



Fast Starts: Sector Leadership in Nascent Bull Markets

U.S. Equity Sector Total Return During Beginning Stages of Bull Markets (1960-2008)*

Sector	3-Month Return	6-Month Return	9-Month Return	12-Month Return	# of 12-Month Returns Above S&P 500
Consumer Discretionary	10.3%	25.0%	39.5%	44.5%	8 out of 8
Financials	15.2%	25.7%	39.7%	41.0%	6 out of 8
Consumer Staples	10.5%	22.8%	32.2%	35.6%	5 out of 8
Energy	10.8%	19.1%	28.8%	32.2%	4 out of 8
Information Technology	12.9%	29.9%	39.7%	44.9%	4 out of 8
Industrials	9.9%	23.0%	35.2%	38.8%	4 out of 8
Materials	11.0%	21.4%	33.3%	35.5%	4 out of 8
Health Care	12.0%	24.7%	33.9%	34.7%	3 out of 8
Telecom	13.2%	19.1%	25.5%	22.0%	2 out of 8
Utilities	9.9%	17.2%	25.3%	26.5%	1 out of 8
Small Caps	9.1%	26.5%	44.0%	50.8%	7 out of 8
S&P 500®	11.0%	21.6%	31.6%	34.1%	-

* Performance above represent average returns for periods shown during eight bull markets from 1960-2008.

Orange text shows average sector returns greater than the S&P 500 Index.

Past performance is no guarantee of future results. Sector performance represented by the market-cap-weighted returns of the 3000-largest U.S. stocks by market capitalization, grouped by GICS sector. Small-cap performance represented by Ibbotson Associates (IA) Small-Cap Index from 1960-1978, Russell 2000® Index from 1979-2008. Source: Haver Analytics, FMRCo (MARE) as of 12/31/08.

You cannot invest directly in an index. All indices are unmanaged, performance of the indices include reinvestment of dividends and interest income, and are not illustrative of any particular investment. The S&P 500®, a market-capitalization-weighted index of common stocks, is a registered service mark of the McGraw-Hill Companies, Inc. and has been licensed for use by Fidelity Distributors Corporation. The Russell 2000 Index is a market-capitalization-weighted index of smaller company stocks. The IA Small Cap Stock Index is a custom index designed to measure the performance of U.S. small-cap stocks.

Because of their narrow focus, sector funds tend to be more volatile than those that diversify across many sectors and companies.

Huge Broad-Based Gains For Early Investors

- ▶ For the eight bull markets (defined as an increase of 20% or more in the S&P 500® Index) since 1960, all 10 major sectors on average have rallied sharply during the first year out of the gate.

Interest-Rate-Sensitive Sectors Tend to Lead

- ▶ Sectors that typically benefit from a lower interest-rate climate (which often coincides with economic weakness)—such as consumer discretionary and financials—historically have outperformed the broader market most often and frequently by the greatest magnitude.
- ▶ Information technology, a sector whose fortunes tend to be tied to the direction of the economy, has had big rallies coming out of bear markets—though it has only led the S&P 500 Index 50% of the time during the first year of a new bull market.

Laggards: Telecom and Utilities

- ▶ Defensive-oriented sectors such as telecommunication services and utilities, have been least likely to outperform the S&P 500 during the early months of a bull market.

Small-Cap Stocks Fast Out of the Gate

- ▶ The stocks of smaller companies, which tend to be sensitive to an improving economic outlook, have outperformed large-caps 88% of the time in the first year of a bull market, and on average have done so by about 17 percentage points.

Investment Implications

- ▶ Historical patterns of sector leadership in bull markets can serve as a guidepost for investors. However, it's important to keep in mind that every bull market is different. With the financial system and consumers facing the toughest conditions in decades, it remains to be seen whether these sectors will again show the way forward.