

DISCOVERING ETFS FOR THE CURRENT ECONOMY

Discover the basics of exchange-traded funds,
how they may perform in today's economy,
and where to learn more on fidelity.com



AGENDA

Introduction to ETFs

How Do ETFs Compare to Mutual Funds?

Potential for Change in the Marketplace

Factor Investing

Tools/Resources



What Is an Index?

An Index...

- IS designed to measure a particular market or a portion of it
- IS NOT a direct investment vehicle and is unmanaged

A FEW OF THE BIG U.S. INDEXES INCLUDE:

- Dow Jones Industrial Average
- S&P 500®
- Nasdaq Composite
- Barclays U.S. Aggregate Bond

Keep in mind, there are thousands of indexes tracking nearly any market. Most exchange-traded funds track an index.



An Index Fund...

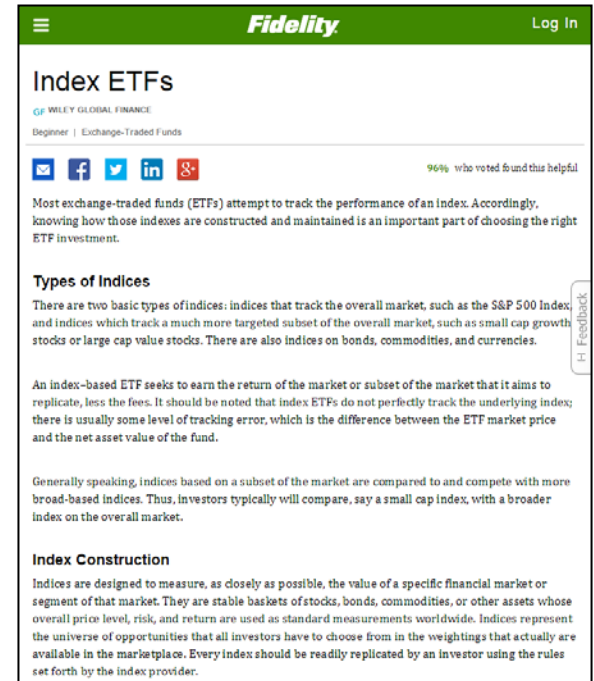
- Allows investors to invest in securities representing market segments
- IS passively managed

PASSIVE MANAGEMENT

- A fund's portfolio attempts to replicate the performance of a market index
- Also known as “index investing”

ACTIVE MANAGEMENT

- A strategy where the manager makes specific investments based on research and analysis with the goal of outperforming an index



The screenshot shows the Fidelity website page for Index ETFs. The header includes the Fidelity logo and a 'Log In' button. The main heading is 'Index ETFs' with a sub-heading 'WILEY GLOBAL FINANCE'. Below this, there are social media icons for email, Facebook, Twitter, LinkedIn, and Google+, along with a note that '96% who voted found this helpful'. The main text explains that most exchange-traded funds (ETFs) attempt to track the performance of an index and that knowing how these indexes are constructed is important. It then discusses 'Types of Indices', noting that there are two basic types: those tracking the overall market (like the S&P 500) and those tracking a more targeted subset (like small cap growth). It also mentions that index-based ETFs seek to earn the return of the market or subset, less fees, and that they do not perfectly track the underlying index. A 'Feedback' button is visible on the right side of the page.



Where can I learn more?

Research > Learning Center > [Index ETFs](#)



What Is an Exchange-traded Fund?

An Exchange-Traded Fund (ETF) Is...

- A basket of securities designed to offer exposure to a certain segment(s) of the market
- Can be either passively, enhanced or actively managed—most are passive
- An exchange-traded product

HAVE YOU HEARD OF THESE PASSIVE ETFS?

- **SPY**: tracks S&P 500®
- **IWM**: tracks Russell 2000®
- **QQQ**: tracks Nasdaq-100
- **AGG**: tracks Barclays U.S. Aggregate Bond



Where can I learn more?

Research > Learning Center > [What is an ETF?](#)

The screenshot displays a Fidelity website interface. At the top, it says "Track the Market" with a refresh icon and the timestamp "AS OF 2:19 PM ET 12/15/15 | Refresh". Below this are three tabs: "Performance", "Volume", and "Net Flows". The "Performance" tab is active, showing a grid of market segments with their respective percentage changes:

Market Segment	Change
Equity	+1.09%
Commodity	+0.16%
Real Estate	+0.94%
Fixed Income	+0.06%
Currency	-0.08%

Below the grid, there is a "Today's Price % Change" bar with a red section for -2.5% and a green section for +2.5%. The bottom part of the screenshot shows a video player titled "What is an ETF?" from the Fidelity Learning Center. The video player includes social media sharing icons (Facebook, Twitter, LinkedIn, Google+), a description: "Have you heard of exchange-traded funds and want to explore more? This video is a great starting place to learn about three key attributes of ETFs as it relates to trading, costs, and tax efficiency.", a video title "What is an ETF?", a progress bar at 0:00 / 3:43, and a "Feedback" link on the right side.



Why Use ETFs?

Product Features that Are Driving the Popularity of ETFs

DIVERSIFICATION

a way to build a portfolio that meets specific asset allocation goals

TRANSPARENCY

Typically disclose holdings daily

PRICING

Continuous pricing and trading throughout the day

ETF

LOWER COST

Potentially lower expense ratios

TAX EFFICIENCY

lower portfolio turnover and the ability to do in-kind redemptions



How Do ETFs Compare to Mutual Funds?

Things to Know about COSTS

ETFs

- Expense ratios
- Commissions (may be waived)
- Bid-Ask spreads
- Premium/Discounts

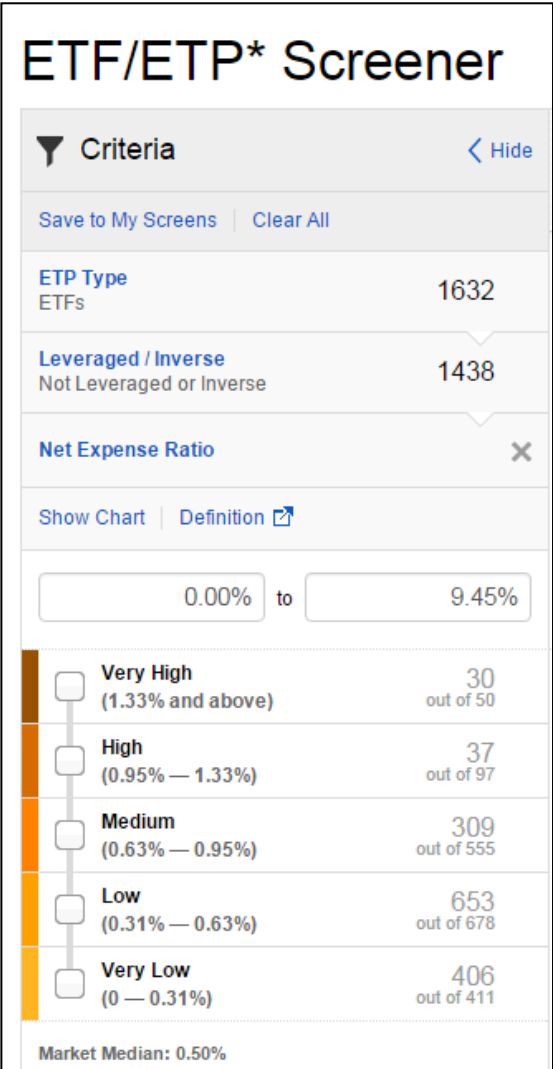
MUTUAL FUNDS

- Expense ratios
- Load and no-load
- Bought/Sold at NAV (may have redemption fees)
- Bought/Sold at NAV (no load funds)



Where can I learn more?

Research > ETFs > ETF/ETP Screener



Things to Know about TRADING ATTRIBUTES

ETFs

- Intra-day trading on secondary market
- Allows Limit, Stop and Conditional Orders
- Allows Shorting and Margin

MUTUAL FUNDS

- Most transact once a day at close
- No Limit, Stop or Conditional Orders
- No Shorting (Margin 30 days)

The screenshot shows a Fidelity article page. At the top, there is a green navigation bar with the Fidelity logo and a 'Log In' link. The article title is 'Understanding how mutual funds, ETFs, and stocks trade' by the Fidelity Learning Center, categorized as 'Beginner | Trading | Exchange-Traded Funds'. Below the title are social media sharing icons for email, Facebook, Twitter, LinkedIn, and Google+, along with a note that 88% of voters found it helpful. The article text states: 'Before you begin executing your sector investing strategy, it's important to understand the differences between how mutual funds, exchange-traded funds (ETFs), and stocks trade. The table below summarizes the topics reviewed in this article. Read on to learn more.' Below the text is a table titled 'Mutual Funds vs. ETFs and Stocks'.

	Mutual Funds	ETFs	Stocks
Investment Minimum:	\$1,000 to \$10,000	1 share	1 share
Trades executed:	Once per day, after market close	Throughout the trading day and during extended hours trading	Throughout the trading day and during extended hours trading
Settlement period:	From 1 to 3 business days	3 business days (Trade date + 3)	3 business days (Trade date + 3)



Where can I learn more?

Research > Learning Center > [Understanding how mutual funds, ETFs, and stocks trade](#)

Things to Know about ACCESS, TRANSPARENCY and TAXES

ETFs

- Many sub-sector and industry focused ETPs in addition to broader market ETPs
- Generally, daily transparency of all holdings
- Capital gains tend to be lower due to creation and redemption

MUTUAL FUNDS

- Most funds focus on broader markets; few sub-sector funds
- Holdings data usually at least 1 month old
- Less tax efficient structure, all shareholders bear tax burden

Portfolio Composition: IVV
 ISHARES CORE S&P 500
207.00 ↑ **2.82 (1.38%)** AS OF 2:45:40PM ET 12/15/2015

Trade ★ | Add to Watch List | Set Alert | Hypothetical Trade | Price History ▾

★ Buy Online Commission-Free. Restrictions apply.

ETP's Prospectus Stated Objectives

The investment seeks to track the investment results of the S&P 500® (the "underlying index"), which measures the performance of the large-capitalization sector of the U.S. equity market. The fund generally invests at least 90% of its assets in securities of the underlying index and in depository receipts representing securities of the underlying index. It may invest the remainder of its assets in certain futures, options and swap contracts, cash and cash equivalents, as well as in securities not included in the underlying index, but which the advisor believes will help the fund track the underlying index.

ETP Portfolio Characteristics AS OF 12/14/2015

Independent third-party analytics of the daily basket holdings shown below may not reflect ETP Managers' methodology to determine portfolio characteristics of its underlying holdings. Their use of standardized calculations may not reflect ETP Managers' methodology to determine portfolio characteristics of the ETP Managers' investment approach and performance in their Prospectus.

Basket Holdings

Total: 506 (Long: 505 | Short: 0)

■ Top 10 17.83%
 ■ Other 82.17%

Top 10		
AAPL	Apple Inc	3.59%
MSFT	Microsoft Corp	2.47%
XOM	Exxon Mobil Corp	1.77%
GE	General Electric Co	1.59%
JNJ	Johnson & Johnson	1.58%



Where can I learn more?

Research > Learning Center > [What's in your ETF ? Understanding ETF portfolio composition](#)

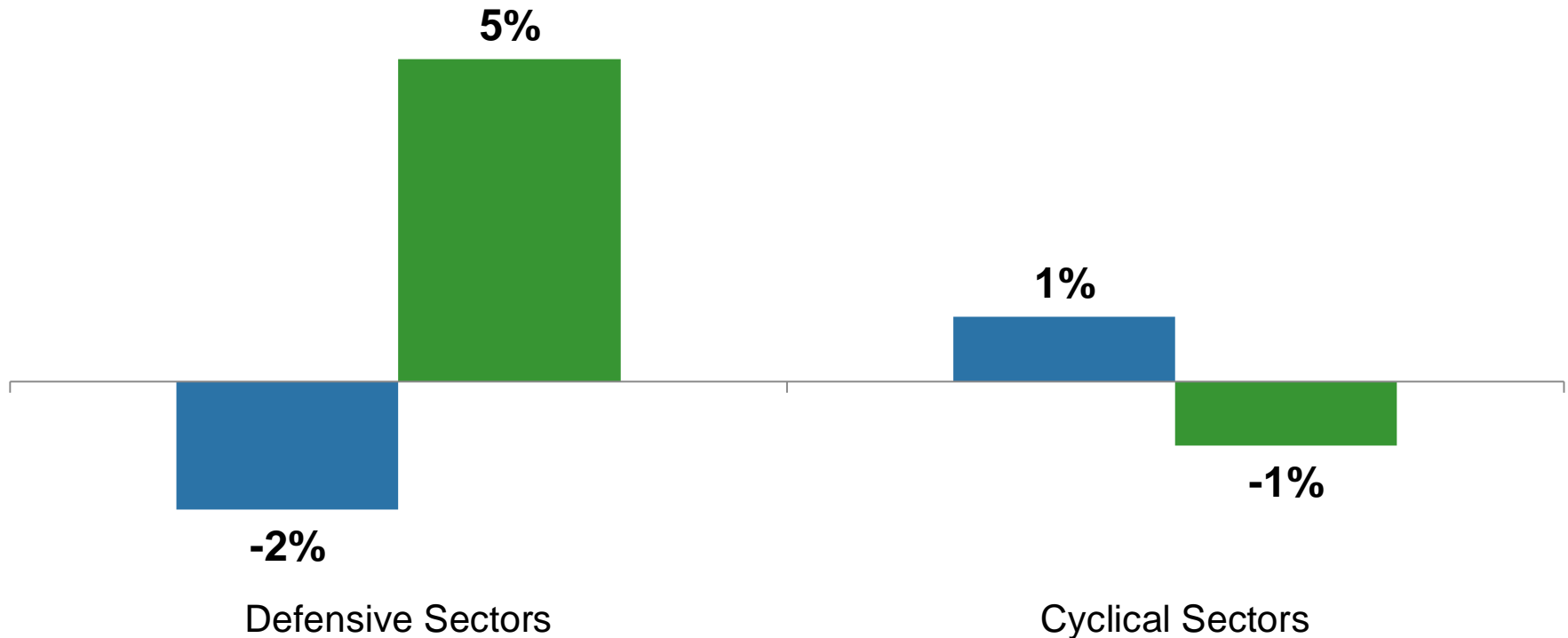
Potential for Change

- Corporate Tax Reform
- Potential for Financial Services Deregulation?
- Opportunities

Tax Reform Implications

Average Sector Returns Higher Corporate Taxes vs. Lower Corporate Taxes

■ Lower Tax Rates ■ Higher Tax Rates

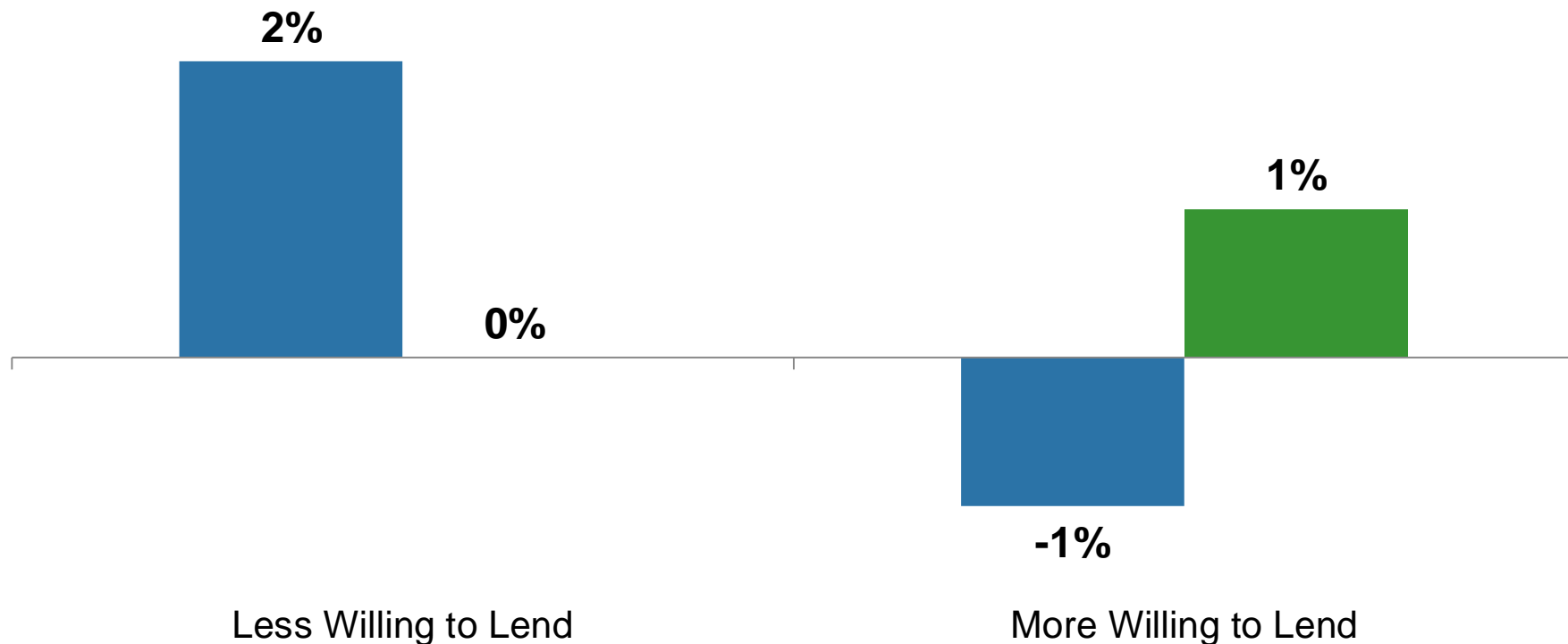


Equity universe is defined as the top 3,000 U.S. stocks by market capitalization; sectors as defined by the Global Industry Classification Standard (GICS). Haver, as of 12/16, Defense is an average of Staples, Healthcare, Utilities and Telecom sector relative performance. Cyclical is an average of Energy, Industrials, Materials, Discretionary, Technology, and Financials Relative performance.

Financial Services Deregulation Implications

Average Sector Returns Banks More Willing to Lend vs. Less

■ Average Defensive Sectors ■ Average Cyclical Sectors

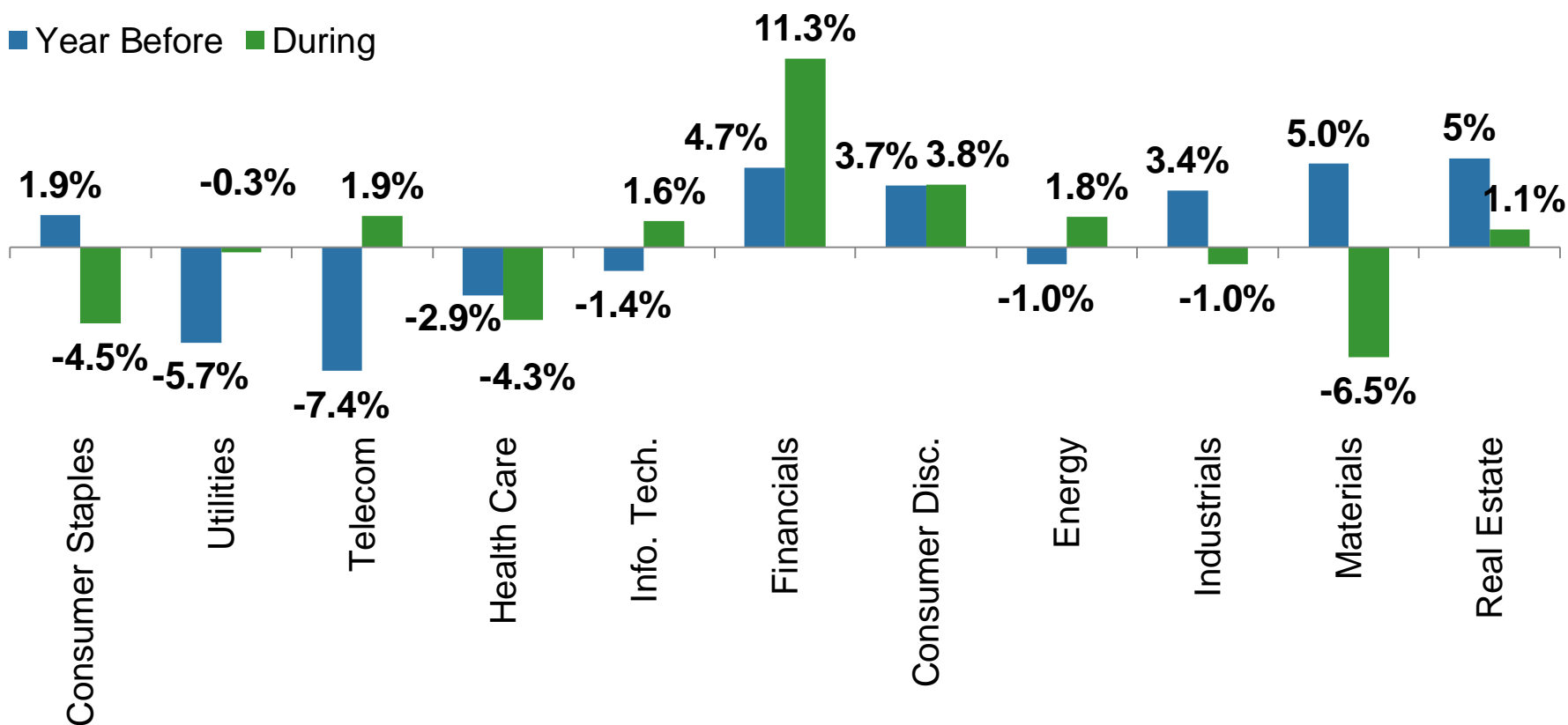


Equity universe is defined as the top 3,000 U.S. stocks by market capitalization; sectors as defined by the Global Industry Classification Standard (GICS). Haver, as of 12/16, Defense is an average of Staples, Healthcare, Utilities and Telecom sector relative performance. Cyclical is an average of Energy, Industrials, Materials, Discretionary, Technology, and Financials Relative performance.

Poised for Opportunity

Sector Performance Before and During Average Investment Recoveries 12M Returns

■ Year Before ■ During



Source: Equity universe is defined as the top 3,000 U.S. stocks by market capitalization; sectors as defined by the Global Industry Classification Standard (GICS). Haver, as of 12/15 Alpha: A measure of performance on a risk-adjusted basis. Also referred to as excess return.

Defensive vs. Cyclical

DEFENSIVE

- Consumer Staples
- Health Care
- Telecom
- Utilities

CYCLICAL

- Consumer Discretionary
- Energy
- Financials
- Industrials
- Materials
- Real Estate
- Technology



Factor Investing

What Are Factors?

Factor Investing Involves

Identifying securities with certain common characteristics, based on the idea that all securities have some level of sensitivity to the movement of the broader market.

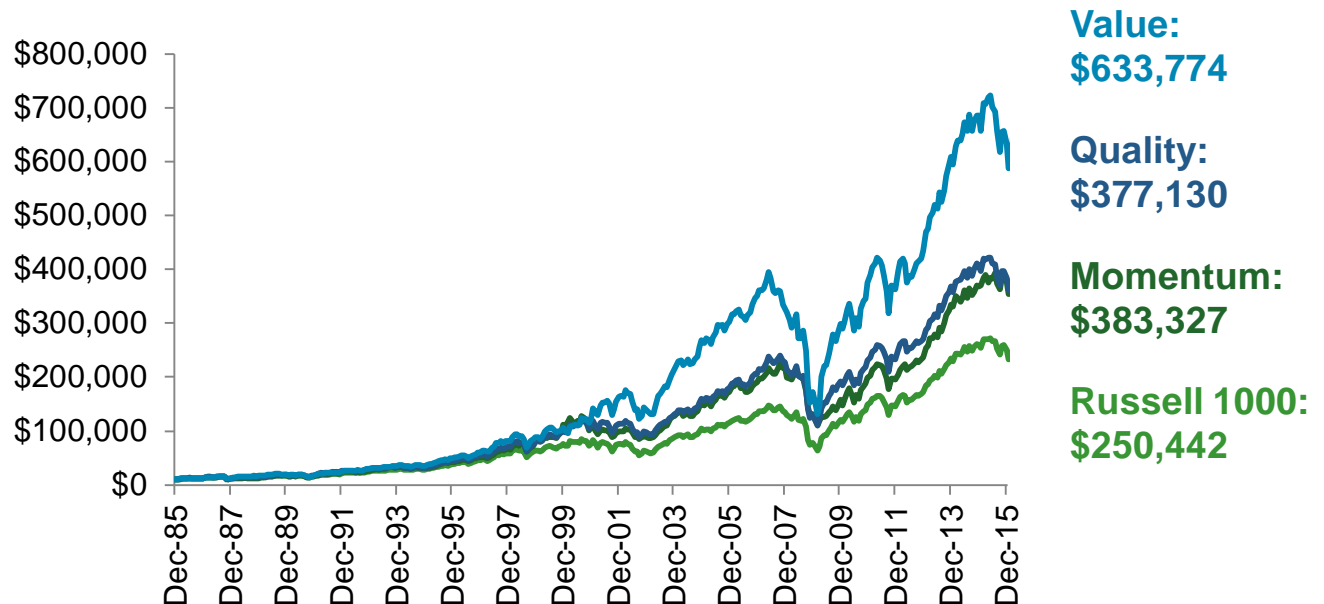
Low Volatility	Quality	Momentum	Value	Dividends
<p>Securities generating returns comparable to the broader market with less volatility.</p>	<p>Securities with higher profitability, more stable income and cash flows, and a lack of excessive leverage.</p>	<p>Outperforming stocks that have a tendency to continue to outperform over the medium term.</p>	<p>Inexpensive stocks with low prices relative to their fundamental value.</p>	<p>While not historically considered factors, factor-investing principles can also be applied to certain characteristics of income-producing (or dividend) securities, such as dividend income potential or protection when rates are rising.</p>

Factors Matter

Research reveals the return potential of these factors over time

Exposure to these key strategic factors has generated market outperformance over time

Growth of \$10,000: Factor Portfolios Vs. Broader Market 1985–2015



Returns are cumulative and assume reinvestment of dividends. Returns do not reflect the performance of any Fidelity index or ETF. Past performance is no guarantee of future results. Value composite is a combined average ranking of stocks in the equal-weighted top quintile (by book/price ratio) and stocks in the equal-weighted top quintile (by earnings yield) of the Russell 1000 Index. Momentum returns are the equal-weighted top quintile (by trailing 12-month returns) of the Russell 1000 Index. Quality returns are the equal-weighted top quintile (by return on equity) of the Russell 1000 index. Low-volatility returns are yearly returns of the equal-weighted bottom quintile (by standard deviation of weekly price returns) of the Russell 1000 Index.

Source: Fidelity Investments as of 12/31/2015.

Key Uses of Factor Strategies in a Portfolio

Investors seek out factor exposures for return/outcome potential and risk management

Intended Objectives

ENHANCED RETURNS

Improve long-term performance with lower costs

- Certain factors may enhance risk-adjusted returns
- Certain factors may outperform in varying phases of business cycle

RISK MANAGEMENT

Complement or diversify portfolio to reduce risk

- Enhanced diversification
- Leveraging targeted exposures may better align portfolios with intended risk profiles

TARGETED OUTCOME

Support investment objectives such as income or low volatility

- Deliver income via higher dividend yield
- Augment existing portfolio to deliver a desired impact (e.g., reduce volatility)

Investor Uses

FDRR: Low Rate Environment Driving Fear of Rate Rise

Fidelity Dividend for Rising Rates ETF (FDRR) is designed to look for companies that pay dividends and that have done well in a rising rate environment

10-year Treasury Rate



Past performance is no guarantee of future results.

US Dept of the Treasury - <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldAll>

WSJ - <http://www.wsj.com/articles/yellen-says-there-is-no-fixed-timetable-on-rate-increase-1475085581>

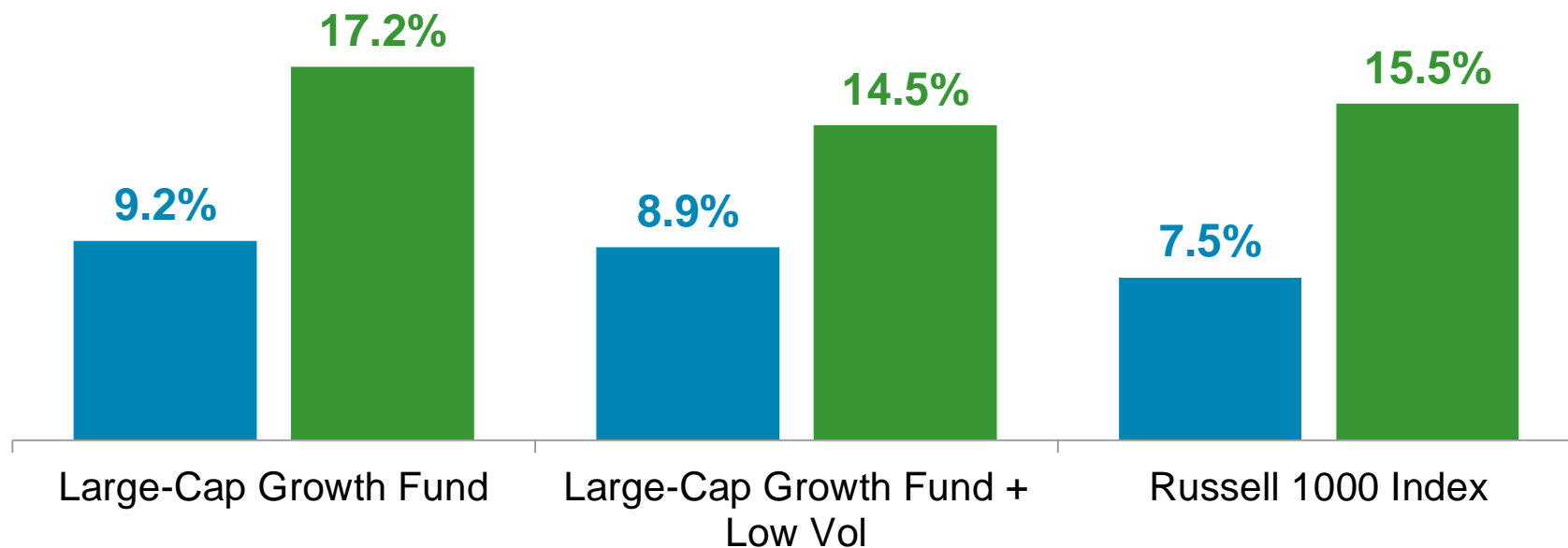
FDLO: Concerns over Increased Market Volatility

Fidelity Low Volatility Factor ETF (FDLO) can potentially reduce level of risk in a portfolio while maintaining return potential

Annualized Return and Volatility (%)

January 1986–March 2016

■ Annualized Return ■ Volatility



Large-cap growth fund represented by the median fund by return volatility within the top quintile of 10-year performance in the Morningstar large-cap growth category. Low-volatility portfolio is the equal-weighted bottom quintile (by standard deviation of weekly price returns) of the Russell 1000 Index. Large-cap growth fund + low vol is an equal-weighted portfolio of this active large cap growth fund and a low-volatility factor portfolio. Annualized returns from July 2006 through June 2016. Volatility represented by standard deviation (a measure of return variance). A portfolio with a lower standard deviation exhibits less volatility. For more detail, see September 2016 Fidelity Leadership Series "Putting Factors to Work".

Past performance is no guarantee of future results.

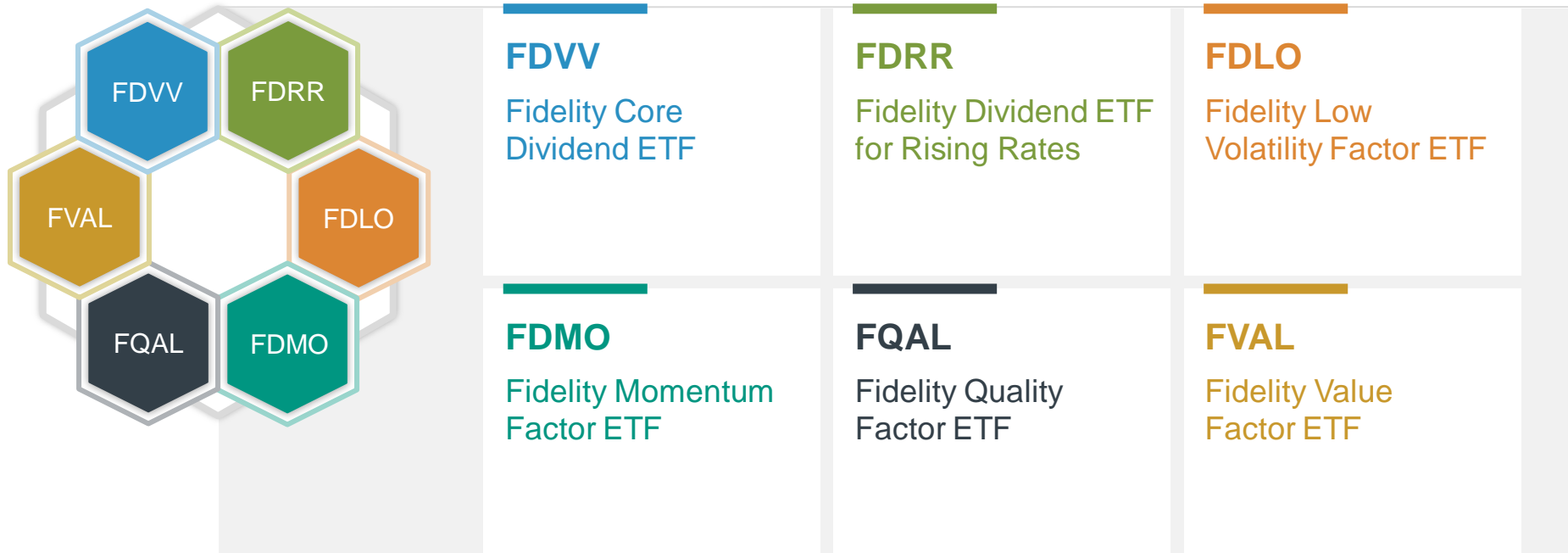
Source: Fidelity Investments and FactSet, as of 6/30/2016.



Where Can I Research and Learn More on Fidelity.com?

Fidelity Factor ETFs—Buy Online Commission Free

Focus on fundamental investment opportunities, leveraging our unique insights to define our factor-based strategies



There is no guarantee that a factor-based investing strategy will enhance performance or reduce risk. Before investing, make sure you understand how the fund's factor investment strategy may differ from more traditional index funds. Depending on market conditions, funds may underperform compared to funds that seek to track a market-capitalization weighted index.

See page 32 for more information, including Factor ETF investment risks.

Source: Fidelity Investments.


Fidelity Sector ETFs—Buy Online Commission Free

Get Sector exposure with low cost sector ETFs

FDIS	Fidelity MSCI Consumer Discretionary Index ETF
FSTA	Fidelity MSCI Consumer Staples Index ETF
FENY	Fidelity MSCI Energy Index ETF
FNCL	Fidelity MSCI Financials Index ETF
FHLC	Fidelity MSCI Health Care Index ETF
FIDU	Fidelity MSCI Industrials Index ETF
FTEC	Fidelity MSCI Information Technology Index ETF
FMAT	Fidelity MSCI Materials Index ETF
FREL	Fidelity MSCI Real Estate Index ETF
FCOM	Fidelity MSCI Telecommunication Services Index ETF
FUTY	Fidelity MSCI Utilities Index ETF

Free commission offer applies to online purchases of Fidelity ETFs in a Fidelity brokerage account with a minimum opening balance of \$2,500. The sale of ETFs is subject to an activity assessment fee (from \$0.01 to \$0.03 per \$1,000 of principal). Fidelity ETFs are subject to a short-term trading fee by Fidelity if held less than 30 days.

ETF Research

Portfolio Composition: FHLC
 FIDELITY MSCI HEALTH CARE INDEX 
32.14 AS OF 9:56:15AM ET 01/11/2016

[Trade ★](#) | [Add to Watch List](#) | [Set Alert](#) | [Option Chain](#) | [Prospectus, Reports & Holdings](#)

★ Buy Online Commission-Free. Restrictions apply.

ETP's Prospectus Stated Objectives

Seeks to provide investment returns that correspond, before fees and expenses, generally to the performance of the MSCI USA IMI Health Care Index. Investing at least 80% of assets in securities included in the fund's underlying index. The fund's underlying index is the MSCI USA IMI Health Care Index, which represents the performance of the health care sector in the U.S. equity market. Using a representative sampling indexing strategy to manage the fund. "Representative sampling" is an indexing strategy that involves investing in a representative sample of securities that collectively has an investment profile similar to the index. The securities selected are expected to have, in the aggregate, investment characteristics (based on factors such as market capitalization and industry weightings), fundamental characteristics (such as return variability and yield) and liquidity measures similar to those of the index. The fund may or may not hold all of the securities in the MSCI USA IMI Health Care Index.


ETP Portfolio Characteristics AS OF 01/08/2016

Independent third-party analytics of the daily basket holdings shown below can help you compare characteristics of its underlying holdings. Their use of standardized calculations enable consistency may not reflect ETF Managers' methodology to determine portfolio characteristics in buying and selling the ETF Managers' investment approach and performance in their [Prospectus, Reports & Holdings](#).

Basket Holdings Total: 358 (Long: 357 | Short: 0)

Top 10	45.40%
Other	54.60%

Regional Exposure



Snapshot: FHLC
 FIDELITY MSCI HEALTH CARE INDEX 
32.14 AS OF 9:56:15A

[Trade ★](#) | [Add to Watch List](#) | [Set Alert](#)

★ Buy Online Commission-Free. Restrictions apply.

Bid/Size	32.10/5
Ask/Size	32.13/22

Open	
High	
Low	
Previous Close	AS OF 01/08/2016
Price Performance (Last Wk)	AS OF 01/08/2016
Volume	
Volume (90-Day Average)	
Indicative Intraday Value	AS OF 9:56:33AM ET 01/11/2016
NAV (Previous Day)	AS OF 01/08/2016
Bid/Ask Midpoint (Previous Day)	AS OF 01/08/2016
Bid/Ask Spread (1 Month Average)	AS OF 11/30/2015
Premium / Discount (Previous Day)	AS OF 01/08/2016
Premium / Discount (1 Month Rolling Average)	AS OF 01/08/2016
Net Flows (Prior Trading)	
Tracking Error	
Options	

ETP Type
ETF

Asset Class
Equity

Geography Objective
US

Capitalization / Style Objective
Broad/Multi Cap / Core or Blend

Sector Objective
Healthcare

Net Assets
AS OF 12/31/2015
\$748.6M

Net Expense Ratio
0.12%

Sponsor
Fidelity Management & Research

Inception Date
10/21/2013

Investment Philosophy
Passively Managed

Benchmark Index
MSCI USA IMI Health Care Index

Index Composition
Cap-Weighted

Legal Structure
Open-End Investment Company

Use the information available to learn more about an individual ETF or to compare an ETF to others.

Commonly used pages include:

- **Snapshot:** one-page summary
- **Detailed Quote:** interesting facts, such as: NAV, Bid/Ask, Short Interest, and Yield
- **Portfolio Composition:** view the Top 10 Holdings
- **Compare:** perform a side-by-side comparison of up to 5 different securities

ETF/ETP Screener: Two Ways to Get Started

Build your own screen by identifying criteria that is important to you or select a theme that best describes the type of ETF you are looking for.

ETF/ETP* Screener My Screens

Criteria Hide

No criteria applied
Start a new screen by selecting criteria below.

ADD CRITERIA:

Search Criteria... OR [View All](#)

- + Basic ETF / ETP Facts (14 Criteria)
- + Objectives (12 Criteria)
- + Trading Characteristics (22 Criteria)

Start your ETF screen by applying filters to the left

OR

What type of ETF are you looking for?

- Fidelity Commission-Free
- iShares by BLACKROCK Commission-Free
- Sector
- Fixed Income

More themes coming soon!

Not sure where to begin?

- [What is an ETF?](#)
- [Top 5 mistakes people make when investing in ETFs](#)
- [Learn more about ETFs](#)

There when you need it - embedded education in the screener to help along the way.

Just a click away from results!

ETF/ETP Screener: Results

Criteria Hide

Save to My Screens | Clear All

Theme: Sectors x

This theme includes ETFs that may invest in stocks in the Health Care sector and/or an exposure of 80% or greater of its underlying securities within this sector. Results are sorted by Net Assets and exclude ETNs, Schedule K-1 Issuers, and leveraged or inverse products.

MATCHES: 31

ADD CRITERIA:

Search Criteria... OR [View All](#)

- + Basic ETF / ETP Facts (14 Criteria)
- + Objectives (12 Criteria)
- + Trading Characteristics (22 Criteria)
- + Performance (16 Criteria)
- + Volatility (10 Criteria)
- + Fundamentals (12 Criteria)
- + Tax Considerations (6 Criteria)
- + Analyst Ratings (5 Criteria)

Healthcare Theme

Showing 1 - 31 of 31 Results
AS OF 09:30 AM ET 01/11/2016

Search Criteria

Take action on selected... Go

+ Add My ETFs
 🖨 Print Results
 📄 Download Results

Action	Symbol			ETP Name	Net Assets	Theme Criteria
<input type="checkbox"/>	XLV	*	🌱	HEALTH CARE SELECT SECTOR	\$13.8B	i
<input type="checkbox"/>	IBB			ISHARES NASDAQ BIOTECHNOLOGY	\$8.1B	i
<input type="checkbox"/>	VHT				\$5.8B	i
<input type="checkbox"/>	FXH			FIRST TRUST HEALTH CARE ALPHADEX FUND	\$3.5B	i
<input type="checkbox"/>	FBT			FIRST TRUST NYSE ARCA BIOTECHNOLOGY INDEX FUND	\$3.4B	i
<input type="checkbox"/>	XBI			SPDR S&P BIOTECH	\$2.3B	i
<input type="checkbox"/>	IYH			ISHARES US HEALTHCARE		i
<input type="checkbox"/>	PJP			POWERSHARES DYNAMIC PHARMACEUTICALS		i
<input type="checkbox"/>	IXJ			ISHARES GLOBAL HEALTHCARE		i
<input type="checkbox"/>				ISHARES US PHARMACEUTICALS		i
<input type="checkbox"/>				ISHARES US MEDICAL DEVICES		i
<input type="checkbox"/>	FHLC	*	🌱	FIDELITY MSCI HEALTH CARE INDE		i

Read more about the theme to understand what is included as well as excluded.

Print, Download or Save your results.

Read the Theme Criteria to learn why a symbol is included in the results.

Why FHLC is included in these results:

Sector Objective Healthcare

Healthcare Exposure 99.67%

Additional information:

Industry Objective Healthcare Multi-Industry

Look for the commission-free icon.

Important Information

Diversification does not ensure a profit or guarantee against loss.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments.

Exchange-traded products (ETPs) are subject to market volatility and the risks of their underlying securities, which may include the risks associated with investing in smaller companies, foreign securities, commodities, and fixed income investments. Foreign securities are subject to interest rate, currency-exchange rate, economic, and political risks, all of which are magnified in emerging markets. Exchange-traded products (ETPs) that target a small universe of securities, such as a specific region or market sector, are generally subject to greater market volatility, as well as to the specific risks associated with that sector, region, or other focus. ETPs that use derivatives, leverage, or complex investment strategies are subject to additional risks. The return of an index ETP is usually different from that of the index it tracks because of fees, expenses, and tracking error. An ETP may trade at a premium or discount to its net asset value (NAV) (or indicative value in the case of exchange-traded notes). Each ETP has a unique risk profile, which is detailed in its prospectus, offering circular, or similar material, which should be considered carefully when making investment decisions.

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.

Because of their narrow focus, sector funds tend to be more volatile than funds that diversify across many sectors and companies. Nondiversified sector funds may have additional volatility because they can invest a significant portion of assets in securities of a small number of individual issuers.

Margin trading entails greater risk, including, but not limited to, risk of loss and incurrence of margin interest debt, and is not suitable for all investors. Please assess your financial circumstances and risk tolerance before trading on margin. Margin credit is extended by National Financial Services, Member NYSE, SIPC.

Before investing in any mutual fund or exchange-traded fund, you should consider its investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus, offering circular, or, if available, a summary prospectus containing this information. Read it carefully.

Important Information

Views expressed are as of the date indicated, based on the information available at that time, and may change based on market or 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.

References to specific investment themes are for illustrative purposes only and should not be construed as recommendations or investment advice. Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

This piece may contain assumptions that are "forward-looking statements," which are based on certain assumptions of future events. Actual events are difficult to predict and may differ from those assumed. There can be no assurance that forward-looking statements will materialize or that actual returns or results will not be materially different from those described here.

Investing involves risk, including risk of loss.

All indices are unmanaged. You cannot invest directly in an index.

Market Indices

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. S&P 500 is a registered service mark of Standard & Poor's Financial Services LLC. Sectors and industries are defined by the Global Industry Classification Standard (GICS).

The S&P 500 sector indices include the standard GICS sectors that make up the S&P 500 Index. The market capitalization of all S&P 500 sector indices together composes the market capitalization of the parent S&P 500 Index; each member of the S&P 500 Index is assigned to one (and only one) sector.

Barclays U.S. Aggregate Bond Index is an unmanaged index considered representative of the US investment-grade, fixed-rate bond market.

Barclays U.S. Corporate High Yield Bond Index is a market value-weighted index that covers the universe of dollar-denominated, fixed-rate, non-investment grade debt.

The **Russell 3000® Index** measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market.

Dow Jones Industrial Average is a price-weighted index of the 30 largest, most widely held stocks traded on the New York Stock Exchange.

Nasdaq Composite Index is a broad-based capitalization-weighted index of all Nasdaq domestic and international based common type stocks listed on the Nasdaq Stock Market.

Sectors are defined as follows: **Consumer Discretionary:** companies that provide goods and services that people want but don't necessarily need, such as televisions, cars, and sporting goods; these businesses tend to be the most sensitive to economic cycles. **Consumer Staples:** companies that provide goods and services that people use on a daily basis, like food, household products, and personal-care products; these businesses tend to be 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, or other energy-related services and equipment, including seismic data collection; 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 real estate, including REITs. **Health Care:** companies in two main industry groups: health care equipment suppliers and manufacturers, and providers of health care services; and companies involved in the research, development, production, and marketing of pharmaceuticals and biotechnology products. **Industrials:** companies whose businesses manufacture and distribute capital goods, provide commercial services and supplies, or provide transportation services. **Technology:** companies in technology software and services and technology hardware and equipment. **Materials:** companies that are engaged in a wide range of commodity-related manufacturing. **Telecommunication Services:** companies that provide communications services primarily through fixed-line, cellular, wireless, high bandwidth, and/or fiber-optic cable networks. **Utilities:** companies considered to be electric, gas, or water utilities, or companies that operate as independent producers and/or distributors of power.

Important Information

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