan may help make it easier to resist the temptation to let emotions control your reactions.

SHORT-TERM VOLATILITY: Q3 2020–Q3 2022



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- What did you do? How did you feel? What should you be doing during these periods of volatility?
- What do you need as part of your plan to remain disciplined throughout these periods?

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Source: Bloomberg, as of 09/30/2022. Indexes are unmanaged. It is not possible to invest directly in an index.

Diversification and/or asset allocation do not ensure a profit or protect against loss.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Although the bond market is also volatile, lower-quality debt securities, including leveraged loans, generally offer higher yields compared with investment-grade securities, but also involve greater risk of default or price changes.

Past performance is no guarantee of future results. The S&P 500® Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC. The Cboe Volatility Index is a weighted average of prices on S&P 500 Index options with a constant maturity of 30 days to expiration. It is designed to measure the market's expectation of near-term stock market volatility.

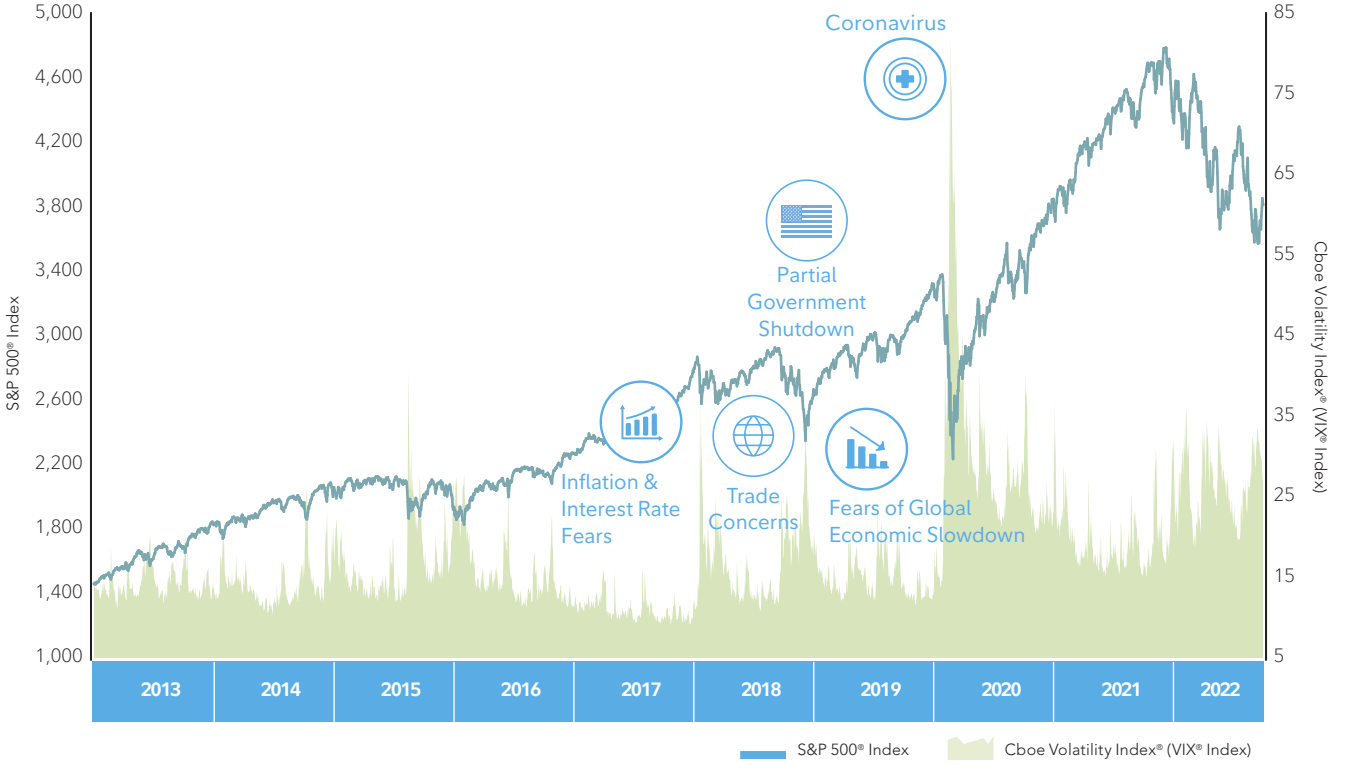
Perspective is everything.

Markets move up and down. They always have, and they always will. Step back and take the long view, and you'll see that even though the ride may not always be smooth, markets do tend to go up.

The bursting of the tech bubble, 9/11, the most recent financial crisis — they all created temporary downturns in the markets. Disciplined investors who stuck to their guns and rode it out were rewarded when the markets turned up.

The lesson: Controlling your emotions in response to volatility may have long-term benefits.

LONG-TERM VOLATILITY: Q1 2013–Q3 2022



- How have your investment beliefs changed?
- How important is it to remain disciplined during periods of market volatility?

Past performance is no guarantee of future results.

Source: Bloomberg, as of 09/30/2022. You cannot invest directly in an index.

The S&P 500® Index is a market capitalization–weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

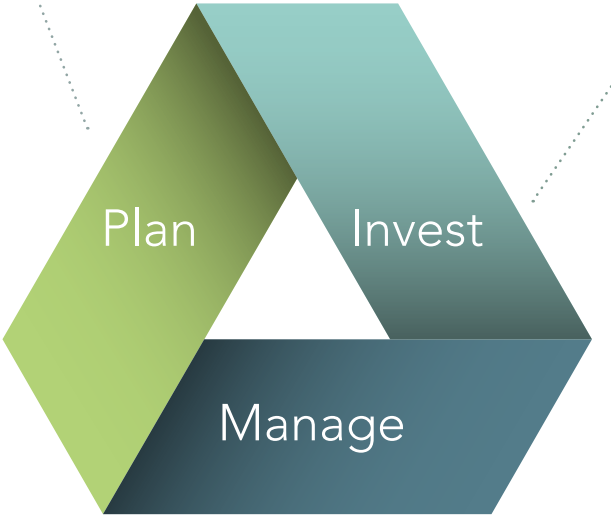
The Cboe Volatility Index is a weighted average of prices on S&P 500® Index options with a constant maturity of 30 days to expiration. It is designed to measure the market's expectation of near-term stock market volatility.

Create a Disciplined Investing Plan.

Building a plan with the appropriate level of risk and being responsible for its ongoing management can be challenging. Allowing emotions to drive the decisions you make may dramatically impact your long-term success.

A simple three-step approach to disciplined investing:

1. Plan:
Build an investment strategy and remain disciplined.



2. Invest:
Assume a level of risk appropriate for your investment time horizon, risk tolerance, and financial situation.

3. Manage:
Maintain the discipline to execute your plan.

Plan:

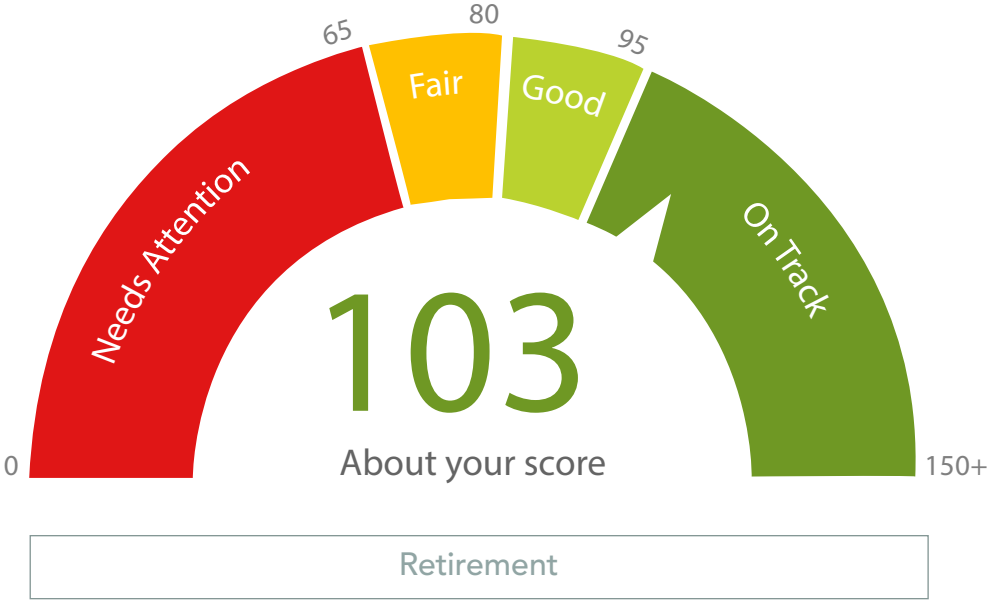
Building an investment strategy and remaining disciplined

The first step toward meeting your goals is to define what they are.

- What are you saving and investing for?
  Common goals include retirement, education, legacy planning, and a dream home.
- How much do you think you'll need?
- How long do you think it will take to accumulate what you need?
- How important is it to protect your assets as you plan to meet your goals?

Next, you can visit our Planning & Guidance Center, accessible at Fidelity.com, to help plan for your retirement goals. Then we can guide you in identifying strategies that may help improve your likelihood of success.

ARE YOU ON TRACK FOR RETIREMENT?



IMPORTANT: The projections or other information generated by the Planning & Guidance Center's Retirement Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.

This graphic is presented for illustrative purposes only. Fidelity Investments reserves the right to eliminate or modify any aspect of this functionality at any time in its discretion.

Q

- What planning have you done?
- What challenges do you see that might derail your plan?

Invest:

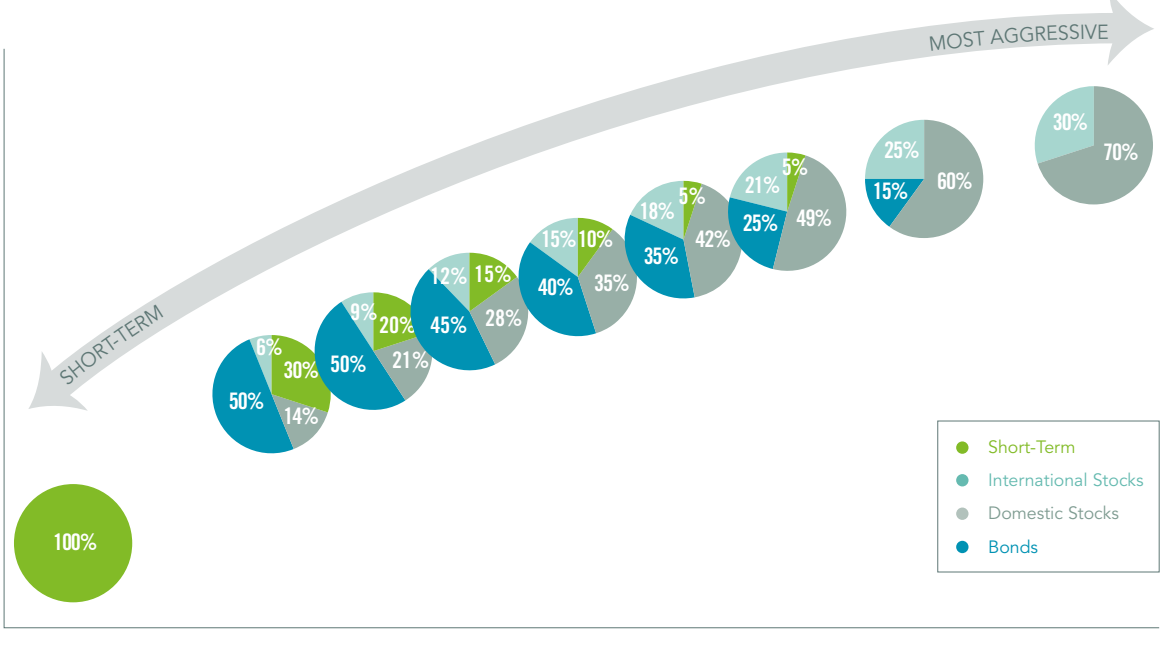
Are you assuming an appropriate amount of risk for your investment time horizon, risk tolerance, and financial situation?

Nearly every investment carries some amount of risk. That doesn't mean you have to be afraid of it. You just need to determine what level of risk is appropriate for your investment time horizon, risk tolerance, and financial situation.

Once you know that, you'll be able to choose a mix of stocks, fixed income, and short-term investments appropriate for you.

In general, the potential for higher returns must be balanced against a higher risk of loss. Being too conservative may mean you earn less on your investments. Being too aggressive might lead to greater losses, especially in volatile markets. Both could compromise your ability to meet your goals.

CHOOSING A MIX OF INVESTMENTS YOU'RE COMFORTABLE WITH



Target Asset Mixes illustrate how representative asset mixes reflecting different risk and return characteristics can be created to help meet investors' needs and goals. You should choose your own investment mix based on your particular objectives and situation. Remember, you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals. These target mixes were developed by Strategic Advisers LLC, a registered investment adviser and a Fidelity Investments company. Asset allocation does not ensure a profit or guarantee against a loss.

Q

- How do you measure the amount of risk you are taking?
- What factors might influence your asset allocation strategy over time?

Manage:

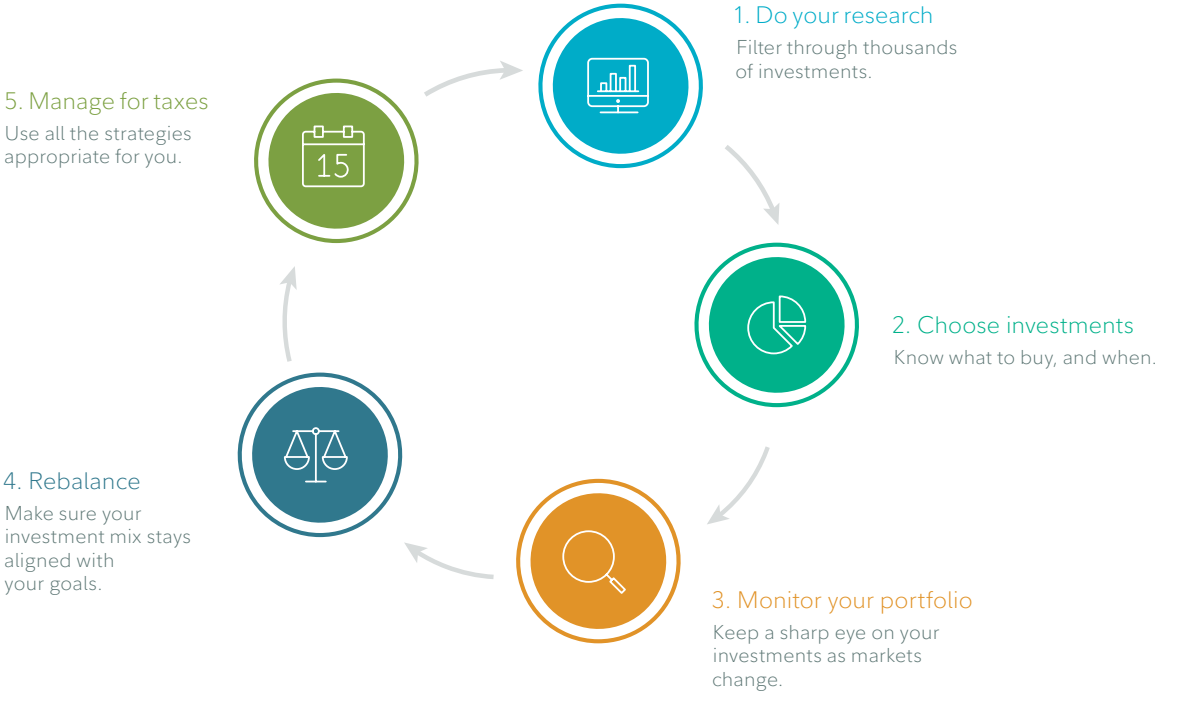
Do you have the discipline to execute your plan?

Managing your own investments can be a challenge. To do it successfully can take time, effort, and a fairly sophisticated knowledge of investment types and strategies.

Creating a consistent process and controlling your emotions during periods of market volatility are keys to staying on track.

As a result, one of the most important decisions you'll have to make is who should be responsible for making your investing decisions.

EXECUTING A CONSISTENT INVESTMENT PROCESS



- How comfortable are you doing all these things on your own?
- Why is it so important to get them all right?

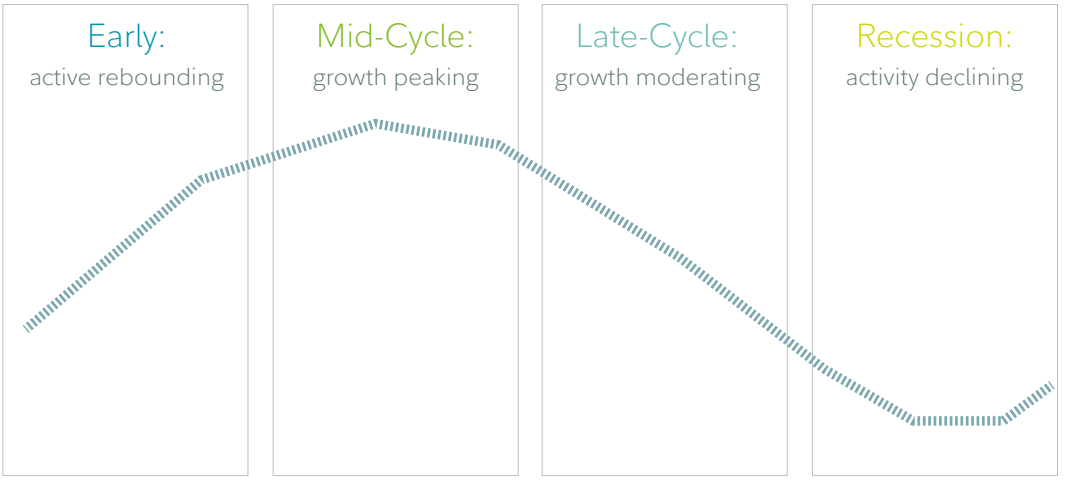
Using business cycles as part of a consistent, diversified strategy

Business cycles are one way of evaluating investment performance. Professional managers may use the business cycle model along with other analytical frameworks to opportunistically position their portfolios.

Individual investors can use business cycles as one of many factors to help make investing decisions, but only within the context of a well-diversified portfolio that reflects your individual goals and tolerance for risk.

THE BUSINESS CYCLE—PROVIDING A FRAMEWORK FOR OUR INVESTMENT DECISIONS

Historically, performance for stocks and bonds has been heavily influenced by the business cycle.



EARLY
- Activity rebounds (GDP, IP, employment, incomes)
- Credit begins to grow
- Profits grow rapidly
- Policy still stimulative
- Inventories low; sales improve

MID-CYCLE
- Growth peaking
- Credit growth strong
- Profit growth peaks
- Policy neutral
- Inventories, sales grow; equilibrium reached

LATE-CYCLE
- Growth moderating
- Credit tightens
- Earnings under pressure
- Policy contractionary
- Inventories grow; sales growth falls

RECESSION
- Falling activity
- Credit dries up
- Profits decline
- Policy eases
- Inventories, sales fall

Q

- Where do you think we are presently in the business cycle?
- How does this factor into your investment decisions?

Past performance is no guarantee of future results. The asset class (index) returns reflect the reinvestment of dividends and other earnings. Stocks are represented by the Standard and Poor's 500 Index (S&P 500® Index). The S&P 500® Index is a registered service mark of The McGraw-Hill Companies, Inc., and has been licensed for use by Fidelity Distributors Company LLC and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends. Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income. Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government. Inflation is represented by the Consumer Price Index, which monitors the cost of living in the United States. Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are only slightly above the inflation rate.

Take control.

Create your disciplined investing plan.

Our lives are more complex today than ever. Retirement is just one of the many financial goals you need to consider. Creating a disciplined investing plan is a great place to start. The good news is — you can do it.

A Fidelity advisor can help you get started. If you like, we can help you every step of the way, from creating a plan to choosing investments, managing your portfolio, and even help you seek downside protection over time.

We have a wide variety of powerful tools you can use along with your Fidelity advisor, in person or on the phone.

Your plan will be about you — about your goals and dreams. Together, we'll help you create the confidence to stick to that, no matter what the markets throw at you.

It all starts by making disciplined investing a priority.

Let's build your strategy.

The steps we'll take to help you create a plan to reach your goals:

1. Identify your personal and financial goals.

   Completed ☐

2. Use the Planning & Guidance Center, accessible at Fidelity.com, to evaluate whether you're on track to meet your goals.

   Completed ☐

3. Determine:
   - What protection means to you and how important it is?
   - What growth means to you and how important it is?
   - Appropriate investments that align with your preferences
   - Who will manage your investment portfolio?

   Completed ☐

4. Implement your plan with the appropriate mix of investments to balance your financial needs and investment priorities.

   Completed ☐

5. Set up regular reviews with your Fidelity advisor to help refine your portfolio when there are changes in your lifestyle and personal situation.

   Completed ☐

6. **Enjoy your journey!**

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Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Unless specifically agreed to in writing, Fidelity does not monitor your account.

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

Diversification and asset allocation do not ensure a profit or guarantee against loss.

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Generally, among asset classes stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.

Although bonds generally present less short-term risk and volatility than stocks, bonds do entail interest rate risk (as interest rates rise, bond prices usually fall, and vice versa), issuer credit risk, and the risk of default, or the risk that an issuer will be unable to make income or principal payments. The effect of interest rate changes is usually more pronounced for longer-term securities. 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.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

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