

# FIDELITY MONITOR & INSIGHTS

JULY 13, 2018

PUBLISHED SINCE 1985

**PORTFOLIO MANAGEMENT**

## More Funds To Split Shares After The Close On August 10

As noted previously, Fidelity took the unprecedented step of executing a 10-for-1 share split for some of its funds on May 11.



John Bonnanzio

Initially, the company said that more would follow on June 8. But because of technical difficulties (to say nothing of the complete lack of notification to fund shareholders on the first go-around!) that date “was deferred until further notice.”

**That date has now been set as August 10.**

In a most cases, splitting fund shares has become a necessity, says Fidelity, as their NAVs (net asset value) have risen dramatically over the past several decades. This, they claim,

Example	NAV/Share	# of Shares	Total Value
Before Split	\$100	100	\$10,000
After Split	\$10	1,000	\$10,000

can be an obstacle to smaller investors. Notably, all the affected funds have NAVs topping \$100. As several of these new splits involve model portfolio holdings (starred in the table above), the shares we own of each will be adjusted on our website on the evening of August 10.

Most importantly, **share splits do not change the value of your current fund holdings, nor are there any tax consequences.** The bottom line is this: Despite the rather dramatic sound of a 10-for-1 share split, you are none the better or worse for this change. ■

Fund Share Splits		
Contrafund*	FCNTX	10-Aug
Growth Company	FDGRX	10-Aug
Magellan	FMAGX	10-Aug
Select Biotechnology	FBIOX	10-Aug
Select Chemicals*	FSCHX	10-Aug
Select Defense & Aero	FSDAX	10-Aug
Select Financial Svs*	FIDSX	10-Aug
Select Health Care*	FSPHX	10-Aug
Select Leisure	FDLSX	10-Aug
Select Technology*	FSPTX	10-Aug
*Denotes a model portfolio holding.		
This table shows only retail share classes of funds. Class K shares and Advisor shares of the above funds may also experience share splits. "TBA" means To Be Announced.		

### Understanding A Fund's NAV

At the time of most funds' inception, their official price per share, or NAV, is \$10.00. The NAV is the dollar value of a single share, and is based on the value of all of the fund's holdings (minus liabilities), divided by the number of shares outstanding. (Money market funds—except prime and institutional funds — have a constant \$1.00 NAV.) There is no inherent advantage to buying a fund on the first day it is offered, 10 days later, or even 10 years later, as its current NAV merely reflects the value of its underlying holdings divided by the number of outstanding shares. ■