

Building portfolios for the long term: Why diversification matters

Annual returns of key asset classes (%), 2006–2025

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Emerging Markets 32.55	Emerging Markets 39.82	U.S. Investment-Grade Bonds 5.24	Emerging Markets 79.02	U.S. Small Cap 26.85	U.S. Investment-Grade Bonds 7.84	Emerging Markets 18.63	U.S. Small Cap 38.82	U.S. Large Cap Growth 14.89	U.S. Large Cap Growth 5.52	U.S. Small Cap 21.31	Emerging Markets 37.75	U.S. Investment-Grade Bonds 0.01	U.S. Large Cap Value 31.93	U.S. Large Cap Value 33.47	U.S. Large Cap Growth 32.01	U.S. Large Cap Value -5.22	U.S. Large Cap Growth 30.03	U.S. Large Cap Growth 36.07	Emerging Markets 34.36
Non-U.S. Developed Markets 26.86	Non-U.S. Developed Markets 11.63	U.S. High Yield Debt -26.11	U.S. High Yield Debt 58.10	U.S. Mid Cap 26.64	U.S. Large Cap Growth 4.65	Non-U.S. Developed Markets 17.90	U.S. Mid Cap 33.50	U.S. Large Cap 13.69	U.S. Large Cap 1.38	U.S. Mid Cap 20.74	U.S. Large Cap Growth 27.44	U.S. Large Cap Growth -0.01	U.S. Large Cap 31.49	U.S. Small Cap 19.96	U.S. Large Cap 28.71	U.S. High Yield Debt -11.21	U.S. Large Cap 26.29	U.S. Large Cap 25.02	Non-U.S. Developed Markets 31.89
U.S. Large Cap Value 20.80	Diversified Portfolio 9.33	Diversified Portfolio -33.14	U.S. Mid Cap 37.38	Emerging Markets 19.20	U.S. High Yield Debt 4.37	U.S. Mid Cap 17.88	U.S. Large Cap Growth 32.75	U.S. Large Cap Value 12.36	U.S. Investment-Grade Bonds 0.55	U.S. High Yield Debt 17.49	Non-U.S. Developed Markets 25.62	U.S. High Yield Debt -2.27	U.S. Large Cap Growth 31.13	Emerging Markets 18.69	U.S. Large Cap Value 24.90	U.S. Investment-Grade Bonds -13.01	U.S. Large Cap Value 22.23	U.S. Mid Cap 13.93	U.S. Large Cap Growth 22.18
U.S. Small Cap 18.37	U.S. Large Cap Growth 9.13	U.S. Small Cap -33.79	Diversified Portfolio 35.47	Diversified Portfolio 16.41	U.S. Large Cap 2.11	U.S. Large Cap Value 17.68	U.S. Large Cap 32.39	U.S. Mid Cap 9.77	Non-U.S. Developed Markets -0.39	U.S. Large Cap Value 17.40	U.S. Large Cap 21.83	U.S. Large Cap -4.38	U.S. Mid Cap 26.20	U.S. Large Cap 18.40	U.S. Mid Cap 24.76	U.S. Mid Cap -13.06	Non-U.S. Developed Markets 18.85	Diversified Portfolio 13.41	U.S. Large Cap 17.88
Diversified Portfolio 16.75	U.S. Mid Cap 7.98	U.S. Large Cap Growth -34.92	Non-U.S. Developed Markets 32.46	U.S. Large Cap Value 15.10	U.S. Large Cap Value -0.48	U.S. Small Cap 16.35	U.S. Large Cap Value 31.99	Diversified Portfolio 6.42	U.S. Mid Cap -2.18	Diversified Portfolio 12.39	Diversified Portfolio 18.88	Diversified Portfolio -7.26	U.S. Small Cap 25.52	Diversified Portfolio 14.15	Diversified Portfolio 15.39	Non-U.S. Developed Markets -14.01	Diversified Portfolio 17.78	U.S. Large Cap Value 12.29	Diversified Portfolio 17.29
U.S. Large Cap 15.79	U.S. Investment-Grade Bonds 6.97	U.S. Mid Cap -36.23	U.S. Large Cap Growth 31.57	U.S. High Yield Debt 15.07	U.S. Mid Cap -1.73	U.S. Large Cap 16.00	Non-U.S. Developed Markets 23.29	U.S. Investment-Grade Bonds 5.97	Diversified Portfolio -2.43	U.S. Large Cap 11.96	U.S. Mid Cap 16.24	U.S. Large Cap Value -8.95	Diversified Portfolio 23.44	U.S. Mid Cap 13.66	U.S. Small Cap 14.82	Diversified Portfolio -16.02	U.S. Small Cap 16.93	U.S. Small Cap 11.54	U.S. Large Cap Value 13.19
U.S. Large Cap Growth 11.01	U.S. Large Cap 5.49	U.S. Large Cap -37.00	U.S. Small Cap 27.17	U.S. Large Cap 15.06	Diversified Portfolio -1.92	U.S. High Yield Debt 15.55	Diversified Portfolio 21.76	U.S. Small Cap 4.89	U.S. Large Cap Value -3.13	Emerging Markets 11.60	U.S. Large Cap Value 15.36	U.S. Small Cap -11.01	Non-U.S. Developed Markets 22.66	Non-U.S. Developed Markets 8.28	Non-U.S. Developed Markets 11.78	U.S. Large Cap -18.11	U.S. Mid Cap 16.44	U.S. High Yield Debt 8.20	U.S. Small Cap 12.81
U.S. High Yield Debt 10.76	U.S. High Yield Debt 2.53	U.S. Large Cap Value -39.22	U.S. Large Cap 26.46	U.S. Large Cap Growth 15.05	U.S. Small Cap -4.18	Diversified Portfolio 15.42	U.S. High Yield Debt 7.41	U.S. High Yield Debt 2.51	U.S. Small Cap -4.41	U.S. Large Cap Growth 6.89	U.S. Small Cap 14.65	U.S. Mid Cap -11.08	Emerging Markets 18.90	U.S. Investment-Grade Bonds 7.51	U.S. High Yield Debt 5.35	Emerging Markets -19.74	U.S. High Yield Debt 13.47	Emerging Markets 8.05	U.S. High Yield Debt 8.50
U.S. Mid Cap 10.32	U.S. Large Cap Value 1.99	Non-U.S. Developed Markets -43.06	U.S. Large Cap Value 21.18	Non-U.S. Developed Markets 8.21	Non-U.S. Developed Markets -11.73	U.S. Large Cap Growth 14.61	U.S. Investment-Grade Bonds -2.02	Emerging Markets -1.82	U.S. High Yield Debt -4.61	U.S. Investment-Grade Bonds 2.65	U.S. High Yield Debt 7.48	Non-U.S. Developed Markets -13.36	U.S. High Yield Debt 14.41	U.S. High Yield Debt 6.07	U.S. Investment-Grade Bonds -1.54	U.S. Small Cap -20.44	Emerging Markets 10.27	Non-U.S. Developed Markets 4.35	U.S. Mid Cap 7.50
U.S. Investment-Grade Bonds 4.33	U.S. Small Cap -1.57	Emerging Markets -53.18	U.S. Investment-Grade Bonds 5.93	U.S. Investment-Grade Bonds 6.54	Emerging Markets -18.17	U.S. Investment-Grade Bonds 4.21	Emerging Markets -2.27	Non-U.S. Developed Markets -4.48	Emerging Markets -14.60	Non-U.S. Developed Markets 1.51	U.S. Investment-Grade Bonds 3.54	Emerging Markets -14.25	U.S. Investment-Grade Bonds 8.72	U.S. Large Cap Value 1.36	Emerging Markets -2.22	U.S. Large Cap Growth -29.41	U.S. Investment-Grade Bonds 5.53	U.S. Investment-Grade Bonds 1.25	U.S. Investment-Grade Bonds 7.30

HIGHEST
↑
↓
LOWEST

- U.S. Investment-Grade Bonds
Bloomberg U.S. Aggregate Bond Index
- Non-U.S. Developed Markets
MSCI® EAFE® Index
- Emerging Markets
MSCI® Emerging Markets Index
- U.S. Small Cap
Russell 2000® Index
- U.S. High Yield Debt
ICE BofA U.S. High Yield Constrained Index
- U.S. Large Cap Growth
S&P 500® Growth Index
- U.S. Large Cap Value
S&P 500® Value Index
- U.S. Large Cap
S&P 500® Index
- U.S. Mid Cap
S&P MidCap 400® Index
- Diversified Portfolio
Equal allocation to each index

Not FDIC Insured • May Lose Value • No Bank Guarantee

Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against a loss. Not intended to represent the performance of any Fidelity fund. All market indices are unmanaged. It is not possible to invest directly in an index. See page 2 for index definitions.



Diversification may increase your returns

Hypothetical investments of \$10,000 made at the beginning of each year, 2006–2025

This chart demonstrates both the potential benefit of diversification and why it may be a mistake to try to time the market. (This is a hypothetical example; you cannot invest directly in any market index.)

Best-performing index

Based on a \$10,000 investment each year in the prior year's best-performing index.

Best **\$458,146**

Worst-performing index

Based on a \$10,000 investment each year in the prior year's worst-performing index.

Worst **\$386,245**

All indices

Based on a \$10,000 investment each year, split evenly among the nine indices (\$1,111.11 in each).

Diversified **\$636,004**

By spreading investments over all asset classes, our hypothetical investor would have accrued \$636,004. That's \$249,759 more than if this investor had chased the worst-performing index, and \$177,858 more than if he or she had chased the best-performing index.

The message is clear: While there are no guarantees, diversification may provide better returns with less risk over time. Your financial representative can potentially ease your concerns by helping you stay focused on your financial goals.

i.fidelity.com

Unless otherwise expressly disclosed to you in writing, the information provided in this material is for educational purposes only. Any viewpoints expressed by Fidelity are not intended to be used as a primary basis for your investment decisions and are based on facts and circumstances at the point in time they are made and are not particular to you. Accordingly, nothing in this material constitutes impartial investment advice or advice in a fiduciary capacity, as defined under the Employee Retirement Income Security Act of 1974 or the Internal Revenue Code of 1986, both as amended. Fidelity and its representatives may have a conflict of interest in the products or services mentioned in this material because they have a financial interest in the products or services and may receive compensation, directly or indirectly, in connection with the management, distribution, and/or servicing of these products or services, including Fidelity funds, certain third-party funds and products, and certain investment services. Before making any investment decisions, you should take into account all of the particular facts and circumstances of your or your client's individual situation and reach out to an investment professional, if applicable.

Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

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. Fixed income securities also carry inflation, 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.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risk.

Diversification does not ensure a profit or guarantee against a loss.

Not NCUA or NCUSIF insured. May lose value. No credit union guarantee.

Source: Morningstar, as of 12/31/25.

Index definitions

Bloomberg U.S. Aggregate Bond Index is a broad-based, market value-weighted benchmark that measures the performance of the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. Sectors in the index include Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS. **ICE BofA U.S. High Yield Constrained Index** is a modified market capitalization-weighted index of U.S. dollar-denominated below-investment-grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have a below-investment-grade rating (based on an average of Moody's, S&P, and Fitch). The country of risk of qualifying issuers must be an FX-G10 member, a Western European nation, or a territory of the U.S. or a Western European nation. The FX-G10 includes all Euro members, the U.S., Japan, the UK, Canada, Australia, New Zealand, Switzerland, Norway, and Sweden. In addition, qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule, and at least \$100 million in outstanding face value. Defaulted securities are excluded. The index contains all securities of the Intercontinental Exchange Bank of America U.S. High Yield Index but caps issuer exposure at 2%. **MSCI EAFE Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the United States and Canada. **MSCI Emerging Markets Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in emerging markets. **Russell 2000 Index** is a market capitalization-weighted index designed to measure the performance of the small cap segment of the U.S. equity market. It includes approximately 2,000 of the smallest securities in the Russell 3000 Index. **S&P 500 Index** is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. **S&P MidCap 400 Index** is a market capitalization-weighted index of 400 mid cap stocks of U.S. companies chosen for market size, liquidity, and industry group representation. **S&P 500 Growth Index** measures growth stocks using three factors: sales growth, the ratio of earnings change to price, and momentum. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500. **S&P 500 Value Index** measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500.

Third-party trademarks and service marks are the property of their respective owners. All other trademarks and service marks are the property of FMR LLC or an affiliated company.

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact your investment professional or visit i.fidelity.com for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.