Workplace Education Series

Building a Portfolio for Any Weather

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Get more out of your retirement savings

Today's agenda:

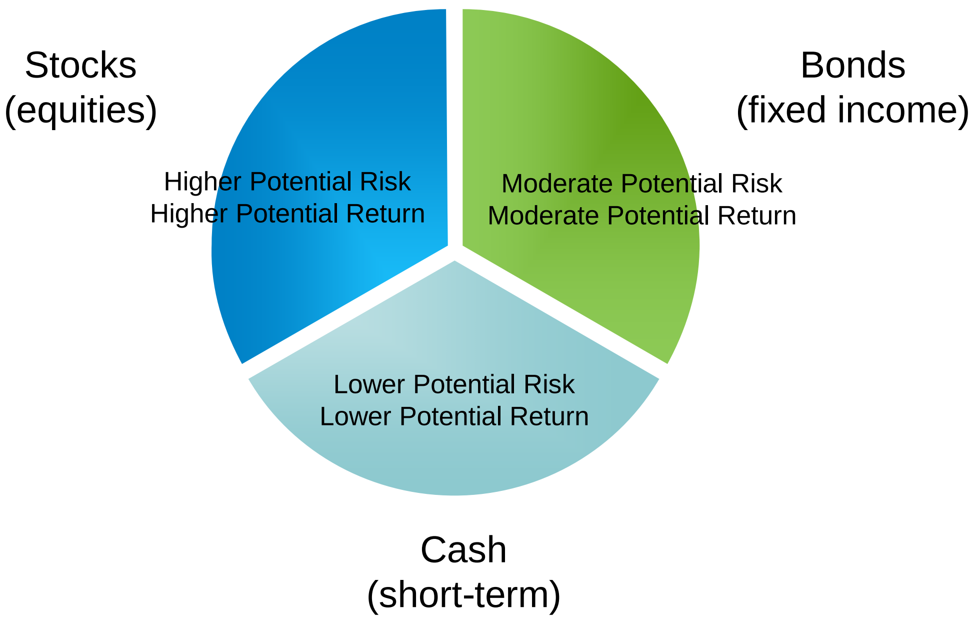
- Principles of asset allocation and diversification
- Characteristics of key asset classes
- How to develop an investment strategy to help you reach your financial goals
- Steps to put your plan in motion

The fundamentals of investing

Let's explore:

– The principles of asset allocation
– Different investment types
– The importance of diversification

Asset allocation = combining different investment types



Up to 91.5% of variations in returns can be attributed to asset allocation.*

* Source: "Determinants of Portfolio Performance," Brinson, Hood and Beebower, *Financial Analysts Journal*, July-August 1986, and "Determinants of Performance II: An Update," Brinson, Singer and Beebower, *Financial Analysts Journal*, May-June 1991. This represents a landmark study which has not been refuted and which stands today as a valid, widely accepted theory.

The three investment types and the role they play

Inflation risk ⟷ Investment risk

Short-term investments	Bonds	Stocks
– Money market, T-bills, CDs – Relatively stable value – Potential to pay interest – Lower risk, lower potential return	– I.O.U. – Debt securities issued by governments and corporations – Potential to pay interest – Moderate risk, moderate potential return	– Share of a company, "equity" – Long-term growth potential – Value can go up and down – Higher risk, higher potential return

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these funds.

Diversification = spreading out investments within investment types

Diversification

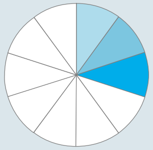
Spread out your investments within investment types

Mutual Funds

Include a variety of stocks and/or bonds

Neither diversification nor asset allocation ensures a profit or guarantees against loss.

Ways to diversify with investment types

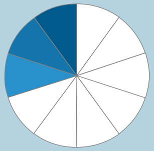


Stock Funds

Market Capitalization		
Large Cap	**Mid Cap**	**Small Cap**
Over $11.2 billion	$2.0 to $11.2 billion	Less than $2.0 billion
Top 70% of the domestic stock market	Next 20%	Remaining 10%

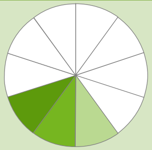
Investment Style	
Value	**Growth**
Companies undervalued	Companies whose earnings and profits are growing
Buy it “on sale”	Share price is higher than current earnings
Poised for growth	Pay a premium for potential

Region	
How	**Type**
By whether they include the U.S.	Global (includes U.S.); International (outside U.S.)
By where they invest	Regional (Europe); country (Japan)
By segment of the market	International small cap



Bond Funds

Bond Funds	
How	**Type**
By credit risk	High, moderate, and low quality • Government • Corporate
By maturity	Short-, intermediate-, and long-term bonds



Short-term Investments

Short-term Investments	
How	**Type**
By type of short-term investments	Money market
By issuer	• Banks • Government • Other financial institutions

A well-diversified portfolio allows investors to reduce some of the risks associated with investing. It is impossible to predict which asset class will be the best or worst performer in any given year. The performance of any given asset class can have drastic periodic changes. By investing a portion of a portfolio in a number of different asset classes, portfolio volatility may be reduced. Fidelity Investments consultants can provide you with the information to help you choose a mix of funds that provide diversification so you may be in a better position to weather the ups and downs of each segment of the stock market.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1 per share, it is possible to lose money by investing in these funds.

Unlike mutual funds, most CDs and U.S. Treasuries offer a fixed rate of return and guarantee payment of principal if held to maturity. Unlike most bank products such as CDs, money market mutual funds are not FDIC insured.

Remember, past performance is no guarantee of future results and neither diversification nor asset allocation ensures a profit or guarantees against loss.

Winners and losers rotate over time

	2007	2008	2009	2010	2011	2012	2013	2014
Large stocks	5.5%	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	**13.7%**
Foreign stocks	**11.6%**	**-43.1%**	32.5%	8.2%	**-11.7%**	**17.9%**	23.3%	**-4.5%**
Small stocks	**-1.6%**	-33.8%	27.2%	**26.9%**	-4.2%	16.3%	**38.8%**	4.9%
Bonds	7.0%	**5.2%**	5.9%	6.5%	**7.84%**	4.2%	**-2.0%**	6.0%
High-yield bonds	2.2%	-26.4%	**57.5%**	15.2%	4.38%	15.6%	7.4%	2.5%
Short-term Investments	4.7%	1.6%	**0.1%**	**0.1%**	.04%	**.06%**	0.02%	0.01%

Bottom annual performer (All figures represent total annual returns.)

Top annual performer (All figures represent total annual returns.)

Source: Strategic Advisers, 2015. Past performance is no guarantee of future results. Large stocks as measured by S&P 500®; foreign stocks as measured by MSCI EAFE®; small stocks as measured by Russell 2000®; bonds as measured by Barclays U.S. Aggregate Bond Index; high-yield bonds as measured by the BofA Merrill Lynch High Yield Master II Index, which measures the performance of the non-investment-grade U.S. domestic bond market; short term as measured by the U.S. 30-day T-bill.

Several ways to diversify your workplace savings plan investments

- Invest in stock funds with varying investment strategies
- Mix domestic and international stock funds
- Keep less than 25% of your money in a single stock fund
- Select a limited number of stock funds to keep tracking simple

Asset allocation + diversification = a smart investment mix

Combining them skillfully can help you

- Reduce portfolio risk and volatility
- Match your investment strategy to your time horizon, financial situation, and risk tolerance
- Tap into market opportunities
- Avoid the pitfalls of market timing

A Tool to Help: Complete the **Investor Profile Questionnaire**.

Neither diversification nor asset allocation ensures a profit or guarantees against loss.

Determine your investment approach

Let's explore:

– Factors that can impact your strategy

– Considerations for building your investment portfolio

– How to find the right mix

Finding the right mix depends on

- Your tolerance for risk
- Your time horizon
- Your financial situation

A Tool to Help: Complete the **Investor Profile Questionnaire**.

The risk of inflation

	2005	2015	% rise in price
Loaf of bread[1]	$1.00	$1.44	44%
One dozen eggs[1]	$1.13	$2.13	88%
College education[2]	$29,026	$42,419	46%

What to Do: Make sure you consider investments with the potential to outpace inflation.

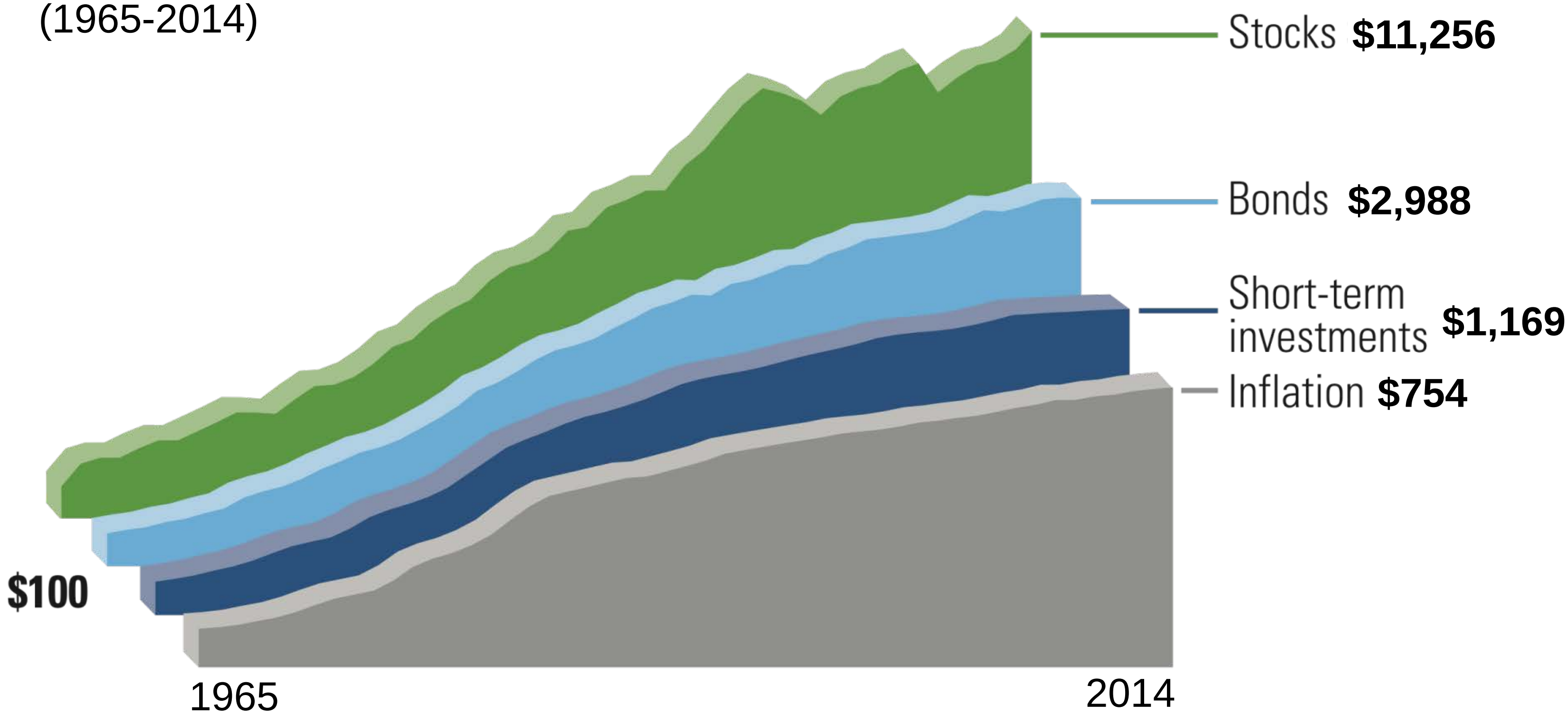
[1] US Dept. of Labor, Bureau of Labor Statistics, 2015.

[2] Annual cost per year (tuition and fees, room and board) at private non-profit university: The College Board, Trends in College Pricing 2014, Table 1.

Investment risk

How $100 grew over 50 years

(1965-2014)



Data Source: Ibbotson Associates, 2015 (1965–2014). Past performance is no guarantee of future results. The asset class (index) returns reflect the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. It is not possible to invest directly in a market index. Stocks are represented by the Standard and Poor’s 500 Index (S&P 500® 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. 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. (CPI) is a widely recognized measure of inflation, calculated by the U.S. government. 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.

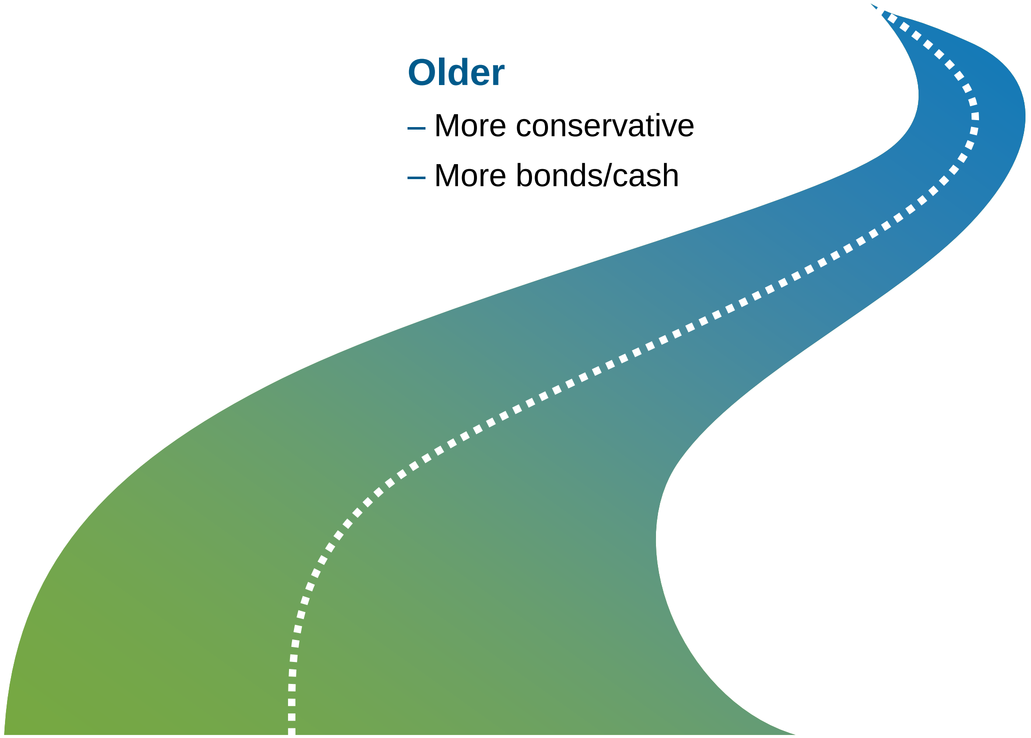
Your time horizon

Retirement

Older

– More conservative

– More bonds/cash



Younger

– More aggressive

– More stock funds

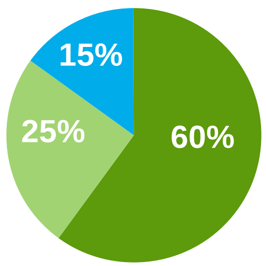
Finding the right mix

How four hypothetical investment mixes align with different approaches to investing

Aggressive Growth

May be appropriate for investors:

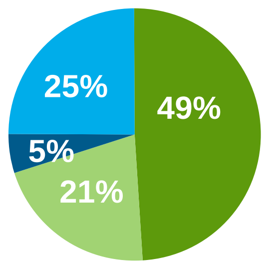
- Comfortable with wide fluctuation
- > 10 years until retirement goal



Growth

May be appropriate for investors:

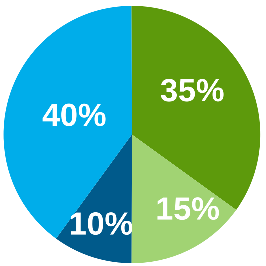
- Comfortable with significant fluctuation
- > 5 years until retirement goal



Balanced

May be appropriate for investors:

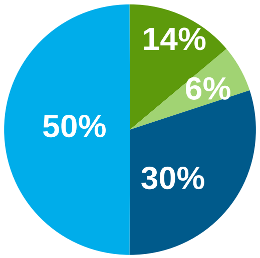
- Comfortable with moderate fluctuation
- < 5 years until retirement goal



Conservative

May be appropriate for investors:

- Looking to minimize fluctuation
- < 5 years until retirement goal



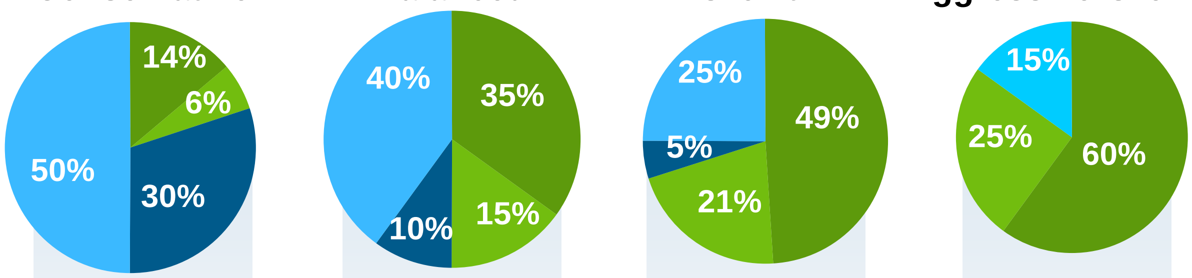
Domestic Stock **Foreign Stock** **Bond** **Short-term Investments**

For illustrative purposes only.

The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet a participant's goals. You should choose your own investments 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. You should also consider any investments you may have outside the plan when making your investment choices.

These target asset mixes were developed by Strategic Advisers, Inc., a registered investment adviser and Fidelity Investments company, based on the needs of a typical retirement plan participant.

Mixing asset classes can help moderate risk



Annual Return %	Conservative	Balanced	Growth	Aggressive Growth
Average	5.97	7.95	8.94	9.62
Best 12-month	31.06	76.57	109.55	136.07
Worst 12-month	-17.67	-40.64	-52.92	-60.78
Best 5-year	17.24	23.14	27.27	31.91
Worst 5-year	-0.37	-6.18	-10.43	-13.78

Domestic Stock · Foreign Stock · Bond · Short-term Investments

Data Source: Ibbotson Associates, 2015 (1926–2014). Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or implied performance of any investment option. Stocks are represented by the Standard & Poor's 500 Index (S&P 500®). 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. 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. It is not possible to invest directly in an index. Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation 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. Foreign Stocks are represented by the Morgan Stanley Capital International Europe, Australasia, Far East Index for the period from 1970 to the last calendar year. Foreign Stocks prior to 1970 are represented by the S&P 500®.

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Reviewing your plan's investment options

Let's explore:

– What type of investor are you?

– Your plan's investment options

Hands-on or hands-off?

– Do you want to make your own investment decisions?
– Are you comfortable building your own portfolio?
– Do you have the time to actively manage your investments?

Hands-off ⟷ **Hands-on**

Lifecycle funds*
Provide an automatic investment mix that becomes continually more conservative as time goes on. Just pick the fund with the year that's closest to the year you plan to retire.

Let us guide you
Use our investment guidance tools available on the NetBenefits *Planning* tab

Do-it-yourself
Access Fidelity's research resources, and utilize our fund selection tools to build your own portfolio.

*Lifecycle funds are designed for investors expecting to retire around the year indicated in each fund's name. The investment risk of each lifecycle fund changes over time as its asset allocation changes. Lifecycle funds are subject to the volatility of the financial markets, including equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after their target dates.

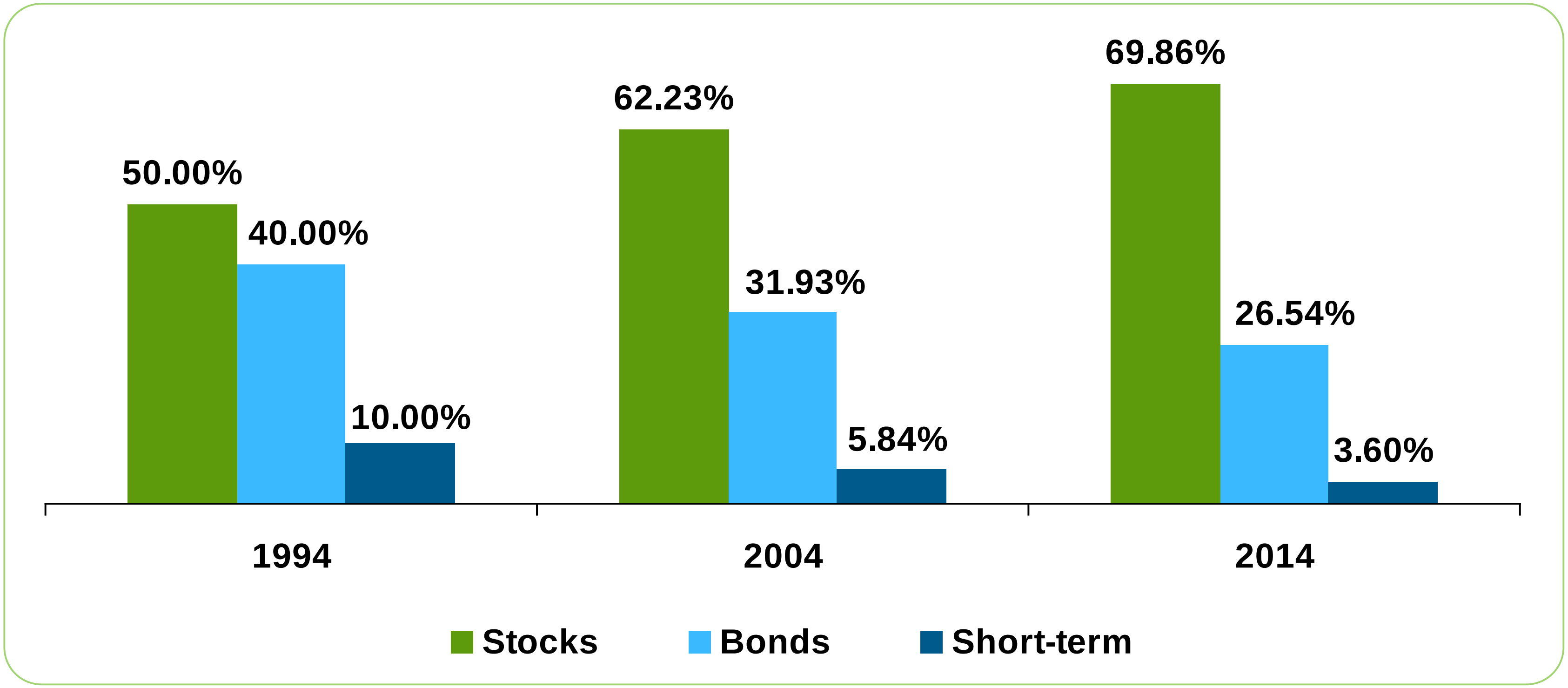
Neither diversification nor asset allocation ensures a profit or guarantees against loss.

Make sure your portfolio stays on target

Let's explore:

– How an investment mix can change over time
– The importance of periodic rebalancing
– When to make a change

How an investment mix can change over time



Data Source: Ibbotson Associates, 2015. Stocks are represented by the S&P 500® Index, and bonds are represented by the Barclays U.S. Aggregate Bond Index for bonds. Barclays U.S. Aggregate Bond Index is a market value–weighted index that covers the U.S. fixed-rate investment grade bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities with maturities of one year or more. Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government.

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.

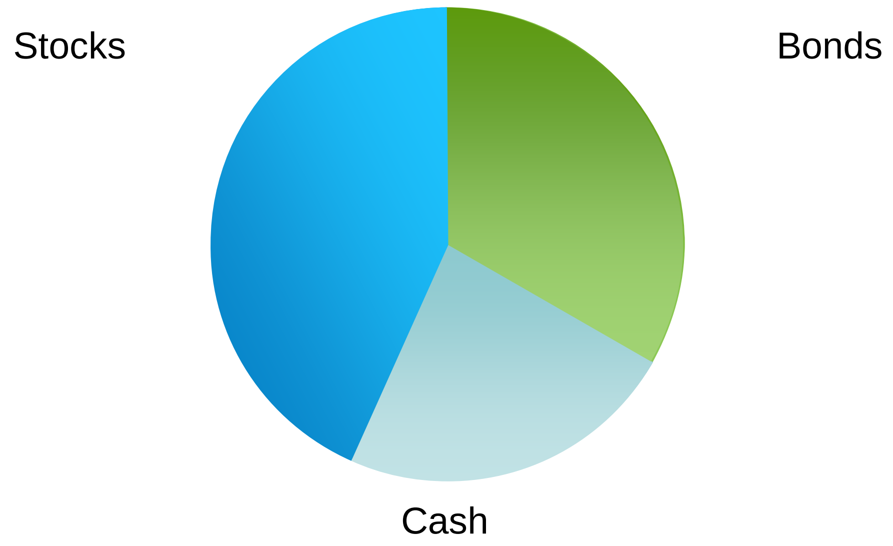
Indices are unmanaged and you cannot invest directly in an index.

Past performance is no guarantee of future results.

This chart is for illustrative purposes only.

It can help keep your portfolio in line with your goals

Monitor and adjust your portfolio over time



Two ways to help keep your portfolio in balance

Static rebalancing	Target portfolio	Current portfolio	Change +/-
Stocks	70%	74%	-4%
Bonds	25%	21%	+4%
Short-term investments	5%	5%	None
TOTAL	100%	100%	

Tactical rebalancing	Target portfolio	Current portfolio	Change +/-
Stocks	70% (+/- 5%)	74%	None
Bonds	25% (+/- 5%)	21%	None
Short-term investments	5% (+/- 5%)	5%	None
TOTAL	100%	100%	

For illustrative purposes only.

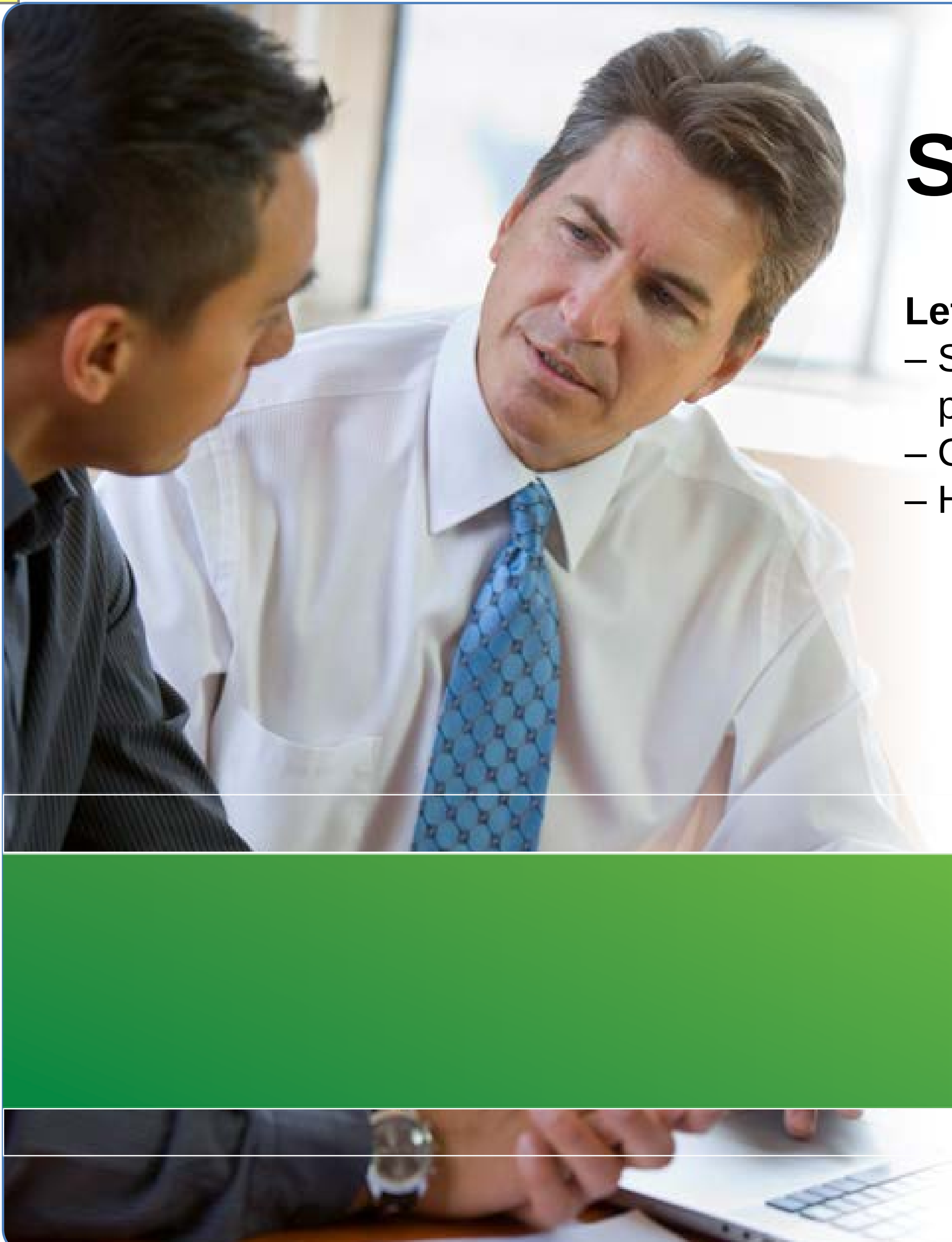
To get your portfolio back where you want it

– Change the way future contributions are directed
– Exchange your current account balances
– Move small amounts of money at a time

A Tool to Help: To make changes—on the spot if you'd like—through the **NetBenefits** contribution page.

Key indicators that a change may be necessary

- Your mix shifts from 5% to 10% from its target
- A major life event such as marriage, birth of a child, or divorce



Stay on track

Let's explore:

– Steps to help make sure you're properly invested
– Common pitfalls
– How Fidelity can help

Make sure you are properly invested

- Determine an appropriate investment mix
- Determine your investment style
- Select investment options that fit
  your target investment mix and investment style
- Review and adjust your investment mix as needed
- Simplify your finances by consolidating accounts*

What to Do: Visit NetBenefits® and use our **online guidance tools**.

*Be sure to consider all your available options and the applicable fees and features of each before moving your retirement assets.

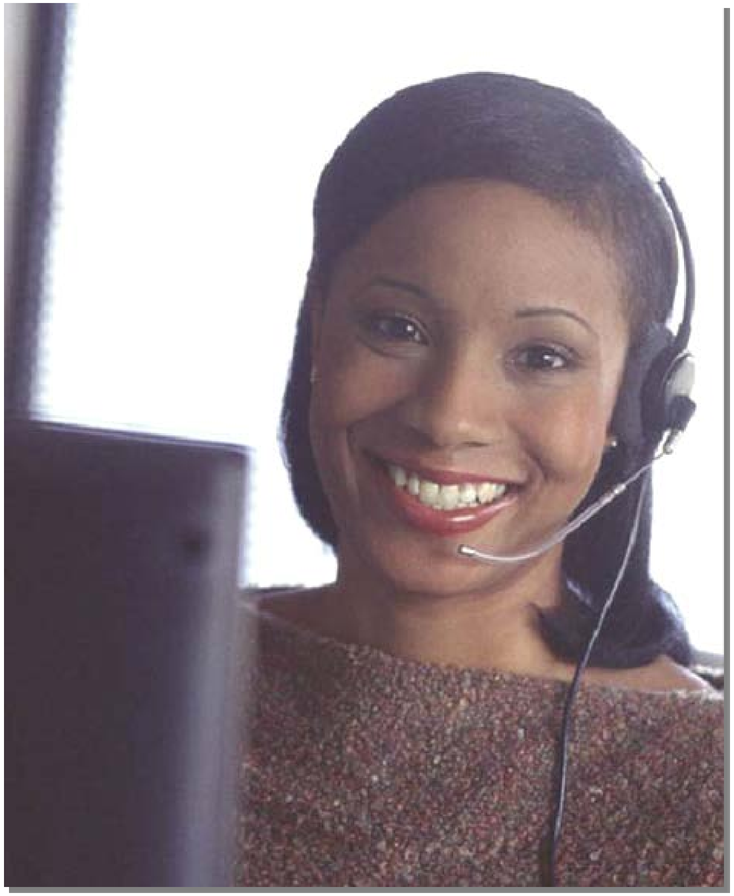
Avoid common pitfalls

- Chasing “hot” performance
- Trying to time the market
- Emotional panic selling
- Avoiding the market
- Investing without sufficient research and understanding
- Viewing investing as a one-time task

We’re here to help

Schedule a complimentary
one-on-one guidance consultation

1-800-642-7131 or
http://getguidance.fidelity.com



Visit NetBenefits®

www.fidelity.com/atwork

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Important Information

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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

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Guidance provided is educational.

Past performance is no guarantee of future results.

Indices are unmanaged and you cannot invest directly in an index.

The **S&P 500 Index** is a registered service mark of Standard & Poor's Financial Services, LLC. 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 **U.S. Intermediate Government Bond Index** is an unmanaged index that includes the reinvestment of interest income.

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

The **Merrill Lynch US High Yield Master II Index** (H0A0) is a commonly used benchmark index for high yield, corporate bonds. It is administered by Merrill Lynch. The Master II is a measure of the broad high yield market, unlike the Merrill Lynch BB/B Index, which excludes lower-rated securities.

Barclays U.S. Aggregate Bond Index is a market value–weighted index that covers the U.S. fixed-rate investment grade bond market with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities with maturities of one year or more.

30 Day T-Bill Index measures the annual total return of a short-term obligation that is not interest-bearing (it is purchased at a discount); can be traded on a discount basis for 91 days.

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.

AEW Global Properties Trust Fund, Bond Oriented Balanced Fund, Diversified Stock Fund, Fidelity BrokerageLink®, GW&K Small/Mid Cap Core Collective Investment Fund, Prudential Core Plus Bond Fund Class 5, Vanguard Target Retirement 2010 Trust Plus, Vanguard Target Retirement 2015 Trust Plus, Vanguard Target Retirement 2020 Trust Plus, Vanguard Target Retirement 2025 Trust Plus, Vanguard Target Retirement 2030 Trust Plus, Vanguard Target Retirement 2035 Trust Plus, Vanguard Target Retirement 2040 Trust Plus, Vanguard Target Retirement 2045 Trust Plus, Vanguard Target Retirement 2050 Trust Plus, Vanguard Target Retirement 2055 Trust Plus, Vanguard Target Retirement 2060 Trust Plus, Vanguard Target Retirement Income Trust Plus, Vanguard Total Stock Market Index Trust, Wellington Trust Company CIF II High Yield (Series 1): This investment option is not a mutual fund.

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