



Pyramis Global Advisors, LLC

900 Salem Street
Smithfield, RI 02917
401-292-3431
www.pyramis.com

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This brochure provides information about the qualifications and business practices of Pyramis Global Advisors, LLC ("Pyramis"). Throughout this brochure and related materials, Pyramis may refer to itself as a "registered investment adviser" or as "being registered." These statements do not in any way imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 401-292-3431. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Pyramis is also available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Material changes have been made to this brochure since its annual updating amendment filed on March 25, 2014 as described below.

- In the “Methods of Analysis, Investment Strategies and Risk of Loss” section, updates were made to disclose risks related to cyber security issues.
- Updates have been made to the “Other Financial Industry Activities and Affiliations” section to indicate various changes in the status or name of certain entities and the activities they engage in, and Luminex Trading & Analytics LLC was added as a new registered broker-dealer and alternative trading system.
- In the “Brokerage Practices” section, a new subsection, *Identification and Resolution of Errors* was added, and updates were made to the *Allocation of Trades* subsection.
- Throughout this brochure, updates have been made to reflect the consolidation of Pyramis’ trading facilities with FMR’s trading facilities.
- Updates were made to disclose the use of an affiliated cash management fund for Pyramis’ collective investment vehicles.
- In the “Voting Client Securities” section, updates were made to the Proposals Relating to Director Elections and the Proposals Relating to Executive Compensation subsections.

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Advisory Business

Pyramis is an investment management firm providing advisory and sub-advisory services to various institutional clients. Pyramis has been in business since 2006. Pyramis is a Fidelity Investments company, and is wholly owned by Pyramis Global Advisors Holdings Corp., which in turn is owned by FMR LLC.

Pyramis' clients are generally institutional accounts, including pension and profit sharing plans, corporate entities, charitable organizations, state or municipal government entities, other investment advisers, non-US mutual funds/investment funds, US mutual funds or privately-offered unregistered investment funds. Pyramis may also sub-advise funds or accounts for affiliated advisers and unaffiliated advisers. Pyramis may serve as an adviser or subadviser to various accounts for which Pyramis' affiliates or FIL Limited, FIL's subsidiaries or affiliates ("FIL") have contracted to provide investment advisory services. These accounts include, among others, unit trusts and investment companies authorized in jurisdictions outside Canada and the United States. Pyramis disclaims that it is a related person of FIL.

Pyramis may, to the extent permitted by its management contracts, delegate investment discretion to a subadviser who manages all or a portion of the portfolio. If Pyramis has engaged FIL or another subadviser to a Pyramis account or a portion of a Pyramis account, the subadviser's trading and associated policies will apply to that account subject to applicable law. Pyramis may also use the services of affiliates for services including but not limited to trading, corporate compliance and investment compliance, proxy voting, or utilize the services of certain personnel as supervised persons of Pyramis under personnel sharing arrangements or other inter-company arrangements entered into with affiliates of Pyramis. Pyramis may also have access to investment research from its affiliates and/or the services of personnel of an affiliate, certain of which have been deemed to be "Participating Affiliates" of Pyramis, as well as share its own investment research with those affiliates. As part of its non-discretionary advisory services, Pyramis or its affiliates provide investment research services, which include written research notes and ratings and portfolio modeling services, which may be provided to affiliates and unaffiliated investment managers and financial institutions, including FIL. Pyramis or its affiliates may have access to investment research on a substantially delayed basis from various subsidiaries and affiliates of FIL, which are investment advisers registered with the SEC operating principally in the United Kingdom, Japan and Hong Kong or participating affiliates of such advisers. Under certain circumstances, Pyramis may provide non-discretionary consulting services to clients. Although Pyramis may advise the accounts it manages regarding certain commodity interests, Pyramis is not registered as a commodity pool operator or commodity trading advisor.

Pyramis and/or its affiliates may provide all necessary office facilities and personnel for servicing some of the accounts' investments, and pay the salaries and fees of officers of certain accounts and of personnel of certain accounts performing services relating to research, statistical and investment activities. In addition, Pyramis or its affiliates provide the management and administrative services necessary for the operation of some of the accounts. These services may include providing facilities for maintaining each client's organization; facilitating relations with custodians, transfer and pricing agents, accountants, underwriters and other persons dealing with clients; preparing all general shareholder communications and conducting shareholder relations; maintaining each fund's, if applicable, records and the registration and notice filing status of each client's shares under applicable law, respectively; developing management and shareholder services for each fund, if applicable; and furnishing reports, evaluations and analyses. In addition, Pyramis or its affiliates have reimbursed certain costs, fees or levies of Pyramis' clients.

From time to time, a manager, analyst or other employee of Pyramis or its affiliates may express views regarding a particular company, security, industry or market sector. The views expressed by any such person are the views of only that individual as of the time expressed and do not necessarily represent the views of Pyramis or its affiliates or any other person in their organizations. Any such views are subject to change at any time based upon market or other conditions, and Pyramis and its affiliates disclaim any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for an account managed by Pyramis or its affiliates are based on numerous factors, may not be relied on as an indication of trading intent on behalf of an account.

Pyramis or its affiliates generally have 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. However, with respect to each discretionary account, Pyramis' and its affiliates' authority is subject to certain limits, including applicable investment objectives, policies and restrictions. These limitations may be based on a variety of factors, such as regulatory constraints, as well as policies imposed by a client or its governing body (e.g., board of trustees) and may cause differences in commission rates. With respect to certain of Pyramis' pooled investment vehicle clients (e.g. investment company, private funds and undertakings for collective investment in transferable securities established pursuant to the Undertakings for Collective Investment in Transferable Securities Directive of the European Parliament and of the Council as amended from time to time (UCITS)), many of the applicable investment policies and limitations are set forth in each client's filings with the relevant authority.

Pyramis does not generally provide class action filing services on behalf of its separate account clients unless it has agreed to do so in writing.

Collective investment funds managed by Pyramis may invest any uninvested cash of the fund in a registered investment company known as the Fidelity Cash Central Fund ("Cash Central Fund"), for which affiliates of Pyramis act as adviser and service providers. The Cash Central Fund is a special type of investment vehicle created exclusively for cash management purposes of the Fidelity mutual funds and other advisory accounts of Fidelity, Pyramis, and their affiliates. The Cash Central Fund incurs certain costs related to its investment activities (such as custodial expenses) but does not pay investment advisory fees. Neither Pyramis nor its affiliates receive any additional compensation from the Cash Central Fund or in connection with the advisory or other services provided to the Cash Central Fund. Investors in collective investment funds managed by Pyramis do not pay any additional fees for the fund's use of this cash sweep vehicle.

As of December 31, 2014, Pyramis managed \$59,995,139,840 of client assets on a discretionary basis. As of December 31, 2014, Pyramis did not manage any client assets on a non-discretionary basis.

Fees and Compensation

Investment management fees charged to Pyramis' clients are based on the type of product, vehicle and asset size. Fees are generally based on an account's average net assets but also may include performance fee and minimum fee arrangements. Generally, Pyramis' management fees for clients investing in fixed-income securities are lower than the fees for clients investing in equity securities.

Provided below is a general fee schedule of effective rates based on asset class. These fees will vary based on a variety of factors, including portfolio size, breakpoints, type of product structure, asset aggregation among accounts, and any performance or minimum fee arrangement. Fees may be subject to negotiation and are subject to review and approval by the client in accordance with the requirements of

applicable law. In addition, certain clients of Pyramis may have arrangements providing for the lowest available fee for a particular investment strategy, or for a waiver of all or a portion of their fees. Such arrangements may also take into account the scope of a client's relationship with Pyramis and its affiliates and provide for an additional discount from the rates noted below.

<u>Asset Class</u>	<u>Effective Rates</u>
• US Equity	26 – 90 bps
• Non-US Equity	27.5 – 120 bps
• Investment Grade Fixed Income	14.7 – 35 bps
• Non-Investment Grade Fixed Income	27 – 75 bps

The majority of Pyramis' clients pay all of their other operating expenses. However, certain of Pyramis' clients have all-inclusive fee arrangements, pursuant to which Pyramis' affiliates pay certain of the applicable client's expenses. Pyramis' affiliates' fees for providing these services are negotiated on an individual basis and vary significantly among clients and investment strategies. Pyramis and its affiliates also advise private funds and charge fees based on assets under management as well as performance fees. Pyramis' private funds will be subject to fee arrangements disclosed in each such fund's offering memorandum and/or subscription documents provided to an investor, which arrangement may include performance fees.

Pyramis or its affiliates may provide to or receive from other affiliated investment managers or financial institutions and/or FIL and its subsidiaries and affiliates non-discretionary advisory services in the form of research services. With respect to such services, fees are negotiable, paid in arrears and depend upon a variety of factors.

Compensation to Pyramis is payable on a quarterly basis in arrears or on such other terms as Pyramis may from time to time agree or as Pyramis may be entitled to under the terms of operating agreements, investment management agreements and/or subscription documents of any privately-offered investment fund that Pyramis may advise. Agreements that Pyramis may enter into with its investment advisory or non-investment advisory affiliates may be of definite or indefinite duration as permitted by applicable law; however, the parties generally have the right to terminate the agreement on 30-90 days' advance written notice. In the case of investment companies registered under the Investment Company Act of 1940, as amended (the "1940 Act") and UCITS, the advisory or sub-advisory contract with Pyramis is subject to approval by the relevant boards of directors or trustees of any such investment companies and UCITS. Clients are generally billed for fees incurred. Fees may be deducted by a service provider for privately-offered investment funds that Pyramis may advise.

Pyramis receives its investment management fee from its clients. Clients typically have made independent arrangements for a custodian, for example, which they pay directly. In addition, clients will incur brokerage and other transaction costs. For information regarding Pyramis' brokerage arrangements, see "Brokerage Practices."

Performance-Based Fees and Side-By-Side Management

Pyramis accepts both performance-based fees and asset-based fees for the management of accounts, and certain of Pyramis' supervised persons manage both types of accounts. A conflict of interest may arise if a portfolio manager manages accounts simultaneously when one account has performance fee and incentive compensation arrangements and another account does not. In general, the management of

multiple funds and accounts (including proprietary accounts of Pyramis or one or more affiliates of Pyramis) may give rise to potential conflicts of interest if, for example, the accounts have different objectives, benchmarks, time horizons, and fees as the portfolio manager must allocate his time and investment ideas across multiple funds and accounts. Because a portfolio manager must allocate his or her time and investment ideas across these multiple funds and accounts, the portfolio manager may be motivated to invest more effort on behalf of those funds and accounts that include a performance-adjusted component in order to increase their and/or the adviser's performance and hence the portfolio manager's compensation.

In addition, potential conflicts of interest may arise if the account's orders do not get fully executed due to being aggregated with those of other accounts managed by Pyramis and or its respective affiliates. Pyramis and its affiliates have adopted policies and procedures (for example, trade allocation procedures) and maintain a compliance program designed to help manage these actual and potential conflicts. There can be no assurance, however, that all conflicts have been addressed in all situations.

Pyramis seeks to manage such competing interest for the time and attention of the portfolio managers by having portfolio managers focus on a particular investment discipline or certain disciplines, using similar investment strategies in connection with the management of multiple funds and accounts. Accordingly, portfolio holdings, position sizes and industry and sector exposures tend to be similar across similar accounts, which may minimize the potential for conflicts of interest. The separate management of the trade execution and valuation of funds from the portfolio management process also helps to reduce potential conflicts of interest. Moreover, if a portfolio manager identifies a limited investment opportunity that may be suitable for more than one account, the portfolio may not be able to take full advantage of that opportunity due to an allocation of that opportunity across all accounts. Pyramis seeks to manage such potential conflicts by using procedures intended to provide a fair allocation of buy and sell opportunities among accounts.

Pyramis and/or certain of its affiliates may execute transactions for an account that may adversely impact the value of securities held by another account of Pyramis and/or certain of its affiliates. For example, Pyramis and/or certain of its affiliates may manage accounts that engage in short sales, and could sell short a security for such an account that another account of Pyramis and/or certain of its affiliates also trades or holds. In the case of a portfolio manager trading on behalf of multiple accounts, and subject to limited exceptions consistent with each account's investment objectives and strategies, Pyramis generally does not allow such a portfolio manager to place trade orders that conflict with trade orders placed for any existing positions for which he or she has portfolio management responsibility without prior approval of Pyramis' Chief Investment Officer. Although Pyramis or its affiliates monitor these and other transactions to attempt to ensure equitable treatment of all accounts, there can be no assurance that the price of a security held by an account would not be impacted as a result of transactions entered for another account. Securities selected for some accounts may outperform securities selected for other accounts. Although Pyramis attempts to seek best execution on all orders, there may be instances in which it may appear that one client (or segment of clients) may receive a more favorable execution than another client (or segment of clients), depending upon the timing and nature of the order and other factors.

To the extent that Pyramis may engage in short selling on behalf of client accounts, Pyramis' compliance program seeks to manage actual and potential conflicts associated with the contemporaneous management of long-short investment products ("long-short funds"), and long-only products ("long-only funds"), and to balance the needs of investors in both products. This compliance program restricts certain conduct and trading and investment activity related to the long-short funds and short sales, and could result in accounts, including privately-offered funds managed by Pyramis or its affiliates, being restricted from

making certain trades and investments that they would have otherwise made. If Pyramis has engaged a subadviser to a Pyramis account or a portion of a Pyramis account, the subadviser's conflict of interest policies will apply to that account subject to applicable law.

The policies described here and elsewhere in this document, including Pyramis' trade allocation policies, seek to mitigate these potential conflicts of interest. There can be no assurance, however, that all conflicts have been addressed in all situations.

Types of Clients

Pyramis' clients are generally institutional accounts, including pension and profit sharing plans, corporate entities, charitable organizations, state or municipal government entities, other investment advisers, non-US mutual funds/investment funds, US mutual funds or privately-offered unregistered investment funds. Pyramis may also sub-advise funds or accounts for affiliated advisers and unaffiliated advisers. Pyramis may serve as an adviser or subadviser to various accounts for which Pyramis' affiliates or FIL have contracted to provide investment advisory services. These accounts include, among others, unit trusts and investment companies authorized in jurisdictions outside Canada and the United States.

Pyramis will generally accept only institutional accounts on a fully discretionary basis. Other accounts may be considered on a case-by-case basis, and may be subject to a minimum asset amount. Investment companies managed by Pyramis may have different minimum initial investment amounts according to their respective offering documents.

Methods of Analysis, Investment Strategies and Risk of Loss

Pyramis utilizes a variety of methods of security analysis to select investments, including fundamental, quantitative, technical and macro-economic analysis in managing client accounts. Inputs and incorporation of these different forms of analysis will vary, depending on product mandate, and may vary over time depending on internal and external factors as well as market environment. As part of due-diligence in fundamental analysis, Pyramis may use extensive corporate visits and interviews with company management teams in conducting research.

Pyramis and its affiliates may also transact in futures contracts, swap transactions and swaptions, including interest rate, total return and credit default swaps; written covered call options, futures transactions, currency forward transactions, currency forward trading and other currency related derivatives in pursuit of mandate investment objectives. Margin may be required in connection with certain client futures, options, swaps and other derivatives transactions or in connection with short sales. Pyramis does not engage in the purchase of securities on margin, except it may do so in connection with clearance and settlement of securities and permitted derivatives transactions and with regard to its privately-offered fund clients.

Pyramis or its affiliates may engage in securities lending to parties such as broker-dealers or other institutions. Pyramis or its affiliates have established allocation policies for its clients reasonably designed to ensure that lending opportunities are allocated appropriately among participating clients in the same program over time. When supply/demand is insufficient to satisfy all eligible clients, lending opportunities are generally allocated among participating clients based on the client's security position size as a percentage of the client's net assets in that particular security.

Investing in securities involves a risk of loss that clients need to be prepared to bear. With respect to Pyramis' privately-offered funds, more detailed information relating to the investment strategies used to manage a particular fund and the risks of investing in the fund are set out in the applicable fund's confidential offering memorandum. Investment risks that may apply, depending upon the mandate, include but are not limited to market risk, currency risk, sovereign risk, concentration risk, market capitalization risk, liquidity risk and counterparty risk. Not all risks are described and other risks may apply to any investment.

From time to time, Pyramis and/or its affiliates may determine that, as a result of regulatory requirements that may apply to Pyramis and/or its affiliates due to investments in a particular country, investments in the securities of issuers domiciled or listed on trading markets in that country above certain thresholds (which may apply at the account level or in the aggregate across all accounts managed by Pyramis and its affiliates) may be impractical or undesirable. In such instances, Pyramis may limit or exclude clients' investment in a particular issuer, which may include investment in related derivative instruments, and investment flexibility may be restricted. In addition, to the extent that client accounts already own securities that directly or indirectly contribute to such an ownership threshold being exceeded, Pyramis may sell securities held in such accounts in order to bring account-level and/or aggregate ownership below the relevant threshold. In the event that any such sales result in realized losses for client accounts, those client accounts may bear such losses depending on the particular circumstances. Additionally, funds and accounts may be subject to operational risks, which can include risks of loss arising from failures in internal processes, people or systems, such as routine processing errors or major systems failures, or from external events, such as exchange outages.

With the increased use of technologies such as the Internet to conduct business, Pyramis and its affiliates are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment or systems; or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting Pyramis, Fidelity, its affiliates, or any other service providers (including, but not limited to, accountants, custodians, transfer agents and financial intermediaries used by a fund or account) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate NAV, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a fund or account invests, counterparties with which a fund or account engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers) and other parties.

For All Investment Strategies

Past performance is no guarantee of future results. An investment may be risky and may not be suitable for an investor's goals, objectives and risk tolerance. Investors should be aware that an investment's value may be volatile and any investment involves the risk that you may lose money. Performance results for individual accounts will differ from performance results for composites and representative accounts due to factors such as portfolio size, account objectives and restrictions, and factors specific to a particular

investment structure. None of Pyramis' investment strategies are insured by a bank and/or the Federal Deposit Insurance Corporation.

The value of a strategy's investments will vary day to day in response to many factors, including in response to adverse issuer, political, regulatory, market or economic developments. The value of an individual security or a particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Nearly all accounts are subject to volatility in non-US markets, either through direct exposure or indirect effects on U.S. markets from events abroad, including fluctuations in foreign currency exchanges rates and, in the case of less developed markets, currency illiquidity.

For International Investment Strategies

The performance of international strategies depends upon currency values, political and regulatory environments, and overall economic factors in the countries in which they invest. Foreign markets, particularly emerging markets, can be more volatile than the US market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the US market. Foreign exchange rates also can be extremely volatile. The risks are particularly significant for strategies that focus on a single country or region, or single group or type of countries. Non-U.S. security trading, settlement, and custodial practices (including those involving securities settlement where fund or account assets may be released prior to receipt of payment) may be less developed than those in U.S. markets and may result in increased investment or valuation risks, increased counterparty exposure, or substantial delays (including those arising from failed trades or the insolvency of, or breach of duty by, a non-U.S. broker-dealer, securities depository, subcustodian, clearinghouse or other party) for funds and accounts that invest in non-U.S. markets.

For Emerging Markets Strategies

The securities, derivatives and currency markets of emerging market countries are generally smaller, less developed, less liquid, and more volatile than the securities, derivatives and currency markets of the United States and other developed markets and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of markets in emerging market countries and the activities of investors in such markets and enforcement of existing regulations may be extremely limited. Government enforcement of existing market regulations is limited, and any enforcement may be arbitrary and the results may be difficult to predict. Emerging market countries are more likely than developed market countries to experience political uncertainty and instability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries. In many cases, governments of emerging market countries continue to exercise significant control over their economies. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries.

For Strategies with Investments that Are Denominated in non-US Currencies

Currency Risks: Investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in

relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Currency Hedging: Some investments denominated in non-US currencies may not hedge foreign exchange risk. Accordingly, any hedging of currency exposure that is implemented will primarily involve hedging back to the US dollar or the Canadian dollar, but in certain circumstances may involve other hedging activities. In addition, any currency hedging strategy used may not successfully limit any foreign exchange risk.

For Small to Mid-Capitalization Investment Strategies

Stock markets and issuers of small and mid cap companies are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Investments in smaller companies may involve greater risks than those in larger, better known firms. The value of securities of smaller and medium size less well known issuers can perform differently from the market as a whole and other types of stocks and may be more volatile than those of larger issuers. Smaller issuers can have more limited product lines, markets, and financial resources.

For All Fixed Income Investment Strategies

The performance of fixed income strategies will change daily based on changes in interest rates and market conditions and in response to other economic, political or financial developments. Debt securities are sensitive to changes in interest rates depending on their maturity, and may involve the risk that their prices may decline if interest rates rise or, conversely, if interest rates decline, their prices may increase. Debt securities carry the risk of default, prepayment risk and inflation risk. Changes specific to an issuer, which may involve its financial condition or economic environment, can affect the credit quality or value of an issuer's securities. Lower-quality debt securities (those of less than investment grade quality, also referred to as high yield debt securities) and certain types of other securities are more volatile and are often considered to be speculative and involve greater risk due to increased sensitivity to adverse issuer, political, regulatory and market developments, especially in periods of general economic difficulty. The value of mortgage securities may change due to shifts in the market's perception of issuers and changes in interest rates, regulatory or tax changes.

For All Real Estate Investment Strategies

The real estate industry is particularly sensitive to economic downturns. The value of securities of issuers in the real estate industry can be affected by changes in real estate values and rental income, property taxes, interest rates, tax and regulatory requirements, overbuilding, extended vacancies of properties, and the issuer's management skill. As a consequence, investments related to real estate may be more volatile than other investments. Mortgage-backed securities are subject to the risk that mortgagors may not meet their payment obligations and/or to prepayment risk. Each investment also has its unique interest rate and payment priority characteristics.

For Investment Strategies that Use Derivatives

Derivatives may be volatile and involve significant risk, including but not limited to credit risk, currency risk, leverage risk, counterparty risk, liquidity risk and valuation risk. Using derivatives can disproportionately increase losses and reduce opportunities for gains in certain circumstances. Derivatives involve leverage because they can provide investment exposure in an amount exceeding the initial investment. Leverage can magnify investment risks and cause losses to be realized more quickly.

A small change in the underlying asset, instrument, or index can lead to a significant loss. Assets segregated to cover these transactions may decline in value and are not available to meet redemptions. Government legislation or regulation could affect the use of these transactions and could limit the ability to pursue such investment strategies.

For Investment Strategies that Use Leverage

The use of leverage may result in a portfolio controlling substantially more assets than it has equity. Leverage increases the return on investments purchased with borrowed funds if the return on such investments is greater than the cost of borrowing. However, the use of leverage exposes the strategy to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case in the absence of such borrowing to make the investments, (ii) margin calls or changes in margin requirements that may force premature liquidations of investment positions at inopportune times and/or at depressed values and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of leverage related to such investments. In the event of a sudden, precipitous drop in value of assets, assets might not be able to be liquidated quickly enough to repay borrowings, further magnifying the losses incurred by the strategy.

For Investment Strategies Utilize Short Selling

Strategies that utilize short selling are subject to the risk of additional volatility and decreased liquidity. Potential losses from an uncovered short position in an equity security are unlimited. Losses could occur if short sales were poorly correlated with the strategy's other investments, or if the manager were unable to liquidate its positions because the market for securities subject to short sales is or becomes illiquid. Short sales may be restricted in response to market events and/or regulation. Furthermore, additional costs may be incurred in connection with short sale transactions, and the ability to continue to borrow a security is not guaranteed. Such restrictions and costs may prevent the full implementation of such investment strategies and may have a material adverse effect on them.

For Lifecycle and Asset Allocation Investment Strategies

Investment performance of the Pyramis lifecycle products and asset allocation strategies depends on the performance of the underlying investment options and on the proportion of the assets invested in each underlying investment option. The performance of the underlying investment options depends, in turn, on their investments. The performance of these investments will vary day to day in response to many factors. The investment risk of each lifecycle product changes over time as its asset allocation changes but generally always retains an equity allocation even after the target date has been met. The lifecycle products and asset allocation strategies are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, commodity-linked, and foreign securities. Principal invested is not guaranteed at any time, including at or after the lifecycle products' target dates.

For Investment Strategies that Use Quantitative Investing

As a result of the factors used in the quantitative analysis, the weight placed on each factor, and changes in the factor's historical trends, securities selected using quantitative analysis can perform differently from the market as a whole, or securities selected using only fundamental analysis. The factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value. If the factors that do affect a security's value change over time and are not adequately reflected in the quantitative model, the strategy may fail to achieve its investment objective.

For Relative Value Strategies

Relative value strategies generally take long positions in securities believed to be undervalued and short or underweight positions in securities believed to be overvalued. In the event that the perceived mispricings underlying a strategy's trading positions were to fail to converge toward, or were to diverge further from expectations, the strategy might incur a loss.

For Sector Strategies

Non-Diversification: The strategy may be primarily invested in a specific industry or sector. The strategy may not be widely diversified among a wide range of industries, sectors, issuers, geographic areas, capitalizations or types of securities. Accordingly, the strategy may be subject to more rapid change in value than otherwise.

Consumer Sector Concentration: The consumer discretionary industries can be significantly affected by the performance of the overall economy, interest rates, competition, consumer confidence and spending, and changes in demographics and consumer tastes.

Energy Sector Concentration: Companies in the energy service industry can be significantly affected by the supply of and demand for specific products or services, the supply of and demand for oil and gas, the price of oil and gas, exploration and production spending, government regulation, world events and economic conditions. Correspondingly, securities of companies in the energy field are subject to swift price and supply fluctuations caused by events relating to international politics, energy conservation, the success of exploration projects, and tax and other governmental regulatory policies. In addition, companies in the energy sector can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Financials Sector Concentration: Companies in the financials sector are subject to extensive government regulation, can be subject to relatively rapid change due to increasingly blurred distinctions between service segments, and can be significantly affected by availability and cost of capital funds, changes in interest rates, the rate of corporate and consumer debt defaults and price competition. In addition, changes in government regulation, including increases in regulatory capital requirements and associated issues, may have an effect on companies in the financial sector.

Health Care Sector Concentration: Companies in the health care sector can be significantly affected by government regulation and reimbursement rates, as well as government approval of products and services, which could have a significant effect on price, and availability, and can be significantly affected by rapid obsolescence and patent expirations.

Industrials Sector Concentration: Companies in the industrials sector can be significantly affected by general economic trends, changes in consumer sentiment and spending, commodity prices, legislation, government regulation and spending, import controls, and worldwide competition, and can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

Materials Sector Concentration: Companies in the materials sector can be significantly affected by the level and volatility of commodity prices, the exchange value of the dollar, import controls, worldwide competition, liability for environmental damage, depletion of resources, mandated expenditures for safety and pollution control, and political risk, including royalty and tax changes, permitting, and expropriation of assets.

Technology Sector Concentration: Companies in the technology sector can be significantly affected by obsolescence of existing technology, patent expirations, short product cycles, falling prices and profits, competition from new market entrants, research and development costs, availability and price of components, global demand and general economic conditions.

Biotechnology Sector Concentration: Companies in the biotechnology industry can be significantly affected by patent considerations, intense competition, rapid technological change and obsolescence, and government regulation. These companies are also affected by regulatory approval for new drugs and medical products, product liability, and similar matters. The biotechnology sector may experience considerable volatility in reaction to research and other business developments which may affect only one, or a few companies within the sector. The market values of investments in the biotechnology industry are often based upon speculation and expectations about future products, research progress, and new product filings with regulatory authorities. In addition, compared to more developed industries, there may be a thin trading market in biotechnology securities.

Disciplinary Information

On March 5, 2008, the SEC issued a settlement order that contained the following findings, which Fidelity Management & Research Company (“FMR”) and an advisory affiliate (“Fidelity”) neither admitted nor denied: (1) Fidelity failed to reasonably supervise its employees’ receipt of travel, entertainment and gifts from brokers; (2) Fidelity failed to seek best execution for its clients’ securities transactions; (3) Fidelity failed to disclose the material conflict of interest arising from the receipt by certain employees of travel, entertainment and gifts from brokers; (4) Fidelity made materially false and misleading statements and omissions about its selection of brokers; and (5) Fidelity failed to keep certain communications with brokers concerning the placing or execution of orders to purchase or sell securities. Pursuant to the settlement order, Fidelity agreed to (1) cease and desist from certain conduct, (2) a censure, (3) payment of an \$8,000,000 fine to the United States Treasury, and (4) compliance with various undertakings relating to the engagement of an independent compliance consultant.

Other Financial Industry Activities and Affiliations

Certain of Pyramis’ management persons are registered representatives of a registered broker-dealer, Pyramis Distributors Corporation LLC.

Broker-Dealers

Pyramis has relationships or arrangements with the following 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 Fidelity Management & Research Company (FMR). FDC is a registered broker-dealer under the Securities Exchange Act of 1934, as amended (“Exchange Act”).

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' related persons. FBS also acts as a placement agent for certain privately-offered investment funds advised by Pyramis. In addition, FBS is the distributor of insurance products, including variable annuities, which are issued by Pyramis' related persons, Fidelity Investments Life Insurance Company (FILI) and Empire Fidelity Investments Life Insurance Company (EFILI). FBS may provide shareholder services to certain of Pyramis' or Pyramis' affiliates' clients.

Fidelity Global Brokerage Group, Inc., a wholly-owned subsidiary of FMR LLC, wholly-owns three broker-dealers Fidelity Brokerage Services LLC, National Financial Services LLC, and Fidelity Clearing Canada ULC, and also has an equity interest in eBX LLC (eBX), a holding company and a registered broker-dealer under the Exchange Act, which was formed for the purpose of developing, owning and operating an alternative trading system, the "Level ATS." Transactions for clients of Pyramis, other affiliates of Pyramis or other entities for which Pyramis or its affiliates serve as adviser or subadviser or provide discretionary trading services, as well as clients of Pyramis' affiliates, may be executed through the Level ATS. Such transactions may present a conflict of interest as Pyramis may have an incentive to direct transactions to its affiliate. Please see a discussion of Pyramis' brokerage and trading policies in the "Brokerage Practices" section for more information. Pyramis disclaims that it is a related person of eBX.

Pyramis Distributors Corporation LLC (PDC), a wholly owned subsidiary of Pyramis Global Advisors Holdings Corp., acts as a placement agent for privately-offered investment funds advised by Pyramis and its affiliates in the United States. PDC's registered representatives may also engage in sales and marketing efforts in support of other products and services (such as mutual funds and ETFs) of other affiliated entities. PDC is a registered broker-dealer under the Exchange Act. Certain employees of Pyramis, FMR and its affiliates may be registered representatives of PDC.

Fidelity Clearing Canada ULC (FCC), is engaged in the institutional brokerage business and provides clearing and execution services for other brokers. FCC is a wholly-owned subsidiary of Fidelity Global Brokerage Group, Inc., a holding company that provides administrative services to FCC.

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 Pyramis' investment company and other clients. Additionally, NFS operates CrossStream, an alternative trading system that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. NFS charges a commission to both sides of each trade executed in CrossStream. CrossStream may be used to execute transactions for Pyramis' investment company and other clients if it reasonably believes the quality of the transaction is comparable to what it would be with other qualified broker-dealers. NFS is a registered broker-dealer under the Exchange Act and NFS is also registered as an investment adviser under the Investment Advisers Act of 1940, as amended ("Advisers Act"). NFS may serve as a clearing agent for client transactions that Pyramis places with certain broker-dealers. NFS may provide transfer agent or subtransfer agent services to certain of Pyramis' or Pyramis' affiliates' clients.

Fidelity Investments Institutional Services Company, Inc. (FIISC), primarily markets Fidelity mutual funds and other products advised by FMR or an affiliate thereof to third party financial intermediaries and certain institutional investors. FIISC is a registered broker-dealer under the Exchange Act. FIISC also acts as a solicitor for Pyramis' investment management services.

Luminex Trading & Analytics LLC (LTA), is a registered broker-dealer and alternative trading system, and was formed for the purpose of establishing and operating an electronic execution utility (the “LTA ATS”) that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. FMR LLC, the ultimate parent company of Pyramis, is the majority owner of LTA. LTA intends to charge a commission to both sides of each trade executed in the LTA ATS. The LTA ATS may be used to execute transactions for Pyramis’ or Pyramis’ affiliates’ investment company and other advisory clients. NFS will serve as a clearing agent for transactions executed in the LTA ATS.

Investment Company or Other Pooled Investment Vehicle

Pyramis provides portfolio management services as subadviser for a number of unaffiliated registered investment companies. Pyramis disclaims that it is a related person of the investment companies for which it provides investment management services. Pyramis provides portfolio management services as adviser for a number of affiliated, privately-offered funds. Pyramis may also advise other non-US pooled vehicles.

Related persons of Pyramis may be a general partner of a partnership or a managing member of an LLC or other pooled investment vehicle, such as a privately-offered unregistered investment fund, in which clients of Pyramis may be solicited to invest and Pyramis may advise. These unregistered investment companies may invest in a wide variety of interests, including securities and derivatives instruments, real estate and other privately-offered funds.

Other Investment Advisers

Pyramis has relationships or arrangements with the following investment advisers:

Fidelity Management & Research Company (FMR) is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. FMR principally provides portfolio management services as an adviser or subadviser to registered investment companies. FMR may provide portfolio management services as a subadviser to certain of Pyramis’ clients. FMR or its affiliates may provide certain administrative services to Pyramis and its affiliates, including, but not limited to, securities execution, investment compliance and proxy voting.

FMR Co., Inc. (FMRC) is a wholly-owned subsidiary of FMR and a registered investment adviser under the Advisers Act. FMRC may provide portfolio management services as a subadviser to certain of Pyramis’ clients. FMRC may also provide portfolio management services as an adviser or a subadviser to clients of other affiliated and unaffiliated 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 subadviser to certain of FMR’s or Pyramis’ clients, including investment companies in the Fidelity Group of Funds or as an adviser.

Strategic Advisers, Inc. (SAI), is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. SAI acts as the investment manager to registered investment companies that invest in affiliated and unaffiliated funds. Pyramis provides sub-advisory services to investment companies advised by SAI.

FMR Investment Management (UK) Limited (“FMRIM(UK)”), an indirect wholly-owned subsidiary of FMR, is registered as an investment adviser under the Advisers Act and has been authorized by the U.K.

Financial Conduct Authority to provide investment advisory and portfolio management services. FMRIM(UK) provides investment advisory and portfolio management services as a sub-adviser to certain of Pyramis' clients, including investment companies in the Fidelity group of funds, and may also provide trading services to FMR and its affiliates. FMRIM(UK) may provide portfolio management services as an adviser or sub-adviser to clients of other affiliated and unaffiliated advisers. FMRIM(UK) is also registered with the Central Bank of Ireland.

Fidelity SelectCo, LLC (SelectCo) is a wholly-owned subsidiary of FMR LLC and a registered investment adviser under the Advisers Act. SelectCo may provide portfolio management services as an adviser to certain of FMR's clients and Fidelity Funds.

Impresa Management LLC (Impresa) is owned by trusts, the trustees of which are individuals, certain of whom are employees of FMR LLC. Impresa is a registered investment adviser under the Advisers Act and may serve as investment adviser to certain limited liability companies and limited partnerships that are employees' securities companies as defined under Section 2(a)(13) of the Investment Company Act of 1940 (the "Employee Entities"); and (ii) certain collective investment entities in which the Employee Entities invest (the "Second Tier Entities"). Impresa acts as the manager or general partner of the Employee Entities and as the general partner to various entities that in turn act as general partner to the Second Tier Entities. Impresa may place orders in public securities with Pyramis' affiliates' trading personnel for execution.

Fidelity Investments Canada ULC (FIC) is a wholly-owned subsidiary of FMR LLC. FIC, a registered investment fund manager and mutual fund dealer in all provinces and territories of Canada, provides management and administrative services to Canadian mutual funds, pooled funds and institutional accounts. Pyramis or its affiliates serve as adviser and/or subadviser for accounts managed or distributed by FIC or its affiliates.

FIL Limited (FIL) was incorporated in 1969 and serves as investment manager and adviser to offshore funds and private accounts. FIL and Pyramis may provide portfolio management services as an adviser or a subadviser to Pyramis or its affiliates, or FIL and their clients, respectively. FIL and its affiliates may provide distribution services to Pyramis and its products. Pyramis disclaims that it is a related person of FIL.

Fidelity Investments Japan Limited (FIJ) is a wholly-owned subsidiary of FIL, Pembroke Hall, 42 Crow Lane, Pembroke, Bermuda, a Bermuda company, and is registered as an investment adviser under the Advisers Act. FIJ may provide discretionary investment management services to clients of FMR Co., Pyramis' or its affiliates' clients with respect to Japan and other Asian countries and issuers, and may serve as subadviser (generally through a delegation from FIL Advisors (FIA)) for certain of FMR's clients. FIJ may recommend to its clients, or invest on behalf of its clients, in securities that are the subject of recommendation to, or discretionary trading on behalf of, Pyramis' or its affiliates' clients. Pyramis disclaims that it is a related person of FIJ.

FIL Investment Advisors (FIA) is a wholly-owned subsidiary of FIL and is registered as an investment adviser under the Advisers Act. FIA may provide research and discretionary investment management services to Pyramis' or its affiliates' clients with respect to companies outside the US, and may serve as subadviser for certain of Pyramis' or its affiliates' clients, or invest in, on behalf of its clients, securities that are the subject of recommendation to, or discretionary trading on behalf of, Pyramis' or its affiliates' clients. Pyramis disclaims that it is a related person of FIA.

FIL Investment Advisors (UK) Limited (FIA (UK)) is an indirect wholly-owned subsidiary of FIL, and is registered as an investment adviser under the Advisers Act. FIA (UK) may provide discretionary investment management services to certain of Pyramis' or its affiliates' clients with respect to companies outside the US and serves as subadviser (generally through a delegation from FIA) for certain of Pyramis' or its affiliates' clients. FIA (UK) may recommend to its clients, or invest in, on behalf of its clients, securities that are the subject of recommendation to, or discretionary trading on behalf of, Pyramis' or its affiliates' clients. Pyramis disclaims that it is a related person of FIA (UK).

Fidelity Management & Research (Japan) Limited (FMR (Japan)), an indirect wholly-owned subsidiary of FMR, is a registered investment adviser under the Advisers Act, and has been authorized by the Japan Financial Services Agency (Kanto Local Finance Bureau) to provide investment advisory and discretionary investment management services. FMR (Japan) may supply investment research and investment advisory information and may provide discretionary investment management services to certain clients of FMR, including investment companies in the Fidelity group of funds, to Pyramis and its affiliates, and to clients of other affiliated and unaffiliated advisers.

Fidelity Management & Research (Hong Kong) Limited (FMR (Hong Kong)), a wholly-owned subsidiary of FMR, is a registered investment adviser under the Advisers Act, and has been authorized by the Hong Kong Securities & Futures Commission to advise on securities, provide asset management services and conduct equity trading services. FMR (Hong Kong) may provide investment advisory or portfolio management services as an adviser or subadviser for certain clients of FMR, including investment companies in the Fidelity group of funds, to Pyramis and its affiliates, and for clients of other affiliated and unaffiliated advisers. FMR (Hong Kong) may also provide trading services to Pyramis and its affiliates.

Pyramis Global Advisors (Canada) ULC (PC), an unlimited liability corporation incorporated in Alberta, Canada, and an indirect wholly-owned subsidiary of Pyramis Global Advisors Holdings Corp. is registered as a portfolio manager and as a commodity trading manager with the Ontario Securities Commission. PC also maintains a branch office in Montreal, Quebec, that is registered with the Autorite des Marches Financiers as portfolio manager. Certain employees of PC may from time to time provide certain research and investment management services for Pyramis, which Pyramis may use for its clients. PC has been deemed to be a "Participating Affiliate" of Pyramis, as described below.

PC is not registered as an investment adviser under the Advisers Act and is deemed to be a "Participating Affiliate" of Pyramis (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 requirements for certain affiliates of registered investment advisers). Pyramis deems PC and certain of its employees as "associated persons" of Pyramis within the meaning of Section 202(a)(17) of the Advisers Act, because PC may, through such employees, contribute to Pyramis' research process and may have access to information concerning which securities are being recommended to Pyramis' US clients prior to the effective dissemination of such recommendations. PC may also provide certain affiliates of Pyramis with certain research relating to securities that are the subject of research it also provides to Pyramis. As a Participating Affiliate of Pyramis, PC has agreed to submit itself to the jurisdiction of US courts for actions arising under US securities laws in connection with investment advisory activities conducted for Pyramis' US clients. Pyramis maintains a list of the employees of PC whom it has deemed "associated persons," which it will make available to current and prospective US clients of Pyramis upon request.

Pyramis or its affiliates may provide certain investment management personnel to or use the investment management personnel of certain of the foregoing investment advisers under personnel sharing arrangements or other inter-company arrangements.

Banking, Thrift Institutions and Trust Companies

Pyramis has relationships or arrangements with the following banking and trust institutions:

Fidelity Management Trust Company (FMTC), a trust company organized and operating under the laws of the Commonwealth of Massachusetts, provides discretionary investment management and other fiduciary services to IRAs, employee benefit plans and institutional clients which may be invested in mutual funds or other clients for which Pyramis or its affiliates are the adviser or subadviser. Pyramis or its affiliates may provide certain administrative services to FMTC, including, but not limited to, securities execution, investment compliance and proxy voting. ***Fidelity Personal Trust Company, FSB (FPTC)*** is a federal savings bank limited to trust powers. FPTC is an indirect, wholly-owned subsidiary of FMR LLC. FPTC provides Trustee or Co-Trustee, agent for trustee, custody, recordkeeping, and investment management services to various trust accounts.

Pyramis Global Advisors Trust Company (PGATC), a non-depository trust company organized under the laws of the State of New Hampshire, provides investment management services principally for institutional clients including employee benefit plans. PGATC is a wholly-owned subsidiary of Pyramis Global Advisors Holdings Corp., which in turn is wholly-owned by FMR LLC. Pyramis or its affiliates provide certain administrative services to PGATC, including, but not limited to, trade execution, investment compliance and proxy voting.

Pyramis or its affiliates may provide certain investment management personnel to or use the investment management personnel of certain of the foregoing banking and trust institutions under personnel sharing arrangements or other inter-company arrangements.

Insurance Companies or Agencies

Pyramis has relationships or arrangements with the following insurance companies and agencies:

Fidelity Investments Life Insurance Company (FILI), a wholly-owned subsidiary of FMR LLC, is engaged in the distribution and issuance of life insurance and annuity products that may offer shares of investment companies managed by Pyramis or its affiliates.

Empire Fidelity Investments Life Insurance Company (EFILI), a wholly-owned subsidiary of FILI, is engaged in the distribution and issuance of life insurance and annuity products that may offer shares of investment companies managed by Pyramis or its affiliates to residents of New York.

Fidelity Insurance Agency, Inc., a wholly-owned subsidiary of FMR LLC, is engaged in the business of selling life insurance and annuity products of affiliated and unaffiliated insurance companies.

Sponsor or Syndicator of Limited Partnerships

Related persons of Pyramis may be a general partner of a partnership or a managing member of an LLC or other pooled investment vehicle, such as a privately-offered unregistered investment fund, in which clients of Pyramis may be solicited to invest and Pyramis may advise. These unregistered investment companies may invest in a wide variety of interests including securities and derivatives instruments, real estate and other privately-offered funds.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pyramis or its affiliates may purchase or sell for the accounts of clients securities in which Pyramis' or its affiliates' in-house accounts (including institutional accounts), affiliates, directors, officers or employees have a position or securities in which Pyramis or its affiliates have a material financial interest. Pyramis or its affiliates may invest in the same securities or related securities, (e.g., warrants, options or futures) that Pyramis or its affiliates recommend to clients. In addition, subject to the procedures discussed below, Pyramis or its affiliates may recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Pyramis or its affiliates buy or sell the same securities for its own (or a related person's own) account.

These situations result, in part, from the breadth of securities purchased by Pyramis' or its affiliates' varied clients and the fact that personnel of Pyramis or its affiliates are permitted to invest in securities for their personal accounts. The potential conflicts of interest involved in such transactions are governed by Pyramis' Code of Ethics for Personal Investing (Code), which has been adopted and approved by Pyramis under Rule 204A-1 under the Advisers Act. The Code applies to all officers, directors, and employees of Pyramis or its affiliates (covered persons) and requires that they place the interests of Pyramis' clients above their own. The Code establishes securities transactions requirements for all covered persons including their spouses.

In accordance with Rule 204A-1 of the Advisers Act, the Code: (1) describes the fiduciary duty covered persons have to Pyramis' clients; (2) requires covered persons of Pyramis to comply with federal securities laws; (3) requires covered persons of Pyramis to report, and for Pyramis or its affiliates to review, covered persons' transactions and holdings periodically (money market funds excepted), including transactions in mutual funds advised by Pyramis or an affiliate and certain other funds; (4) requires covered persons of Pyramis to report any violations of the Code to Pyramis' or its affiliate's Ethics Office; and (5) requires Pyramis or its affiliates to provide each employee with a copy of the Code and any amendments, and requires employees to acknowledge their receipt of the Adviser's Code.

In addition, the Code: (i) requires covered persons to move their covered accounts to Fidelity Brokerage Services LLC unless an exception has been granted; (ii) requires preclearance of transactions in covered securities; (iii) requires reporting of transactions in covered securities on a quarterly basis; (iv) requires reporting of accounts and holdings of covered securities on an annual basis; (v) generally prohibits purchases or sales by portfolio managers of securities which are traded in client accounts within seven days before or after the trade; (vi) prohibits purchases of securities in initial public offerings unless an exception has been approved; (vii) prohibits investments in limited offerings without prior approval; and (viii) requires disgorgement of profits from short-term transactions unless an exception has been approved. Violations of the Code's requirements may also result in the imposition of remedial action.

The purchase or sale of securities for the accounts of clients may be restricted in connection with distributions of securities where Pyramis, its affiliates or their clients are proposing to act as selling shareholder in the distribution or hold a significant position in the issuer. Any such activity is evaluated in accordance with the Exchange Act's Regulation M, the 1940 Act, the Employee Retirement Income Security Act of 1974 ("ERISA") and other applicable rules and regulations and may result in restrictions on the ability of client accounts to purchase or sell in the distribution and/or secondary market. . FCM, a division of NFS, an affiliated broker-dealer of Pyramis and its affiliates, may be a selling agent or principal underwriter in underwritings of municipal, equity or other securities that Pyramis or its affiliates recommend to clients. The trustees of Pyramis' or its affiliates' US mutual fund clients evaluate any such

activity, if applicable, by Pyramis or its affiliates in accordance with Rule 10f-3 under the 1940 Act and procedures adopted pursuant to Rule 10f-3. With respect to Canadian clients, Pyramis or its affiliates conduct such transactions in accordance with Part 4.1(1) under National Instrument 81.102.

A conflict of interest may arise if a portfolio manager manages accounts simultaneously when one account has certain performance fee and incentive compensation arrangements and another account does not. In addition, conflicts of interest may arise if the account's orders do not get fully executed due to being aggregated with those of other accounts managed by Pyramis or its respective affiliates. The policies described here, and elsewhere in this document, including descriptions of Pyramis' trade allocation policies, seek to mitigate these potential conflicts of interest. There can be no assurance, however, that all conflicts have been addressed in all situations.

A portfolio manager may be permitted to invest in the strategies he or she manages, even if the strategy is closed to new investors.

Pyramis will provide a copy of its Code to any client or prospective client upon request.

From time to time, in connection with its business, Pyramis may obtain material non-public information that is usually not available to other investors or the general public. In compliance with applicable laws, Pyramis has adopted a comprehensive set of policies and procedures that prohibit the use of material non-public information by investment professionals or any other employees. Pyramis also has procedures addressing the use of third party paid research consultants.

In addition, Pyramis has implemented a policy on Business Entertainment and Workplace Gifts intended to set standards for business entertainment and gifts and help employees make sound decisions with respect to these activities and ensure that the interests of Pyramis' clients come first. Similarly, to ensure compliance with applicable "pay to play" laws, Pyramis has implemented a Political Contributions and Activity policy which requires all employees to pre-clear any political contributions and activity. Pyramis also has a policy regarding commercial bribery and bribery of government officials that prohibits directly or indirectly giving, offering, authorizing, promising, accepting, or receiving any bribe, facilitation payments, kickback or payoff (whether in cash or any other form) with the intent to improperly obtain or retain business or any improper advantage.

Brokerage Practices

Selection of Brokers and Dealers to Effect Client Transactions

Pyramis or its affiliates generally have authority to select brokers (whether acting as a broker or a dealer) with which to place clients' portfolio transactions. Pyramis or its affiliates may be responsible for the placement of portfolio transactions for certain client accounts for which an affiliate or related person has investment discretion. In selecting a broker or dealer for a specific securities transaction, Pyramis or its affiliates evaluate a variety of criteria and use good faith judgment in seeking to obtain execution of portfolio securities transactions at commissions that are reasonable in relation to the brokerage and research services provided. In addition, Pyramis and its affiliates may only choose brokers or dealers that are approved counterparties. Before a counterparty can establish a relationship with Pyramis or its affiliates, the counterparty must meet minimum standards.

Pyramis or its affiliates may be authorized to place portfolio transactions with Fidelity Capital Markets (FCM), a division of NFS, an affiliated broker-dealer of Pyramis and its affiliates, or other broker-dealers with whom they are under common control, and use CrossStream and LTA ATS, alternative trading systems operated by NFS and LTA, respectively, if they reasonably believe the quality of the transaction is comparable to what it would be with other qualified broker-dealers. With respect to client trades that are executed by Pyramis' affiliates, Pyramis and such affiliates seek to ensure that the trade execution obtained is comparable to that of unaffiliated brokers and that the continued use of such affiliate is appropriate.

With respect to Canadian mutual funds and other Canadian institutional accounts, Pyramis or its affiliates are authorized to place portfolio transactions with FCM if the price payable is not more than the ask price publicly quoted and in common use (in the case of a purchase), or is not less than the bid price publicly quoted and in common use (in the case of a sale). Pyramis or its affiliates may place client trades with broker-dealers that use NFS as a clearing agent. In addition, Pyramis or its affiliates may place client trades with broker-dealers that use NFS as a clearing agent.

Transactions executed by affiliated brokers on behalf of US investment company clients are effected in accordance with Rule 17a-7 under the 1940 Act, and procedures approved by the board of trustees of each US investment company.

Pyramis or its affiliates may execute transactions between clients of Pyramis or its affiliates, including investment company clients, non-investment company clients, and other non-advisory clients (agency cross transactions). When affecting such cross transactions, Pyramis or its affiliates may have a potentially conflicting division of loyalties and responsibilities regarding both parties to such transactions. Such transactions will, to the extent applicable, be executed in accordance with applicable law, including (i) Rule 206(3)-2 under the Advisers Act, requiring written consent, confirmations of transactions, and annual reporting, (ii) for clients that are investment companies registered under the 1940 Act, procedures adopted by the board of trustees of such clients pursuant to Rule 17e-1 under the 1940 Act, and (iii) ERISA.

In selecting securities brokers, including affiliates of Pyramis, to execute client portfolio securities transactions, Pyramis or its affiliates consider the factors they deem relevant in the context of a particular trade and in regard to Pyramis' or its affiliates' overall responsibilities with respect to the account and other investment accounts, including any instructions from the client's portfolio manager, which may emphasize, for example, speed of execution over other factors. Based on the factors considered, Pyramis or its affiliates may choose to execute an order using electronic communication networks (ECNs), including algorithmic trading, crossing networks, direct market access and program trading, or by actively working an order. Other possibly relevant factors may include, but are not limited to, the following: price; the size and type of the securities transaction; the reasonableness of compensation to be paid, including spreads and commission rates; the speed and certainty of trade executions, including broker willingness to commit capital; the nature and character of the markets for the security to be purchased or sold, including the degree of specialization of the broker in such market or securities; the availability of liquidity in the security, including the liquidity and depth afforded by a market center or market-maker; the reliability of a market center or broker; the broker's overall trading relationship with Pyramis and/or its affiliates; the trader's assessment of whether and how closely the broker likely will follow the trader's instructions to the broker; the degree of anonymity that a particular broker or market can provide; the potential for lessening or avoiding market impact; the execution services rendered on a continuing basis; the execution efficiency, settlement capability and financial condition of the firm; arrangements for payment of fund expenses, if applicable; and the provision of additional brokerage and research products and services, if applicable.

In seeking best qualitative execution for portfolio securities transactions, Pyramis and/or its affiliates may select a broker that uses a trading method, including algorithmic trading, for which the broker may charge a higher commission than its lowest available commission rate. Pyramis and/or its affiliates also may select a broker that charges more than the lowest commission rate available from another broker. Pyramis and/or its affiliates may execute an entire securities transaction with a broker and allocate all or a portion of the transaction and/or related commissions to a second broker where a client does not permit trading with an affiliate of Pyramis or in other limited situations. In those situations, the commission rate paid to the second broker is generally the same as the commission rate paid to the executing broker. For futures transactions, the selection of a futures commission merchant is generally based on the overall quality of execution and other services provided by the futures commission merchant. Pyramis and/or its affiliates may choose to execute futures transactions electronically.

Pyramis and certain of its affiliates share trading facilities to execute the trades for their respective clients. As a result, an affiliate of Pyramis may, from time to time, execute a transaction on behalf of one of its accounts that may have an adverse effect on the terms of other transactions subsequently executed by Pyramis or Pyramis's affiliate on behalf of a Pyramis account (e.g., when a purchase on behalf of an account managed by an affiliate of Pyramis increases the value of a security subsequently purchased by a client of Pyramis, or when a sale by an account managed by an affiliate of Pyramis lowers the sale price received and subsequent sale by a client of Pyramis). Because of regulatory and prudential limits on aggregate ownership of certain securities by Pyramis and its affiliates, purchases of such securities by Pyramis' clients may be limited.

If Pyramis grants investment management authority to a subadviser, that subadviser will be authorized to provide the services described in the sub-advisory agreement, and generally will do so in accordance with applicable law and the subadviser's policies, which may differ from Pyramis and its affiliates' policies.

To facilitate trade settlement and related activities in non-US securities transactions, Pyramis or its affiliates may effect spot foreign currency transactions with foreign currency dealers.

The funds to which Pyramis provides management services may obtain custodial, clearing and related services through prime brokerage arrangements. These arrangements facilitate fund borrowings and permit the funds to use other brokers to execute transactions, while maintaining only a limited number of custodial relationships. A prime broker is compensated primarily through interest on credit balances, margin borrowings, stock loans and brokerage fees and commissions. In selecting prime brokers, Pyramis considers, among other things, the clearance and settlement capabilities of the prospective prime broker, the prime broker's ability to provide effective and efficient reporting, the prime broker's creditworthiness and financial stability, and the likelihood that the prime broker will often be chosen as an executing broker on the basis of the considerations described above with respect to the selection of brokers. A prime broker may provide services to Pyramis, distinct from the custodial, lending and related services the prime broker provides to the funds or other accounts. The prime broker may introduce Pyramis to prospective investors in a fund. To the extent Pyramis receives such services, conflicts may exist between Pyramis' interests and the interests of the relevant fund.

Identification and Resolution of Errors

As an investment adviser, Pyramis maintains policies and procedures that address the identification and correction of errors consistent with applicable standards of care and clients' investment management agreements. To the extent that an error occurs, Pyramis' policy is to identify and resolve the error as promptly as possible. Pyramis will address and resolve errors on a case by case basis, in its discretion,

based on each error's facts and circumstances. Pyramis is not obligated to follow any single method of resolving errors.

An incident is any occurrence or event that interrupts normal investment-related activities or that may deviate from applicable law, the terms of an investment management agreement, or applicable internal or external policies or procedures. Incidents can occur at Pyramis or at one of Pyramis' service providers, and can be identified by any of the same.

The determination of whether an incident constitutes an error is made by Pyramis in its sole discretion based on the relevant facts and circumstances of each incident considered in light of the applicable standard of care. Errors may include, without limitation: (i) purchases or sales that exceed the amount of securities intended to trade for a fund or account; (ii) the purchase (or sale) of a security when it should have been sold (or purchased); (iii) the purchase or sale of a security not intended for the fund or account, and/or contrary to investment guidelines or restrictions; and (iv) incorrect allocations of trades.

Situations that generally would be considered by Pyramis to be incidents but not errors include, without limitation, (i) failure by a portfolio manager to provide timely notification of an incorrect purchase of a security although the security purchased was appropriate for the fund or account; (ii) passive or active breach of an internal or account-level limit; and (iii) failure to update a portfolio manager in a timely manner regarding an increase in shares outstanding or additional room to buy for a security that had been at an aggregate limit.

Additionally, incidents involving fund monitoring or aggregate monitoring compliance violations may or may not be deemed by Pyramis to be errors depending on the facts and circumstances. For example, an active breach of a client mandate or regulatory limit (e.g., due to an acquisition of additional securities for an account) may be deemed to be an error and may be compensable depending on the particular circumstances, but a passive breach of such a limit (e.g., due to a reduction in the issuer's outstanding securities) would not be considered an error and would not be compensable. Active breaches of issuer or regulatory limits, including poison pill limits, may be deemed to be errors and may be compensable depending on the circumstances, but passive breaches generally will not. Further, a passive breach of an aggregate limit on holdings of a security established internally by Pyramis and its affiliates, and instances where all available aggregate capacity on a security is not fully utilized, generally is not considered an error and is not compensable, but an active breach of an internal aggregate limit may be deemed to be an error and compensable depending on the particular circumstances. To the extent that client accounts already own securities that directly or indirectly contribute to certain ownership thresholds being exceeded, Pyramis may sell securities held in such accounts in order to bring account-level and/or aggregate ownership below the relevant threshold. If any such sales result in losses for client accounts, those client accounts may bear such losses depending on the particular circumstances.

Pyramis is responsible for notifying, when appropriate, the affected client of an error. Pyramis generally will not notify clients about incidents deemed not to be errors and non-compensable errors, unless otherwise agreed with particular clients. All errors requiring reimbursement to a Fidelity affiliated mutual fund of \$100,000 or more must be reported to the Compliance Committee (or other applicable Committee) of the fund's Board of Trustees at its next scheduled meeting.

When Pyramis determines that reimbursement is appropriate, the account will be compensated as determined in good faith by Pyramis. Resolution of errors may include, but is not limited to, permitting client accounts to retain gains or reimbursing client accounts for losses resulting from the error. The calculation of the amount of any loss will depend on the facts and circumstances of the error, and the methodology used by Pyramis may vary. Unless prohibited by applicable regulation or a specific

agreement with the client, Pyramis will net a client's gains and losses from the error or a series of related errors with the same root cause and compensate the client for the net loss. In general, compensation is expected to be limited to direct monetary losses and will not include any amounts that Pyramis deems to be speculative or uncertain, nor will it cover investment losses not caused by the error. Pyramis may elect to establish an error account for the resolution of errors which could be used depending on the facts and circumstances.

Investment Research Products and Brokerage Services Furnished by Research Providers and Brokers

Pyramis and its affiliates have established policies and procedures relating to brokerage commission uses in compliance with Section 28(e) of the Exchange Act and provisions of the 1940 Act. Pyramis or its affiliates may execute portfolio transactions with brokers that provide brokerage and research services (as defined in Section 28(e) of the Exchange Act) (Research and Brokerage Services) that assist them in fulfilling their investment management responsibilities in accordance with applicable law. Research and Brokerage Services that Pyramis or its affiliates may have received during the last fiscal year include, when permissible under applicable law, but are not limited to, economic, industry, company, municipal, sovereign (US and non-US), legal or political research reports; market color; company meeting facilitation; compilation of securities prices, earnings, dividends and similar data; quotation services, data, information and other services; analytical computer software and services; and investment recommendations. Pyramis or its affiliates may request that a broker provide a specific proprietary or third-party product or service. Some of these Research and Brokerage Services supplement Pyramis' or its affiliates' own research activities in providing investment advice to their clients. In addition to receiving these Research and Brokerage Services via written reports and computer-delivered services, such reports may also be provided by telephone and in personal meetings with securities analysts, corporate and industry spokespersons, economists, academicians and government representatives and others with relevant professional expertise.

In addition, when permissible under applicable law, Research and Brokerage Services may include those that assist in the execution, clearing and settlement of securities transactions, as well as other incidental functions (including, but not limited to, communication services related to trade execution, order routing and algorithmic trading, post-trade matching, exchange of messages among brokers or dealers, custodians and institutions, and the use of electronic confirmation and affirmation of institutional trades).

Although Pyramis or its affiliates do not use client commissions to pay for products or services that do not qualify as Research and Brokerage Services, they may use commission dollars to obtain certain products or services that are not used exclusively in their investment decision-making process ("mixed-use products or services"). In those circumstances, Pyramis or its affiliates will make a good faith judgment to evaluate the various benefits and uses to which they intend to put the mixed-use product or service, and will pay for that portion of the mixed-use product or services that does not qualify as Research and Brokerage Services with their own resources (referred to as "hard dollars").

To the extent permitted by applicable law, brokers who execute client transactions may receive compensation in recognition of their Research and Brokerage Services that is in excess of the amount of compensation that other brokers might have charged. In addition, Pyramis or its affiliates may have an incentive to select or recommend a broker-dealer based on its interest in receiving the Research and Brokerage Services, rather than on Pyramis' or its affiliates' clients interest in receiving most favorable execution. In connection with the allocation of client brokerage, Pyramis or its affiliates make a good faith determination that the compensation paid to brokers and dealers is reasonable in relation to the value

of the Research and Brokerage Services provided to Pyramis or its affiliates, viewed in terms of the particular client transaction for the client or Pyramis' or its affiliates' overall responsibilities to that client or other clients for which Pyramis or its affiliates have investment discretion; however, each Research and Brokerage Service received in connection with a client's brokerage may not benefit all clients and certain clients may receive the benefit of Research and Brokerage Services obtained with other clients' commissions. As required under applicable laws, commissions generated by certain clients may only be used to obtain certain Research and Brokerage Services. While Pyramis or its affiliates may take into account the Research and Brokerage Services provided by a broker or dealer in determining whether compensation paid is reasonable, neither Pyramis, its affiliates, nor their respective clients incur an obligation to any broker, dealer or third party to pay for any Research and Brokerage Services (or portion thereof) by generating a specific amount of compensation or otherwise. Typically, these Research and Brokerage Services assist Pyramis or its affiliates in terms of their overall investment responsibilities to a client or any other client accounts for which Pyramis or its affiliates may have investment discretion. Certain client accounts may use brokerage commissions to acquire Research and Brokerage Services that may also benefit other client accounts managed by Pyramis or its affiliates.

Pyramis' or its affiliates' expenses likely would be increased if they attempted to generate these additional Research and Brokerage Services through their own efforts or if they paid for these Research and Brokerage Services with their own resources. However, the trading desks of Pyramis and its affiliates are instructed to execute portfolio transactions on behalf of their clients based on the quality of execution without any consideration of Research and Brokerage Services that the broker or dealer might provide. The administration of Research and Brokerage Services is managed separately, which means that traders have no responsibility for administering soft dollar activities. Furthermore, certain of the Research and Brokerage Services that Pyramis or its affiliates receive are furnished by brokers on their own initiative, either in connection with a particular transaction or as part of their overall services. Some of these Research and Brokerage Services may be provided at no additional cost to Pyramis or its affiliates or might not have an explicit cost associated with them. In addition, Pyramis or its affiliates may request that a broker provide a specific proprietary or third-party product or service, certain of which third-party products or services may be provided by a broker that is not a party to a particular transaction and is not connected with the transacting broker's overall services.

Pyramis or its affiliates have arrangements with certain third-party research providers and brokers through whom Pyramis or its affiliates effect client trades, whereby Pyramis or its affiliates may pay with account commissions or hard dollars for all or a portion of the cost of research products and services purchased from such research providers or brokers. If hard dollar payments are used, Pyramis or its affiliates may still cause the client to pay more for execution than the lowest commission rate available from the broker providing research products and services to Pyramis or its affiliates, or that may be available from another broker. Pyramis' or its affiliate's determination to pay for research products and services separately (e.g., with hard dollars), rather than bundled with client account commissions, is wholly voluntary on Pyramis' or its affiliate's part and may be extended to additional brokers or discontinued with any broker participating in this arrangement.

If Pyramis has engaged a subadviser to a Pyramis account or a portion of a Pyramis account, subject to applicable law, the subadviser's policies will apply to trading for that account. These policies may differ from Pyramis' policies.

Other Considerations and Brokerage Arrangements; Commission Recapture

Pyramis' affiliate, FMR, may allocate brokerage transactions to brokers who are not affiliates of Pyramis who have entered into arrangements with FMR or its affiliates under which the broker, using a

predetermined methodology, rebates a portion of the compensation paid by a client account to offset that client account's expenses ("Commission Recapture Program"). A Pyramis client may only participate in the Commission Recapture Program if the client has opted to participate in the Commission Recapture Program. Not all brokers with whom the client account trades have been asked to participate in brokerage commission recapture.

Pyramis and its affiliates recommend that clients do not request them to direct client portfolio transactions to specific brokers. Clients may nonetheless make such requests, and Pyramis or its affiliates may direct such brokerage, subject to Pyramis' or its affiliates' attempt to seek quality execution and provided that the broker is an approved counterparty of Pyramis or its affiliate. In seeking to accommodate such directed brokerage requests, Pyramis and/or its affiliates may execute an entire securities transaction with a broker and allocate all or a portion of the transaction and/or related commissions to a second broker where a client does not permit trading with an affiliate of Pyramis or in other limited situations. Clients should be aware that if they direct portfolio transactions to specific brokers (a) Pyramis or its affiliates may be unable to achieve most favorable execution of such directed transactions; (b) they may pay higher brokerage commissions on such directed transactions because Pyramis or its affiliates may be unable to aggregate such directed transactions with other orders; (c) the client may receive less favorable prices on such directed transactions; and (d) if eligible, a client may not simultaneously participate in the Commission Recapture Program as well as a directed brokerage program established or subscribed to by the client.

In selecting brokers for non-private fund clients of Pyramis to execute client portfolio transactions, Pyramis or its affiliates consider the factors they deem relevant in the context of a particular trade and in regard to Pyramis' or its affiliates' overall responsibilities with respect to the account and other investment accounts, including any instructions from the client's portfolio manager. Pyramis and its affiliates do not receive client referrals for such selection. See above for more information.

As described above, Pyramis' funds may use prime brokers. In selecting prime brokers, Pyramis considers, among other things, the clearance and settlement capabilities of the prospective prime broker, the prime broker's ability to provide effective and efficient reporting, the prime broker's creditworthiness and financial stability, and the likely frequency that the prime broker will be chosen as an executing broker on the basis of the considerations described above with respect to the selection of brokers. A prime broker may provide services to Pyramis, distinct from the custodial, lending and related services the prime broker provides to the funds or other accounts. The prime broker may introduce Pyramis to prospective investors in a fund. To the extent Pyramis receives such services, conflicts may exist between Pyramis' interests and the interests of the relevant fund.

To facilitate trade settlement and related activities in non-US securities transactions, Pyramis or its affiliates may effect spot foreign currency transactions with foreign currency dealers or may engage a third party to do so. In certain circumstances, a Pyramis client may direct the execution of foreign currency transactions with or through a particular party. In certain circumstances, due to local law and regulation, logistical or operational challenges, or the process for settling securities transactions in certain markets (e.g., short settlement periods), spot currency transactions may be effected on behalf of clients by parties other than Pyramis or its affiliates, including clients' custodian banks (working through sub-custodians or agents in the relevant non-U.S. jurisdiction) or broker-dealers that executed the related securities transaction.

If Pyramis has engaged a subadviser to a Pyramis account or a portion of a Pyramis account, subject to applicable law, the subadviser's commission recapture and associated policies will apply to trading for that account. These policies may differ from Pyramis' policies.

Trade Allocation Policies

Bunched Trades

For trades executed on behalf of Pyramis' clients, it is the practice, when appropriate, to combine, or "bunch" orders of various accounts, including those of its clients, its affiliates' clients (including Pyramis), and proprietary accounts, for order entry and execution. Bunched orders may be executed through one or more brokers. The allotment of trades among brokers is based on a variety of factors, which may include price, order size, the time of order, the security and market activity. A bunched trade executed with a particular broker is generally allocated pro rata among the accounts that are participating in the bunched trade until any account has been filled, after which the trade is allocated pro rata among the remaining accounts. Each broker's execution of a bunched order may be at a price different from another broker's bunched order execution price for the same security.

Allocation of Trades

Pyramis and its affiliates have established allocation policies for their various accounts (including proprietary accounts) and securities types (e.g., equity, fixed income and high income) to ensure allocations are appropriate given clients' differing investment objectives and other considerations. These policies also apply to initial and secondary offerings. When, in Pyramis' or its affiliates' opinion, the supply/demand is insufficient under the circumstances to satisfy all outstanding orders, across all securities types the amount executed generally is distributed among participating accounts based on account net asset size (for purchases) and security position size (for sales), or otherwise according to the allocation policies. With limited exceptions, the trading systems contain rules that allocate trades on an automated basis in accordance with these policies. Generally, any exceptions to Pyramis' and its affiliates' policies (i.e., special allocations) must be approved by senior trading and compliance personnel and documented.

Pyramis' and its affiliates' trade allocation policies identify circumstances under which it is appropriate to modify or deviate from the general allocation criteria and describe the alternate procedures. For allocations based on net assets, the trade allocation policies for each of equity, fixed income, and high income define the method of calculating net assets to be used depending on particular circumstances or needs. The high income and fixed income allocation policies define net assets generally by reference to each account's assets managed by the high income or fixed income divisions, respectively, and by reference to certain security and account types, such as high income or investment grade securities and accounts. For example, both the high income and fixed income trade allocation policies provide that 100% of a high income account's net assets may be taken into account when allocating high income securities, but only 1% of an investment grade bond account's or equity account's net assets may be taken into account when allocating high income securities to those accounts along with the high income accounts. The high income trade allocation policy also defines net assets similarly for bank loan and real estate accounts when acquiring bank loan and real estate securities, respectively. The equity trade allocation policy defines net assets generally by reference to each account's overall net assets. The equity trade allocation policy allows for certain specialized accounts, such as international, real estate investment, convertible securities, or other accounts to receive an increased allocation by increasing the weighting of an account's net assets by a factor of two or four where the securities correlate closely to the investment objective or focus of the account. Short sale and "buy to cover" transactions generally are subject to the same general allocation criteria as non-short sale transactions, and thus could experience significant delays in execution, which could materially impact the performance of accounts whose strategies rely on short sales.

Alternate allocation methods other than net asset size (for purchases) and security position size (for sales) may be employed under certain circumstances. The equity trade allocation policy provides for the execution of program trades and short sales notwithstanding the existence of active orders for individual securities on the trading desk, provided that consideration is given to whether the program trade or short sale might have a material effect on these active orders. The policy also allows for accounts designed to have proportionately identical portfolios (e.g., one portfolio modeled on another portfolio) to receive proportional allocations when allocations on net assets or holdings size would yield a non-proportional result. The fixed income trade allocation policy allows for several alternate allocation methods, in some cases only where the portfolio managers of all accounts involved in the allocation agree that the alternate method to be used is in each account's best interests. These alternate methods include pro rata allocations based on the size of the accounts' orders; rotating investment opportunities among accounts that trade consistently on specific trading desks (e.g., taxable bond desks or money market desks); bunching securities or other investments that may be deemed to be fungible and then allocating the bunched orders on a series basis so as to keep like-securities or other investments grouped together; and/or providing a priority allocation for trades the execution of which are contingent on the execution of other trades. The fixed income trade allocation policy also provides for increased or priority allocations for accounts specializing in a particular type of security or other investment. These include priority allocations for certain accounts for repurchase agreements; increased allocations of municipal money market securities to municipal money market and municipal bond accounts; increased allocation to single-state municipal bond accounts for obligations that are tax-exempt within their state; and a priority allocation of U.S. Treasury money market securities to Treasury-only money market accounts.

All of the trade allocation policies generally provide for minimum allocations based on market-defined minimum denominations, or otherwise may allow increased allocations to avoid a *de minimis* allocation. Trade allocations may also be impacted by various regulatory requirements depending on where the trade is executed and what types of accounts are included in the trade. In such circumstances, some accounts may need to be prioritized over others when supply/demand is insufficient (e.g., client accounts receive priority of allocation over proprietary accounts).

Pyramis may engage a subadviser for certain Pyramis accounts. Those accounts or portions of accounts will be subject to that subadviser's trade allocation and associated trading policies, subject to applicable law. As a result, a client's accounts or portions of accounts may be subject to differing trade allocation policies as described above.

Review of Accounts

Each portfolio manager of Pyramis and any applicable investment review groups or committee reviews the holdings in the funds or accounts for which he or she is responsible. Account assignments are made based on several factors, including the relevant experience and ability of the portfolio managers, the complexity of the strategies, and the similarities among strategies assigned to a portfolio manager. A portfolio manager may manage two or more accounts, and generally the accounts have similar investment objectives and may draw on research and trading staffs for support. If Pyramis has delegated advisory services to an affiliated subadviser, portfolio managers of the affiliated subadviser generally follow the same review guidelines.

In its role as an adviser or subadviser, Pyramis may supply the boards of trustees of Pyramis' registered US investment company clients with monthly reports providing, among other items, comparative performance data and certain brokerage commission reports.

Reports to other non-investment company and unregistered investment fund clients may be prepared as requested by such clients, and clients of Pyramis and its affiliates may receive customized or different reports than other clients. Pyramis or its affiliates may also supply to investors in unregistered funds it or its affiliates manage monthly unaudited performance information and annual audited financial statements.

To help the government fight money laundering and the funding of terrorism, federal law requires Pyramis to obtain a client's name, date of birth, address, and a government-issued id number before opening the account, and to verify the information. In certain circumstances, Pyramis and its affiliates may obtain and verify comparable information for any person authorized to make transactions in an account or beneficial owners of certain entities. Further documentation is required for certain entities such as trusts, estates, corporations, partnerships, and other organizations. A client's account may be restricted or closed if we cannot obtain and verify this information. Pyramis is not responsible for any losses or damages (including, but not limited to, lost opportunities) that may result if a client's account is restricted or closed.

Client Referrals and Other Compensation

Pyramis and its affiliates may compensate affiliates and FIL for client referrals. In non-U.S. jurisdictions, however, Pyramis and/or its affiliates may engage non-affiliated solicitors for compensation in accordance with applicable law. Discretionary compensation of Pyramis' sales personnel may be based in part on their success in raising assets on behalf of Pyramis.

Custody

Pyramis may be deemed to have custody of client assets because (1) certain of its affiliates may have the ability to deduct Pyramis' advisory fees directly from certain of its collective fund clients' accounts and/or legal capacity to access collective fund clients' accounts (even though an independent, qualified custodian has been appointed by such funds or accounts to serve as custodian) and (2) a related person of Pyramis maintains client funds or securities as a qualified custodian. Pyramis believes it has overcome the presumption that it is not operationally independent (pursuant to Advisers Act Rule 206(4)(2)-(d)(5)) from such related person.

Clients will receive account statements from the independent, qualified custodian or prime broker that has been appointed to serve as custodian with respect to clients' accounts. Clients should carefully review those statements.

Investment Discretion

Pyramis' discretionary authority to manage accounts on behalf of its clients and any limitations that may be imposed on such authority are described in the "Advisory Business" section of this brochure. Pyramis typically assumes this authority after the execution of a duly authorized investment management agreement, which may incorporate a power of attorney. In very limited cases, Pyramis' investment trade decisions on behalf of a client's account may be overridden by the client, in which case Pyramis may not be held responsible for any loss associated with such action or other consequences that may have an adverse material effect to the portfolio.

Voting Client Securities

Proxy Voting

When authorized by clients, Pyramis or its affiliates generally cast votes on behalf of client accounts by proxy at shareholder meetings of issuers in which Pyramis or its affiliates invest client assets. Pyramis and its affiliates have established formal written proxy voting guidelines (the “Guidelines”) which are designed to ensure that proxies are voted in accordance with the best interests of clients as determined by Pyramis’ or its affiliates’ sole judgment. Pyramis has also adopted these Guidelines as part of its proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Advisers Act. FMR provides proxy voting services to Pyramis and its affiliates.

Clients may obtain a complete set of Guidelines, as well as a record of how their proxies were voted, by contacting Pyramis at the address or phone number found on the cover of this brochure.

Except as set out in the Guidelines, Pyramis or its affiliates generally vote in favor of routine management proposals, and evaluate shareholder proposals by their likelihood to enhance the long-term economic returns or profitability of the portfolio company or to maximize long-term shareholder value.

Non-routine proposals not covered by the Guidelines or involving other special circumstances will be evaluated on a case-by-case basis with input from the appropriate analyst or portfolio manager, as applicable, subject to review by an attorney within the General Counsel’s office and a member of senior management within Investment Proxy Research Group (IPR).

Proposals Relating to Director Elections

Pyramis or its affiliates will generally withhold authority for the election of all directors or directors on responsible committees if; a poison pill or other anti-takeover provision was adopted or extended without shareholder approval; options were repriced without shareholder approval; the board is not composed of a majority of independent directors; the director attended less than 75% of the aggregate number of board or committee meetings during the company’s prior fiscal year; or the company has not adequately addressed concerns communicated by Pyramis and its affiliates in the process of discussing executive compensation. Pyramis and its affiliates will generally support proposals calling for directors to be elected by a majority of votes cast, provided that the proposal allows for plurality voting standard in the case of contested elections. Pyramis and its affiliates may consider voting against such shareholder proposals where a company has adopted an alternative measure, such as a director resignation policy, that provides a meaningful alternative to the majority voting standard and appropriately addresses situations where an incumbent director fails to receive the support of a majority of the votes cast in an uncontested election.

In uncontested elections, Pyramis and its affiliates will generally vote in favor of incumbent and nominee directors except where a director has failed to exercise reasonable judgment. Pyramis and its affiliates will generally withhold authority on the election of all directors or directors on responsible committees if the directors acted contrary to certain aspects of the Guidelines during the period.

Pyramis and its affiliates believe that strong management creates long-term shareholder value and we generally support management of companies in which the Fidelity Funds’ and other clients’ assets are invested. In contested elections, Pyramis and its affiliates will vote on a case-by-case basis, taking into account factors such as management’s track record and strategic plan for enhancing shareholder value; the

long-term performance of the target company compared to its industry peers; the qualifications of the shareholder's and management's nominees; and other factors. Ultimately, Pyramis and its affiliates will vote for the outcome it believes has the best prospects for maximizing shareholder value over the long term.

Proposals Relating to Executive Compensation

Pyramis or its affiliates will generally vote for proposals to ratify executive compensation unless such compensation appears misaligned with shareholder interests or is otherwise problematic, taking into account (i) the actions taken by the board or compensation committee in the previous year, including whether the company repriced or exchanged outstanding stock options without shareholder approval; adopted or extended a Golden Parachute without shareholder approval; or adequately addressed concerns communicated by Pyramis and its affiliates in the process of discussing executive compensation; (ii) the alignment of executive compensation and company performance relative to peers; and (iii) the structure of the compensation program, including factors such as whether incentive plan metrics are appropriate, rigorous and transparent; whether the long-term element of the compensation program is evaluated over at least a three-year period; the sensitivity of pay to below median performance; the amount and nature of non-performance-based compensation; the justification and rationale behind paying discretionary bonuses; the use of stock ownership guidelines and amount of executive stock ownership; and how well elements of compensation are disclosed.(

Proposals Relating to Equity-Based Compensation Plans

The Guidelines generally oppose plans or amendments to plans that: have option exercise prices less than 100% of fair market value on the date of grant, include an evergreen provision, provide for the acceleration of vesting of equity awards even though an actual change in control may not occur; give the ability to re-price outstanding stock options without shareholder approval; or cause excessive dilution to shareholders by considering the average three-year burn rate, based on the company's market capitalization. Large-capitalization companies are those included in the Russell 1000® Index or the Russell Global ex-U.S. Large Cap Index; small-capitalization companies are those not included in the Russell 1000® Index or the Russell Global ex-U.S. Large Cap Index that is not a micro-capitalization company; and micro-capitalization companies are those with a market capitalization under US \$300 million.

Proposals Relating to Changes in Corporate Control

The Guidelines generally oppose measures that are designed to prevent or obstruct corporate takeovers. Such measures include fair price amendments, classified boards, "blank check" preferred stock, executive "golden parachutes," shareholder rights plans ("poison pills"), restricting shareholders' right to call special meetings or to set board size, supermajority provisions and any other provision that eliminates or limits shareholder rights.

Proposals Relating to Shareholder Rights

The Guidelines generally (i) support simple majority voting, (ii) oppose cumulative voting, (iii) support confidential voting (iv) oppose new classes of stock with differential voting rights; and (v) oppose proxy access.

Conflicts of Interest

The Guidelines have been designed so that proxies are voted in the best interest of Pyramis' and its affiliates' clients, as determined by Pyramis' or its affiliates' sole judgment, and to resolve potential conflicts of interest. Potential conflicts generally may arise in connection with business arrangements of Pyramis or its affiliates. For example, Pyramis' affiliates may manage or administer employee benefit plans, or provide brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies. Pyramis or its affiliates may also have business or personal relationships with participants in proxy contests, corporate directors or candidates for directorships. Pyramis or its affiliates vote shares in a manner consistent with the Guidelines and without regard to any other relationship, business or otherwise, that Pyramis or its affiliates may have with companies in which Pyramis invests client assets.

IPR, which is part of Pyramis' or its affiliates' Investment Services department, is charged with administering the Guidelines provided to it by Pyramis. IPR votes proxies without regard to any other Pyramis companies' relationship, business or otherwise, with that portfolio company and without giving effect to any potential conflict of interest, material or otherwise. Like Pyramis employees, IPR employees have a fiduciary duty to never place their own personal interest ahead of the interests of fund shareholders, and are instructed to avoid actual and apparent conflicts of interest. In the event of a conflict of interest, IPR employees, like Pyramis employees, will escalate to their managers or the Ethics Office, as appropriate, in accordance with Fidelity's corporate policy on conflicts of interest.

Clients may not direct Pyramis' vote if Pyramis has been given proxy voting authority.

In very limited circumstances, clients have not provided Pyramis the authority to vote proxies, or may ask Pyramis to follow the client's investment voting guidelines. In such cases, Pyramis may engage a third party to vote such proxies.

If Pyramis has engaged a subadviser, that subadviser may vote proxies according to its own proxy voting guidelines for those Pyramis accounts or portions of Pyramis accounts for which the subadviser has been granted such authority.

Financial Information

Pyramis does not solicit prepayment of client fees more than six months in advance.

Pyramis is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Requirements for State-Registered Advisers

Pyramis is not registered with any state securities authority.