

FIDELITY MONITOR & INSIGHTS

JANUARY 2022

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MESSAGE FROM JACK

Inflation May Stick Around, But Won't Be A '70s-Era Catastrophe

My earliest encounter with inflation dates to 1975, when I was a box-boy for an IGA grocery store chain. I earned overtime on Sundays handling product price increases — a task that involved new shelf tags along with pulling the product off the shelf and replacing all the prior ink-stamps/price stickers with the latest price. I had a technique using razor blades and 409 cleaner that sped things along, so I had time to think about why some canned goods had four to five price stickers on top of each other and had doubled in price in less than a year.



Jack Bowers

Back then the main inflation driver was the price of oil, which had roughly tripled following the Arab Oil Embargo in late 1973. But there was also a supply chain problem with sugar that drove the retail price of a 5-lb bag to \$5 — equivalent to \$30 in today's money. Sugar was a primary ingredient in most food products, which temporarily made food inflation worse than gasoline.

But almost as fast as it started, the supply crunch with sugar resolved about a year later with the price quickly dropping back down into a near-normal range. Gasoline, of course, was a very different story because the main problem was permanent demand growth. It took more than a decade of high oil prices and 55 mph U.S. speed limits (imposed for the sole purpose of vehicle efficiency) for global supplies to catch up.

Today's inflation problem also has two main components. Supply chain problems have created a relatively intense short-term effect, much like what happened with sugar. The CPI is now up 6.8% year-over-year, and may not peak for several more months. But once it does, it may not take more than a quarter or two for it to pull back and stabilize. Faster-growing wages, on the other hand, could be a relatively permanent situation. Depending on productivity growth, the threat to future earnings may not fully resolve for a decade or more.

Interestingly, today's financial markets don't seem overly concerned with the present situation, unlike the mid-1970s when the S&P 500's P/E ratio dropped into

Message From Jack *cont'd on page 16*

2022 MARKET OUTLOOK

With Stocks Facing Hurdles In '22, Best To Follow The Earnings

Let's begin with the good news. No, the very good news.

In the early days of the pandemic (March 2020), drug companies quickly developed, tested and produced several vaccines to thwart Covid-19. By early 2021, they were initially rolled out slowly, then *en masse*. Today, a half-billion doses have been given and over 200 million people in the U.S., or 63% of its population, are considered fully vaccinated. Though there were still more Covid deaths in 2021 than the year before, hospitalization and death rates fell. That, coupled with huge federal Covid relief packages signed by presidents Trump and Biden set the stage for the country's economic (and continuing market) recovery.



John Bonnanzio

Final year-end distributions

for 2021 are available on our website

GDP grew about 5.7% last year versus -3.5% in 2020. According to a St. Louis Fed study, a quarter of that growth was attributable to trillions of dollars in federal spending (which increased the deficit). With such spending almost certain to slow, we're now looking for the economy to expand about 4% this year.

Of course, these twin recoveries weren't the entire story for 2021. In Washington and numerous U.S. cities, political and racial discord erupted into violence. Economic dislocation and hardship exacerbated public discontent even as individuals, businesses and governments developed better tools for living amid a pandemic. Not to be overlooked: two years of Covid have so far taken 817,000 U.S. lives and 5.4 million globally.

Too Much Of A Good Thing?

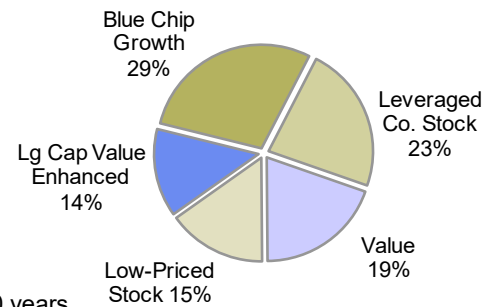
Apart from the federal government's trillions in direct financial aid, loan guarantees, subsidies and even tax cuts, the Federal Reserve and Treasury Department stepped in with coordinated monetary and fiscal stimuli of their own. Their collective goal was to keep the economy afloat, and it worked. A repeat of 2020's short-lived but painful recession had to be avoided. Unemployment

Market Outlook *cont'd on page 3*

Unique Opportunities Target Risk: 1.20 (Current: 1.24) Foreign Holdings: 11.3% **2021 Return: 22.3%**

Stocks: 98.5% Bonds: 0.0% Cash: 1.5% Alternatives*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Blue Chip Growth	FBGRX	\$183.62	1,686.15	\$309,610	-1.1%
Leveraged Co. Stock	FLVCX	47.62	5,180.60	246,700	4.1
Value	FDVLX	14.69	14,350.22	210,805	7.3
Low-Priced Stock	FLPSX	53.79	3,066.97	164,972	6.3
Lg Cap Value Enhanced	FLVEX	16.03	9,265.91	148,533	6.6



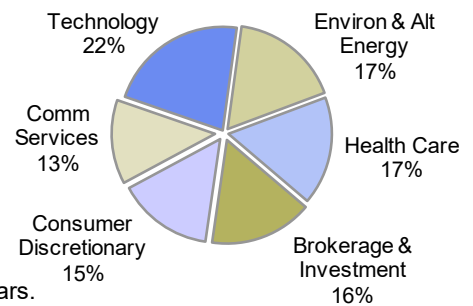
Current Value (3/31/99 = \$100,000) **\$1,080,620** **3.9%**

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

Select Target Risk: 1.20 (Current: 1.07) Foreign Holdings: 8.0% **2021 Return: 19.2%**

Stocks: 97.6% Bonds: 0.0% Cash: 2.4% Alternatives*: 0.0% Yield: 0.0%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Technology	FSPTX	\$29.11	58,573.29	\$1,705,069	0.9%
Environ & Alt Energy	FSLEX	35.68	37,427.92	1,335,428	0.4
Health Care	FSPHX	32.31	40,730.20	1,315,993	6.1
Brokerage & Investment	FSLBX	132.14	9,476.80	1,252,264	2.2
Consumer Discretionary	FSCPX	71.98	16,097.59	1,158,705	0.3
Communication Services	FBMPX	90.79	11,248.73	1,021,272	3.0



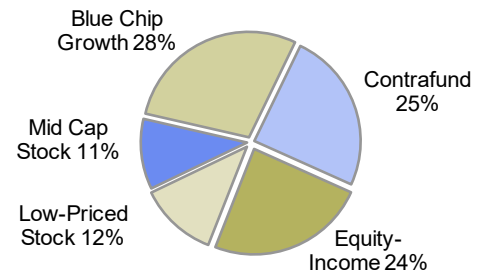
Current Value (12/31/88 = \$100,000) **\$7,788,731** **2.1%**

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

Growth Target Risk: 1.00 (Current: 1.03) Foreign Holdings: 12.9% **2021 Return: 23.2%**

Stocks: 98.5% Bonds: 0.0% Cash: 1.5% Alternatives*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Blue Chip Growth	FBGRX	\$183.62	8,431.08	\$1,548,115	-1.1%
Contrafund	FCNTX	18.76	71,222.82	1,336,140	1.3
Equity-Income	FEQIX	70.24	18,696.78	1,313,262	6.2
Low-Priced Stock	FLPSX	53.79	12,003.55	645,671	6.3
Mid Cap Stock	FMCSX	42.18	13,867.93	584,949	6.5



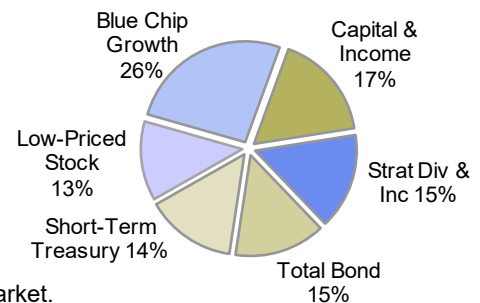
Current Value (12/31/86 = \$100,000) **\$5,428,137** **3.0%**

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: 0.67) Foreign Holdings: 13.3% **2021 Return: 12.5%**

Stocks: 49.2% Bonds: 28.3% Cash: 1.3% Alternatives*: 21.2% Yield: 1.1%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Blue Chip Growth	FBGRX	\$183.62	1,597.85	\$293,396	-1.1%
Capital & Income	FAGIX	11.21	17,040.36	191,022	2.3
Strat Div & Inc	FSDIX	17.76	9,748.53	173,134	5.6
Total Bond	FTBFX	11.06	14,729.25	162,905	0.0
Short-Term Treasury	FUMBX	10.55	15,310.07	161,521	-0.2
Low-Priced Stock	FLPSX	53.79	2,659.22	143,039	6.3



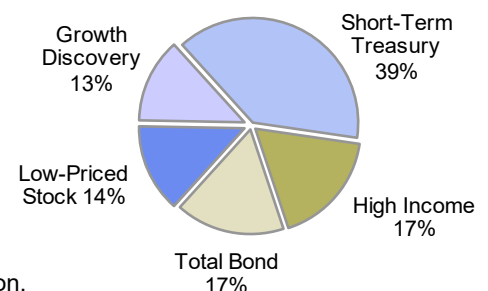
Current Value (12/31/93 = \$100,000) **\$1,125,019** **1.7%**

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

Income Target Risk: 0.33 (Current: 0.36) Foreign Holdings: 13.2% **2021 Return: 5.2%**

Stocks: 26.2% Bonds: 51.3% Cash: 1.7% Alternatives*: 20.7% Yield: 1.4%

Holdings	Ticker	NAV	Shares	Value	Dec Ret
Short-Term Treasury	FUMBX	\$10.55	18,867.88	\$199,056	-0.2%
High Income	SPHIX	8.69	10,336.36	89,823	2.2
Total Bond	FTBFX	11.06	7,727.15	85,462	0.0
Low-Priced Stock	FLPSX	53.79	1,294.92	69,654	6.3
Growth Discovery	FDSVX	55.77	1,192.85	66,525	1.1



Current Value (12/31/91 = \$100,000) **\$510,520** **1.3%**

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

peaked at 14.8% in April 2020. Since that time, joblessness has fallen to just 4.2%.

Of course, what's now clear is that all this stimuli, coupled with a breakdown in the global supply chain, sowed the seeds of today's inflation. While Jack weighs in on inflation in his pg. 1 *Message*, there's no disputing that today's 6.8% inflation creates a new set of problems. But is that enough to slow the economy and earnings in 2022? Can stocks continue to climb the wall of worry that they overcame last year? And, if so, will there be another change in market leadership by sector or market cap? (See "Best And Worst" chart on p. 5.) And what about bonds?

Here's our 2022 *Market Outlook*.

Stocks: Strong Tailwinds

Stocks again face consequential headwinds this year which may, in turn, lead to increased volatility.

The double-edged sword of low unemployment and inflation is that businesses must contend with a tight labor market. In addition to that putting upward pressure on wages, it's simply hard to find people to work, which holds back growth. The pan-

FUNDS YOU SHOULD BUY NOW

Growth: **Blue Chip Growth**, **Growth Company** and **OTC** are aggressive large-cap options; **Growth Discovery** and **Contrafund** are somewhat more conservatively positioned resulting in lower risk. **Value**, **Low-Priced Stock** and **Mid Cap Stock** have lower market caps and hold companies that are significantly less pricey.

Growth & Income: **Equity-Income** holds attractively valued, dividend-producing stocks, whereas **Strategic Dividend & Income** emphasizes income over capital appreciation.

High-Yield: **High Income** and **Capital & Income** (which holds some stocks) are the best ways to benefit from a rebound in this asset class. **Leveraged Company Stock** plays the distressed market via equities.

Taxable Bond: **Short-Term Treasury Index** effectively eliminates credit risk and has only limited interest-rate-risk. **Total Bond** provides diversified bond market exposure (mostly corporates and U.S. bonds) as well as some high-yield and emerging-market bonds.

Muni Bond Funds: **Limited Term Muni Income** is our preferred fund. ■

demic has accelerated retirements while younger people appear averse to returning to the office.

Then there's inflation. Higher labor costs would put upward pressure on CPI, as would any further increase in the cost of shelter. Granted, home-price growth has slowed recently, but higher mortgage interest rates may put ownership further out-of-reach for young families.

But there's an upside to that, and it's the wealth effect. When

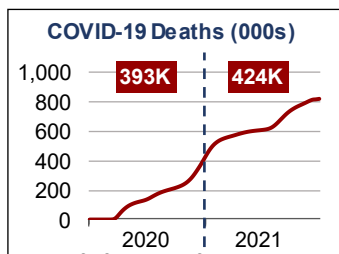
home values rise 30%, which they have in many places, it's estimated that there's a 5% rise in consumer spending. Similarly, a 30% rise in stocks increases spending by 1-2%.

Then there's the supply chain problem. Yes, ports are starting to clear. But that improvement could slowly end with Omicron or yet another variant.

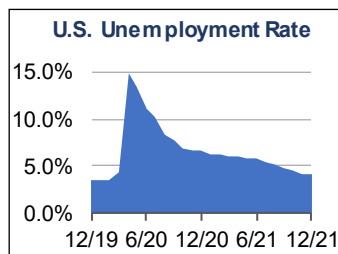
Those are the headwinds for stocks. The tailwinds may be more powerful: FactSet projects top-line

Market Outlook cont'd on page 4

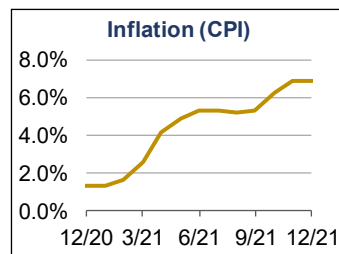
2021: COVID VERSUS FUNDAMENTALS



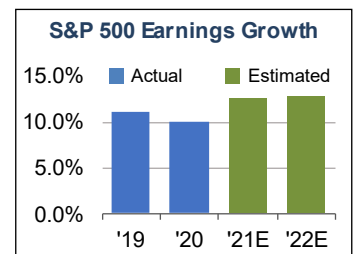
Source: CDC.gov



U.S. Dept. of Labor



St. Louis Fed



FactSet

Amid optimism that Covid vaccines would end the pandemic, stocks recovered from their March 2020 lows. Still the spreading virus and its variants led to more U.S. deaths in 2021.

Massive federal spending and easy-money monetary policies helped strengthen the U.S. economy; unemployment fell to 4.2%. In turn, rising corporate earnings fueled stock gains.

But the downside to fiscal and monetary stimuli is an economic recovery accompanied by surging inflation — much of that arising from higher labor, materials and transportation costs.

Though another Covid variant has rattled markets, stronger household balance sheets plus another favorable year of corporate earnings should help support share prices in 2022.

Model Portfolios Key:

¹Alternative 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 regularly scheduled Friday evening Hotline updates via e-mail and web. **Annuity Model Portfolios** are on p. 10.

Market Outlook *cont'd from page 3*

sales growth for S&P 500 companies at 7.5% this year with earnings growth of 9.2%. While these are well below 2021 levels of 15.8% and 45.1%, respectively, that's largely because of their comparison to 2020's Covid-driven declines. A better context is this: the S&P 500's earnings growth rate averaged 5.0% from 2011 to 2020. So 9.2% looks pretty good! And despite aforementioned headwinds, net profit margins are forecast to improve slightly this year to 12.8%, up from 12.6% in 2021.

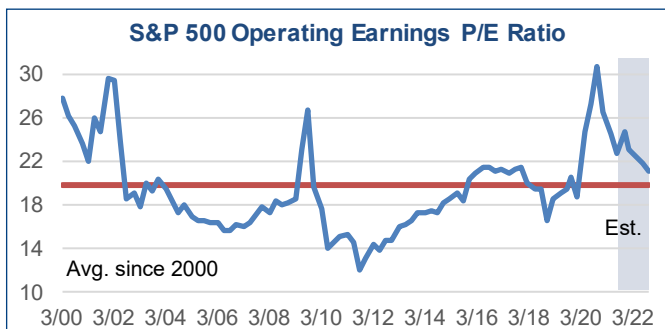
Mindful that there may be considerable market rotations as this year unfolds, there are presently several ways to play stocks this year.

For the more risk-tolerant, we continue to like large-cap growth generally, and tech in particular. Funds like **Blue Chip Growth**, **Contrafund**, and **Select Technology** in our *Select Model*, remain our top positions. But the ongoing economic recovery (coupled with some help from the Infrastructure bill) bodes well for economically sensitive cycles, too, where valuations aren't quite as high. That means holding **Select Environment and Alternative Energy** in the *Select Model*, and the more value-oriented **Equity-Income**, **Value**, and **Large Cap Value Enhanced** in the other equity-oriented models. In other words, 2022 is a good year for diversification and risk mitigation!

As for stock funds in the conservative models, the mid-cap value **Low-Priced Stock** is riskier than the S&P 500. But relative to its benchmark, the small-cap Russell 2000, last year's performance exceeded expectations: it outperformed by nearly 10 percentage points. As is often the case, superior risk-adjusted returns made it a good fit for several models.

High Yield

More highly correlated to stocks than to bonds, last year's recovery helped shore up the balance sheets of indebted and leveraged firms. (Yes, they're less risky than the latter and more volatile



Despite share prices rising considerably in the past three years, strong earnings growth means that stock valuations may only be slightly elevated from their 21-year average.

than the former.) But **Capital & Income** and **High Income** wound up serving our income-oriented models well, and we expect them to perform okay this year.

Just okay? Frankly, there is less upside potential for this reason: the closely watched “fair value” gauge (the yield spread between high-yield bonds and 10-year Treasuries), once again narrowed last year, this time to 3.03%, down from 3.86% a year ago.

That's well below its long-term average of about 550 basis points, making the asset class a little less attractive. On the other hand, should the yield curve further flatten in 2022 (with longer dated bond yields falling), their upside potential could improve.

International Opportunities?

For 2022, we're not big fans of this asset class. Granted that could change. Moreover, our models have indirect foreign stock exposure, and in the case of **Low-Priced**, quite a bit. But our preference for now, as it was last year, is to stick close to home where our economy is strong, corporate earnings are stronger, and the investment opportunities remain largely unmatched.

Sector Picks

Needless-to-say, our top picks have made their way into the *Select Model Portfolio*. But there are other funds we like. One is **Construction & Housing** which stands to benefit from the wealth effect, strong demand for housing and still-low mortgage rates. The same case can be made for **Consumer Discretionary** (which we hold) and its subset **Retailing**. On the flip side, a brief word about a fund we rarely favor, **Select Gold**: it's almost twice as risky as the market, yields nothing, and is a crapshoot with respect to its being a safe haven asset.

Feel free to avoid it!

Bonds: Fed Holds The Keys

It's pretty well accepted that the Fed has been slow to respond to rising inflation. Our concern now is that it doesn't over-respond.

At its last confab, Chairman Powell telegraphed three rate hikes for this year and an accelerated end to its bond-buying program. Tightening the nation's money supply will help to slow inflation. And it's worth mentioning that countervailing forces could range from the controllable (higher federal spending) to the uncontrollable (unfavorable weather). Lest we forget, higher wheat and fuel prices last year were partly the result of drought and Hurricane Ida. But even as we expect inflation to ease to 5-6% (from nearly 7% today), income investors face another year of negative real yields.

The Bottom Line

With Omicron seemingly less calamitous health-wise, the economy strengthening, and corporate earnings growth solid, we're optimistic that 2022 will provide a fourth straight year of stock gains — albeit far more modest. ■

— John Bonnanzio

Rebounding Economy & Earnings Growth Drive Stocks Higher; Inflation Saps Bonds

For some, Tom Brady winning his seventh Super Bowl ring was 2021's top news story — and I wouldn't necessarily disagree! But it wasn't exactly market-moving.

Neither was the storming of the U.S. Capitol, a new president's inauguration or an out-going one's second impeachment. For the most part, each event garnered scant interest from investors.

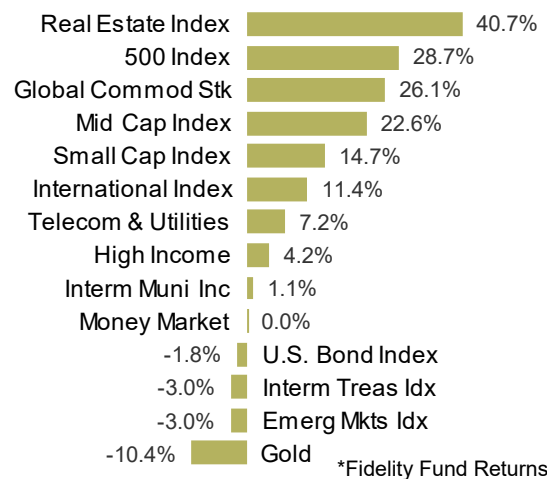
Of greater concern was Georgia's special Senate runoff election which handed Democrats "full" control of Washington. But as it became clear that some Democrats would join Republicans in resisting higher personal income taxes, and a new slate of ambitious spending bills (though the \$1.9 trillion American Rescue Plan did pass), investors' attention turned to inflation.

From the moment inflation reared its ugly head, the Fed underestimated its ferocity. Chairman Powell called it "transitory," placing blame on the disrupted global supply chain. Late to respond, he ate crow in December when the CPI reached a 40-year high of 6.8%. Nevertheless the GOP-appointed chair was reappointed by a Democratic president partly because Wall Street prizes consistency and abhors the vacuum of uncertainty.

But for all of the political and social disquiet that occurred last year, millions of vaccinated Americans prompted the CDC to briefly wave mask mandates. That fueled hope that the pandemic would be beaten — until Delta emerged.

Still the jobs recovery continued. Helped by \$1,400 government relief

2021'S BEST & WORST ASSET CLASSES*



checks, consumer spending rose, and with it, improved consumer confidence. (Seventy-two percent of respondents in Fidelity's annual "Resolutions Study" say they're "confident they'll be in a better financial position in 2022.") As for Wall Street, its optimism was bolstered by what it prizes above all else: surging corporate earnings.

Market Indexes

As noted in *Market Outlook*, the recovering U.S. economy translated into boffo top-line sales and bottom-line earnings growth. While that benefited certain areas of the tech sector (which in turn helped power the Nasdaq Composite to a gain of 22.2% last year), many of 2020's worst-performing areas rebounded in 2021.

As for the most widely watched stock market indexes, most scored a series of record highs. However, accelerating inflation, a few hiccups in new hirings and especially the late-in-the-year arrival of Omicron resulted in several gauges ending 2021 just shy of their prior high-water marks. Nonetheless, double-digit gains were the norm.

The S&P 500 soared 28.7% with much of that derived from several of the tech sector's biggest names including Apple, Microsoft and Nvidia. The Nasdaq Composite also benefited from tech, though segments of that sector, plus biotech and other health-related subsectors held the index back. As for the Dow Jones Industrials, economically sensitive cyclicals and large integrated energy stocks contributed to last year's 20.9% return. On the other hand, telecommunication shares and Big Pharma were relative detractors.

Fund Commentary *cont'd on page 11*

January Scorecard Rating Changes

Mutual Fund	Ticker	Ratings		Comments	
		Old	New		
Disruptive Comm's	FNETX	B	H	↓	Rising interest rates may come to weigh on stocks with higher P/E ratios.
Disruptive Tech	FTEKX	B	H	↓	Rising interest rates may come to weigh on stocks with higher P/E ratios.
Disruptors	FGDFX	B	H	↓	Rising interest rates may come to weigh on stocks with higher P/E ratios.
Extended Mkt Index	FSMAX	B	H	↓	Smaller-cap growth stocks may face headwind with rising interest rates.
Four-in-One Index	FFNOX	H	NC		With its modified asset allocation, this fund has been renamed Multi-Asset Index (see p. 16).
Select FinTech	FVLX	B	H	↓	Slowing point-of-sale transactions could weigh on growth for payment processors.
Select IT Services	FBSOX	B	H	↓	Slowing point-of-sale transactions could weigh on growth for payment processors.
Small Cap Growth	FCPGX	B	H	↓	Smaller-cap growth stocks may face headwind with rising interest rates.
Annuities					
VIP Ext Market Index	FEMJC	B	H	↓	Smaller-cap growth stocks may face headwind with rising interest rates.

B = Buy; **B** = OK to Buy; **H** = Hold; **S** = OK to Sell; **S** = Sell; **N/C** = No Change; **NR** = No Rating (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

DECEMBER 31, 2021

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) ¹
					Dec	2021	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	
Comparative Indexes		S&P 500	4766.2		4.5	28.7	11.0	28.7	26.1	18.5	16.6	10.7	1.00
		Nasdaq Composite	15645.0		0.8	22.2	8.5	22.2	34.3	25.0	21.0	14.5	1.09
		Dow Jones Industrials	36338.3		5.5	20.9	7.9	20.9	18.5	15.5	14.2	10.1	1.05
		Russell 2000 (Small Caps)	2245.3		2.2	14.8	2.1	14.8	20.0	12.0	13.2	8.7	1.36
		Bloomberg Barclays Agg Bond*			-0.3	-1.8	-0.1	-1.8	4.7	3.5	2.9	3.1	0.20
Model Portfolios		Unique Opportunities			3.9	22.3	6.7	22.3	30.5	19.4	16.1	10.2	1.24
		Select			2.1	19.2	6.0	19.2	28.7	19.6	17.6	11.9	1.07
		Growth			3.0	23.2	7.0	23.2	28.8	19.9	15.8	9.8	1.03
		Growth & Income			1.7	12.5	3.3	12.5	19.9	13.9	12.1	8.0	0.67
	Income			1.3	5.2	0.8	5.2	9.8	6.1	5.8	5.0	0.36	

												Rel Vol (Risk) ¹	Assets (\$Mil)
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LARGE CAP GROWTH Average **1.2** **24.9** **9.0** **24.9** **32.9** **24.3** **19.3** **1.05**

312	FBGRX	Blue Chip Growth	183.62	Buy	-1.1	22.7	7.0	22.7	38.5	29.6	22.2	1.21	\$52,719
307	FDCAX	Capital Appreciation	44.14	OK to Buy	2.5	24.2	9.8	24.2	29.3	20.6	17.3	0.98	6,512
22	FCNTX	Contrafund	18.76	Buy	1.3	24.4	8.3	24.4	28.9	22.6	18.0	1.01	128,732
3	FFIDX	Fidelity Fund	79.16	Buy	4.0	33.2	12.3	33.2	31.0	21.4	17.1	0.93	7,616
333	FTQGX	Focused Stock	34.72	OK to Buy	1.1	27.1	9.4	27.1	30.6	25.2	18.4	1.03	3,927
3336	FIFNX	Founders Fund	19.04	Hold	0.2	19.0	5.3	19.0	--	--	--	--	91
25	FDGRX	Growth Company (Closed)	36.47	Buy	-3.4	22.7	6.5	22.7	41.7	30.0	23.0	1.22	51,227
339	FDSVX	Growth Discovery	55.77	Buy	1.1	23.0	8.6	23.0	33.2	26.0	19.5	1.02	3,155
1829	FLGEX	Lrge Cap Growth Enhcd Index	31.39	OK to Buy	2.6	29.3	11.7	29.3	32.2	23.1	18.6	1.02	1,860
2826	FSPGX	Lrge Cap Growth Index	29.64	OK to Buy	2.1	27.6	11.6	27.6	34.0	25.3	--	1.06	10,029
21	FMAGX	Magellan	15.37	OK to Buy	1.8	27.0	11.5	27.0	28.9	20.6	17.7	0.96	31,465
1282	FNCMX	Nasdaq Composite Index	196.82	OK to Buy	0.8	22.2	8.5	22.2	34.2	24.8	20.8	1.09	14,232
93	FOCPX	OTC	19.60	Buy	0.5	25.0	6.9	25.0	36.7	27.9	22.2	1.10	23,356
320	FDSX	Stock Selector All Cap	69.39	Hold	4.0	23.1	7.5	23.1	26.7	18.4	16.2	1.06	1,704
5	FTRNX	Trend	171.87	Buy	1.2	22.9	9.6	22.9	34.9	25.2	19.8	1.03	3,584

LARGE CAP BLEND Average **4.4** **26.0** **8.9** **26.0** **24.1** **15.9** **15.1** **1.06**

2328	FXAIX	500 Index	165.32	OK to Buy	4.5	28.7	11.0	28.7	26.1	18.5	16.6	1.00	399,363
315	FDEQX	Disciplined Equity	65.30	Hold	2.9	27.6	10.1	27.6	29.8	19.0	16.3	1.00	2,101
330	FDGFX	Dividend Growth	36.65	OK to Buy	5.5	28.0	10.6	28.0	19.0	13.4	13.4	1.19	6,453
27	FGRX	Growth & Income	51.85	OK to Buy	5.3	25.9	7.7	25.9	21.0	13.5	14.1	1.08	7,579
1827	FLCEX	Lrge Cap Core Enhcd Index	21.58	OK to Buy	4.9	30.4	10.8	30.4	25.2	18.2	16.1	0.98	1,621
338	FLCSX	Large Cap Stock	42.09	OK to Buy	5.0	25.8	6.8	25.8	21.7	14.1	15.0	1.15	3,100
361	FGRTX	Mega Cap Stock	19.38	OK to Buy	4.6	26.2	6.8	26.2	23.2	15.4	15.1	1.10	1,160
300	FMLX	New Millennium	41.87	OK to Buy	5.6	23.9	4.1	23.9	18.2	13.0	13.3	1.16	2,738
2361	FSKAX	Total Market Index	133.78	Buy	3.8	25.6	9.2	25.6	25.7	17.9	16.2	1.05	77,505
5029	FULVX	U.S. Low Volatility Equity	11.97	Hold	6.0	17.7	9.3	17.7	--	--	--	--	392
6391	FSEBX	Sustainability U.S. Equity	11.10	Hold	3.8	11.5p	9.2	11.5p	--	--	--	--	14
2941	FITLX	U.S. Sustainability Index	21.20	OK to Buy	4.2	31.6	12.0	31.6	27.1	--	--	0.99	2,295
3396	FWOMX	Women's Leadership	15.86	OK to Buy	2.3	19.4	5.7	19.4	--	--	--	--	125
3231	FNILX	Zero Large Cap Index	16.87	OK to Buy	4.0	26.7	10.2	26.7	26.4	--	--	0.99	5,605
3227	FZROX	Zero Total Market Index	16.78	Buy	4.0	26.0	9.4	26.0	25.8	--	--	1.03	13,257

LARGE CAP VALUE Average **6.9** **25.1** **7.8** **25.1** **17.4** **11.0** **12.5** **1.10**

1271	FBCVX	Blue Chip Value	24.39	Buy	7.5	25.0	8.2	25.0	13.2	8.8	11.2	1.12	569
319	FEQTX	Equity Dividend Income	27.88	OK to Buy	7.5	22.2	7.1	22.2	16.6	10.3	11.8	1.12	5,199
23	FEQIX	Equity-Income	70.24	Buy	6.2	24.4	7.7	24.4	19.3	12.0	12.5	0.97	7,270
1828	FLVEX	Lrge Cap Value Enhcd Index	16.03	Buy	6.6	28.3	8.1	28.3	18.5	12.3	13.7	1.09	6,354
2830	FLCOX	Lrge Cap Value Index	16.34	OK to Buy	6.3	25.1	7.8	25.1	17.6	11.2	--	1.11	4,835
708	FSLVX	Stock Sel Large Cap Value	26.39	OK to Buy	6.7	25.7	7.4	25.7	17.7	10.7	12.5	1.18	453
832	FVDFX	Value Discovery	38.28	Buy	7.5	24.8	8.4	24.8	18.6	11.6	13.2	1.08	3,280

MID-CAP GROWTH Average **1.1** **17.1** **5.0** **17.1** **29.0** **19.4** **16.2** **1.03**

324	FDEGX	Growth Strategies	63.52	OK to Buy	1.9	21.4	7.1	21.4	29.0	19.4	16.2	1.03	3,424
3403	FMDGX	Mid Cap Growth Index	29.78	OK to Buy	0.4	12.7	2.8	12.7	--	--	--	--	729

MID-CAP BLEND Average **4.3** **22.1** **5.4** **22.1** **22.3** **14.7** **14.5** **1.27**

2365	FSMAX	Extended Market Index	87.21	Hold	0.6	12.4	0.7	12.4	23.9	15.3	14.9	1.37	42,854
2012	FMEIX	Mid Cap Enhanced Index	18.62	OK to Buy	5.1	24.1	7.2	24.1	22.2	13.8	14.5	1.21	2,107
2352	FSMDX	Mid Cap Index	31.99	OK to Buy	4.1	22.6	6.4	22.6	23.3	15.1	14.9	1.20	25,891
337	FMCSX	Mid-Cap Stock	42.18	Buy	6.5	28.7	7.8	28.7	21.6	14.8	14.3	1.19	6,439
2412	FSSMX	Stock Selector Mid Cap	45.25	OK to Buy	6.1	23.2	6.3	23.2	21.8	14.7	13.9	1.34	413
3230	FZIPX	Zero Extended Market Index	13.04	Hold	3.7	21.5	4.1	21.5	21.5	--	--	1.32	1,437

Notes: *Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹Relative Volatility (Rel Vol) versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ²Duration is a measure of interest rate sensitivity. ³Stated yield is actual distributed yield over prior 12 months. ⁵Almost an Asset Allocation fund with 30%+ typically in foreign stocks. ⁶Formerly named Four-in-One Index. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

DECEMBER 31, 2021

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	Assets (\$Mil)	
					Dec	2021	3 Mo.	1 Year	3 Year	5 Year	10Year			
MID-CAP VALUE					Average	7.0	31.1	8.3	31.1	22.0	12.4	13.4	1.36	
316	FLPSX	Low-Priced Stock ⁵	53.79	Buy	6.3	24.5	6.0	24.5	19.6	13.0	13.1	1.13	\$27,883	
762	FSMVX	Mid Cap Value	30.28	Buy	7.3	34.0	8.9	34.0	18.7	9.7	12.6	1.35	1,210	
3404	FIMVX	Mid Cap Value Index	26.55	OK to Buy	6.3	28.2	8.5	28.2	--	--	--	--	1,032	
39	FDVLX	Value	14.69	Buy	7.3	35.4	8.4	35.4	24.9	13.2	14.2	1.55	8,472	
14	FSLSX	Value Strategies	51.81	Buy	7.9	33.3	9.6	33.3	24.8	13.8	13.8	1.43	552	
SMALL CAP GROWTH					Average	0.6	6.7	-0.1	6.7	27.2	20.4	17.6	1.22	
1388	FCPGX	Small Cap Growth	31.69	Hold↓	0.7	10.6	-0.1	10.6	27.2	20.4	17.6	1.22	3,759	
3405	FECGX	Small Cap Growth Index	28.20	Hold	0.5	2.8	-0.0	2.8	--	--	--	--	393	
SMALL CAP BLEND					Average	3.9	23.2	4.8	23.2	22.1	12.3	13.3	1.37	
384	FSCRX	Small Cap Discovery	30.65	OK to Buy	6.3	35.7	7.9	35.7	22.7	11.4	13.5	1.49	3,496	
2011	FCPEX	Small Cap Enhanced Index	15.26	Hold	3.0	20.5	3.7	20.5	20.9	10.5	13.2	1.36	730	
2358	FSSNX	Small Cap Index	27.56	Hold	2.2	14.7	2.1	14.7	20.0	12.1	13.4	1.36	21,426	
340	FSLCX	Small Cap Stock	19.99	Hold	3.6	20.2	4.2	20.2	21.0	12.3	12.5	1.39	1,584	
336	FDCSX	Stock Selector Small Cap	34.33	Hold	4.2	25.1	6.2	25.1	25.7	15.2	14.0	1.22	1,665	
SMALL CAP VALUE					Average	5.4	33.1	5.0	33.1	22.9	12.1	14.0	1.40	
1389	FCPVX	Small Cap Value	21.62	Buy	6.7	38.1	5.7	38.1	22.9	12.1	14.0	1.40	2,952	
3406	FISVX	Small Cap Value Index	25.94	OK to Buy	4.0	28.1	4.3	28.1	--	--	--	--	861	
REAL ESTATE														
1368	FIREX	International Real Estate	14.32	Hold	3.6	11.9	3.9	11.9	14.8	12.5	11.8	0.87	378	
833	FRIFX	Real Estate Income	13.80	Hold	2.8	18.9	4.0	18.9	11.5	8.1	8.7	0.98	2,968	
2355	FSRNX	Real Estate Index	20.16	OK to Buy	9.7	40.7	14.9	40.7	15.3	8.8	10.2	1.18	3,365	
303	FRESX	Real Estate Investment	54.02	OK to Buy	10.2	42.3	15.9	42.3	17.9	10.5	11.3	1.05	6,464	
ASSET ALLOCATION														
328	FASIX	Asset Manager 20%	14.81	Hold	0.7	4.0	1.4	4.0	7.7	5.6	4.8	0.30	4,795	
1957	FTANX	Asset Manager 30%	12.86	Hold	1.2	6.0	2.0	6.0	10.2	7.3	6.3	0.40	2,263	
1958	FFANX	Asset Manager 40%	13.96	Hold	1.6	8.0	2.7	8.0	12.3	8.7	7.5	0.49	1,945	
314	FASMIX	Asset Manager 50%	22.24	Hold	2.0	9.9	3.2	9.9	14.2	10.0	8.6	0.58	9,487	
1959	FSANX	Asset Manager 60%	16.18	Hold	2.3	11.9	3.8	11.9	16.2	11.2	9.7	0.68	2,567	
321	FASGX	Asset Manager 70%	28.89	Hold	2.8	14.1	4.5	14.1	18.0	12.5	10.7	0.77	4,709	
347	FAMRX	Asset Manager 85%	26.68	Hold	3.4	17.1	5.4	17.1	20.9	14.4	12.4	0.91	2,312	
304	FBALX	Balanced	30.37	Buy	3.0	18.3	6.7	18.3	21.7	15.0	12.5	0.76	39,068	
3083	FMSDX	Multi-Asset Income	14.98	Buy	2.1	17.8	4.7	17.8	19.1	11.7	--	0.60	1,121	
355	FFNOX	Multi-Asset Index ⁶	61.26	Hold	3.0	17.1	5.8	17.1	19.4	13.7	12.1	0.87	8,900	
4	FPURX	Puritan	27.20	Buy	2.3	18.9	7.1	18.9	20.2	14.6	12.4	0.67	29,481	
INTERNATIONAL					Average	2.9	8.0	1.8	8.0	16.9	12.5	9.6	1.02	
309	FICDX	Canada	64.55	Hold	5.5	26.9	8.7	26.9	18.6	10.3	6.8	1.17	813	
352	FHKCX	China Region	43.43	OK to Sell	-1.0	-13.4	-2.2	-13.4	20.0	16.7	11.9	1.13	1,431	
325	FDIVX	Diversified International	48.50	OK to Buy	2.9	12.8	4.1	12.8	20.3	13.3	10.4	0.88	11,272	
351	FSEAX	Emerging Asia	51.21	OK to Sell	-5.5	-14.6	-8.8	-14.6	24.6	19.2	12.1	1.19	1,604	
322	FEMKX	Emerging Markets	43.65	OK to Sell	0.4	1.4	0.3	1.4	21.6	16.8	9.3	0.99	4,653	
2374	FEDDX	Emerging Mkts Discovery	16.03	Hold	1.0	6.7	-2.9	6.7	14.3	10.7	8.1	1.18	269	
2344	FPADX	Emerging Markets Index	12.09	OK to Sell	1.7	-3.0	-1.3	-3.0	10.6	9.7	5.3	1.07	6,873	
5031	FEOPX	Enduring Opportunities	16.13	OK to Buy	1.9	19.5	6.1	19.5	--	--	--	--	21	
301	FIEUX	Europe	38.70	Hold	4.5	6.8	1.4	6.8	16.3	11.0	9.3	1.06	819	
2406	FGILX	Global Equity Income	18.32	Buy	5.4	19.0	7.4	19.0	21.0	14.0	--	0.87	96	
2348	FSGGX	Global ex U.S. Index	15.29	Hold	3.8	7.8	2.2	7.8	13.2	9.7	7.3	0.97	9,322	
335	FIVFX	International Cap App	28.40	OK to Buy	2.8	12.2	6.2	12.2	22.2	16.7	13.1	0.84	5,901	
305	FIGRX	International Discovery	52.93	OK to Buy	2.7	11.2	2.0	11.2	19.8	13.4	10.3	0.93	5,047	
2010	FIENX	International Enhanced Index	11.14	Hold	4.5	11.5	2.9	11.5	12.4	9.1	8.4	0.99	1,551	
1979	FIGFX	International Growth	21.06	OK to Buy	4.1	15.4	5.3	15.4	21.8	15.7	11.5	0.86	1,812	
2363	FSPSX	International Index	49.29	Hold	4.7	11.4	3.2	11.4	13.7	9.8	8.2	0.98	41,178	
818	FISMX	International Small Cap	32.30	Hold	4.4	13.5	1.2	13.4	14.8	11.1	11.4	1.09	1,451	
1504	FSCOX	Int'l Small Cap Opps (Closed)	26.54	OK to Buy	4.0	17.7	3.6	17.7	22.0	16.2	13.4	0.93	1,246	
2988	FNIDX	International Sustainability Idx	13.22	Hold	3.6	7.6	2.0	7.6	14.1	--	--	0.93	419	
1597	FIVLX	International Value	9.31	OK to Buy	5.6	14.9	4.1	14.9	12.2	7.0	6.6	1.19	410	
350	FJPNX	Japan	18.53	Hold	-0.3	3.0	-2.7	3.0	17.6	12.5	9.5	0.81	165	
360	FJSCX	Japan Smaller Companies	15.76	OK to Sell	2.8	-0.5	-4.2	-0.5	8.3	7.7	10.7	0.74	488	
349	FLATX	Latin America	19.13	OK to Sell	7.8	-15.6	-5.5	-15.6	-2.0	2.0	-4.0	2.03	248	
342	FNORX	Nordic	64.48	OK to Buy	4.2	13.1	4.4	13.1	23.8	15.7	14.6	1.08	405	
94	FOSFX	Overseas	67.72	Buy	4.5	19.4	6.5	19.4	21.0	14.4	12.3	0.93	9,422	
302	FPBFX	Pacific Basin	39.02	Hold	0.7	2.4	-0.4	2.4	21.6	15.6	13.3	0.82	1,076	
2369	FTEMX	Total Emerging Markets	14.49	OK to Sell	0.7	-5.1	-2.4	-5.1	10.7	8.6	6.4	1.01	308	
1978	FTIEX	Total International Equity	11.51	OK to Buy	4.2	11.2	3.7	11.2	18.7	13.1	9.6	0.97	87	
2834	FTIHX	Total International Index	14.34	Hold	3.8	8.5	2.0	8.5	13.5	9.8	--	0.99	8,908	
318	FWWFX	Worldwide	35.93	OK to Buy	1.3	18.7	5.9	18.7	26.0	19.9	14.9	0.97	2,842	
3228	FZILX	Zero International Index	11.99	Hold	3.8	8.2	2.0	8.2	13.5	--	--	0.98	3,227	

FIDELITY SCORECARD

DECEMBER 31, 2021

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	Assets (\$Mil)
					Dec	2021	3 Mo.	1 Year	3 Year	5 Year	10Year		
SPECIALTY													
6385	FCAEX	Climate Action	11.14	Hold	1.1	11.4p	8.6	11.4p	--	--	--	--	\$22
308	FCVFX	Convertible Securities	36.47	OK to Buy	0.9	10.0	2.4	10.0	26.4	16.9	12.7	0.88	1,890
2120	FFGCX	Global Commodity Stock	16.24	OK to Sell	6.7	26.1	9.0	26.1	16.3	10.1	3.6	1.36	551
3488	FNSTX	Infrastructure Fund	12.57	OK to Sell	5.5	7.6	4.2	7.6	--	--	--	--	53
122	FLVCX	Leveraged Company Stock	47.62	Buy	4.1	26.2	7.0	26.2	29.4	17.0	15.0	1.43	2,599
1329	FSDIX	Strategic Dividend & Income	17.76	Buy	5.6	19.0	7.1	19.0	17.5	11.7	11.5	0.79	3,671
1505	FSRRX	Strategic Real Return	9.33	OK to Buy	2.8	15.8	3.3	15.8	9.9	5.8	3.7	0.54	260
311	FIUIX	Telecom & Utilities	27.95	OK to Sell	7.6	7.2	7.5	7.2	10.1	9.1	9.9	0.84	963
DISRUPTOR/MEGATREND FUNDS					Average	2.3	17.9	3.9	17.9				
6041	FARMX	Agricultural Productivity	18.71	OK to Buy	6.1	23.4	6.9	23.4	--	--	--	--	53
6036	FBOTX	Disruptive Automation	20.25	OK to Buy	3.6	20.7	9.4	20.7	--	--	--	--	80
6037	FNETX	Disruptive Communications	16.28	Hold	0.1	11.2	-1.6	11.2	--	--	--	--	18
6038	FNTEX	Disruptive Finance	18.89	Hold	4.5	23.1	3.4	23.1	--	--	--	--	37
6039	FMEDX	Disruptive Medicine	13.77	OK to Buy	2.7	11.0	0.7	11.0	--	--	--	--	25
6040	FTEKX	Disruptive Technology	19.16	Hold	-5.0	9.9	-0.5	9.9	--	--	--	--	78
6043	FGDFX	Disruptors	17.80	Hold	1.2	15.2	2.3	15.2	--	--	--	--	102
6042	FLOWX	Water Sustainability	16.95	OK to Buy	5.0	28.5	10.9	28.5	--	--	--	--	124
SELECT PORTFOLIOS					Average	4.7	22.8	7.4	22.8	23.9	16.3	15.0	1.32
502	FSAVX	Automotive	65.70	Hold	1.1	29.0	13.7	29.0	39.3	23.7	17.9	1.58	244
507	FSRBX	Banking	29.76	OK to Buy	3.0	38.3	3.2	38.3	18.1	8.7	13.5	1.79	616
42	FBIOX	Biotechnology	19.35	Hold	-1.0	-12.4	-8.2	-12.4	18.1	13.5	17.4	1.31	6,695
68	FSLBX	Brokerage & Investment	132.14	Buy	2.2	40.6	8.9	40.6	31.4	20.1	17.1	1.23	1,211
69	FSCHX	Chemicals	18.76	Hold	8.1	32.0	15.6	32.0	18.9	11.5	13.0	1.39	852
503	FBMPX	Communication Services	90.79	Buy	3.0	16.0	-3.8	16.0	27.7	17.8	17.8	1.14	1,172
511	FSHOX	Construction & Housing	108.01	Buy	7.6	57.5	22.7	57.5	40.8	24.3	20.5	1.30	895
517	FSCPX	Consumer Discretionary	71.98	Buy	0.3	19.2	8.8	19.2	27.1	20.0	17.8	1.21	675
9	FDFAX	Consumer Staples	97.82	Hold	11.4	14.5	9.9	14.5	19.0	9.7	10.4	0.91	870
67	FSDAX	Defense & Aerospace	15.85	OK to Buy	5.5	4.9	-1.1	4.9	8.9	10.1	13.1	1.53	1,458
60	FSENX	Energy	35.32	Hold	2.6	55.3	6.6	55.3	4.8	-3.4	0.2	2.37	1,575
516	FSELEX	Environment & Alt Energy	35.68	Buy	0.4	30.4	13.6	30.4	26.1	16.8	14.7	1.31	907
66	FIDSX	Financial Services	13.00	OK to Buy	4.4	33.2	3.4	33.2	21.8	12.9	14.7	1.47	729
98	FSVLX	FinTech	18.15	Hold	2.4	22.5	-7.8	22.5	18.9	13.1	14.4	1.72	206
41	FSAGX	Gold	26.00	Sell	2.3	-10.4	8.4	-10.4	15.5	7.8	-3.7	2.02	1,276
63	FSPHX	Health Care	32.31	Buy	6.1	11.5	3.9	11.5	22.2	19.4	19.3	0.96	10,751
505	FSHCX	Health Care Services	137.58	Buy	13.0	20.2	14.6	20.2	19.5	18.6	16.8	1.17	1,278
515	FCYIX	Industrials	34.19	OK to Buy	5.0	17.1	9.6	17.1	18.7	11.2	13.1	1.30	404
45	FSPCX	Insurance	69.24	Hold	6.4	29.3	7.3	29.3	18.8	11.4	14.8	1.23	223
353	FBSOX	IT Services	82.89	Hold	5.9	2.5	-3.6	2.5	24.2	21.8	20.1	1.30	3,613
62	FDSLX	Leisure	17.47	OK to Buy	9.0	21.6	5.6	21.6	22.8	17.3	15.4	1.51	698
509	FSDPX	Materials	109.26	Hold	7.9	31.7	15.3	31.7	21.7	11.7	10.0	1.28	706
354	FSMEX	Medical Tech & Devices	83.18	OK to Buy	3.7	24.5	3.0	24.5	28.0	25.3	22.2	0.98	10,722
514	FNARX	Natural Resources	28.25	Hold	4.3	39.4	6.6	39.4	9.5	-0.1	0.8	2.05	395
580	FPHAX	Pharmaceuticals	23.72	Hold	6.1	11.8	3.7	11.8	17.8	13.9	13.2	0.85	838
46	FSRPX	Retailing	23.07	Buy	-0.3	18.2	6.9	18.2	29.1	23.2	21.6	1.20	4,451
8	FSELX	Semiconductors	23.84	Buy	1.7	59.2	29.1	59.2	55.7	35.1	28.3	1.45	9,989
28	FSCSX	Software & IT Services	29.99	OK to Buy	1.3	18.1	3.7	18.1	33.6	28.1	23.3	1.09	13,218
7	FDCPX	Tech Hardware	114.53	OK to Buy	7.2	23.6	12.2	23.6	36.2	26.0	18.5	1.07	1,056
64	FSPTX	Technology	29.11	Buy	0.9	22.0	10.0	22.0	44.5	32.8	23.8	1.15	13,309
96	FSTCX	Telecommunications	57.52	OK to Sell	3.3	-2.8	-5.5	-2.8	12.2	5.7	9.5	0.76	215
512	FSRFX	Transportation	108.78	OK to Buy	8.9	27.7	12.6	27.7	19.3	13.1	15.4	1.30	742
65	FSUTX	Utilities	105.05	OK to Sell	8.5	17.7	14.2	17.7	13.2	13.2	11.5	0.95	1,089
963	FWRLX	Wireless	14.22	Hold	6.6	12.1	6.9	12.1	27.9	19.7	14.9	0.93	470
SECTOR ETFs					Average	5.4	27.6	9.4	27.6	21.7	14.3	1.24	
	FCOM	MSCI Communication Services	51.36	OK to Buy	2.5	13.9	-3.5	13.9	22.8	12.7	--	1.12	852
	FDIS	MSCI Consumer Discretionary	88.28	Buy	0.0	24.3	10.2	24.3	33.3	23.6	--	1.34	2,000
	FSTA	MSCI Consumer Staples	46.67	Hold	9.8	17.5	12.2	17.5	18.3	11.3	--	0.79	912
	FENY	MSCI Energy	15.18	Hold	2.8	55.7	6.3	55.7	4.3	-2.4	--	2.42	1,000
	FNCL	MSCI Financials	55.92	OK to Buy	2.8	35.0	4.7	35.0	20.2	12.5	--	1.39	1,900
	FHLC	MSCI Health Care	68.66	Buy	7.6	20.4	8.0	20.4	20.2	17.7	--	0.87	3,000
	FIDU	MSCI Industrials	56.20	OK to Buy	4.8	21.0	8.6	21.0	21.6	13.6	--	1.28	925
	FTEC	MSCI Information Technology	135.40	Buy	2.5	30.5	14.4	30.5	41.5	31.0	--	1.14	7,200
	FMAT	MSCI Materials	50.34	Hold	7.3	27.5	14.2	27.5	23.4	13.9	--	1.28	529
	FREL	MSCI Real Estate	34.72	Hold	9.7	40.5	14.9	40.5	19.8	12.3	--	1.08	2,300
	FUTY	MSCI Utilities	46.32	OK to Sell	9.6	17.6	13.3	17.6	13.4	11.4	--	0.94	1,200

FIDELITY SCORECARD DECEMBER 31, 2021

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹	
					Dec	2021	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr				
TAXABLE BOND					Average	-0.3	-1.1	-0.1	-1.1	4.4	3.3	2.5	1.11	5.4	0.21
2267	FCONX	Conservative Income Bond	10.03	Hold	-0.1	-0.1	-0.1	-0.1	1.3	1.4	1.0	0.14	0.3	0.07	
2208	FCBFX	Corporate Bond	12.43	Hold	-0.0	-1.2	-0.0	-1.2	7.8	5.4	4.8	2.04	8.3	0.43	
6379	FFBFX	Environmental Bond	9.93	NR	-0.3	-0.1p	-0.4	-0.1p	--	--	--	1.17	--	--	
2423	FGBFX	Global Credit	9.72	Hold	-0.1	-0.6	-0.1	-0.6	7.3	5.5	--	1.81	7.6	0.44	
15	FGMNX	GNMA (Ginnie Mae)	11.58	OK to Buy	-0.1	-0.8	-0.5	-0.8	2.8	2.2	2.1	0.86	3.0	0.08	
54	FGOVX	Government Income	10.62	Hold	-0.5	-2.1	-0.0	-2.1	3.6	2.7	2.1	0.71	6.3	0.21	
2418	FIPDX	Inflation-Protected Index	11.16	Hold	0.2	5.9	2.3	5.9	8.4	5.3	--	0.01*	5.5	0.21	
32	FTHRXX	Intermediate Bond	11.02	OK to Buy	-0.1	-1.3	-0.6	-1.3	4.3	3.1	2.7	1.24	4.1	0.18	
452	FSTGX	Intermediate Gov't Income	10.59	Hold	-0.4	-2.1	-0.7	-2.1	2.7	2.0	1.5	0.46	4.0	0.15	
3045	FUAMX	Intermediate Treasury Index	11.15	Hold	-0.3	-3.0	-0.2	-3.0	4.3	3.3	2.4	1.34	6.7	0.27	
4506	FBII	International Bond Index	9.98	Hold	-0.6	-1.7	-0.2	-1.7	--	--	--	0.99	8.1	--	
26	FBNDX	Investment Grade Bond	8.37	Buy	-0.2	-0.9	0.1	-0.9	6.2	4.4	3.6	1.43	6.5	0.22	
2622	FJRLX	Limited Term Bond	11.66	Buy	-0.1	-1.2	-0.8	-1.2	3.3	2.5	2.2	1.04	2.8	0.16	
662	FFXSX	Limited Term Government	10.09	Hold	-0.2	-1.5	-0.7	-1.5	2.0	1.6	1.1	0.23	2.8	0.10	
3047	FNBGX	Long-Term Treasury Index	14.75	OK to Sell	-1.8	-4.9	2.7	-4.9	8.8	6.5	4.4	1.87	18.6	0.77	
40	FMSFX	Mortgage Securities	11.38	OK to Buy	-0.0	-1.1	-0.5	-1.1	3.2	2.5	2.5	0.78	3.8	0.10	
450	FSHBX	Short-Term Bond	8.61	Buy	-0.1	-0.7	-0.6	-0.7	2.4	1.9	1.6	0.66	1.8	0.10	
3041	FNSOX	Short-Term Bond Index	10.13	OK to Buy	-0.2	-1.1	-0.8	-1.1	2.8	--	--	0.97	2.7	0.09	
3049	FUMBX	Short-Term Treasury Index	10.55	Buy	-0.2	-1.2	-0.7	-1.2	2.4	1.9	1.3	0.82	2.7	0.10	
3086	FNDSX	Sustainability Bond Index	10.68	Hold	-0.3	-2.0	-0.2	-2.0	4.5	--	--	1.39	6.2	0.19	
820	FTBFX	Total Bond	11.06	Buy	-0.0	-0.1	0.2	-0.1	6.3	4.4	3.9	1.87	6.1	0.24	
2326	FXNAX	U.S. Bond Index	11.98	Hold	-0.3	-1.8	-0.1	-1.8	4.7	3.5	2.9	1.58	6.5	0.20	
HIGH-YIELD BOND					Average	1.5	4.2	0.4	4.2	7.2	5.2	5.6	3.42	3.7	0.52
38	FAGIX	Capital & Income	11.21	Buy	2.3	11.7	1.8	11.7	13.5	9.0	8.7	2.93	3.7	0.71	
814	FFRHXX	Floating Rate High Income	9.47	Buy	0.6	5.5	0.7	5.5	5.2	3.9	3.9	3.30	0.2	0.48	
1366	FHIFX	Focused High Income	8.90	OK to Buy	1.9	3.1	0.6	3.1	7.6	5.3	5.3	3.23	4.6	0.42	
2297	FGHXX	Global High Income	9.59	OK to Buy	1.3	3.5	-0.7	3.5	7.1	5.5	6.0	3.77	3.6	0.61	
455	SPHIX	High Income	8.69	Buy	2.2	4.2	0.6	4.2	6.9	5.3	5.9	4.38	4.4	0.52	
331	FNMI	New Markets Income	14.24	Hold	1.1	-1.8	-1.1	-1.8	4.4	3.0	4.6	4.31	6.0	0.66	
2580	FSAHX	Short Duration High Income	9.46	Buy	1.4	3.3	0.3	3.3	5.5	4.0	--	3.11	2.1	0.36	
3082	FADMXX	Strategic Income	12.69	Buy	0.8	3.9	0.6	3.9	7.4	5.4	4.9	2.29	4.8	0.39	
MUNICIPAL BOND					Average	0.1	1.6	0.6	1.6	4.2	3.6	3.4	0.68	4.9	0.22
434	FSAZX	Arizona Muni Income	12.49	Hold	0.0	1.2	0.7	1.2	4.3	3.8	3.7	0.63	5.4	0.22	
1534	FCSTX	Calif Limited Term Tax Free	10.77	Buy	0.0	0.2	0.1	0.2	2.4	2.2	1.8	0.31	3.1	0.13	
91	FCTFX	California Muni Income	13.33	Hold	0.0	1.8	0.8	1.8	4.6	4.0	4.0	0.74	5.7	0.25	
407	FICNX	Connecticut Muni Income	11.90	Hold	0.1	1.9	0.7	1.9	4.7	3.8	3.2	0.70	5.1	0.23	
2578	FCRDXX	Conservative Income Muni	10.04	OK to Buy	0.0	0.1	-0.1	0.1	0.9	1.0	--	-0.02	0.6	0.04	
36	FLTXX	Interm Municipal Income	10.78	OK to Buy	0.0	1.1	0.4	1.1	4.1	3.6	3.0	0.67	4.2	0.21	
404	FSTFX	Limited Term Muni Income	10.77	Buy	0.1	0.4	0.0	0.4	2.6	2.3	1.7	0.34	2.8	0.13	
429	SMDMX	Maryland Muni Income	11.75	Hold	0.1	2.0	0.8	2.0	4.2	3.8	3.3	0.60	5.7	0.24	
70	FDMXX	Mass Muni Income	12.51	Hold	0.1	1.4	0.9	1.4	4.3	3.7	3.5	0.72	5.5	0.23	
81	FMHTX	Michigan Muni Income	12.64	Hold	0.2	1.5	0.7	1.5	4.6	4.0	3.6	0.75	5.6	0.21	
82	FIMIX	Minnesota Muni Income	12.01	Hold	0.1	0.7	0.6	0.7	4.1	3.5	3.0	0.66	5.0	0.21	
3469	FMBIX	Municipal Bond Index	20.33	Hold	0.2	1.3	0.7	1.3	--	--	--	1.04	5.5	--	
37	FHIGX	Municipal Income	13.57	OK to Buy	0.2	2.8	0.9	2.8	5.3	4.7	4.2	0.91	5.9	0.30	
416	FNJHX	New Jersey Muni Income	12.55	Hold	0.1	2.4	0.7	2.4	5.4	4.9	3.9	0.69	5.5	0.30	
71	FTFMX	New York Muni Income	13.64	Hold	0.2	2.8	1.1	2.8	4.9	4.1	3.7	0.90	6.2	0.27	
88	FOHFX	Ohio Muni Income	12.46	Hold	0.1	1.5	0.6	1.5	4.3	3.8	3.7	0.72	5.4	0.23	
402	FPXTX	Pennsylvania Muni Income	11.59	Hold	0.2	2.3	0.9	2.3	4.7	4.1	3.8	0.87	5.7	0.24	
90	FTABX	Tax-Free Bond	12.15	OK to Buy	0.1	2.6	0.9	2.6	5.4	4.7	4.2	1.07	6.0	0.30	

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. *12 month distributed yield.

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC %Yield
			Dec	2021	
55	FDRXX	Gov't Cash Reserves	0.00	0.01	0.01
458	SPAXX	Government MM	0.00	0.01	0.01
2742	FZFX	Treasury MM	0.00	0.01	0.01
415	FDLXX	Treasury Only MM (closed)	0.00	0.01	0.01
PRIME MONEY MARKETS					
454	SPRXX	Money Market*	0.00	0.01	0.01

*Available in premium class shares (FZDXX) with a \$100,000 minimum (\$10,000 for certain Fidelity retirement accounts) and lower expenses.

NATIONAL MUNICIPAL MONEY MARKETS			SEC %Yield
Fund No.	Fund Ticker	Fund Name	
10	FTEXX	Municipal Money Market	0.01
275	FMOXX	Tax-Exempt MM	0.00

STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC %Yield
			Dec	2021	
433	FSAXX	Arizona Muni MM	0.00	0.01	0.01
97	FCFXX	California Muni MM	0.00	0.02	0.01
457	FSPXX	California AMT Tax-Free	0.00	0.01	0.01
418	FCMXX	Connecticut Muni MM	0.00	0.01	0.01
426	FMSXX	Mass AMT Tax-Free	0.01	0.02	0.01
74	FDMXX	Massachusetts Muni MM	0.00	0.06	0.01
420	FMIXX	Michigan Muni MM	0.00	0.05	0.01
417	FNJXX	New Jersey Muni MM	0.06	0.07	0.01
423	FSJXX	New Jersey AMT Tax-Free	0.02	0.03	0.01
92	FNYXX	New York Muni MM	0.01	0.02	0.01
422	FSNXX	New York AMT Tax-Free	0.00	0.01	0.01
419	FOMXX	Ohio Muni MM	0.01	0.02	0.01
401	FPTXX	Pennsylvania Muni MM	0.00	0.08	0.01

FIDELITY SCORECARD

DECEMBER 31, 2021

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹
						Dec	2021	3 Mo.	1 Year	3 Year	5 Year	10 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model					3.2	20.0	6.5	20.0	28.4	19.8	17.5	1.09
	Annuity Growth Model					3.2	23.4	6.5	23.4	28.6	19.1	15.8	1.07
	Annuity Growth & Income Model					2.2	11.2	2.8	11.2	19.1	12.5	11.0	0.74
	Annuity Income Model					1.3	6.8	1.3	6.8	10.4	6.4	5.6	0.39
9067	FLRQC	Fid VIP Asset Manager	Allocation	28.18	Hold	1.9	9.6	3.1	9.6	13.9	9.7	8.3	0.58
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	31.72	Hold	2.7	13.6	4.3	13.6	17.6	12.1	10.3	0.77
9069	FJBAC	Fid VIP Balanced	Allocation	41.28	Buy	2.9	17.9	6.6	17.9	21.3	14.6	12.3	0.75
9461	FBIQC	Fid VIP Bond Index	Bond	11.55	Hold	-0.4	-2.2	-0.3	-2.2	4.3	--	--	0.19
9173	FVTAC	Fid VIP Communication Services	Sector	32.47	Buy	3.0	15.3	-3.8	15.3	27.4	14.6	14.0	1.14
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	60.21	Buy	0.3	19.0	8.9	19.0	27.0	19.7	17.5	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	37.71	Hold	11.4	13.8	9.8	13.8	18.6	9.8	11.3	0.90
9065	FPDFC	Fid VIP Contrafund	Large Growth	55.20	Buy	2.2	27.4	10.3	27.4	29.6	19.8	16.3	0.97
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	32.39	OK to Buy	3.1	20.3	3.7	20.3	20.5	10.1	12.8	1.36
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	58.41	OK to Buy	2.5	24.1	9.7	24.1	29.0	20.2	17.1	0.98
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	15.67	OK to Sell	2.2	-2.5	-0.3	-2.5	18.1	14.6	8.1	1.09
9085	FJLLC	Fid VIP Energy	Sector	13.92	Hold	2.6	54.8	6.4	54.8	4.4	-3.6	-0.1	2.37
9061	FLOLC	Fid VIP Equity-Income	Large Value	33.51	Buy	6.2	24.5	7.7	24.5	18.9	11.6	12.2	0.97
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	14.88	Hold	3.7	20.9	4.1	20.9	20.8	--	--	1.35
9083	FONNC	Fid VIP Financial Services	Sector	22.24	OK to Buy	4.2	32.8	3.3	32.8	21.3	12.6	14.5	1.47
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	12.95	OK to Buy	0.6	4.8	0.6	4.8	5.3	3.7	--	0.46
9157	FMPAC	Fid VIP FundsManager 20	Allocation	18.54	Hold	0.8	3.4	1.4	3.4	7.1	5.2	4.3	0.25
9158	FMPBC	Fid VIP FundsManager 50	Allocation	24.95	Hold	2.1	9.7	3.4	9.7	13.6	9.6	8.1	0.54
9197	FMPPC	Fid VIP FundsManager 60	Allocation	24.85	Hold	2.7	12.1	4.1	12.1	15.7	11.0	9.3	0.65
9159	FMPCC	Fid VIP FundsManager 70	Allocation	28.62	Hold	3.0	14.2	4.7	14.2	17.4	12.2	10.4	0.74
9160	FMPDC	Fid VIP FundsManager 85	Allocation	31.22	Hold	3.9	17.5	5.8	17.5	20.1	14.1	12.0	0.89
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.71	--	-0.0	-0.2	-0.1	-0.2	0.5	0.7	0.2	0.02
9062	FMNDC	Fid VIP Growth	Large Growth	67.18	Buy	1.1	22.8	8.6	22.8	33.1	25.9	19.3	1.03
9070	FLFNC	Fid VIP Growth & Income	Large Blend	40.71	OK to Buy	5.2	25.5	7.6	25.5	20.5	13.1	13.7	1.08
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	85.60	Buy	-1.2	11.6	0.0	11.6	38.1	31.7	22.5	1.30
9084	FPDRC	Fid VIP Health Care	Sector	73.84	Buy	6.0	11.4	4.0	11.4	20.0	18.3	18.4	0.95
9060	FBBLC	Fid VIP High Income	High-Yield Bond	24.43	Buy	2.2	4.4	0.6	4.4	7.0	4.7	5.3	0.53
9064	FXVLT	Fid VIP Index 500	Large Blend	51.16	OK to Buy	4.4	28.3	10.9	28.3	25.6	18.0	16.1	1.00
9082	FBALC	Fid VIP Industrials	Sector	49.82	OK to Buy	5.0	16.7	9.5	16.7	18.6	11.1	12.9	1.30
9473	FFIQC	Fid VIP International Index	Diversified Int'l	12.42	Hold	3.7	7.4	1.9	7.5	12.9	--	--	0.98
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	32.93	OK to Buy	2.7	12.0	6.1	12.0	21.9	16.5	12.8	0.84
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	19.21	Buy	-0.2	-0.9	0.0	-0.9	5.7	4.0	3.3	0.23
9172	FVMAC	Fid VIP Materials	Sector	32.35	Hold	8.0	33.1	15.3	33.1	22.1	11.8	9.9	1.28
9071	FNBSJ	Fid VIP Mid Cap	Mid Blend	44.82	Buy	4.9	25.2	8.3	25.2	22.0	13.2	12.9	1.27
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	27.10	Buy	4.5	19.3	6.4	19.3	20.5	14.1	10.5	0.94
9072	FFWKC	Fid VIP Real Estate	Sector	35.00	OK to Buy	9.4	38.6	14.0	38.6	16.6	9.0	10.1	1.02
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	23.38	Buy	0.8	3.5	0.5	3.5	7.1	5.1	4.4	0.38
9086	FYENC	Fid VIP Technology	Sector	125.66	Buy	2.1	27.7	13.3	27.7	46.9	34.4	24.0	1.19
9465	FTMJC	Fid VIP Total Market Index	Large Blend	17.66	Buy	3.9	25.4	9.3	25.4	25.2	--	--	1.04
9087	FXRRJ	Fid VIP Utilities	Sector	42.19	OK to Sell	8.5	17.1	14.1	17.1	12.7	12.8	11.2	0.96
9079	FKMSC	Fid VIP Value	Large Value	36.11	OK to Buy	7.2	29.7	8.7	29.7	21.8	12.4	13.3	1.38
9073	FRBSC	Fid VIP Value Strategies	Mid Value	38.51	Buy	7.9	33.1	9.5	33.1	24.4	13.6	13.4	1.42
9347	FBMEC	Black Rock Global Allocation	Global Allocation	19.10	Hold	2.3	6.3	2.3	6.3	14.6	9.5	7.5	0.67
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	10.25	Hold	0.4	-5.2	-0.7	-5.2	-3.1	-1.2	0.9	0.27
9348	FMEEC	Franklin Templeton US Gov't	Intermed Gov't	11.06	Buy	-0.3	-2.1	-0.7	-2.1	2.1	1.5	1.0	0.10
9285	FIGXC	Invesco Global Core Eqty	Global Stock	19.81	Hold	5.2	15.7	5.3	15.7	17.7	11.1	9.5	1.11
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	18.34	OK to Sell	4.1	5.5	-0.4	5.5	7.1	5.1	3.6	1.20
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	21.14	Hold	1.7	-2.3	-0.9	-2.3	5.5	3.6	3.6	0.66
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	18.44	OK to Sell	3.8	2.7	0.2	2.7	11.8	9.2	5.2	1.12
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	18.51	Hold	2.4	8.1	2.7	8.1	12.0	8.7	7.2	0.72
9346	FPMEC	Pimco Commodity Real Return	Commodities	7.85	Hold	4.4	33.0	-0.6	33.0	14.3	5.5	-2.1	1.04
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	12.28	Buy	-0.2	-1.2	-1.0	-1.2	1.8	1.3	1.3	0.09
9277	FPNBC	Pimco VIT Real Return	TIPS	16.29	Hold	0.5	5.3	2.1	5.3	8.3	5.1	2.8	0.24
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	15.44	Hold	-0.0	-1.5	-0.2	-1.5	4.9	3.7	3.2	0.21

Annuity Sector	
Fund	Allocation
VIP Technology	29%
VIP Health Care	16
VIP Financial Services	16
VIP Cons Discretionary	15
VIP Comm Services	14
VIP Industrials	10
Total Return:	
Dec: 3.2% 2021: 20.0%	

Annuity Growth	
Fund	Allocation
VIP Growth Opps	29%
VIP Contrafund	29
VIP Equity-Income	26
VIP Value Strategies	16
Total Return:	
Dec: 3.2% 2021: 23.4%	

Annuity Growth & Income	
Fund	Allocation
VIP Growth Opps	25%
VIP Equity-Income	20
VIP High Income	15
Frkln Temp U.S. Gov't	14
VIP Investment Grade	13
VIP Value Strategies	13
Total Return:	
Dec: 2.2% 2021: 11.2%	

Annuity Income	
Fund	Allocation
Frkln Temp U.S. Gov't	33%
VIP Investment Grade	26
VIP High Income	17
VIP Value Strategies	12
VIP Growth	12
Total Return:	
Dec: 1.3% 2021: 6.8%	

Market-cap wise, mid- and especially small-cap indexes were relative underachievers. Initially off to a fast start last year, performance waned. Mid-caps gained 22.6% while Russell's small-cap 2000 index rose a more modest 14.8%. Investors presumed that labor shortages, supply-chain disruptions and rising prices would be more difficult for smaller companies to manage.

Stock Funds

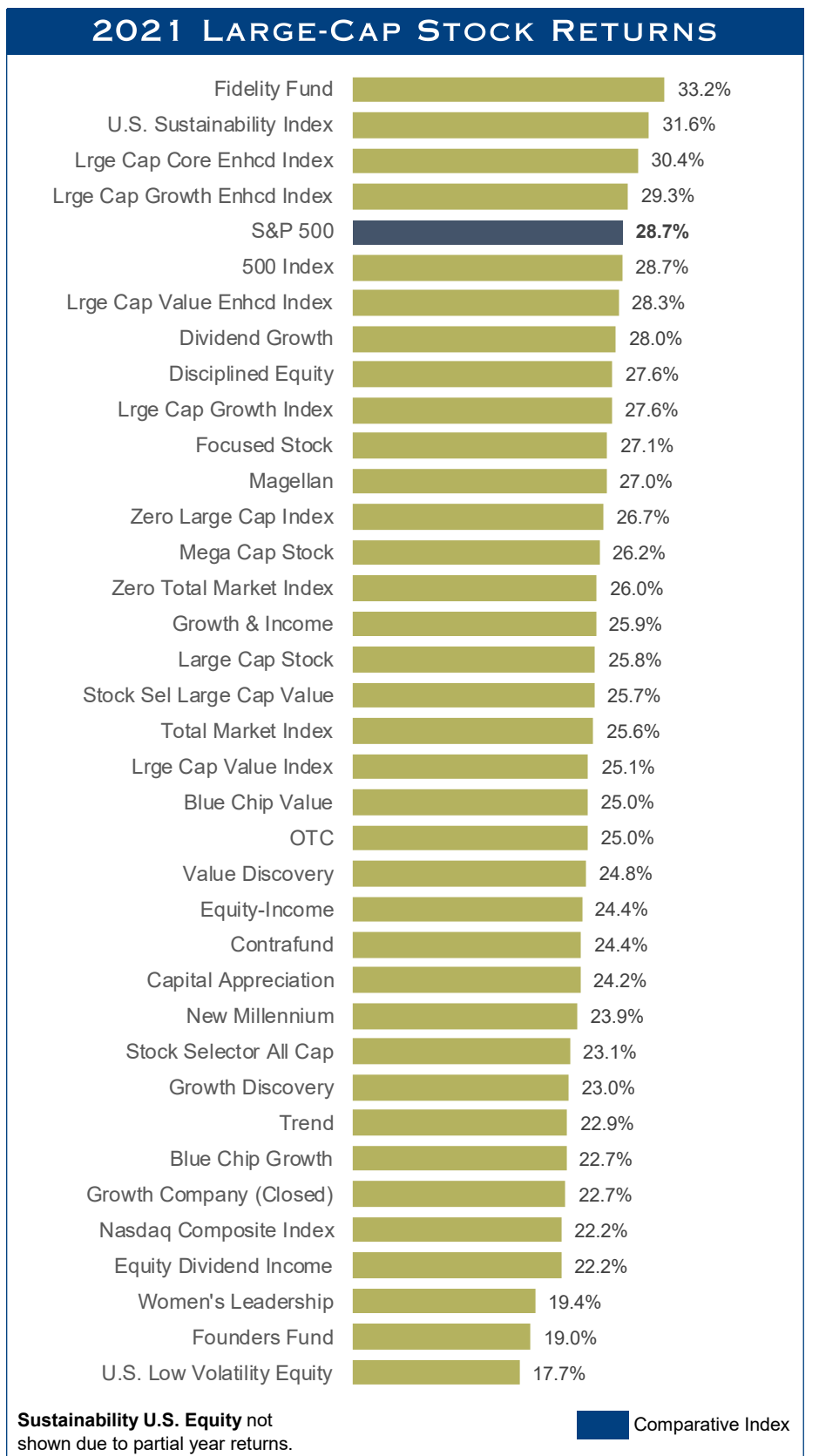
Fidelity's 60 diversified stock funds (covering all investment styles) generated an average return of 23.8% last year. That only nine funds beat the S&P 500's 28.7% gain (just three are large-cap index funds) speaks to the prior point that a handful of stocks in that index drove much of the market's gains.

With notable exceptions, value-oriented funds beat growth-oriented offerings, whereas the occasional small- and mid-cap funds outpaced large caps. Much of that outperformance accrued early in the year as investors embraced cyclicals and 2020's poorer-performing sectors.

While last year's top-performers were several small-caps, we'll circle back to them on p. 12.

As for Fidelity's more popular large-cap growth funds, on average these 15 offerings returned 25.9% last year: Only the flagship **Fidelity Fund** and **Large Cap Growth Enhanced Index** beat the S&P 500 with gains of 33.2% and 29.3%, respectively. But in fairness, large-cap growth funds are often benchmarked against Russell's 1000- and 3000 Growth Indexes, not the blended S&P 500. Even so, the performance of Fidelity's large-cap growth funds was disappointing.

Tellingly, neither **Growth Company** (up 22.7%) nor **OTC** (up 25.0%) managed to beat **Large Cap Growth Index** (up 27.6%) or **Large Cap Growth Enhanced Index** (up 29.3%). As for **Blue Chip Growth**



and **Contrafund**, they fared well in absolute terms, but last year's gains of 22.7% and 24.4%, respectively, were primarily the result of diversification and underweights in several of the market's highest-flying stocks including Tesla.

Moving on to mid- and small-cap funds, 2021's top-performer was **Small Cap Value** (up 38.1%), which happened to have been one of 2020's laggards (up 11.2%). A

similar scenario played out for last year's second-place performer, **Small Cap Discovery** which gained 35.7% last year and 6.9% in 2020.

While small- and mid-cap value funds were the beneficiaries of market rotation, their growth-oriented counterparts were less fortunate. For example, **Small Cap Growth** surged 36.4% in 2020, but "only" 10.6% last year. That warrants some context: **Small Cap Growth Index** gained only 2.8% last year. That means Small Cap Growth's decade-long stock-picker, Patrick Venanzi, still added plenty of value!

Disruptor Funds

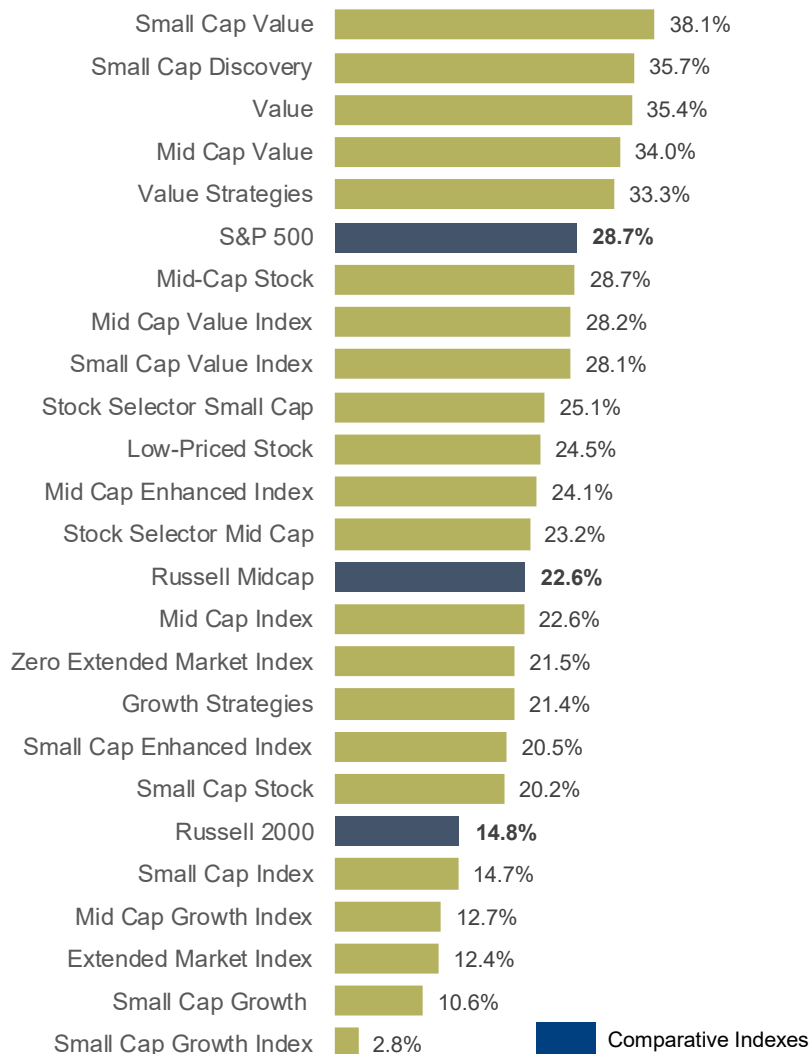
2021 was the first full year of performance for Fidelity's eight thematic offerings (see facing page). While tempting to compare their returns to similar-sounding Selects or Sector ETFs, Disruptors are not trading vehicles. In fact, to encourage investors to hold these low-turnover funds through several market cycles, there's a "time-based pricing" scheme: the longer the holding period the lower the expenses.

With that in mind, no Disruptor fund beat the S&P 500 last year. (They all did in 2020, but they were launched after the March correction.) Gains ranged from an anemic 9.9% for **Disruptive Technology** to 28.5% for **Water Sustainability**. Indeed, the latter got some help from Uncle Sam as billions of dollars from the Infrastructure Bill targeted the nation's aging water and sewerage systems. As for **Disruptors**, a fund of funds holding equal 20% lots of the other Disruptor offerings, it returned 15.2%.

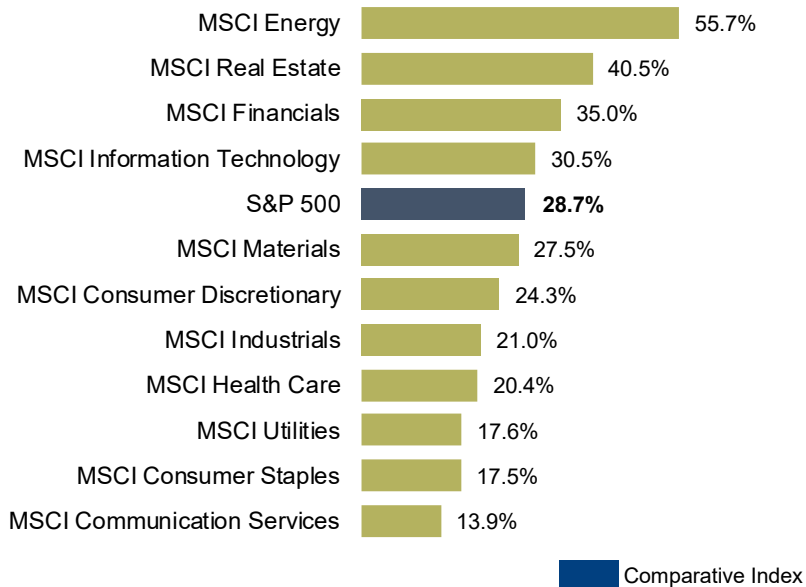
Sector ETFs & Selects

Rising tides lift all boats. And as it turned out, rising oil prices did the same for energy shares. In a year that saw Fidelity merge its Select Energy Service and Natural Gas funds into the more diversified

2021 MID- AND SMALL-CAP STOCK RETURNS



2021 SECTOR ETF RETURNS



Select Energy, crude oil's brief rise to \$85 a barrel last year propelled **MSCI Energy** and **Energy** to gains of 55.7% and 55.3%, respectively.

Unexpectedly high demand and supply disruptions similarly benefited semiconductors. (So acute was supply, that some auto makers were forced to cut production.) That, in turn, was a windfall for **Select Semiconductors** (up 59.2%) which was also last year's top-performing Select fund.

Other strong performers were the beneficiaries of strong demand for housing and home renovations: **Select Construction & Housing** gained 57.5% and **MSCI Real Estate** rose 40.5%.

Separately, sector funds tied to stepped-up IPO, M&A and other investing activity, propelled **MSCI Financials** and **Select Financial Services** up 35.0% and 33.2%, respectively.

Finally, "safe harbor" gold may have driven **Select Gold** up 26.9% in 2020, but with investors embracing risk assets in 2021, the precious metal retreated 4% to \$1,830 a troy ounce. With gold stocks essentially leveraged to the precious metal, the fund retreated 10.4%.

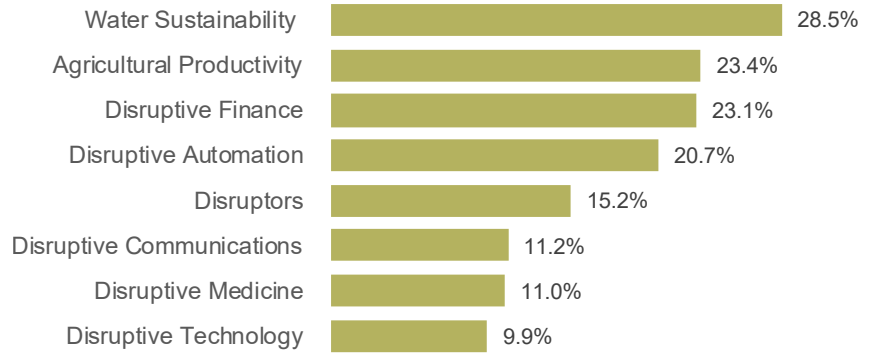
International Funds

Against the backdrop of the U.S. dollar rising 5% (in trade-weighted terms) last year, the returns of Fidelity's unhedged international funds came under pressure. Their 31 offerings averaged a rather lackluster 8.0% return. Emerging market funds generally fared worse for several reasons including Covid and rising U.S. interest rates. **Emerging Markets Index** retreated 3.0% whereas developed-market **Int'l Index** fund gained 11.4%.

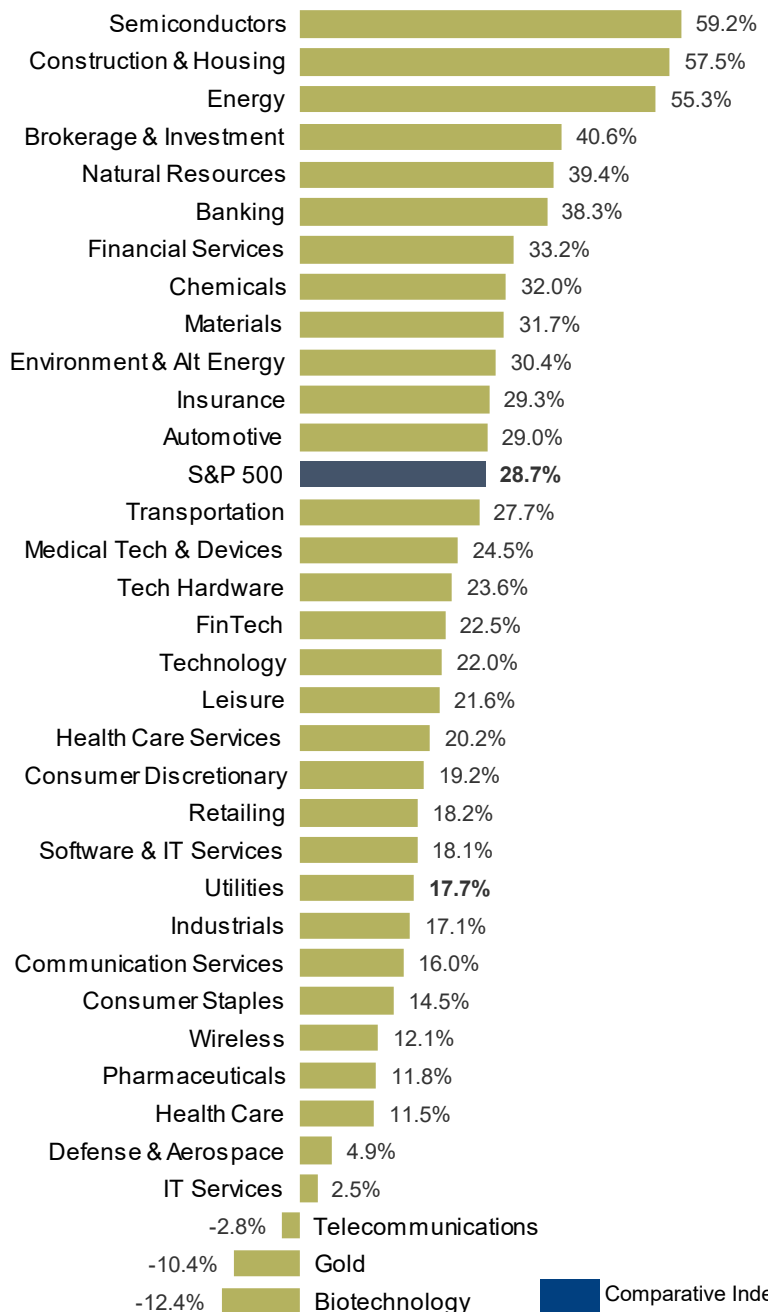
Among actively run foreign stock funds, long-time managers Sammy Simnegar (**Int'l Capital Appreciation**, up 12.2%), Jed Weiss (**Int'l Small Cap Opp's**, up

Fund Commentary *cont'd on page 14*

2021 DISRUPTOR FUND RETURNS



2021 SELECT RETURNS



17.7%), fared well. The same was true for managers running larger funds (by assets). **Overseas** and **Diversified Int'l** returned 19.4% and 12.8%, respectively. As for William Kennedy of **Int'l Discovery** and his team-run **Worldwide** (two-thirds of its assets are in U.S. stocks), they returned 11.2% and 18.7%, respectively.

As for Fidelity's best- and worst-performing foreign funds last year, **Canada** (up 26.9%) ultimately benefited from the world's rising demand for its natural resources (including oil and gas), while **Latin America** (down 15.6%) was laid low by its large exposure to Brazil. (The Bovespa plunged 11.9% last year.) While that country is also a big exporter of natural resources, Covid, inflation, political instability and economic mismanagement overwhelmed any positives.

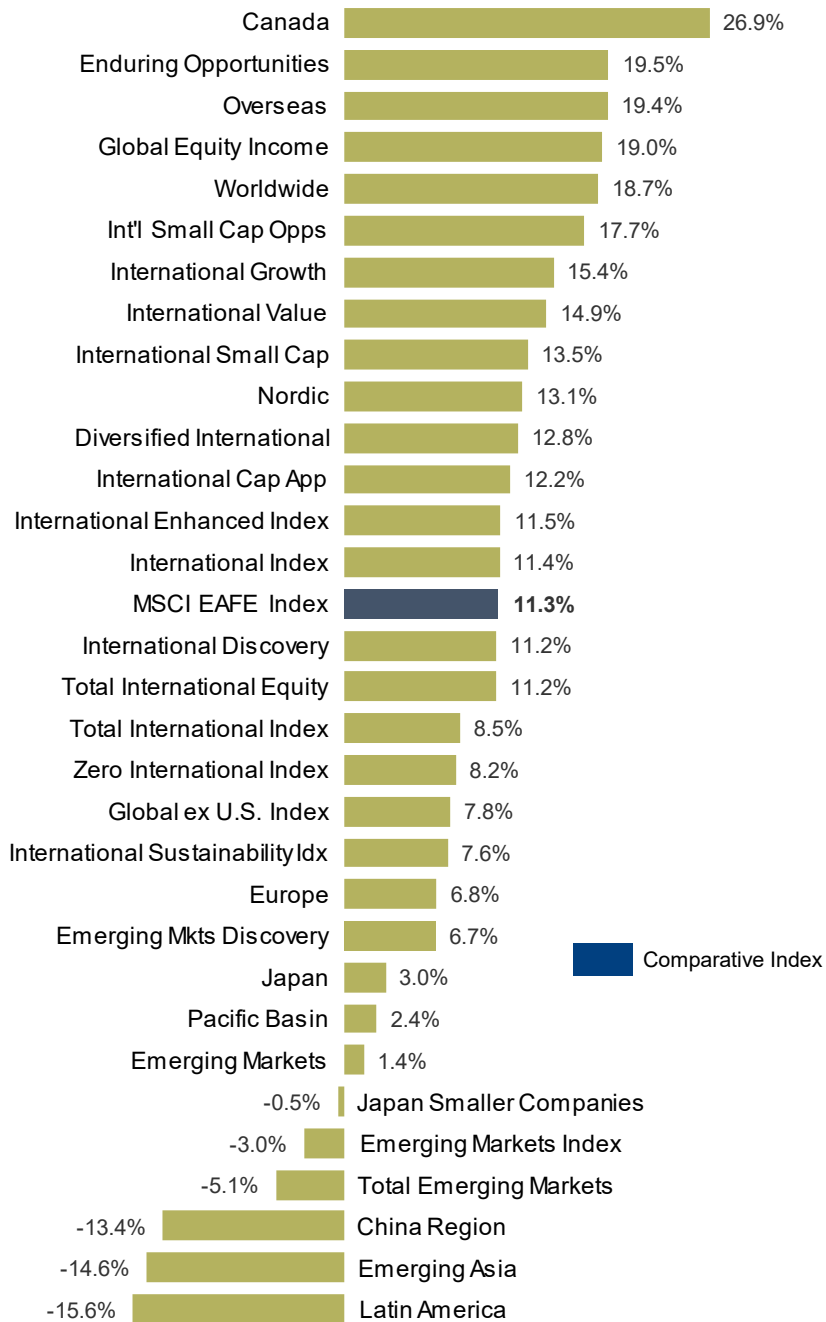
High Yield Funds

Typically, this asset class is more correlated to stocks than it is to bonds. To a certain degree, that broke down last year as many such funds hold interest-rate-sensitive bonds. But while shareholders enjoyed a second consecutive year of single-digit gains, as a whole, rising inflation and the strengthening economy resulted in high yield funds performing better than taxables.

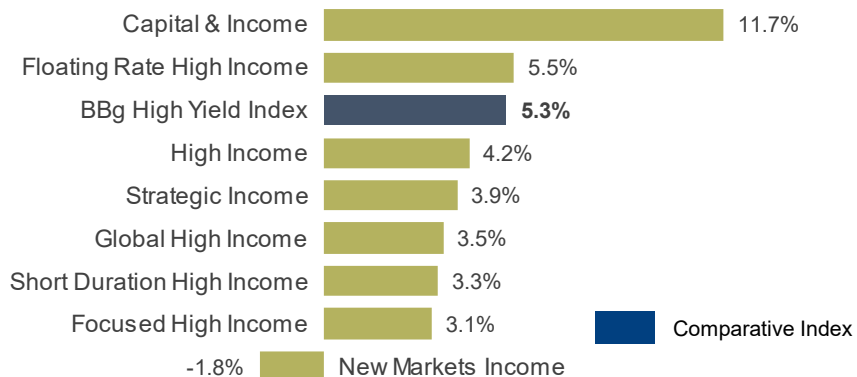
For the second straight year, **Capital & Income** (up 11.7%) fared best in the group. Favorable market conditions certainly helped, and so did strong security selection, especially within energy. It also helped that this somewhat risky fund maintains a 20% stake in equities.

The high-yield group's next-best performer was **Floating Rate High Income** (up 5.5%). Rising shorter-term rates weren't a problem for this fund given its ability to reset interest rates. The strengthening economy also helped, which made the fund's low-rated bonds less of a

2021 INTERNATIONAL RETURNS



2021 HIGH YIELD BOND RETURNS



credit risk; that tends to drive up their value.

On the losing end of high yield was **New Market Income's** 1.8% decline. Though vaccination rates improved later in the year in many developing economies, the economic toll was often extensive. Apart from that, rising inflation and the expectation of higher U.S. interest rates compromised the fund's nearly 100% exposure to foreign dollar-denominated bonds.

Taxable Bond Funds

Bond yields rose and fell throughout much of 2021. The yield on the benchmark 10-year Treasury wound up rising a modest 59 basis points to 1.52%, but had been as high as 1.74% in March. As a general rule, the improving economy favored corporates over government bonds, while rising inflation favored shorter-maturity bonds over longer-dated securities.

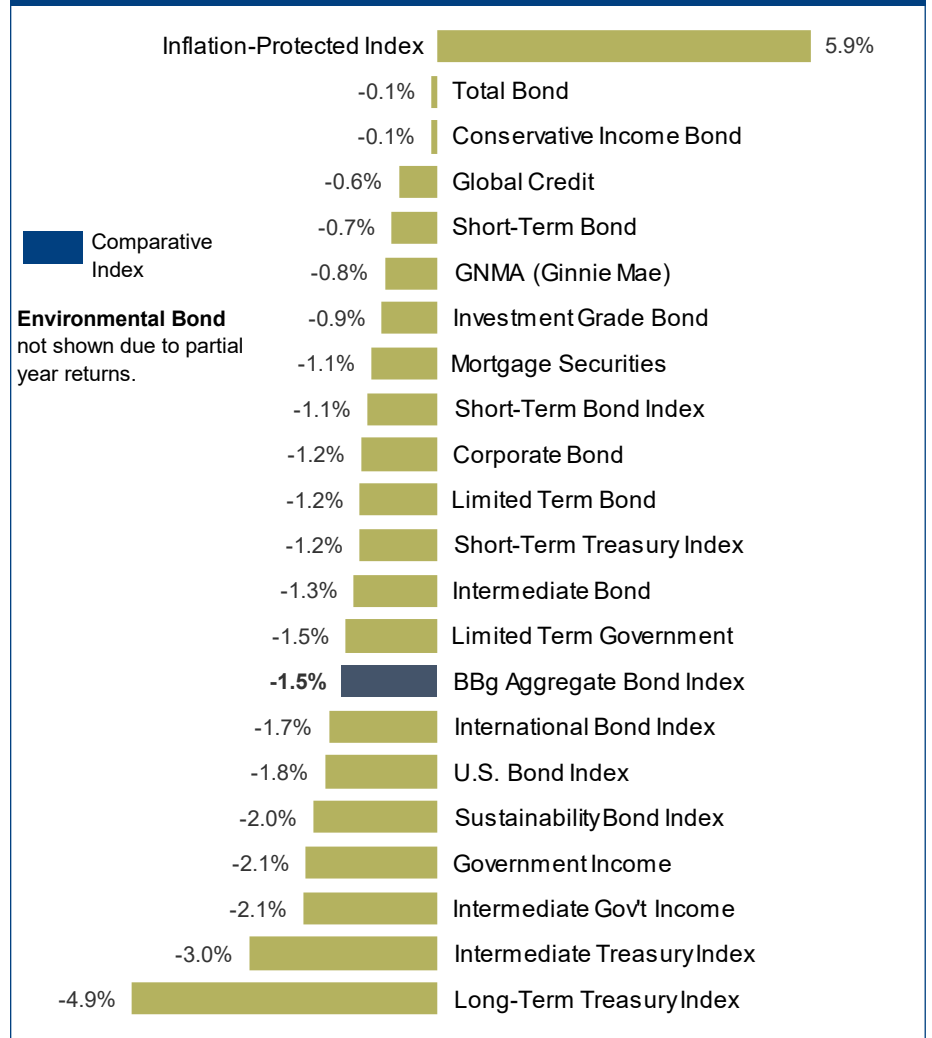
Owing to its long duration of 18.6 years (making it Fidelity's most interest-rate sensitive fund), **Long-Term Treasury Index** fell 4.9% last year; **Intermediate Treasury Index** (down 3.0%) didn't fare much better. On the other hand, another long-maturity fund, **Inflation-Protected Index**, was last year's top-performer with a gain of 5.9%. It prospered for all the reasons its name implies.

Municipal Bond Funds

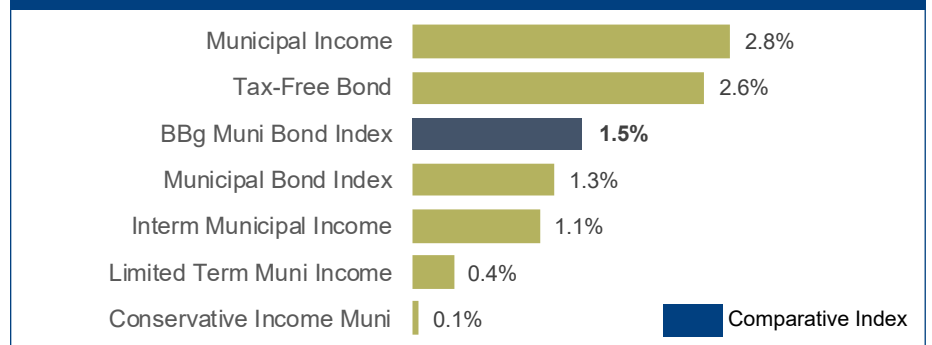
Last year's performance of muni bonds illustrate why they are a distinct asset class from taxable bonds: despite the unfavorable rate environment, they all gained ground.

Credit strong demand for tax-advantaged investments from wealthier individuals, a recovering economy, and Uncle Sam for their second year of pandemic-era gains. Lessening default risk for cities and towns was mostly the result of people returning to work and paying higher taxes and user fees. In addition, the Biden Administration mim-

2021 TAXABLE BOND RETURNS



2021 MUNICIPAL BOND RETURNS



icked the Trump Administration and sent direct aid to local governments and agencies. Against that favorable backdrop, all state muni funds rose modestly last year. Gains ranged from a few basis points for **California Limited Term** (0.2%) to 2.4% for **New Jersey Muni Income**. Nationally diversified municipals also gained some ground: **Muni Income** and **Tax-Free Bond** rose 2.8% and 2.6%, respectively.

Money Market Funds

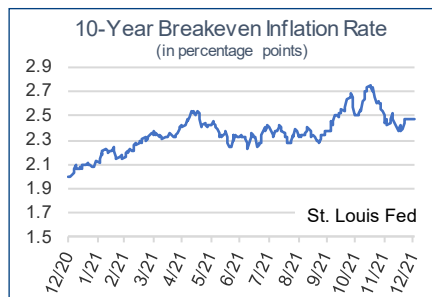
With the Fed Funds rate stuck in the 0.0% to 0.25% range, money funds returned almost nothing — see p. 9. (Fidelity's subsidiaries again kept their yields slightly positive.) But with the Fed planning to hike rates three times this year, yields may approach 1%! Then again, with inflation soaring far above that, cash will only be king if all else falters. ■

— John Bonnanzio

Message From Jack *cont'd from page 1*

the single-digits. Today's stock investors are encouraged by the now-proven ability for companies to pass along cost increases that are supply-chain related, theorizing that by the time consumers grow resistant, things should be largely back to normal. And while rising wages may continue to pressure earnings long-term, here again the glass is seen as half-full. Companies can invest in automation equipment and software to offset rising wages. In factories, where this is already happening, unit labor costs remain surprisingly stable.

Bond investors appear no less optimistic. The 10-year breakeven rate, a measure of forward inflation expectations derived from the yield on regular Treasuries versus TIPS (Treasury Inflation-Protected Securities), continues to hover around 2.5% (see chart). This strangely low number appears to stem from a belief that many commodities will



see downward pressure as China's construction activity slows to a crawl. (That would be a repeat from Japan's experience in the decade following its real estate bust in 1990.) It also reflects the view that global fossil fuel pricing will progressively weaken as the electrification of transportation and the greening of the grid become mainstream efforts in the next 10 years.

Action Recommendation

Which brings me to the main point of this message. Investors should probably give today's inflation the benefit of the doubt. Yes, price-earnings ratios (P/Es) may

shrink somewhat, and interest rates will likely edge up over time. But this is not the calamity that played out in the 1970s, and it probably won't require a Paul Volcker-like response that brings the economy to its knees. So, stick with your long-term investment plan and limit your exposure to inflation hedges to 5% or less of total portfolio holdings.

Additionally, try to avoid holding cash in excess of what you might need for living expenses over the next 36 months. Today's cash could lose 12-18% of its purchasing power over the next three years. Stocks provide long-term inflation-protection, so even if your risk tolerance is on the low side, you should consider keeping at least a third of your portfolio in risk-assets such as stocks and high-yield bonds. Our *Income Model* on page 2 does this with about one-third the risk of the S&P 500. ■

— Jack Bowers

Inside Fidelity

Name Change — Four-in-One Index has been modified and renamed to **Multi-Asset Index**. In expanding its holdings from four index funds to seven, a new "neutral" 10% stake has been established in **Emerging Markets Index** (thereby increasing foreign equity to 35% from about 25%).

In turn, **500 Index** fund and **Extended Market Index** will have their respective allocations pared to 41% and 10%, respectively; that's down from 48% and 12%. Moreover, the fund's former 15% weight in **U.S. Bond Index** is roughly halved to 7%; 5% will go to **Long-Term Treasury Index** and 3% heads to **Int'l Bond Index**.

2022 Guide — We will be moving the *Independent Guide to Fidelity Funds* to our website.

(We will continue to print and mail this newsletter to readers while also posting it online as has been our practice for many years.)

Posting our annual fund *Guide* is an exciting improvement that allows us to continuously provide up-to-date data, holdings and fund returns for all the Fidelity funds we cover.

We expect to go live with this website feature later in January; the new online *Guide* will be available to all readers with current subscriptions.

We know that the printed *Guide* will be missed by some. But by making this move to our website,

not only will the *Guide* be more timely, it will save money and allow us to avoid increasing our subscription rates for 2022. ■

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds, and Asset Mgr: 20%/30%, the funds below are scheduled for a distribution (if any) in January 2022. Please see our website (www.fmandi.com) for December distributions.

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

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