

Special Bulletin to Our Clients

February 12, 2010

As we have reported in our prior communications to you, we are diligently pursuing a multi-tiered approach to an elusive goal of investing, namely, protecting your portfolio from downside risk, while not impairing its ability to benefit from market upswings. This is a challenging and painstaking effort; perfect solutions are not available; and results will likely be achieved in a stepwise manner, as we develop and install various individual pieces of the solution over time.

We have related some of our portfolio alterations over the last several months, such as moving into “managed futures”, “market neutral”, “absolute return”, global infrastructure, and agriculture investments. We are now in the process of implementing additional portfolio modifications, in two general areas:

1. Changes to our asset allocations for 2010
2. An innovative form of portfolio protection

We expect to fully implement all the portfolio changes outlined herein by February 23. You do not need to do anything in response to this bulletin, it is strictly informational; but we are available to address any questions you may have.

1. Asset Allocation Changes

For 2010, we are making the following moves:

- We are increasing the allocation to the “alternative” asset class across all our investment strategies — from conservative to aggressive
 - For all strategies, this entails an increased allocation to the absolute return fund that we introduced into your portfolio in the second half of last year
 - For the more conservative strategies, there will be a migration from timber and commodities to managed futures and the market neutral fund also introduced last year
 - For the more aggressive strategies, we are also moving from the market neutral fund into real estate and commodities
- To make room for the increased allocation to alternatives, we are decreasing the allocation to equities across all strategies and, for the more conservative strategies, also decreasing the fixed income allocation
- Within the equity asset class, we are doing the following, across all strategies:
 - Moving out of domestic mid-cap stocks and (with the exception of our most conservative strategies) into international small-cap stocks
 - Changing our industry sector mix by:
 - Replacing the energy and financial sectors with industrials and (for the moderate to aggressive strategies) consumer discretionary
 - Decreasing our allocation to the healthcare sector, and tilting more towards biotech companies in that sector
 - Moving more into global infrastructure (primarily companies that are building roads, bridges, etc., in developing countries)
 - Increasing our allocation to emerging markets, with a particular emphasis on China and Brazil
 - Adding an allocation to a broad-based domestic large-cap index fund (the principal purpose of which will become clearer as you read the next section on portfolio protection)

These changes, by themselves, represent significant strides toward our goal of downside protection/upside potential. Based on our modeling, had they been in place in prior years (a purely hypothetical situation, since a number of these investments have become available only recently), your portfolio would have been protected from a large part of the 4Q08/1Q09 market decline, and still would have performed very well during the more normal market environments before and after that period¹. That said, there is still more work to be done, and the next section outlines a very substantial component of the portfolio protection we are striving to perfect on your behalf.

¹ Please see disclosure statement regarding past performance at the end of this bulletin.

2. Portfolio Protection

As we have said, we are looking for a form of portfolio protection that will provide a “safety net” to support your portfolio in times of extreme market duress, and be unobtrusive otherwise. That is, ideally, we want to supplement your portfolio holdings with an investment whose value rises proportionately when the market falls, but stays fairly stable when the market rises. This investment, when combined with your existing portfolio holdings, would result in a total portfolio that rises when the market rises but stays relatively stable when the market falls. And we want this protection to cost next to nothing, so as not to divert too much of your portfolio from its productive purposes.

The purest form of such protection — “put options” custom-designed to cover the asset classes present in your portfolio — remain prohibitively expensive. While these multi-asset-class puts would provide a distinct floor beneath your portfolio, the markets that set the prices for these puts are still behaving as if 4Q08/1Q09 were the norm, not the exception and they are therefore, in our view, overpricing the protection. We do not believe these puts would be a good use of your funds at the present time (i.e., they would divert too much of your portfolio from other, more productive, applications — such as the asset classes we identified in the preceding section), but we remain alert to changes in market sentiment that would make them more cost-effective, and we are ready to snap them into place at the appropriate time.

There are other, less direct but also potentially less expensive, ways to approach the problem. Some promising ones are described in the Technical Supplement to this bulletin. One such approach is a so-called “volatility play”, which tries to exploit the fact that severe market declines are often accompanied by sudden increases in market volatility (i.e., the day-to-day swings in share prices). **If you owned an investment that suddenly appreciated when volatility suddenly spiked, and remained at that elevated level when volatility returned to normal, you would have a very effective hedge against abrupt market declines.**

We have been working relentlessly on various forms of these volatility plays (and other approaches) over the past year-plus with potential counterparties such as Goldman Sachs, JP Morgan, Morgan Stanley, and Deutsche Bank. Throughout this period, we have found Deutsche Bank (DB) to be the most attentive, creative, and sensitive to our clients’ specific needs. We are pleased to announce that, in direct response to our persistent demands, they have very recently developed the best volatility product we have yet seen. They have dubbed their product DB EMERALD (a loose acronym for DB Equity Mean Reversion Alpha Index), and we have worked with them to custom-tailor it to your portfolio. You will be receiving detailed prospectus material on this investment shortly, which we encourage you to read, but we want to give you a rough outline in this bulletin, with additional details to be found in our Technical Supplement.

How EMERALD Behaves

[Note that, because the product itself only became available in October 2009, the prior “history” we describe below is based on its underlying index, the EMERALD index. Since that index is an entirely transparent quantitative formula on the S&P 500 Index — we have the formula — it can be accurately extended to prior periods to paint a very representative picture of how it would have behaved in the past.]

In the ten years through mid-2008, the EMERALD index rose — with some downturns that were quickly recovered — at a pace averaging about 4% annually. **During the severe equity market decline in the Fall of 2008, the EMERALD index rose suddenly and dramatically;** it was up over 28% for the second half of 2008. And, once it rose, **it did not decline from that elevated level;** in fact, it rose another 2+ % in 2009. **This is exactly the ideal profile we described above.** It provided an almost perfect hedge against a precipitous market decline, yet did not represent a drain during more normal periods — in fact, on average it showed positive, though modest, growth during the more normal periods².

² Please see disclosure statement regarding past performance at the end of this bulletin.

It is important to observe here that **EMERALD is not a hedge against normal market declines**. The dramatic increase in EMERALD during the 2008 market decline was not present during the bear market of 2000-2002. But the other asset classes we have in your portfolio, such as commodities and managed futures, already provide a good degree of protection for your portfolio during those more normal down markets. The portfolio protection we have been looking for relates to those rare and catastrophic periods when normal portfolio diversification does not work. Again, EMERALD seems to fit this need very closely. Note, though, that **there is no guarantee that EMERALD will work as it did in 2008 during the next substantial and sudden downturn, should one occur again in our lifetimes; but it has the best potential of anything we have yet seen**. And, importantly, even if that protection is never needed, EMERALD, by virtue of its growth profile, provides the protection with no drag on your portfolio — in fact, it makes a modest positive contribution. All of the discussion thus far is before costs — these are covered below. But even **after costs, EMERALD is expected to provide protection that pays for itself. It is essentially insurance at no cost.**

How We Customized It for You

So how do you, as our client, access this strategy? The only practical way is through a **structured note** issued by DB. In this form, you would own a promissory note from the bank that represents a promise to pay you, when the note expires, an amount equivalent to your investment times the cumulative growth in the EMERALD index. The note we have designed with DB would expire in 13 months from date of issue, so that any gains at expiration should qualify for long-term capital gains treatment.

EMERALD comes attached to a more traditional “companion” investment. In the note we have designed for you, the companion investment is the S&P 500 Index, the most widely and deeply traded index in the world. Some examples will help illustrate how this combination of investments inside the note would work. In these examples, we assume for ease of demonstration that the note is structured in its simplest form, namely for every \$100 invested in the note, you get \$100 of S&P 500 Index exposure and \$100 worth of EMERALD index exposure.

Example 1: Let's say you owned \$100 of the note, and 13 months later the S&P Index had increased 10%, and the EMERALD index had increased 2%. You would receive \$112 (or 12% more than your original investment), less costs (discussed below), at expiration.

Example 2: Suppose the S&P 500 Index suddenly declined 20% sometime during the 13-month term, but was relatively flat otherwise. This is the situation in which we would look for the EMERALD index to appreciate substantially. Let's say it appreciated 20%. In that case, you would receive your original \$100 back at expiration, less costs. You would have escaped damage while being fully exposed to the equity market through the S&P 500 Index. This kind of protection is the ideal we have been looking for.

Example 3: Let's modify Example 2 by assuming that, after the sharp 20% decline, the S&P 500 Index gradually recovers to its original level. In this scenario, we would expect the EMERALD index to continue its modest growth after its sudden appreciation. In other words, we would expect its growth over the 13 months to be roughly 20%. In this case, you would receive \$120 at expiration, less costs — an excellent result given that the growth in the S&P 500 Index was 0%.

Is EMERALD guaranteed to work like this, always protecting against sharp declines? Again, no, but this is the best approach we have seen so far.

Our goal is to protect the entire equity exposure in your portfolio with this approach. To do so with the simplest-form note we described above would entail effectively converting 100% of your equity exposure to an investment in the S&P 500 Index, giving that exposure to DB, and receiving it back with EMERALD attached. This form is inefficient, for reasons spelled out in the Technical Supplement. The way to very effectively address these inefficiencies is to opt for a “leveraged” version of EMERALD inside the note. In the triple-levered, or “3X”, version of the note we have designed with DB, **for every \$100 invested in the note, you get \$100 of S&P 500 Index exposure and \$300 worth of EMERALD index exposure.** This allows us to cover

virtually all your equity exposure by committing not-quite-one-third of that exposure to the note. That commitment equates to approximately 6.5% of your total portfolio if you are among our more conservative investors, and up to 21% of your total portfolio if you are among our more aggressive. There are some trade-offs with the levered version of the note that are also described in the Technical Supplement. In our analysis, the 3X version represents the best balance of all your interests.

We have created room in your portfolio for this note by virtue of the allocation to “broad-based domestic large-cap” cited in the previous section on asset allocation changes.

How We View the Risk, Cost, and Other Important Features

What are the risks to you as a note-holder? There are primarily two:

1. Performance risk — the risk that the EMERALD index may not perform as expected when we need it to
2. Counterparty risk — the risk that DB may not be able to pay when the note expires

Discussion of these risks is contained in the Technical Supplement. After much analysis, **we conclude that the risks are prudent and appropriate under the circumstances.**

There are, of course, costs associated with this protection. However, as we explain in the Technical Supplement, these costs are such that **the protection is expected to essentially pay for itself over time** — again, close to the ideal situation we have been looking for.

Since this is a custom-designed specialty note, there is no traditional secondary market for your shares of the note. However, this note is fully transferable, to another Fidelity account or any other brokerage account with any other custodian. And should we need to sell your note, or any portion thereof (in \$1,000 minimum increments) to raise cash, or for any other reason, DB will buy it back. A reasonable expectation is that you would get at least 99% of the value of your note from DB whenever you would need to sell it. **We believe this represents excellent liquidity.**

The EMERALD index inside your note is completely transparent in that it is valued and published every day. It can be viewed on the DB Web site. Of course, the value of the S&P 500 Index is available through many sources. And the daily value of your note itself, which is a combination of the above two indexes, can be viewed through your online account lookup, available through our Web site and Fidelity’s. As a result, you will find that **this note has excellent transparency.**

Our view of the risk, cost, liquidity, and transparency — and the inherent protective value — of this investment is manifested in the decision by the Brinton Eaton partners, as well as each member of our Investment Committee, to invest in this note alongside of you.

3. Recap

We believe that the asset allocation changes and portfolio protection we are undertaking give your portfolio an unprecedented combination of risk management and performance potential.

The asset allocation changes are straightforward, similar in general form (if not in their specifics) to changes we have made in prior years, and should be easily understandable.

The protective structured note is new and more complex and can be recapped as follows:

- It is based on a play on market volatility that is expected to generate modest positive growth in normal markets and sudden — and lasting — appreciation in times of excessive market turmoil.
- It provides traditional exposure to the S&P 500 Index with the protective element, EMERALD, attached to it.
- It is not a perfect hedge, but is the best of its kind that we have yet seen.
- It has risks, but we believe the risks are prudent and commensurate with the expected benefit.

- It is extremely cost effective — it is expected to pay for itself over time.
- It will represent a portion of your portfolio equivalent to not-quite-one-third of your total equity exposure. That translates to approximately 6.5% of your total portfolio if you are among our more conservative investors, and up to 21% of your total portfolio if you are among our more aggressive.

To provide additional context, below is an excerpt from one of our Special Bulletins to you early last year, during the depths of the markets' decline:

"But what if this recovery takes a while yet? And what if it's not all that smooth, and there are several periods of painful downturns yet to come? And after the recovery, how do you defend yourself the next time this sort of phenomenon occurs, however unlikely that may be? All of that is where portfolio protection comes in. As we've mentioned in previous communications to you, we are working with some of the world's largest and most respected financial institutions to custom-design a structure that would protect your specific portfolio against those eventualities when they do occur, and not be a drag on your portfolio when they don't. This is a painstaking process and we have not yet arrived at a structure whose terms (trigger events, level of protection, cost, liquidity, marketability, suitability, transparency, etc.) we find acceptable. But when and if we do, we will act promptly to implement it on your behalf. Unlike the process we employed over the last few weeks for the stop-gap, equity-only 'structured note', under which you had to explicitly opt in (because, given the terms of that note, we felt compelled to have you do so), **we will implement any new approach under the discretionary authority you have given us to manage your portfolio. But be assured that we will do so only when and if the terms are acceptable to us and, by presumption, to you.** Your feedback on the stop-gap note has been very valuable in helping us calibrate what is, and is not, acceptable in this regard. As ever, we sincerely appreciate the trust you have placed in us to make such decisions." *[Emphasis added]*

With these changes, we are putting in place an important plank of the overall platform of protection that we have been searching for — and under terms that are extremely reasonable. We have been working diligently on your behalf for many months to get to this point, and strongly believe that your financial future will be more secure as a result. Therefore, and specifically with regard to the structured note, unless you advise us in writing to the contrary by February 19, we will proceed as outlined in this bulletin.

Our search is not complete. Our work continues. We will continue to keep you informed of our progress.

As always, please feel free to contact us at any time with any questions you may have.

Sincerely,

Your Team at Brinton Eaton

Please Remember: Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Brinton Eaton) will be profitable. Please remember that it remains your responsibility to advise Brinton Eaton, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services.

Technical Supplement

To Special Bulletin of February 12, 2010

This document supplements our 2/12/10 Special Bulletin and covers the details of the portfolio protection outlined in that bulletin — specifically, the structured note containing the Deutsche Bank (DB) EMERALD index.

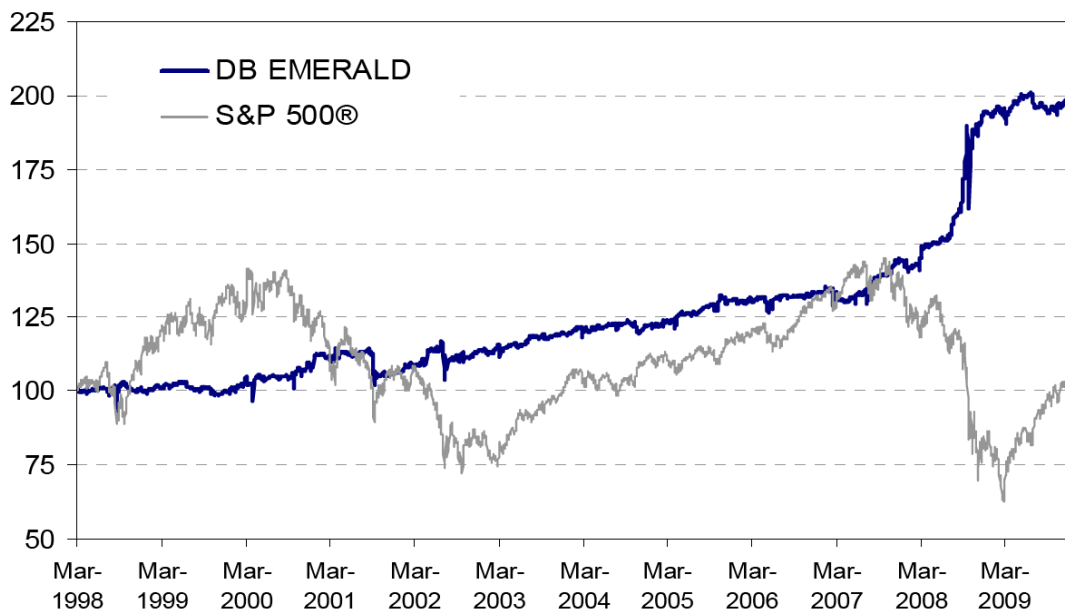
Details of EMERALD's Behavior

[Note that, because the product itself only became available in October 2009, the prior "history" we describe below is based on its underlying index, the EMERALD index. Since that index is an entirely transparent quantitative formula on the S&P 500 Index — we have the formula — it can be accurately extended to prior periods to paint a very representative picture of how it would have behaved in the past.]

As cited in the bulletin, in the ten years through mid-2008, the EMERALD index rose at a pace averaging about 4% annually. During the severe equity market decline in the Fall of 2008, the EMERALD index rose suddenly and dramatically; it was up over 28% for the second half of 2008. And, once it rose, it did not decline from that elevated level; in fact, it rose another 2+ % in 2009. This is documented in the table below.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Jan		0.34%	1.97%	3.86%	2.49%	-0.44%	1.20%	0.02%	-0.29%	1.12%	-1.58%	0.45%
Feb		1.77%	1.08%	-0.66%	0.88%	0.87%	0.80%	1.04%	0.20%	-0.37%	0.59%	0.17%
Mar		0.34%	-0.22%	0.46%	-0.65%	-0.79%	-0.51%	-0.23%	0.35%	-2.57%	4.20%	-0.47%
Apr	-0.05%	-1.07%	2.28%	0.99%	0.37%	1.85%	-0.17%	2.08%	0.36%	-0.58%	0.39%	2.02%
May	0.45%	1.73%	0.40%	-0.51%	4.11%	0.18%	0.31%	-0.19%	-2.07%	1.03%	0.24%	0.84%
Jun	0.52%	-0.86%	-0.32%	-0.31%	0.25%	-0.09%	1.07%	0.31%	2.49%	1.02%	1.04%	0.35%
Jul	-0.24%	-1.24%	-0.08%	0.93%	-5.47%	2.46%	0.33%	0.59%	0.31%	-1.62%	3.24%	-2.34%
Aug	-7.55%	-0.97%	0.17%	0.10%	2.81%	-0.08%	-0.15%	1.38%	-0.47%	5.73%	3.47%	0.24%
Sep	10.74%	1.27%	1.08%	-6.73%	0.51%	-0.03%	0.86%	0.33%	0.14%	0.69%	17.48%	-0.68%
Oct	-2.08%	-2.62%	0.92%	-0.41%	0.01%	0.08%	-1.41%	2.30%	0.27%	0.17%	-1.38%	0.90%
Nov	-1.23%	0.44%	0.45%	0.62%	1.36%	0.46%	-0.95%	-2.03%	0.85%	2.59%	1.29%	0.49%
Dec	0.20%	0.62%	0.64%	0.00%	0.74%	0.09%	1.51%	0.95%	0.10%	0.62%	2.47%	0.43%
Ann.Rtn.	-0.07%	-0.37%	8.66%	-1.98%	7.01%	4.64%	2.91%	6.66%	2.20%	7.85%	34.75%	2.36%

Here is a chart of the EMERALD index, compared to the S&P 500 Index over the same period:

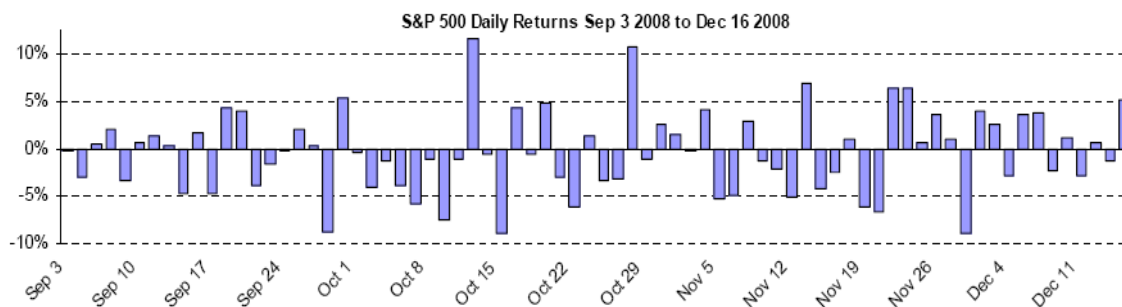


As you can see from the chart, particularly during the bear market of 2000-2002, EMERALD is not a hedge against normal market declines. But it appears to provide substantial protection against the sudden decline we saw in late 2008.

Details of EMERALD's Inner Workings

The key to what makes EMERALD work is the clearly observable phenomenon that the volatility of the S&P 500 Index is generally greater on a daily basis than it is on a weekly basis. That is, in a typical five-day period, the S&P 500 Index does not always move in the same direction every day — there are usually intra-week moves in the opposite direction (reversions). Even the dramatic market decline in the Fall of 2008 was frequently interrupted by days of sharp rallies.

The chart below shows the daily movements in the S&P 500 Index over this very volatile period. The reversionary behavior is clearly evident.



Does this always happen over every five-day span? No — but it happens roughly 70% of the time! (To put this in perspective, if you can find a phenomenon that persists even slightly more than 50% of the time, you can fashion a winning investing strategy around it.)

EMERALD exploits this relationship by essentially “buying” daily volatility and “selling” weekly volatility in the S&P 500 Index in equal notional amounts on a systematic basis. It does so by, in effect, trading volatility futures and swaps, not by buying options, so it is very inexpensive to execute. (The actual transaction details are complex, and if you are interested in such details, please refer to the prospectus material and let us know if you have any questions.) The reason that EMERALD displays the sudden appreciation that you see in the page-one chart during late 2008, is that this advantage is amplified several-fold when market volatility spikes as it did then.

We have been able to replicate the essential movements of the EMERALD index in our own modeling, but you need an organization such as DB — i.e., with sufficient size, trading capacity, and special expertise in volatility futures and swaps — to actually execute the strategy.

Details of the “3X” Leverage of EMERALD in the Structured Note

The bulletin mentioned the inefficiencies inherent the unlevered “1X” version of EMERALD. These arise as follows. Protecting the entire equity exposure in your portfolio with the simple-form 1X note would entail effectively converting all your equity exposure to an investment in the S&P 500 Index, giving that exposure to DB, and receiving it back with EMERALD attached. This form is inefficient, for two principal reasons:

1. It would hamper our ability to add value to your portfolio by investing in the equity subcategories we cited in the bulletin (e.g., small cap international, global infrastructure, agriculture, various industry sectors) — these refinements have consistently added value over many years — as well as other approaches to equity investing that we are also considering.
2. It would expose too much of your portfolio to counterparty risk, i.e., the risk that DB might default on the note. While we consider this risk to be very remote (we’ll talk more about this shortly), there is no reason to expose your portfolio to the concentrated risk of any single counterparty, no matter how strong the party, any more than is prudent.

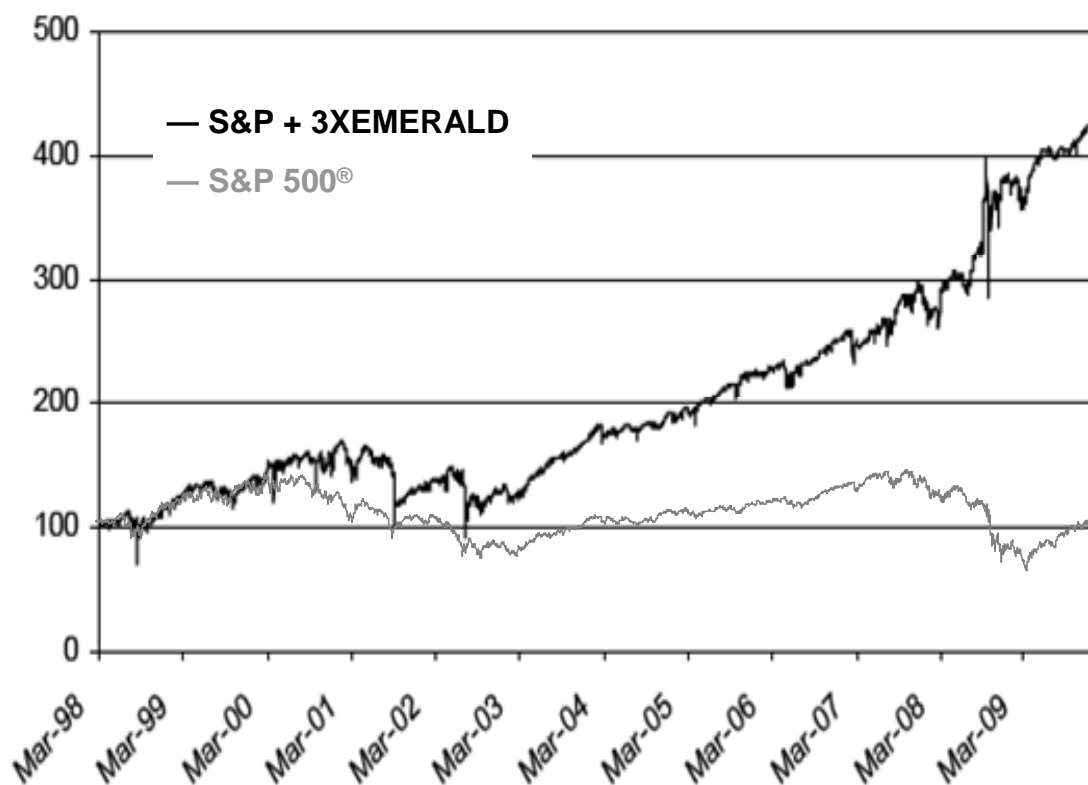
The way to very effectively address both of these issues is to opt for a leveraged version of EMERALD inside the note. In the triple-levered, or “3X”, version of the note we have designed with DB, for every \$100 invested in the note, you get \$100 of S&P 500 Index exposure and \$300 worth of EMERALD index exposure. This cuts to one-third both (i) the amount of equity exposure we would need to divert from other value-adding equity subcategories/strategies, and (ii) the level of counterparty risk.

As also indicated in the bulletin, there are trade-offs associated with the 3X version of the note. These are:

1. The 3X version will follow the S&P 500 Index less reliably than the 1X version (because the pure EMERALD contribution will be three times more prominent).
2. The probability of “knock-out” (described below) will be higher.
3. The costs (also described below) would be higher.

We believe the benefits outweigh these concerns. In our analysis, the 3X version represents the best balance of all your interests.

Here is a chart approximating how a \$100 exposure to the S&P 500 Index and a \$300 exposure to EMERALD would have behaved over the last ten years, before costs. We compare this behavior to that of the pure S&P 500 Index shown in the chart on page one.



This chart covers a period of approximately 12 years, while your note will span only 13 months. We will have the opportunity to roll your note proceeds at expiration into a new note, while retaining the option of replacing it at that time with something better, should our ongoing investigations lead us to such an alternative.

Details on EMERALD's Risks

The bulletin identified two primary risks: performance risk and counterparty risk. On the first risk, there can be no absolute guarantee that performance will be as expected. That is the nature of any investment. The return on EMERALD may even be negative over the particular 13-month term of this note. Negative performance can occur if the S&P 500 Index moves in the same direction for five or more trading days in succession. This can happen (and has), but it is rare, and the behavior of the Index before and after each such period tends to more than offset this temporary phenomenon. The degree of any underperformance (or, for that matter, outperformance) is amplified by virtue of the 3X leverage, magnifying the performance risk. However, we fundamentally understand and believe in EMERALD's underlying play on volatility dynamics, and we have deconstructed, analyzed, and essentially replicated the behavior of the EMERALD index to such a degree that we believe this performance risk is a very prudent one to take.

Another aspect of performance risk is that the note contains a "knock-out" provision, which DB has installed for your protection so that you cannot lose more than your original investment. In the note we have designed, if the value of the note declines, during any trading day, to a level 65% below its original purchase value, the note "knocks out" and you get market price on the following day. While this knock-out provision limits your potential loss on the note, it also hampers your ability to recover, since the EMERALD index part of the note is likely to snap back, as it did in 2008, should a decline like this occur. Our intent is to monitor any such decline very closely, and we have the option of rolling the proceeds immediately into another note to allow you to capture the expected snap-back. In any event, we have negotiated a trigger level (namely, 65%) that makes the probability of a knock-out negligible, in our estimation.

The second risk, counterparty risk, is the risk that DB will not make good on its promise to deliver the appropriate value when the note expires. (This is a zero-coupon note, so there are no periodic payments during the term of the note.) As you would expect, we have undertaken a considerable due diligence review of DB in this regard. Here again, there can be no absolute guarantee. However, DB is a deposit-based commercial bank, unlike the highly leveraged investment banks that suffered, some fatally, in the recent credit crisis. In that crisis, DB did not feel the need to receive the financial support offered to all domestic banks by the German government. One of the largest banks in the world, DB is consistently rated very highly by the industry's rating agencies, and by the credit markets. The professionals on their structured note team could not be more forthcoming, responsive, and transparent. There is counterparty risk associated with many investments. Our role as your fiduciary is to assess these risks and make informed decisions that we believe are in your best interests. We believe that the counterparty risk represented by the amount of your assets we are committing to this DB note is prudent and appropriate under the circumstances.

Details on EMERALD's Costs

As we mention in the bulletin, the costs embedded in the note are such that the protection is expected to essentially pay for itself over time. This bears some explanation.

The costs are associated with compensating DB and Fidelity for their roles in providing the note and the custodial platform, respectively. We have been negotiating terms on structured notes long enough to know that these costs are very competitive.

Specifically, the costs associated with the S&P 500 Index part of the note amount to 0.67% (two-thirds of one percent). That is, you receive 99.33% of the performance of the S&P 500 Index through the note.

The costs on the EMERALD index part of the note amount to 1.00% on an annualized basis (or 1.08% over the 13-month term of the note), assuming 1X leverage. Recall that the 10-year annualized growth of the EMERALD index was approximately 4%, even before the outsized growth in the latter half of 2008. If this growth is representative of the 13-month period covered by

the note, the expected annualized growth in EMERALD is approximately four times the magnitude of its annualized cost. The 3X leverage simply scales up both the expected growth and the costs by a factor of three (i.e., to roughly 12% and 3%, respectively), leaving the relationship between the two intact. Another way to view this relationship is to note that the growth of EMERALD over the 13-month period of the note would need to be less than one-quarter of its long-term average for EMERALD not to add value to your portfolio after costs. While this can certainly happen, it is not likely.

Based on the above review of the costs embedded in the two components of the structured note (i.e., the S&P 500 component and the EMERALD component), we have characterized this note as protection that is expected to pay for itself. In fact, if it behaves as the long-term averages of its component indexes would imply, it should more than pay for itself, by providing performance in excess of the S&P 500 Index, even if the equity markets behave normally.

[It may not need stating that Brinton Eaton does not take any compensation on this note. We do not charge you anything — nor do we receive any revenue sharing of any sort from DB, Fidelity, or anyone else — other than the standard quarterly management fee that we levy on your assets under management with us, whether your funds are invested in this note or any other investment].

Please Remember: Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by Brinton Eaton) will be profitable. Please remember that it remains your responsibility to advise Brinton Eaton, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services.