

# FIDELITY MONITOR & INSIGHT

FEBRUARY 2019

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## MESSAGE FROM JACK

### *Energy Independence Arrives “Home” Early*

Thanks to surging shale oil production late last year, the U.S. briefly became a net oil exporter for the first time in perhaps 75 years. That event, which foreshadowed a new



Jack Bowers

reality not expected for 2-3 more years, underscored the degree to which shale output rose in 2018. The U.S. is now the world’s largest oil producer ahead of Russia and Saudi Arabia — an impressive feat considering that we’re doing it by farming carbon-light oil out of deep rock using sand, water and specialized equipment. Surging U.S. output is what set the stage for the price plunge that played out in the fourth quarter.

Saudi Arabia has once again recruited Russia as a pseudo-OPEC member in the latest round of supply cuts. The two countries — along with other OPEC members — are reducing the global oil supply by 1.2 million barrels/day to boost prices.

Their plan may not work as well as it did two years ago. While the reduction in output is similar, U.S. production is now 3 million barrels/day (35%) higher than it was back then. Further complicating the effort are weak emerging market currencies and protests in France. While oil remains relatively cheap here at home, it’s still pricey in countries where its consumption has been growing, and downright expensive in places where it’s heavily taxed. OPEC and Russia must also tread carefully to avoid enriching U.S. shale producers at a time when electric transportation is scaling up in China, because the risk of a permanent loss of market share is suddenly very real.

So don’t be surprised if oil settles out in the \$50-60 range. At that price point most producers would remain profitable, with U.S. consumers maintaining their spending. The Fed would also get some additional wiggle room on inflation, allowing them to further slow (or keep on hold) their tightening moves while waiting for a clear picture to emerge on economic growth and trade.

## MARKET OUTLOOK

### *After The Rebound, Where Do We Go From Here?*

We finally got our Santa Claus rally — in January! (It actually began the day after Christmas.) From its peak of 2930.75 on September 20 of last year, the S&P 500 fell 579 points (19.8%) to 2351.10 at the bottom(?) on December 24. It has now recovered about 60% of its losses gaining 353 points to close at 2704.10 on January 31.

Now what?

First, let’s review the major factors that drove the decline and where they stand today. The biggest concern was that the Fed would tighten too aggressively, even as the economy seemed likely to slow, thereby pushing it over the cliff into recession. They appeared to be on auto-pilot for further rate-hikes without regard to the turmoil in the markets. Since then, comments from the chairman and other board members have suggested a more “dovish” position, acknowledging the “message” of the market swoon. They’ve hinted at a pause in hiking rates and also a pause (end?) in reducing their bond holdings. (They have been shedding about \$50 billion a month by letting maturing bonds “roll off” without reinvesting the proceeds in new bond purchases.) This revised posture, which has been a key driver in the rebound, was reinforced at the Fed’s January meeting where they held rates steady and stated that they would be “patient” in considering their next move and were open to slowing the pace of the runoff of its balance sheet if needed. This is a major positive development.

A second concern was the trade-war with China, which has been seen as a cause (among others) of slowing growth in that country and a potential cause of slowing growth here. Since then we have had a temporary truce until at least March 1. This has also helped stocks to recover, but less so owing to its temporary nature. This issue remains uncertain; there are strong reasons for both sides to get a deal done, but the issues are complex and there is a lot of ground to cover before March 1. Any setbacks between now and then will likely trigger more selling, but for now we are in a better spot.

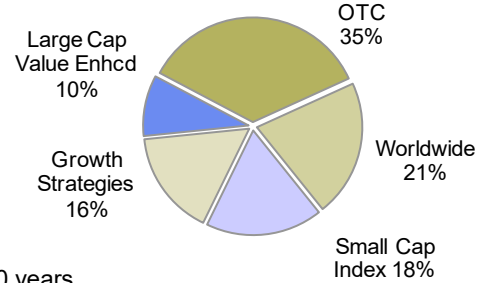


John M. Boyd

**Unique Opportunities** Target Risk: 1.20 (Current: 1.14) Foreign Holdings: 11.5% **YTD Return: 9.1%**

Stocks: 98.6% Bonds: 0.0% Cash: 1.5% Alternatives\*: 0.0% Yield: 0.7%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
OTC	FOCPX	\$10.92	17,203.39	\$187,861	9.8%
Worldwide	FWWFX	24.70	4,539.80	112,133	6.9
Small Cap Index	FSSNX	19.18	4,957.80	95,091	11.3
Growth Strategies	FDEGX	41.43	2,073.63	85,911	9.1
Large Cap Value Enhcd	FLVEX	12.31	4,050.85	49,866	7.9



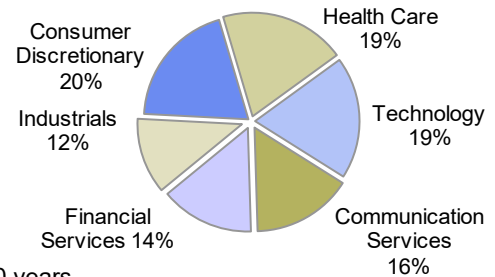
**Current Value (3/31/99 = \$100,000)** **\$530,861** **9.1%**

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

**Select** Target Risk: 1.20 (Current: 1.14) Foreign Holdings: 5.6% **YTD Return: 9.7%**

Stocks: 99.4% Bonds: 0.0% Cash: 0.7% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Consumer Discretionary	FSCPX	\$43.73	18,012.17	\$787,672	10.0%
Health Care	FSPHX	24.29	32,192.14	781,947	10.2
Technology	FSPTX	14.40	53,066.26	764,154	7.3
Communication Services	FBMPX	74.38	8,388.24	623,917	11.3
Financial Services	FIDSX	9.37	62,010.61	581,039	9.7
Industrials	FCYIX	31.75	14,946.14	474,540	10.7



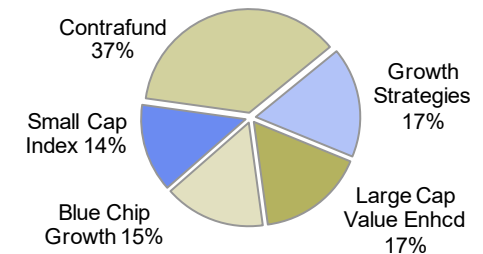
**Current Value (12/31/88 = \$100,000)** **\$4,013,270** **9.7%**

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

**Growth** Target Risk: 1.00 (Current: 1.08) Foreign Holdings: 5.3% **YTD Return: 9.4%**

Stocks: 97.7% Bonds: 0.0% Cash: 2.3% Alternatives\*: 0.0% Yield: 0.7%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Contrafund	FCNTX	\$12.05	84,939.00	\$1,023,515	9.4%
Growth Strategies	FDEGX	41.43	11,514.05	477,027	9.1
Large Cap Value Enhcd	FLVEX	12.31	37,538.40	462,098	7.9
Blue Chip Growth	FBGRX	92.16	4,714.97	434,531	9.7
Small Cap Index	FSSNX	19.18	19,878.77	381,275	11.3



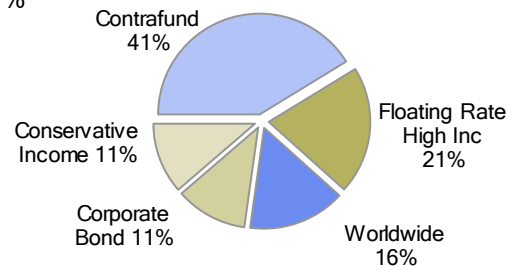
**Current Value (12/31/86 = \$100,000)** **\$2,778,446** **9.4%**

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: 24.3% **YTD Return: 5.7%**

Stocks: 53.9% Bonds: 22.6% Cash: 4.0% Alternatives\*: 19.4% Yield: 2.1%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Contrafund	FCNTX	\$12.05	23,607.18	\$284,467	9.4%
Floating Rate High Inc	FFRHX	9.41	15,031.06	141,442	2.7
Worldwide	FWWFX	24.70	4,329.01	106,927	6.9
Corporate Bond	FCBFX	11.20	7,046.52	78,921	2.4
Conservative Income	FCONX	10.02	7,834.74	78,504	0.4



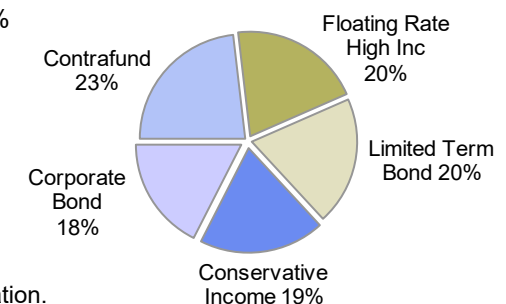
**Current Value (12/31/93 = \$100,000)** **\$690,261** **5.7%**

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

**Income** Target Risk: 0.33 (Current: 0.35) Foreign Holdings: 26.2% **YTD Return: 3.3%**

Stocks: 22.0% Bonds: 54.3% Cash: 3.9% Alternatives\*: 19.8% Yield: 3.0%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Contrafund	FCNTX	\$12.05	7,663.77	\$92,348	9.4%
Floating Rate High Inc	FFRHX	9.41	8,566.17	80,608	2.7
Limited Term Bond	FJRLX	11.36	6,950.34	78,956	0.9
Conservative Income	FCONX	10.02	7,668.55	76,839	0.4
Corporate Bond	FCBFX	11.20	6,241.93	69,910	2.4



**Current Value (12/31/91 = \$100,000)** **\$398,661** **3.3%**

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

The third worry (related to the first two) was a slowdown in global growth (see p. 11). These fears were stoked as both Europe and Japan suffered a decline in third quarter GDP. Many analysts (including yours truly) felt that there were extenuating factors in both cases that would not be repeated. However recent data has pointed toward continued weakness abroad. This fear remains in play.

### ***It's The Economy, Stupid***

Taken together, these concerns really amounted to one big worry: a recession in the U.S. and a resulting contraction in corporate earnings. If the sharp decline at the end of last year was “pricing in” a recession, the rebound to date has been driven by a reassessment of that risk. In short, the key for the stock market this year is how the economy, and therefore earnings, perform.

Unfortunately, due to the government shutdown, several key pieces of economic data are not available. Reports that are delayed include durable goods orders, new home sales, capital expenditures, fourth-quarter GDP, personal income, and inflation. What data we do have now, paint a mixed picture.

For example, the index of Leading Economic Indicators has fallen in two of the last three months, although in the latest reading (down 0.1%) three of the 10 components had to be estimated. On the other hand, the three-month moving average of the Chicago Fed National Activity Index (one of my favorites as it includes 85 different indicators) rose to 0.16 in December up from 0.12 in November. Anything above zero indicates faster than average growth and a reading of -0.70 is

## FUNDS YOU SHOULD BUY NOW

**Growth:** **Blue Chip Growth**, **Growth Company** and **OTC** are aggressive (risky) large-cap options; **Contrafund** is more conservatively positioned. **Growth Strategies** provides mid-cap exposure. **Small Cap Index** provides low-cost exposure to nearly 2,000 smaller-cap stocks.

**Growth & Income:** **Large Cap Value Enhanced** holds attractively valued stocks, such as financials and health care, which also helps to boost its yield well above the S&P 500 (3.1% vs. 1.9%).

**International:** **Worldwide** provides mostly large-cap U.S. (58%) and foreign (37%) equity exposure (plus some cash right now).

**High-Yield:** **Floating Rate High Income**'s portfolio of lower-quality bank loans drive its almost 6% yield, however, credit risk is substantial.

**Taxable Bond:** **Conservative Income Bond** limits interest-rate risk with its extremely short duration; **Limited-Term Bond** reaches a bit further for yield with more rate-risk, while **Corporate Bond** boosts its yield with lower-credit and more interest-rate-sensitive bonds.

**Muni Bond:** Tax-equivalent yields are currently attractive. ■

needed to signal a recession. And while consumer confidence fell in January, the job market continues to be strong. Initial claims for unemployment remain near historic lows and the number of new job openings continues to run well ahead of new hires. In a recession, we would see more new hires than new openings.

### ***Earnings Being Marked Down***

Last October, 2019 earnings were expected to grow 12.2%. As of January 24, that estimate has fallen to 7.8%. However, a funny thing is occurring. While firms that are beating estimates have enjoyed a nice bump, so have several firms that have missed estimates! The common denominator is that these firms were severely punished in the Oct. — Dec. swoon and their results were seen as not as bad as feared.

While 7.8% is a far cry from the 20%+ gains of last year, much of last year's gains were driven by the tax cuts and 7.8% growth is still a solid figure for stocks. On the other hand, the reductions in estimates

seems to be increasing, so we will be watching that closely.

### ***Arcane Indicator Of The Month***

The sharp rebound so far this year has triggered some fairly obscure “thrust” indicators. According to JAG Capital Management, the “breakaway breadth thrust” was triggered recently (I'll spare you the arcane details). This signal has occurred just 23 times since its development in the late '40s. In the previous 22 times, the S&P 500 was higher a year later 21 times with an average gain of 19.4%. I would not put too much stock into any one indicator, but overall, the market's “internals” are healthy.

While a “retest” of the December low would not be uncommon, we remain in the camp that, barring a policy misstep from the Fed (which now seems unlikely), we are not heading into a recession soon and modest earnings growth with low inflation adds up to a good environment for stocks. ■

— John M. Boyd

### **Model Portfolios Key:**

<sup>1</sup>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 regularly scheduled Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). **Annuity Model Portfolios** are on p. 10.

## Model Portfolio Holdings Reviewed

As noted in the box below, our annual Guide to Fidelity funds will make its way to you later this month. In the meantime, the fund commentaries below (which we've extracted from the Guide and have edited here for clarity) align with some of our major model portfolio holdings.

— John Bonnanzio

### Stocks

**Blue Chip Growth** — For one of Fidelity's most talented growth investors (Manager Sonu Kalra just left the more aggressive OTC fund), 2018 was another strong year. With no industry sectors in which to "hide," the fund's positive performance, while not large in absolute terms, was one of the best in last year's unforgiving climate.

**Contrafund** — Seeing headwinds in the form of U.S.-China trade, slowing growth, rising U.S. deficits and diminishing benefits from tax reform, Will's playbook is unchanged: Contra will continue to focus on innovative companies with the ability to grow sales and earnings faster than their peers and the market. For our part, we're sticking with Will.

**Growth Strategies** — Manager Jean Park sticks close to the industry weightings of the Russell Midcap Growth index, counting on superior stock picking to drive returns.

Though classified as mid-cap growth, she takes a valuation-sensitive approach to stock-selection. In short, she seeks out firms where her calculation of their intrinsic, or real value, is greater than their current stock price. This is reflected in a price-earnings ratio about 25% lower than her index.

This value tilt has hurt the fund in recent years as growth stocks have dominated. Stock picking de-

tracted from results in 2018, particularly in technology, and consumer discretionary (two growth sectors). Still, while the fund underperformed its index by a good margin, Jean still ranked among Fidelity's best mid-cap funds.

**Small Cap Stock** — Under new manager Kip Johann-Berkel, the fund has shifted a bit back towards growth with modest overweights in tech and consumer discretionary.

2018 was a tough year for small-cap funds in general, and value-oriented small-caps underperformed their growth counterparts by nearly three percentage points. Kip actually fared well considering his focus, trailing the Russell 2000 by about the fund's expenses. Small Cap Stock has had lackluster performance in the past, but Kip is off to a good start and we will be watching.

### Sectors

**Select Technology** — This fund invests in communications equipment, hardware, IT services, software, and semiconductors. Last year it underperformed its benchmark, mainly because of a heavy bet in Nvidia, but also because of its out-of-benchmark position in tech disruptor Tesla Motors (which may help going forward). Due to the creation of the new Communication Services sector, Facebook and Alphabet (currently weighted at around 10%) will likely disappear from this fund. With its long-time manager gone,

we'll be keeping a close eye on its performance.

**Select Communication Services** — Formerly Multimedia, this fund has a new benchmark; it replaces stocks in the telecommunications area while adding those that used to be in the media and technology groups. Alphabet (Google) and Facebook account for about a third of the new index, with Netflix adding another 5%. It remains to be seen how this actively-managed fund will be positioned, but odds are tech disruptors will play a prominent role, making its long-term growth potential more attractive as it can pick from the best of new-age and traditional media.

### High Yield

**Floating Rate High Income** — While many bond funds saw their returns suffer last year amid rising rates, this fund offered some freedom from that because the interest payments on "floaters" continuously reset higher. Of course, this protection comes at a price: high credit risk. In fact, roughly 90% of its assets are in higher-yielding revolving loans, helping to drive its yield (at year end) to 5.84%.

But while Floating Rate does take some chances credit-wise, its overall risk is mitigated through its very minimal interest-rate exposure: duration is just 0.2 years.

### Bonds

**Limited Term Bond** — This is a shorter-duration, investment-grade bond fund. Team-managed, it favors corporate bonds (76%) over Treasuries (4%); its benchmark is 27% and 62%, respectively. This hurt the fund a bit in 2018 as corporates tended to underperform Treasuries and so its return lagged its benchmark by a bit more than the expense drag. That said, the fund's short duration of 2.4 years helped to make it one of the better performers last year as rates rose across the maturity spectrum. ■

#### 2019 Independent Guide

The 33rd Edition of our *Independent Guide to Fidelity Funds* is at the printer!

The perfect companion to your monthly newsletter, the *Guide* contains in-depth analysis and timely information on over 200 retail funds in our *Scorecard* whose combined assets top a trillion dollars! To receive your free copy, you need only to renew your subscription.

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FUND COMMENTARY

## Share Prices Climb Wall Of Worry

Share prices extended their late end-of-year rally into January. They did so in the face of what is expected to be a year of slower growth for the



John Bonnanzio

U.S. economy (see p. 11), a likely decline in corporate earnings growth (see “Earnings Marked Down” on p. 3), the prospect of a second government shutdown starting in February, and little visible progress in trade talks between the U.S. and pretty much everyone.

With the S&P 500 already up over 5% through January 29, the next day, the Fed further fanned investor exuberance when it declared that future rate hikes were now on hold, and if necessary (which we hope it won't be!), perhaps even a rate-cut. While no increase had been expected after that particular meeting, the Fed's new-found passivity sparked a 1.6% jump in share prices while the Nasdaq Composite rallied 2.3%.

### Market Indexes

In only 20 trading days last month, some areas of the equity market produced gains that could easily masquerade as full-year returns. Among the two-hottest (as measured by Fidelity index funds) were Russell's small- and mid-cap benchmarks: they gained 11.3% and 10.8%, respectively. Having taken much more of a beating last year than large-caps, their rebound is not that surprising (and we believe they have some room yet to grow — see *Scorecard Changes* at right).

For the full month of January, the large-cap S&P 500 Index rose 8.0% and the Nasdaq Composite gained 9.8%. As for the Dow Industrial Average, it rose a very healthy 7.3%.

### Stock Funds

All 53 of Fidelity's diversified stock funds moved higher in January; their average return was 9.3%. Gains ranged from 12.9% for **Small Cap Stock** down to 6.7% for **Blue Chip Value**.

As for their more widely held funds (those with bigger assets — which are often large-cap growth funds), **Blue Chip Growth** (up 9.7%), **Contrafund** (up 9.4%), **Growth Company** (up 10.6%), **Magellan** (up 8.6%) and **OTC** (up 9.8%) each benefited from their considerable stakes in technology and other sectors with above-average sales and earnings growth. That said, less-widely-held large-cap value funds fared nearly as well last month averaging gains of 8.2%. Notably, that group's top-performer, **Value Strategies** (up 12.3%), has a modest 9% stake in tech. Instead, its performance was largely powered by financials and real estate which account for 30% of its assets. (**Low-Priced Stock**, a mid-cap value fund with foreign exposure, rose 8.4%.)

### Select Funds

The average Select fund gained 9.5% in January. Rebounding oil prices (up 17% for the month) propelled **Energy Service** up 17.8%, while the more diversified **Energy** fund gained 12.3%. Other strong performers include **Banking** and **Financial Services** (up 13.0% and 9.7%, respectively); a more favorable interest-rate-environment was helpful. And economically sensitive funds (cyclicals) fared well, too: **Transportation** (up 10.4%) and **Industrials** (up 10.7%) are but two examples.

### New Hotline Number

Later this month, we are changing our toll-free (800) Hotline number. Please make note of the new number below as the still-existing one will soon be deactivated:

**800-290-4848**

Of course, the best way to receive *Fidelity Monitor & Insight's* weekly and Special updates is having us email them directly to you. (You can also read them on our website.) To sign up for email delivery, simply go to the “Hotline Opt-in” section on our homepage:

[www.fmandi.com](http://www.fmandi.com)

### International Funds

**Latin America** skyrocketed 17.4% in January making it Fidelity's top-performing foreign fund. Fundamentals are improving in the southern hemisphere (see p. 11), and last year's selloff may have been overblown. Other emerging-market funds, including **China Region** (up 10.2%), also fared well. Elsewhere, higher oil prices helped drive **Canada** fund up 11.0%, while **Europe** (up 7.1%) was a relative laggard.

### Bond Funds

Owing to the Fed's late-month policy flip-flop, most of last month's Treasury rally occurred on the last two days of January (post-Fed meeting). That said, the yield on the bellwether 10-year Treasury fell only slightly in January to 2.63%, down from 2.69% at the start of the month.

As seen with other asset classes last month, risk-assets prevailed: credits outperformed Treasuries. Whereas **Corporate Bond** surged 2.4% and **Global Credit** rose 2.3%, **Intermediate Treasury Index** could only manage a 0.6% gain. ■

— John Bonnanzio

### February Scorecard Rating Changes

Fund	Ratings			Comments
	Old	New		
Small Cap Discovery	H	B	↑	Small-cap valuations have become more attractive.
Small Cap Stock	B	B	↑	Small-cap valuations have become more attractive.
Small Cap Value	H	H	NC	With \$2B in assets, the fund has re-opened to investors.
B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell; NC = No Change; NR = No Rating (↑) Rating upgraded; (↓) Rating downgraded.				

# FIDELITY SCORECARD

JANUARY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)				Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	
					Jan	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr		
Comparative Indexes		S&P 500	2704.1		8.0	8.0	0.3	-2.3	14.0	11.0	15.0	8.2	1.00	
		Nasdaq Composite	7281.7		9.8	9.8	-0.0	-0.7	17.8	13.5	18.6	9.9	1.23	
		Dow Jones Industrials	24999.7		7.3	7.3	0.1	-2.2	17.8	12.4	15.0	8.7	1.02	
		Russell 2000 (Small Caps)	1499.4		11.3	11.3	-0.4	-3.5	14.7	7.3	14.5	8.0	1.44	
		Barclays Aggregate Bond*			1.0	1.0	3.5	2.3	1.9	2.4	3.6	2.0	0.26	
Model Portfolios		Unique Opportunities			9.1	9.1	-0.2	-8.7	11.4	7.0	14.5	8.5	1.14	
		Select			9.7	9.7	0.8	-5.1	14.6	10.5	15.6	9.3	1.14	
		Growth			9.4	9.4	1.4	-4.1	13.3	9.2	13.8	7.5	1.08	
		Growth & Income			5.7	5.7	1.0	-3.8	10.0	7.4	11.1	6.6	0.69	
		Income			3.3	3.3	1.2	-2.8	4.3	3.7	6.6	4.2	0.35	
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
<b>LARGE CAP GROWTH</b>					<b>Average</b>	<b>8.9</b>	<b>8.9</b>	<b>0.3</b>	<b>-2.4</b>	<b>15.6</b>	<b>10.9</b>	<b>16.4</b>	<b>1.17</b>	
312	FBGRX	Blue Chip Growth	92.16	Buy	9.7	9.7	2.8	2.1	18.7	13.6	18.8	1.21	\$20,045	
307	FDCAx	Capital Appreciation	31.89	Hold	7.4	7.4	-1.0	-4.6	12.5	8.3	15.4	1.12	4,506	
22	FCNTX	Contrafund	12.05	Buy	9.4	9.4	1.5	-2.0	15.8	11.8	15.6	1.16	89,866	
3	FFIDX	Fidelity Fund	43.17	Hold	7.4	7.4	-0.9	-5.0	11.7	9.6	13.6	1.02	3,792	
333	FTQGX	Focused Stock	22.47	Buy	7.6	7.6	1.7	3.2	17.6	10.1	16.1	1.18	2,547	
25	FDGRX	Growth Company (Closed)	17.72	Buy	10.6	10.6	-0.4	-4.0	19.6	13.6	18.6	1.39	26,064	
339	FDSVX	Growth Discovery	33.74	Buy	8.6	8.6	1.3	0.1	16.3	11.8	16.8	1.15	1,525	
73	FDFFX	Independence	33.53	Hold	8.7	8.7	0.1	-6.2	12.9	6.9	14.7	1.18	3,224	
1829	FLGEX	Lrge Cap Growth Enhcd Index	18.42	OK to Buy	9.2	9.2	0.9	-1.4	15.3	11.9	15.9	1.11	1,045	
2826	FSPGX	Lrge Cap Growth Index	14.15	OK to Buy	9.0	9.0	0.6	0.2	--	--	--	--	1,651	
21	FMAGX	Magellan	9.74	Hold	8.6	8.6	0.2	-5.0	13.4	10.6	14.6	1.13	14,177	
1282	FNCMX	Nasdaq Composite Index	94.46	OK to Buy	9.8	9.8	-0.1	-1.0	17.5	13.2	18.4	1.22	5,915	
300	FMLX	New Millennium	33.91	Hold	8.6	8.6	0.2	-4.3	13.9	7.8	15.8	1.04	3,084	
93	FOCPX	OTC	10.92	Buy	9.8	9.8	-1.7	-1.9	20.3	14.1	20.4	1.37	11,848	
320	FDSX	Stock Selector All Cap	42.11	OK to Sell	9.6	9.6	-0.3	-5.8	13.8	9.3	14.3	1.11	8,243	
5	FTRNX	Trend	95.35	OK to Buy	9.2	9.2	0.4	-2.6	15.3	11.5	17.3	1.20	1,762	
<b>LARGE CAP BLEND</b>					<b>Average</b>	<b>8.3</b>	<b>8.3</b>	<b>-0.5</b>	<b>-4.0</b>	<b>12.7</b>	<b>9.2</b>	<b>14.4</b>	<b>1.03</b>	
2328	FXAIX	500 Index	94.08	Hold	8.0	8.0	0.3	-2.3	14.0	10.9	15.0	1.00	170,822	
315	FDEQX	Disciplined Equity	32.98	Hold	8.2	8.2	-1.5	-7.1	10.1	7.7	11.7	1.03	1,120	
330	FDGFX	Dividend Growth	27.51	OK to Buy	8.7	8.7	-0.4	-3.8	11.3	8.5	15.2	0.96	5,592	
332	FEXPX	Export and Multinational	19.65	OK to Buy	8.6	8.6	-0.4	-4.1	11.7	8.9	13.1	0.98	1,374	
27	FGRX	Growth & Income	36.28	Hold	8.4	8.4	-2.3	-6.0	12.8	8.6	14.0	1.08	5,672	
1827	FLCEX	Lrge Cap Core Enhcd Index	14.22	Buy	7.7	7.7	0.3	-1.6	14.1	10.4	14.4	0.99	777	
338	FLCSX	Large Cap Stock	29.47	Hold	9.2	9.2	-2.5	-6.0	14.0	8.4	16.8	1.16	2,650	
361	FGRTX	Mega Cap Stock	14.55	Hold	7.7	7.7	-2.5	-5.3	12.5	9.0	14.5	1.04	1,492	
2361	FSKAX	Total Market Index	76.67	OK to Buy	8.6	8.6	0.5	-2.3	14.2	10.4	15.1	1.04	41,815	
2941	FITLX	U.S. Sustainability Index	11.49	NA	7.5	7.5	2.0	-1.4	--	--	--	--	95	
3231	FNILX	Zero Large Cap Index	9.33	Hold	8.1	8.1	0.3	--	--	--	--	--	331	
3227	FZROX	Zero Total Market Index	9.53	OK to Buy	8.5	8.5	0.4	--	--	--	--	--	2,145	
<b>LARGE CAP VALUE</b>					<b>Average</b>	<b>8.2</b>	<b>8.2</b>	<b>0.2</b>	<b>-6.2</b>	<b>10.5</b>	<b>7.5</b>	<b>13.1</b>	<b>1.03</b>	
1271	FBCVX	Blue Chip Value	18.74	Hold	6.7	6.7	-1.3	-6.9	9.3	7.6	12.0	1.01	480	
319	FEQTX	Equity Dividend Income	23.71	OK to Buy	8.1	8.1	0.1	-6.5	10.4	8.0	12.6	0.99	4,649	
23	FEQIX	Equity-Income	54.70	OK to Buy	7.4	7.4	0.3	-5.9	11.2	7.3	12.6	0.98	5,018	
1828	FLVEX	Lrge Cap Value Enhcd Index	12.31	Buy	7.9	7.9	0.3	-4.2	12.6	9.0	13.3	1.02	3,621	
2830	FLCOX	Lrge Cap Value Index	11.69	Hold	7.7	7.7	0.3	-4.8	--	--	--	--	1,474	
708	FSLVX	Stock Sel Large Cap Value	18.94	Hold	7.9	7.9	0.6	-5.2	10.3	7.5	11.8	0.99	817	
832	FVDFX	Value Discovery	26.99	OK to Buy	7.3	7.3	-0.1	-6.3	9.6	7.7	13.6	0.94	2,183	
14	FSLSX	Value Strategies	33.99	OK to Sell	12.3	12.3	1.5	-9.9	10.0	5.7	15.6	1.27	321	
<b>MID-CAP GROWTH</b>					<b>Average</b>	<b>9.1</b>	<b>9.1</b>	<b>2.2</b>	<b>-4.1</b>	<b>10.6</b>	<b>8.9</b>	<b>14.4</b>	<b>1.03</b>	
324	FDEGX	Growth Strategies	41.43	Buy	9.1	9.1	2.2	-4.1	10.6	8.9	14.4	1.03	2,297	
<b>MID-CAP BLEND</b>					<b>Average</b>	<b>10.7</b>	<b>10.7</b>	<b>1.6</b>	<b>-3.1</b>	<b>13.6</b>	<b>8.2</b>	<b>15.6</b>	<b>1.15</b>	
2365	FSMAX	Extended Market Index	59.28	Buy	11.6	11.6	1.5	-2.1	15.0	8.1	15.8	1.29	21,654	
2012	FMEIX	Mid Cap Enhanced Index	13.94	OK to Buy	11.1	11.1	3.0	-5.7	12.3	8.4	15.4	1.15	1,119	
2352	FSMDX	Mid Cap Index	20.64	OK to Buy	10.8	10.8	2.3	-2.8	13.3	8.9	--	1.14	7,955	
337	FMCSX	Mid-Cap Stock	33.08	OK to Buy	8.5	8.5	0.7	-2.4	13.9	7.8	16.0	0.99	5,138	
2412	FSSMX	Stock Selector Mid Cap	33.53	OK to Buy	11.3	11.3	1.1	-2.5	13.4	7.9	15.2	1.20	541	
3230	FZIPX	Zero Extended Market Index	9.03	Buy	11.1	11.1	0.9	--	--	--	--	--	197	
<b>MID-CAP VALUE</b>					<b>Average</b>	<b>10.7</b>	<b>10.7</b>	<b>0.9</b>	<b>-9.2</b>	<b>9.6</b>	<b>6.4</b>	<b>14.7</b>	<b>1.12</b>	
316	FLPSX	Low-Priced Stock <sup>5</sup>	47.04	Buy	8.4	8.4	0.5	-7.3	10.3	7.1	14.5	0.95	24,794	
762	FSMVX	Mid Cap Value	21.23	OK to Sell	11.3	11.3	1.3	-11.0	8.5	6.3	14.7	1.15	1,457	
39	FDVLX	Value	9.77	Hold	12.3	12.3	0.9	-9.4	10.1	5.8	14.9	1.27	6,044	

**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>5</sup>Almost an Asset Allocation fund with 30%+ typically in foreign stocks. <sup>6</sup>Formerly Multimedia <sup>7</sup>Formerly VIP Telecommunications. <sup>8</sup>Formerly MSCI Telecom Services. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

JANUARY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
					Jan	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year					
<b>SMALL CAP GROWTH</b>					<b>Average</b>			<b>12.4</b>	<b>12.4</b>	<b>-0.2</b>	<b>1.4</b>	<b>19.3</b>	<b>11.1</b>	<b>17.7</b>	<b>1.40</b>	
1388	FCPGX	Small Cap Growth (Closed)	23.82	Buy	12.4	12.4	-0.2	1.4	19.3	11.1	17.7	1.40		\$2,663		
<b>SMALL CAP BLEND</b>					<b>Average</b>			<b>11.6</b>	<b>11.6</b>	<b>1.0</b>	<b>-4.0</b>	<b>11.9</b>	<b>6.8</b>	<b>14.9</b>	<b>1.37</b>	
384	FSCRX	Small Cap Discovery (Closed)	21.92	OK to Buy↑	11.9	11.9	2.8	-5.2	10.2	5.8	16.8	1.30		2,993		
2011	FCPEX	Small Cap Enhanced Index	11.88	Buy	11.3	11.3	-0.9	-6.6	11.3	6.4	14.1	1.48		666		
2358	FSSNX	Small Cap Index	19.18	Buy	11.3	11.3	-0.4	-3.4	14.9	7.5	--	1.44		7,119		
340	FSLCX	Small Cap Stock	15.85	Buy↑	12.9	12.9	2.5	-2.7	10.9	7.9	14.2	1.30		1,450		
336	FDSCX	Stock Selector Small Cap	22.09	Buy	10.6	10.6	1.0	-1.9	12.1	6.5	14.6	1.32		1,012		
<b>SMALL CAP VALUE</b>					<b>Average</b>			<b>8.8</b>	<b>8.8</b>	<b>-1.6</b>	<b>-9.0</b>	<b>9.5</b>	<b>6.8</b>	<b>15.0</b>	<b>1.18</b>	
1389	FCPVX	Small Cap Value	14.29	Hold	8.8	8.8	-1.6	-9.0	9.5	6.8	15.0	1.18		1,606		
<b>SPECIALTY</b>																
308	FCVSV	Convertible Securities	27.07	Hold	7.9	7.9	4.2	3.3	10.4	4.1	12.8	0.71		1,277		
2624	FARNX	Event Driven Opportunities	11.14	Hold	6.2	6.2	-7.6	-18.3	8.7	6.7	--	1.31		243		
2120	FFGCX	Global Commodity Stock	12.23	OK to Sell	9.2	9.2	0.4	-9.9	16.3	--	--	1.37		381		
122	FLVCX	Leveraged Company Stock	27.26	Hold	13.9	13.9	4.3	-9.9	11.0	4.8	14.9	1.39		1,900		
1329	FSDIX	Strategic Dividend & Income	14.33	Hold	6.5	6.5	1.5	-0.4	9.7	7.9	13.5	0.74		2,842		
1505	FSRRX	Strategic Real Return	8.17	OK to Sell	4.3	4.3	0.6	0.1	4.7	1.0	5.4	0.44		237		
311	FIUIX	Telecom & Utilities	25.40	Hold	3.4	3.4	-0.6	6.4	11.1	8.2	11.8	0.89		975		
<b>REAL ESTATE</b>																
1368	FIREX	International Real Estate	11.68	OK to Sell	8.9	8.9	9.0	-1.8	10.6	6.8	11.8	0.97		236		
833	FRIFX	Real Estate Income	11.84	Hold	5.5	5.5	3.5	7.2	8.1	6.8	12.2	0.52		2,588		
2355	FSRNK	Real Estate Index	15.95	OK to Sell	11.4	11.4	6.7	11.0	7.1	9.3	--	1.33		1,626		
303	FRESX	Real Estate Investment	42.74	OK to Sell	11.3	11.3	6.8	10.9	7.5	9.9	16.3	1.30		3,936		
<b>ASSET ALLOCATION</b>																
328	FASIX	Asset Manager 20%	13.01	Hold	2.5	2.5	2.1	0.2	4.4	3.2	5.8	0.28		4,759		
1957	FTANX	Asset Manager 30%	10.73	Hold	3.5	3.5	2.0	-0.9	5.6	4.0	7.2	0.37		1,461		
1958	FFANX	Asset Manager 40%	11.19	Hold	4.2	4.2	2.0	-2.0	6.6	4.6	8.2	0.47		1,554		
314	FASMX	Asset Manager 50%	17.26	Hold	5.1	5.1	1.8	-3.1	7.5	5.1	9.3	0.56		8,670		
1959	FSANX	Asset Manager 60%	11.89	Hold	5.9	5.9	1.5	-4.2	8.4	5.5	10.1	0.66		2,607		
321	FASGX	Asset Manager 70%	20.75	Hold	6.7	6.7	1.3	-5.3	9.4	6.0	11.0	0.76		4,754		
347	FAMRX	Asset Manager 85%	18.10	Hold	7.9	7.9	1.0	-6.8	10.7	6.8	12.2	0.91		2,212		
304	FBALX	Balanced	22.01	Buy	6.6	6.6	1.1	-1.8	10.0	7.5	11.5	0.74		23,207		
355	FFNOX	Four-in-One Index	43.19	Hold	7.0	7.0	1.3	-4.1	10.6	7.3	11.6	0.83		5,837		
4	FPURX	Puritan	20.72	Buy	5.7	5.7	0.4	-2.9	9.6	7.5	11.5	0.74		20,752		
<b>INTERNATIONAL</b>					<b>Average</b>			<b>7.5</b>	<b>7.5</b>	<b>4.1</b>	<b>-13.2</b>	<b>10.0</b>	<b>4.6</b>	<b>10.3</b>	<b>1.17</b>	
309	FICDX	Canada	48.60	Hold	11.0	11.0	4.0	-5.8	10.4	2.3	7.2	1.14		904		
352	FHKCX	China Region	32.48	Hold	10.2	10.2	12.5	-15.9	15.1	6.2	12.8	1.53		1,060		
325	FDIVX	Diversified International	33.41	OK to Buy	5.6	5.6	0.2	-15.1	5.2	2.7	8.5	1.04		8,880		
351	FSEAX	Emerging Asia	39.51	Hold	6.8	6.8	11.4	-14.6	14.2	7.8	10.5	1.33		971		
2053	FEMEX	Emerg Europe, MidEast, Africa	9.61	Hold	9.7	9.7	10.8	-10.9	16.7	4.2	10.3	1.47		95		
322	FEMKX	Emerging Markets	29.21	Hold	9.7	9.7	10.5	-15.8	13.3	6.1	10.4	1.31		3,145		
2374	FEDDX	Emerging Mkts Discovery	13.16	Hold	7.6	7.6	10.8	-18.3	12.3	4.6	--	1.27		193		
2344	FPADX	Emerging Markets Index	10.41	Hold	9.1	9.1	10.6	-13.9	14.9	5.4	--	1.34		2,138		
301	FIEUX	Europe	33.64	OK to Buy	7.1	7.1	-0.3	-16.4	5.7	1.7	8.4	1.23		892		
2406	FGILX	Global Equity-Income	12.90	Hold	5.8	5.8	-0.4	-9.4	7.5	6.0	--	0.86		66		
2348	FSGGX	Global ex U.S. Index	12.21	Hold	7.5	7.5	3.8	-12.4	9.3	3.2	--	1.02		4,800		
335	FIVFX	International Cap App	19.26	OK to Buy	8.0	8.0	5.2	-10.8	9.4	6.7	13.4	1.11		2,315		
305	FIGRX	International Discovery	38.50	Hold	5.6	5.6	-0.9	-17.2	5.2	2.5	8.4	1.06		6,248		
2010	FIENX	International Enhanced Index	9.05	Hold	7.1	7.1	1.4	-13.2	8.0	3.8	8.8	1.01		1,525		
1979	FIGFX	International Growth	12.79	OK to Buy	6.5	6.5	2.6	-10.9	7.7	4.7	10.8	1.00		812		
2363	FSPSX	International Index	38.71	Hold	6.5	6.5	1.4	-12.4	7.5	2.8	8.3	0.98		24,166		
818	FISMX	International Small Cap	25.12	OK to Buy	6.0	6.0	1.3	-15.0	10.9	5.8	13.1	1.00		1,271		
1504	FSCOX	International Small Cap Opps	17.06	OK to Buy	5.7	5.7	0.2	-14.7	8.9	6.1	13.7	1.05		950		
2988	FNIDX	International Sustainability Idx	10.07	NA	7.4	7.4	4.3	-12.4	--	--	--	--		45		
1597	FIVLX	International Value	7.72	Hold	6.2	6.2	-2.1	-16.7	3.1	0.4	6.9	1.02		423		
350	FJPNX	Japan	13.95	OK to Buy	6.4	6.4	-1.4	-14.1	8.5	4.7	7.2	1.07		415		
360	FJSCX	Japan Smaller Companies	15.83	Hold	4.6	4.6	-2.7	-15.5	10.2	7.5	12.4	1.00		652		
349	FLATX	Latin America	25.16	OK to Buy	17.4	17.4	17.4	-6.7	20.9	1.4	4.7	2.19		537		
342	FNORX	Nordic	45.13	OK to Sell	5.8	5.8	0.5	-12.1	6.1	4.6	13.7	1.25		278		
94	FOSFX	Overseas	43.42	OK to Buy	6.2	6.2	-0.2	-13.7	7.4	4.7	9.2	1.05		5,870		
302	FPBFX	Pacific Basin	28.08	OK to Buy	6.7	6.7	5.2	-16.3	9.9	7.1	14.9	1.17		805		
2369	FTEMX	Total Emerging Markets	12.28	Hold	8.2	8.2	8.8	-12.8	12.2	5.4	--	1.04		202		
1978	FTIEX	Total International Equity	8.41	Hold	7.5	7.5	3.2	-13.8	7.7	3.8	9.4	1.03		70		
2834	FTIHX	Total International Index	11.29	Hold	7.5	7.5	3.5	-12.8	--	--	--	--		1,983		
318	FWWFX	Worldwide	24.70	Buy	6.9	6.9	0.4	-5.1	12.1	6.9	12.8	1.06		2,197		
3228	FZILX	Zero International Index	9.42	Hold	7.4	7.4	3.8	--	--	--	--	--		688		

# FIDELITY SCORECARD

JANUARY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
					Jan	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
<b>SELECT PORTFOLIOS</b>					<b>Average</b>	<b>9.5</b>	<b>9.5</b>	<b>0.7</b>	<b>-5.8</b>	<b>13.1</b>	<b>7.6</b>	<b>14.7</b>	<b>1.51</b>	
34	FSAIX	Air Transportation	72.58	OK to Buy	10.3	10.3	2.1	-6.3	16.4	10.9	18.7	1.55	\$290	
502	FSAVX	Automotive	32.80	OK to Sell	9.9	9.9	2.6	-10.7	9.6	3.7	20.2	1.36	40	
507	FSRBX	Banking	25.08	Hold	13.0	13.0	-1.4	-13.5	14.1	8.1	14.1	1.83	496	
42	FBIOX	Biotechnology	20.02	Hold	12.9	12.9	3.5	-8.0	10.6	5.9	17.4	2.20	7,285	
68	FSLBX	Brokerage & Investment	69.52	Hold	8.4	8.4	1.9	-12.3	13.7	5.0	12.6	1.45	315	
69	FSCHX	Chemicals	13.05	OK to Sell	6.9	6.9	1.2	-20.3	12.7	6.2	16.9	1.39	1,129	
518	FSDCX	Communications Equipment	37.19	OK to Buy	7.1	7.1	0.7	6.9	17.9	8.7	15.0	1.14	198	
503	FBMPX	Communication Services <sup>6</sup>	74.38	Buy	11.3	11.3	3.3	0.9	12.1	8.0	19.5	1.24	547	
7	FDCPX	Computers	75.03	Hold	10.4	10.4	-2.3	-0.4	21.2	10.3	17.8	1.44	488	
511	FSHOX	Construction & Housing	52.09	Hold	9.3	9.3	5.1	-9.8	10.1	9.1	16.1	1.40	216	
517	FSCPX	Consumer Discretionary	43.73	Buy	10.0	10.0	2.9	-0.4	13.5	11.4	18.3	1.22	431	
98	FSVLX	Consumer Finance	15.03	OK to Buy	11.8	11.8	1.7	-3.9	16.8	8.5	12.9	1.31	96	
9	FDFAV	Consumer Staples	74.86	Hold	8.8	8.8	-1.6	-10.3	2.2	6.0	11.0	1.11	797	
67	FSDAX	Defense & Aerospace	15.85	Buy	12.6	12.6	3.2	-4.6	21.6	12.6	17.4	1.45	2,481	
60	FSENX	Energy	37.17	Hold	12.3	12.3	-7.8	-17.0	4.0	-4.2	5.1	2.13	1,158	
43	FSESX	Energy Service	29.51	Hold	17.8	17.8	-20.0	-37.8	-6.1	-14.2	0.3	2.80	284	
516	FSLEX	Environment & Alt Energy	23.60	OK to Sell	9.4	9.4	5.5	-9.2	15.1	7.6	10.6	1.27	146	
66	FIDSX	Financial Services	9.37	Buy	9.7	9.7	-0.3	-13.1	13.2	8.0	11.9	1.33	550	
41	FSAGX	Gold	19.22	Sell	6.4	6.4	18.0	-8.3	12.6	-0.1	-2.8	3.07	1,061	
63	FSPHX	Health Care	24.29	Buy	10.2	10.2	3.5	9.0	13.8	11.6	19.3	1.45	7,387	
505	FSHCX	Health Care Services	95.82	OK to Buy	9.3	9.3	0.3	11.8	18.3	14.9	18.5	1.50	1,470	
515	FCYIX	Industrials	31.75	Buy	10.7	10.7	0.8	-10.4	11.8	6.9	15.8	1.38	593	
45	FSPCX	Insurance	57.23	Hold	7.1	7.1	3.4	-8.5	11.2	9.7	15.1	1.09	214	
353	FBSOX	IT Services	60.18	OK to Buy	11.2	11.2	2.4	6.6	20.2	15.5	22.1	1.29	2,598	
62	FDLSX	Leisure	13.93	Hold	7.7	7.7	4.4	-4.2	12.4	10.0	17.0	1.14	440	
509	FSDPX	Materials	66.97	OK to Sell	7.6	7.6	2.2	-21.0	9.6	2.0	13.0	1.33	610	
354	FSMEX	Medical Technology & Devices	51.36	Buy	8.6	8.6	4.6	15.5	23.1	18.0	18.2	1.44	6,371	
513	FSNGX	Natural Gas	20.09	Hold	12.9	12.9	-8.4	-15.9	3.4	-9.9	0.9	2.40	197	
514	FNARX	Natural Resources	25.10	Hold	11.3	11.3	-3.6	-16.8	4.3	-4.8	4.7	1.92	417	
580	FPHAX	Pharmaceuticals	19.95	OK to Buy	3.6	3.6	-0.4	3.9	3.0	6.0	14.4	1.17	718	
46	FSRPX	Retailing	14.94	Buy	9.5	9.5	2.0	3.5	16.8	16.3	23.3	1.29	3,068	
8	FSELX	Semiconductors	8.84	OK to Buy	12.3	12.3	7.2	-6.3	25.2	20.0	22.4	1.71	2,828	
28	FSCSX	Software & IT Services	17.54	Buy	7.7	7.7	0.4	2.9	22.2	15.5	22.1	1.27	6,120	
64	FSPTX	Technology	14.40	Buy	7.3	7.3	-5.0	-10.3	21.4	14.2	21.1	1.48	4,824	
96	FSTCX	Telecommunications	55.81	Hold	6.2	6.2	-3.9	-4.3	6.8	5.7	12.7	1.10	231	
512	FSRFX	Transportation	92.43	OK to Buy	10.4	10.4	0.5	-3.3	17.6	10.4	18.1	1.65	433	
65	FSUTX	Utilities	82.44	OK to Sell	2.9	2.9	0.7	11.3	13.5	9.6	11.8	0.96	1,005	
963	FWRLX	Wireless	8.64	Hold	5.1	5.1	-4.0	-5.3	12.3	6.7	13.5	1.00	230	
<b>SECTOR ETFs</b>					<b>Average</b>	<b>8.6</b>	<b>8.6</b>	<b>1.2</b>	<b>-1.9</b>	<b>12.1</b>	<b>8.9</b>	<b>1.30</b>		
	FCOM	MSCI Communication Services <sup>8</sup>	31.36	Hold	10.1	10.1	2.9	2.8	9.4	8.3	--	1.27	284	
	FDIS	MSCI Consumer Discretionary	42.19	OK to Buy	10.1	10.1	2.5	0.7	14.9	12.0	--	1.20	603	
	FSTA	MSCI Consumer Staples	32.17	Hold	5.5	5.5	-2.4	-5.0	4.7	8.3	--	1.02	421	
	FENY	MSCI Energy	17.44	Hold	11.7	11.7	-5.9	-13.3	4.8	-3.9	--	1.85	472	
	FNCL	MSCI Financials	37.75	Buy	9.2	9.2	-0.6	-10.5	15.7	10.6	--	1.42	1,100	
	FHLC	MSCI Health Care	43.79	Buy	6.0	6.0	2.6	4.7	13.7	11.9	--	1.21	1,600	
	FIDU	MSCI Industrials	36.50	Buy	11.4	11.4	2.9	-8.5	14.7	8.7	--	1.38	385	
	FTEC	MSCI Information Technology	53.25	OK to Buy	8.1	8.1	-2.8	0.2	21.3	16.4	--	1.34	1,900	
	FMAT	MSCI Materials	30.48	OK to Sell	7.4	7.4	2.3	-14.4	13.9	5.7	--	1.28	166	
	FREL	MSCI Real Estate	25.01	OK to Sell	11.7	11.7	7.7	10.0	9.3	--	--	1.26	691	
	FUTY	MSCI Utilities	36.19	Sell	3.8	3.8	3.4	12.0	11.0	11.0	--	1.06	544	
<b>FACTOR ETFs</b>					<b>Average</b>	<b>6.9</b>	<b>6.9</b>	<b>1.0</b>	<b>-3.5</b>					
	FDRR	Dividend for Rising Rates	30.58	OK to Buy	6.6	6.6	-0.1	-1.5	--	--	--	--	363	
	FDVV	High Dividend	29.39	OK to Buy	7.7	7.7	0.6	2.4	--	--	--	--	269	
	FDHY	High Yield Factor	50.05	OK to Buy	4.6	4.6	2.4	--	--	--	--	--	20	
	FIDI	International High Dividend	20.97	OK to Sell	7.3	7.3	2.4	-13.0	--	--	--	--	25	
	FIVA	International Value Factor	21.49	Hold	8.2	8.2	2.8	-11.5	--	--	--	--	13	
	FLDR	Low Duration Bond Factor	50.15	Buy	0.9	0.9	0.8	--	--	--	--	--	46	
	FDLO	Low Volatility Factor	32.19	Hold	7.3	7.3	0.7	2.6	--	--	--	--	119	
	FDMO	Momentum Factor	32.25	OK to Buy	8.8	8.8	0.1	-1.9	--	--	--	--	108	
	FQAL	Quality Factor	32.33	Hold	8.1	8.1	0.4	-1.4	--	--	--	--	118	
	FVAL	Value Factor	32.44	OK to Buy	9.2	9.2	-0.4	-3.9	--	--	--	--	115	

# FIDELITY SCORECARD

JANUARY 31, 2019

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>									
					Jan	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr												
<b>TAXABLE BOND</b>													<b>Average</b>	<b>1.0</b>	<b>1.0</b>	<b>2.9</b>	<b>2.0</b>	<b>1.8</b>	<b>2.0</b>	<b>3.4</b>	<b>2.89</b>	<b>4.9</b>	<b>0.25</b>
2267	FCONX	Conservative Income Bond	10.02	Buy	0.4	0.4	0.5	2.0	1.5	1.0	--	2.66	0.1	0.02									
2208	FCBFX	Corporate Bond	11.20	Buy	2.4	2.4	3.2	0.5	4.4	3.4	--	4.12	6.7	0.35									
2423	FGBFX	Global Credit	8.90	OK to Sell	2.3	2.3	2.2	-0.0	3.5	1.0	--	3.29	6.1	0.44									
15	FGMNX	GNMA (Ginnie Mae)	11.27	OK to Buy	0.8	0.8	3.3	2.6	1.3	2.0	3.4	2.65	4.1	0.18									
54	FGOVX	Government Income	10.09	Hold	0.5	0.5	3.3	2.4	0.9	1.7	2.6	2.49	5.6	0.25									
2418	FIPDX	Inflation-Protected Index <sup>3</sup>	9.62	OK to Sell	1.4	1.4	2.4	0.9	2.0	1.5	--	0.30*	5.2	0.28									
32	FTHRFX	Intermediate Bond	10.67	Buy	1.0	1.0	2.5	2.3	1.9	1.9	4.3	2.98	3.8	0.19									
452	FSTGX	Intermediate Gov't Income	10.35	OK to Buy	0.4	0.4	2.5	2.5	0.6	1.2	2.0	2.31	3.7	0.18									
3045	FUAMX	Intermediate Treasury Index	10.60	OK to Buy	0.6	0.6	4.2	3.7	0.7	2.1	3.1	2.61	6.3	0.35									
26	FBNDX	Investment Grade Bond	7.77	Buy	1.5	1.5	3.6	2.2	3.3	2.6	5.0	2.99	5.8	0.27									
2622	FJRLX	Limited Term Bond	11.36	Buy	0.9	0.9	1.7	2.1	1.9	1.6	4.2	3.12	2.4	0.12									
662	FFXSX	Limited Term Government	9.87	OK to Buy	0.4	0.4	1.9	2.1	0.6	0.8	1.3	2.22	2.6	0.12									
3047	FNBGX	Long-Term Treasury Index	12.72	Hold	0.6	0.6	8.0	2.1	1.0	4.8	5.0	3.00	17.4	0.83									
40	FMSFX	Mortgage Securities	11.03	OK to Buy	0.8	0.8	3.4	2.7	1.5	2.3	3.8	2.90	4.6	0.19									
450	FSHBX	Short-Term Bond	8.56	OK to Buy	0.5	0.5	1.2	2.1	1.3	1.1	2.1	2.71	1.6	0.07									
3041	FNSOX	Short-Term Bond Index	9.88	OK to Buy	0.5	0.5	2.0	2.2	--	--	--	2.81	2.6	--									
3049	FUMBX	Short-Term Treasury Index	10.32	OK to Buy	0.3	0.3	2.0	2.4	0.8	1.0	1.3	2.54	2.6	0.12									
3086	FNDSX	Sustainability Bond Index	10.11	NA	1.0	1.0	3.5	--	--	--	--	3.13	5.8	--									
820	FTBFX	Total Bond	10.39	Buy	1.7	1.7	3.0	1.8	3.5	2.9	5.4	3.25	5.6	0.26									
2326	FXNAX	U.S. Bond Index	11.37	Hold	1.0	1.0	3.5	2.2	1.9	2.4	3.6	3.14	5.8	0.26									
<b>HIGH-YIELD BOND</b>													<b>Average</b>	<b>4.5</b>	<b>4.5</b>	<b>1.9</b>	<b>0.0</b>	<b>7.4</b>	<b>4.1</b>	<b>8.7</b>	<b>5.47</b>	<b>3.7</b>	<b>0.44</b>
38	FAGIX	Capital & Income	9.66	Hold	6.9	6.9	2.2	-1.1	8.8	5.5	12.4	4.83	4.2	0.59									
814	FFRHX	Floating Rate High Income	9.41	Buy	2.7	2.7	-0.6	1.8	5.8	3.0	5.6	5.75	0.2	0.28									
1366	FHIFX	Focused High Income	8.41	OK to Buy	4.8	4.8	2.3	1.6	7.0	3.8	7.9	5.27	4.7	0.38									
2297	FGHNX	Global High Income	9.26	Hold	4.1	4.1	1.6	-1.2	8.0	4.2	--	5.86	3.5	0.46									
455	SPHIX	High Income	8.61	Hold	4.7	4.7	1.0	0.9	9.3	4.2	9.8	6.35	4.2	0.48									
331	FNMIX	New Markets Income	15.02	OK to Sell	5.7	5.7	5.5	-3.3	7.7	5.5	9.4	6.04	6.0	0.66									
2580	FSAHX	Short Duration High Income	9.28	OK to Buy	3.4	3.4	0.9	1.5	6.6	2.7	--	5.52	2.3	0.33									
3082	FADMX	Strategic Income	12.08	OK to Buy	3.4	3.4	2.4	-0.1	6.1	3.7	7.4	4.17	4.3	0.34									
<b>MUNICIPAL BOND</b>													<b>Average</b>	<b>0.7</b>	<b>0.7</b>	<b>2.9</b>	<b>2.7</b>	<b>1.8</b>	<b>3.1</b>	<b>4.0</b>	<b>2.18</b>	<b>5.6</b>	<b>0.28</b>
434	FSAZX	Arizona Muni Income	11.91	OK to Buy	0.8	0.8	3.1	3.0	1.8	3.7	4.6	2.03	6.0	0.32									
1534	FCSTX	Calif Limited Term Tax Free	10.56	OK to Buy	0.6	0.6	1.9	2.1	1.0	1.5	2.2	1.60	3.1	0.17									
91	FCTFX	California Muni Income	12.73	OK to Buy	0.8	0.8	3.2	2.8	1.9	3.7	4.9	2.19	6.6	0.32									
407	FICNX	Connecticut Muni Income	11.29	OK to Buy	1.0	1.0	3.0	3.1	1.4	3.1	3.8	2.42	6.0	0.32									
2578	FCRDY	Conservative Income Muni	10.03	Buy	0.2	0.2	0.7	1.5	0.9	0.7	--	1.57	0.6	0.04									
36	FLTMX	Interm Municipal Income	10.30	Buy	0.8	0.8	2.8	2.9	1.8	2.7	3.5	2.15	4.9	0.25									
404	FSTFX	Limited Term Muni Income	10.52	Buy	0.6	0.6	1.9	2.1	1.0	1.3	2.0	1.75	2.7	0.15									
429	SMDMX	Maryland Muni Income	11.22	OK to Buy	0.8	0.8	3.3	2.8	1.9	3.4	4.1	2.10	6.3	0.32									
70	FDMMX	Mass Muni Income	11.95	OK to Buy	0.6	0.6	2.8	2.2	1.6	3.4	4.4	2.25	6.3	0.32									
81	FMHTX	Michigan Muni Income	12.03	OK to Buy	0.7	0.7	3.2	3.1	1.9	3.6	4.0	2.21	6.4	0.30									
82	FIMIX	Minnesota Muni Income	11.47	OK to Buy	0.7	0.7	3.2	2.7	1.6	2.8	3.6	2.09	6.3	0.28									
37	FHIGX	Municipal Income	12.82	OK to Buy	0.8	0.8	3.3	3.2	2.4	3.9	4.9	2.62	7.0	0.34									
416	FNJHX	New Jersey Muni Income	11.76	OK to Buy	0.9	0.9	3.3	3.5	2.7	3.6	4.3	2.40	6.5	0.33									
71	FTFMX	New York Muni Income	12.96	OK to Buy	0.8	0.8	3.3	2.5	1.8	3.5	4.3	2.29	6.7	0.32									
88	FOHFX	Ohio Muni Income	11.95	OK to Buy	0.7	0.7	3.1	2.7	2.0	3.9	4.4	2.21	6.2	0.33									
402	FPXTX	Pennsylvania Muni Income	10.98	OK to Buy	0.8	0.8	3.2	2.9	2.1	3.6	4.3	2.41	6.6	0.29									
90	FTABX	Tax-Free Bond	11.37	OK to Buy	0.8	0.8	3.4	3.1	2.4	4.0	4.9	2.71	7.0	0.33									

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
					Jan	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.18	0.18	2.10		
458	SPAXX	Government MM	0.17	0.17	2.04		
2742	FZFX	Treasury MM	0.17	0.17	2.03		
415	FDLXX	Treasury Only MM	0.17	0.17	2.02		
PRIME MONEY MARKETS							
454	SPRXX	Money Market*	0.19	0.19	2.27		
*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							
10	FTEXX	Municipal Money Market	0.10	0.10	1.15		
275	FMOXX	Tax-Exempt MM	0.09	0.09	1.03		
STATE MUNICIPAL MONEY MARKETS					Total Return (%)		SEC
					Jan	YTD	%Yield
433	FSAXX	Arizona Muni MM	0.09	0.09	0.96		
97	FCFXX	California Muni MM	0.09	0.09	0.94		
457	FSPXX	California AMT Tax-Free	0.10	0.10	1.12		
418	FCMXX	Connecticut Muni MM	0.09	0.09	1.03		
426	FMSXX	Mass AMT Tax-Free	0.10	0.10	1.15		
74	FDMXX	Massachusetts Muni MM	0.09	0.09	0.98		
420	FMIXX	Michigan Muni MM	0.08	0.08	0.88		
417	FNJXX	New Jersey Muni MM	0.09	0.09	0.97		
423	FSJXX	New Jersey AMT Tax-Free	0.10	0.10	1.18		
92	FNYYX	New York Muni MM	0.09	0.09	1.01		
422	FSNXX	New York AMT Tax-Free	0.10	0.10	1.15		
419	FOMXX	Ohio Muni MM	0.09	0.09	1.03		
401	FPTXX	Pennsylvania Muni MM	0.08	0.08	0.90		

# FIDELITY SCORECARD

JANUARY 31, 2019

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Jan	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model					9.7	9.7	0.7	-5.1	15.0	10.4	16.2	1.11
	Annuity Growth Model					9.6	9.6	1.9	-2.8	13.9	8.8	13.3	1.09
	Annuity Growth & Income Model					5.8	5.8	0.9	-3.1	8.6	6.0	10.2	0.66
	Annuity Income Model					3.3	3.3	1.2	-2.2	4.5	3.4	6.4	0.34
9067	FLRQC	Fid VIP Asset Manager	Allocation	20.02	Hold	5.0	5.0	1.7	-3.5	6.7	4.0	8.8	0.57
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	20.81	Hold	6.6	6.6	1.3	-5.6	8.3	4.6	10.3	0.77
9069	FJBAC	Fid VIP Balanced	Allocation	24.66	Buy	6.6	6.6	1.0	-2.3	9.7	7.2	12.0	0.75
9461	FBIQC	Fid VIP Bond Index	Bond	10.30	Hold	1.1	1.1	3.5	--	--	--	--	--
9173	FVTAC	Fid VIP Communication Services <sup>7</sup>	Sector	17.53	Buy	11.5	11.5	3.8	3.1	9.4	7.1	13.2	1.14
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	32.34	Buy	10.0	10.0	2.7	-0.8	13.2	10.9	17.9	1.22
9171	FCSAC	Fid VIP Consumer Staples	Sector	24.67	Hold	9.1	9.1	-1.3	-10.2	3.0	8.0	11.8	1.12
9065	FPDFC	Fid VIP Contrafund	Large Growth	27.75	Buy	9.4	9.4	1.5	-3.9	12.7	8.9	14.1	1.10
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	20.59	Buy	11.3	11.3	-0.9	-6.9	10.8	5.9	13.4	1.48
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	29.25	Hold	7.4	7.4	-1.0	-5.0	12.0	7.8	15.2	1.12
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	10.43	Hold	9.6	9.6	10.4	-16.0	12.8	5.7	9.8	1.31
9085	FJLLC	Fid VIP Energy	Sector	13.73	Hold	12.2	12.2	-7.8	-16.9	3.8	-4.4	5.0	2.12
9061	FLOLC	Fid VIP Equity-Income	Large Value	21.37	Buy	7.2	7.2	-0.0	-6.3	10.9	6.9	13.0	0.98
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	9.37	Buy	11.1	11.1	1.0	--	--	--	--	--
9083	FONNC	Fid VIP Financial Services	Sector	13.65	Buy	9.6	9.6	-0.5	-13.3	12.9	7.8	12.0	1.33
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.40	Buy	2.7	2.7	-0.7	1.3	5.1	--	--	0.27
9157	FMPAC	Fid VIP FundsManager 20	Allocation	15.43	Hold	2.3	2.3	1.9	-0.3	3.6	2.7	4.5	0.26
9158	FMPBC	Fid VIP FundsManager 50	Allocation	17.79	Hold	4.6	4.6	1.3	-3.6	6.6	4.5	7.8	0.54
9197	FMPCC	Fid VIP FundsManager 60	Allocation	16.95	Hold	5.5	5.5	1.1	-4.7	7.6	5.1	9.1	0.65
9159	FMPCC	Fid VIP FundsManager 70	Allocation	18.77	Hold	6.1	6.1	0.6	-5.8	8.5	5.5	9.9	0.74
9160	FMPDC	Fid VIP FundsManager 85	Allocation	19.32	Hold	7.3	7.3	0.2	-7.2	10.1	6.4	11.3	0.89
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.55	--	0.2	0.2	0.5	1.5	0.6	0.3	0.1	0.02
9062	FMNDC	Fid VIP Growth	Large Growth	30.97	Buy	8.7	8.7	1.4	-0.1	16.2	11.5	16.4	1.16
9070	FLFNC	Fid VIP Growth & Income	Large Blend	25.22	Hold	8.3	8.3	-2.6	-6.4	12.4	8.2	13.6	1.08
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	36.47	Buy	12.2	12.2	9.9	16.7	22.9	14.6	19.9	1.22
9084	FPDRC	Fid VIP Health Care	Sector	47.04	Buy	10.0	10.0	3.5	8.7	13.9	11.5	19.1	1.45
9060	FBBLC	Fid VIP High Income	High-Yield Bond	20.88	Hold	4.8	4.8	1.3	0.4	7.8	3.5	8.5	0.46
9064	FXVLT	Fid VIP Index 500	Large Blend	27.87	Hold	8.0	8.0	0.2	-2.7	13.6	10.6	14.6	1.00
9082	FBALC	Fid VIP Industrials	Sector	33.05	Buy	10.7	10.7	0.7	-10.6	11.6	6.8	15.7	1.38
9473	FFIQC	Fid VIP International Index	Diversified Int'l	9.28	Hold	7.4	7.4	3.7	--	--	--	--	--
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	19.63	OK to Buy	8.0	8.0	5.2	-11.0	9.2	6.5	13.2	1.10
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	16.49	Buy	1.5	1.5	3.3	1.7	2.8	2.4	4.5	0.26
9172	FVMAC	Fid VIP Materials	Sector	19.12	OK to Sell	7.6	7.6	2.2	-21.1	9.3	1.7	12.7	1.32
9071	FNBS	Fid VIP Mid Cap	Mid Growth	27.16	Buy	9.9	9.9	-1.9	-11.2	10.9	6.3	13.1	1.23
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	16.43	OK to Buy	6.2	6.2	-0.2	-14.1	6.2	2.0	8.1	1.07
9072	FFWKC	Fid VIP Real Estate	Sector	24.64	OK to Sell	11.6	11.6	5.9	8.3	6.0	8.1	15.8	1.33
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	19.68	OK to Buy	3.3	3.3	2.3	-0.3	5.6	3.3	6.7	0.33
9086	FYENC	Fid VIP Technology	Sector	42.56	Buy	7.3	7.3	-4.9	-9.6	21.6	14.0	20.9	1.48
9465	FTMJC	Fid VIP Total Market Index	Large Blend	9.76	OK to Buy	8.4	8.4	0.3	--	--	--	--	--
9087	FXRRC	Fid VIP Utilities	Sector	30.36	OK to Sell	3.0	3.0	0.7	11.3	13.2	9.4	11.7	0.97
9079	FKMSC	Fid VIP Value	Large Value	21.92	OK to Buy	9.8	9.8	0.3	-9.4	9.0	6.6	14.4	1.14
9073	FRBSC	Fid VIP Value Strategies	Mid Value	22.42	OK to Sell	12.1	12.1	1.4	-10.1	9.5	5.1	15.1	1.25
9347	FBMEC	Black Rock Global Allocation	Global Allocation	13.34	Hold	5.1	5.1	2.1	-6.4	5.7	3.2	6.7	0.61
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.50	Hold	2.2	2.2	2.1	2.9	3.0	1.5	5.0	0.51
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.47	Hold	0.7	0.7	3.0	1.9	0.4	0.9	1.8	0.17
9285	FIGXC	Invesco Global Core Eqty	Global Stock	13.22	Hold	8.9	8.9	1.3	-12.6	8.7	4.4	7.3	1.08
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	16.61	OK to Sell	11.4	11.4	10.8	-16.0	12.9	3.0	9.3	1.45
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	18.99	OK to Sell	5.3	5.3	5.9	-2.1	6.1	3.9	6.8	0.61
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	14.22	Hold	7.9	7.9	8.5	-17.7	10.6	2.8	8.7	1.29
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	13.89	Hold	5.5	5.5	3.2	-4.9	7.4	3.1	8.5	0.65
9346	FPMEC	Pimco Commodity Real Return	Commodities	5.60	OK to Sell	6.6	6.6	-2.7	-10.3	2.8	-8.6	-0.5	1.01
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	11.73	Buy	0.6	0.6	0.9	0.9	0.9	0.7	2.6	0.08
9277	FPNBC	Pimco VIT Real Return	TIPS	13.06	OK to Sell	1.8	1.8	2.3	0.1	2.1	1.0	3.9	0.29
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	13.56	Hold	1.4	1.4	2.8	1.6	2.2	2.1	4.2	0.25

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	20%	VIP Growth	35%	VIP Contrafund	39%	Pimco VIT Low Duration	35%
VIP Cons Discretionary	19	VIP Growth Opps	20	VIP Floating Rate Hi Inc	21	VIP Contrafund	25
VIP Comm Services	17	VIP Equity-Income	17	VIP Equity-Income	20	VIP Investment Grade	21
VIP Health Care	16	VIP Mid Cap	15	VIP Investment Grade	10	VIP Floating Rate Hi Inc	19
VIP Financial Services	15	VIP Disciplined Sm Cap	13	Pimco VIT Low Dur	10		
VIP Industrials	13						
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
Jan: 9.7% YTD: 9.7%		Jan: 9.6% YTD: 9.6%		Jan: 5.8% YTD: 5.8%		Jan: 3.3% YTD: 3.3%	

**INTERNATIONAL FUNDS**

## Risky Opportunities Await Abroad

As business and government elites gathered last month in Davos, Switzerland for the World Economic Forum, the press reported that “growth” — or the lack thereof — was foremost on attendees’ minds.

Their concerns are not unfounded: The World Bank had just trimmed its 2019 forecast for global GDP growth (from 3.0% to a still-healthy 2.9%). However, larger declines are anticipated in the U.S. and China.

While slowing growth isn’t necessarily the kiss of death for stocks, needless-to-say, slowing economies eventually put downward pressure on sales, earnings and, ultimately, share prices. Clouded by trade, tariffs, and the Fed monetary policies, it took some time last year for the U.S. slowdown to come into focus. But once it did, share prices corrected in the fourth quarter. In the process, valuations became more realistic. As well, the new Fed chair appears to have taken note that in its role as central banker, words often speak louder than actions. Notably, the Fed appears to be re-considering its policies on rate hikes and quantitative tightening, meaning that it intends to keep more money flowing through the U.S. economy.

Other central banks (including those in Canada, Europe and China), have also put the brakes on “tightening.” And so it’s possible that the table above paints too dim an economic picture of the world. In the meantime, we need to choose

our spots investment-wise. And while there are always opportunities abroad, risk is keeping us closer to home.

To that end, our model portfolios (pgs. 2 and 10) hold no foreign stock funds. (Two models have stakes in **Worldwide**, though roughly 60% of its assets are actually in the U.S.) But that certainly doesn’t mean they lack international exposure.

Granted, **Blue Chip Growth**, **Contrafund**, **Growth Strategies**, **OTC**, etc., each have only single-digit percentages of their assets abroad. On the other hand, they all invest heavily in globally diversified companies. In 2017, for example, 44% of sales for S&P 500 companies came from outside the U.S.!

Sector-wise, U.S. tech companies are especially dependent on foreign sales. More than half (57%) comes from abroad. Energy is a close second at 54%. And owing mostly to pharmaceuticals, health care derives 38% of its sales from

abroad followed by 31% for financials.

And, in case you’re wondering, many of Fidelity’s international stock funds are also U.S.-dependent for their sales. For example, the companies held by **Diversified International** (Fidelity’s biggest actively run-foreign fund by assets) generate almost a quarter of their sales in the U.S. Similarly, if you think that Japan fund is solely reliant on the state of that country’s economy, think again: 16% of its holdings’ revenues come from the U.S., and another 20% are derived from customers in the world’s emerging and developing markets.

Est. Economic Growth		
	GDP in %	
	2018	2019
<i>Advanced Economies</i>		
Euro Area	1.9	1.6
Japan	0.8	0.9
U.S.	2.9	2.5
<i>All Advanced</i>	<i>2.2</i>	<i>2.0</i>
<i>Emerging &amp; Developing Economies</i>		
BRICS*	5.3	5.2
China	6.5	6.2
Latin America	0.6	1.7
<i>All Emerging</i>	<i>4.2</i>	<i>4.2</i>
<b>World</b>	<b>3.0</b>	<b>2.9</b>
*Brazil, Russia, India & China		
Source: World Bank		

With all that in mind, here’s a quick look at the global landscape through the prism of Fidelity’s foreign stock funds.

### China Region (Hold)

Because China’s economic data can be suspect, analysts look to foreign operators for a clearer perspective. To that end, Ford has reported a significant slowdown in car sales there. At the same time, tariffs on commodities and materials, and the equipment used to move them around, has also hit Caterpillar and other manufacturers.

How bad things are in China is in the eye of the beholder: GDP slowed to 6.5% last year from 6.9% in 2017. That was its weakest expansion in nearly three decades! Last year’s measures to stimulate its economy were unsuccessful, and so the World Bank projects 2019 growth at 6.2%. Of course, if China and the U.S. can’t resolve their trade differences, all bets are off.

Against that backdrop, **China Region** fell 17.4% last year. While a modest and better-than-expected increase in growth, coupled with progress on trade with the U.S., could easily send this fund soaring, that’s a bet we’re not willing to take. After all, over the past three calendar years, the fund has been 53% riskier than the S&P 500, producing a 5-year average annual return of 6.2% versus 10.9% for U.S. stocks.

Bottom line: If you already hold the fund and can stomach its risk, we can understand your hanging on until more favorable winds prevail.

### Europe (OK to Buy)

In Europe, trade is also front and center as the U.K. struggles to disentangle itself from its former partners in the E.U. Although the global stakes relating to Brexit are not nearly as high as what’s occurring between the U.S. and many of its trading partners, southern Europe

**Foreign Funds** *cont’d on page 12*

hasn't fully recovered from the European debt crisis of a decade ago. Indeed, forecasted GDP growth rates for the so-called PIIGS (Portugal, Ireland, Italy, Greece and Spain) vary widely, but low single-digits are the norm with most expected to slow. For the broader eurozone, GDP growth is forecasted to slow to 1.6% this year, down from 1.9% a year ago.

That said, **Europe** fund has been up 5.7% over the past three years, and only 1.7% over five years. But it's a new day at the fund. With a new and experienced manager on board (Andrew Sergeant also runs **Nordic** fund), he's overweighted Swedish stocks generally (19% versus 4% for his benchmark), and banks in particular. At the same time (and perhaps because he has rioting "yellow vests" on his mind), the fund is only 9% weighted in French stocks versus 18% for its benchmark. In other words, Andrew is aggressively pursuing opportunities wherever he finds them (the fund's active share is a robust 85%, meaning that he largely ignores benchmark stocks). If you like ac-

tively managed funds with a manager looking to make a name for himself, this is it.

### **Japan (OK to Buy)**

Trading partners for the past 1,400 years, China-Japanese relations have long been contentious (i.e., warring). Though presently manageable in the interest of economic détente, it cannot be overlooked that China now effectively controls the South China Sea where it is estimated that one-third of the world's shipping passes. That means more security for China, and less for Japan, South Korea, the Philippines, Vietnam, and the list goes on.

Setting aside that dilemma, Japan's economy should grow 0.9% this year, up from 0.8% a year ago. Notably, it's making strides on that front even as its population is aging and shrinking.

On a fund level, **Japan** may sidestep the country's population problem. That's because 36% of its revenues are driven by sales in the U.S. (16%) and the emerging markets (20%) where growth is stronger. Indeed, there are few other developed countries whose products are as well received abroad as those produced by Japan.

Of course, should the U.S. and China resolve their trade differences, and surprise pundits by growing their economies more than current forecasts, Japan may well surprise on the upside.

### **Latin America (OK to Buy)**

Notwithstanding problems in Venezuela (whose economy is expected to contract 10% this year!), the election of pro-business governments in Central and South America last year hold the promise of more prosperous times ahead in Latin

America and the Caribbean.

If World Bank forecasts are correct, Latin America's economy should expand 1.7% this year. That would be an increase of more than a full percentage-point over 2018. Mexico is expected to grow similarly, although a congressionally-approved trade agreement (one that replaces NAFTA) could provide some additional lift even though its new president seems lukewarm to economic reform.

With that in mind, most of Latin America's growth is expected to come from Brazil, which it is hoped will grow by 2% this year. Key to that growth is U.S. interest rates, which may not rise as much as had been expected. That may be good news for all emerging-market economies — both for their own rates and for their currencies.

And just as population is a factor in Japan, so it is in Latin America — with one big difference: the region's population is growing and, fortunately, so is its middle class. With that in mind, **Latin America** fund is more than twice as risky as the S&P 500. (Over the past decade, U.S. stocks delivered a much higher return with much less risk.) Not for the risk-averse, it should never be a major portion of your portfolio.

### **Action Recommendation**

While diversifying your portfolio with an international stock fund may help reduce portfolio risk, today's highly interconnected markets diminish that benefit. That means it's best to venture abroad when risk and potential reward are most favorable. As that may not be the case right now, getting most of your foreign stock exposure from your domestic funds is sufficient. ■

— John Bonnanzio

## **DIVIDEND UPDATE**

*Other than monthly dividends on bond and money market funds, and Asset Mgr: 20%/30%, the following funds are scheduled for a distribution (if any) in February:*

Contrafund, Global Credit, Global Strategies, Inflation-Protected Index, Intermed Muni, Limited Term Muni, MI, MN, OH, and PA Muni Income, New Markets Inc, Strategic Inc, Trend

*No funds made distributions in January.*

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