Fidelity Fund Portfolios - Income Methodology

The primary objective of the model Fidelity Fund Portfolios – Income is to provide a representation of just one way you might construct a portfolio of Fidelity mutual funds, designed for the purpose of providing a focus on interest and dividend income, over a range of long term risk levels, with asset allocations similar to a subset of Fidelity Target Asset Mixes (TAMs). The Fidelity Fund Portfolios - Income represent three distinct income-focused asset mixes and model portfolios (Income-Focused Conservative, Income-Focused Balanced, and Income-Focused Growth). While the primary focus of the portfolios is to provide income for a given level of investment risk, the underlying mutual funds continue to seek competitive risk-adjusted total return over a market cycle.

What Are the Asset Mixes of the Model Portfolios?

Fidelity Management & Research Company (FMRCo.), the investment advisor for Fidelity's family of mutual funds, is responsible for the development of the Fidelity Fund Portfolios – Income. The portfolios are based on the TAMs developed by Strategic Advisers LLC (SAI), a Fidelity Investments company. A target asset mix is one of several different asset allocations among stocks (domestic and foreign), bonds, and short-term investments. These target asset mixes are created based on historical risk and return characteristics for equity, bond, and short-term investment asset classes. They represent nine significantly different allocations that are intended for different investor profiles with different investment objectives, risk tolerances, and time horizons. Three of the nine TAMs are shown in Table 1 below:

Table 1

Target Asset Mixes (TAMs) for Fidelity Fund Portfolios - **Diversified**	**Equity***	**Bonds**	**Short-Term**
Conservative	20%	50%	30%
Balanced	50%	40%	10%
Growth	70%	25%	5%

Source: SAI; *Includes Domestic and Foreign Stock

Because the Fidelity Fund Portfolios – Income have been constructed so as to emphasize interest and dividend income as a component of total return, we have established a set of model benchmark weights designed to reflect the risk/return characteristics of a corresponding TAM. The three asset mixes for the Fidelity Fund Portfolios – Income are defined below:

Table 2

Asset Mixes for Fidelity Fund Portfolios - **Income**	**Equity***	**Bonds**	**Short-Term**
Income-Focused Conservative	15%	85%	0%
Income-Focused Balanced	45%	55%	0%
Income-Focused Growth	65%	35%	0%

Source: FMRCo. *Includes Domestic and Foreign Stock

The Income-Focused Conservative portfolio may be appropriate for investors who wish to minimize fluctuations in market value, and who seek to emphasize dividend and interest income (vs. capital appreciation) as a component of total return.

The Income-Focused Balanced portfolio may be appropriate for investors with a moderate tolerance for fluctuations in market value, and who seek to emphasize dividend and interest income (vs. capital appreciation) as a component of total return.

The Income-Focused Growth portfolio may be appropriate for investors with a significant tolerance for fluctuations in market value, and who seek to emphasize dividend and interest income (vs. capital appreciation) as a component of total return.

Keep in mind that different asset classes tend to offer different balances of risk and reward. Generally, the greater the potential for higher long-term returns, the greater the volatility/risk.

A more aggressive portfolio (one with a higher stock/high yield bond allocation) could represent higher risk, but may offer higher potential long-term returns. Conversely, a less aggressive portfolio (with a lower allocation to stock/high yield bonds and higher to bonds or short-term investments) could represent a lower level of long-term risk, but may offer potentially lower long-term returns.

When evaluating the appropriateness of different asset mixes, you should take into consideration your investment horizon, financial situation, and risk tolerance. While past performance does not guarantee future results, history has shown that diversifying your assets among different asset classes, industries, and countries can potentially improve the long-term performance of your portfolio. Diversifying your investments across asset classes may help minimize your overall exposure to sudden market swings that may cause sudden changes in the price of investments. However, diversification does not ensure a profit or guarantee against loss.

How were the Model Portfolios Constructed?

The portfolio construction process is composed of a series of three well-defined steps:

1) Identify initial fund candidates for further analysis by screening Fidelity mutual fund universe based on historical performance and risk attributes.
2) Select model risk levels and corresponding sample asset mixes from the range of TAMs
3) Select subset of mutual funds from investment universe to construct a portfolio which seeks to optimize dividend income for a given level of risk

Step 1: Identify appropriate investment options

Mutual funds selected for potential inclusion in the Fidelity Fund Portfolio – Income portfolios are limited to the universe of no transaction fee (NTF) Fidelity mutual funds that meet certain criteria with respect to total net assets, performance history, and Morningstar category.

Step 2: Identification of asset-mixes

As noted above, The TAMs defined the target level of risk and serve as an asset allocation baseline for the Fidelity Fund Portfolios – Income. The Fidelity Fund Portfolios – Income have been constructed so as to emphasize interest and dividend income as a component of total return. Table 2 above outlines the specific asset mixes and corresponding allocations to equity, bond, and short-term investments.

Step 3 – Portfolio construction

The portfolio construction process assigns allocations to the eligible Fidelity funds using the following process:

1. For each eligible Fidelity fund, an average 12-month dividend and interest income is calculated based on historical data.
2. Using the data from step 1 as input, a proprietary optimization approach developed by FMRCo. seeks to maximize portfolio dividend and interest income subject to the considerations listed below:
    a. Each of the Income-Focused Conservative, Income-Focused Balanced, and Income-Focused Growth portfolios have asset-mixes consistent with the asset-mix guidelines shown in Table 2.
    b. Each portfolio has a maximum allowable high yield exposure that is consistent with its overall risk profile. Thus, the Income-Focused Growth portfolio allows for greater high yield exposure than the Income-Focused Balanced portfolio, and the Income-focused Balanced portfolio allows for greater high yield exposure than the Income-Focused Conservative portfolio.

It is important to note that the portfolios were not designed to maximize return or predict the highest performing fund or group of funds within each asset class in the portfolio.

Limitations

Fidelity's guidance is educational and should not be the primary basis of your investment decisions. Fidelity Fund Portfolios - Income, are not a recommendation of any particular investment or strategy. You should carefully research any fund prior to making an investment decision. You should also consider other allocations and investments, including non-Fidelity funds, having similar risk and return characteristics that may be available.

These portfolios should not be used as the primary basis for any investment or tax planning decisions. Please consult your tax or financial advisor, if applicable. In applying a portfolio to your individual situation, be sure to consider other assets, income and investments (e.g., home equity, savings accounts or other retirement accounts). Fidelity Management & Research Company (FMRCo.), the investment advisor for Fidelity’s family of mutual funds is responsible for the development of the portfolios. FMRCo. develops the portfolios, investment methodology, and certain other information. FMRCo. reviews the portfolios periodically and updates are made as warranted. Fidelity will not, however, contact investors to inform them that the asset mixes or model portfolios have changed.

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Updates to the Fidelity Fund Portfolios – Income

The Fidelity Fund Portfolios – Income displayed are only current as of the date provided.

IMPORTANT ADDITIONAL INFORMATION

Asset Allocation: Investment strategies which consist of multiple asset classes (Equities, Fixed Income, Short-Term). These strategies may consist of mutual funds that invest in other mutual funds (fund-of-funds).

Bonds: A security that represents an interest-bearing promise to pay a specified sum of money - the principal amount - on a specific date. This asset class may be individual securities or funds that represent portfolios containing securities of this type.

Equity: Stock investments, both domestic and foreign

Fixed Income: Investments that generally pay a return on a fixed schedule, though the amount of the payments can vary. Individual bonds may be the best known type of fixed income security, but the category also includes bond funds and ETFs. This category generally includes both investment grade bonds and high yield bonds

High Yield: Securities with a credit quality of below BBB, as noted by Morningstar. According to Morningstar, the credit-quality ratings are categorized by their assigned by Standard & Poor's or Moody's rating. The ratings are broken down into: AAA, AA, A, BBB, BB, B, Below B and Not Rated. AAA bonds carry the highest credit rating. For the purpose of Morningstar's calculations, U.S. government bonds are considered AAA. For municipal bonds, anything at or below BBB is considered a high-yield or junk bond. Nonrated municipal bonds generally are classified as BBB. Other nonrated bonds generally are considered B.

Investment Grade: Fixed income securities with a credit quality of BBB or higher, as noted by Morningstar. According to Morningstar, the credit-quality ratings are categorized by their assigned by Standard & Poor's or Moody's rating. The ratings are broken down into: AAA, AA, A, BBB, BB, B, Below B and Not Rated. AAA bonds carry the highest credit rating. For the purpose of Morningstar's calculations, U.S. government bonds are considered AAA. For municipal bonds, anything at or below BBB is considered a high-yield or junk bond. Nonrated municipal bonds generally are classified as BBB. Other nonrated bonds generally are considered B.

Short-Term: Securities such as cash, cash equivalents, CDs, money market funds, etc. whose purpose is the preservation of capital. This asset class may be individual securities or funds that represent portfolios containing securities of this type.

Credit ratings for a rated issuer or security are categorized using Moody's Investors Services (Moody's). If Moody’s does not publish a rating for a security or issuer, then the Standard & Poor's (S&P) rating is used. When S&P and Moody’s provide different ratings for the same issuer or security, the Moody’s rating is used. If neither Moody's nor S&P publishes a rating on the issuer or security, then the security is categorized as Not Rated. All U.S. government securities are included in the U.S. Government category. The table information is based on the combined investments of the fund and its pro rata share of any investments in other Fidelity funds.

Fidelity does not provide legal or tax advice. The information herein is general and educational in nature and should not be considered legal or tax advice. Tax laws and regulations are complex and subject to change, which can materially impact investment results. Fidelity cannot guarantee that the information herein is accurate, complete, or timely. Fidelity makes no warranties with regard to such information or results obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.

The data used to create portfolios are sourced from Morningstar, Bloomberg, and Fidelity internal databases

Fidelity does not review the Morningstar data. For mutual fund performance information, you should check the fund's current prospectus for the most up-to-date information concerning applicable loads, fees, and expenses.

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

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