

Fidelity Viewpoints[®]:
Market Sense

The latest headlines, the current market conditions,
and what it all means for you.



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Our Speakers

Host



Colleen Rolph

Squad Leader, Learning, Content & Offering, Fidelity Investments

Colleen Rolph assumed her current position as vice president of Learning Content & Offering for Fidelity's Personal Investing division in 2017. In this role, she leads the learning program, which includes strategic planning, programming, and development of workplace educational solutions. Colleen joined Fidelity in 2002. Prior to her current role, she was vice president of Women Investors in Fidelity's Personal Investing unit.

Special guest panelists



Jurrien Timmer

Director of Global Macro, Fidelity Investments

Jurrien Timmer is the director of Global Macro at Fidelity Investments. In this role, he is part of Fidelity's Global Asset Allocation group, where he specializes in asset allocation and global macro strategy. Additionally, he is responsible for analyzing market trends and synthesizing investment perspectives across Asset Management to generate market strategy insights for the media as well as for Fidelity's clients.

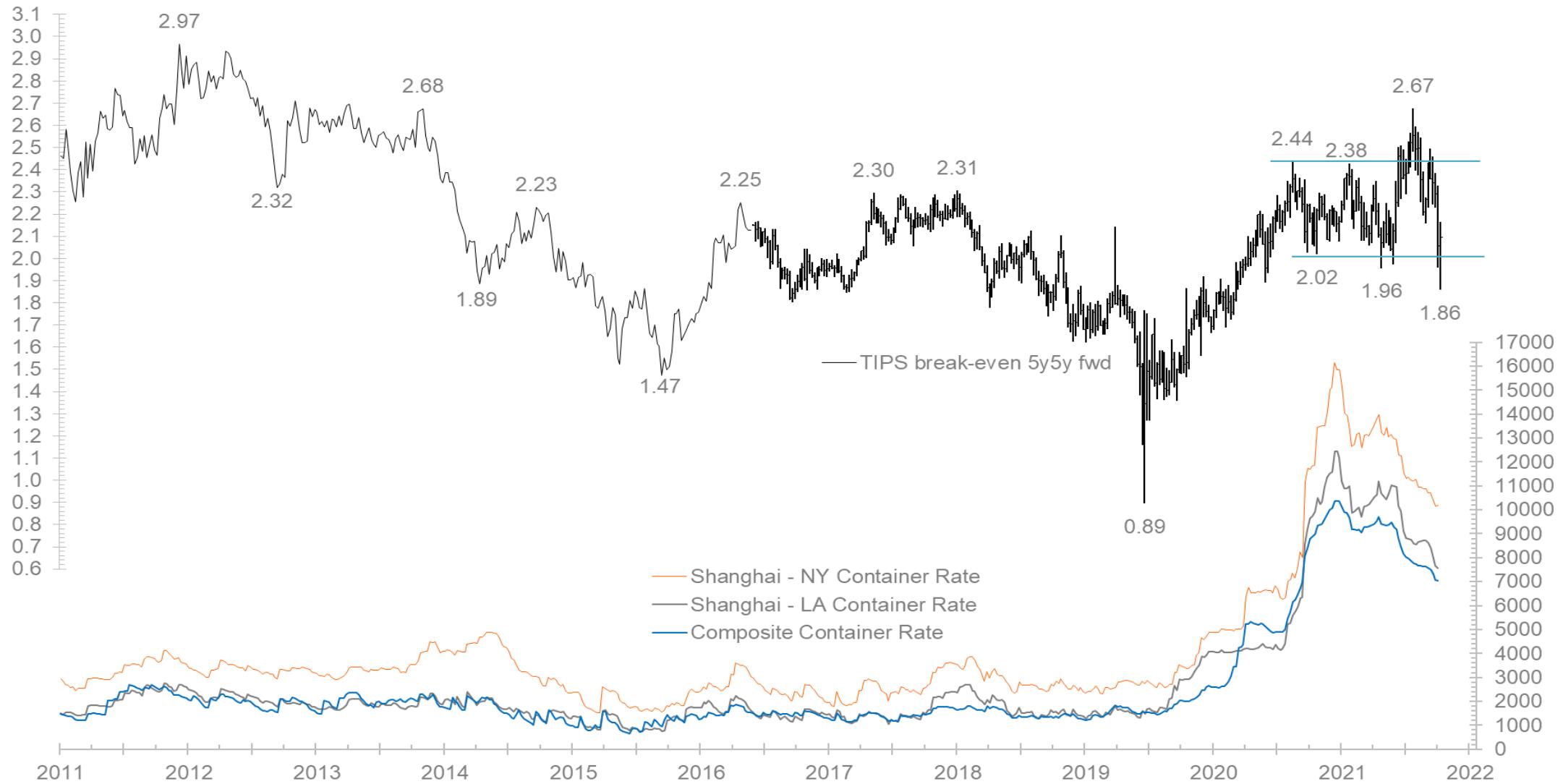


Leanna Devinney, CFP®

Vice President, Branch Leader, Fidelity Investments

Leanna Devinney is responsible for leading one of Fidelity's Investor Centers. In this role, she offers our clients financial and investment guidance, including one-on-one retirement planning, wealth management, income strategies, and college planning services as well as integrated employer benefits solutions.

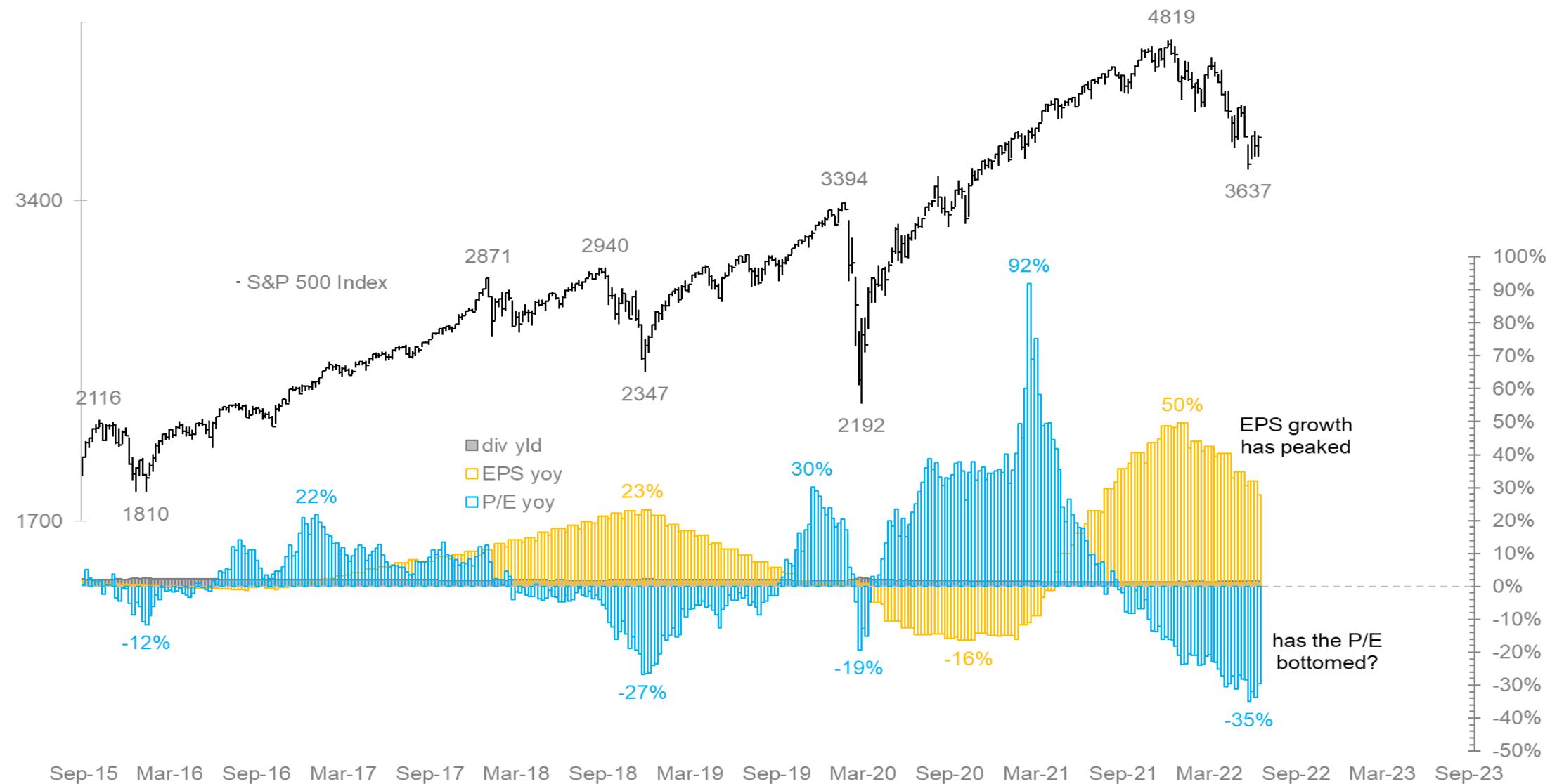
Inflation Expectations



For illustrative purposes only. **Past performance is no guarantee of future results.**

Data source: FMRCO, Bloomberg, Haver Analytics, FactSet. Data as of July 11, 2022.

Valuation vs. Earnings



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Late Phase of 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

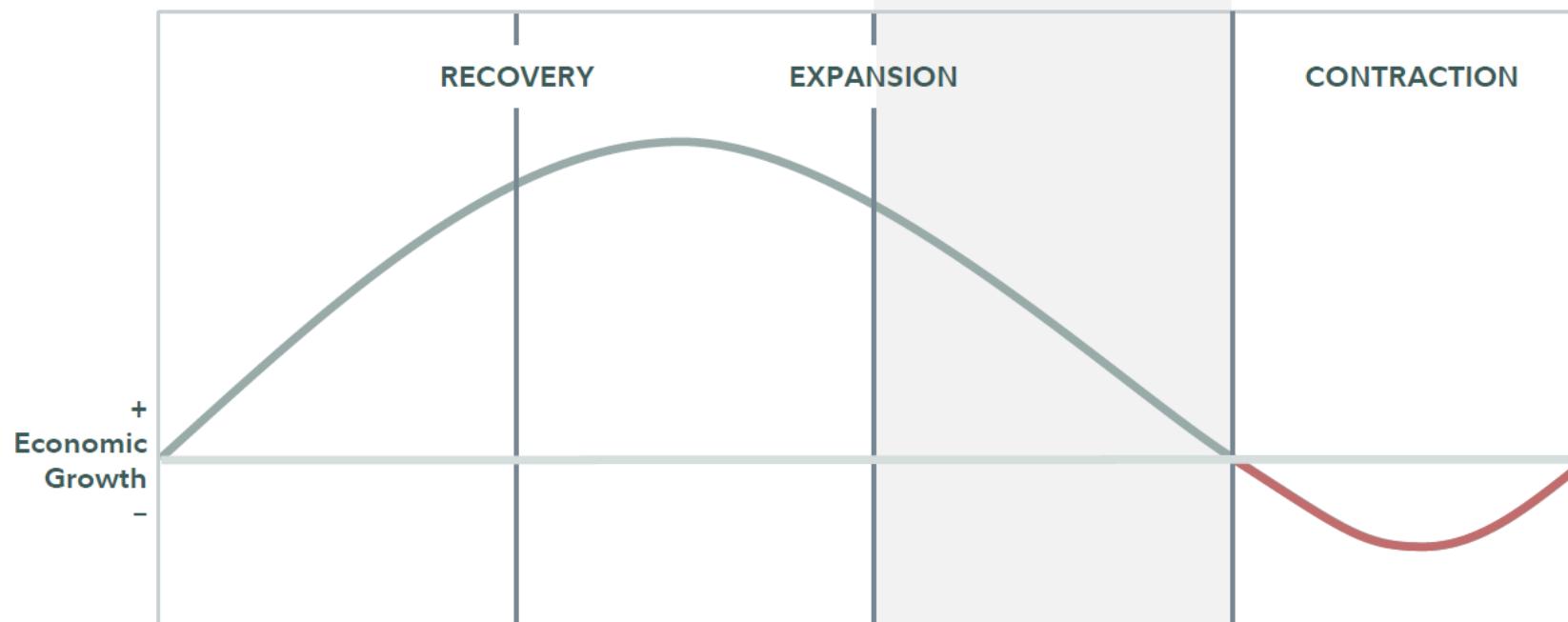
- Growth peaking
- Credit growth strong
- Profit growth peaks
- Policy neutral
- Inventories, sales grow; equilibrium reached

Late

- Growth moderating
- Credit tightens
- Earnings under pressure
- Policy contractionary
- Inventories grow, sales growth falls

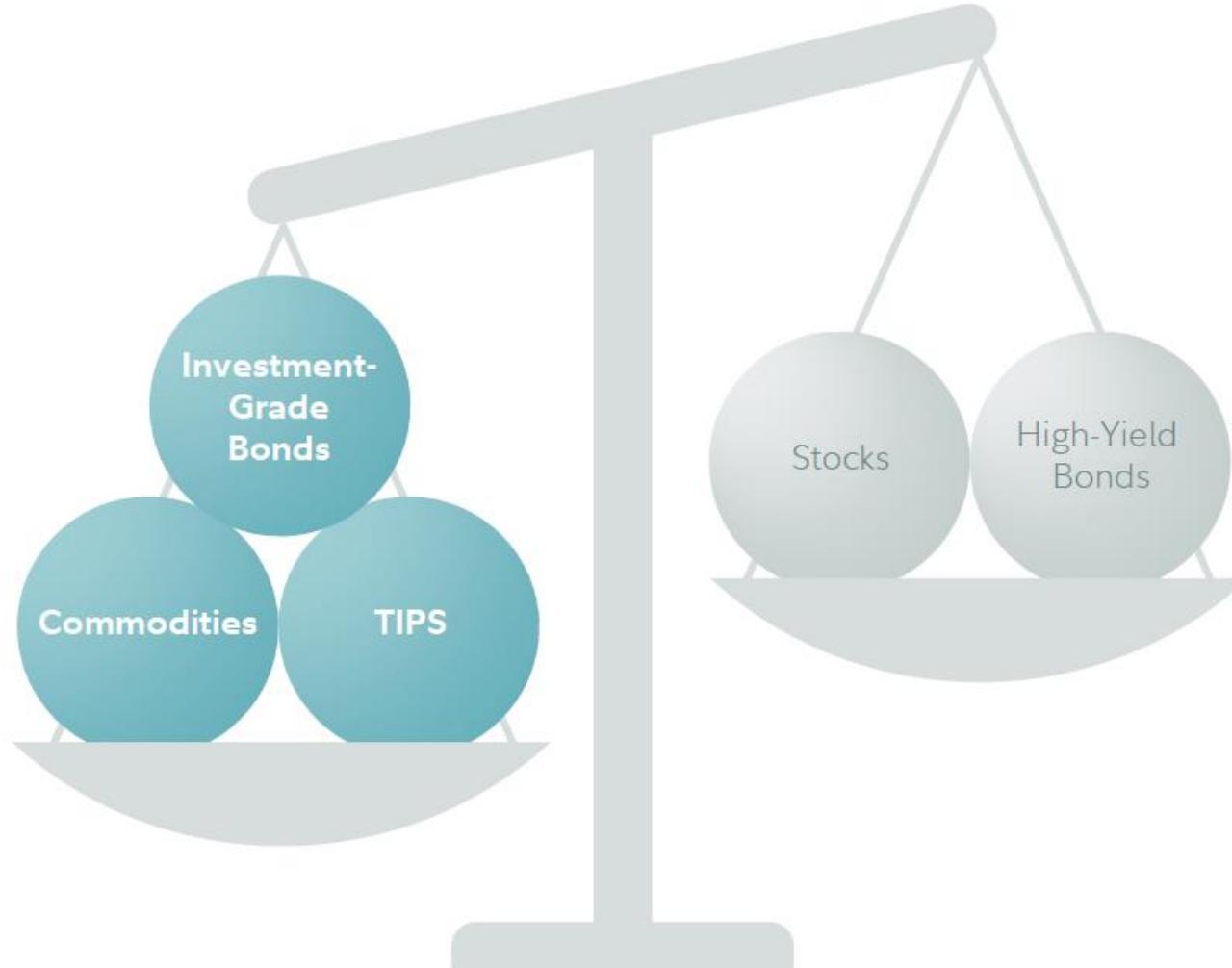
Recession

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



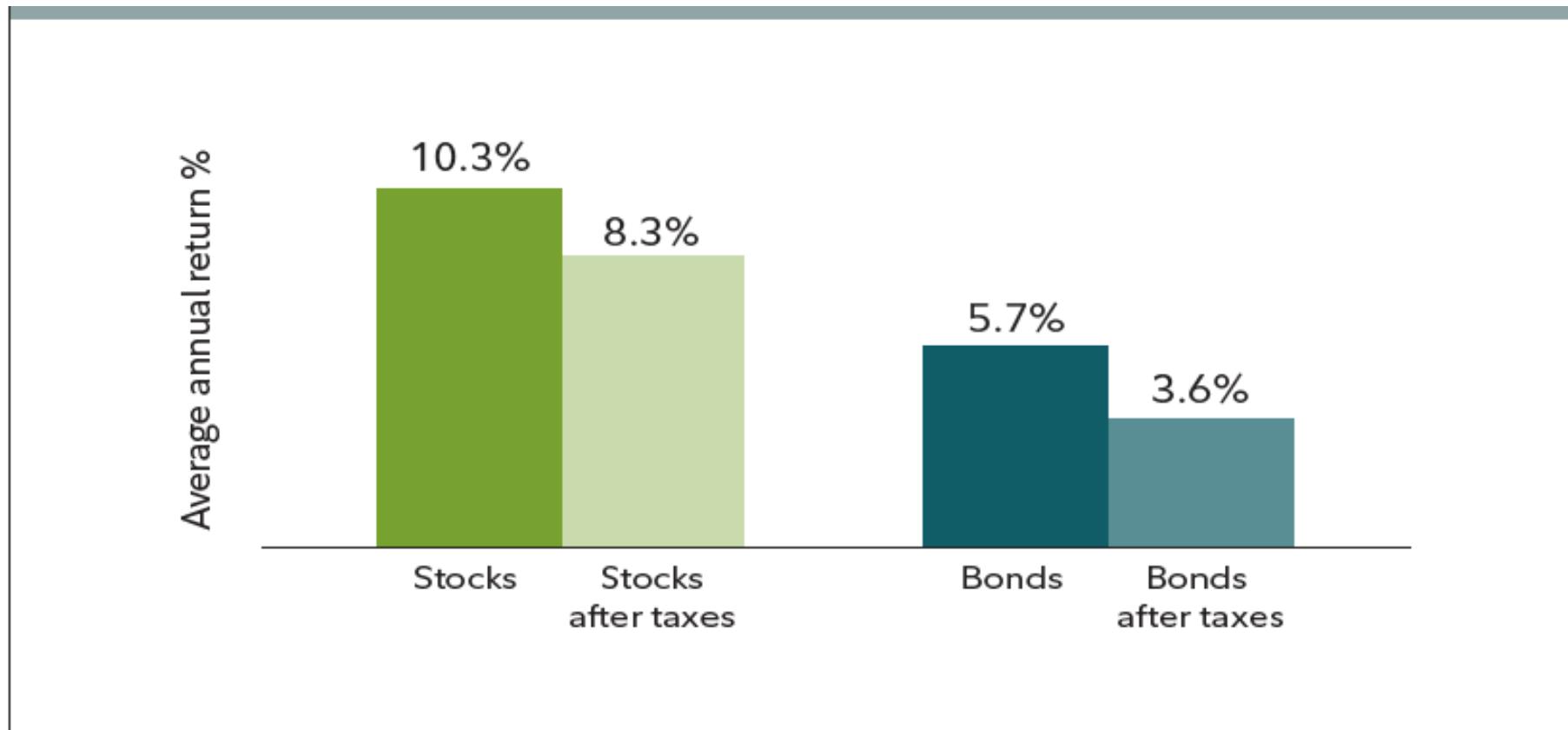
For illustrative purposes only. Business cycle above is a hypothetical illustration of a typical business cycle. There is not always a chronological progression in this order, and there have been cycles when the economy has skipped a phase or retraced an earlier one. Past performance is no guarantee of future results. Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance.

Inflation Balance



TIPS: Treasury Inflation-Protected Securities. Past performance is no guarantee of future results. Asset class total returns are represented by indexes from the following sources: Fidelity Investments, Morningstar, and Bloomberg. Fidelity Investments source: a proprietary analysis of historical asset class performance, which is not indicative of future performance.

Impact of Taxes on Investment Returns—1926–2021



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. Stocks are represented by the Ibbotson® Large Company Stock Index. Bonds are represented by the 20-year U.S. government bond. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for transaction costs. © 2021 Morningstar, Inc. All rights reserved. 2/28/2021. For disclosures for additional information.

Bear Markets and Serious Corrections

top	botom	#mo	Δ nom	Δ real	P/E	P/E	Δ	CPI	Δ	Δ nom	Δ real	nom	next peak	#mo	%chg	prev high	#mo	NBER
			SPX	SPX	high	low	Δ P/E	(ann)	Fed	EPS	EPS	next peak	#mo	%chg	prev high	#mo		
Jun-1872	Jun-1877	61	-47%	-31%	12.4	9.4	-24%	-5%	-190	-30%	-13%	Jun-1881	49	+140%	Mar-1980	95	recession	
Jun-1881	Jan-1885	44	-36%	-26%	14.1	13.8	-2%	-4%	+120	-37%	-26%	May-1887	28	+39%	Jan-1999	215	recession	
May-1887	Aug-1896	113	-35%	-17%	17.2	17.1	-1%	-3%	+260	-39%	-25%	Jun-1901	75	+123%	Jan-1999	143	recession	
Jun-1901	Nov-1903	29	-26%	-31%	17.3	11.7	-33%	+3%	+210	+7%	-5%	Jan-1906	27	+57%	May-1905	48	recession	
Jan-1906	Nov-1907	22	-37%	-40%	14.6	9.4	-36%	+3%	+220	-8%	-9%	Nov-1909	24	+63%	Nov-1909	46	recession	
Nov-1909	Dec-1914	62	-28%	-29%	13.7	14.1	+3%	+0%	-70	-24%	-29%	Nov-1919	60	+31%	Oct-1916	84	recession	
Nov-1919	Aug-1921	22	-35%	-36%	10.1	13.6	+35%	+1%	+60	-52%	-87%	Sep-1929	98	+410%	Feb-1925	65	recession	
Sep-1929	Jun-1932	33	-87%	-82%	20.5	8.6	-58%	-8%	-330	-73%	-64%	Mar-1937	58	+348%	Dec-1954	308	recession	
Mar-1937	Apr-1942	63	-60%	-65%	16.8	7.3	-56%	+2%	-10	-20%	-30%	May-1946	50	+158%	Feb-1946	109	recession	
May-1946	Jun-1949	37	-30%	-46%	22.4	5.6	-75%	+9%	+79	+172%	+110%	Aug-1956	87	+271%	May-1950	48	recession	
Aug-1956	Oct-1957	15	-23%	-24%	14.3	11.8	-18%	+3%	+98	-8%	-12%	Dec-1961	50	+90%	Sep-1958	26	recession	
Dec-1961	Jun-1962	7	-30%	-28%	21.6	14.0	-35%	+1%	+13	+10%	+9%	Feb-1966	44	+84%	Oct-1963	22	recession	
Feb-1966	Oct-1966	8	-24%	-24%	18.2	12.3	-33%	+4%	+70	+2%	+0%	Nov-1968	26	+51%	Nov-1968	34		
Nov-1968	May-1970	18	-37%	-41%	18.0	12.3	-32%	+6%	+139	-7%	-12%	Jan-1973	32	+77%	Nov-1972	48	recession	
Jan-1973	Oct-1974	21	-50%	-57%	19.9	6.7	-66%	+11%	+205	+27%	+2%	Sep-1976	24	+78%	Dec-1982	121	recession	
Sep-1976	Mar-1978	18	-20%	-27%	11.8	8.0	-32%	+7%	+121	+2%	+5%	Nov-1980	33	+64%	Apr-1981	55	recession	
Nov-1980	Aug-1982	21	-29%	-36%	9.1	6.3	-31%	+8%	-473	-8%	-20%	Aug-1987	61	+233%	Oct-1982	23	recession	
Aug-1987	Oct-1987	2	-36%	-36%	24.0	14.3	-40%	+5%	+12	+11%	+10%	Jul-1990	33	+71%	Jul-1989	23		
Jul-1990	Oct-1990	3	-20%	-22%	16.0	13.4	-16%	+10%	-47	-32%	-35%	Jan-1994	40	+64%	Feb-1991	7	recession	
Jan-1994	Nov-1994	9	-8%	-10%	22.8	14.8	-35%	+3%	+272	+41%	+38%	Jul-1998	45	+169%	Feb-1995	13		
Jul-1998	Oct-1998	3	-22%	-23%	27.1	21.1	-22%	+2%	-102	-0%	-1%	Mar-2000	17	+68%	Dec-1998	5		
Mar-2000	Oct-2002	31	-51%	-53%	30.0	16.8	-44%	+2%	-425	-24%	-26%	Oct-2007	61	+105%	Jul-2007	89	recession	
Oct-2007	Mar-2009	17	-58%	-58%	17.6	12.1	-31%	+1%	-378	-50%	-51%	May-2011	26	+105%	Apr-2013	67	recession	
May-2011	Oct-2011	5	-21%	-22%	15.8	12.0	-24%	+3%	-4	+7%	+6%	Sep-2018	85	+174%	Feb-2012	10		
Sep-2018	Dec-2018	3	-20%	-20%	20.0	15.6	-22%	+0%	+24	+8%	+8%	Feb-2020	14	+45%	Apr-2019	7		
Feb-2020	Mar-2020	1	-35%	-35%	21.9	15.0	-32%	-3%	-124	-17%	-17%	Jan-2022	22	+120%	Aug-2020	6	recession	
Jan-2022	?	6	-25%	-27%	24.8	18.0	-27%	+7%	+84	+4%	+1%	Jan-2022						
median - all cycles		19	-33%	-31%	17.5	12.3	-32%	+3%	+19	-8%	-12%		42	+87%		48		
median - recession			-35%	-36%	17.0	11.9	-32%	+3%	+42	-18%	-19%		46	+97%		60		
median - non-recessi		4	-22%	-22%	21.4	14.6	-28%	+3%	+18	+8%	+7%		30	+70%		11		

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Data source: FMRCO, Bloomberg, Haver Analytics, FactSet. Data as of July 11, 2022.



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Additional Information for **Impact of Taxes on Investment Returns:**

Taxes Can Significantly Reduce Returns data, Morningstar, Inc., 2021. This example reflects a 95-year period from 1926 to 2020 and is based on the following data: stocks at 10.3%, stocks after taxes at 8.3%; bonds at 5.7%, and bonds after taxes at 3.6%.

Past performance is no guarantee of future results. This data is for illustrative purposes only and does not represent actual or future performance of any investment option. Returns include the reinvestment of dividends and other earnings. Stocks are represented by the Ibbotson® Large Company Stock Index. Government bonds are represented by the 20-year U.S. government bond, cash by the 30-day U.S. Treasury bill, and inflation by the Consumer Price Index. The data assumes reinvestment of income and does not account for transaction costs. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

Federal income tax is calculated using the historical marginal and capital gains tax rates for a single taxpayer earning \$120,000 in 2015 dollars every year. This annual income is adjusted using the Consumer Price Index in order to obtain the corresponding income level for each year. Income is taxed at the appropriate federal income tax rate as it occurs. When realized, capital gains are calculated assuming the appropriate capital gains rates. The holding period for capital gains tax calculation is assumed to be five years for stocks, while government bonds are held until replaced in the index. No state income taxes are included. © 2021 Morningstar, Inc. All rights reserved.

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