

# Fidelity® Portfolio Advisory Service *at Work*

## Terms and Conditions

Fidelity® Portfolio Advisory Service *at Work*  
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March 27, 2020

This brochure provides information about the qualifications and business practices of Strategic Advisers LLC ("Strategic Advisers"), a Fidelity Investments company, as well as information about Fidelity® Portfolio Advisory Service *at Work*.

Throughout this brochure and related materials, Strategic Advisers refers to itself as a "registered investment adviser" or as "being registered." These statements do not imply a certain level of skill or training.

If you have any questions about the contents of this brochure, please contact Strategic Advisers at 800-291-4015. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission ("SEC") or by any state securities authority.

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

## Summary of Material Changes

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The SEC requires investment advisers to provide and deliver an annual summary of material changes to their advisory services program brochure.

The section below highlights updates that have been made to the Fidelity® Portfolio Advisory Service *at Work* brochure since March 29, 2019. Please contact a Managed Account Consultant with any questions at 800-291-4015.

No material changes were made to the Fidelity Portfolio Advisory Service *at Work* brochure since March 29, 2019.

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## IMPORTANT INFORMATION

### Advisory Business

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Strategic Advisers LLC ("Strategic Advisers") is a registered investment adviser and an indirect, wholly owned subsidiary of FMR LLC (collectively with Strategic Advisers and its affiliates, "Fidelity Investments," "Fidelity," "us," or "we"). Strategic Advisers was formed in 1977 and, since July 2018, serves as a sub-advisor to its affiliate, Fidelity Personal and Workplace Advisors LLC ("FPWA") in connection with various investment advisory programs offered by FPWA, including Fidelity® Portfolio Advisory Service *at Work* ("PAS-W" or the "Program"). As such, Strategic Advisers will make the day-to-day trading decisions with respect to Program accounts for which it serves as sub-advisor and will receive a portion of the fees participants pay to FPWA in connection with the Program. Important information regarding FPWA and the Program can be found in FPWA's Fidelity® Portfolio Advisory Service *at Work* Terms and Conditions ("FPWA Terms and Conditions").

Strategic Advisers provides a variety of investment management services, including discretionary management services to retail and institutional clients and non-discretionary advisory services, including developing and maintaining asset allocation and portfolio modeling methodologies for use by its affiliates. This brochure provides information only about Strategic Advisers' role with respect to the Program. For additional services that Strategic Advisers provides, please see Strategic Advisers' relevant Form ADV Part 2A brochures.

Once enrolled, the Program assumes the day-to-day investment decisions for a participant's workplace savings plan account or assetized nonqualified deferred compensation account (hereinafter described as your "Plan Account" and the managed portion referred to herein as the "Managed Account"). Prior to your enrollment in the Program, FPWA will propose for your consideration a risk-appropriate investment strategy based on a review of your personal profile information and other relevant information that you or your plan sponsor provides to FPWA. Your enrollment in the Program constitutes your approval of the proposed strategy. Strategic Advisers will invest eligible assets and ongoing payroll contributions in your Managed Account to align with holdings in the participant-level portfolio associated with your investment strategy (hereinafter, your "assigned participant-level portfolio"). Strategic Advisers will also rebalance and reallocate your holdings, when appropriate in the Managed Account, to reflect the holdings of your assigned participant-level portfolio.

As of December 31, 2019, Strategic Advisers' total assets under management were \$436,654,685,517 on a discretionary basis, and \$20,055,910,175 on a nondiscretionary basis.

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### Fees and Compensation

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Participants do not pay Strategic Advisers for the services it provides under the Program. Instead, as compensation for its discretionary portfolio management services provided to Managed Accounts, Strategic Advisers receives a portion of the advisory fee paid to FPWA by participants enrolled in the Program. Strategic Advisers and its affiliates can receive compensation with respect to the mutual funds held in a participant's Managed Account. However, the Program's annual gross advisory fee is reduced by the amount of certain compensation, if any, retained by Strategic Advisers or its affiliates that is derived as a direct result of the investments held in your Managed Account (the "Plan Credit Amount"). The Plan Credit Amount is designed to mitigate any disparity in compensation for Fidelity related to Program investments in Fidelity funds vs. non-Fidelity funds, although it might not eliminate this differential in all cases. (Please see the FPWA Terms and Conditions for details regarding Program fees and the application of the Plan Credit Amount.)

It is important to understand that Fidelity affiliates are compensated for providing a variety of services to mutual funds as described in "Client Referrals and Other Compensation." Such compensation is included in the Plan Credit Amount only to the extent that it is derived as a direct result of investment by Managed Accounts. Compensation that is not directly derived from Managed Account assets is not included in the Plan Credit Amount. In addition, certain de minimis revenue received by FPWA's affiliates may be donated to charity rather than included in the Credit Amount.

### Performance-Based Fees and Side-by-Side Management

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Strategic Advisers does not currently charge performance-based management fees for any of its advisory services. In addition, Strategic Advisers does not engage in side-by-side trading.

### Types of Clients

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Strategic Advisers provides discretionary portfolio management services for participants' Managed Accounts. Please see the FPWA Terms and Conditions for information about the types of clients eligible for the Program.

### Methods of Analysis, Investment Strategies, and Risk of Loss

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This section contains information about how Strategic Advisers provides discretionary portfolio management services to Managed Accounts.

In managing Managed Accounts, Strategic Advisers manages each participant-level portfolio by applying a quantitative investment methodology that attempts to achieve reasonable risk-adjusted returns over time. In constructing participant-level portfolios, Strategic Advisers employs a process that is objective with respect to fund family and/or investment manager.

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The investment process seeks to construct participant-level portfolios that are diversified across asset classes and that seek to enhance risk-adjusted returns for participants with varying risk profiles and investment time horizons. Our process aims to build portfolios using investment options drawn from all the plan's eligible investment options, focusing on those that have demonstrated consistency in both risk characteristics and security selection discipline. Eligible investment options include actively managed funds, index-based funds, and extended asset class investment options. With respect to any stable value option within a plan lineup, Strategic Advisers will use the stable value option in constructing its participant-level portfolios if information regarding the asset allocation underlying the stable value contract is made available to Strategic Advisers and the composition of the stable value option makes it an appropriate fit for the Program.

This approach includes active asset allocation, which seeks to adjust the portfolios' primary asset class weightings to increase return potential and/or diversification benefits. This process also uses extended asset classes — such as real estate, high-yield debt, TIPs, and commodities — available in your plan's investment lineup.

### **Fund Evaluation**

The historical risk-adjusted performance of the eligible investment options in the plan lineup are evaluated using a proprietary algorithm that considers relative attractiveness, the ability to maintain appropriate portfolio diversification, and ways of combining these investment options to generate additional value. Fundamental inputs are also evaluated for the investment options. If included in the plan lineup, both Fidelity and non-Fidelity mutual funds are evaluated and given equal consideration by the algorithm.

### **Portfolio Construction**

The portfolio construction process for PAS-W uses a quantitative, algorithmic approach to combine a set of investment options whose overall risk characteristics, when viewed as a portfolio, are similar to those of an appropriate asset allocation strategy for a particular risk profile of an investor. These asset allocation strategies are defined by a series of long-term asset allocation benchmarks, which consists of weighted market index benchmarks designed to represent an appropriate asset mix for a given investor risk profile, from Conservative to Aggressive Growth.

Using the outcome of the evaluation described above, the portfolio construction process identifies the portfolio of investments that is consistent with the long-term asset allocation benchmarks for stock, bond, and/or short-term asset classes.

### **Investment Universe**

Strategic Advisers considers mutual fund data provided by an independent third-party information service to evaluate investment options. Information concerning non-mutual fund investment options in your plan is provided by Fidelity affiliates, third-party sources, or the plan sponsor. In addition, a variety of publicly available information and internally developed tools are used to validate the investment options.

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If directed, we allow some plan sponsors to include among the plan's eligible investment options supplemental funds chosen by the plan sponsor and available only to participants enrolled in the Program. In such cases, references to the "plan lineup" herein and in other Program collateral shall be deemed to include the plan's supplemental funds. Because supplemental funds are only available to participants enrolled in PAS-W, once enrollment in the Program is terminated, participants will not be permitted to hold the supplemental funds and must provide direction to their plan sponsor or the plan's recordkeeper as to how to invest assets in supplemental funds.

Certain plan investment options are excluded from PAS-W for a variety of reasons. For example, asset allocation, lifecycle, and lifestyle options are excluded from PAS-W due to the potential for overlapping asset allocation. Specialty investment options, such as sector, industry, country, or regional funds, as defined by Morningstar category and/or prospectus objective, are also generally excluded from PAS-W due to the inherent risk of the concentrated investment mandate.

Likewise, certain sub-advised mutual funds managed by Strategic Advisers generally are excluded from the Program for administrative purposes. Lastly, the algorithms underlying our investment methodology do not consider extraordinary circumstances that might rule out a certain investment. However, to the extent that Strategic Advisers becomes aware of these instances and believes they might have possible adverse effects on the participant-level portfolio, such funds will be considered for exclusion.

In general, plans that offer a prime money market mutual fund that will be subject to a trading restriction in the plan lineup will not be eligible for the Program. Plans that offer such a fund that use a recordkeeper that can enact the following operational processes will be eligible for the Program. When enrolling in PAS-W, if a prime money market mutual fund in your Plan Account holdings cannot be sold due to a trading restriction on that fund, or if the appropriate PAS-W participant-level portfolio contains a prime money market mutual fund that cannot be purchased due to a trading restriction on that fund, we will not be able to rebalance your Plan Account holdings to align with the appropriate PAS-W participant-level portfolio until the trading restriction has been lifted. At the time of initial enrollment, if there is a delay in executing your participant-level portfolio due to a fund restriction, you will not be responsible for PAS-W advisory fees until your Plan Account holdings have been allocated into the initial PAS-W participant-level portfolio. Finally, while you are enrolled in PAS-W, if your participant-level portfolio contains a prime money market mutual fund that cannot be purchased and/or sold due to a trading restriction on that fund, reallocations of your Managed Account holdings could be delayed until the trading restriction has been lifted. Please note, however, that if your plan contains both prime money market and government money market funds in the plan investment lineup, Strategic Advisers will use the government money market fund when creating the PAS-W participant-level portfolios.

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### **Excluded Assets**

Self-Directed Brokerage in Workplace Savings Plan Accounts (if applicable). For plans that allow participants who have self-directed brokerage assets to invest in PAS-W, there are certain limitations. Any self-directed brokerage assets held by the participant will not be managed by Strategic Advisers as part of the Managed Account. In addition, all future contributions into the Plan Account will be directed into the participant's PAS-W participant-level portfolio. Participants have the opportunity, if they choose, to reinvest assets from their self-directed brokerage account into their PAS-W participant-level portfolio. In managing your portfolio, Strategic Advisers considers the market value and equity weight of self-directed brokerage assets to determine an appropriate investment approach for your assigned participant-level portfolio.

Company Stock (if applicable). Participants who hold company stock in their Plan Account can also enroll in the PAS-W service offering. However, we will not manage company stock, and company stock is not considered as part of the Program's Managed Account. If you decide to retain a portion of your Plan Account in company stock, you can choose to have us take into account your company stock holdings or direct us to ignore your company stock holdings when suggesting an investment strategy. Each of these options is described in more detail below:

*Option 1.* We can, at your direction, suggest an investment strategy that attempts to offset the risk of company stock holdings. As a result, the investment strategy proposed will be more conservative than the proposal made without any company stock holdings. However, there is no guarantee that Strategic Advisers will be able to completely offset the risk of company stock held in your Plan Account. Thereafter, we will evaluate the company stock allocation each time your Managed Account is reallocated (which happens roughly quarterly) to help ensure that the Managed Account is assigned to an appropriate investment strategy. You can also request that we reevaluate your investment strategy based on the value of company stock.

*Option 2.* Alternatively, we can suggest an investment strategy that does not attempt to offset the risk of your company stock holdings. With this option, we will consider the value of your company stock when assessing your overall financial situation, but will not attempt to offset any issuer-specific risk. Therefore, your overall Plan Account will be more aggressively invested than if you had requested that we attempt to offset your company stock risk.

In the event that you do not inform us of how to handle the company stock holdings in your Plan Account or if you receive an employer stock grant without having elected a treatment option, Strategic Advisers will follow the plan sponsor's default direction for treatment of company stock, which in most cases is Option 1.

You can contact us at any time to change the company stock handling option. While enrolled in PAS-W, you cannot purchase additional shares of company stock, but you can sell unutilized or other company stock holdings, subject to your company's policy, and the proceeds will be invested in your Managed Account.



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### **Additional Information about Strategic Advisers' Investment Practices**

When investing in Fidelity and non-Fidelity funds, Strategic Advisers from time to time consults the fund's investment manager to understand the manager's guidelines concerning general limitations, if any, on the aggregate percentage of fund shares that can be held under management by us on behalf of all our clients. Funds are not required to accept investments and can limit how much we can purchase. Additionally, we can establish internal limits on how much we can invest in any one fund across the programs we manage. Regulatory restrictions also sometimes limit the amount that one fund can invest in another, which means that Strategic Advisers or Strategic Advisers Funds can be limited in the amount they can invest in any particular fund.

We will work closely with fund management to limit any potentially negative impact of reallocation activities on funds held in Managed Accounts. In certain situations, liquidating positions in underlying funds can be accomplished over an extended period of time as a result of operational considerations, legal considerations, or input from underlying fund managers.

From time to time, we and/or our affiliates determine that, as a result of regulatory requirements that apply to the adviser 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 are impractical or undesirable. The foregoing limits and thresholds could apply at the Managed Account level or in the aggregate across all accounts (or certain subset of accounts) managed, sponsored, or owned by, or otherwise attributable to, Strategic Advisers and its affiliates. For investment risk management and other purposes, we and our affiliates also generally apply internal aggregate limits on the amount of a particular issuer's securities that can be owned by all such accounts. In such instances, we will limit or exclude clients' investment in a particular issuer, which could include investment in related derivative instruments, and investment flexibility could be restricted.

To the extent that your Managed Account already owns securities that directly or indirectly contribute to an ownership threshold being exceeded, Strategic Advisers could sell securities held in such Managed Account 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 a Managed Account, that Managed Account will bear such losses depending on the particular circumstance.

The only Fidelity funds considered by PAS-W are those that have been included in the investment menu chosen by the plan sponsor (or other responsible plan fiduciary) to be offered to plan participants and beneficiaries. To the extent that PAS-W includes one or more Fidelity mutual funds in participant-level portfolios used by plan participants, it is because such funds are considered appropriate. In constructing participant-level portfolios, we employ a process that is objective with respect to fund family and/or investment manager. The Program includes a Plan Credit Amount mechanism to mitigate potential financial conflicts of interest associated with revenue received from underlying mutual fund investments. Please see the FPWA Terms and Conditions for additional information about the Plan Credit Amount.

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There is no predetermined allocation of Fidelity funds to non-Fidelity funds (except that the money market funds will be Fidelity funds if your plan's fund lineup includes Fidelity money market funds and some plans offer only Fidelity funds in the investment menu); participants authorize Strategic Advisers to invest up to 100% of their account in Fidelity or in non-Fidelity funds. Funds are selected based on an objective, quantitative model that does not apply weights for the use of Fidelity funds or non-Fidelity funds. Certain factors in the fund selection process can result in a significant portion of the portfolio invested in Fidelity funds. Strategic Advisers does not compensate its investment managers based on the inclusion of Fidelity funds in participant-level portfolios. Strategic Advisers' compensation is partly based on performance of the participant-level portfolios, although other objective and subjective factors will apply.

Your plan's recordkeeper is responsible for providing you with personal rate of return information and additional information about the performance of the underlying investments in your Managed Account to the extent it is able to obtain such information from the fund's trustee or manager or your plan sponsor.

### **Material Investment Risks**

**Risk of Loss.** All investment strategies implemented by Strategic Advisers for participants in the Program involve risk of loss. Investments in a Managed Account are not a deposit in a bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. You can lose money by investing in the Program.

Many factors affect each investment's or Managed Account's performance and potential for loss. Strategies that pursue investments in equities will be subject to stock market volatility, and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Strategies that pursue fixed income investments (such as bond or money market funds) will see values fluctuate in response to changes in interest rates, inflation, and prepayment risks, as well as default risks for both issuers and counterparties. Developments that disrupt global economies and financial markets, such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions or other events can magnify factors that affect performance. These strategies are ultimately affected by impacts to the individual issuers, such as changes in an issuer's credit quality or changes in tax, regulatory, market, or economic developments. In addition, investments in certain bond structures are less liquid than other investments, and therefore are more difficult to trade effectively.

Nearly all investments or accounts are subject to volatility in non-U.S. markets, either through direct exposure or indirect effects in U.S. markets from abroad. Those investments and accounts that are exposed to emerging markets are potentially subject to heightened volatility from greater social, economic, regulatory, and political uncertainties, as the extent of economic development, political stability, market depth, infrastructure, capitalization, and regulatory oversight can be less than in more developed markets.

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Nondiversified funds and accounts that invest in a smaller number of individual issuers can be more sensitive to these changes, and funds and accounts that pursue strategies that concentrate in particular industries or are otherwise subject to particular segments of the market (e.g., money market funds' exposure to the financial services industry, municipal funds' exposure to the municipal bond market, or the international or emerging markets funds' exposure to a particular country or region) can be significantly impacted by events affecting those industries or markets.

It is important to understand that your Managed Account's actual asset allocation can deviate from your investment strategy for reasons that include market movement and investment decisions to overweight or underweight certain asset classes to seek to increase potential returns or reduce risks.

In addition, the Program Services and its underlying investments (i.e., mutual funds) are subject to the following risks.

Quantitative Investing. Strategic Advisers' investment methodology relies on a multifactor quantitative model to select funds for the participant-level portfolios. Our Program Services or funds or securities selected using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, changes to the factors' behavior over time, market volatility, or the quantitative model's assumption about market behavior. In addition, Strategic Adviser's quantitative investment strategies rely on algorithmic processes, and therefore are subject to the risks described below under the heading, "Operational Risks."

Investing in Mutual Funds. Your Managed Account bears all the risks of the investment strategies employed by the mutual funds held in your Managed Account, including the risk that these funds will not meet their investment objectives. For the specific risks associated with a fund, please see the fund's prospectus.

Money Market Fund Risk. You could lose money by investing in a money market fund. Although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to money market funds and you should not expect that the sponsor will provide financial support to the fund at any time. Fidelity's government and U.S. Treasury money market funds will not impose a fee upon the sale of your shares, nor temporarily suspend your ability to sell shares if the fund's weekly liquid assets fall below 30% of its total assets because of market conditions or other factors.

Stock Investments. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. In addition, stock investments are subject to risk related to market capitalization, as well as company-specific risk.

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Foreign Exposure. Foreign securities are subject to interest rate, currency exchange rate, economic, regulatory, and political risks, all of which can be greater in emerging markets. These risks are particularly significant for mutual funds and exchange-traded funds that focus on a single country or region or emerging market. Foreign markets can be more volatile than U.S. markets and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates can also be extremely volatile.

Bond Investments. In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) During periods of very low or negative interest rates, we could be unable to maintain positive returns on bond investments. Very low or negative interest rates can magnify interest rate risk for the markets as a whole and for individual bond investments. Changing interest rates, including rates that fall below zero, can have unpredictable effects on markets, and can result in heightened market volatility. The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility, and if a bond is prepaid, a bond fund might have to invest the proceeds in securities with lower yields. Fixed income securities also carry inflation risk, as well as credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures are less liquid than other investments and therefore more difficult to trade effectively.

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

Legislative and Regulatory Risk. Investments in your Managed Account could be adversely affected by new (or revised) laws or regulations. Changes to laws or regulations can impact the securities markets as a whole, specific industries, individual issuers of securities, and Strategic Advisers' determinations with respect to the expected rate of return, value, or creditworthiness of a particular security. Generally, the impact of these changes will not be fully known for some time.

Derivatives. Certain funds used by Strategic Advisers contain derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, bond, or currency), a physical asset (such as gold, oil, or wheat), or a market index (such as the S&P 500® Index). Investments in derivatives subject these funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for decades. These types of derivatives are standardized contracts that can easily be bought and/or sold and whose market values

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are determined and published daily. Non-standardized derivatives (such as swap agreements), on the other hand, tend to be more specialized or complex and can be more difficult to value. Derivatives can involve leverage, because they can provide investment exposure in an amount exceeding the initial investment. As a result, the use of derivatives can cause these funds to be more volatile, because leverage tends to exaggerate the effect of any increase or decrease in the value of a fund's portfolio securities.

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

**Alternative Investments.** Alternatives are classified as assets whose investment characteristics and/or performance differ substantially from the major asset classes and therefore offer opportunities for additional diversification. They can be illiquid. Examples include private equity and hedge funds. Strategic Advisers does not invest in private equity, hedge funds, or similar investments directly in Program Accounts; however, Strategic Advisers can invest in mutual funds that invest significantly in these instruments, and therefore clients could have indirect exposure to these types of investments.

**Cybersecurity Risks.** With the increased use of technologies to conduct business, Strategic Advisers and its affiliates are susceptible to operational, information security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events that may arise from external or internal sources. Cyberattacks 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. Cyberattacks can 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 Strategic Advisers, its affiliates, or any other service providers (including but not limited to custodians, transfer agents and financial intermediaries used by Fidelity or by an issuer of securities) 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 an account invests, counterparties with which an 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.

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Operational Risks. Operational risks can include risks of loss arising from failures in internal processes, people, or systems, such as routine processing incidents or major systems failures, or from external events, such as exchange outages. In addition, algorithms are used in providing the Program Services and contribute to operational risks. For example, algorithms are used as part of the process whereby FFWA suggests an appropriate investment strategy that corresponds to a level of risk consistent with your Personal Profile. In providing financial planning services, algorithms are also used in analyzing the potential for success of a client's financial plan. Strategic Advisers uses algorithms in support of its discretionary investment management process, including the quantitative investment approach described above. There is a risk that the algorithms and data input into the algorithms could have errors, omissions, imperfections, and malfunctions. Any decisions made in reliance upon incorrect data can expose Managed Accounts to potential risks. Issues in the algorithm are often extremely difficult to detect and could go undetected for long periods of time or never be detected. These risks are mitigated by testing and human oversight of the algorithms and their output. We believe that the oversight and testing performed on our algorithms and their output will enable us to identify and address issues appropriately. However, there is no assurance that the algorithms will always work as intended. In general, we will not assess each Managed Account individually, nor will we override the outcome of the algorithm with respect to any particular Managed Account.

Not all incidents arising from operational failures, including those resulting from mistakes of third parties, will be compensable by us to you. We maintain policies and procedures that address the identification and correction of errors, consistent with applicable standards of care, to ensure that clients are treated fairly when an error is detected. The determination of whether an incident constitutes an error is made by us in our sole discretion.

### **Other Information about the Management of Your Account**

Except as otherwise required by law, Fidelity will not be liable for the following:

- Any loss resulting from following your instructions or the instructions of the plan fiduciary, or using inaccurate, outdated, or incomplete information provided by you or your plan fiduciary;
- Any act or failure to act by a fund or any of its agents or any other third party; or
- Any loss in the market value of your Managed Account for any reason, except for losses resulting from Strategic Advisers' breach of fiduciary duty, bad faith, or gross negligence.

### **Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Strategic Advisers or the integrity of its management personnel.

## Other Financial Industry Activities and Affiliations

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

Strategic Advisers is not registered as a broker-dealer, futures commission merchant, commodity pool operator, or commodity trading advisor, nor does it have an application pending to register as such. Certain management persons of Strategic Advisers are registered representatives and management persons of Fidelity Brokerage Services LLC ("FBS"), an FPWA affiliate and a registered broker-dealer.

Strategic Advisers has, and its clients could have, a material relationship with the following affiliated companies:

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

- FPWA, a wholly owned subsidiary of Fidelity Advisory Holdings LLC, which in turn is wholly owned by FMR LLC, is a registered investment adviser under the Investment Advisers Act of 1940 ("Advisers Act"). FPWA provides non-discretionary investment management services and serves as the sponsor to investment advisory programs, including the Program. Strategic Advisers acts as sub-advisor to FPWA in providing discretionary portfolio management to certain clients and assists FPWA in evaluating sub-advisors.
- Fidelity Management & Research Company LLC ("FMRCo"), a wholly owned subsidiary of FMR LLC, is a registered investment adviser under the Advisers Act. FMRCo provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers. FMRCo acts as sub-advisor to FPWA in providing discretionary portfolio management to certain clients and provides model portfolio recommendations to Strategic Advisers in connection with Strategic Advisers' provision of discretionary portfolio management to certain clients. Strategic Advisers pays FMRCo an administrative fee for handling the business affairs of the registered investment companies advised by Strategic Advisers. In addition, Strategic Advisers shares employees from time to time with FMRCo.
- Fidelity Institutional Wealth Adviser LLC ("FIWA"), a wholly owned subsidiary of FMR LLC, is a registered investment adviser under the Advisers Act. FIWA provides nondiscretionary investment management services and sponsors the Fidelity Managed Account Xchange program.

## Terms and Conditions

- FIAM LLC ("FIAM"), a wholly owned subsidiary of FIAM Holdings LLC, which in turn is wholly owned by FMR LLC, is a registered investment adviser under the Advisers Act and is registered with the Central Bank of Ireland. FIAM provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers. Strategic Advisers has sub-advisory agreements with FIAM for certain registered investment companies advised by Strategic Advisers. Strategic Advisers provides model portfolio services to FIAM in connection with FIAM's services to its institutional and intermediary clients and FIAM compensates Strategic Advisers for such services. In addition, Strategic Advisers shares employees from time to time with FIAM.
- FMR Investment Management (UK) Limited ("FMR UK"), an indirect, wholly owned subsidiary of FMRCo, is a registered investment adviser under the Advisers Act, is authorized by the U.K. Financial Conduct Authority to provide investment advisory and asset management services and is registered with the Central Bank of Ireland. FMR UK provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers. FIAM has sub-advisory agreements with FMR UK for certain registered investment companies advised by Strategic Advisers.
- Fidelity Management & Research (Japan) Limited ("FMR Japan"), a wholly owned subsidiary of FMRCo, is a registered investment adviser under the Advisers Act and is authorized by the Japan Financial Services Agency (Kanto Local Finance Bureau) to provide investment advisory and discretionary investment management services. FMR Japan provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers. FIAM has sub-advisory agreements with FMR Japan for certain registered investment companies advised by Strategic Advisers.
- Fidelity Management & Research (Hong Kong) Limited ("FMR Hong Kong"), a wholly owned subsidiary of FMRCo, is a registered investment adviser under the Advisers Act and is authorized by the Hong Kong Securities & Futures Commission to advise on securities and to provide asset management services. FMR Hong Kong provides investment management services, including to registered investment companies in the Fidelity group of funds, and to clients of other affiliated and unaffiliated advisers. FIAM has sub-advisory agreements with FMR Hong Kong for certain registered investment companies advised by Strategic Advisers.

### **Broker-Dealers**

- Fidelity Distributors Company LLC ("FDC"), a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., which in turn is wholly owned by FMR LLC, is a registered broker-dealer under the Securities Exchange Act of 1934 ("Exchange Act") and FDC acts as principal underwriter of the registered investment companies in the Fidelity group of funds and also markets those funds and other products advised by its affiliates to third-party financial intermediaries and certain institutional investors. Pursuant to a referral agreement and for compensation, FDC refers clients to FPWA.



## Terms and Conditions

- National Financial Services LLC ("NFS"), a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., which in turn is wholly owned by FMR LLC, is a registered broker-dealer under the Exchange Act and a registered investment adviser under the Advisers Act. NFS is a fully disclosed clearing broker-dealer that provides clearing, settlement, and execution services for other broker-dealers, including its affiliate, FBS. Fidelity Capital Markets ("FCM"), a division of NFS, provides trade executions for Fidelity affiliates and other clients. Additionally, FCM operates CrossStream®, an alternative trading system that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. CrossStream is used to execute transactions for investment companies and other Fidelity clients. FCM charges a commission to both sides of each trade executed in CrossStream. NFS does not have any advisory clients, does not provide investment advice, and does not receive compensation for investment advisory services. NFS provides transfer agent or sub-transfer agent services and other custodial services to certain Fidelity clients.
- Luminex Trading & Analytics LLC ("LTA"), a registered broker-dealer and alternative trading system, operates an electronic execution utility (the "LTA ATS") that allows orders submitted by its subscribers to be crossed against orders submitted by other subscribers. FMR Sakura Holdings, Inc., a wholly owned subsidiary of FMR LLC, is the majority owner of LTA. LTA charges a commission to both sides of each trade executed in the LTA ATS. The LTA ATS is used to execute transactions for Fidelity affiliates' advisory clients. NFS serves as the clearing agent for transactions executed in the LTA ATS.
- FBS, a wholly owned subsidiary of Fidelity Global Brokerage Group, Inc., which in turn is wholly owned by FMR LLC, is a registered broker-dealer under the Exchange Act and provides brokerage products and services, including the sale of shares of registered investment companies in the Fidelity group of funds to individuals and institutions, including retirement plans administered by affiliates. In addition, along with Fidelity Insurance Agency, Inc. ("FIA"), FBS distributes insurance products, including variable annuities, which are issued by Fidelity affiliates, Fidelity Investments Life Insurance Company ("FIL"), and Empire Fidelity Investments Life Insurance Company® ("EFIL"). FBS provides shareholder services to certain of Fidelity affiliates' clients. FBS is the introducing broker for managed accounts offered by FPWA and places trades for execution with its affiliated clearing broker, NFS. Pursuant to a referral agreement and for compensation, FBS refers clients to FPWA.

### **Insurance Companies or Agencies**

- FIL, a wholly owned subsidiary of FMR LLC, is engaged in the distribution and issuance of life insurance and annuity products that offer shares of registered investment companies managed by Fidelity affiliates.
- EFIL, a wholly owned subsidiary of FIL, is engaged in the distribution and issuance of life insurance and annuity products that offer shares of registered investment companies managed by Fidelity affiliates to residents of New York.

## Terms and Conditions

- FIA, 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.

### **Banking Institutions**

- Fidelity Management Trust Company ("FMTC"), a wholly owned subsidiary of FMR LLC, is a limited-purpose trust company organized and operating under the laws of the Commonwealth of Massachusetts that provides nondiscretionary trustee and custodial services to employee benefit plans and individual retirement accounts through which individuals can invest in affiliated and unaffiliated registered investment companies. FMTC also provides discretionary investment management services to institutional clients.
- Fidelity Personal Trust Company, FSB ("FPTC"), a wholly owned subsidiary of Fidelity Thrift Holding Company, Inc., which in turn is wholly owned by FMR LLC, is a federal savings bank that offers fiduciary services to its customers that include trustee or co-trustee services, custody, principal and income accounting, investment management services, and recordkeeping and administration.

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

Strategic Advisers can provide discretionary investment management to private investment partnerships and limited liability companies designed to facilitate acquisitions by mutual funds offered by Strategic Advisers. These funds are privately offered to customers consistent with stated investment objectives. Strategic Advisers does not intend to engage in borrowing, lending, purchasing securities on margin, short selling, or trading in commodities.

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

Strategic Advisers has adopted a Code of Ethics for Personal Trading (the "Code of Ethics"). The Code of Ethics applies to all officers, directors, employees, and other supervised persons of Fidelity's registered investment advisers and requires that they place the interests of clients above their own. The Code of Ethics establishes securities transaction requirements for all covered employees and their covered persons, including their spouses. More specifically, the Code of Ethics contains provisions requiring:

- (i) Standards of general business conduct reflecting the investment advisers' fiduciary obligations;
- (ii) Compliance with applicable federal securities laws;
- (iii) Employees and their covered persons move their covered accounts to FBS, unless an exception has been granted;
- (iv) Reporting and review of personal securities transactions and holdings for persons with access to certain nonpublic information;

## Terms and Conditions

- (v) Prohibition of purchasing securities in initial public offerings, unless an exception has been approved;
- (vi) Reporting of Code of Ethics violations; and
- (vii) Distribution of the Code of Ethics to all supervised persons, documented through acknowledgements of receipt.

Core features of the Code of Ethics generally apply to all Fidelity employees. The Code of Ethics also imposes additional restrictions and reporting obligations on certain advisory personnel, research analysts, and portfolio managers, including (1) preclearing of transactions in covered securities; (2) prohibiting investments in limited offerings without prior approval; (3) reporting of transactions in covered securities on a quarterly basis; (4) reporting of accounts and holdings of covered securities on an annual basis; and (5) disgorgement of profits from short-term transactions, unless an exception has been approved. Violation of the Code of Ethics requirements can also result in the imposition of remedial action. The Code of Ethics will generally be supplemented by other relevant Fidelity policies, including the Policy on Inside Information, Rules for Broker-Dealer Employees, and other written policies and procedures adopted by Strategic Advisers and its affiliates. A copy of the Code of Ethics will be provided upon request.

From time to time, Strategic Advisers' related persons purchase or sell securities for themselves that they also recommend to clients. The potential conflicts of interest involved in such activities are contemplated in the Code of Ethics and other relevant Fidelity policies. In particular, the Code of Ethics and other Fidelity policies are designed to ensure that Fidelity personnel never place their personal interests ahead of Fidelity's clients in an attempt to benefit themselves or another party. The Code of Ethics and other Fidelity policies impose sanctions if these requirements are violated.

From time to time, in connection with its business, supervised persons of Strategic Advisers obtain material nonpublic information that is usually not available to other investors or the general public. In compliance with applicable laws, Strategic Advisers has adopted a comprehensive set of policies and procedures that prohibit the use of material nonpublic information by investment professionals or any other employees. With respect to Fidelity funds used by the Program, the investment managers at Strategic Advisers who manage the Program do not have access to the proprietary or material nonpublic information of the Fidelity funds.

In addition, Fidelity has implemented a policy on Business Entertainment and Workplace Gifts intended to set standards to help employees make sound decisions with respect to these activities and ensure that the interests of clients come first. Similarly, to ensure compliance with applicable "pay to play" laws, Fidelity has adopted a Political Contributions and Activities policy that requires all employees to preclear any political contributions and activity.

## Terms and Conditions

### Brokerage Practices

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Strategic Advisers does not select or recommend broker-dealers to execute any trades for the Program or recommend, request, require, or permit participants to direct brokerage transactions in connection with the Program. Strategic Advisers does not aggregate, or have the opportunity to aggregate, the purchase or sale of securities for PAS-W accounts.

Strategic Advisers does not have a soft dollar program.

### Review of Accounts

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Strategic Advisers periodically monitors the performance of portfolios, investment option changes, and time lag since the portfolios' last reallocation. The portfolios will generally be reallocated and rebalanced three or four times a year and when plan option changes necessitate the review of new portfolio allocations. New participant-level portfolios will be created as soon as reasonably possible or needed. Your Managed Account is also monitored on a periodic basis. Due to account activity you can initiate, such as loans and withdrawals, your investments can deviate from the associated participant-level portfolio and your managed assets might be reallocated to ensure alignment with your associated participant-level portfolio.

### Client Referrals and Other Compensation

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Strategic Advisers and its affiliates are compensated for providing services, including for investment management, distribution, transfer agency, servicing, and custodial services, to certain Fidelity and non-Fidelity mutual funds and other investments in which Managed Accounts are invested. These entities include Strategic Advisers, FMRCo, and their affiliates as the investment adviser for the Fidelity funds; FDC as the underwriter of the Fidelity funds; and Fidelity Investments Institutional Operations Company, Inc. ("FIIOC"), as transfer agent for the Fidelity funds, servicing agent for non-Fidelity funds, and recordkeeper of certain workplace savings plans. Strategic Advisers' affiliates also receive compensation and other benefits in connection with portfolio transactions effected on behalf of the Fidelity and non-Fidelity mutual funds and other investments. FMRCo and its affiliates also obtain brokerage or research services, consistent with Section 28(e) of the Exchange Act, from broker-dealers in connection with the execution of the Fidelity mutual funds' portfolio security transactions.

FBS and NFS receive compensation for executing portfolio transactions and providing, among other things, clearance, settlement, custodial, and other services to Fidelity and non-Fidelity mutual funds and other investments, and NFS provides securities lending agent services to certain Fidelity funds for which it receives compensation. FBS, NFS, and FIIOC also offer Fidelity's mutual fund supermarket, the Fidelity FundsNetwork®, and provide shareholder and other services to participating mutual funds for which FBS, NFS, and FIIOC receive compensation, including with respect to those mutual funds in which Managed Accounts are invested.

## Terms and Conditions

The compensation described above that is retained by Strategic Advisers or its affiliates as a result of investments by the Managed Accounts in Fidelity and non-Fidelity mutual funds will be included in the Plan Credit Amount (as described in "Fees and Compensation"), which reduces the gross advisory fee. However, to the extent that Strategic Advisers' affiliates, including FBS, NFS, or FIIOC, retain compensation that is neither a direct result of, nor directly derived from, investments by the Managed Accounts, such compensation is not included in the Plan Credit Amount, does not reduce the gross advisory fee, and will be retained by such affiliates. Receipt of compensation in addition to the gross advisory fee creates a financial incentive for Strategic Advisers and its affiliates to select investments that will increase such compensation. Strategic Advisers seeks to address this financial conflict of interest through the application of the Plan Credit Amount that will reduce the gross advisory fee, as applicable, and through personnel compensation arrangements (including those of Strategic Advisers' investment professionals and the Managed Account Consultants) that are not differentiated based on the investments selected for Managed Accounts. Strategic Advisers and its affiliates have also implemented processes reasonably designed to prevent the receipt of compensation from affecting the nature of the advice provided to Managed Accounts.

See "Fees and Compensation" for additional information.

Affiliates of Strategic Advisers (including FBS and FDC) provide introduction to and education about PAS-W to intermediary clients of Fidelity (e.g., broker-dealers and investment advisers), which can also be service providers to plan clients. These affiliates receive compensation, pursuant to their respective agreements, for related services they provide in connection with offering PAS-W to plan participants.

## Custody

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Strategic Advisers does not maintain direct custody for participants' assets in connection with the discretionary investment management services it provides to Managed Accounts in the Program. Certain plans choose NFS, an affiliate of Strategic Advisers, or another custodian unaffiliated with Strategic Advisers, as custodian for the plan's assets. In either scenario, you will receive statements with respect to your Managed Account from your recordkeeper which you should carefully review.

## Investment Discretion

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A plan sponsor must agree to the terms of the investment management agreement with FPWA, which includes FPWA's delegation of investment authority to Strategic Advisers to provide discretionary investment management for Plan Accounts that have enrolled in the Program. Participants enroll in the Program by proactively contacting Fidelity or, in some cases, through a default enrollment process selected by their plan sponsor. Strategic Advisers' investment management services for Managed Accounts include the discretionary authority to determine which securities to purchase or sell and the total amount of such purchases and sales.

## Terms and Conditions

### Voting Client Securities

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Strategic Advisers does not acquire authority or exercise proxy voting discretion on your behalf in connection with the Program. You are responsible for exercising shareholder and other rights with respect to investment options in your Plan Account, to the extent permitted by your plan. Strategic Advisers will not exercise any shareholder rights on your behalf unless required by law. You will receive proxies or other solicitations directly from the custodian or the transfer agent, but we will not advise you on the voting of proxies for shares held in your Managed Account. In addition, we will not advise you on solicitations or legal proceedings, including bankruptcies and class actions, involving investment options.

### Financial Information

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Clients of the Program do not pay Strategic Advisers for the services it provides under the Program.

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

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Fidelity Brokerage Services LLC, Member NYSE, SIPC  
900 Salem Street, Smithfield, RI 02917

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

Diversification and asset allocation do not ensure a profit or guarantee against loss.

Fidelity® Portfolio Advisory Service *at Work* is a service of Fidelity Personal and Workplace Advisors LLC, a registered investment adviser and a Fidelity Investments company. Discretionary portfolio management services provided by Strategic Advisers LLC, a registered investment adviser and a Fidelity Investments company. **This service provides advisory services for a fee.**

Fidelity Clearing & Custody Solutions® provides clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC, Members NYSE, SIPC.

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