



## **Program Fundamentals:** Fidelity® Personalized Portfolios

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On behalf of Fidelity, we thank you for the opportunity to professionally manage your portfolio. This brochure was developed for our clients as well as those who are considering a managed account with Fidelity. It provides information about the qualifications and business practices of Strategic Advisers, Inc., as well as information about Portfolio Advisory Services and Fidelity® Personalized Portfolios.

This brochure should be read carefully by all clients and those considering becoming a client. Throughout this brochure and related materials, Strategic Advisers, Inc., may refer to itself as a "registered investment adviser" or "being registered." These statements do not imply a certain level of skill or training.

If you have any questions about the contents of this brochure, please contact us at 1-800-544-3455. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Strategic Advisers, Inc., is available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Turn here®



## **SUMMARY OF MATERIAL CHANGES**

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The Securities and Exchange Commission (SEC) requires investment advisers to provide and deliver an annual summary of material changes to their advisory services program brochure (also referred to as the Form ADV Part 2A). The section below highlights revisions that have been made to the Fidelity® Personalized Portfolios Program Brochure from March 31, 2011, through March 30, 2012. Please contact a Fidelity representative with any questions at 1-800-544-3455.

### **INCREASED INTERNATIONAL OPTION**

On June 27, 2011, Strategic Advisers, Inc. ("Strategic"), provided you with the opportunity to elect to participate in the Increased International Option as part of Fidelity® Personalized Portfolios. The Increased International Option modifies Strategic Advisers' standard investment proposal to direct Strategic to increase the exposure to international equity securities in your Fidelity® Personalized Portfolios account. Please refer to page 13 for further details.

### **NEW CONTENT ABOUT ASSET ALLOCATION AND HOW STRATEGIC MANAGES CLIENT ASSETS**

On December 8, 2011, Strategic Advisers, Inc. ("Strategic"), amended Fidelity's Portfolio Advisory Services product brochures to refine how we describe the program's asset allocation methodology and how we manage your assets in Fidelity® Personalized Portfolios. This product brochure will speak to Strategic's asset allocation methodology and how it aims to keep your portfolio in line with an overall level of risk appropriate for your profile.

### **NEW DETAILS ON THE USE OF DERIVATIVES IN CLIENT PORTFOLIOS**

Additional information about the use of derivatives in underlying mutual funds and exchange-traded funds ("ETFs") were added to the Section entitled "Portfolio Manager Selection and Evaluation." Please see page 18 for details.

### **CLARIFICATION OF WITHDRAWALS DISCLOSURE**

On September 1, 2011, Strategic clarified language to their withdrawal and redemption process. This additional disclosure clarifies the withdrawal and redemption process under normal circumstances. Please refer to pages 9 and 10 for further details.

### **ADDED REFERENCES TO FIDELITY PRIVATE WEALTH MANAGEMENT<sup>SM</sup>**

As of the date of this annual update, Strategic is now managing another Fidelity service, Fidelity Private Wealth Management<sup>SM</sup>. For additional information, please see page 4.

### **UPDATED ASSETS UNDER MANAGEMENT**

Both discretionary and nondiscretionary assets managed by Strategic have been updated through December 31, 2011. Please see the updates on page 20.

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## SERVICES, FEES, AND COMPENSATION

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### ADVISORY SERVICES

Strategic Advisers, Inc. ("Strategic," "Strategic Advisers," or sometimes referred to as "we" or "us" throughout this document), is a registered investment adviser and wholly owned subsidiary of FMR LLC, the parent company of Fidelity Investments. Strategic was incorporated in 1977 and acts as sponsor and investment manager to all Fidelity managed accounts offered by Fidelity's Portfolio Advisory Services.

Fidelity's Portfolio Advisory Services includes discretionary investment management services for individuals, joint accounts, retirement plans, trusts, estates, business entities, and charitable organizations. Fidelity's Portfolio Advisory Services' offerings include Fidelity® Personalized Portfolios (also referred to as "the Service"). If you participate in Fidelity Private Wealth Management<sup>SM</sup>, Strategic may propose that you enroll in one of the managed account products offered by Fidelity's Portfolio Advisory Services.

Fidelity® Personalized Portfolios provides individualized federal tax-sensitive investment management that seeks to enhance after-tax returns for taxable accounts of \$200,000 or more. The Service invests in a blend of investments, including Fidelity mutual funds, non-Fidelity mutual funds, exchange-traded funds ("ETFs"), and certain other securities. In addition, if your Account qualifies, a portion of your assets may be invested in the Strategic Advisers Tax-Managed U.S. Large Cap Separately Managed Account (the "Strategic Advisers Large Cap SMA"), a tax-sensitive investment strategy managed by Strategic that invests in a subset of the securities that compose the S&P 500® Index.

Fidelity® Personalized Portfolios may be offered directly by Strategic and through Fidelity Personal Trust Company, FSB ("FPT"), a federal savings bank; or Fidelity Management Trust Company ("FMTC"). Investment proposals are provided by Strategic and are subject to supervisory oversight performed by FPT and FMTC entities on behalf of their clients. The Service is not available to foreign investors and persons who are not U.S. residents.

Based on a review of your individual financial situation, investment objectives, risk tolerance, planned investment time horizon, certain federal income tax considerations, investment restrictions, and other information provided through the completed Investor Profile Questionnaire ("IPQ"), Strategic will propose a long-term investment strategy from a series of investment strategies which range from aggressive growth to conservative. Thereafter, Strategic will manage the account on a discretionary basis based on market conditions and reviews of updated IPQ information.

If you decide to invest, due to the active, ongoing management of the portfolios, the actual securities purchased for your Account may differ from those listed in the Investment Proposal that we prepared based on your information (your "Investment Proposal"). Although Strategic will not offer investment management services regarding assets outside your Account, if you indicate that you hold such assets in your IPQ, then Strategic will consider those assets in providing your Investment Proposal. Please note that if you are enrolling in the Service as an underlying account as part of Fidelity's Private Wealth Management<sup>SM</sup>, your asset allocation will be assessed as part of that service's overall wealth planning process.

Fidelity® Personalized Portfolios seeks a balance between long-term growth and investment risks while also seeking enhanced after-tax returns by applying tax-sensitive investment management techniques that consider certain potential federal income tax consequences. Your long-term investment strategy may include allocations to any combination of stock, bond, money market, and/or other asset classes. In certain limited circumstances, Strategic's Investment Management Team may permit a client to select a 100% allocation to the stock asset class. The Investment Management Team will make trades for your Account to move holdings toward the long-term investment strategy over time. The Service accepts and manages eligible individual securities and mutual funds that participate in Fidelity's mutual fund supermarkets and that you may already own. It may purchase eligible Fidelity mutual funds, eligible non-Fidelity mutual funds, and ETFs for your portfolio. In addition, if your Account qualifies, a portion of your assets may be used to purchase the Strategic Advisers Large Cap SMA.

## FEES AND COMPENSATION

### Advisory Fees—Gross Advisory Fee

Your Account charges a gross advisory fee that covers the ongoing management of your Account, including investment selection and asset allocation, certain trading costs and commissions, brokerage, clearing, and custody services provided by Strategic's affiliates, the communications program associated with your Account, and the personal service you receive from your dedicated Account Executive and/or Portfolio Specialist.

Your gross advisory fee does not include underlying mutual fund and ETF expenses charged at the individual fund level for any funds in your Account. These fund expenses, which vary by fund and class, are expenses all mutual fund and ETF shareholders pay. Some of these underlying mutual fund and ETF expenses are paid to Strategic or its affiliates and will be included in a Fee Credit Amount described below.

### Advisory Fee—Credit Amount

The annual gross advisory fee applied to your Account is reduced by a Credit Amount. The purpose of the Credit Amount is to reduce your annual advisory fee by the amount of compensation, if any, received by Strategic or its affiliates with respect to the funds held in your Account, as detailed below. This Credit Amount is calculated daily and applied quarterly in arrears.

To the extent applicable, a Credit Amount will be calculated for each type of mutual fund in your Account, as follows:

- For Fidelity funds, the Credit Amount will equal the underlying investment management and other fees paid to us or our affiliates for the fund.
- For non-Fidelity funds, the Credit Amount will equal the distribution or shareholder servicing fees paid to us or our affiliates for the fund.

These are added together to arrive at your total Credit Amount. An Advisory Fee Credit is not applied to any individual securities held in your Account.

$$\text{Net Advisory Fee} = \text{Gross Advisory Fee} - \text{Credit Amount}$$

Please see the chart below for the advisory fees charged for your Account (please note that all fees are subject to change).

ADVISORY FEE SCHEDULE FOR FIDELITY® PERSONALIZED PORTFOLIOS ACCOUNT			
Average Daily Assets*	Annual Gross Advisory Fee		
For the first \$500,000	1.50%	} Less Credit Amount†	Equals Net Advisory Fee
For the next \$250,000 or portion thereof	1.25%		
For the next \$250,000 or portion thereof	1.10%		
For the next \$1,000,000 or portion thereof	0.95%		
For the next \$1,000,000 or portion thereof	0.80%		
For amounts greater than \$3,000,000	0.55%		

\*Average daily assets of Portfolio Advisory Services accounts are determined on the last business day of the quarter. Certain Portfolio Advisory Services account balances may be aggregated with certain other Portfolio Advisory Services account balances in order to arrive at the reduced fee rates applicable to different levels of account balances. In addition, certain individually owned accounts with the same tax reporting number will be automatically aggregated for fee calculation purposes. Fidelity® Strategic Disciplines accounts cannot be aggregated for a reduced fee rate. Contact your Portfolio Advisory Services representative for details of the account aggregation policy, including any other account that may meet the eligibility requirements.

†The client's Gross Advisory Fee is reduced by a Credit Amount, which reflects investment management and certain service fees received by Strategic or its affiliates from funds held in the client's Account.

### Short-Term Position Sleeve

Amounts held in the Short-Term Position sleeve (described below) will be invested in your core Fidelity money market fund until invested in another position within your Account. Amounts held in the Short-Term Position sleeve qualify for the breakpoints described above, but are not assessed an annual gross advisory fee, and are not subject to the Credit Amount calculation.

### Manager Fee for Separately Managed Accounts ("SMA")

Your Account will be charged an SMA Manager Fee for any assets invested in an SMA, including the SMA managed by Strategic or its affiliates. This fee is separate from your advisory fee and covers the operating costs and management of individual securities for only those assets held within the SMA. The SMA Manager Fee is not subject to a fee credit.

Please see the chart below for separate fees that will be charged to assets held in separately managed accounts.

MANAGER FEE FOR ASSETS HELD IN SMAs	
Average Daily Assets	Annual SMA Manager Fee
The Strategic Advisers Large Cap SMA	0.30%

### Mutual Fund and ETF Expenses

Underlying mutual fund and ETF expenses still apply to the funds in your Account. These are the standard expenses that all mutual fund and/or ETF shareholders pay. Details of a mutual fund or ETF's expenses can be found in each mutual fund or ETF's respective prospectuses. These expenses are not separately itemized or billed; rather, the published returns of mutual funds and ETFs are shown net of their expenses.

### Sales Loads and Transaction Fees

You generally will not pay any sales loads or transaction fees on the funds purchased in your Account. A special sales load waiver may enable Strategic Advisers' investment professionals to purchase funds for your Account without incurring additional sales loads or transaction fees on fund sales.

### Redemption Fees

In order to protect the interests of long-term shareholders, certain funds may impose redemption or other administrative fees if shares are not held for a minimum time period. Strategic or its affiliates, at their sole discretion, may choose to pay any such redemption fees on your behalf, but are under no obligation to do so. In addition, you are responsible for any short-term trading fees that result from the sale of your existing investments (if any) to fund your initial investment in the Service (whether inside or outside the account) and any subsequent withdrawals that you initiate.

### Miscellaneous Fees

The advisory fee also does not cover charges resulting from trades with or through broker-dealers other than affiliates of Strategic, or mark-ups or mark-downs by such other broker-dealers, transfer taxes, exchange fees, Securities and Exchange Commission (SEC) fees, odd-lot differentials, handling charges, electronic fund and wire transfer fees, or any other charges imposed by law or otherwise applicable to your Account. The respective charges will be reflected on your monthly statement.

### Billing

You will be required to pay advisory fees in connection with an investment in the Service. The net advisory fee will be deducted from your Account in arrears on a quarterly basis. Certain assets in your Account may be liquidated to pay the fees; this liquidation may generate a taxable gain or loss. Should either party terminate the investment advisory relationship, we will prorate the fees due from the beginning of the last quarter to the termination date.

## **Information about Representative Compensation**

Representatives who sell and service Fidelity® Personalized Portfolios receive compensation as a result of your participation, including compensation for both sales of new accounts and retention of assets in the Service. In many cases, this compensation is greater than what the representative would receive if you participated in other programs or paid separately for investment management, brokerage, and other services.

In addition, Fidelity representatives who sell and service Fidelity® Personalized Portfolios accounts may participate in sales contests and may earn additional rewards based on sales criteria including, but not limited to, the number of solicitations for advisory services they make, gross sales on Service accounts, or retention of assets in the Service and similar programs. Therefore, Fidelity representatives who distribute and service Fidelity® Personalized Portfolios accounts may have a financial incentive to sell or suggest continued participation in the Service over other programs or services.

However, you are required to complete an IPQ to determine whether the Service is appropriate for you, and also to determine the appropriate investment strategy for your Account. For additional information about how Fidelity compensates its representatives in connection with the sale of this Service and other products, please see the representative's compensation disclosure document that is included with your application materials, contact your representative, or visit [Fidelity.com](https://www.fidelity.com).

## **ADDITIONAL INFORMATION ABOUT FEES**

### **Fee Changes**

All fees are subject to change. We will notify you in writing of any changes in advisory fees to be paid by you. You will have the ability to object to any fee changes by writing to Portfolio Advisory Services 30 days from the date of the notification. If we do not hear from you in writing, you will be deemed to have approved of such fee changes upon the end of the 30-day period.

### **Fee Negotiations**

In rare circumstances, we may agree to negotiate the advisory fee for certain accounts. This may result in certain clients paying less than the standard fee. We may waive the advisory fee, in whole or in part, at our sole discretion, in connection with promotional efforts and other programs. In addition, Fidelity® Personalized Portfolios may waive, in whole or in part, the fee for certain current and former employees of Fidelity Investments. In certain circumstances, Strategic may manage certain accounts in a manner substantially similar to Fidelity® Personalized Portfolios accounts under arrangements that may include negotiated terms and conditions that depart from the standard service offering. All rights and obligations are generally governed under an investment management agreement and may include investment guidelines.

### **Nondiscretionary Options**

You may invest directly in funds or securities available through the Service, in another account, without incurring an advisory fee charged by the Service. In this case, however, you would not receive the asset allocation and professional management services offered through the Service, and you may be subject to sales loads, transaction fees, and redemption charges. Participation in Fidelity® Personalized Portfolios may cost more or less than if you were to purchase the services separately. Several factors, including trading activity and investment fees, influence the cost of the Service.

## ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

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Fidelity® Personalized Portfolios is generally available to individual investors and certain institutional and corporate clients, for taxable accounts only, for balances greater than \$200,000. In addition, access to the Strategic Advisers Large Cap SMA is limited, and is only available to Fidelity® Personalized Portfolios customers with greater than \$200,000 to invest in the large cap core portion of their portfolio. The Service is not available to foreign investors and/or persons who are not U.S. residents. Please see the Client Agreement for additional information. Minimums for initial and subsequent investments may be lowered at the sole discretion of Strategic, including those in connection with promotional efforts. Note, certain Portfolio Advisory Services account balances may be aggregated with certain other Portfolio Advisory Services account balances in order to arrive at a reduced fee level. See fee schedule for details or speak with a Fidelity representative. Accounts will be reviewed on a periodic basis to determine continued eligibility to participate in the Service, and Strategic reserves the right to determine eligibility in its sole discretion. Portfolio Advisory Services reserves the right to close your Account if its balance falls below a certain level. Portfolio Advisory Services reserves the right to terminate its services if it believes the Service is no longer appropriate for you. Portfolio Advisory Services reserves the right to terminate, modify, or make exceptions to these policies.

### OPENING AND FUNDING YOUR ACCOUNT

You may fund your Account with cash or other short-term investments ("short-term investments") or by transferring eligible Fidelity or non-Fidelity mutual funds or certain other eligible securities to your Account. Strategic will generally accept the following eligible securities to fund an account. These securities must be held free and clear of any liens, pledges, or other legal or contractual restrictions:

- Most Fidelity mutual funds not subject to back-end loads
- Eligible non-Fidelity mutual funds not subject to back-end loads
- Corporate, Municipal or Agency bonds rated at least A-/A3 or better (S&P or Moody's rated); California and Puerto Rico General Obligation Bonds rated BBB or better (comparable Moody's ratings for such securities accepted) that meet a certain minimum issuance size
- Common stock of companies included in the S&P 500® Index or Russell 1000® Index
- U.S. government bills, notes, and nonconvertible bonds (with the exception of mortgage-backed securities and zero-coupon bonds), and certificates of deposit (CDs) maturing within 12 months with no penalties for early redemption and no automatic rollover features (no single CD in excess of the amount covered by the FDIC)
- ETFs covered by Strategic Advisers' research team
- American depository receipts (ADRs) included in the S&P ADR Index

For additional information about which securities may be eligible to be accepted in kind into your Account, please contact your Fidelity representative.

You may elect to transfer non-eligible securities into your Account. Should you do so, Strategic or its designee will liquidate those securities as soon as reasonably practicable, and you acknowledge that transferring such securities into your Account acts as a direction to Strategic to sell any such securities. You may realize a taxable gain or loss when those shares are sold, which may affect the after-tax performance/return within your Account, and Strategic does not consider the potential tax consequences of these sales when following your deemed direction to sell such securities. Strategic reserves the right not to accept otherwise eligible securities, at its sole discretion. If Strategic rejects any such securities, you authorize FBS and/or National Financial Services LLC ("NFS") member NYSE, SIPC, to move these shares into a brokerage account in your name with FBS.

At times, Strategic may not accept individual securities that are used to fund your Account. These assets may have been eligible at the time of funding, but due to aggregate holding limitations as defined by Fidelity Investment's internal guidelines (as a consolidation of companies) or by regulations (state or



federal) they are no longer eligible. Under these circumstances, you authorize FBS and/or NFS to move these securities into a non-discretionary brokerage account in your name with FBS. Once Fidelity falls below the aggregate holdings limit, you can instruct Strategic to transfer these shares to your Fidelity® Personalized Portfolio Account.

If you fund your Account exclusively with cash, Strategic's general policy is to invest that cash in your core Fidelity money market fund as soon as reasonably practicable, then further invest portions of these assets in the portfolio within 10 business days of full or substantial funding. If both cash and securities are used, the cash will be held in your core money market fund until the eligible asset transfer is complete.

In funding your Account, any funds or securities that Strategic sells will be subject to redemption and other applicable fees, including commissions on sales of securities; however, under certain circumstances, the Service may voluntarily assume the costs of certain commissions. You may realize a taxable gain or loss when these shares are sold. In addition, when Strategic purchases funds on your behalf, you may receive taxable distributions out of fund earnings that have accrued prior to your fund purchases (a situation referred to as buying a dividend). Strategic's Investment Management Team will attempt to manage exposure to these distributions when it deems it appropriate to do so, but some distributions may still occur. Please consult your tax adviser regarding these matters.

When funding your Account, you and/or the financial institution that is transferring your securities must provide us with tax basis information regarding the eligible securities you are using to fund your Account. Strategic will not begin managing your Account until we have received completed and verified tax basis information. The Service will utilize the tax basis information maintained in the Fidelity Tax Accounting System (the TAS System) for eligible securities held in Fidelity accounts unless, at our discretion, we accept alternate information from you. For all other securities, you must complete an Asset Verification Form (an AV Form) stating cost or basis information. For securities received from another financial institution, the Service will use the tax basis information sent by the transferring financial institution unless, at our discretion, we accept alternate information provided by you.

For securities maintained in the TAS System, Strategic will assign an appropriate tax basis method unless you direct otherwise. For all other eligible securities, Strategic will generally use the method specified by you on your AV Form. Consult your tax adviser with regard to any activity that takes place outside your Account, as such activity is not taken into consideration by the Service and may affect which basis method you must use and other calculations required for tax-filing purposes. Your submission of a completed application and AV Form, if applicable, authorizes FBS to move any assets included on the AV Form to your Account so Strategic can commence management of your Account on a discretionary basis. Although Strategic is required to report certain tax basis information to the Internal Revenue Service, Strategic will not otherwise verify (and is not otherwise responsible for) the accuracy of the information maintained in the TAS System or on the AV Form, whether provided by you or an authorized third party.

Once approximately 95% of the assets you are using to fund are transferred into your Account, Strategic will conduct an initial review of your Account within 10 business days. If your Account is funded with securities that will not be part of Strategic's expected portfolio for your Account, Strategic will take into consideration the potential federal income tax consequences of holding or selling these securities as part of its investment management services. By signing the account application, you authorize Strategic to liquidate assets if and when Strategic deems appropriate.

## **WITHDRAWALS**

All trading and monetary transactions in your Accounts must be processed through a Fidelity Representative, who can be reached via Portfolio Advisory Services' toll-free number or through written instructions by you (on the necessary forms if appropriate) and sent to either a Fidelity

mailing address or delivered to a local investor center. Under normal circumstances, requests for partial withdrawals from your Account may take up to 10 business days, depending on the availability of short-term investments, the securities to be sold/transferred, and the investment manager's judgment on implementing the partial withdrawal request. For each partial withdrawal request, the Investment Management Team will review your Account and make every effort to maintain the appropriate asset allocation of your Account based on your individual situation.

For withdrawals and account closures, you may request that:

- A check be sent to you
- Money be wired to your bank account
- Funds be transferred into another Fidelity account

A signature guaranteed letter of instruction is required if the withdrawn amount is going to an address that is not reflected on the account.

The mutual funds Strategic invests in may have policies that restrict excessive trading. As a result, a fund may reject trade orders if it is deemed to represent excessive trading. In general, a fund will reject trades if there has been a client-initiated purchase and a sale within a 30-day period. As a result, in order to comply with a fund's trading policies, Strategic may be required to suspend investment management of your Account. Strategic will cease to manage your Account as soon as reasonably practicable. However, the imposition of any such order may take up to one (1) business day to implement, and any trading activity that has been commenced or is in process within Strategic's trading system shall be completed prior to ceasing management of the account.

Fidelity is held harmless and will not be held responsible for any market loss experienced as a result of a "do-not-trade" order.

## **ACCOUNT CLOSURES**

At any time, you can request to close your Account. All trading and monetary transactions associated with your Account closure must be processed through a Fidelity representative. Under normal circumstances, the Service will use its best efforts to process and execute requests for full account liquidations or full account closeouts via transfer in kind (collectively, "full closeouts") on the next business day for requests that are received and entered by the close of the New York Stock Exchange (NYSE) (generally 4 p.m. Eastern time [ET]), on a day that the NYSE is open for business ("business day"). However, depending on the nature and timing of the request, certain full closeouts may take longer to fully process. Full closeout requests received after the close of the NYSE on a given business day generally will be processed and executed on or after two business days. If the NYSE closes before 4 p.m. ET, the cutoff time for full closeouts will be adjusted earlier in the day to allow sufficient time to process the transactions. If other trading activity is taking place within the portfolio on the day of a full closeout request, it will take an additional day or days to process the closeout.

Mutual funds held in your Account that otherwise may not be eligible to you as a retail investor may be purchased in your Account. If you cease to be a client of Portfolio Advisory Services, Strategic reserves the right to redeem any and all shares of such funds and you may incur a gain or loss as a result. If such funds are transferred to a non-Portfolio Advisory Services account, you will be subject to the terms and conditions specified in that fund's prospectus.

# PORTFOLIO MANAGER SELECTION AND EVALUATION

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## ABOUT THE STRUCTURE OF YOUR ACCOUNT

Once opened, your Account may be composed of several different “sleeves” in which different types of investments may be held. The majority of your assets will be held in the “Central Investment Positions” sleeve of your Account, in which Strategic will invest in mutual funds and ETFs based on your investment strategy. Depending on your circumstances, you may also have investments in “Separately Managed Account” (SMA) sleeve(s), including the Strategic Large Cap SMA sleeve, where the SMA holds individual securities within a given asset class. In addition, you may request that monies be invested in a “Short-Term Position” sleeve, in which you direct Strategic to invest these monies in your core Fidelity money market fund to be used for short-term and liquidity purposes. Please note that Strategic does not provide investment management services over assets that you designate to be held in the Short-Term Position sleeve; however, Strategic does consider assets designated for the Short-Term Position sleeve when proposing an asset allocation for the remainder of your Account, and will manage short-term investment flows into and out of the Short-Term Position sleeve and into other sleeves per your direction. No additional advisory fees are charged by Strategic with respect to assets in the Short-Term Position Sleeve. Please see the “Fees and Compensation” section above for additional information.

## GENERAL INVESTMENT STRATEGIES APPLICABLE TO THE OVERALL MANAGEMENT OF YOUR ACCOUNT

This section contains information on how Strategic applies its investment management service to the Central Investment Position and SMA sleeves (if applicable). Strategic generally uses both fundamental and quantitative investment strategies to manage your Account. The Service offers multiple investment strategies to satisfy a wide variety of investor needs, ranging from the most aggressive portfolios (i.e., portfolios that may be invested entirely in equities) to more conservative portfolios (i.e., portfolios that may include only 20% exposure to equity). Strategic will define an appropriate strategy, or long-term asset allocation, that corresponds to your financial situation, investment time horizon, and risk tolerance. Information about your proposed investment strategy can be found in your Investment Proposal.

In general, for assets not included in an SMA sleeve, Strategic will manage your Account in a portfolio of mutual funds and ETFs managed by Fidelity and/or non-Fidelity advisers. In general, each portfolio’s assets will be allocated to mutual funds and ETFs that invest in four primary asset classes:

1. Domestic stocks (U.S. equity securities)
2. Foreign stocks (non-U.S. equity securities)
3. Bonds (fixed income securities of all types and maturities, including lower-quality debt securities)
4. Short-term assets (short-duration investments)

Strategic may also invest in mutual funds and ETFs that invest in non-traditional asset classes and/or extended asset classes, such as real estate, inflation-protected debt securities, or commodities. At times, investments in these asset classes may make up a substantial portion of your Account. As a result, your exposure to the primary asset classes, particularly bond and short-term investments, may be reduced to gain exposure to these non-traditional and/or extended asset classes. The allocation of your Account will depend on your proposed or selected asset allocation, may change over time, and may deviate from the asset allocation shown as your long-term allocation.

Mutual funds and ETFs used in your Account are selected based on a variety of objective and subjective factors, including, but not limited to, fund performance, expense ratio, quality, history of portfolio management, understanding of style consistency, portfolio asset size, fund availability, current public information on the portfolio and its management, and overall fit within the proposed portfolio.

If applicable, other securities are selected by the manager of any separately managed account sleeve based on the relevant criteria for that sleeve.

In managing your Account, Strategic will electronically obtain information from various sources. Strategic will use both primary sources (e.g., talking directly with fund companies and fund managers) and secondary sources (e.g., analysts' reports from fund companies that will provide data on the investment strategies, risk profiles, and historical returns). Secondary sources also include a variety of publicly available market and economic information and third-party research, as well as proprietary research generated by Strategic's research team. The Investment Team at Strategic will analyze this information to assist in making allocation decisions among asset classes, as well as in making purchase and sale decisions.

When Strategic makes a decision to place a trade in your Account, you will be notified via a transaction confirmation and sent a prospectus for any new fund not previously held, unless you have elected to have Strategic act as your agent for the receipt of any non-Fidelity prospectuses.

Periodically, market conditions or an upturn or downturn in a particular security may cause a "drift" in your investment portfolio away from the target risk level associated with your Account. Strategic may choose to rebalance your portfolio to bring it back in line with your Account's targeted risk level. Strategic may reallocate holdings as a result of changes in attractiveness or appropriateness of specific funds or individual securities, or based on your financial situation. Strategic will also modify the holdings in your Account to accommodate new fund allocations and fund closures.

In managing your Account, Strategic may decide to adjust allocations for a number of reasons, including:

1. The weighting of a particular asset class, sector, or individual security that Strategic believes has too much or too little representation in the account;
2. Changes in the fundamental attractiveness of a particular mutual fund, ETF, or security;
3. Changes in your Investor Profile;
4. Certain changes in your tax situation, or the tax situation of the investments in your Account; or
5. Deposit/withdrawal of cash into the portfolio.

Generally, Strategic reviews and adjusts account holdings, as needed, based on the criteria listed above, with additional consideration given to the potential impact of federal income taxes on the account. Periodically, Strategic will electronically evaluate your Account on a systematic basis with respect to a variety of factors to determine whether your Account may benefit from trading or rebalancing that day. In determining whether your Account requires trading on a given day, Strategic relies on the prior night's closing values of the securities held in your Account. In general, Strategic does not attempt to conduct intra-day account evaluations, and Strategic does not attempt to time intra-day price fluctuations in its decisions to buy or sell securities. Strategic does not anticipate that each account will be traded each day. Rather, Strategic's proprietary account evaluation system monitors each account periodically to identify those accounts that may benefit from rebalancing or tax-loss harvesting, and Strategic Advisers' investment managers then evaluate those accounts to determine if trading is required.

With respect to managing the securities used to fund your Account, Strategic considers the following positions to be concentrated—or makes up a disproportionate allocation of assets—and therefore subject to increased volatility and risk:

- A stock position that equals more than 5% of your Account's total equity allocation
- A sector fund or ETF that is larger than 10% of your Account's investable assets
- A bond position that represents more than 10% of your proposed fixed income allocation
- A diversified fund, or ETF that accounts for more than 25% of your Account's investable assets

Should you fund your Account with any concentrated position in an eligible security, Strategic will generally sell down such positions within the first 90 days after funding your Account in an effort to appropriately diversify your portfolio, and to reduce risk. You may incur taxable gains or losses as a result of any such transactions. You may elect to have Strategic sell any concentrated positions of eligible securities in your Account on a more gradual schedule (the "gradual sell-down option"). If you elect the gradual sell-down option, Strategic will sell your concentrated position(s) of eligible securities in your Account according to the following guidelines:

1. Strategic will sell enough of your concentrated position(s) in approximately the first 90 days after funding to bring your Account into alignment with your long-term asset allocation;
2. Strategic will sell enough of your concentrated position(s) in approximately the first 90 days after funding to diversify at least 30% of the equity exposure of your portfolio; then,
3. If sales made under parts (1) and (2) above have resulted in estimated taxable federal income liability of less than 3% of the total value of your Account, Strategic may sell an additional amount of any concentrated position until an estimated taxable federal income liability triggered by all sales in your Account are estimated to be approximately 3% of the total value of your Account.

Depending on the accumulated unrealized gains in the client's concentrated positions, estimated and actual taxable gains may be different. Thereafter, Strategic will liquidate any remaining concentrated positions opportunistically over a maximum of three successive tax years to defer the realization of taxable gains associated with their concentrated position. Please note that this concentration policy does not apply to non-eligible securities that a client transfers into his or her Account. Please see the subsection entitled "Opening and Funding the Account" above for information about how the Service handles non-eligible securities.

#### **ADDITIONAL INFORMATION ABOUT THE INCREASED INTERNATIONAL OPTION**

As part of the enrollment, you may elect to participate in the Increased International Option. The Increased International Option modifies Strategic's standard investment proposal to increase the exposure to international equity securities in your Account from 30% of your overall equity allocation to 50% of your overall equity allocation.

This increase in international exposure may be accomplished by increasing the percentage of assets invested in the international mutual fund/ETF holdings in the investment strategy, by adding new mutual fund holdings to your portfolio or by allowing Strategic to increase the percentage of assets allocated to international mutual funds/ETFs to enhance diversification. To the extent possible, Strategic will attempt to transition your portfolio to the Increased International Option in a tax-sensitive manner. For new accounts, the ability to manage potential tax consequences from funding the account will depend on the assets used to fund the new account. For an existing account, Strategic will generally sell U.S. equity assets (SMA stocks, mutual funds, ETFs, as applicable) and purchase international mutual funds or ETFs.

If your investment strategy is eligible, you may elect to adopt the Increased International Option at any time. If you later decide to remove the Increased International Option, the international exposure in your portfolio will be reduced to the proposed international allocation, which may result in additional potential tax consequences. There is no additional fee for electing the Increased International Option; however, the fees associated with the underlying mutual funds or ETFs held in your portfolio will differ as a result of selecting this option.

Should you elect the Increased International Option, performance of your Fidelity® Personalized Portfolio will continue to be monitored against the benchmark for the proposed investment strategy. Your performance may differ, at times significantly, from the performance of a portfolio invested in the proposed investment strategy.

International markets, both developed and emerging, often behave differently from U.S. markets; these markets can be more volatile than the U.S. equity market, and are subject to additional risks.

Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets. These risks are particularly significant for funds/ETFs that focus on a single country or region. For information about the risks associated with foreign exposure, please see the “Material Investment Risks” section below. It should be noted that changes in currency exchange rates are a sometimes significant contributor to the reported performance differences in international markets.

## **INFORMATION REGARDING TAX-SENSITIVE INVESTMENT MANAGEMENT**

Strategic will consider the potential federal income tax consequences of holding, buying, and selling securities as part of its investment management services in an effort to enhance your after-tax returns. Over the long run, this extra level of management is intended to contribute to helping you reach your investment goals.

Prior to making trading decisions to buy, hold, or sell mutual funds, ETFs, or other types of securities for your portfolio, Strategic considers the following:

**Purchase of municipal bond and money market funds, based on factors including your tax bracket and estimated tax-equivalent yields.** When appropriate, Strategic may invest in state-specific municipal bond funds and money market funds (as alternatives to comparable taxable funds) to seek to generate income generally exempt from federal (and state, if a resident of the issuer's state) income taxes. When consistent with overall portfolio objectives, Strategic may also invest in non-state-specific (i.e., national) municipal bond and money market funds to seek to generate income generally exempt from federal income taxes.

**Ability to harvest tax losses.** Individual funds and ETFs or stock and bond positions may experience price declines, possibly below your adjusted tax basis, in the security as determined by the tax basis information on record for your Account. In such instances, Strategic may choose to realize losses in your Account for tax purposes, as determined by the tax basis information on record for your Account. You may then be able to use these realized capital losses to offset other capital gains and up to \$3,000 of ordinary income (\$1,500 if married filing separately) when you file your federal income tax return. In cases where a position is sold to realize a loss for tax purposes, the position usually will be replaced with similar investments in order to maintain market exposure. In harvesting tax losses, Strategic does not attempt to harvest every tax loss that occurs in your Account. Instead, Strategic will evaluate your Account for the presence of significant tax losses as part of its overall analysis as to whether a given security should be purchased, held, or sold.

**Opportunity to avoid and/or postpone capital gain realization.** As applicable, Strategic reviews each specific lot of securities in your Account—a block of shares bought at a particular time at a particular price—and weighs the potential federal income tax burden associated with selling that lot against the potential investment merits of the sale, such as performance potential, added diversification, and support of risk-management strategies. Once it decides to sell an eligible security, Strategic will attempt to sell the lot(s) that will generate the lowest overall federal income tax burden (or generate a loss for tax purposes), using the cost basis and holding period information on record.

**Seeking to manage exposure to mutual fund distributions.** After taking other factors into consideration, Strategic seeks to manage exposure to taxable fund distributions. Although Strategic cannot control when or how a fund will make distributions, it considers historical and projected dividend and capital gain distributions when selecting and trading funds for the Account. Nevertheless, it is important to understand that in a given year, due to investment decisions or market conditions, you may receive varying levels of taxable fund distributions within your Account. In general, Strategic will not sell a fund merely to avoid a distribution.



**Information about taxable gains.** Over time, you can anticipate that Strategic will engage in transactions that could potentially trigger taxable gains. For example, Strategic Advisers' trading activity will likely trigger taxable gains in your Account if (1) many or all of the securities in your Account have experienced investment gains since last being traded, or (2) if your portfolio needs to be reallocated to align to a change in your overall investment strategy.

## **MANAGEMENT OF THE STRATEGIC ADVISERS LARGE CAP SMA AND OTHER SEPARATELY MANAGED ACCOUNTS**

If your Account qualifies, a portion of your Account may be invested in the Strategic Advisers Large Cap SMA. The Strategic Advisers Large Cap SMA provides an additional layer of tax-sensitive investment management within your Account. The Strategic Advisers Large Cap SMA will initially consist of a diversified portfolio of approximately 150 securities selected from the universe of 500 securities that comprise the S&P 500® Index. The Strategic Advisers Large Cap SMA is intended to act as a diversified, risk-adjusted portfolio that attempts to closely align with the return (before taxes) and overall risk profile of the S&P 500® Index. Strategic will attempt to trade holdings in the Strategic Advisers Large Cap SMA actively within the universe of securities that comprise the S&P 500® Index in an attempt to enhance after-tax returns through proactive tax-loss harvesting. (Note that this trading may result in a "drift" from the S&P 500 Index and/or wash sales from trading activity in non-managed accounts).

Each of the securities purchased in the Strategic Advisers Large Cap SMA will appear on your monthly account statement. The number of securities used by Strategic within the Strategic Advisers Large Cap SMA will vary over time, and may be materially higher or lower than Strategic's initial estimate of 150. Securities selected for the Strategic Advisers Large Cap SMA are individually tailored based on your existing holdings, unique financial situation, and the tax attributes of the assets in your Account. You can expect that the securities that comprise the Strategic Advisers Large Cap SMA in your Account may vary, perhaps significantly, from the securities purchased for other clients in the Service. Trading in the Strategic Advisers Large Cap SMA will vary depending on market conditions, but as the Strategic Advisers Large Cap SMA is an actively traded strategy, you may experience a significant amount of turnover (resulting in potential tax consequences) in the securities that comprise the Strategic Advisers Large Cap SMA.

In general, your Account is eligible for the SMA if you have a sufficient balance in any given investment strategy to fund a minimum of \$200,000 to the SMA. The SMA minimum is based on your investment strategy and total account balance. Accounts that do not reach this minimum may still open an account with the Service, but will not have access to the Strategic Advisers Large Cap SMA. You may opt out of participation in the Strategic Advisers Large Cap SMA at any time by contacting your dedicated Portfolio Specialist.

If Strategic believes that the Strategic Advisers Large Cap SMA is appropriate for your Account, upon enrollment in the Service, your Account will be invested in the Strategic Advisers Large Cap SMA. Your Account will be subject to a separate SMA Manager Fee, which is charged only on assets held within the Strategic Advisers Large Cap SMA. Please note that Strategic will accept Russell 1000 stocks into the Strategic Advisers Large Cap SMA that you may have previously purchased or held outside of the Strategic Advisers Large Cap SMA. These stocks have risk/return characteristics that are very similar to the S&P 500 stocks, which allows Strategic to buy a portfolio of S&P 500 stocks around them, prevent unnecessary sells or tax consequences on the existing positions, and still be able to closely mimic the overall risk/return characteristics of the S&P 500® Index. If your Account balance falls below the minimum for enrollment in the Strategic Advisers Large Cap SMA, your Fidelity representative may contact you about the options for your Account. Strategic reserves the right to unenroll any account from the Strategic Advisers Large Cap SMA at any time, including if your Account falls below the product minimum noted above. In such a case, any individual securities that were held in your Strategic Advisers Large Cap SMA will be transferred into the

Central Investment Positions Sleeve of your Account, and will be managed by Strategic accordingly (i.e., the positions may be reallocated over time into mutual funds and ETFs). If you are unenrolled in the SMA, the SMA Manager Fee will cease to be assessed on your Account and your Account will be transitioned over time to a portfolio of mutual funds and ETFs. As a result of this transition, you may incur taxable gains in your Account. When determining the appropriateness of implementing an SMA, the Investment Manager considers the trade-offs inherent in managing your Account toward the optimal risk and return while monitoring the tax consequences. This may mean that the implementation of the SMA may not happen on the first set of trades, and indeed may happen in small amounts over the course of weeks, months, or even years from the start date.

In the future, Strategic may offer additional SMAs for other portions of client accounts. These SMAs may be managed by Strategic or by unaffiliated third-party registered investment advisers retained by Strategic to provide services for client accounts. If such additional SMAs become available, Strategic will consider whether these separately managed accounts are appropriate for your portfolio and may offer these additional SMAs to you for inclusion in your Account.

### **ADDITIONAL INFORMATION ABOUT STRATEGIC'S INVESTMENT PRACTICES AND MANAGER SELECTION PROCESS**

When investing in Fidelity and non-Fidelity funds, Strategic may from time to time consult with the fund's investment manager to understand the manager's guidelines concerning general limitations, if any, on the aggregate percentage of fund shares that can be held under management by Strategic on behalf of all its clients. Funds are not required to accept investments and may limit how much Strategic can purchase. Additionally, Strategic may establish internal limits on how much it may invest in any one fund across the programs it manages. Regulatory restrictions also may limit the amount that one fund can invest in another, which means that Strategic may be limited in the amount it can invest in any particular fund. Strategic will work closely with fund management to minimize the impact of the Portfolio Advisory Services reallocation activity on acquired funds. In certain situations, liquidating positions in underlying funds may be accomplished over an extended period of time as a result of operational or legal considerations.

With respect to Fidelity funds used by the Service, the investment managers at Strategic who manage the Service do not have access to the proprietary or material non-public information of FMR Co., the investment adviser to the Fidelity funds.

As noted above, Strategic acts as the manager for your entire account, and Strategic Advisers' team of investment managers is responsible for the ongoing management of your Account. However, in the future, Strategic may elect to retain unaffiliated portfolio managers to manage sleeves of your Account. Strategic Advisers employs a variety of criteria for selecting investments for your Account, including investments in Fidelity mutual funds and in any separately managed account sleeve. The Service includes a Fee Credit mechanism to eliminate financial conflicts of interest associated with revenue received from underlying mutual fund investments. Please see "Fees and Compensation" above for additional information about the Fee Credit.

In connection with the performance of your Account including the Strategic Advisers LargeCap SMA, Strategic will provide you with information about the performance of your Account, on both a pretax and after-tax basis. In addition, Strategic will provide performance information comparing your Account to appropriate pretax and after-tax benchmarks for your investment strategy. Pretax account and benchmark performance is calculated based on industry standards. After-tax performance and after-tax benchmark performance is based on the pretax performance and an evaluation of the potential tax consequences of trading activity, dividends, income, and fund distributions in your Account. This after-tax performance information is based on information provided by you about your tax situation, the tax basis information related to the securities in your Account, and certain assumptions about the potential tax consequences of trading activity in your Account. For detailed information about the calculations and assumptions used in calculating



after-tax performance for your Account, please see the description included in your quarterly performance report, or contact your Account Executive or Portfolio Specialist for additional information. Performance information is not reviewed or approved by any third party, and is provided as a service to estimate the impact of Strategic's tax-sensitive investment management on the assets in your Account. Strategic will also provide you with information about the performance of the individual mutual funds and ETFs purchased into your Account, in accordance with regulatory standards for mutual fund performance information.

## **MATERIAL INVESTMENT RISKS**

As discussed above, the Service offers multiple asset allocations to satisfy a wide variety of investor needs, ranging from the most aggressive portfolios (i.e., portfolios that are assigned entirely to equity) to the most conservative portfolios (i.e., portfolios that include only 20% exposure to equity). In general, all the portfolios managed by Strategic in the service are subject to the list of investment risks discussed below. However, investment strategies that have higher concentrations of equity have greater exposure to the risks associated with equity investments, such as stock market volatility and foreign exposure. On the other hand, investment strategies that have higher exposure to fixed income will have greater exposure to the risks associated with those products, such as credit risk.

**Risk of Loss.** All investment strategies employed by Strategic in the Service involve risk of loss (even the Conservative investment strategy will fluctuate in value over time and you may lose money). You should be prepared to bear such losses in connection with investments in the Service. Investments in your Account are not a deposit of a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. You may lose money by investing in mutual funds, ETFs, SMAs, and individual securities.

In addition, the mutual funds, ETFs, SMAs, and individual securities in your Account may be subject to the following risks:

**Investing in Mutual Funds, ETFs, and SMAs:** Your Account bears all the risks of the investment strategies employed by the mutual funds, ETFs, and SMAs (if any) held in your Account, including the risk that they will not meet their investment objectives. Different funds and SMAs have different risks. For the specific risks associated with a mutual fund or ETF, please see its prospectus.

**Stock Investments.** Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time.

**Foreign Exposure.** Foreign securities are subject to interest-rate, currency-exchange-rate, economic, regulatory, and political risks, all of which may be greater in emerging markets. These risks are particularly significant for funds/ETFs that focus on a single country or region. Foreign markets may be more volatile than U.S. markets and can perform differently than the U.S. market. To the extent you have chosen the Increased International Option, your Account will be more heavily exposed to the risks associated with foreign securities and foreign markets.

**Bond Investments.** In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility if interest rates change. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures may be less liquid than other investments, and therefore may be more difficult to trade

effectively. Municipal bond funds carry additional risks, which are discussed under “Risks and Limitations Associated with Tax-Sensitive Investment Management Techniques.”

**Credit Risk.** Changes in the financial condition of an issuer or counterparty, and changes in specific economic or political conditions that affect a particular type of security or issuer, can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. Lower-quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.

**Inflation-Protected Debt Securities.** The interest payments of inflation-protected debt securities are variable and usually rise with inflation and fall with deflation.

**Derivatives.** Certain funds and ETFs used by Strategic Advisers may contain derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as stock, bond, or currency), a physical asset (such as gold, oil, or wheat), or a market index (such as the S&P 500 Index). Investments in derivatives may subject these funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for decades. These types of derivatives are standardized contracts that can easily be bought and/or sold, and whose market values are determined and published daily. Non-standardized derivatives (such as swap agreements), on the other hand, tend to be more specialized or complex, and may be more difficult to value. Derivatives may involve leverage because they can provide investment exposure in an amount exceeding the initial investment. As a result, the use of derivatives may cause these funds to be more volatile, because leverage tends to exaggerate the effect of any increase or decrease in the value of a fund's portfolio securities.

**ETFs.** An ETF is a security that trades on an exchange and may seek to track an index, commodity or a basket of assets like an index fund. ETFs may trade at a premium or discount to their net asset value (NAV) and may also be affected by the market fluctuations of their underlying investments. They may also have unique risks depending on their structure and underlying investments. The term “ETF” is commonly used in reference to various types of exchange traded products.

**Quantitative Investing.** Funds or securities selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, changes to the factors' behavior over time, and market volatility.

**Real Estate.** Real estate is a cyclical industry that is sensitive to interest rates, economic conditions (both nationally and locally), property tax rates, and other factors. Changes in real estate values or economic downturns can have a significant negative effect on issuers in the real estate industry.

**Alternative Investments.** Alternatives are classified as assets whose investment characteristics and/or performance differ substantially from the major asset classes and therefore offer opportunities for additional diversification. They are generally newer and may be illiquid. Examples include private equity and hedge funds. Strategic does not invest in hedge funds or similar instruments directly in Portfolio Advisory Services accounts.

#### **Risks and Limitations Associated with Tax-Sensitive Investment Management Techniques.**

The Investment Team will generally attempt to defer realization of short-term capital gains in favor of long-term gains. Strategic applies tax-sensitive investment management techniques on a limited basis, at its discretion. Strategic does not actively manage for alternative minimum taxes; state or local taxes; foreign taxes on non-U.S. investments; or estate, gift, or generation-skipping transfer taxes. Strategic relies on information provided by clients in an effort to provide tax-sensitive investment management and does not offer tax advice. Strategic cannot guarantee the effectiveness of its tax-sensitive investment management techniques in serving to reduce or minimize a client's overall tax liability or the tax results of a given transaction.

The municipal market can be affected by adverse tax, legislative, or political changes, and the financial condition of the issuers of municipal securities. Municipal funds normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If a fund investor is resident in the state of issuance of the bonds held by the fund, interest dividends may also be exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) may be subject to state, local, or federal alternative minimum tax. Certain funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the funds may sometimes generate income subject to these taxes. For federal tax purposes, a fund's distributions of gains attributable to a fund's sale of municipal or other bonds are generally taxable as either ordinary income or long-term capital gains. Redemptions, including exchanges, may result in a capital gain or loss for federal and/or state income tax purposes.

**Risks Associated with the Strategic Advisers Large Cap SMA.** The Strategic Advisers Large Cap SMA relies on a quantitative model that is designed to replicate the overall risk and return characteristics of the S&P 500® Index. To the extent that the quantitative model fails to adequately match the risk and return profile of the index, your Account may perform differently, it may underperform, or it may outperform, the S&P 500® Index on a pretax basis. In addition, to the extent that the components of the index perform in a highly correlated fashion, the strategy may be less effective at harvesting the tax losses upon which the strategy relies.

## **OTHER INFORMATION ABOUT THE MANAGEMENT OF YOUR ACCOUNT**

You are entitled to impose reasonable restrictions on Strategic Advisers' management of your Account. Any management restriction you may wish to impose is subject to the review and approval of Strategic. Such a restriction may include prohibitions with respect to the purchase of a particular fund or sub-asset class, provided such restriction is not inconsistent with the Investment Management Team's stated investment strategy or philosophy, or is not fundamentally inconsistent with the nature or operation of the Service. If a restriction is accepted, assets will be invested in a manner that is appropriate given your restriction. Accounts with imposed management restrictions may experience different performance from accounts without restriction, possibly producing lower overall results. Account restrictions should be requested through your Account Executive or Portfolio Specialist.

In the event that Strategic or its affiliates make an error that has a financial impact on your Account, Strategic or its affiliates will generally return your Account to the position it would have held had no error occurred. Strategic will evaluate each situation independently. This corrective action may result in financial or other restitution to your Account, or inadvertent gains being reversed out of your Account. Any corrective action may result in a corresponding loss or gain to Strategic or its affiliates. Other measures to correct an error may be facilitated through a fee credit or a deposit to your account, which may result in a taxable gain. In general, errors resulting from the mistakes of third parties are generally not compensable by Strategic to a client.

Fidelity® Personalized Portfolios is a "wrap fee" program, which means that you will pay a single advisory fee for certain base services provided by Strategic and Fidelity Brokerage Services LLS ("FBS") for your Account, including investment management, brokerage, custody, and other services; however, it excludes fees specific to certain additional services you may choose, such as separately managed accounts and trust administration. Strategic retains a portion of the wrap fee for its services as sponsor and investment manager of the program, and shares revenue with its affiliates, FBS, and NFS, for the services they provide to your Account. For more information on the fees associated with your Account, and the fees and charges covered by your advisory fee, please see the section on "Fees and Compensation" above.

Fidelity® Personalized Portfolios does not charge performance-based advisory fees for its services.

Strategic Advisers' investment management services generally include discretionary authority to determine which securities to purchase or sell, the total amount of such purchases and sales, and the brokers or dealers through which transactions are effected. As part of your Account application, you will be required to execute a power of attorney that grants Strategic Advisers discretionary trading authority over your Account, which may include the ability to hire/fire a third-party money manager. However, Strategic Advisers' discretionary authority is subject to certain limits, including the applicable investment objectives, policies, and restrictions. These limitations may be based on a variety of factors such as regulatory constraints, as well as those imposed by you and agreed on by Strategic in accordance with applicable laws.

## **PROXY VOTING POLICY AND PROCEDURES**

Strategic does not generally acquire authority for or exercise proxy voting on your behalf in connection with Portfolio Advisory Services Accounts. Unless you direct us otherwise pursuant to the paragraph below, you will receive proxy materials directly from the funds, their service providers, or NFS. Strategic will not advise you on the voting of proxies. You must exercise any proxy voting directly.

Notwithstanding the foregoing, you may request that Strategic act as your agent for receipt of certain legally required communications, including prospectuses, annual and semiannual reports, and proxy materials, for mutual funds and other securities that are not managed by Strategic, Fidelity Management & Research Company, or an affiliate thereof. You may also direct Strategic to act as your agent to vote proxies on your behalf for the funds and other securities held in your Account. For Fidelity funds, you may instruct Strategic to vote proxies of a Fidelity fund in the same proportion as the vote of all other holders of such Fidelity fund. For non-Fidelity funds and other securities, you may instruct Strategic to vote proxies pursuant to the directions provided by Institutional Shareholder Services, Inc. ("ISS"), an MSCI brand and an unaffiliated third-party proxy advisory services provider. In connection with this election, you acknowledge that Strategic is acting solely at your direction, and does not exercise discretion with respect to the voting of any proxy. For more information about ISS's proxy voting policies, please see the ISS proxy voting guidelines summary included in your application materials, or contact your representative. You may request a copy of Strategic's proxy voting guidelines by contacting your Fidelity representative.

## **ASSETS UNDER MANAGEMENT**

Strategic's total assets under management as of December 31, 2011, were \$261,720,600,000 on a discretionary basis, and \$85,000,000 on a non-discretionary basis. Assets under management in Fidelity® Personalized Portfolios on a discretionary basis as of December 31, 2011, were \$3,435,400,000.

## **CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

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Strategic Advisers' investment managers have access to all your relevant Account information, including information about the tax characteristics of the securities in your Account, on a real-time ongoing basis. However, our investment management is based on the completeness and accuracy of the information you have provided to Strategic, including, but not limited to, information about goals, your financial situation, time horizon, and risk tolerance. In particular, Strategic Advisers' tax-sensitive investment methodology relies on having accurate information about your overall tax situation as well as the tax basis of the securities in your Account. If you have any changes to your personal, financial, or tax situation, you should contact your Account Executive or Portfolio Specialist to ensure that Strategic is managing your Account based on the most accurate information available.

## CLIENT CONTACT WITH PORTFOLIO MANAGERS

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It's important that you contact your Account Executive or Portfolio Specialist regarding questions associated with your Account, or to provide an update about your personal situation that may impact how we manage your Account or any of the other information associated with your Account. Your Account Executive or Portfolio Specialist will act as liaison between you and Strategic's Investment Management Team, and they will be responsible for communicating any changes to your personal or financial situation to Strategic's Investment Management Team to ensure appropriate management of your Account. Strategic's Investment Management Team is responsible for all the investment advice provided for your Account. Strategic's investment managers will also provide you with information about the management of your Account from time to time, but, absent special circumstances, Strategic's investment managers generally do not meet with clients or answer client questions directly.

## ADDITIONAL INFORMATION

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### REVIEW OF ACCOUNTS

After reviewing the information provided in your IPQ, Strategic will propose an investment strategy for you and a corresponding portfolio, which may be composed of stocks, bonds, mutual funds, ETFs, and SMAs, when appropriate. Your investment strategy seeks to yield adequate long-term risk-adjusted returns and manage volatility within the boundaries associated with your stated financial goals and risk tolerance. Your investment strategy will remain unchanged through various market conditions, unless there has been a change to the responses in your IPQ or other material changes to your situation resulting in a revised investment strategy as designed by your responses in your IPQ. All Fidelity® Personalized Portfolios accounts are serviced by an Account Executive and a dedicated Portfolio Specialist.

### ANNUAL STRATEGIC REVIEW

The Annual Strategic Review is an important part of the management process that helps ensure your investment strategy remains appropriate for your Account. As a result, at least once a year, Portfolio Advisory Services will request information on your ongoing investment objectives, risk tolerance, change in tax situation, planned investment time horizon, financial goals, and whether or not you wish to impose any reasonable restrictions on the management of your Account. During your Annual Review, if we discuss a change to any of your IPQ responses, this may result in a change to a new investment strategy that could be either more aggressive or more conservative than your current strategy. In general, if we fail to hear from you during the Annual Review process, Strategic will update your age and the balances of any Fidelity-recordkept accounts that were part of your IPQ at your last review, but will otherwise assume that your IPQ responses have not changed. In some cases, the change in your age alone may be sufficient for Strategic to assign a new investment strategy. Failure to respond during the Annual Review process for more than two years may result in termination of your advisory service.

We may from time to time modify the IPQ, as well as modify the scoring methodology that generated your current investment strategy based on your responses to the IPQ. Such modifications may require you to provide new information to Strategic that may result in a new investment strategy being proposed. In these cases, if you fail to respond, Strategic will assume that none of your IPQ information has changed other than your age and the balance of any Fidelity-recordkept accounts that were part of your IPQ at your last review.

In addition, we may periodically refine or enhance our investment methodology, and these changes may be sufficient to change your investment strategy. Strategic does not monitor activity in your Account to update information in your IPQ. Any changes in your IPQ must be initiated by you.

Please note that, if your Account is associated with the Fidelity Private Wealth Management<sup>SM</sup>, then your IPQ will be updated at least annually in conjunction with that service.

After completing your review, if Strategic believes that a change is necessary, it will adjust the holdings in your Account and send a prospectus for any new fund not previously held, unless you have elected to have Strategic act as your agent for the receipt of non-Fidelity fund prospectuses. Any change in your personal circumstances or long-term goals at any time might also warrant a change in your investment strategy. If you have multiple advisory relationships with Strategic, you will need to update your personal, financial, and other important information independently for each respective service.

### **Tax Information**

Beginning with your Form 1099-B for 2011, Fidelity will be required to report certain taxable gain/loss, and holding-period information on “covered securities” to the Internal Revenue Service (IRS) on Form 1099-B (which you will receive as part of your year-end consolidated tax reporting statement). In addition, the Service provides estimated tax basis, corresponding realized and unrealized gain and loss, and holding-period information to you as a courtesy. Regardless of whether the information is reported to the IRS or only to you as a courtesy, information reported by Fidelity may not reflect all adjustments required for your tax-reporting purposes. For example, transactions occurring in other accounts may require you to make adjustments not captured by your 1099-B or the Service.

### **Account Notifications**

At least quarterly, you will receive a reminder to notify Portfolio Advisory Services of any change in your financial situation or investment needs. At any time that your personal or financial situation changes, you should contact your dedicated Portfolio Specialist or Account Executive to initiate a review of your IPQ. Changes to IPQ information may not currently be processed through Fidelity.com and may only be made by contacting a Client Management Representative or your Portfolio Specialist. Your dedicated Portfolio Specialist or Account Executive serves as an ongoing liaison between you and the Investment Management Team, is available to discuss changes in your asset allocations, and is responsible for conducting reviews at least annually.

You will receive prompt confirmations from NFS for any transactions in your Account. Alternatively, you may elect to have trade confirmations sent to your attention on an aggregated monthly basis as part of your monthly statement. At any point, you can review prompt confirmations through Fidelity.com even if you elect to have trade confirmations sent to your attention on an aggregated monthly basis as a part of your monthly statement. You will not pay a different fee based on your decision to receive consolidated reporting on your monthly statement instead of individual trade confirmations. Electing to receive consolidated trade information is not a condition to participate in the Service, and you may rescind your decision to receive consolidated trade information at any time.

In addition, you will receive monthly statements from NFS that will detail all holdings and transaction information, including trades, additions, withdrawals, shifts in investment allocations, advisory fees, and estimated gain/loss and tax basis information. You will also receive quarterly reviews that detail your Account's performance and summarize the market activity during the quarter. Strategic may also make available account performance information on a dedicated, password-protected Web site. Industry standards are applied when calculating performance information.

### **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

Strategic has adopted a Code of Ethics for Personal Trading (the Code of Ethics). The Code of Ethics contains provisions requiring:

- (i) Standards of general business conduct reflecting the advisers' fiduciary obligations
- (ii) Compliance with applicable federal securities laws
- (iii) Employee covered account to be held at FBS unless an exception has been approved



- (iv) Reporting and review of personal securities transactions and holdings for persons with access to certain nonpublic information
- (v) Prohibition or preapproval of certain investments, including limited offerings and initial public offerings (IPOs)
- (vi) Reporting of Code of Ethics violations
- (vii) Distribution of the Code of Ethics to all supervised persons, documented through acknowledgements of receipt

Core features of the Code of Ethics generally apply to all Fidelity employees. The Code of Ethics also imposes additional restrictions and reporting obligations on certain advisory personnel, research analysts, and portfolio managers. The Code of Ethics will generally be supplemented by other relevant Fidelity policies, including the Policy on Inside Information, Rules for Broker-Dealer Employees, and other written policies, and procedures adopted by Fidelity and Strategic. A copy of the Code of Ethics will be provided upon request.

Strategic, its advisory affiliates, or a related person may buy or sell for itself securities that it also proposes to clients. The potential conflicts of interest involved in such transactions are governed by the Code of Ethics, which establishes sanctions if its requirements are violated and requires that Strategic, its advisory affiliates, or a related person place the interests of Strategic's clients above their own.

The servicing and distribution fees that FBS or NFS receives from a fund and/or its affiliate are in addition to the advisory fees that you pay Strategic. With respect to certain of these funds, FBS or NFS generally receives 0.40% annually of the average daily net assets of non-Fidelity funds in your Account; however, any such amounts received by FBS or NFS will be offset against your gross advisory fee by a corresponding credit amount equal to the amount of revenue received. The servicing and distribution fees that FBS receives are taken into consideration when determining your gross advisory fee for your Account. Each Fidelity fund pays investment management fees and other fees to FMR, Strategic, or their affiliates. In addition, affiliates of Strategic are compensated for providing distribution, transfer agency, shareholder servicing, and custodial and other services to certain Fidelity and non-Fidelity funds. There is no predetermined allocation of Fidelity or non-Fidelity funds (except that money market funds will always be Fidelity funds), and clients authorize Strategic to exclude either category. The compensation received by Strategic and its affiliates from investments in Fidelity mutual funds will generally exceed, prior to the application of the Fee Credit, the compensation from investments in non-Fidelity funds. See the section entitled "Fees and Compensation" above for additional information.

Strategic seeks to address this potential conflict through the application of the Fee Credit noted above, and through the application of fund selection criteria and personnel compensation arrangements that do not differentiate between Fidelity and non-Fidelity funds. Strategic investment professionals are compensated partially based on account performance, and are not compensated based on the amount of Fidelity or non-Fidelity funds used in the Service. Depending on market conditions and other events, certain factors in the fund selection process at times may result in a significant portion of the portfolio being invested in Fidelity funds. You may be assessed an additional SMA Manager Fee if your Account is invested in any separately managed account in the program, including the Strategic Advisers Large Cap SMA. However, unlike the mutual funds and ETFs held in your Central Investment Position sleeve, there will be no underlying fund-level expenses attributable to the individual securities held in a separately managed account. Any amounts invested in a separately managed account will not be subject to a Fee Credit amount, as described above. As a result, if Strategic is the manager responsible for the day-to-day management of a client's separately managed account sleeve, such as the Strategic Advisers Large Cap SMA, Strategic and its affiliates will earn more overall revenue from portions of your Account invested in that separately managed account than if those assets were invested in mutual funds due to the effect of the Fee Credit mechanism.

## **BROKERAGE PRACTICES**

With respect to Fidelity® Personalized Portfolios, Strategic has discretionary authority to purchase and sell various eligible individual securities and exchange-traded funds, if applicable. For the Service, all commissions are waived for individual security transactions executed through affiliates of Strategic (see “Fees and Compensation” above). However, the fees do not cover mark-ups or mark-downs by such other broker-dealers, transfer taxes, exchange fees, Securities and Exchange Commission (SEC) fees, odd-lot differentials, handling charges, electronic fund and wire transfer fees, and any other charges imposed by law or otherwise agreed to with regard to your Account. One non-Fidelity related charge applies to sales of securities made for accounts—an industry-wide charge mandated by the SEC and totaling a few cents per transaction. The respective charges will be reflected on transaction confirmations.

### **Trading through Affiliates**

Strategic and its delegates are authorized to place portfolio transactions with affiliated registered broker-dealers or transfer agents. In general, Strategic or its delegate will place trades with Fidelity Capital Markets (“FCM”), a division of NFS, with respect to the execution of trades for individual securities in your Account. Strategic will arrange for the execution of transactions through those brokers or dealers if Strategic reasonably believes that the quality of the execution of the transaction is comparable to what could be obtained through other qualified brokers or dealers. In determining the ability of a broker or dealer to obtain best execution, Strategic will consider a number of factors, including the broker or dealer’s execution capabilities, reputation, and access to the markets for the securities being traded.

Strategic may allocate a significant percentage on all client orders to FCM subject to Strategic Advisers’ obligation to obtain best execution. Strategic reasonably believes that the quality of the execution of transactions is comparable to or more favorable than what could be obtained through other qualified broker-dealer firms. To that effect and in order to continuously assure the quality of the execution, Strategic receives Institutional Equity Quality reporting from FCM, monitoring the quality of the execution of transactions allocated to FCM.

You will not be charged commissions on transactions executed through FCM. NFS transmits orders for execution to various exchanges or market centers based on a number of factors. These include the following: size of order, trading characteristics of the security, favorable execution prices (including the opportunity for price improvement), access to reliable market data, availability of efficient automated transaction processing, and reduced execution costs through price concessions from the market centers. Certain market centers may execute orders at prices superior to the publicly quoted market prices in accordance with their rules or practices. Strategic believes that NFS order-routing policies, taking into consideration all the factors listed above, are designed to result in favorable transaction processing. NFS receives remuneration, compensation, or other consideration for directing orders for equity securities to particular broker-dealers or market centers for execution. Such consideration, if any, may take the form of financial credits, monetary payments, or reciprocal business. An explanation of order-routing practices will be provided on an annual basis. Strategic may allocate up to 100% of client orders to FCM, subject to its obligation to seek best execution.

Strategic and its affiliates may execute trading through an affiliated broker-dealer where the affiliated broker-dealer crosses the Strategic’s client’s trades with affiliated broker-dealer clients (agency cross transactions). Such transactions will be executed in accordance with Section 206(3) under the Advisers Act, requiring written consent, confirmations of transactions, annual reporting, and procedures. In general, to comply with applicable law, Strategic will not conduct any brokerage transactions on a principal basis with any affiliate or affiliated broker-dealer.

With respect to Fidelity funds, Strategic and its affiliates may allocate brokerage transactions to brokers who are not affiliates of Strategic and who have entered into arrangements with Strategic or its affiliates under which the broker, using predetermined methodology, rebates a portion of the



compensation paid by the fund to offset that fund's expenses, which may be paid to Strategic or its affiliates. Not all brokers with whom Strategic trades have agreed to participate in brokerage commission recapture. Strategic expects that brokers from whom Strategic or its affiliates purchases research products and services with hard dollars are unlikely to participate in commission recapture.

In connection with trading of individual securities for the Strategic Advisers SMA, Strategic may aggregate purchases and sale of securities in an effort to provide better execution. Generally, Strategic reviews and adjusts account holdings, as needed, based on the investment strategy for your Account. With respect to trade allocation, Strategic's policy is to treat each of its client accounts in a fair and equitable manner when allocating orders for the purchase and sale of securities, including mutual fund shares. Strategic has adopted a trade allocation policy designed to achieve fairness and not to purposefully disadvantage comparable client accounts over time when allocating purchases and sales. All allocations among client accounts and/or funds of funds managed by Strategic will be made in a manner consistent with Strategic's fiduciary duties, taking into account all relevant factors.

Strategic does not solicit or accept any "soft dollar" benefits in connection with its management of Fidelity® Personalized Portfolios.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Fidelity Management & Research Co. ("FMR Co."), and its affiliates and subsidiaries are compensated for providing services to one or more of the funds in which Strategic's clients may invest. These would include FMR Co. and subsidiaries as the investment adviser for the Fidelity funds; Fidelity Distributors Corporation as the underwriter of the Fidelity funds; Fidelity Service Company, Inc., as the transfer agent for certain of the Fidelity funds; Fidelity Investments Institutional Operations Company, Inc., as transfer agent for most of the Fidelity funds, servicing agent for non-Fidelity funds, and as recordkeeper of certain workplace savings plans; and Fidelity Management Trust Company (FMTC) as the custodian for certain assets. FMTC may also be compensated for providing investment management services to one or more of the bank's investment products proposed by Strategic. In addition, one or more broker-dealer affiliates of the Fidelity funds may execute portfolio transactions for the funds. FMR Co. may obtain brokerage or research services, consistent with Section 28(e) of the Exchange Act, from broker-dealers in connection with the execution of the Fidelity mutual funds' portfolio security transactions.

As noted above, Strategic is authorized to place portfolio transactions with affiliated registered broker-dealers or transfer agents. For additional information on these practices, please see the section entitled "Brokerage Practices."

For Fidelity's Portfolio Advisory Services, the group of mutual funds eligible for consideration in proposed portfolios is currently limited to funds available through Fidelity's mutual fund supermarket, FundsNetwork.® FundsNetwork is a registered service mark of FMR LLC and a service of Fidelity Brokerage Services LLC, Member NYSE, SIPC. Mutual funds participating in Fidelity's mutual fund supermarket that Strategic may purchase for its clients pay remuneration to affiliates of Strategic for providing shareholder services; however, any such revenue received by affiliates of Strategic is subject to the Fee Credit mechanism described above in the Section entitled "Fees and Compensation."

In connection with clients' investments, certain personnel of Strategic may receive other economic incentives in addition to their normal compensation. In addition, our affiliates are compensated for providing distribution, transfer agency, servicing, and custodial services to certain Fidelity and non-Fidelity investments (certain of these fees are also used to calculate the Credit Amount, where applicable). The compensation that Strategic and our affiliates receive as a result of a client's or participant's investment in Fidelity-managed investments may exceed the compensation received from a client's or participant's investments in non-Fidelity investment options: although the Credit Amount calculation may reduce this disparity, the Credit Amount does not eliminate this differential. The mutual fund fees and expenses for the various services that Strategic or our affiliates provide to

the funds are disclosed in each Fidelity fund prospectus. These fees and expenses are paid by the Fidelity funds and are ultimately borne by the funds' shareholders.

Client referrals are provided by affiliated entities, including Fidelity Brokerage Services LLC, or other affiliates, pursuant to referring agreements where applicable. Payments may be made to affiliates for services that facilitate delivery of Strategic's services. Fidelity Investments Institutional Services Company LLC and certain of its operating divisions may receive compensation for services that facilitate delivery of the service to a plan sponsor client. Strategic may also provide advice to clients regarding the selection of advisers and certain financial matters, which may result in a referral by Strategic to Fidelity Personal Trust Company, FSB, or other affiliates.

Strategic receives referrals through its affiliate FBS, pursuant to a referring agreement, for which compensation is provided to FBS. In connection with your investment in the Service, certain FBS employees serve as investment adviser representatives of Strategic (Fidelity Representatives). As noted above in "Fees and Compensation," Fidelity Representatives receive economic incentives in addition to their normal compensation for distributing and servicing Fidelity® Personalized Portfolios Accounts. Payments may be made to affiliates for services that facilitate delivery of Strategic's services. Strategic may also provide advice to clients regarding the selection of advisers and certain financial matters, which may result in a referral by Strategic to Fidelity Personal Trust Company, FSB, or other affiliates. Additionally, FBS may refer clients to other independent investment advisers in connection with a referral program. Additional details are available upon request.

## **CUSTODY**

In order to participate in the Service, you must establish a brokerage account with FBS, a registered broker-dealer and an affiliate of Strategic. National Financial Services LLC (NFS), an affiliate of Strategic and a member of NYSE and SIPC, has custody of client assets and will perform certain account services, including the implementation of discretionary management instructions, as well as custodial and related services. Employees and registered representatives of Strategic and FBS share premises and have common supervision. You should carefully review all statements and other communications received from FBS and NFS.

## **DISCIPLINARY INFORMATION AND OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Strategic is a wholly owned subsidiary of FMR LLC. FMR LLC is a Delaware limited liability company that, together with its affiliates and subsidiaries, is generally known to the public as Fidelity Investments. Various direct or indirect subsidiaries of FMR LLC are engaged in investment advisory, brokerage, banking, or insurance businesses. From time to time, Strategic and its clients may have material business relationships with any of the subsidiaries and affiliates of FMR LLC. In addition, the principal officers of Strategic may serve as officers and/or employees of affiliated companies that are engaged in various aspects of the financial services industry.

Strategic has no material disclosable legal or disciplinary events associated with its management persons for its advisory services.

Neither we nor any of our management persons are registered, or have an application pending to register, as a broker-dealer or as a registered representative of a broker-dealer, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or as an associated person of the foregoing entities.

Strategic is generally engaged in three areas of business:

1. Providing discretionary investment advisory services to individuals, trusts, retirement plans, 529 plans, investment companies, and charitable and other business organizations.

2. Providing nondiscretionary advisory products and services to individuals and financial intermediaries, and developing and maintaining asset allocation and portfolio modeling methodologies for use by our affiliates.
3. Offering educational materials concerning investment and personal finance.

Strategic's affiliates provide investment advisory and other services to the Fidelity mutual funds and Fidelity ETFs. When Strategic invests your assets in Fidelity mutual funds or ETFs, those affiliates may receive investment management and other fees from the funds based on the amount of your invested assets.

While Strategic receives no economic benefit from our affiliated or unaffiliated entities in connection with our investment decisions, including fund selections made for your Account, FMR and various affiliates of FMR are compensated for providing services to the funds such as:

- *Fidelity Management & Research Company (FMR)* as the investment adviser for the Fidelity funds;
- *Fidelity Distributors Corporation (FDC)* as the underwriter of the Fidelity funds; and
- *Fidelity Management Trust Company (FMTC)* as the custodian for certain Fidelity funds.

One or more broker-dealer affiliates of the Fidelity funds may execute portfolio transactions for the funds. The funds' investment advisers may obtain brokerage or research services, consistent with Section 28(e) of the Securities Exchange Act of 1934, from broker-dealers in connection with the execution of the funds' portfolio security transactions.

Under special, limited circumstances, clients' assets held in Fidelity® Personalized Portfolios nonretirement accounts may be counted toward certain retail brokerage account benefits/promotions in connection with offers sponsored by our affiliates and in relation to the accounts over which Portfolio Advisory Services does not have discretionary authority.

From time to time, we or our clients may have a material business relationship with the following affiliated companies:

#### **Investment Companies and Investment Advisers**

- *Fidelity Investments Money Management, Inc. (FIMM)*, is a wholly owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. FIMM provides portfolio management services as a sub-adviser to certain of our clients, including investment companies in the Fidelity Group of funds or as an adviser.
- *Fidelity Management & Research Company (FMR)*, a wholly owned subsidiary of FMR LLC, in association with its various affiliates and subsidiaries, serves as investment adviser to registered investment companies, and is registered as an investment adviser under the Advisers Act. Strategic pays FMR an administrative fee for handling the business affairs of the investment companies Strategic advises. In addition, it is expected that we may share employees from time to time with FMR.
- *FMR Co., Inc. (FMRC)*, is a wholly owned subsidiary of FMR and is a registered investment adviser under the Advisers Act of 1940. FMRC may provide portfolio management services as a sub-adviser to certain of Strategic's clients. FMRC may also provide portfolio management services as an adviser or a sub-adviser to clients of other affiliated and unaffiliated advisers.

#### **Broker-Dealers**

- *Fidelity Distributors Corporation (FDC)*, a wholly owned subsidiary of FMR LLC, acts as principal underwriter and general distribution agent of the registered investment companies advised by FMR. FDC is a registered broker-dealer under the Securities Exchange Act of 1934 ("Exchange Act").

- *National Financial Services, LLC (NFS)*, is engaged in the institutional brokerage business and provides clearing and execution services for other brokers. NFS is a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., a holding company that provides administrative services to NFS. Fidelity Capital Markets (FCM), a division of NFS, may execute transactions for our investment companies and other clients. Additionally, NFS operates CrossStream,<sup>®</sup> an alternative trading system that allows NFS brokerage customer orders to cross and be executed within the CrossStream network. Using CrossStream, NFS crosses client accounts and it charges a commission on its trades to both of its brokerage customers. CrossStream may be used to execute transactions for our investment companies and other clients. NFS is a registered broker-dealer under the Exchange Act, and NFS is also registered as an investment adviser under the Advisers Act. NFS may serve as a clearing agent for client transactions that we place with certain broker-dealers. NFS may provide transfer agent or sub-transfer agent services to certain of our or our affiliates' clients. NFS provides transaction processing services in conjunction with the implementation of our discretionary investment management instructions. NFS also provides custodial and recordkeeping and reporting services to clients. We compensate NFS for these services to your Fidelity's Portfolio Advisory Services Accounts.
- *Fidelity Brokerage Services, LLC (FBS)*, a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., is a registered broker-dealer under the Exchange Act and provides brokerage products and services, including the sale of shares of investment companies advised by FMR to individuals and institutions, including retirement plans administered by affiliates. Pursuant to referral agreements and for compensation, representatives of FBS may refer customers to various services offered by FBS's related persons.
- *Fidelity Global Brokerage Group, Inc.*, a wholly owned subsidiary of FMR LLC, is not a broker-dealer but has an equity interest in eBX LLC (eBX). eBX is a holding company and a registered broker-dealer under the Exchange Act that was formed for the purpose of developing, owning, and operating an alternative trading system, the "Level ATS." Transactions for our clients, or other entities for which we serve as adviser or sub-adviser or provide discretionary trading services, as well as for clients of our affiliates, may be executed through the Level ATS.

### **Banking Institutions**

- *Fidelity Management Trust Company (FMTC)*, a trust company organized and operating under the laws of the Commonwealth of Massachusetts, provides trustee, custody, and investment management services to employee benefit plans and other institutional clients and Individual Retirement Accounts.

### **Limited Partnerships and Limited Liability Company Investments**

We provide discretionary investment management to Crosby Growth & Income Fund, LLC, and Crosby Institutional Investment Fund, LLC. These funds are privately offered to clients with consistent investment objectives. These funds will invest in Fidelity mutual funds, individual equities, and fixed income securities, and may invest in other securities. These funds do not intend to engage in borrowing, lending, purchasing securities on margin, short selling, or trading in commodities. A detailed private placement memorandum and operating agreement disclosing all material facts is provided to prospective members in advance of the execution of a subscription agreement.

We also provide discretionary investment management to National Charitable Services Giving Solutions, LLC. This fund is privately offered to institutional clients, including donor-advised funds, and consists of investment pools that invest primarily in mutual fund shares, including Fidelity and non-Fidelity mutual funds. A detailed private placement memorandum and operating agreement disclosing all material facts is provided to prospective members in advance of the execution of a subscription agreement.

## Participating Affiliates

Fidelity Business Services India Private Limited ("FBS India") is incorporated under the laws of India and is ultimately owned by Fidelity International Limited and FMR LLC through certain of their respective direct or indirect subsidiaries. Certain employees of FBS India ("FBS India Associated Employees") may from time to time provide certain research services for us, which we may use for our clients.

FBS India is registered as a "Participating Affiliate" of ours (as this term has been used by the SEC's Division of Investment Management in various no-action letters granting relief from the Advisers Act's registration requirement for certain affiliates of registered investment advisers). We deem FBS India and each of the FBS India Associated Employees as "associated persons" of ours within the meaning of Section 202(a)(17) of the Advisers Act. FBS India Associated Employees and FBS India, through such employees, may contribute to our research process and may have access to information concerning securities that are being selected for you prior to the effective implementation of such selections. As a Participating Affiliate of ours, FBS India has agreed to submit itself to the jurisdiction of U.S. courts for actions arising under U.S. securities laws in connection with investment advisory activities conducted for our clients.

We maintain a list of FBS India Associated Employees whom it has deemed "associated persons," which we make available to you upon request.

As noted above, certain of our affiliates receive compensation as a result of sales or servicing of mutual funds used in the Portfolio Advisory Services program. However, any conflicts associated with the receipt of any such fees are mitigated by the use of a Fee Credit that reduces the Service's Gross Advisory Fee by the amount of revenue received by us and our Affiliates from such underlying Funds. For additional information regarding the Fee Credit, please see the "Fees and Compensation" section above.

**FOR MORE INFORMATION, PLEASE CALL US TOLL FREE AT**

**1 - 8 0 0 - 5 4 4 - 3 4 5 5**

*Monday through Friday, 8 a.m. to 8 p.m. Eastern time*



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

The tax information contained herein is general in nature, is provided for informational purposes only, and should not be construed as legal or tax advice. Fidelity does not provide legal or tax advice. Fidelity cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws that may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Federal and state laws and regulations are complex and are subject to change. Changes in such laws and regulations may have a material impact on pre- and/or after tax investment results. Fidelity makes no warranties with regard to such information or results obtained by its use. Fidelity disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

Fidelity® Personalized Portfolios is a service of Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company. Fidelity® Personalized Portfolios may be offered through the following Fidelity Investments companies: Strategic Advisers, Inc., a registered investment adviser; Fidelity Personal Trust Company, FSB ("FPTC"), a federal savings bank; or Fidelity Management Trust Company ("FMTC"). Non-deposit investment products and trust services offered through FPT and FMTC and their affiliates are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, are not obligations of any bank, and are subject to risk, including possible loss of principal. **This service provides discretionary money management for a fee.**

Fidelity Private Wealth Management<sup>SM</sup> is a service of Strategic Advisers, Inc., a registered investment adviser and a Fidelity Investments company. **This service provides discretionary money management for a fee.**

Brokerage services are provided by Fidelity Brokerage Services LLC. Custody and other services are provided by National Financial Services LLC. Both are Fidelity Investments companies and members of NYSE and SIPC.

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