

## FIDELITY MONITOR &amp; INSIGHTS

JANUARY 2018

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## MESSAGE FROM JACK

**Corporate Tax Reform Likely To Boost Exports And GDP**

While many ambitions of the Republican-led tax reform effort have fallen by the wayside, the main objective — a globally competitive tax rate for corporations — has been signed into law.



Jack Bowers

By reducing the top bracket for C-corps to 21%, Congress is leveling the playing field between U.S. firms and their foreign competitors (the latter have enjoyed a lighter tax load for over a decade). The new rules also do away with the unconventional treatment of foreign earnings, and they ditch the corporate alternative minimum tax (AMT). Altogether, firms will have more after-tax income for business investment, and less incentive to borrow. Expect robust export growth.

Chapman University, in its recent Economic Forecast, estimated the new tax code will boost GDP by 0.3 percentage points in 2018. That will create a lot of jobs, but not so many that the Fed will accelerate its plans for raising short-term interest rates. (As in 2017, three more hikes are slated for 2018.) Thus, stocks could benefit from good earnings news, while bonds largely avoid negative effects (reduced borrowing demand means intermediate yields won't be affected much by tax reform).

The tradeoff, of course, is the potential increase in the federal debt — as much as \$1.5 trillion. Federal debt was already projected to climb from \$20 trillion to \$30 trillion over the next 10 years, so with tax reform it might go as high as \$32 trillion by 2027.

But the risk of adding to the federal debt at this stage is relatively low because tax revenues are robust and household net worth has surged. Moreover, we've recovered from the Financial Crisis, allowing the Fed to shrink its balance sheet (bond holdings). And thanks to energy independence and an expanded base of high-value exports, tax receipts will probably be about 50% higher by 2027, meaning the debt shouldn't be much harder to service than it is today. Bottom line: Don't abandon your long-term investment strategy.

## 2018 MARKET OUTLOOK

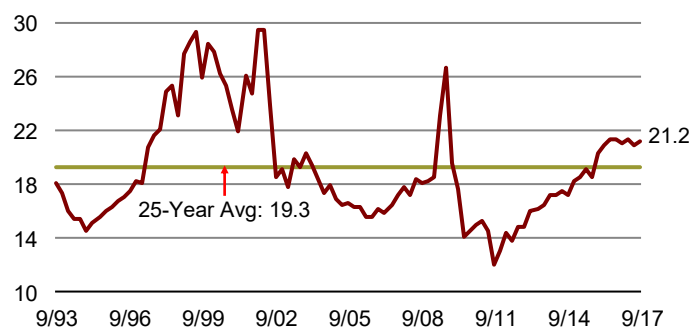
**Earnings Growth Should Power Stocks To Another Good Year**

Last year was certainly a banner one for stocks with the S&P 500 rising 21.8%, with dividends included. You might think that after such big gains valuations must be ridiculously high now. Nope. Valuations have barely budged! The key factor is that last year's gains were driven almost entirely by rising earnings. The trailing 12-month P/E of the S&P 500 as of September 2017 was 21.2 as shown below. A year earlier, in September 2016, it was 21.4. If the earnings for the fourth quarter of 2017 come in as forecast, the P/E could inch back up to 21.4. And, as you can see, while above average, P/Es are not excessive compared to where they were at the start of the last two bear markets in 2000 and 2008.



John M. Boyd

S&amp;P 500 Operating Earnings P/E Ratio



Another stock valuation measure, which looks at the attractiveness of stocks versus bonds, is the earnings yield of the S&P 500 (the inverse of the P/E or E/P) compared to the yield on the 10-year Treasury bond. Historically, the gap between the two yields has been slight. But in recent years, the earnings yield has surged ahead. As of the third quarter of 2017, the earnings yield was 1.9 percentage points higher than the 10-year's yield. Stocks are still far more attractive than bonds.

**Earnings Growth Should Lift Stocks ... Again**

Just as strong earnings growth drove stock gains in 2017, continued strong growth in 2018 should be the

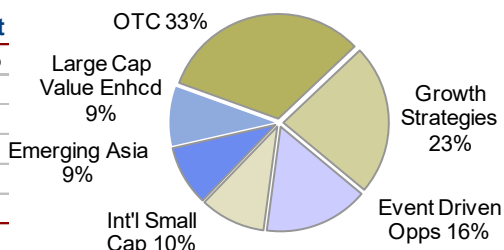
**Unique Opportunities** Target Risk: 1.20 (Current: 1.12) Foreign Holdings: 25.2% **2017 Return: 22.9%**

Stocks: 98.4% Bonds: 0.0% Cash: 1.6% Alternatives\*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
OTC	FOCPX	\$109.85	1,610.00	\$176,858	0.6%
Growth Strategies	FDEGX	41.12	3,086.93	126,934	0.8
Event Driven Opps	FARNX	13.96	6,275.54	87,607	2.1
International Small Cap	FISMX	29.90	1,837.47	54,940	2.8
Emerging Asia	FSEAX	45.04	1,126.90	50,755	3.3
Large Cap Value Enhcd	FLVEX	13.20	3,786.85	49,986	1.6

**Current Value (3/31/99 = \$100,000) \$547,081 1.5%**

For aggressive members who have no need for income or principal for more than 10 years,



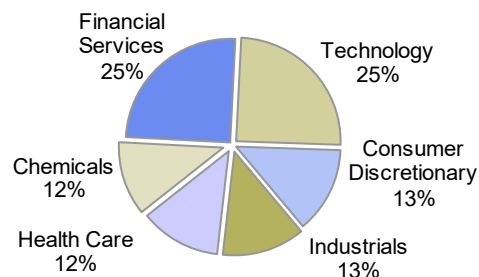
**Select** Target Risk: 1.20 (Current: 1.20) Foreign Holdings: 10.5% **2017 Return: 24.0%**

Stocks: 98.3% Bonds: 0.0% Cash: 1.7% Alternatives\*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Financial Services	FIDSX	\$114.22	8,609.56	\$983,384	1.6%
Technology	FSPTX	178.74	5,460.16	975,949	-1.1
Consumer Discretionary	FSCPX	41.45	12,744.69	528,268	2.5
Industrials	FCYIX	36.79	13,746.69	505,741	2.1
Health Care	FSPHX	223.76	2,205.98	493,611	-1.7
Chemicals	FSCHX	178.31	2,548.74	454,466	0.8

**Current Value (12/31/88 = \$100,000) \$3,941,418 0.6%**

For aggressive members who have no need for income or principal for more than 10 years.



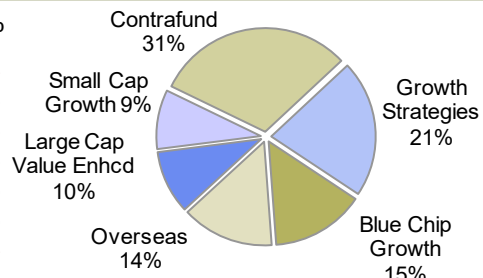
**Growth** Target Risk: 1.00 (Current: 0.99) Foreign Holdings: 18.4% **2017 Return: 23.7%**

Stocks: 98.8% Bonds: 0.0% Cash: 1.2% Alternatives\*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Contrafund	FCNTX	\$122.47	6,802.54	\$833,107	0.3%
Growth Strategies	FDEGX	41.12	14,070.41	578,575	0.8
Blue Chip Growth	FBGRX	87.76	4,465.05	391,853	0.8
Overseas	FOSFX	50.70	7,621.76	386,423	1.5
Large Cap Value Enhcd	FLVEX	13.20	20,248.20	267,276	1.6
Small Cap Growth	FCPGX	24.73	10,113.14	250,098	0.9

**Current Value (12/31/86 = \$100,000) \$2,707,333 0.9%**

For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.



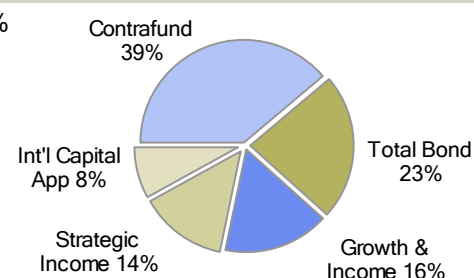
**Growth & Income** Target Risk: 0.66 (Current: 0.69) Foreign Holdings: 17.9% **2017 Return: 16.9%**

Stocks: 62.1% Bonds: 23.1% Cash: 1.8% Alternatives\*: 12.9% Yield: 1.3%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Contrafund	FCNTX	\$122.47	2,169.26	\$265,670	0.3%
Total Bond	FTBFX	10.64	14,756.03	157,004	0.4
Growth & Income	FGRIX	37.87	2,987.08	113,121	2.3
Strategic Income	FSICX	11.05	8,487.28	93,784	0.4
Int'l Capital App	FIVFX	21.06	2,623.10	55,242	1.8

**Current Value (12/31/93 = \$100,000) \$684,821 0.8%**

A good choice for members retiring in 5-10 years looking for less volatility than the market.



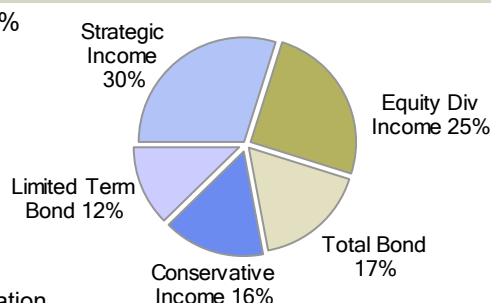
**Income** Target Risk: 0.33 (Current: 0.34) Foreign Holdings: 21.0% **2017 Return: 6.7%**

Stocks: 24.7% Bonds: 49.6% Cash: 2.5% Alternatives\*: 23.3% Yield: 2.3%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Strategic Income	FSICX	\$11.05	10,945.46	\$120,947	0.4%
Equity Dividend Income	FEQTX	27.77	3,653.28	101,452	1.8
Total Bond	FTBFX	10.64	6,547.43	69,665	0.4
Conservative Income	FCONX	10.04	6,285.96	63,111	0.1
Limited Term Bond	FJRLX	11.46	4,374.09	50,127	0.1

**Current Value (12/31/91 = \$100,000) \$405,302 0.6%**

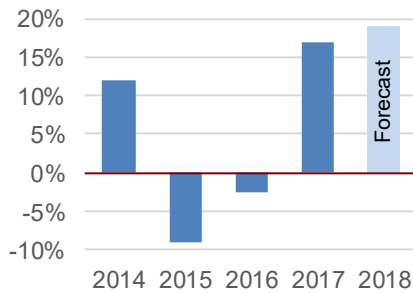
For members needing income and protection of their purchasing power against inflation.



## Market Outlook *cont'd from page 1*

main driver of returns again. As you can see in the chart below, after two years of declines, earnings grew sharply in 2017 and similar gains are forecasted for this year. (*Note: we use 3rd qtr/3rd qtr growth because we don't know the 4th quarter actuals until the following year.*)

**S&P 500 Earnings Growth**  
(3rd Qtr/3rd Qtr % Growth)



### Economy To Drive Earnings

Continued economic growth is obviously key to realizing the earnings forecasts. Right now, the two “real time” forecasts (meaning they are continuously revised as new data comes in) of 2017 fourth quarter GDP growth that I follow (from the Atlanta and New York Federal Reserve Banks) are widely divergent with Atlanta currently at 2.8% and New York at 3.9%. Should the number come in at 3.0% or above, that would make three straight quarters of 3% or higher annualized growth for the first time in about 12 years.

### Tax Reform Will Help

The recently enacted tax reform should give the economy a boost, though there is a real debate about how much. Business people I have spoken to indicate the likelihood of increased investment to take advantage of the tax law's 5-year window where such investments can be

**Market Outlook** *cont'd on page 4*

## FUNDS YOU SHOULD BUY NOW

**Growth:** **OTC** and **Growth Company** are aggressive large-cap options; **Contrafund** is more conservatively positioned. **Large Cap Value Enhanced** provides exposure to attractively valued financials; **Growth Strategies** and **Small Cap Growth** lower market-cap exposure. Style-agnostic, **Event Driven Opportunities** provides smaller-cap portfolio diversification.

**Growth & Income:** **Growth & Income** and **Equity Dividend Income** hold higher-yielding large-cap value stocks.

**International:** **Overseas**, **Int'l Cap App** and **Int'l Small Cap** are lower-risk approaches to developed (and some developing) equity markets. **Emerging Asia** offers exposure to the world's fastest growing markets.

**High-Yield:** **Strategic Income** limits high-yield bond risk.

**Taxable Bond:** **Conservative Income Bond** limits interest-rate risk with its extremely short duration (in many ways it is a money market substitute), and **Limited Term Bond** has a bit more interest-rate risk, but should “earn” its yield. **Total Bond** provides the broadest diversification boosting its yield through well-managed credit risk.

**Muni Bond:** Now that municipal bonds “survived” the tax reform legislation with their federal income tax exemption intact, we have upgraded our ratings on all funds to *OK to Buy* (except for the already Buy-rated and (very) short-maturity **Conservative Income Muni**).

*To reflect the new federal tax rates, we have provided a table of the tax-equivalent yields for all of Fidelity's muni bond funds on page 16. ■*

## MODEL PORTFOLIO TRADES

*As announced on our Hotline update of Friday evening December 22, on Tuesday, December 26, we made the following model portfolio trades:*

### Unique Opportunities Model:

We sold our position in **Blue Chip Growth** (ticker: FBGRX) and used the proceeds to purchase **OTC** (ticker: FOCPX). We also sold **Leveraged Company Stock** (ticker: FLVCX) and purchased **Emerging Asia** (ticker: FSEAX).

### Annuity Growth Model:

We sold 1/2 of **VIP Contrafund** (ticker: FPDFC), bringing it down to about 13% of the model, and used the proceeds to add to our position in **VIP Growth** (ticker: FMNDC), bringing it up to about 21% of the model.

### Annuity Growth & Income Model:

We sold **VIP Contrafund** (ticker: FPDFC), and used the proceeds to buy **VIP Growth** (ticker: FMNDC).

*Remember that fund tickers differ among versions of Fidelity's annuity offerings, so the above tickers may not match yours, but the underlying funds are the same.*

### Trade Rational:

In the *Unique Opportunities Model*, we were running well below our risk target. The switch into OTC and Emerging Asia will boost the risk level to about 1.12 from 1.05 (still below the 1.20 target), while giving us exposure to two areas we find attractive for 2018 (Nasdaq stocks and emerging markets). On the annuity side, the team-run VIP Contrafund (not similar to Will Danoff's “regular” Contra at all) modestly trailed the S&P 500. VIP Growth (essentially the same fund as the “regular” Growth Discovery) offers better upside with hardly any change in risk.

### Model Portfolios Key:

\* Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account. Some percentage figures may not sum to 100 due to rounding. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 16). **Annuity Model Portfolios** are on p. 10.

depreciated immediately. We have also seen several major companies such as AT&T, Comcast, Boeing, and Wells Fargo, announcing worker bonuses or higher minimum wages in the wake of the bill's passage. That said, expectations for faster economic growth from tax reform are muted. We shall see.

Regardless of its impact on the economy, however, the lower corporate tax rate will boost earnings. Goldman Sachs expects 2018 earnings will be 5% higher than current forecasts. Other firms are projecting an even higher bump in the 6-8% range. In fact, over the past month, S&P 500 earnings estimates for 2018 have already risen about 1%.

### **Adding It Up By The Numbers**

S&P 500 earnings per share for the next four quarters are currently estimated to be \$141.19. If the trailing P/E ratio remains around 21, where it has been for the past two years, that would give a value of 2965 for the S&P — about an 11% gain from here. Add in about 2% for dividends and you get a total return potential of 13%. If tax reform boosts earnings by 5% to \$148.24, that gives a value of 3113, for a gain of 16% or 18% with dividends. Of course a larger boost to earnings from tax reform would lead to even higher returns. I would not want to count on near 20% returns again, but a good year for stocks seems likely.

### **Bonds Face A Tougher Year**

All of Fidelity's bond funds rose last year, but shorter-term bonds failed to "earn" their yields. However, long-dated and credit-sensitive bonds (investment-grade corporates and high-yield) enjoyed solid returns.

With the Fed projecting three more rate hikes and a continued reduction in their bond holdings, bonds face tough sledding in 2018. The most directly impacted would be bonds on the shorter-end of the yield

curve. The longer-end is a bit tricky.

In 2017, long rates actually declined even as the Fed hiked short-rates three times, thanks in large part to foreign demand as the U.S. offered more attractive yields. That is still the case (our 10-year Treasury yields about 2 percentage points more than Germany's 10-year), plus tax reform offers another potential source of help for bonds this year. Many firms have kept large amounts of their profits overseas to avoid the large tax hit if they brought them home. In turn, they would borrow to fund stock buybacks. They will now be able to repatriate those profits at far lower rates and could use that cash for buybacks rather than resorting to borrowing. This reduced demand could help keep rates from rising too much on the intermediate to long end of the curve.

We continue to favor credit sectors over government bonds (although their risk is elevated) and super-short bond funds that can benefit from rate-hikes, or at least suffer only modestly.

### **Foreign Stocks Still Attractive**

The story of improving economic growth is not confined to the U.S. In fact, for only the third time in the last 50 years, all of the 45 countries tracked by the Organization for Economic Development are on track for economic growth in 2017. Last year, Fidelity's foreign stock funds generally outperformed the domestic variety, driven by solid economic growth and a roughly 7.5% decline in the dollar against a basket of foreign currencies. (A decline in the dollar gives a boost to foreign funds for U.S. investors.) While we expect continued strong economic growth overseas, the dollar could reverse course early this year, if there is a large repatriation of foreign profits back home — as we expect. That would increase the demand for dollars, thus putting upward pressure on the greenback. However, that is a one-time event. And should foreign

central banks start to tighten rates, the dollar could reverse course again later in the year. In the end, I expect another good year for foreign funds.

### **What I Worry About**

Of course, an unexpected crisis in one of the many trouble spots around the world could upset the apple cart, but that is really always the case. What concerns me more is the Fed. Should tax reform boost the economy more than expected, and we see GDP growth in the 4% range for a quarter or two, the Fed might ramp up interest rates faster and higher than currently expected. That could then cause P/E's to contract. If the S&P 500's P/E fell back to its 25-year average of 19.3, that would imply a value of 2725 or just about 2% higher than today. I don't think such a sharp drop is likely, but some P/E contraction is a real risk.

Another area of concern is that more people are now "buying into" this market. A hallmark of this bull run is that it has been consistently doubted by many (most?) investors. However, since hitting a near-term bottom of 29.3% on November 16, bullish sentiment among investors surveyed by the American Association of Individual Investors has risen for six straight weeks hitting 52.6% on December 27. That compares to a long-term average of 38.5%. This suggests that a lot of good news may have been priced into the market and it could be vulnerable to a correction, particularly early in the year, on any disappointing news.

If that happens, stay the course. The fundamentals for continued stock gains are still solidly in place. At nine years old, the current bull is now the third longest in history. However, the other two went for 18 and 19 years! And while those two featured cumulative price appreciation of 666% and 413%, respectively, the current bull comes in at "just" 295%. I don't think we've seen the end of this one yet. ■

— John M. Boyd

## Global Share Prices Soar To Record Highs; Most Bonds Earn Their Yield, And More

Fueled by worldwide economic growth and rising corporate profits, share prices soared at home and abroad last year.



John Bonnanzio

Stock records continuously fell like dominoes in the U.S. and in many developed and developing markets abroad.

This outcome likely surprised many a pundit as the Trump presidency appeared to signal the advent of an inward-looking America. Politically yes, but not yet economically.

Along with stronger immigration policies and promises to both shutter the U.S. Export-Import Bank and, more famously, to build “a great, great wall on our southern border,” understandably, expectations ran high for the erection of trade barriers between the U.S. and its major trading partners.

And while the U.S. did withdraw from the multinational Trans-Pacific Partnership (and the Paris Climate Accord) and imposed timber tariffs, the Trump Administration also telegraphed a willingness to negotiate new bilateral trade deals. The bottom line is that despite all that, and multiple hurricanes that closed U.S. ports, 2017 was another great year for U.S. and global trade.

Notably, 2017 marked the ninth year of economic expansion, making it the third-longest in U.S. history (so far). And if the fourth-quarter forecasts come to pass, that would mark the first three-quarter stretch of 3.0%-plus GDP growth in about 12 years.

Couple all that with near-record-low unemployment, a flurry of de-regulation, plus the now-fulfilled promise of personal and corporate income-tax reform, and the table

was set for that which is paramount to stock investors — very strong corporate earnings growth. As a result, stock market multiples were essentially unchanged.

### Market Indexes

Except for the occasional hiccup here and there, all major U.S. stock indexes rose in virtually every month of 2017. This particular stretch of the long-running bull market actually picked up steam in November of 2016 with Trump’s presidential win. Less we forget, that bitter and uncomfortable battle for the White House led to a broad retreat in share prices in October 2016. Since then, however, there’s been nothing but blue skies — at least with respect to share prices.

Accounting for dividends, the Dow Jones Industrial Average soared 28.1% for the year versus a more modest (but still rather extraordinary) 21.8% return for the S&P 500. While one of the biggest contributors to both indexes’ returns was Apple (up 48%), industrial powerhouses Caterpillar (up 73%) and Boeing (up 93%) helped to power the Dow’s higher return. (They are much smaller constitu-

ents of the capitalization-weighted S&P.)

Even better last year was the Nasdaq Composite. Propelled higher by tech stocks generally, and the so-called FANG stocks in particular (Facebook, Apple, Netflix and Alphabet’s Google), that gauge skyrocketed 29.7% last year — its sixth straight year of gains. Of course, Microsoft (up 40%) and Amazon (up 56%) hardly weighed on the Nasdaq’s performance.

Moving down in market-cap, the Russell Mid Cap returned a none-too-shabby 18.5% last year, whereas their small-cap Russell 2000 gauge rose a comparatively modest (though again, quite respectable) 14.7%.

### Stock Funds

The average return in 2017 for Fidelity’s 49 actively- and passively-run (index) stock funds (with full year returns) was 21.1%. Gains ranged from a high of 38.6% for **OTC** to a low of 7.2% for **Small Cap Enhanced Index**.

The top-performing “style” in 2017 was large-cap growth; the 16 funds in that category returned an average of 29.5%. Among those, **Large Cap Growth Index** fund (whose performance is tied to the Russell 1000 Growth Index) re-

[Fund Commentary cont'd on page 12](#)

January Scorecard Rating Changes				
Fund	Ratings			Comments
	Old	New		
Emerging Asia	B	<b>B</b> ↑		Tech and rising domestic consumption fueling growth.
Export & Multinational	S	H ↑		A lower-risk way to gain market-like exposure & returns.
Int'l Small Cap Opp's	B	<b>B</b> ↑		Performance has been stellar with new team members.
Lrg Cap Growth Idx	H	B ↑		A low-expense way to play an important market segment.
Nordic	H	S ↓		Opportunity set too small; prefer more diversified funds.
Sel Comm's Equip	S	H ↑		Net neutrality ruling should spur more investment.
Small Cap Enh Index	H	S ↓		Committed "indexers" are better off with Small Cap Index.
VIP Disc Small Cap	H	S ↓		This fund is a near-clone of Small Cap Enhanced Index.
<b>Municipal Bond Funds:</b>				
All funds formerly rated Hold are upgraded to OK to Buy (see p. 9). These rating changes are the result of the new federal tax code which, on the margin, preserves the attractiveness of the funds' tax-equivalent yields.				
<b>B</b> = Buy; <b>B</b> = OK to Buy; <b>H</b> = Hold; <b>S</b> = OK to Sell; <b>S</b> = Sell, <b>NC</b> = No change (↑) Rating upgraded; (↓) Rating downgraded.				

# FIDELITY SCORECARD

DECEMBER 31, 2017

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) <sup>1</sup>
					Dec	2017	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	
Comparative Indexes		S&P 500	2673.6		1.1	21.8	6.6	21.8	11.4	15.8	8.5	9.9	1.00
		Nasdaq Composite	6903.4		0.5	29.7	6.6	29.7	14.7	19.4	11.3	12.6	1.24
		Dow Jones Industrials	24719.2		1.9	28.1	11.0	28.1	14.4	16.4	9.3	10.3	1.09
		Russell 2000 (Small Caps)	1535.5		-0.4	14.7	3.3	14.7	10.0	14.1	8.7	11.2	1.40
		Barclays Aggregate Bond*			0.5	3.3	0.3	3.3	2.0	1.9	3.7	2.0	0.29
Model Portfolios		Unique Opportunities			1.5	22.9	6.4	22.9	10.4	14.1	6.8	11.6	1.12
		Select Growth			0.6	24.0	6.6	24.0	10.9	16.6	9.0	11.8	1.20
		Growth & Income			0.9	23.7	6.1	23.7	10.3	13.2	6.5	10.2	0.99
		Income			0.8	16.9	4.2	16.9	8.5	10.9	6.1	8.7	0.69
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
<b>LARGE CAP GROWTH</b>					<b>Average</b>	<b>0.7</b>	<b>29.5</b>	<b>6.8</b>	<b>29.5</b>	<b>12.2</b>	<b>16.7</b>	<b>9.0</b>	<b>1.15</b>
312	FBGRX	Blue Chip Growth	87.76	Buy	0.8	36.1	7.1	36.1	13.7	18.7	11.1	1.19	\$17,670
307	FDCAx	Capital Appreciation	35.20	Hold	1.3	23.9	5.9	23.9	9.1	14.4	8.4	1.17	5,219
22	FCNTX	Contrafund	122.47	Buy	0.3	32.3	6.8	32.3	13.3	16.4	9.0	1.00	90,870
3	FFIDX	Fidelity Fund	45.23	Hold	0.3	23.8	6.8	23.8	10.3	14.3	6.8	1.01	4,192
333	FTQGX	Focused Stock	22.65	Hold	0.2	31.2	8.3	31.2	11.2	14.7	9.2	1.10	1,755
25	FDGRX	Growth Company (Closed)	178.65	Buy	1.0	36.8	6.9	36.8	16.1	19.7	11.4	1.31	25,266
339	FDSVX	Growth Discovery	32.56	Buy	0.0	34.7	5.2	34.7	13.3	17.2	8.1	1.08	1,345
73	FDFFX	Independence	37.28	Hold	1.0	26.4	6.4	26.4	7.8	14.4	6.4	1.29	3,565
1829	FLGEX	Lrge Cap Growth Enhcd Index	18.93	OK to Buy	1.1	27.1	8.8	27.1	12.4	16.9	9.6	1.04	1,010
2823	FSUIX	Lrge Cap Growth Index <sup>4</sup>	13.39	OK to Buy↑	0.8	29.9	7.8	29.9	--	--	--	--	11
21	FMAGX	Magellan	104.57	Hold	1.0	26.5	6.9	26.5	11.5	16.4	6.0	1.09	15,004
1282	FNCMX	Nasdaq Composite Index	90.63	OK to Buy	0.4	29.3	6.4	29.3	14.5	19.2	11.1	1.24	4,896
300	FMLX	New Millennium	39.79	OK to Sell	1.3	20.1	6.1	20.1	10.1	14.4	8.8	1.07	3,289
93	FOCPX	OTC	109.85	OK to Buy	0.6	38.6	6.0	38.6	16.6	22.0	12.2	1.49	13,589
320	FDSX	Stock Selector All Cap	43.94	Hold	0.8	25.3	5.8	25.3	11.1	15.4	7.4	1.06	7,503
5	FTRNX	Trend	99.59	OK to Buy	0.6	29.4	6.8	29.4	12.5	16.7	9.4	1.10	1,787
<b>LARGE CAP BLEND</b>					<b>Average</b>	<b>1.7</b>	<b>20.0</b>	<b>6.7</b>	<b>20.0</b>	<b>10.0</b>	<b>14.7</b>	<b>7.4</b>	<b>1.06</b>
650	FUSEX	500 Index <sup>4</sup>	93.44	Hold	1.1	21.7	6.6	21.7	11.3	15.7	8.4	1.00	3,956
315	FDEQX	Disciplined Equity	38.79	Hold	1.2	21.5	6.6	21.5	8.9	14.6	5.8	1.00	1,289
330	FDGFX	Dividend Growth	32.83	Hold	1.8	20.1	7.6	20.1	8.9	13.7	8.0	0.97	6,206
332	FEXPX	Export and Multinational	22.21	Hold↑	1.9	20.9	7.7	20.9	10.3	13.1	6.0	0.96	1,552
27	FGRIX	Growth & Income	37.87	Buy	2.3	16.9	6.1	16.9	9.9	14.3	5.0	1.17	6,466
1827	FLCEX	Lrge Cap Core Enhcd Index	14.66	Buy	1.4	21.6	7.7	21.6	10.3	15.4	8.1	1.00	590
338	FLCSX	Large Cap Stock	33.46	Buy	2.3	18.1	5.9	18.1	10.1	15.4	8.6	1.24	5,287
361	FGRTX	Mega Cap Stock	17.43	Buy	1.9	17.8	5.8	17.8	9.7	14.4	7.9	1.16	1,931
397	FSTMX	Total Market Index <sup>4</sup>	76.37	Hold	1.0	21.1	6.3	21.1	11.0	15.5	8.6	1.02	785
2939	FENSX	U.S. Sustainability Index	11.22	NA	1.1	--	6.2	--	--	--	--	--	4
<b>LARGE CAP VALUE</b>					<b>Average</b>	<b>1.6</b>	<b>14.7</b>	<b>5.3</b>	<b>14.7</b>	<b>8.4</b>	<b>13.5</b>	<b>6.1</b>	<b>1.03</b>
1271	FBCVX	Blue Chip Value	19.60	Hold	1.8	14.9	5.7	14.9	7.8	14.0	4.6	1.05	393
319	FEQTX	Equity Dividend Income	27.77	Buy	1.8	14.1	5.4	14.1	8.8	13.2	5.8	0.95	5,353
23	FEQIX	Equity-Income	60.70	Buy	1.5	13.4	5.1	13.4	8.7	12.2	5.7	0.98	5,697
1828	FLVEX	Lrge Cap Value Enhcd Index	13.20	Buy	1.6	15.9	6.6	15.9	9.2	14.8	7.2	1.05	3,362
2827	FLCDX	Lrge Cap Value Index <sup>4</sup>	12.17	Hold	1.5	13.6	5.4	13.6	--	--	--	--	4
708	FSLVX	Stock Sel Large Cap Value	20.72	Hold	1.4	12.3	4.2	12.3	7.8	13.5	5.2	0.99	989
832	FVDFX	Value Discovery	28.93	Buy	1.6	14.2	4.9	14.2	7.8	14.3	6.6	0.98	3,594
14	FSLSX	Value Strategies	42.08	OK to Buy	1.4	19.2	5.1	19.2	8.9	12.4	7.3	1.19	436
<b>MID-CAP GROWTH</b>					<b>Average</b>	<b>0.8</b>	<b>21.5</b>	<b>6.7</b>	<b>21.5</b>	<b>8.8</b>	<b>15.1</b>	<b>6.2</b>	<b>0.96</b>
324	FDEGX	Growth Strategies	41.12	Buy	0.8	21.5	6.7	21.5	8.8	15.1	6.2	0.96	2,455
<b>MID-CAP BLEND</b>					<b>Average</b>	<b>0.9</b>	<b>18.7</b>	<b>5.7</b>	<b>18.7</b>	<b>9.4</b>	<b>14.5</b>	<b>8.3</b>	<b>1.08</b>
398	FSEMEX	Extended Market Index <sup>4</sup>	62.05	OK to Buy	0.5	18.1	4.8	18.1	9.9	14.6	9.2	1.22	757
2012	FMEIX	Mid Cap Enhanced Index	15.65	OK to Buy	1.2	18.4	7.6	18.4	9.4	15.7	9.4	1.04	1,270
2349	FSCXL	Mid Cap Index <sup>4</sup>	20.95	OK to Buy	0.9	18.3	6.0	18.3	9.4	14.7	--	1.04	71
337	FMCSX	Mid-Cap Stock	38.22	OK to Buy	0.9	18.7	5.0	18.7	9.8	14.5	8.3	0.98	5,808
2412	FSSMX	Stock Selector Mid Cap	39.96	OK to Buy	0.9	20.1	5.0	20.1	8.7	13.2	6.4	1.12	545
<b>MID-CAP VALUE</b>					<b>Average</b>	<b>1.7</b>	<b>17.8</b>	<b>6.4</b>	<b>17.8</b>	<b>8.3</b>	<b>14.3</b>	<b>8.5</b>	<b>1.02</b>
316	FLPSX	Low-Priced Stock <sup>5</sup>	54.52	OK to Buy	1.9	20.7	6.6	20.7	9.3	13.6	9.1	0.89	29,958
762	FSMVX	Mid Cap Value	26.61	OK to Buy	1.2	17.0	8.1	17.0	7.9	15.3	8.9	1.05	2,339
39	FDVLX	Value	121.14	Hold	2.0	15.7	4.6	15.7	7.9	14.0	7.5	1.13	7,439

**Notes:** \*Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. <sup>1</sup>Relative Volatility (Rel Vol) versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. <sup>2</sup>Duration is a measure of interest rate sensitivity. <sup>3</sup>Stated yield is actual distributed yield over prior 12 months. <sup>4</sup>Also available in a Premium share class with a minimum of \$10,000, but a lower expense ratio. <sup>5</sup>Almost an Asset Allocation fund with 30%+ typically in foreign stocks. <sup>6</sup>Formerly Global Bond. <sup>7</sup>Formerly Core Dividend. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

DECEMBER 31, 2017

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
					Dec	2017	3 Mo.	1 Year	3 Year	5 Year	10Year			
<b>SMALL CAP GROWTH</b>					<b>Average</b>	<b>0.9</b>	<b>29.0</b>	<b>5.0</b>	<b>29.0</b>	<b>14.8</b>	<b>17.9</b>	<b>9.5</b>	<b>1.21</b>	
1388	FCPGX	Small Cap Growth	24.73	Buy	0.9	29.0	5.0	29.0	14.8	17.9	9.5	1.21	\$2,731	
<b>SMALL CAP BLEND</b>					<b>Average</b>	<b>0.1</b>	<b>11.1</b>	<b>4.0</b>	<b>11.1</b>	<b>8.8</b>	<b>13.2</b>	<b>8.7</b>	<b>1.28</b>	
384	FSCRX	Small Cap Discovery (Closed)	29.91	Hold	0.2	7.9	4.2	7.9	6.8	12.5	12.5	1.24	5,176	
2011	FCPEX	Small Cap Enhanced Index	14.02	OK to Sell↓	-0.3	7.2	2.9	7.2	8.9	13.6	8.7	1.40	845	
2356	FSSPX	Small Cap Index <sup>4</sup>	20.30	Hold	-0.4	14.7	3.4	14.7	10.0	14.2	--	1.40	47	
340	FSLCX	Small Cap Stock	19.61	Hold	1.2	13.8	5.5	13.8	9.6	12.9	7.2	1.14	1,718	
336	FDSCX	Stock Selector Small Cap	26.46	Hold	-0.2	11.7	3.9	11.7	8.7	12.7	6.4	1.21	1,541	
<b>SMALL CAP VALUE</b>					<b>Average</b>	<b>-0.9</b>	<b>12.3</b>	<b>6.4</b>	<b>12.3</b>	<b>10.2</b>	<b>14.4</b>	<b>10.4</b>	<b>1.04</b>	
1389	FCPVX	Small Cap Value (Closed)	20.32	Hold	-0.9	12.3	6.4	12.3	10.2	14.4	10.4	1.04	2,822	
<b>SPECIALTY</b>														
308	FCVSX	Convertible Securities	27.96	Hold	0.4	9.7	2.4	9.7	1.7	7.4	4.8	0.91	1,432	
2624	FARNX	Event Driven Opportunities	13.96	Buy	2.1	18.6	4.7	18.6	12.7	--	--	1.46	447	
2120	FFGCX	Global Commodity Stock	13.18	Hold	5.9	18.4	7.7	18.4	3.8	-0.6	--	1.85	377	
122	FLVCX	Leveraged Company Stock	33.46	Buy	2.3	21.0	5.8	21.0	6.8	11.7	6.1	1.34	2,616	
1329	FSDIX	Strategic Dividend & Income	15.24	OK to Buy	0.5	12.2	4.0	12.2	7.7	10.8	6.6	0.70	3,295	
1505	FSRRX	Strategic Real Return	8.89	OK to Sell	1.2	4.1	2.2	4.1	1.7	0.8	2.5	0.43	469	
311	FIUIX	Telecom & Utilities	26.13	Hold	-1.5	12.0	1.8	12.0	7.4	11.1	5.9	0.98	1,009	
<b>REAL ESTATE</b>														
1368	FIREX	International Real Estate	11.65	OK to Sell	3.3	26.7	6.2	26.7	8.3	8.3	2.5	1.02	234	
833	FRIFX	Real Estate Income	11.99	OK to Buy	0.1	7.3	0.4	7.3	6.4	7.1	7.8	0.47	2,649	
2353	FRXIX	Real Estate Index <sup>4</sup>	15.57	Hold	0.0	3.6	2.0	3.6	4.8	8.9	--	1.34	34	
303	FRESX	Real Estate Investment	41.80	Hold	-0.3	4.3	1.3	4.3	6.0	9.5	7.9	1.34	4,277	
<b>ASSET ALLOCATION</b>														
328	FASIX	Asset Manager 20%	13.43	Hold	0.6	7.0	1.6	7.0	3.8	4.1	4.1	0.29	4,909	
1957	FTANX	Asset Manager 30%	11.09	Hold	0.7	9.4	2.1	9.4	4.8	5.4	4.7	0.37	1,213	
1958	FFANX	Asset Manager 40%	11.70	Hold	0.8	11.8	2.7	11.8	5.7	6.7	5.2	0.47	1,402	
314	FASMX	Asset Manager 50%	18.27	Hold	0.9	14.1	3.2	14.1	6.5	7.8	5.6	0.56	8,552	
1959	FSANX	Asset Manager 60%	12.56	Hold	1.0	16.4	3.7	16.4	7.3	8.9	6.0	0.65	1,903	
321	FASGX	Asset Manager 70%	22.40	Hold	1.1	18.7	4.2	18.7	8.1	9.9	6.1	0.75	4,839	
347	FAMRX	Asset Manager 85%	19.53	Hold	1.2	22.3	5.1	22.3	9.3	11.6	6.5	0.90	1,937	
304	FBALX	Balanced	23.73	OK to Buy	0.6	16.5	3.6	16.5	7.8	10.7	6.7	0.72	23,713	
355	FFNOX	Four-in-One Index	44.45	Hold	1.0	19.3	4.8	19.3	9.0	11.4	6.4	0.85	5,671	
334	FGBLX	Global Balanced (closed)	25.06	Hold	0.7	19.9	4.5	19.9	6.3	6.6	4.8	0.71	389	
1960	FDYSX	Global Strategies (closed)	9.35	Hold	1.6	19.4	4.7	19.4	8.0	7.1	4.8	0.64	82	
4	FPURX	Puritan	23.42	OK to Buy	0.9	18.7	4.6	18.7	8.3	11.1	7.1	0.71	20,997	
<b>INTERNATIONAL</b>					<b>Average</b>	<b>2.3</b>	<b>31.4</b>	<b>5.6</b>	<b>31.4</b>	<b>10.2</b>	<b>9.0</b>	<b>3.2</b>	<b>1.24</b>	
309	FICDX	Canada	54.66	Hold	3.1	14.4	2.7	14.4	3.2	4.6	1.5	1.29	1,115	
352	FHKCX	China Region	35.98	Hold	2.8	51.9	10.0	51.9	11.2	11.9	6.4	2.19	1,343	
325	FDIVX	Diversified International	40.02	OK to Buy	1.2	26.6	3.7	26.6	7.9	8.8	2.2	1.12	11,400	
351	FSEAX	Emerging Asia	45.04	Buy↑	3.3	46.4	10.3	46.4	12.3	9.6	2.8	1.52	1,266	
2053	FEMEX	Emerg Europe, MidEast, Africa	10.35	Hold	7.4	25.2	13.2	25.2	10.8	4.2	--	1.67	83	
322	FEMKX	Emerging Markets	32.75	OK to Buy	3.9	47.7	8.4	47.7	11.1	7.7	0.6	1.34	4,154	
2374	FEDDX	Emerging Mkts Discovery	15.36	Hold	4.3	37.6	6.5	37.6	11.3	5.8	--	1.32	291	
2341	FPEMX	Emerging Markets Index <sup>4</sup>	11.41	Hold	3.6	37.2	7.2	37.2	8.6	4.1	--	1.53	33	
301	FIEX	Europe	42.33	OK to Buy	1.3	29.2	3.9	29.2	8.3	8.3	2.2	1.31	1,212	
2406	FGILX	Global Equity-Income	14.49	Hold	1.9	22.0	5.9	22.0	8.9	11.5	--	0.87	82	
2345	FSGUX	Global ex U.S. Index <sup>4</sup>	13.54	OK to Buy	2.1	27.3	4.7	27.3	7.8	6.4	--	1.14	45	
335	FIVFX	International Cap App	21.06	Buy	1.8	36.3	5.8	36.3	10.8	11.3	5.2	1.08	2,158	
305	FIGRX	International Discovery	45.66	OK to Buy	1.6	31.7	4.0	31.7	9.2	8.9	2.5	1.12	7,489	
2010	FIENX	International Enhanced Index	10.14	OK to Buy	1.4	27.6	3.6	27.6	9.7	9.3	2.3	1.11	925	
1979	FIGFX	International Growth	13.69	OK to Buy	1.7	29.6	4.4	29.6	9.2	9.0	4.7	1.05	972	
399	FSIIX	International Index <sup>4</sup>	43.18	Hold	1.4	25.2	3.9	25.2	7.9	7.7	2.0	1.11	711	
818	FISMX	International Small Cap	29.90	Buy	2.8	32.9	5.5	32.9	15.2	14.3	6.7	1.00	1,431	
1504	FSCOX	International Small Cap Opps	19.34	Buy↑	2.5	35.7	6.9	35.7	13.9	12.8	4.3	1.01	908	
2986	FNIYX	International Sustainability Idx	11.15	NA	2.0	--	4.8	--	--	--	--	--	4	
1597	FIVLX	International Value	9.06	Hold	0.9	19.6	2.1	19.6	6.0	6.2	0.3	1.04	531	
350	FJPNX	Japan	15.45	Buy	-0.5	30.2	9.0	30.2	13.2	10.4	2.4	1.16	185	
360	FJSCX	Japan Smaller Companies	18.96	Buy	1.5	35.7	9.2	35.7	19.0	19.0	7.8	0.93	770	
349	FLATX	Latin America	24.48	OK to Sell	1.5	30.5	-4.5	30.5	3.0	-5.4	-3.9	2.20	573	
342	FNORX	Nordic	53.29	OK to Sell↓	2.4	23.7	3.0	23.7	10.4	13.8	4.3	1.18	345	
94	FOSFX	Overseas	50.70	Buy	1.5	29.6	3.3	29.6	11.5	11.1	2.3	1.12	6,879	
302	FPBFX	Pacific Basin	35.48	OK to Buy	2.7	40.1	10.1	40.1	15.2	14.4	6.2	1.13	999	
2369	FTEMX	Total Emerging Markets	13.55	OK to Buy	2.6	29.6	5.2	29.6	10.6	5.8	--	1.07	274	
1978	FTIEX	Total International Equity	9.31	OK to Buy	2.3	30.3	4.9	30.3	9.2	7.6	2.4	1.05	83	
2831	FTIGX	Total International Index <sup>4</sup>	12.53	Hold	2.2	27.5	4.9	27.5	--	--	--	--	14	
318	FWWFX	Worldwide	26.41	OK to Buy	0.8	29.5	6.1	29.5	10.1	12.0	5.8	1.03	1,684	



# FIDELITY SCORECARD

DECEMBER 31, 2017

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>									
					Dec	2017	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr												
<b>TAXABLE BOND</b>													<b>Average</b>	<b>0.4</b>	<b>3.1</b>	<b>0.4</b>	<b>3.1</b>	<b>1.8</b>	<b>1.4</b>	<b>3.5</b>	<b>2.11</b>	<b>5.1</b>	<b>0.30</b>
2267	FCONX	Conservative Income Bond	10.04	Buy	0.1	1.3	0.3	1.3	0.9	0.7	--	1.27	0.2	0.02									
2208	FCBFX	Corporate Bond	11.67	Buy	0.9	6.8	1.2	6.8	3.9	3.6	--	3.02	7.0	0.40									
2423	FGBFX	Global Credit <sup>6</sup>	9.19	Hold	0.5	8.9	1.2	8.9	2.0	0.6	--	2.16	6.6	0.51									
15	FGMNX	GNMA (Ginnie Mae)	11.38	OK to Buy	0.2	1.7	-0.0	1.7	1.5	1.7	4.0	2.16	3.9	0.16									
54	FGOVX	Government Income	10.21	Hold	0.3	2.2	0.1	2.2	1.3	1.3	3.4	1.92	5.6	0.29									
794	FINPX	Inflation-Prot Bond (closed) <sup>3</sup>	11.95	OK to Sell	1.0	2.7	1.3	2.7	1.6	-0.3	3.0	0.20*	5.6	0.36									
2415	FSIQX	Inflation-Protected Index <sup>3,4</sup>	9.84	OK to Sell	1.0	2.9	1.3	2.9	1.9	-0.0	--	0.01*	5.5	0.38									
32	FTHRX	Intermediate Bond	10.80	Buy	0.1	2.3	-0.2	2.3	1.9	1.7	3.7	2.17	4.0	0.21									
452	FSTGX	Intermediate Gov't Income	10.40	Hold	-0.0	1.0	-0.4	1.0	0.9	0.8	2.7	1.77	3.8	0.22									
1561	FIBIX	Intermediate Treasury Index <sup>4</sup>	10.66	Hold	0.1	2.1	-0.5	2.1	1.5	1.1	4.0	2.17	6.4	0.44									
26	FBNDX	Investment Grade Bond	7.92	Buy	0.4	3.9	0.4	3.9	2.5	2.3	4.1	2.19	5.7	0.30									
2622	FJRLX	Limited Term Bond	11.46	Buy	0.1	1.9	-0.1	1.9	1.7	1.4	3.5	2.06	2.6	0.14									
662	FFXSX	Limited Term Government	9.87	OK to Buy	0.0	0.6	-0.4	0.6	0.6	0.5	1.9	1.61	2.7	0.14									
1562	FLBIX	Long-Term Treasury Index <sup>4</sup>	13.28	Hold	1.7	8.5	2.3	8.5	2.5	3.3	6.3	2.58	17.5	1.11									
40	FMSFX	Mortgage Securities	11.17	OK to Buy	0.2	2.3	0.1	2.3	1.9	2.0	3.9	2.27	4.3	0.18									
450	FSHBX	Short-Term Bond	8.58	OK to Buy	0.1	1.1	-0.1	1.1	1.1	0.9	1.6	1.74	1.8	0.07									
3038	FNSJX	Short-Term Bond Index <sup>4</sup>	9.99	OK to Buy	0.0	--	--	--	--	--	--	--	--	--									
1560	FSBIX	Short-Term Treasury Index <sup>4</sup>	10.32	Hold	0.0	0.6	-0.4	0.6	0.7	0.5	1.8	1.80	2.7	0.15									
820	FTBFX	Total Bond	10.64	Buy	0.4	4.2	0.4	4.2	3.2	2.8	4.9	2.47	5.4	0.29									
651	FBIDX	U.S. Bond Index	11.59	Hold	0.5	3.3	0.3	3.3	2.0	1.9	3.8	2.44	5.8	0.29									
<b>HIGH-YIELD BOND</b>													<b>Average</b>	<b>0.5</b>	<b>8.1</b>	<b>0.9</b>	<b>8.1</b>	<b>5.7</b>	<b>4.8</b>	<b>6.5</b>	<b>3.95</b>	<b>3.3</b>	<b>0.50</b>
38	FAGIX	Capital & Income	10.30	OK to Buy	0.6	11.6	1.8	11.6	7.0	7.4	8.4	3.57	3.3	0.57									
814	FFRHX	Floating Rate High Income	9.62	OK to Buy	0.4	3.9	1.1	3.9	4.1	3.3	4.0	3.64	0.2	0.29									
1366	FHIFX	Focused High Income	8.71	OK to Buy	0.0	7.0	0.5	7.0	5.2	4.5	5.9	3.88	3.7	0.49									
2297	FGHNX	Global High Income	9.81	OK to Buy	0.5	10.6	1.2	10.6	6.5	5.3	--	3.92	3.1	0.55									
455	SPHIX	High Income	8.96	OK to Buy	0.6	8.6	1.0	8.6	6.0	5.2	7.3	5.21	3.2	0.58									
331	FNMIX	New Markets Income	16.22	OK to Buy	0.9	10.1	0.5	10.1	8.2	4.3	7.7	4.45	6.5	0.66									
2580	FSAHX	Short Duration High Income	9.53	OK to Buy	0.4	4.9	0.5	4.9	3.9	--	--	4.03	2.3	0.46									
368	FSICX	Strategic Income	11.05	Buy	0.4	8.0	0.9	8.0	4.9	3.8	6.0	2.86	4.2	0.38									
<b>MUNICIPAL BOND</b>													<b>Average</b>	<b>1.0</b>	<b>4.9</b>	<b>0.7</b>	<b>4.9</b>	<b>2.6</b>	<b>2.8</b>	<b>4.0</b>	<b>1.87</b>	<b>5.7</b>	<b>0.31</b>
434	FSAZX	Arizona Muni Income	12.07	OK to Buy↑	1.2	5.4	0.8	5.4	3.0	3.1	4.4	1.87	6.6	0.35									
1534	FCSTX	Calif Limited Term Tax Free	10.56	OK to Buy	0.3	2.3	-0.4	2.3	1.2	1.4	2.6	1.37	3.2	0.19									
91	FCTFX	California Muni Income	12.96	OK to Buy↑	1.0	5.8	0.9	5.8	3.0	3.5	4.5	1.87	6.5	0.36									
407	FICNX	Connecticut Muni Income	11.38	OK to Buy↑	1.0	4.2	0.7	4.2	2.4	2.5	3.9	2.22	6.5	0.37									
2578	FCRDY	Conservative Income Muni	10.01	Buy	0.1	1.0	-0.0	1.0	0.5	--	--	1.22	0.7	0.04									
36	FLTMX	Interm Municipal Income	10.39	OK to Buy↑	0.8	4.5	0.4	4.5	2.2	2.3	3.7	1.86	4.7	0.28									
404	FSTFX	Limited Term Muni Income	10.51	OK to Buy	0.3	2.3	-0.3	2.3	1.0	1.1	2.3	1.42	2.7	0.18									
429	SMDMX	Maryland Muni Income	11.38	OK to Buy↑	1.2	5.9	1.1	5.9	3.0	2.8	4.0	1.84	6.7	0.35									
70	FDMMX	Mass Muni Income	12.26	OK to Buy↑	1.2	5.5	1.2	5.5	2.9	2.9	4.3	1.97	6.8	0.36									
81	FMHTX	Michigan Muni Income	12.22	OK to Buy↑	1.1	5.6	1.1	5.6	3.0	3.0	4.2	1.92	6.3	0.33									
82	FIMIX	Minnesota Muni Income	11.64	OK to Buy↑	1.0	4.6	0.7	4.6	2.5	2.5	3.8	1.71	5.6	0.31									
37	FHIGX	Municipal Income	13.12	OK to Buy↑	1.3	6.7	1.1	6.7	3.3	3.4	4.6	2.18	6.8	0.37									
416	FNJHX	New Jersey Muni Income	11.87	OK to Buy↑	1.0	6.9	1.1	6.9	3.1	3.0	4.1	2.13	6.2	0.39									
71	FTFMX	New York Muni Income	13.22	OK to Buy↑	1.1	5.3	0.8	5.3	3.0	3.0	4.3	1.91	6.7	0.35									
88	FOHFX	Ohio Muni Income	12.20	OK to Buy↑	1.3	6.0	1.4	6.0	3.5	3.4	4.5	1.98	7.1	0.38									
402	FPXTX	Pennsylvania Muni Income	11.18	OK to Buy↑	1.1	5.4	1.0	5.4	3.0	3.1	4.3	2.05	6.4	0.32									
90	FTABX	Tax-Free Bond	11.58	OK to Buy↑	1.3	6.4	1.1	6.4	3.3	3.5	4.8	2.25	6.7	0.37									

Yields on municipal funds are not directly comparable to yields on taxable funds. In muni funds your effective yield will be higher as your tax-bracket increases (see Tax-Equivalent Muni Yield table on page 16). \*12 month distributed yield.

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC %Yield	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC %Yield
			Dec	YTD					Dec	YTD	
55	FDRXX	Gov't Cash Reserves	0.07	0.56	0.95	433	FSAXX	Arizona Muni MM	0.06	0.50	1.02
458	SPAXX	Government MM	0.07	0.51	0.90	97	FCFX	California Muni MM	0.06	0.43	0.97
631	FGMXX	Retirement Gov't MM	Merged into SPAXX			457	FSPXX	California AMT Tax-Free	0.08	0.57	1.11
630	FRTXX	Retirement Gov't MM II				418	FCMXX	Connecticut Muni MM	0.07	0.43	0.99
2742	FZFXX	Treasury MM	0.07	0.50	0.91	426	FMSXX	Mass AMT Tax-Free	0.08	0.56	1.17
415	FDLXX	Treasury Only MM	0.07	0.47	0.90	74	FDMXX	Massachusetts Muni MM	0.06	0.48	0.96
<b>PRIME MONEY MARKETS</b>						420	FMIXX	Michigan Muni MM	0.06	0.37	1.01
454	SPRXX	Money Market	0.09	0.89	1.20	417	FNJXX	New Jersey Muni MM	0.06	0.42	0.97
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						423	FSJXX	New Jersey AMT Tax-Free	0.08	0.59	1.17
10	FTEXX	Municipal Money Market	0.07	0.52	1.06	92	FNYYX	New York Muni MM	0.06	0.47	0.97
275	FMOXX	Tax-Exempt MM	0.07	0.46	1.03	422	FSNXX	New York AMT Tax-Free	0.08	0.59	1.14
						419	FOMXX	Ohio Muni MM	0.06	0.42	0.95
						401	FPTXX	Pennsylvania Muni MM	0.06	0.40	0.96

# FIDELITY SCORECARD

DECEMBER 31, 2017

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Dec	2017	3 Mo.	1 Year	3 Year	5 Year	10 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model					0.8	26.0	7.0	26.0	13.0	16.7	9.4	1.20
	Annuity Growth Model					1.1	19.2	5.2	19.2	9.6	12.8	5.4	1.07
	Annuity Growth & Income Model					1.0	12.1	3.3	12.1	6.5	9.2	5.6	0.67
	Annuity Income Model					0.6	6.0	1.4	6.0	4.3	4.0	4.5	0.36
9067	FLRQC	Fid VIP Asset Manager	Allocation	20.20	Hold	0.9	13.7	3.0	13.7	5.2	7.2	4.9	0.62
9066	FAEFC	Fid VIP Asset Manager: Growth	Allocation	21.20	Hold	1.0	18.4	4.2	18.4	6.4	9.2	5.1	0.83
9069	FJBAC	Fid VIP Balanced	Allocation	24.22	OK to Buy	0.7	16.0	3.5	16.0	7.5	10.3	6.8	0.72
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	29.83	Buy	2.4	21.8	10.9	21.8	10.1	15.4	11.2	1.12
9171	FCSAC	Fid VIP Consumer Staples	Sector	26.95	Hold	2.4	14.2	4.9	14.2	8.8	12.5	9.3	1.00
9065	FPDFC	Fid VIP Contrafund	Large Growth	27.21	Buy	0.7	21.5	4.7	21.5	9.5	13.9	6.9	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	21.35	OK to Sell	-0.3	6.6	2.8	6.6	8.4	13.0	8.0	1.40
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	28.73	Hold	1.2	23.4	5.5	23.4	8.5	14.3	8.1	1.19
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	11.64	OK to Buy	3.8	47.0	8.3	47.0	10.7	7.2	--	1.34
9085	FJLLC	Fid VIP Energy	Sector	16.27	OK to Sell	7.3	-2.8	10.0	-2.8	0.9	2.1	-1.3	2.18
9061	FLOLC	Fid VIP Equity-Income	Large Value	21.80	Buy	1.4	12.5	4.7	12.5	8.2	11.9	5.8	0.98
9083	FONNC	Fid VIP Financial Services	Sector	14.83	Buy	1.6	20.9	8.6	20.9	11.1	15.1	3.3	1.39
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.15	OK to Buy	0.3	3.4	1.0	3.4	3.9	--	--	0.26
9157	FMPAC	Fid VIP FundsManager 20	Allocation	15.38	Hold	0.6	7.1	1.4	7.1	3.1	3.7	3.4	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation	17.98	Hold	0.9	14.2	2.9	14.2	5.8	7.3	4.8	0.55
9197	FMPPC	Fid VIP FundsManager 60	Allocation	17.22	Hold	1.0	16.7	3.4	16.7	6.9	8.7	--	0.65
9159	FMPCC	Fid VIP FundsManager 70	Allocation	19.16	Hold	1.1	18.9	3.8	18.9	7.7	9.7	5.3	0.74
9160	FMPDC	Fid VIP FundsManager 85	Allocation	19.81	Hold	1.1	22.8	4.5	22.8	9.0	11.6	5.5	0.90
9062	FMNDC	Fid VIP Growth	Large Growth	28.63	Buy	-0.1	34.7	5.2	34.7	13.1	16.9	7.6	1.09
9070	FLFNC	Fid VIP Growth & Income	Large Blend	25.66	Buy	2.2	16.5	5.9	16.5	9.5	14.0	6.9	1.17
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	29.00	Buy	1.3	34.1	6.4	34.1	12.2	16.7	7.8	1.25
9084	FPDRC	Fid VIP Health Care	Sector	39.79	Buy	-1.6	24.7	-1.1	24.7	5.7	19.4	12.7	1.58
9060	FBBLC	Fid VIP High Income	High-Yield Bond	20.69	OK to Buy	0.3	6.6	0.3	6.6	5.4	4.6	6.1	0.57
9064	FXVLT	Fid VIP Index 500	Large Blend	27.09	Hold	1.1	21.4	6.5	21.4	11.0	15.4	8.2	1.00
9082	FBALC	Fid VIP Industrials	Sector	35.28	Buy	2.1	19.8	8.0	19.8	10.6	14.8	9.5	1.27
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	20.90	Buy	1.9	36.0	5.9	36.0	10.6	11.0	5.0	1.08
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	16.38	Buy	0.5	3.9	0.4	3.9	2.5	2.2	4.2	0.30
9172	FVMAC	Fid VIP Materials	Sector	23.33	Buy	2.4	25.7	6.8	25.7	8.4	9.2	7.4	1.57
9071	FNBSCL	Fid VIP Mid Cap	Mid Growth	29.00	Buy	1.6	20.4	6.2	20.4	9.8	13.7	7.7	1.16
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.38	--	0.1	0.4	0.2	0.4	0.0	-0.1	0.3	0.02
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	18.22	Buy	1.5	29.9	3.5	29.9	8.3	8.6	1.8	1.21
9072	FFWKC	Fid VIP Real Estate	Sector	23.62	Hold	-0.1	3.7	1.7	3.7	4.2	8.3	7.3	1.32
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	19.61	Buy	0.3	7.5	0.7	7.5	4.4	3.3	5.6	0.37
9086	FYENC	Fid VIP Technology	Sector	43.08	Buy	-1.1	50.2	6.3	50.2	20.9	20.2	12.4	1.50
9173	FVTAC	Fid VIP Telecommunications	Sector	16.66	Hold	2.1	1.6	1.0	1.6	8.3	9.7	5.3	1.09
9087	FXRRC	Fid VIP Utilities	Sector	27.20	OK to Sell	-4.2	17.5	0.7	17.5	5.9	11.7	5.6	1.16
9079	FKMSC	Fid VIP Value	Large Value	23.24	OK to Buy	1.6	15.2	4.6	15.2	8.4	13.3	6.9	1.07
9073	FRBSC	Fid VIP Value Strategies	Mid Value	24.26	OK to Buy	1.3	19.0	5.0	19.0	7.9	11.7	6.8	1.21
9347	FBMEC	Black Rock Global Allocation	Global Allocation	13.75	Hold	0.6	13.4	2.5	13.4	5.2	6.2	4.3	0.62
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.07	OK to Sell	-1.5	1.7	-1.8	1.7	-0.1	0.5	5.2	0.56
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.38	Hold	0.1	1.1	-0.2	1.1	0.6	0.4	2.4	0.15
9285	FIGXC	Invesco Global Core Eqty	Global Stock	14.37	Hold	2.3	22.6	4.9	22.6	8.7	9.5	2.0	1.07
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	18.30	Hold	4.1	27.8	6.1	27.8	7.3	3.0	2.2	1.56
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	19.42	OK to Buy	0.3	9.4	0.4	9.4	6.0	2.2	5.4	0.63
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	16.01	OK to Buy	3.0	34.8	5.3	34.8	8.5	3.7	0.2	1.35
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	14.12	Hold	0.9	15.8	3.4	15.8	4.4	6.1	1.2	0.74
9346	FPMEC	Pimco Commodity Real Return	Commodities	6.13	OK to Sell	3.2	2.0	5.0	2.0	-4.6	-9.7	-5.4	1.33
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	11.65	Buy	0.1	1.1	-0.2	1.1	0.8	0.5	--	0.10
9277	FPNBC	Pimco VIT Real Return	TIPS	13.15	OK to Sell	0.8	3.4	1.2	3.4	1.7	-0.4	--	0.39
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	13.49	Hold	0.5	4.7	0.0	4.7	2.4	1.8	--	0.31

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Financial Services	26%	VIP Growth Opps	25%	VIP Growth	23%	VIP Strategic Income	29%
VIP Technology	26	VIP Growth	21	VIP Investment Grade	20	VIP Equity Income	26
VIP Industrials	14	VIP Mid Cap	16	VIP Equity-Income	20	Pimco VIT Low Duration	25
VIP Cons Discretionary	12	VIP Overseas	14	VIP Strategic Income	17	VIP Investment Grade	20
VIP Materials	12	VIP Contrafund	13	VIP Growth & Income	10		
VIP Health Care	10	VIP Equity-Income	11	VIP Int'l Cap App	10		
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>Dec: 0.8% 2017: 26.0%</b>		<b>Dec: 1.1% 2017: 19.2%</b>		<b>Dec: 1.0% 2017: 12.1%</b>		<b>Dec: 0.6% 2017: 6.0%</b>	

## 2017 YEAR-END DISTRIBUTIONS/DIVIDEND UPDATE

Below is a list of funds (ex-ETFs) and their total year-end distributions for 2017. These total amounts (**Dist\$** column) consist of profits from sold securities, plus any income (dividends) paid to the funds via all their holdings.

With the S&P 500 rising over each of the past nine years, some 2017 year-end distributions were significant. While Fidelity has worked to optimize their funds' tax efficiency, it nonetheless suggests that unrealized capital gains have been accumulating.

As with an individual taxpayer, funds can offset their gains with losses.

But eventually they will be distributed to their shareholders unless, of course, a downturn in the market provides an opportunity for the manager to employ some tax strategies. In the case of **Independence**, a new manager's repositioning contributed to its sizeable distribution: nearly 14% of its year-end NAV.

While we don't believe in putting the tax "cart" before the investment "horse," being strategic about taxes will ultimately help you to keep more of your money.

If your fund went "ex-dividend" in December (paid you), you likely noticed that its net asset value declined. (The

**NAV\$** column shows the fund's share price on the day it went ex-dividend or **Ex-Date**.) Because it fell by the same amount as the distribution, you were no worse off than before except, however, for the tax hit (in non-IRA accounts)

While no one likes to pay taxes, it goes without saying that it's far better to pay them because your portfolio has grown, than to pay none because it shrunk. For example, **Select Semiconductors** has an impressive 5-year average annual return of 28.6%. That it had a \$12.92 distribution (11.5% of its NAV) is certainly a reasonable tradeoff! ■

Fund	Ex-Date	Dist\$	NAV\$
500 Index	12/15	0.462	93.46
Air Transportation	12/15	6.775	83.32
Asset Manager 20%	12/26	0.320	13.39
Asset Manager 30%	12/26	0.220	11.06
Asset Manager 40%	12/26	0.236	11.66
Asset Manager 50%	12/26	0.611	18.21
Asset Manager 60%	12/26	0.371	12.52
Asset Manager 70%	12/26	0.875	22.34
Asset Manager 85%	12/26	0.643	19.49
Automotive	12/15	3.400	37.19
Balanced	12/08	0.441	23.58
Banking	12/15	0.904	35.33
Biotechnology	12/01	3.095	216.14
Blue Chip Growth	12/08	2.022	87.13
Blue Chip Value	12/08	0.119	19.31
Brokerage & Invest	12/15	4.443	81.46
Canada	12/08	1.257	53.06
Capital Appreciation	12/08	4.006	34.69
Chemicals	12/15	8.173	174.07
China Region	12/08	0.142	34.41
Comm Equip	12/01	0.400	35.97
Computers	12/15	8.403	89.44
Cons Discretionary	12/15	1.678	41.09
Const & Housing	12/15	6.911	63.17
Consumer Finance	12/15	0.240	16.07
Consumer Staples	12/15	6.622	92.12
Contrafund	12/08	6.877	121.93
Convertible Securities	12/26	0.739	28.04
CT Muni Income	12/26	0.059	11.33
Defense & Aero	12/15	5.136	166.43
Disciplined Equity	12/08	1.573	38.52
Diversified Int'l	12/08	2.121	39.37
Dividend Growth	12/08	3.573	32.42
EMEA	12/08	0.165	9.54
Emerg Mkt Index	12/08	0.192	10.93
Emerg Mkts Discovery	12/15	0.344	14.75
Emerging Asia	12/08	0.391	43.49
Emerging Markets	12/08	0.189	31.64
Energy	12/15	0.675	41.22
Energy Service	12/01	3.205	42.97
Environment & Alt Ergy	12/01	0.914	26.13
Equity Dividend Inc	12/26	2.382	27.78
Equity-Income	12/08	2.701	60.04
Europe	12/15	1.067	41.00
Event Driven Opps	12/01	1.110	13.65
Export and Multi	12/01	0.450	21.79
Extd Mkt Index	12/15	2.767	61.53
Fidelity Fund	12/08	1.103	45.09
Financial Services	12/15	3.401	113.75
Floating Rate High Inc	12/27	0.020	9.62

Fund	Ex-Date	Dist\$	NAV\$
Focused Stock	12/08	1.436	22.55
Four-in-One Index	12/28	0.888	44.58
Gbl ex-US Index	12/08	0.298	13.20
Global Balanced	12/08	1.425	24.81
Global Commod Stk	12/08	0.178	12.36
Global Eqty-Inc	12/15	0.222	14.30
Global Strategies	12/28	0.766	9.34
Growth & Income	12/08	0.166	37.27
Growth Company	12/26	8.455	179.58
Growth Discovery	12/08	0.860	32.43
Growth Strategies	12/26	0.177	41.12
Health Care	12/15	5.453	224.59
Health Care Services	12/15	7.684	90.11
Independence	12/26	5.059	37.40
Industrial Equipment	12/15	1.032	43.36
Industrials	12/15	1.297	36.12
Inflation-Protected Bnd	12/26	0.195	11.86
Insurance	12/15	9.502	79.64
International Growth	12/08	0.092	13.45
International Growth	12/28	0.002	13.68
International Value	12/08	0.150	8.92
Int'l Cap App	12/08	0.698	20.64
Int'l Discovery	12/08	2.334	44.67
Int'l Enhanced Indx	12/08	0.166	9.95
Int'l Index	12/15	1.014	42.42
Int'l Real Estate	12/15	0.108	11.34
Int'l Small Cap	12/08	1.029	28.87
Int'l Small Cap Opps	12/08	0.382	18.82
Int'l Small Cap Opps	12/28	0.010	19.30
Int'l Sustainability Idx	12/08	0.135	10.89
IT Services	12/15	1.333	54.64
Japan	12/08	0.142	15.36
Japan Smaller Cos	12/08	0.904	18.60
L Cap Core Enhcd	12/08	0.525	14.51
L Cap Growth Enhcd	12/08	0.661	18.75
L Cap Value Enhcd	12/08	0.558	13.05
Large Cap Stock	12/01	0.765	32.73
Latin America	12/08	0.291	24.15
Latin America	12/28	0.080	24.44
Leisure	12/15	10.372	165.23
Leveraged Co Stock	12/01	1.232	32.56
Lg Cap Growth Index	12/26	0.107	13.42
Lg Cap Value Index	12/26	0.211	12.19
Low-Priced Stock	12/08	0.766	53.54
Magellan	12/01	4.535	103.09
Materials	12/15	3.825	88.27
Medical Equipment	12/15	2.547	44.65
Mega Cap Stock	12/08	0.588	17.19
Mid Cap Enhcd Indx	12/08	0.944	15.51
Mid Cap Index	12/15	0.386	20.77

Fund	Ex-Date	Dist\$	NAV\$
Mid Cap Value	12/08	2.373	26.50
Mid-Cap Stock	12/08	1.873	37.90
Multimedia	12/15	3.357	79.88
Nasdaq Comp Index	12/26	0.659	91.06
Natural Gas	12/15	0.844	22.36
Natural Resources	12/15	0.391	27.78
New Markets Income	12/27	0.112	16.20
New Millennium	12/26	3.475	39.74
NJ Muni Inc	12/26	0.064	11.82
Nordic	12/08	2.170	51.53
OTC	12/08	0.577	109.58
Overseas	12/08	0.551	49.68
Pacific Basin	12/15	1.547	34.71
Pharmaceuticals	12/15	0.277	18.54
Puritan	12/08	0.270	23.25
Real Estate Income	12/15	0.294	12.03
Real Estate Index	12/15	0.154	15.73
Real Estate Invest	12/15	0.602	42.29
Retailing	12/15	4.799	130.85
Semiconductors	12/01	12.917	112.28
Sm Cap Discovery	12/01	2.879	29.82
Sm Cap Enhcd Indx	12/08	0.800	13.87
Small Cap Growth	12/01	0.435	24.33
Small Cap Index	12/15	0.515	20.21
Small Cap Stock	12/01	1.159	19.31
Small Cap Value	12/01	0.308	20.45
Software & IT Svcs	12/15	8.189	167.28
Stk Sel All Cap	12/26	1.647	44.00
Stk Sel Lge Cap Value	12/08	0.220	20.52
Stk Sel Mid Cap	12/26	1.845	40.00
Stk Sel Small Cap	12/08	2.764	26.20
Strategic Div & Inc	12/26	0.846	15.23
Strategic Income	12/27	0.111	11.04
Strategic Real Return	12/08	0.103	8.76
Technology	12/01	9.984	178.89
Telecom & Utilities	12/01	1.064	26.49
Telecommunications	12/15	10.290	58.15
Total Emerg Mkts	12/15	0.359	13.21
Total Int'l Equity	12/08	0.375	9.10
Total Int'l Index	12/08	0.213	12.19
Total Mkt Index	12/15	1.435	76.27
Transportation	12/15	4.704	102.34
Trend	12/15	7.712	99.68
U.S. Sustainability Idx	12/08	0.078	11.11
Utilities	12/01	4.479	82.91
Value	12/08	5.741	119.04
Value Discovery	12/08	0.177	28.62
Value Strategies	12/26	3.373	42.07
Wireless	12/01	0.326	9.97
Worldwide	12/08	1.822	26.11

turned 29.9%. Though only a few of the other 15 funds are benchmarked against that index, six of Fidelity's actively managed large-cap growth funds surpassed it, and all six had returns well in excess of 30%!

As noted, OTC topped the charts. But thanks to their large weights in tech (particularly the FANGs, software and PC makers, and semiconductor manufacturers), **Growth Company** (up 36.8%), **Blue Chip Growth** (up 36.1%) and **Growth Discovery** (up 34.7%) were especially strong performers.

Regardless of their market-cap, growth-oriented funds outshined their value-oriented peers. The primary reason is that the latter simply don't invest in the fastest-growing (and most pricey) areas of the market, such as tech. Another factor, energy shares weighed on value funds (see *Select Funds on p. 13*).

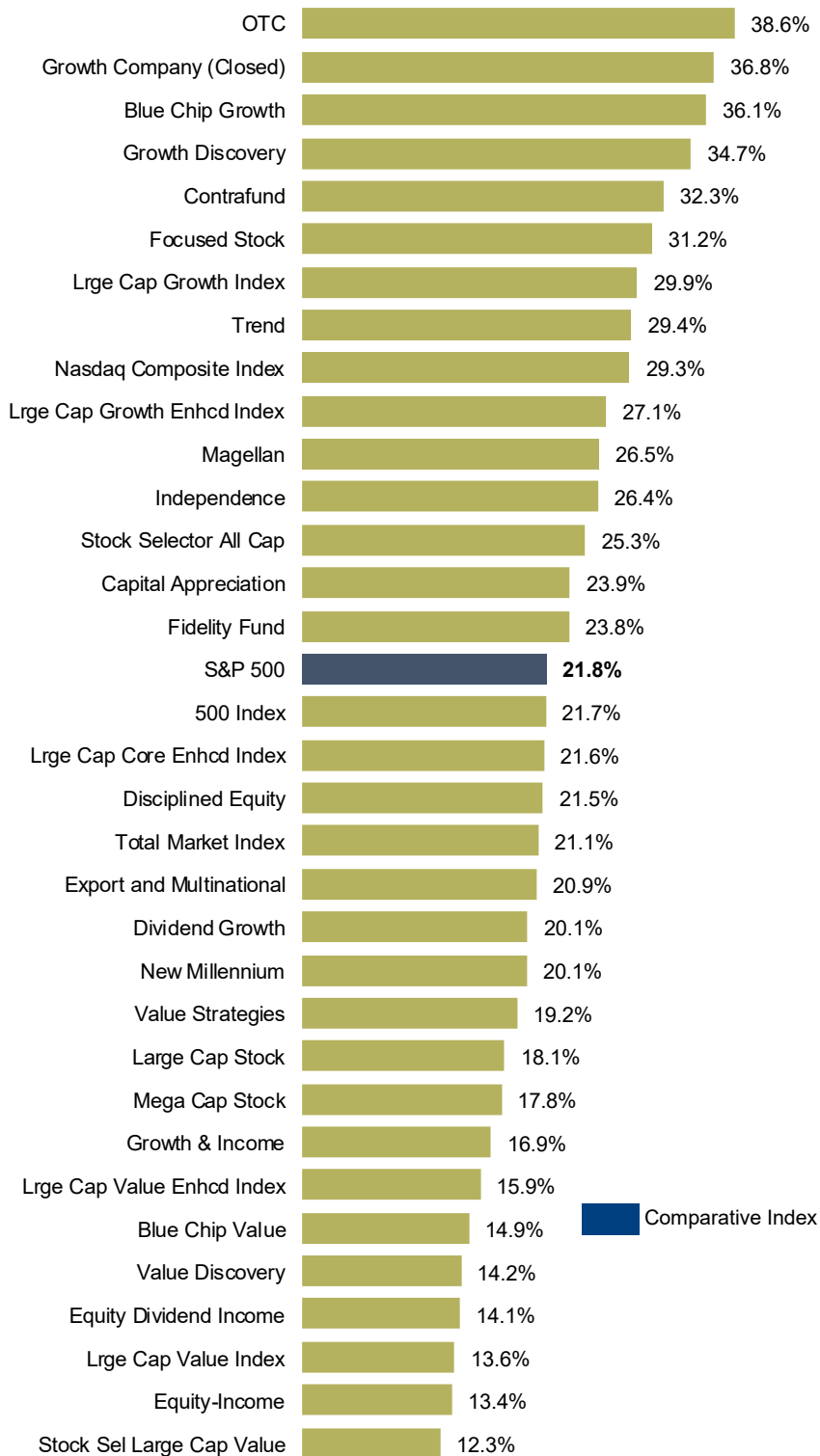
Whereas the average large-cap growth fund returned 29.5% in 2017, large-cap value funds delivered a 14.7% return on average. The best fund there was **Value Strategies** (up 19.2%); its new manager, Matt Friedman, made hay with smart bets in real estate and industrials.

Other high-performers in the smaller-cap space were **Growth Strategies** (up 21.5%) and **Stock Selector Mid Cap** (up 20.1%). **Small Cap Growth** (up 29.0%) fared even better thanks to a portfolio of "emerging growers," including plenty of tech names.

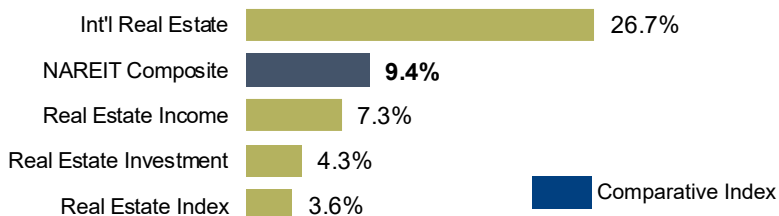
As for some of Fidelity's most popular funds (as measured by assets), **Contrafund** (up 32.3%) enjoyed a dramatic bounce-back from its worst relative year on record: Whereas it underperformed its benchmark by nearly nine percentage points in 2016, last year, it beat it by 10.5 percentage points!

Elsewhere, **Magellan** (up 26.5%) surpassed its S&P 500 benchmark,

## 2017 LARGE-CAP STOCK RETURNS



## 2017 REAL ESTATE RETURNS



**Low-Priced Stock** (up 20.7%) sprinted past the Russell 2000, but **Growth & Income** (up 16.9%) struggled.

### Select Funds

While it's not unusual for tech-oriented Select funds to top performance charts, it is unusual for a more diversified sector fund, such as **Select Technology**, to do so. But in 2017, its nearly 50% return was significantly better than **Software & IT Services** (up 38.5%), and it smoked **Communications Equipment** (up 11.7%).

One reason for Select Tech's star performance were the oft-mentioned FANGs. However, it reached outside its benchmark with bets in "disruptors" Tesla and China's Alibaba. Their shares rose 46% and 96%, respectively, last year.

Elsewhere, strong global growth benefited **Materials** (up 26.2%). And whereas **Industrials** (up 20.1%) might ordinarily benefit from the same, holding GE (down 45%) was a significant drag.

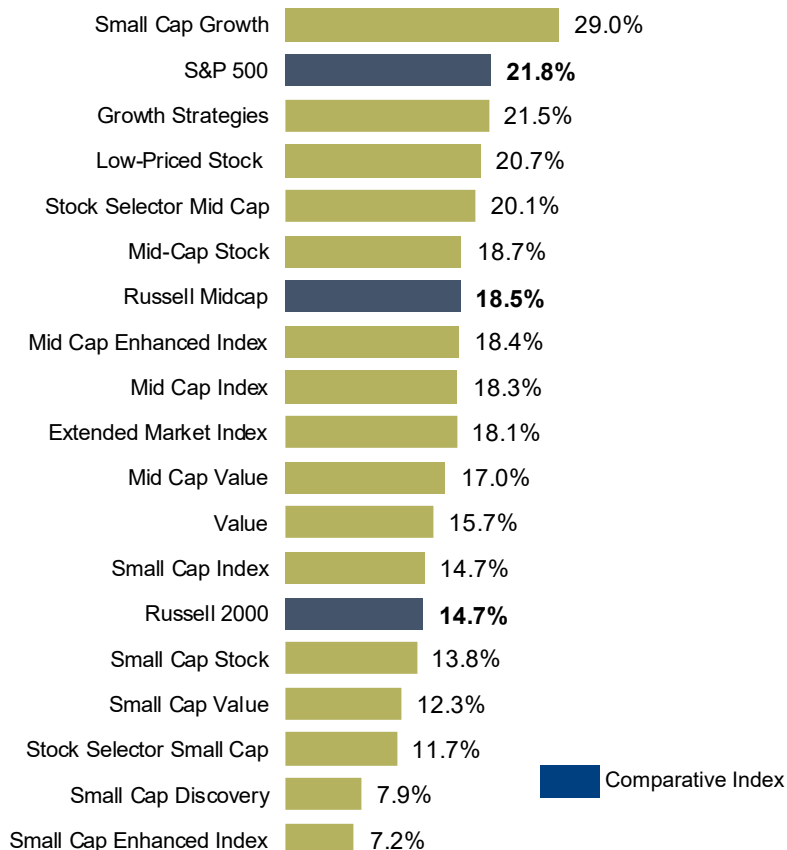
Despite oil prices rising 12% last year, **Natural Resources** (down 0.1%) and all other energy-related funds faltered at the hand of big energy. While the "majors" saw sizeable gains in 2016, last year they fell victim to smaller, more efficient shale producers. Not only were they hurt, so were energy service companies: Halliburton fell 10% last year.

### Factor ETFs

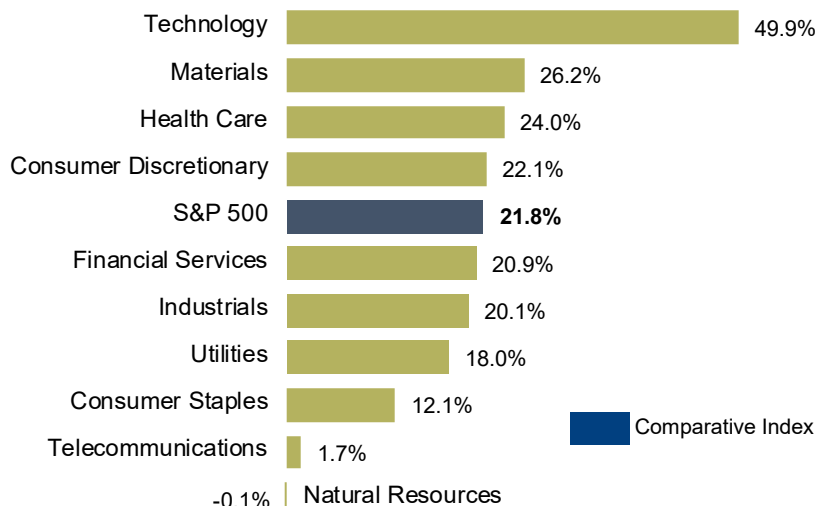
In their first full year of operation, these unique, "smart beta" funds performed as one would expect. Indeed, that **Momentum Factor** led the way with its 23.9% return in a year when large-cap growth stocks were (to a certain degree) driven by momentum, was hardly surprising. (But not that rewarding compared to just about any of Fidelity's 16 large-cap growth

Fund Commentary *cont'd on page 14*

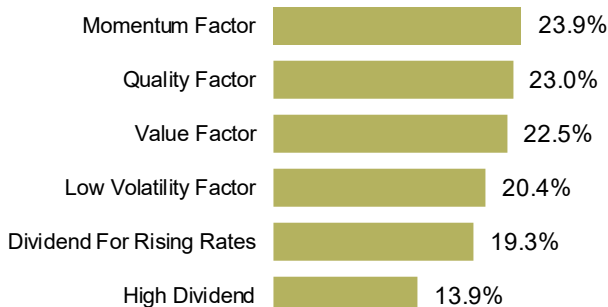
## 2017 MID- AND SMALL-CAP STOCK RETURNS



## 2017 BROAD SELECT RETURNS



## 2017 FACTOR ETF RETURNS



funds, as 13 of them returned more than Momentum Factor).

### Specialty Funds

With few investment attributes in common (except that they each tend to have “lower” correlations to the S&P 500 than more traditional stock funds), this group delivered no surprises last year: **Leveraged Company Stock** (up 21.0%) benefited from declining default rates in the energy sector and from investors’ embrace of risk assets, whereas **Strategic Real Return’s** (up 4.1%) portfolio of TIPS and other inflation-fighting securities were of little benefit to investors.

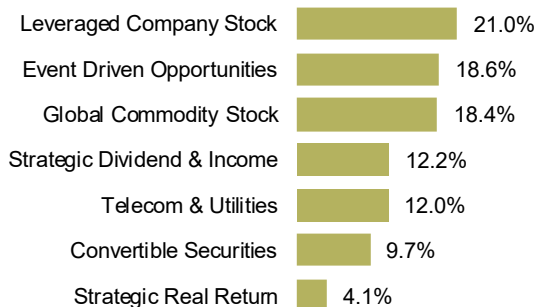
### International Funds

Last year, the U.S. dollar depreciated over 7% against a diversified basket of developed-market currencies. This helped to drive up (albeit unevenly) the dollar-denominated returns of Fidelity’s unhedged international funds.

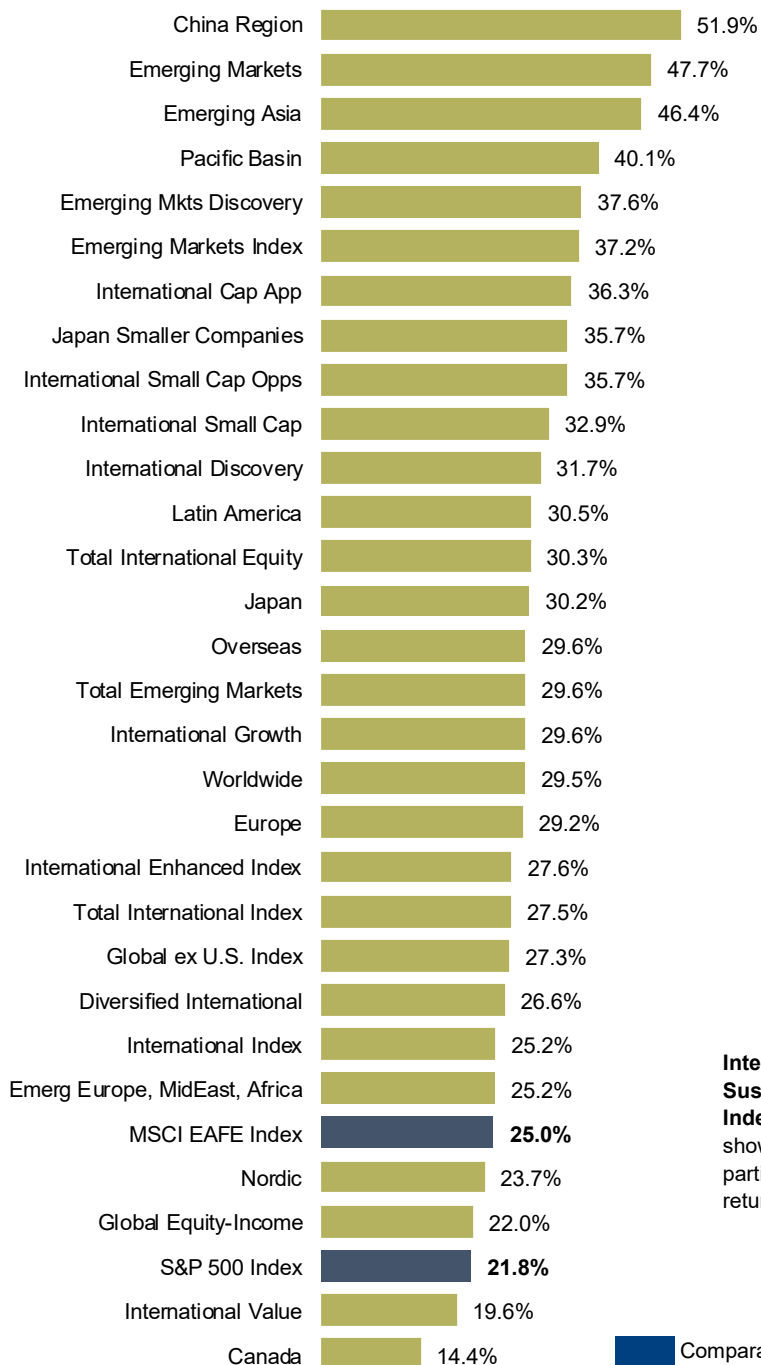
With that in mind, stocks in virtually all developed and emerging markets fared just fine in local currency terms last year — the weaker dollar was just an extra help! Indeed, just as we saw in the U.S., records were shattered across the globe for many of the same reasons that they were at home: unexpectedly strong economic growth that yielded solid gains in profits.

Nowhere was a surge in economic activity less expected than in China. But earlier economic stimuli by that country’s centrally managed economy finally took root, and its economy (along with its neighbors) surpassed expectations. Stocks responded accordingly, and the ever-volatile **China Region** led its peers with a stunning 51.9% gain. Not surprisingly, nearby emerging markets reacted in kind: **Emerging Asia** jumped 46.4%. In the region’s most important developed market, **Japan** fund (up 30.2%) benefited

## 2017 SPECIALTY RETURNS



## 2017 INTERNATIONAL RETURNS



**International Sustainability Index** fund not shown due to partial year returns

■ Comparative Index

from stepped-up exports. However, **Japan Smaller Companies** (up 35.7%) fared even better partly because investors recognize that smaller companies who export less are therefore less vulnerable to currency fluctuations. With that in mind, last year, the dollar actually strengthened a bit against the yen.

As for Fidelity's diversified international offerings, **International Cap App** (up 36.3%) was the top-performer as its manager somewhat ignored his benchmark and made smart stock picks in industrials and tech. As for two of Fidelity's more popular foreign stock funds (which mostly invest in developed markets, generally, and Europe in particular), **Overseas** gained 29.6% and **Diversified International** rose 26.6%.

### Taxable Bond Funds

Investors have been understandably concerned that a strengthening U.S. economy, coupled with a Fed responding to it with higher short-term interest rates, would come to undermine bond funds. But for the most part, that didn't happen in 2017. Notably, **U.S. Bond Index** rose 3.3%.

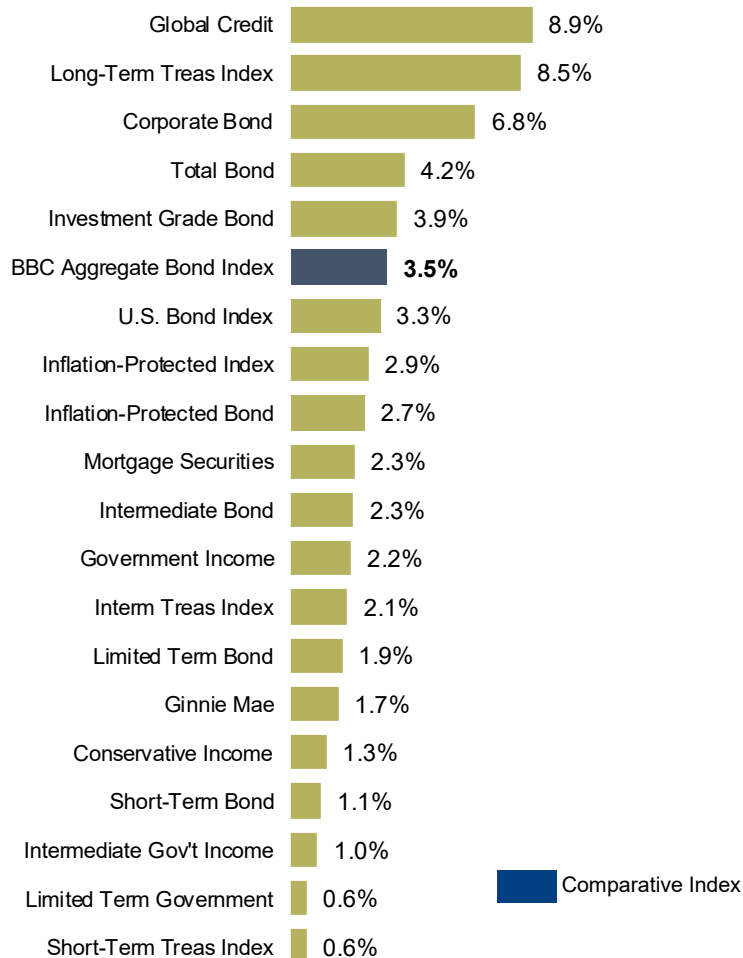
With bond prices moving in the opposite direction of their yield, the 10-year Treasury yield finished 2017 at 2.41%, down 3 basis points from where it started out. And the 30-year Treasury yield fell 32 basis points to end 2017 at 2.74%. As a result, Fidelity's most interest-rate-sensitive fund, **Long-Term Treasury Index**, gained a healthy 8.5%. On the other hand, shorter-term funds were hurt by rising rates and managed only fractional gains.

### High Yield Bond Funds

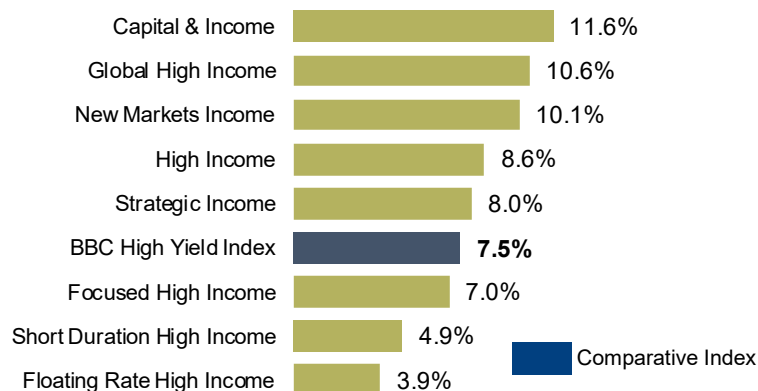
Keeping in mind that high-yield funds enjoyed double-digit gains in 2016, expectations for 2017 were muted. Indeed, they didn't fare quite as well, but the high yield index did return 7.5%. It did so as corporate

**Fund Commentary** *cont'd on page 16*

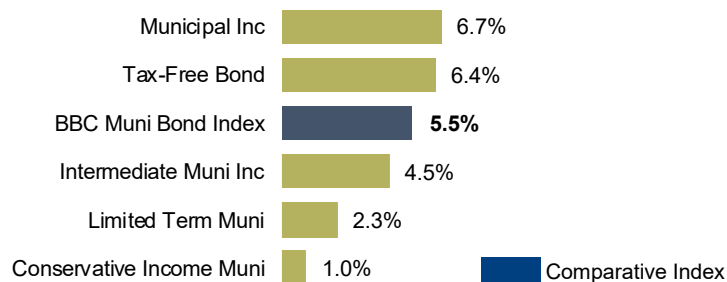
## 2017 TAXABLE BOND RETURNS



## 2017 HIGH YIELD BOND RETURNS



## 2017 MUNICIPAL BOND RETURNS



## TAX-EQUIVALENT MUNI YIELDS

	SEC % Yield	Federal Tax Bracket				
		22%	24%	32%	35%	37.0%
Arizona Muni Inc	1.87	2.51	2.58	2.88	3.20	3.31
Calif Ltd-Term T-F	1.37	2.03	2.08	2.32	2.58	2.67
California Muni Inc	1.87	2.77	2.84	3.17	3.52	3.64
Connecticut Muni Inc	2.22	3.06	3.14	3.51	3.90	4.03
Conservative Inc Muni	1.22	1.56	1.61	1.79	1.99	2.06
Interm Municipal Inc	1.86	2.38	2.45	2.74	3.04	3.14
Limited-Term Muni Inc	1.42	1.82	1.87	2.09	2.32	2.40
Maryland Muni Inc	1.84	2.50	2.57	2.87	3.19	3.30
Mass Muni Inc	1.97	2.66	2.73	3.05	3.39	3.51
Michigan Muni Inc	1.92	2.57	2.64	2.95	3.28	3.39
Minnesota Muni Inc	1.71	2.43	2.50	2.79	3.10	3.20
Municipal Inc	2.18	2.79	2.87	3.21	3.56	3.68
New Jersey Muni Inc	2.13	3.00	3.08	3.44	3.82	3.95
New York Muni Inc	1.91	2.69	2.76	3.08	3.42	3.54
Ohio Muni Inc	1.98	2.67	2.74	3.07	3.41	3.52
Pennsylvania Muni Inc	2.05	2.71	2.78	3.11	3.46	3.57
Tax-Free Bond	2.25	2.88	2.96	3.31	3.68	3.80

In late 2017, new federal tax legislation became law. Most changes affecting individuals took effect at the start of 2018. The 3.8% surcharge on investment income for those earning over \$200,000 was retained. As such, we've factored that surcharge into each fund's tax-equivalent yield for individuals in the top two tax brackets. (We show

those brackets above as 35% and 37%, respectively, though they are really 38.8% and 40.8%.) Also note that we have used each state's top income rate, but we exclude local income taxes such as New York City's. Naturally, the higher your actual income tax rate, the higher the effective tax-equivalent yield will be from the funds above.

### Fund Commentary *cont'd from page 15*

default rates remained quite low and the economy provided a solid footing for restructurings and balance sheet repairs. (Low rates on high-quality debt prompted some inves-

tors to move assets into junk bond funds and emerging market debt.)

Against that backdrop, **Capital & Income** (up 11.6%) did what it typically does under such favorable conditions; it led its peers higher. Separately, **New Markets Income**, which invests mostly in the sovereign and corporate bonds of emerging-markets, gained 10.1%.

**Income Muni** (which is arguably a higher-yielding money-market fund substitute) to a return of 6.7% for **Municipal Income**.

### Money Market Funds

The Fed hiked its short-term target rate three times in 2017, from 0.75% to 1.50%. Of course, money market fund yields rose in kind.

Fidelity's largest, **Government Cash Reserves**, saw its taxable yield finish 2017 at 0.95%. That's up from 0.24% a year earlier. And, with the Fed expecting to hike rates three more times in 2018, yields should keep rising. The same is true for muni money markets, though their tax-equivalent yields are now a bit less attractive, too. Finally, Fidelity's only "prime" fund, **Money Market**, yields the most: 1.20%, up from 0.64% a year ago. ■

— John Bonnanzio

### DIVIDEND UPDATE

*In addition to monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds are scheduled for a distribution (if any) in January 2017:*

Convert Secs, CT Muni Inc, Equity Div Inc, Growth Co, Growth Strategies, Independence, Ltd Term Gov't, Muni Inc, Nasdaq Comp Index, NJ Muni Inc, New Millennium, Stock Selector Mid Cap, Strategic Dividend & Income, Value Strategies.

*The final year-end distributions for Dec are on page 11.*

### Municipal Bond Funds

As Congress moved closer to passing a tax-cutting bill, municipal bonds fell under selling pressure. That's because lower taxes translate into less attractive tax-equivalent yields. (See table above.) But as other factors remained favorable (such as low inflation, strong demand, and a robust economy that's helping most municipalities), munis finished 2017 okay. Gains ranged from a modest 1.0% for **Conservative**

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