Asset allocation

Allocate your investments strategically across the asset classes to:

- Help reduce portfolio risk and volatility
- Match your investment strategy to your time horizon, financial situation, and risk tolerance
- Enhance potential for increased and more consistent returns
- Tap into market opportunities
- Avoid the pitfalls of market timing

*Note: Implementing this type of strategy exposes your portfolio to market risk and does not ensure a profit or protect against loss.*
Asset allocation can help you improve portfolio efficiency.
January 1926–December 2012 Performance

100% Intermediate-Term Government Bonds

- **Return:** 5.36%
- **Volatility:** 4.40%

Allocated Portfolio

- **Return:** 6.01%
- **Volatility:** 4.57%

This chart was prepared by Strategic Advisers, Inc., using data provided by Ibbotson Associates, Inc., as of 12/31/2012. Stocks are represented by S&P 500® Index, which is an unmanaged group of securities and is considered to be representative of the stock market in general; intermediate-term government bonds are represented by the Intermediate-Term U.S. Government Bond Index; Treasury bills are represented by the 30-day U.S. Treasury bill. Risk is measured by standard deviation calculated using the average monthly returns. Standard deviation does not indicate how the securities actually performed but indicates the volatility of their returns over time. A higher standard deviation indicates a wider dispersion of past returns and thus greater historical volatility. 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 only slightly above the inflation rate. It is not possible to invest directly in an index.

Past performance is no guarantee of future results, and results may vary based on market conditions and an individual's particular asset allocation and security selection. These sample strategies show how portfolios may be created with different risk and return characteristics to help meet a customer's goals. You should choose your own investments based on your particular objectives and situation. Asset allocation does not ensure a profit or guarantee against a loss.
Understand your risk tolerance

How conservatively or aggressively you choose to invest depends on your time horizon, current financial situation, and risk tolerance.

LESS AGGRESSIVE PROFILE
- Short-term goal: No emergency funds, Decreasing future income, Large amount of debt
- Market changes cause anxiety

MORE AGGRESSIVE PROFILE
- Short-term goal: Adequate emergency funds, Increasing future income, Small amount of debt
- Comfort with market changes

Current Financial Situation

Time Horizon

Risk Tolerance
May be appropriate for investors who:

- Seek to **preserve capital**
- Can accept the lowest returns in exchange for **price stability**
- Seek to **minimize fluctuations** in market values
- Take an **income-oriented** approach with some potential for capital appreciation
- Seek potential for **capital appreciation** and some growth
- Can withstand **moderate fluctuations** in market value
- Can withstand **significant fluctuations** in market value
- Have a preference for **growth**
- Can withstand **significant fluctuations** in market value, especially over the short term
- Seek **aggressive growth**
- Can tolerate **very wide fluctuations** in market values, especially over the short term
- Seek **very aggressive growth**

**Control Roles**

- 50% Bonds
- 30% Short Term
- 14% Stocks
- 15% Int'l
- 35% Stocks
- 25% Bonds
- 15% Int'l
- 49% Stocks
- 21% Int'l
- 25% Bonds
- 60% Stocks
- 30% Int'l
- 70% Stocks

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When allocating your portfolio, consider the return and volatility trade-offs.

Data Source: Ibbotson Associates, Inc., 2011 (1926–2012). 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 the actual or implied performance of any investment option. Domestic stocks are represented by the S&P 500® Index. The S&P 500® Index is a registered service mark of The McGraw-Hill Companies, Inc., and is a widely recognized, unmanaged index of 500 U.S. common stocks. Bonds are represented by the U.S. Intermediate-Term U.S. 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® Index. 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 that 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 asset mixes were developed by Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company.