

FIDELITY MONITOR & INSIGHT

FEBRUARY 2025

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MESSAGE FROM JACK

Escaping The Productivity Paradox Revisited

Output per worker. When it slows to a crawl, companies must pass along a higher share of their labor cost increases, putting upward pressure on inflation. Earnings growth slows, and P/E ratios tend to contract. Improvement in the standard of living stagnates, and the economy struggles to expand.



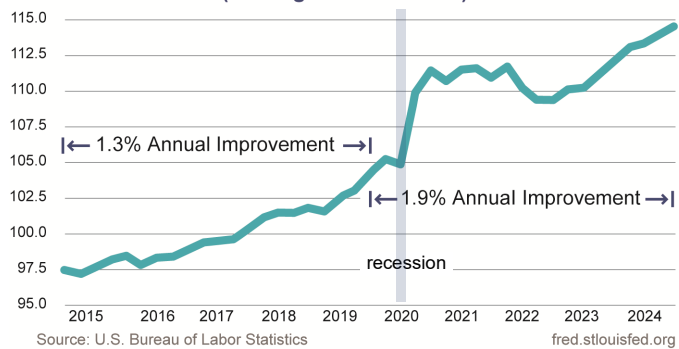
Jack Bowers

While many foreign economies are experiencing these problems, the U.S. is not. Trailing 5-year productivity climbed to 1.9% per year in the third quarter, up from 1.3% in the previous 5-year period. We appear to be escaping the so-called Productivity Paradox, where advancing technology facilitates the rise of the service sector, which by its nature slows the overall productivity growth rate.

Some credit the pandemic and the resulting high employee turnover for better matching the skills of the nation's workforce with their jobs. Others claim that the investment in remote-work technology is paying off.

More likely, it was the rise of cloud computing, which U.S. corporations began to embrace significantly starting around 2018-2019. While the job-market distortions of the pandemic made it tough to know the underlying trend from 2020-2022, it's clear that good things are still happening based on productivity data over the last two years.

U.S. Productivity Index (Trailing 10-Year Period)



While the benefit of traditional cloud computing has likely played out at this stage in the game, the rewards of artificial intelligence (AI) are just starting to take hold.

Jack's Message cont'd on page 12

MARKET OUTLOOK

Tariffs May Be Yesterday's News As Earnings Come Into View

As you read this, a portion of President Trump's trifecta of tariffs have already been stalled owing to Mexico's willingness to negotiate. That impeded Monday morning's stock slide, as investors bet that Canada and China will return to trade negotiations with hat in hand.



John Bonnanzio

Moreover, if the market's negligible decline last Friday is any indication of how concerned Wall Street is about a trade war, perhaps there are bigger things to worry about.

So far, the possible imposition of tariffs on Canadian, Chinese and Mexican imports resembles a milder version of the days-earlier shock triggered by DeepSeek. Immediately seen as a significant threat to America's AI complex of industries, about a trillion dollars of stock value quickly vaporized on Monday January 27.

Stocks Rise But Market Darlings Shift (see p. 5).

But after a good night's sleep, cooler heads prevailed on Tuesday, which saw the tech sector (and, therefore, the Nasdaq Composite) start to recover. That's the good news. The worrisome news is that in coming weeks, there may be more unwelcome surprises, this time in the form of earnings.

Only Spectacular May Do

But wait, aren't earnings supposed to be accelerating thanks to our unstoppable economy? Indeed they are. Careful readers may recall my writing this last month: "2024's estimated earnings growth rate may reach 11.8%, with tech the largest contributor." And, I added, "If forecasts hold, 2025 may not only see earnings rise 14.8%, but growth should broaden to other sectors."

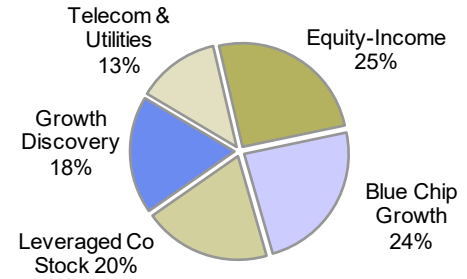
With fourth-quarter earnings season taking flight this week (131 S&P 500 companies are set to report, including Amazon and Google, which may set the pace for the Magnificent Seven), expectations are high. Actually, they now look exuberant from a month ago precisely because of tariffs (which were previously seen as a

Market Outlook cont'd on page 3

Unique Opportunities Target Risk: 1.20 (Current: 1.01) Foreign Holdings: 9.0% **YTD Return: 3.3%**

Stocks: 98.0% Bonds: 0.0% Cash: 2.0% Alternatives*: 0.0% Yield: 0.9%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Equity-Income	FEQIX	\$76.89	4,373.99	\$336,316	4.4%
Blue Chip Growth	FBGRX	232.27	1,367.48	317,625	2.2
Leveraged Co Stock	FLVCX	40.17	6,510.99	261,546	5.0
Growth Discovery	FDSVX	63.20	3,854.66	243,615	2.5
Telecom & Utilities	FIUIX	33.38	5,096.14	170,109	1.4



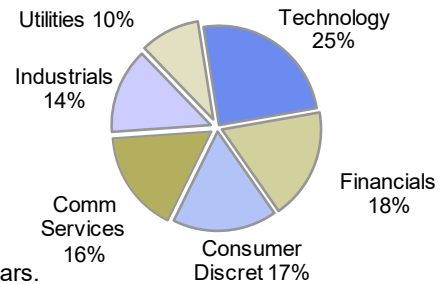
Current Value (3/31/99 = \$100,000) **\$1,329,211** **3.3%**

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

Select Target Risk: 1.20 (Current: 1.15) Foreign Holdings: 4.5% **YTD Return: 3.6%**

Stocks: 98.7% Bonds: 0.0% Cash: 1.3% Alternatives*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Technology	FSPTX	\$36.02	69,402.60	\$2,499,882	-2.3%
Financials	FIDSX	15.85	115,046.15	1,823,481	6.3
Consumer Discret	FSCPX	70.87	24,202.79	1,715,252	4.0
Communication Svcs	FBMPX	121.45	13,812.01	1,677,469	9.1
Industrials	FCYIX	42.93	32,609.50	1,399,926	6.1
Utilities	FSUTX	122.93	7,998.44	983,248	1.6



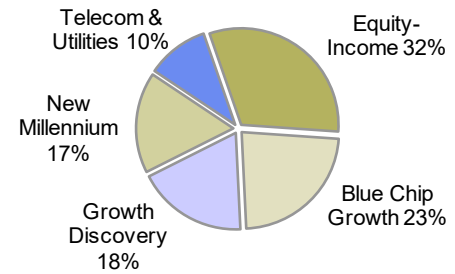
Current Value (12/31/88 = \$100,000) **\$10,099,258** **3.6%**

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

Growth Target Risk: 1.00 (Current: 0.95) Foreign Holdings: 7.8% **YTD Return: 3.1%**

Stocks: 98.2% Bonds: 0.0% Cash: 1.7% Alternatives*: 0.0% Yield: 0.9%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Equity-Income	FEQIX	\$76.89	28,017.58	\$2,154,272	4.4%
Blue Chip Growth	FBGRX	232.27	6,837.70	1,588,193	2.2
Growth Discovery	FDSVX	63.20	19,877.06	1,256,230	2.5
New Millennium	FMLX	61.52	18,829.30	1,158,378	3.6
Telecom & Utilities	FIUIX	33.38	21,182.35	707,067	1.4



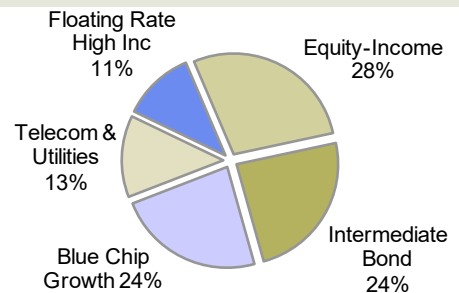
Current Value (12/31/86 = \$100,000) **\$6,864,140** **3.1%**

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: 0.68) Foreign Holdings: 11.0% **YTD Return: 2.1%**

Stocks: 62.9% Bonds: 24.5% Cash: 1.9% Alternatives*: 10.7% Yield: 2.7%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Equity-Income	FEQIX	\$76.89	4,682.04	\$360,002	4.4%
Intermediate Bond	FTHR X	10.10	30,630.03	309,363	0.6
Blue Chip Growth	FBGRX	232.27	1,295.87	300,991	2.2
Telecom & Utilities	FIUIX	33.38	5,040.94	168,267	1.4
Floating Rate High Inc	FFRH X	9.29	15,817.67	146,946	0.6



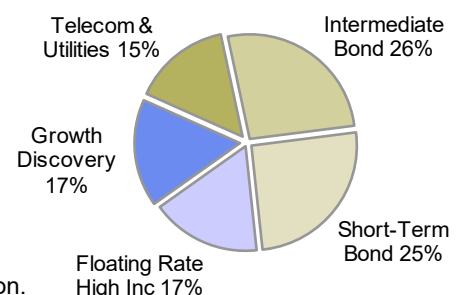
Current Value (12/31/93 = \$100,000) **\$1,285,568** **2.1%**

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

Income Target Risk: 0.33 (Current: 0.39) Foreign Holdings: 13.0% **YTD Return: 1.0%**

Stocks: 30.7% Bonds: 52.0% Cash: 1.5% Alternatives*: 15.8% Yield: 4.1%

Holdings	Ticker	NAV	Shares	Value	Jan Ret
Intermediate Bond	FTHR X	\$10.10	14,278.14	\$144,209	0.6%
Short-Term Bond	FSHBX	8.45	16,439.31	138,912	0.5
Floating Rate High Inc	FFRH X	9.29	9,915.77	92,118	0.6
Growth Discovery	FDSVX	63.20	1,439.45	90,973	2.5
Telecom & Utilities	FIUIX	33.38	2,454.71	81,938	1.4



Current Value (12/31/91 = \$100,000) **\$548,150** **1.0%**

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

bluff), DeepSeek (which wasn't seen at all), inflation (which remains above expectations), and the Fed (which decided to sit on its hands because of the former).

And while not a new concern, January's rotation away from higher-priced growth stocks and into value stocks and even cheaper Euro shares, may be the canary in a coal mine. At the very least, it's a sign that investors have valuations on their minds.

What would salve their discomfort is not just earnings, but better-than-expected whisper-earnings.

Fortunately, earnings aggregator FactSet offers some insight.

With just over a third of S&P 500 companies having reported fourth quarter results, 77% have revealed positive earnings-per-share (EPS) surprises, and 63% positive revenue surprises.

Drilling down, there's more good news. Consistent with the aforementioned fourth-quarter earnings forecast, a combination of actual and reported results so far point to 13.2% earnings growth — a pace that's ahead of the prior forecast. Should that hold, that would be the S&P 500's strongest earnings quarter in three years.

That's the good news. The somewhat worrisome news is valuations. On that score, the S&P's forward 12-month price-to-earnings ratio (P/E) is 22. (We reported that figure in January.) That's above both its five- and 10-year averages of 19.8 and 18.2, respectively. Though hardly sky-high, it provides anecdotal context for companies that have so far missed analysts' expectations.

According to FactSet, in the four-day window before and after

FUNDS YOU SHOULD BUY NOW

Growth: Blue Chip Growth and **Growth Company** are aggressive, volatile large-cap options. **Contrafund**, **Growth Discovery** and **New Millennium** are more conservatively positioned.

Growth & Income: Equity-Income and **Equity Dividend Income** hold attractively valued, dividend-producing stocks.

Taxable Bond: Conservative Income Bond is a money market alternative (see p. 11). **Short-Term Bond** holds higher-yielding corporates while limiting interest-rate-risk. For those willing to assume more rate-risk consider **Limited Term Bond** and **Intermediate Bond**.

High Yield Funds: Floating Rate High Income has very limited interest-rate-risk; it's our preferred way to boost income with risk that's much less than other funds in its asset class.

Muni Bond Funds: Conservative Income Muni is a tax-free alternative to a muni money market fund. ■

reporting (two before, two after), downside surprises resulted in share prices retreating an average of 2.2%. (The good news there is that change is in line with the five-year average.)

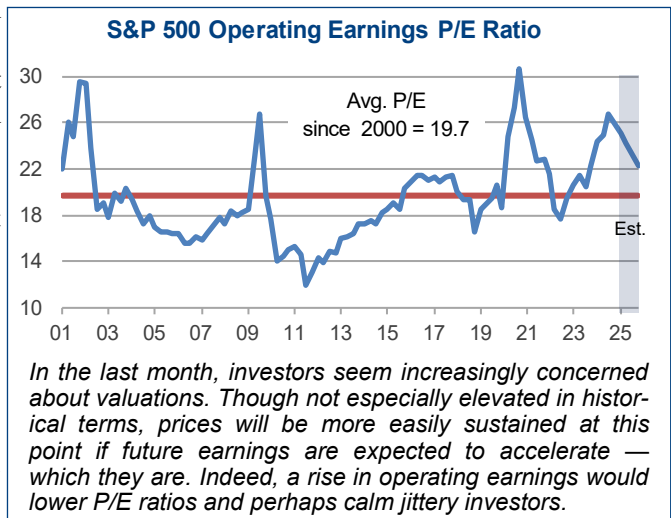
At the same time, stocks that exceed expectations are enjoying average increases of 1.5%, which is above the 5-year average of 1.0%. While these preliminary figures are largely in line with recent history, it must be emphasized that the last week of January may have seen a significant shift in market sentiment. Notably, the Vix (the so-called fear index), jumped about 10%.

While robust earnings should help to keep share prices aloft, one possible after-effect of DeepSeek is investors reconsidering the extensive (multi-hundred-billion-dollar) CapEx spending that Big Tech and others have committed

to compete. And, earlier arguments by tech that their investments are already paying off is likely to get more scrutiny in the days and weeks ahead.

Finally, a word about DOGE. Even if its cost-cutting recommendations don't need bi-partisan support, the next debt ceiling arrives around June 16; that's when the Treasury runs out of money. With financial markets now justifiably focused on U.S. indebtedness, past games of "chicken" are unlikely to be ignored. ■

— John Bonnanzio



Model Portfolios Key:

*Alternative investments include such areas as high-yield bonds, commodities, real estate; asset allocations and yields are approximate based on most current data available. 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.

FUNDS AT A GLANCE

How Fidelity Should Streamline Its Lineup

A few years ago, it was rumored that Fidelity planned to simplify its product lineup — meaning reduce its retail fund offerings. Indeed, with billions of dollars cascading out of actively managed funds (many with good records) and into index funds, consolidating wouldn't have been particularly difficult. Granted, some funds have quietly been scuttled (while a few others have been launched). Most recently, **Macro Opportunities** was merged away. Nevertheless, we feel it's time for Fidelity to consider simplifying its offerings by eliminating other funds whose investment merits are hard to justify or are otherwise redundant. Here are our suggestions:

Climate Action — *OK to Buy* — Run by Asher Anolic, he also oversees **Capital Appreciation**, **Growth Discovery** and similar large-cap growth funds with significant tech exposure (in this case, 33%). To that end, its top holdings are familiar: Apple, NVIDIA, Alphabet, Microsoft, Tesla and Amazon. While there's nothing wrong with these holdings, how they square with the fund's "climate aware" mandate is a stretch. Bottom line: We prefer Asher's Growth Discovery.

Enduring Opportunities — *OK to Buy* — This is a global fund, though one with only a third of its assets invested internationally. In that way, and in terms of its sector weights and top holdings, its sister fund is **Worldwide**, which we prefer. Our suggestion: Merge this \$15 million offering (whose expenses are being subsidized by Fidelity) into the now *Buy*-rated Worldwide.

Risk Parity — *OK to Sell* — This Specialty fund was launched in September 2022. Quantitatively driven (so actual investment decisions are

essentially "black box"), Fidelity describes its investment charter thusly: "... to offer investors an alternative strategy that seeks to provide better diversification potential than a traditional 60%/40% stock/bond asset mix. The fund seeks to improve portfolio resiliency by diversifying across multiple dimensions: risk factors, market environments and time horizons." There's also a lot of hedging, portfolio turnover, and an expense cap to help cover overhead (assets are less than \$3 million). Bottom line: When being modeled, we assume that under certain scenarios the fund shined. Unfortunately, we don't know what those scenarios might be.

Sustainability Funds — *Various Ratings* — There are seven "socially conscious" funds with the Sustainability moniker spread across several asset classes. (We don't cover Sustainable **Target Date** funds.) In today's parlance, one of several investment "screens" is DEI (diversity, equity and inclusion), although "sustainable" is even broader and less politically charged.

As for investment processes, stocks are screened in various ways for their commitment, or perceived

Emerging Market Funds

Despite the emerging market's significance to the world's financial markets — it's 30% of MSCI's All-Country (ex-US) Index — seven regionally diversified fund options is excessive, especially given the overlap between **Emerging Asia**, **Emerging Markets**, **Emerging Markets Discovery**, **Emerging Markets Index**, etc. With appreciation for **China Region's** more focused charter (we were disappointed to see **Latin America** go), better to consolidate these offerings and perhaps launch a non-ETF India fund as tensions mount between Washington and Beijing. ■

commitment, to ESG (environmental, social and corporate governance) factors. Of course, that's in the eye of the beholder. Not everyone's social values align, and even if they did, rating funds whose *raison d'être* are total return and altruism make fund comparisons nearly impossible. Frankly, we wish the entire category would go away.

Note: Other Fidelity funds with "Sustainable Attributes" include **Climate Action**, **Environmental Bond**, **Environment and Alternative Energy**, **Healthy Future Fund**, **Water Sustainability** and **Women's Leadership**.

U.S. Low Volatility Equity — *Hold* — Benchmarked against the Russell 3000, the fund's heyday was in 2022 when the index dropped 19.2% versus -10.4% for the fund. While its approach to risk reduction has merit (relative volatility is 0.74 versus 1.00 for the S&P 500), the fund trails its benchmark and its peers during up market cycles: its 5-year average annual return of 6.4% trails its benchmark's 15.2% return. (If not for Fidelity reimbursing some of its expenses — which are capped at 0.95% — returns would be a bit lower.) Little wonder that assets are a scant \$35 million.

While there may be a place in portfolio management for an alternative fund like this, risk reduction is more easily achieved by holding bonds and cash, rather than waiting through a long market cycle to perhaps benefit from its quantitative approach to risk reduction.

Women's Leadership — *OK to Sell* — A large-cap blend fund with well-intentioned social goals, but limited investment virtue. Launched nearly six years ago, its modest \$116 million in assets (small by Fidelity standards) suggest that investors have figured out that there are other, more attractive large-cap funds at their disposal. ■

— John Bonnanzio

FUND COMMENTARY

Stocks Rise But Market Darlings Shift

Stocks climbed the proverbial wall of worry in January having overcome concerns about tariffs, interest rates, taxes, and federal spending.

There was also an unprecedented number of executive orders (EOs) by President Trump (45 according to the Federal Register) with varying degrees of relevance to financial markets and the broader economy.

As for those EOs, those most closely scrutinized by investors include a moratorium on green initiatives, exiting the Paris Climate Accord, opening and re-opening federal lands to natural resource extraction (including offshore oil and gas drilling), trimming the federal payroll and creating the Department of Government Efficiency (DOGE). President Trump is also attempting to fast-track AI development and remove legal barriers to cryptocurrencies.

Separately, Big Tech (and especially NVIDIA) briefly sold off last month amid concerns over DeepSeek — a Chinese AI chatbot.

Finally, the closing days of January saw the Fed vote unanimously to keep interest rates at around 4.3%.

Less noticed, perhaps, was the expectation that fourth-quarter earnings will exceed whisper estimates, and that the strong economy may drive sales and earnings growth well into 2025.

Market Indexes

Although most U.S. stock gauges fell fractionally on the last day of January (they did so as the White House said that tariffs would immediately be imposed on Canada, China and Mexico), they ended the month well into positive territory. (Historically, that’s a good omen for the year ahead.)

For its part, the Dow Jones Industrial Average outpaced other large-cap barometers with a gain of 4.8%. That may be significant because the performance of the 128-year-old index is less affected by the tech sector and more heavily impacted by financial services, health care and economically sensitive cyclicals. So with tech under water last month, the Nasdaq Composite “only” gained 1.7%; the S&P 500 gained a more impressive 2.8%.

Further down in market cap, Russell’s midcap gauge rose 4.2%. It was helped by the same sectors driving the Dow, including financials, industrials and health care. As for small-caps, inflation concerns (and therefore interest rates) were a relative weight on the Russell 2000’s performance, although it’s hard to be too dissatisfied with its one-month return of 2.6%.

Stock Funds

For the reasons above, Fidelity’s large-cap growth funds took a back seat to their mid-cap-oriented offerings. Whereas the former gained an average of 3.1%, their five mid-cap

blend funds rose an average of 4.6%. Better still were performances of their two mid-cap growth offerings: **Growth Strategies** and **Mid-Cap Growth Index** jumped 6.2% and 6.4%, respectively. Though they have significant tech exposures of around 20%, health care services and financial services powered their returns.

As for Fidelity’s most widely held funds (many of which are large-cap growth), the top-performers of the past two years were often relative laggards. Again, tech, including some of the Magnificent Seven, fared okay but didn’t excel. Their dip contributed to **Blue Chip Growth** (up 2.2%) and **Trend** (up 2.4%) trailing the S&P 500, though they outpaced the Nasdaq Composite.

As for the group’s top performers, **Contrafund** gained 5.4% and **Founders** rose 5.6%.

International Funds

U.K., French and German share prices soared 6% to 7% last month. That drove **Europe** to a gain of 6.7%. For its part, **International Growth** was among the group’s top performers having risen 6.6% (it’s 61% weighted in Europe). Contributing to euro-shares outpacing U.S. stocks, were investors’ attraction to stocks with lower valuations that also operate in markets with lower inflation. (French inflation is 1.8%.)

Fund Commentary *cont’d on page 12*

February Scorecard Rating Changes

Mutual Funds	Ticker	Ratings			Comments
		Old	New		
Intermediate Muni Inc.	FLTMX	B	H	↓	Risk/reward advantage over state-specific funds has narrowed.
Japan	FJPNX	H	S	↓	Bank of Japan rate hikes strengthening yen, may cut exports and harm earnings.
Japan Smaller Cos	FLSCX	H	S	↓	Bank of Japan rate hikes strengthening yen, may cut exports and harm earnings.
Ltd Term Muni Inc	FSTFX	B	B	↓	Prefer Conservative Income Muni.
Select Insurance	FSPCX	B	B	↓	Potential to offset losses/risks with rate hikes is becoming more limited.
Sust. Emg Mkts Equity	FSYRX	H	S	↓	Prefer Emerging Markets fund.
VIP Value Strategies	FRBSC	B	H	↓	Prefer VIP Equity-Income.
Worldwide	FWWFX	B	B	↑	Fund’s sizeable U.S. component (70%) warrants upgrade.

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

JANUARY 31, 2025

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) ¹
					Jan	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	
Comparative Indexes		S&P 500	6040.5		2.8	2.8	6.2	26.4	11.9	15.2	13.8	14.4	1.00
		Nasdaq Composite	19627.4		1.7	1.7	8.7	30.4	12.2	17.4	16.6	17.1	1.23
		Dow Jones Industrials	44544.7		4.8	4.8	7.1	18.9	10.5	11.8	12.5	13.1	0.99
		Russell 2000 (Small Caps)	2287.7		2.6	2.6	4.5	19.1	5.6	8.7	8.4	10.8	1.34
		Bloomberg Barclays Agg Bond*			0.5	0.5	-0.1	2.0	-1.5	-0.6	1.2	1.3	0.45
Model Portfolios		Unique Opportunities			3.3	3.3	5.8	25.4	9.2	15.6	12.8	13.1	1.01
		Select			3.6	3.6	9.0	30.1	12.7	15.4	13.7	14.8	1.15
		Growth			3.1	3.1	5.7	26.3	10.5	15.5	13.3	13.4	0.95
		Growth & Income			2.1	2.1	3.7	17.1	6.3	10.1	9.3	9.8	0.68
		Income			1.0	1.0	1.8	9.2	3.3	4.5	4.4	5.2	0.39

												Rel Vol (Risk) ¹	Assets (\$Mil)
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LARGE CAP GROWTH **Average** **3.1 3.1 8.2 32.2 13.8 18.1 16.0 1.16**

312	FBGRX	Blue Chip Growth	232.27	Buy	2.2	2.2	10.9	38.8	15.6	21.4	18.4	1.37	\$68,750
307	FDCAX	Capital Appreciation	43.69	OK to Buy	3.6	3.6	5.3	26.1	12.7	16.7	13.5	1.03	6,749
22	FCNTX	Contrafund	22.17	Buy	5.4	5.4	9.5	36.7	16.0	18.3	16.1	1.07	147,825
3	FFIDX	Fidelity Fund	98.21	OK to Buy	3.7	3.7	6.5	27.5	11.8	16.1	14.1	1.05	8,282
333	FTQGX	Focused Stock	39.52	Buy	4.4	4.4	5.6	36.9	14.4	17.7	16.1	1.10	4,640
3336	FIFNX	Founders Fund	24.70	OK to Buy	5.6	5.6	11.6	35.8	14.2	18.3	--	1.19	134
25	FDGRX	Growth Company (closed)	40.89	Buy	1.4	1.4	8.2	35.0	15.2	22.1	19.2	1.28	60,777
339	FDSVX	Growth Discovery	63.20	Buy	2.5	2.5	5.5	28.2	14.3	18.7	16.8	1.07	5,984
2826	FSPGX	Lg Cap Growth Index	39.94	Hold	2.0	2.0	9.5	32.6	14.6	18.9	--	1.16	32,986
21	FMAGX	Magellan	15.45	Hold	4.2	4.2	6.4	28.3	12.6	15.1	13.8	1.12	36,542
1282	FNCMX	Nasdaq Composite Index	248.84	Hold	1.7	1.7	8.6	30.3	12.4	17.5	16.6	1.22	19,275
93	FOCPX	OTC	21.94	Buy	2.2	2.2	10.4	33.6	13.8	19.0	18.0	1.15	24,385
320	FDSSX	Stock Selector All Cap	81.11	Hold	2.5	2.5	5.9	21.8	10.0	14.0	12.6	1.01	2,482
5	FTRNX	Trend	186.40	Buy	2.4	2.4	10.5	38.7	15.5	19.1	16.9	1.36	4,150

LARGE CAP BLEND **Average** **3.4 3.4 6.0 25.5 11.9 14.3 12.9 1.00**

2328	FXAIX	500 Index	209.87	OK to Buy	2.8	2.8	6.2	26.3	11.9	15.2	13.8	1.00	638,765
315	FDEQX	Disciplined Equity	69.72	OK to Buy	3.9	3.9	7.4	26.2	11.4	15.3	12.5	1.10	2,056
330	FDGFX	Dividend Growth	39.62	Buy	3.7	3.7	6.3	30.1	13.4	13.3	11.1	0.91	7,319
27	FGRIX	Growth & Income	64.22	OK to Buy	3.8	3.8	5.0	25.4	12.4	14.7	12.3	0.99	9,922
338	FLCSX	Large Cap Stock	56.84	OK to Buy	4.3	4.3	6.5	29.8	14.3	16.1	13.1	1.02	5,452
361	FGRTX	Mega Cap Stock	26.72	OK to Buy	4.2	4.2	6.4	29.2	14.6	17.1	13.8	1.04	2,332
300	FMLX	New Millennium	61.52	Buy	3.6	3.6	7.4	30.6	18.3	17.1	13.4	0.98	5,174
6391	FSEBX	Sustainable U.S. Equity	13.52	Hold	2.7	2.7	5.1	21.6	9.7	--	--	1.06	26
2361	FSKAX	Total Market Index	166.21	OK to Buy	3.1	3.1	6.6	26.3	11.3	14.5	13.2	1.02	108,281
5029	FULVX	U.S. Low Volatility Equity	12.31	Hold	3.7	3.7	3.4	16.5	6.7	6.4	--	0.74	35
2941	FITLX	U.S. Sustainability Index	26.41	OK to Buy	1.8	1.8	4.8	23.1	11.3	15.0	--	1.01	4,537
3396	FWOMX	Women's Leadership	17.63	OK to Sell	3.8	3.8	5.6	18.2	7.8	11.1	--	1.07	116
3231	FNILX	Zero Large Cap Index	21.54	OK to Buy	3.0	3.0	6.7	27.0	12.0	15.3	--	1.01	12,718
3227	FZROX	Zero Total Market Index	20.99	OK to Buy	3.0	3.0	6.6	26.3	11.4	14.7	--	1.02	26,456

LARGE CAP VALUE **Average** **3.4 3.4 1.8 15.8 7.5 10.3 8.9 0.91**

1271	FBCVX	Blue Chip Value	24.16	OK to Sell	1.0	1.0	-2.2	6.3	4.9	7.7	7.0	0.88	646
319	FEQTX	Equity Dividend Income	28.99	OK to Buy	3.0	3.0	1.1	14.7	8.1	10.6	9.3	0.90	5,496
23	FEQIX	Equity-Income	76.89	Buy	4.4	4.4	2.8	20.0	8.7	11.4	10.1	0.86	8,459
2830	FLCOX	Lg Cap Value Index	18.98	Hold	4.6	4.6	3.7	19.6	8.1	10.2	--	0.99	10,378
708	FSLVX	Stock Sel Large Cap Value	28.59	Buy	4.9	4.9	5.0	22.8	10.4	12.2	9.9	1.00	553
832	FVDFX	Value Discovery	37.04	Hold	2.5	2.5	0.5	11.2	4.6	9.6	8.2	0.84	3,129

MID-CAP GROWTH **Average** **6.3 6.3 12.5 32.2 11.5 12.8 12.1 1.26**

324	FDEGX	Growth Strategies	70.50	OK to Buy	6.2	6.2	12.0	33.9	11.8	13.1	12.1	1.27	3,568
3403	FMDGX	Mid Cap Growth Index	34.97	OK to Buy	6.4	6.4	13.0	30.5	11.2	12.5	--	1.24	1,699

MID-CAP BLEND **Average** **4.6 4.6 6.7 21.8 8.2 11.2 10.4 1.20**

2365	FSMAX	Extended Market Index	95.41	OK to Buy	5.0	5.0	9.3	25.8	8.0	11.1	10.2	1.30	41,923
2352	FSMDX	Mid Cap Index	35.20	Hold	4.2	4.2	5.4	21.9	8.0	11.1	10.3	1.16	38,630
337	FMCSX	Mid-Cap Stock	44.32	OK to Buy	4.6	4.6	6.1	20.5	9.0	12.6	10.9	1.07	7,042
2412	FSSMX	Stock Selector Mid Cap	47.51	Hold	5.5	5.5	6.9	20.8	9.1	11.1	10.0	1.21	383
3230	FZIPIX	Zero Extended Market Index	14.14	OK to Buy	3.9	3.9	5.7	20.2	6.9	10.4	--	1.27	1,876

Notes: Fund yields, durations and assets are the most current available. *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. ⁴Almost a Specialty fund with 30%+ typically in foreign stocks. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

JANUARY 31, 2025

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	Assets (\$Mil)	
					Jan	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
MID-CAP VALUE					Average	3.0	3.0	2.9	16.4	8.2	12.2	9.5	1.21	
316	FLPSX	Low-Priced Stock ⁵	41.95	OK to Buy	2.9	2.9	1.9	11.3	6.8	11.1	9.3	0.96	\$21,709	
762	FSMVX	Mid Cap Value	31.21	OK to Buy	3.5	3.5	3.5	20.4	10.3	13.0	8.5	1.29	1,334	
3404	FIMVX	Mid Cap Value Index	28.11	Hold	3.5	3.5	3.0	19.1	6.6	9.7	--	1.17	988	
39	FDVLX	Value	14.01	Hold	3.0	3.0	3.6	16.4	8.4	13.9	9.9	1.36	8,203	
14	FSLSX	Value Strategies	55.91	Hold	2.2	2.2	2.4	14.8	8.8	13.3	10.2	1.29	743	
SMALL CAP GROWTH					Average	3.6	3.6	5.7	24.1	7.5	9.3	12.9	1.30	
1388	FCPGX	Small Cap Growth	34.86	OK to Buy	4.2	4.2	5.1	25.4	8.5	10.7	12.9	1.25	3,380	
3405	FECEX	Small Cap Growth Index	28.58	Hold	3.1	3.1	6.3	22.8	6.4	7.8	--	1.35	881	
SMALL CAP BLEND					Average	3.6	3.6	4.2	16.1	6.0	9.7	8.9	1.28	
384	FSCRX	Small Cap Discovery	25.29	Hold	4.8	4.8	5.2	9.3	4.8	10.2	8.2	1.25	2,297	
2358	FSSNX	Small Cap Index	28.41	Hold	2.6	2.6	4.5	19.2	5.8	8.8	8.6	1.34	27,155	
340	FSLCX	Small Cap Stock	19.21	OK to Buy	4.0	4.0	4.8	16.9	5.3	7.6	8.3	1.27	1,196	
336	FDSCX	Stock Selector Small Cap	38.42	Buy	3.1	3.1	2.4	19.0	8.3	12.2	10.6	1.26	2,590	
SMALL CAP VALUE					Average	3.2	3.2	4.3	16.4	5.6	11.0	9.8	1.35	
1389	FCPVX	Small Cap Value	21.23	Buy	4.3	4.3	5.9	17.2	6.5	13.1	9.8	1.31	2,742	
3406	FISVX	Small Cap Value Index	26.13	Hold	2.1	2.1	2.7	15.6	4.8	8.9	--	1.38	1,330	
REAL ESTATE														
1368	FIREX	International Real Estate	9.06	OK to Sell	2.0	2.0	-4.9	-3.5	-9.5	-3.7	2.2	1.05	137	
833	FRIFX	Real Estate Income	12.05	Hold	1.0	1.0	0.0	9.0	1.6	3.4	5.2	0.58	1,074	
2355	FSRNX	Real Estate Index	16.37	Hold	1.6	1.6	-2.7	12.2	-1.3	1.8	3.5	1.25	2,739	
303	FRESX	Real Estate Investment	39.20	Hold	1.6	1.6	-2.6	12.9	-0.5	3.1	4.7	1.22	3,064	
ASSET ALLOCATION														
328	FASIX	Asset Manager 20%	13.71	Hold	1.2	1.2	1.3	6.4	1.8	3.0	3.5	0.41	3,032	
1957	FTANX	Asset Manager 30%	12.00	Hold	1.4	1.4	1.7	7.7	2.2	4.0	4.5	0.51	1,301	
1958	FFANX	Asset Manager 40%	13.17	Hold	1.8	1.8	2.0	9.1	2.8	5.0	5.4	0.58	1,508	
314	FASMX	Asset Manager 50%	20.86	Hold	2.1	2.1	2.3	10.6	3.4	6.0	6.1	0.66	7,120	
1959	FSANX	Asset Manager 60%	15.85	Hold	2.3	2.3	2.7	12.0	3.9	6.9	6.9	0.73	2,227	
321	FASGX	Asset Manager 70%	28.02	Hold	2.6	2.6	3.2	13.5	4.8	8.1	7.8	0.79	4,193	
347	FAMRX	Asset Manager 85%	27.24	Hold	3.1	3.1	3.7	15.9	5.8	9.6	9.0	0.90	2,339	
304	FBALX	Balanced	30.12	OK to Buy	1.9	1.9	3.8	16.7	7.2	11.0	9.9	0.79	39,502	
3083	FMSDX	Multi-Asset Income	14.44	Hold	2.4	2.4	3.2	12.1	4.1	8.8	--	0.64	1,233	
355	FFNOX	Multi-Asset Index	59.53	Hold	3.1	3.1	3.6	16.9	6.1	9.3	9.0	0.90	8,497	
4	FPURX	Puritan	25.59	Buy	3.0	3.0	5.7	20.3	8.8	11.6	10.0	0.76	29,463	
6477	FYMRX	Sustainable Multi-Asset	10.53	Hold	2.1	2.1	1.9	13.0	--	--	--	--	29	
INTERNATIONAL					Average	3.3	3.3	0.8	12.9	3.1	6.9	7.0	1.09	
309	FICDX	Canada	67.11	Hold	2.2	2.2	1.3	12.1	6.2	9.8	7.5	0.98	862	
352	FHKCX	China Region	39.61	Hold	1.9	1.9	-1.2	32.8	-1.2	5.0	6.4	1.63	893	
325	FDIVX	Diversified International	44.31	Hold	5.1	5.1	2.3	11.5	3.1	6.4	6.3	1.05	10,287	
351	FSEAX	Emerging Asia	48.39	Hold	-0.6	-0.6	-2.6	28.3	0.7	7.5	8.0	1.34	958	
322	FEMKX	Emerging Markets	38.62	Hold	1.4	1.4	-2.4	12.2	-1.8	4.7	6.2	1.16	4,617	
2374	FEDDX	Emerging Mkts Discovery	15.26	OK to Sell	0.1	0.1	-4.4	2.7	1.7	5.8	5.6	0.93	361	
2344	FPADX	Emerging Markets Index	10.64	OK to Sell	1.7	1.7	-1.9	14.0	-1.6	2.9	3.6	1.06	8,153	
5031	FEOPX	Enduring Opportunities	16.74	OK to Buy	3.7	3.7	3.7	18.7	5.4	10.4	--	1.12	15	
301	FIEUX	Europe	37.00	Hold	6.7	6.7	4.0	10.5	2.2	5.5	5.1	1.06	554	
2406	FGILX	Global Equity Income	20.94	OK to Buy	3.9	3.9	3.8	17.0	6.9	10.5	9.4	0.87	191	
2348	FSGGX	Global ex U.S. Index	14.97	Hold	3.8	3.8	0.7	11.1	3.0	5.6	5.3	1.00	11,102	
335	FIVFX	International Cap App	28.82	Hold	4.6	4.6	3.0	12.0	5.9	7.8	8.6	1.19	3,627	
305	FIGRX	International Discovery	50.00	Hold	4.4	4.4	2.4	14.6	2.4	6.5	6.2	1.04	3,731	
1979	FIGFX	International Growth	21.26	Hold	6.6	6.6	4.8	10.2	4.5	7.2	7.9	1.16	1,623	
2363	FSPSX	International Index	49.91	Hold	5.0	5.0	1.8	9.3	4.7	6.4	5.8	1.05	54,167	
818	FISMX	International Small Cap	31.06	Hold	1.5	1.5	-0.5	2.9	1.4	5.6	7.1	0.95	1,516	
1504	FSCOX	Int'l Small Cap Opps (closed)	20.21	Hold	3.3	3.3	3.2	9.5	0.5	5.4	7.5	1.17	634	
2988	FNIDX	International Sustainability Idx	12.50	Hold	3.4	3.4	0.6	10.8	1.6	4.9	--	1.04	481	
1597	FIVLX	International Value	10.58	Hold	5.2	5.2	1.5	11.7	6.6	8.4	5.3	1.03	918	
350	FJPNX	Japan	16.72	OK to Sell↓	1.4	1.4	0.0	9.6	2.2	5.6	6.8	1.07	170	
360	FJSCX	Japan Smaller Companies	15.45	OK to Sell↓	-1.0	-1.0	-0.4	7.0	3.8	2.9	6.3	0.96	399	
342	FNORX	Nordic	59.63	Hold	5.1	5.1	-3.8	0.3	2.7	10.1	8.1	1.16	303	
94	FOSFX	Overseas	66.31	Hold	5.9	5.9	3.3	11.0	3.5	7.1	7.6	1.14	5,084	
302	FPBFX	Pacific Basin	31.74	Hold	3.8	3.8	-0.8	19.7	2.0	7.0	8.2	1.18	683	
6468	FSYJX	Sustainable Emerg Mkts Eqty	8.72	OK to Sell↓	1.9	1.9	-3.1	12.2	--	--	--	--	5	
6462	FSYRX	Sustainable Int'l Equity	9.68	Hold	3.3	3.3	1.2	11.3	--	--	--	--	10	
1978	FTIEX	Total International Equity	11.89	Hold	4.5	4.5	1.4	13.0	3.4	7.7	7.0	1.02	195	
2834	FTIHX	Total International Index	13.90	Hold	3.5	3.5	0.6	10.6	2.7	5.5	--	1.00	13,705	
318	FWWFX	Worldwide	36.07	Buy↑	3.6	3.6	5.5	28.7	10.6	13.8	12.2	1.03	2,948	
3228	FZILX	Zero International Index	11.78	Hold	4.0	4.0	1.0	11.2	3.3	5.9	--	1.01	4,690	

FIDELITY SCORECARD

JANUARY 31, 2025

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	Assets (\$Mil)
					Jan	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year		
SPECIALTY													
6041	FARMX	Agricultural Productivity	18.40	OK to Sell	7.9	7.9	4.1	9.0	0.6	--	--	1.30	\$41
6385	FCAEX	Climate Action	12.70	OK to Buy	3.5	3.5	5.3	27.0	8.5	--	--	1.14	36
308	FCVSX	Convertible Securities	35.47	Hold	3.2	3.2	6.5	18.1	5.7	11.5	9.0	0.75	1,613
2120	FFGCX	Global Commodity Stock	18.61	OK to Sell	3.7	3.7	-0.2	12.3	5.1	12.1	6.6	1.35	355
6553	FAPHX	Healthy Future Fund	13.55	OK to Buy	2.2	2.2	3.0	18.5	--	--	--	--	8
6875	FEQHX	Hedged Equity	13.36	OK to Sell	1.4	1.4	4.3	19.7	--	--	--	--	211
3488	FNSTX	Infrastructure Fund	14.06	Hold	2.5	2.5	2.2	21.6	6.7	6.4	--	1.00	54
122	FLVCX	Leveraged Company Stock	40.17	Buy	5.0	5.0	7.6	31.3	11.9	15.9	11.4	1.23	2,431
6519	FAQAX	Macro Opportunities (closed)	Merged										
6513	FAPSX	Risk Parity	9.87	OK to Sell	2.8	2.8	1.2	11.5	--	--	--	--	3
1329	FSDIX	Strategic Dividend & Income	17.25	OK to Buy	2.6	2.6	1.4	14.0	5.3	8.5	8.2	0.74	3,091
1505	FSRRX	Strategic Real Return	8.56	Hold	1.8	1.8	1.2	8.4	2.9	5.7	3.8	0.51	278
311	FIUIX	Telecom & Utilities	33.38	Buy	1.4	1.4	-0.7	34.0	13.5	8.9	9.4	0.96	1,843
6042	FLOWX	Water Sustainability	17.49	Hold	2.9	2.9	0.9	15.3	6.8	--	--	1.23	107
SELECT PORTFOLIOS					Average	4.5	4.5	5.2	21.9	9.3	12.5	11.3	1.29
502	FSAVX	Automotive	56.96	Hold	2.4	2.4	9.3	14.3	-0.4	13.3	9.6	1.43	71
507	FSRBX	Banking	33.21	OK to Buy	6.5	6.5	11.1	40.2	8.0	11.3	10.8	1.69	539
42	FBIOX	Biotechnology	19.49	Hold	3.1	3.1	-7.3	9.0	6.9	5.4	4.6	1.18	4,302
68	FSLBX	Brokerage & Investment	195.70	OK to Buy	7.7	7.7	14.0	48.4	17.2	21.0	15.0	1.43	1,488
69	FSCHX	Chemicals	14.11	Hold	5.0	5.0	-4.7	4.2	1.2	10.3	6.5	1.29	529
503	FBMPX	Communication Services	121.45	Buy	9.1	9.1	14.5	40.6	14.7	17.1	13.9	1.26	1,603
511	FSHOX	Construction & Housing	123.56	Hold	3.8	3.8	0.2	21.9	10.6	18.6	15.0	1.42	835
517	FSCPX	Consumer Discretionary	70.87	Buy	4.0	4.0	18.8	34.0	10.3	14.2	12.9	1.48	610
9	FDFAV	Consumer Staples	89.06	Hold	-0.7	-0.7	-1.3	4.5	2.5	6.8	5.9	0.82	727
67	FSDAX	Defense & Aerospace	19.56	Hold	7.4	7.4	9.4	30.0	16.7	7.7	11.6	1.20	1,849
60	FSENX	Energy	58.35	Hold	2.7	2.7	1.6	7.6	14.2	16.0	5.0	1.57	1,984
353	FBSOX	Enterprise Technology Services	65.03	Hold	7.7	7.7	14.6	21.2	5.5	6.9	13.6	1.24	1,853
516	FSLEX	Environment & Alt Energy	40.68	Hold	3.2	3.2	7.6	26.7	9.1	13.6	11.6	1.21	576
66	FIDSX	Financials	15.85	Buy	6.3	6.3	11.4	39.4	12.9	15.4	12.7	1.30	1,079
98	FSVLX	FinTech	20.61	OK to Buy	6.3	6.3	14.7	27.6	5.7	6.9	9.5	1.38	128
41	FSAGX	Gold	27.81	OK to Sell	13.1	13.1	-1.1	41.9	6.3	4.9	5.4	1.82	1,180
63	FSPHX	Health Care	28.85	Hold	5.9	5.9	1.1	10.4	5.2	7.2	8.6	0.88	7,054
505	FSHCX	Health Care Services	111.07	Hold	11.6	11.6	2.8	-1.1	2.6	8.0	9.8	1.04	1,142
515	FCYIX	Industrials	42.93	Buy	6.1	6.1	5.6	31.7	16.4	13.4	11.1	1.27	707
45	FSPCX	Insurance	92.40	OK to Buy ↓	2.5	2.5	2.5	23.8	17.0	15.7	13.7	1.01	930
62	FDLSX	Leisure	21.29	OK to Buy	3.7	3.7	7.1	23.8	13.2	14.7	12.8	1.24	704
509	FSDPX	Materials	88.28	Hold	5.0	5.0	-3.5	5.0	2.1	11.1	6.0	1.32	453
354	FSMEX	Medical Tech & Devices	66.88	Hold	7.5	7.5	8.8	15.5	1.4	7.6	12.2	1.15	5,258
514	FNARX	Natural Resources	42.57	Hold	2.3	2.3	-4.2	5.8	12.4	14.3	5.0	1.50	572
580	FPHAX	Pharmaceuticals	26.29	Hold	3.7	3.7	-5.6	7.8	10.9	10.0	8.2	0.87	1,258
46	FSRPX	Retailing	21.74	OK to Buy	6.2	6.2	14.7	30.4	9.3	15.1	15.4	1.22	3,180
8	FSELX	Semiconductors	32.78	OK to Buy	-2.1	-2.1	1.8	33.6	23.6	30.6	26.0	2.14	20,366
28	FSCSX	Software & IT Services	28.68	Hold	4.6	4.6	13.3	11.5	9.5	14.8	18.5	1.26	11,095
7	FDCPX	Tech Hardware	111.86	OK to Buy	3.7	3.7	9.3	24.2	9.6	16.6	15.1	1.13	1,049
64	FSPTX	Technology	36.02	Buy	-2.3	-2.3	4.9	27.6	13.9	20.6	21.0	1.45	16,673
96	FSTCX	Telecommunications	53.92	OK to Buy	-0.6	-0.6	-0.6	18.0	3.2	4.9	6.1	1.15	163
512	FSRFX	Transportation	109.71	Hold	5.6	5.6	4.0	14.3	8.4	12.2	9.3	1.25	536
65	FSUTX	Utilities	122.93	Buy	1.6	1.6	-0.6	35.5	12.1	8.9	9.9	1.08	1,969
963	FWRLX	Wireless	12.55	OK to Buy	0.5	0.5	2.6	16.7	3.9	9.8	11.0	1.09	323
SECTOR ETFs					Average	3.8	3.8	4.3	22.0	8.6	11.9	11.1	1.20
	FCOM	MSCI Communication Services	63.07	OK to Buy	7.4	7.4	12.5	37.8	10.3	12.9	11.5	1.22	1,370
	FDIS	MSCI Consumer Discretionary	101.28	Buy	3.9	3.9	17.1	34.6	9.3	16.6	14.8	1.47	2,030
	FSTA	MSCI Consumer Staples	50.27	OK to Buy	1.7	1.7	2.0	14.2	5.7	8.6	8.4	0.77	1,210
	FENY	MSCI Energy	24.33	Hold	2.1	2.1	0.8	9.6	14.8	15.9	4.9	1.56	1,480
	FNCL	MSCI Financials	73.15	Buy	6.5	6.5	11.8	36.3	11.8	13.5	12.7	1.27	2,070
	FHLC	MSCI Health Care	69.83	Hold	6.9	6.9	0.7	7.0	4.8	9.2	9.3	0.83	2,620
	FIDU	MSCI Industrials	73.65	Buy	4.8	4.8	3.7	23.4	13.6	13.7	12.1	1.20	1,210
	FTEC	MSCI Information Technology	183.46	Buy	-0.8	-0.8	6.2	25.7	14.6	20.5	20.8	1.33	13,290
	FMAT	MSCI Materials	50.57	Hold	4.9	4.9	-3.8	9.9	4.5	11.5	8.6	1.31	522
	FREL	MSCI Real Estate	27.47	Hold	1.7	1.7	-2.8	12.4	-1.4	3.1	--	1.25	999
	FUTY	MSCI Utilities	50.17	Buy	2.9	2.9	-1.3	31.0	7.1	5.5	8.3	1.04	1,630

FIDELITY SCORECARD JANUARY 31, 2025

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹	
					Jan	YTD	3 Mo.	2024	3 Yr	5 Yr	10 Yr				
TAXABLE BOND					<i>Average</i>	0.6	0.6	0.3	3.0	-0.7	0.0	1.3	4.42	5.0	0.39
2268	FCNVX	Conservative Income Bond	10.07	Buy	0.4	0.4	1.2	5.4	4.3	2.8	2.2	4.53	0.3	0.04	
2208	FCBFX	Corporate Bond	10.44	Hold	0.6	0.6	-0.0	3.2	-1.0	0.0	2.3	5.16	6.8	0.56	
6379	FFEBX	Environmental Bond	8.38	Hold	0.7	0.7	-0.2	2.2	-1.8	--	--	4.32	6.0	0.46	
2423	FGBFX	Global Credit	7.99	Hold	1.1	1.1	1.5	8.1	-1.2	-0.2	1.9	4.37	6.1	0.55	
15	FGMNX	GNMA (Ginnie Mae)	10.02	Hold	0.7	0.7	0.3	2.1	-1.2	-0.5	0.8	3.69	5.0	0.49	
54	FGOVX	Government Income	9.01	Hold	0.5	0.5	-0.3	1.3	-2.2	-1.2	0.4	4.01	5.8	0.43	
2418	FIPDX	Inflation-Protected Index	9.00	OK to Sell	1.2	1.2	0.1	2.9	-1.2	1.6	2.0	3.67*	6.5	0.42	
32	FTHRZ	Intermediate Bond	10.10	Buy	0.6	0.6	0.5	3.5	0.5	0.8	1.7	4.53	3.7	0.30	
452	FSTGX	Intermediate Gov't Income	9.68	Hold	0.4	0.4	0.4	2.4	-0.4	-0.2	0.8	3.95	3.6	0.29	
3045	FUAMX	Intermediate Treasury Index	9.49	Hold	0.7	0.7	-0.3	0.9	-2.2	-1.1	0.7	4.54	6.2	0.45	
4506	FBIIX	International Bond Index	9.34	Hold	0.4	0.4	1.8	5.5	0.6	0.3	--	2.75	6.8	0.31	
26	FBNDX	Investment Grade Bond	7.10	OK to Buy	0.6	0.6	-0.1	2.2	-1.3	0.1	1.7	4.71	6.0	0.46	
2622	FJRLX	Limited Term Bond	11.40	Buy	0.7	0.7	1.1	5.1	2.2	1.7	2.1	4.94	2.5	0.21	
662	FFXSX	Limited Term Government	9.58	OK to Buy	0.5	0.5	0.7	3.3	0.7	0.5	0.9	4.05	2.6	0.21	
3047	FNBGX	Long-Term Treasury Index	9.19	OK to Sell	0.5	0.5	-3.3	-3.9	-10.6	-6.5	-1.5	4.90	14.8	0.94	
40	FMSFX	Mortgage Securities	9.66	Hold	0.6	0.6	0.1	1.9	-1.7	-0.8	0.8	4.00	5.7	0.52	
450	FSHBX	Short-Term Bond	8.45	Buy	0.5	0.5	1.1	4.8	2.4	1.8	1.8	4.47	1.8	0.14	
3041	FNSOX	Short-Term Bond Index	9.89	OK to Buy	0.5	0.5	0.9	3.9	1.5	1.2	--	4.50	2.5	0.20	
3049	FUMBX	Short-Term Treasury Index	10.18	OK to Buy	0.5	0.5	0.7	3.5	1.1	0.9	1.3	4.34	2.5	0.20	
3086	FNDXZ	Sustainability Bond Index	9.15	Hold	0.5	0.5	-0.2	1.9	-1.6	-0.7	--	4.54	5.8	0.45	
6541	FIAEX	Sustainable Core Plus Bond	9.19	Hold	0.8	0.8	0.1	2.5	--	--	--	4.68	5.9	--	
6526	FAPGX	Sustainable Low Dur Bond	10.21	Buy	0.4	0.4	1.3	5.3	--	--	--	4.52	0.5	--	
6502	FBAGX	Tactical Bond	8.70	Hold	0.7	0.7	-0.3	2.4	--	--	--	4.97	6.4	--	
820	FTBFX	Total Bond	9.43	OK to Buy	0.7	0.7	0.2	3.2	-0.6	0.7	2.1	5.00	5.8	0.45	
2326	FXNAX	U.S. Bond Index	10.24	Hold	0.5	0.5	-0.1	2.0	-1.5	-0.6	1.2	4.52	5.9	0.45	
HIGH-YIELD BOND					<i>Average</i>	1.4	1.4	2.0	9.3	4.1	3.8	4.4	6.09	3.0	0.45
38	FAGIX	Capital & Income	10.31	OK to Buy	1.9	1.9	2.9	12.3	5.7	7.1	6.7	5.06	2.3	0.52	
814	FFRHZ	Floating Rate High Income	9.29	Buy	0.6	0.6	2.2	8.7	6.9	5.6	4.9	7.13	0.2	0.23	
1366	FHIFX	Focused High Income	8.15	OK to Buy	1.3	1.3	1.5	7.4	2.9	2.6	3.9	5.82	3.0	0.48	
455	SPHIX	High Income	7.94	OK to Buy	1.4	1.4	2.2	10.6	3.8	3.1	4.4	6.94	3.0	0.51	
331	FNMIX	New Markets Income	12.86	Hold	2.2	2.2	2.1	10.4	2.6	1.3	3.5	6.64	6.4	0.64	
2580	FSAHX	Short Duration High Income	9.01	OK to Buy	1.0	1.0	2.1	8.9	4.8	4.0	4.0	6.26	1.9	0.33	
3082	FADMZ	Strategic Income	11.68	OK to Buy	1.1	1.1	1.3	7.1	2.1	3.0	3.8	4.77	4.3	0.43	
MUNICIPAL BOND					<i>Average</i>	0.4	0.4	0.7	2.3	0.6	0.7	1.9	3.25	5.6	0.38
434	FSAZX	Arizona Muni Income	11.44	Hold	0.2	0.2	0.5	2.4	0.4	0.5	1.9	3.16	6.0	0.40	
1534	FCSTX	Calif Limited Term Tax Free	10.35	Hold	0.6	0.6	0.7	2.5	1.0	0.7	1.2	2.87	3.1	0.23	
91	FCTFX	California Muni Income	12.16	Hold	0.2	0.2	0.6	2.5	0.6	0.7	2.0	3.32	7.0	0.43	
407	FICNX	Connecticut Muni Income	10.90	Hold	0.6	0.6	0.8	1.8	0.4	0.6	1.9	3.06	5.5	0.41	
2579	FMNDX	Conservative Income Muni	10.06	Buy	0.4	0.4	0.9	3.5	2.7	1.7	1.4	2.85	0.6	0.05	
36	FLTMX	Interm Municipal Income	10.09	Hold	0.5	0.5	0.9	2.1	1.0	1.0	1.9	3.22	5.0	0.33	
404	FSTFX	Limited Term Muni Income	10.44	OK to Buy	0.7	0.7	0.9	3.0	1.3	1.0	1.3	3.12	2.6	0.21	
429	SMDMX	Maryland Muni Income	10.73	Hold	0.3	0.3	0.7	1.9	0.3	0.4	1.8	3.17	6.1	0.43	
70	FDMMX	Mass Muni Income	11.35	Hold	0.4	0.4	0.5	1.8	0.1	0.3	1.7	3.24	6.5	0.40	
81	FMHTX	Michigan Muni Income	11.50	Hold	0.2	0.2	0.6	2.4	0.3	0.6	2.0	3.40	6.2	0.42	
82	FIMIX	Minnesota Muni Income	11.02	Hold	0.4	0.4	0.5	1.8	0.4	0.5	1.8	3.13	6.0	0.38	
3469	FMBIX	Municipal Bond Index	18.48	Hold	0.3	0.3	0.6	1.8	0.0	0.0	--	3.52	6.4	0.45	
7330	FMBAX	Municipal Core Plus	10.18	Hold	0.6	0.6	0.7	2.6	--	--	--	3.41	5.6	--	
37	FHIGX	Municipal Income	12.21	Hold	0.5	0.5	0.7	2.4	0.4	0.7	2.2	3.48	7.0	0.47	
416	FNJHX	New Jersey Muni Income	11.55	Hold	0.4	0.4	0.8	2.2	1.0	1.1	2.5	3.13	6.3	0.45	
71	FTFMX	New York Muni Income	12.31	Hold	0.3	0.3	0.5	2.0	0.4	0.6	2.0	3.44	7.7	0.48	
88	FOHFX	Ohio Muni Income	11.38	Hold	0.4	0.4	0.8	2.5	0.4	0.5	2.0	3.20	5.9	0.41	
402	FPXTX	Pennsylvania Muni Income	10.48	Hold	0.3	0.3	0.7	2.3	0.3	0.6	2.0	3.36	6.3	0.44	
6532	FSIKX	Sustainable Intermed Muni	10.10	Hold	0.6	0.6	0.9	2.3	--	--	--	--	5.1	--	
90	FTABX	Tax-Free Bond	10.95	Hold	0.4	0.4	0.6	2.3	0.5	0.8	2.3	3.58	6.9	0.47	

Yields on municipal funds are not directly comparable to yields on taxable funds. In muni funds shareholders' effective yield will be higher as their tax-bracket increases. *12-month distributed yield; ¹Closed to new accounts; ²Name changed to Premium Class shares (formerly AMT). ³IT Services has been renamed Enterprise Technology Services.

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC %Yield
			Jan	YTD	
55	FDRXX	Gov't Cash Reserves	0.35	0.35	4.08
458	SPAXX	Government MM	0.34	0.34	4.03
2742	FZFXZ	Treasury MM	0.34	0.34	4.02
415	FDLXX	Treasury Only MM	0.34	0.34	3.99
PRIME MONEY MARKETS					
454	SPRXX	Money Market	0.35	0.35	4.07
NOTE: SPRXX is available in premium class shares (ticker: FZDXX) with a \$100,000 minimum investment (\$10,000 for certain Fidelity retirement accounts and lower expenses).					

NATIONAL MUNICIPAL MONEY MKTS			Total Return (%)		SEC %Yield
			Jan	YTD	
10	FTEXX	Municipal Money Market	0.20	0.20	2.48
275	FMOXX	Tax-Exempt MM	0.18	0.18	2.38
STATE MUNICIPAL MONEY MARKETS					
457	FSPXX	California Muni MM ²	0.16	0.16	2.00
426	FMSXX	Massachusetts Muni MM ²	0.17	0.17	2.21
423	FSJXX	New Jersey Muni MM ²	0.18	0.18	2.28
422	FSNXX	New York Muni MM ²	0.19	0.19	2.39
Funds removed due to insufficient data available at the time of close: AZ Muni MM [FSAXX], CT Muni MM [FCMXX], MI Muni MM [FMIXX], OH Muni MM [FOMXX], PA Muni MM [FPTXX].					

FIDELITY SCORECARD JANUARY 31, 2025

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹
						Jan	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model					3.5	3.5	9.4	30.8	12.7	15.7	14.3	1.15
	Annuity Growth Model					3.5	3.5	6.0	29.0	11.4	15.7	13.2	0.97
	Annuity Growth & Income Model					2.7	2.7	4.0	18.8	6.7	9.7	8.5	0.74
	Annuity Income Model					1.5	1.5	1.8	8.9	2.4	4.3	4.3	0.44
9067	FLRQC	Fid VIP Asset Manager	Allocation	29.69	Hold	2.1	2.1	2.3	10.3	3.0	5.7	5.5	0.66
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	34.54	Hold	2.6	2.6	3.1	13.2	4.4	7.7	6.9	0.79
9069	FJBAC	Fid VIP Balanced	Allocation	48.11	OK to Buy	1.9	1.9	3.7	16.2	6.9	10.7	9.6	0.79
9461	FBIQC	Fid VIP Bond Index	Bond	10.68	Hold	0.5	0.5	-0.2	1.6	-1.9	-1.0	--	0.45
9173	FVTAC	Fid VIP Communication Services	Sector	45.78	Buy	9.1	9.1	14.3	41.0	14.8	17.0	13.5	1.26
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	71.77	Buy	4.0	4.0	18.7	33.7	10.0	14.0	12.7	1.48
9171	FCSAC	Fid VIP Consumer Staples	Sector	40.12	Hold	-0.7	-0.7	-1.3	4.2	2.2	6.4	6.8	0.82
9065	FPDFC	Fid VIP Contrafund	Large Growth	75.15	Buy	4.5	4.5	8.3	33.3	14.2	17.1	14.0	1.04
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	38.21	OK to Buy	3.0	3.0	5.5	22.5	9.1	11.7	8.8	1.31
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	76.85	OK to Buy	3.6	3.6	5.3	26.0	12.6	16.6	13.2	1.03
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	15.21	OK to Sell	1.7	1.7	-2.3	18.7	-1.6	5.3	5.9	1.21
9085	FJLLC	Fid VIP Energy	Sector	24.32	Hold	2.6	2.6	1.6	7.2	14.0	15.5	4.7	1.57
9061	FLOLC	Fid VIP Equity-Income	Large Value	42.00	Buy	4.3	4.3	2.8	19.7	8.4	11.1	9.7	0.86
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	16.55	Hold	3.8	3.8	5.6	19.7	6.3	9.8	--	1.27
9083	FONNC	Fid VIP Financials	Sector	32.67	Buy	6.2	6.2	11.3	38.9	12.6	15.0	12.4	1.30
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	15.65	Buy	0.7	0.7	2.1	8.2	6.5	5.3	4.6	0.23
9157	FMPAC	Fid VIP FundsManager 20	Allocation	19.19	Hold	1.1	1.1	1.2	6.2	1.9	2.8	3.1	0.41
9158	FMPBC	Fid VIP FundsManager 50	Allocation	26.59	Hold	1.8	1.8	2.1	10.1	3.4	5.8	5.8	0.66
9197	FMPPC	Fid VIP FundsManager 60	Allocation	26.79	Hold	2.2	2.2	2.5	11.6	4.0	6.8	6.7	0.73
9159	FMPCC	Fid VIP FundsManager 70	Allocation	31.50	Hold	2.5	2.5	2.9	13.2	4.8	7.9	7.5	0.79
9160	FMPDC	Fid VIP FundsManager 85	Allocation	34.97	Hold	2.8	2.8	3.3	15.3	5.7	9.2	8.8	0.89
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	13.04	--	0.3	0.3	1.0	4.7	3.6	2.1	1.4	0.03
9062	FMNDC	Fid VIP Growth	Large Growth	91.52	Buy	2.5	2.5	5.5	28.0	14.2	18.5	16.6	1.07
9070	FLFNC	Fid VIP Growth & Income	Large Blend	57.74	OK to Buy	3.8	3.8	4.9	25.1	12.2	14.4	12.0	0.99
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	110.06	Buy	3.8	3.8	10.1	40.4	14.2	18.6	18.4	1.33
9084	FPDRC	Fid VIP Health Care	Sector	74.37	Hold	5.9	5.9	1.1	10.3	5.2	6.7	8.0	0.88
9060	FBBLC	Fid VIP High Income	High-Yield Bond	26.14	OK to Buy	1.3	1.3	2.1	9.7	3.3	2.8	4.0	0.49
9064	FXVLT	Fid VIP Index 500	Large Blend	67.26	OK to Buy	2.8	2.8	6.1	25.9	11.5	14.8	13.4	1.00
9082	FBALC	Fid VIP Industrials	Sector	71.48	Buy	6.0	6.0	5.5	31.6	16.2	13.3	10.9	1.27
9473	FFIQC	Fid VIP International Index	Diversified Int'l	13.13	Hold	3.9	3.9	0.9	10.7	2.8	5.3	--	1.01
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	34.65	Hold	4.6	4.6	2.9	11.8	5.6	7.5	8.4	1.19
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	18.02	OK to Buy	0.6	0.6	-0.1	2.1	-1.4	-0.1	1.5	0.46
9172	FVMAC	Fid VIP Materials	Sector	31.84	Hold	5.0	5.0	-3.7	5.2	2.1	10.9	5.9	1.32
9071	FNBS	Fid VIP Mid Cap	Mid Blend	53.64	OK to Buy	4.8	4.8	5.8	23.7	8.9	12.6	9.6	1.17
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	27.17	Hold	5.9	5.9	3.2	10.5	3.2	7.0	6.6	1.13
9072	FFWKC	Fid VIP Real Estate	Sector	30.40	Hold	2.2	2.2	-1.1	13.7	-1.7	2.2	3.1	1.27
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	24.12	OK to Buy	1.1	1.1	1.2	6.9	1.8	2.6	3.3	0.43
9086	FYENC	Fid VIP Technology	Sector	167.43	Buy	-2.3	-2.3	4.7	27.7	13.6	21.8	21.5	1.44
9465	FTMJC	Fid VIP Total Market Index	Large Blend	22.75	OK to Buy	3.0	3.0	6.5	25.7	11.0	14.2	--	1.02
9087	FXRRC	Fid VIP Utilities	Sector	57.09	Buy	1.5	1.5	-0.7	35.1	11.9	8.5	9.5	1.08
9079	FKMSC	Fid VIP Value	Large Value	47.38	OK to Buy	3.6	3.6	3.7	17.2	10.1	13.4	10.4	1.18
9073	FRBSC	Fid VIP Value Strategies	Mid Value	47.89	Hold	2.1	2.1	2.3	14.5	8.8	13.2	9.8	1.29
9347	FBMEC	Black Rock Global Allocation	Global Allocation	20.09	Hold	2.7	2.7	3.1	11.9	3.1	6.1	5.4	0.70
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	9.03	OK to Sell	2.4	2.4	-3.3	-6.7	-4.1	-4.5	-2.0	0.69
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.53	Hold	0.4	0.4	0.2	1.8	-1.2	-0.9	0.3	0.38
9285	FIGXC	Invesco Global Core Eqty	Global Stock	22.69	Hold	3.9	3.9	4.7	19.5	6.6	9.0	7.5	0.98
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	21.33	Hold	4.4	4.4	0.7	16.2	4.4	5.2	3.8	1.02
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	21.71	Hold	2.3	2.3	3.1	13.3	1.9	0.8	2.9	0.74
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	16.74	OK to Sell	1.1	1.1	-2.3	12.5	-2.1	2.3	2.8	1.07
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	19.14	Hold	2.4	2.4	1.9	10.7	1.9	4.7	4.5	0.82
9346	FPMEC	Pimco Commodity Real Return	Commodities	8.46	OK to Sell	4.2	4.2	4.8	7.5	0.1	9.3	2.0	0.93
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	12.68	Buy	0.6	0.6	1.3	4.4	1.4	0.8	1.0	0.17
9277	FPNBC	Pimco VIT Real Return	TIPS	15.30	OK to Sell	1.5	1.5	0.4	2.9	-1.3	1.5	1.7	0.43
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	14.34	Hold	0.5	0.5	0.2	2.7	-1.8	-0.6	1.1	0.46

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	25%	VIP Equity-Income	28%	VIP Equity-Income	28%	VIP Invest Grade Bond	31%
VIP Financials	18	VIP Growth	23	VIP Invest Grade Bond	22	Pimco VIT Low Duration	23
VIP Consumer Discret	17	VIP Growth Opps	22	VIP Growth Opps	21	VIP Floating Rt High Inc	16
VIP Comm Services	16	VIP Contrafund	16	VIP Total Market	16	VIP Growth	15
VIP Industrials	13	VIP Utilities	11	VIP Floating Rt High Inc	13	VIP Equity-Income	15
VIP Utilities	11						
Total Return:		Total Return:		Total Return:		Total Return:	
Jan: 3.5% YTD: 3.5%		Jan: 3.5% YTD: 3.5%		Jan: 2.7% YTD: 2.7%		Jan: 1.5% YTD: 1.5%	

BOND FUNDS

Fed's Pass Signals Caution Ahead

Uncertainty over taxes, tariffs and spending, combined with the country's healthy economy (unemployment is a low 4.1% while 2024's annualized GDP growth — adjusted for inflation — was 2.5%), helped persuade the Fed late last month to pause on raising interest rates.

Of course, it had something else to consider: inflation.

The consumer price index is now 2.9% — seemingly stuck above the Fed's 2% long-term target. The bond market's immediate reaction to the Fed's pass was a collective yawn: Yields on 1-, 2- and 3-month bills fell a basis point or two, while they rose a bit on longer-term notes and bonds. No big deal, right?

Well, yes. But that divergence has largely been ongoing since the Fed first started loosening, and even a bit before that. Slowly but surely, the yield curve has been dramatically refashioned with short-term yields falling while intermediate to long-term bond yields rose (see chart).

While a quick review of last month's bond fund returns suggests that all is right in bond fund land (all taxable and munis were in positive territory), a 90-day view paints a somewhat more concerning picture. At the very least, it better reflects the cause and effects (return-wise) of a normalizing yield curve which, in the short term, could still flatten.

Why? Although GDP growth is decent, it's hardly strong. And it's certainly not enough to lift all economic boats, which is what Americans are demanding from its govern-

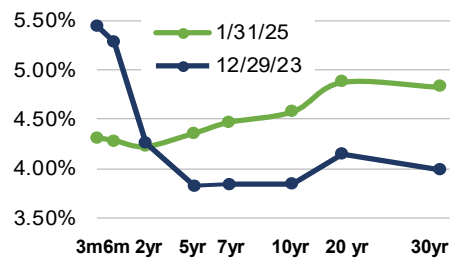
ment. As noted elsewhere, the Trump Administration is moving at breakneck speed to unshackle the U.S. economy through policy directives and perhaps soon, legislative (fiscal) action such as cutting taxes, which may increase the federal deficit and send Treasury prices lower. And, newly imposed tariffs may also be inflationary — at least in the short term. However, Elon Musk's DOGE may "find" a cool trillion dollars in budget cuts. If Congress goes along, that could flatten the yield curve, with Treasuries rallying.

Amid much uncertainty, the Fed sat on its hands last month. And, the odds of it continuing to do so for another quarter or two rose, though cuts may resume in the second half.

This isn't an argument to abandon bond funds. Rather it's an argument to manage bond risk. To that end, we prefer corporates over government bonds, and until there's clarity from Washington, it's also better to limit interest-rate risk. Our preferred taxable funds are still **Short-Term Bond** and **Intermediate Bond**. ■

— John Bonnanzio

Treasury Bond Yield Curve
(12/29/23 vs 1/31/25)



Since Sept. 2024, the Fed Funds rate has been cut a full percentage point to 4.25% to 4.50%. However, persistent inflation concerns (fueled by economic growth and, more recently, the promise of tariffs) have lifted yields on longer dated-Treasuries.

Foreign/Corporates Lift Yield

Among the limited list of bond funds we recommend, **Conservative Income Bond** [FCNVX] remains a favorite. Granted, we no longer hold it in a model portfolio. But that's because yields on money market funds became competitive while short-term bond funds can be positioned to benefit from the Fed cutting interest rates. (We hold **Short-Term Bond** in the *Income Model*.)

If you're not familiar with Conservative Income, it's a cross between a money market fund that strives to keep its NAV somewhat steady (at around \$10 versus \$1.00 for a money fund) while also striving to increase its yield by taking on a bit more interest- and credit risk. Short-term bond funds, on the other hand, assume even more credit- and rate-risk, and their NAVs fluctuate accordingly. Of course, that added risk should provide higher yields.

With the Fed recently lowering interest rates, the investment team at Conservative Income appear to have responded by shifting assets "overseas" where

interest rates are generally higher. As of August 31, 2024, 84% of the fund's assets were in U.S. securities (mostly corporate bonds). Since then, its U.S. stake has fallen to just below 59%. But that shift is less dramatic than it might seem. With only a negligible change to its interest-rate-sensitivity and credit quality, the fund has increased its exposure to so-called yankee bonds which are issued by foreign banks and corporations, but are otherwise denominated in U.S. dollars. Notably, the fund's Canadian exposure has more than doubled to nearly 8% of assets as Toronto Dominion Bank and Canadian Imperial Bank of Commerce have become top holdings. Corporates have also risen at the expense of government bonds to 55%, up from 45% last summer. These moves increase yield without introducing currency risk.

Although the rate environment favors bond funds with limited rate-risk (see p. 9 of the *Scorecard*), Conservative Income's 4.53% yield tops most of Fidelity's money market funds, while offering the promise of modest capital appreciation. ■

Jack's Message *cont'd from page 1*

The confidence that this emerging technology can keep the productivity ball rolling at the current pace is relatively high. Some think that growth might even go higher – like the 1950s and 1960s, when manufacturing dominated the U.S. economy and 3% annual improvement was typical.

Up until now, very few would have believed that an economy based on services could grow output per worker at that kind of rate. But with AI technology offering the potential to double the output of software developers, reduce report-writing time, and streamline the process of selling and research, suddenly that rate of productivity growth doesn't seem so impossible. Further in the future, AI may allow widespread deployment of self-driving cars, and/or humanoid robots that could potentially take over mundane, repetitive jobs in situations where human labor is simply unavailable. Just sustaining the current 1.9% rate would allow wages to keep rising faster than inflation, which in turn would boost tax revenue — making it easier to service the federal debt.

On the corporate front, the abil-

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 in February:

Contrafund, Global Credit, Infl-Protected Index, Intermed Muni, Int'l Bond, Limited Term Muni, Multi-Asset Inc, Muni Inc, MI, MN, OH, and PA Muni Income, New Mkts Inc, Strategic Inc, Trend.

No funds made distributions in January.

ity to largely offset wage gains provides an earnings-growth tailwind of sorts. There's really only one negative: a higher aggregate return on invested capital tends to increase borrowing demand, which in turn puts upward pressure on long-term interest rates. But we're already experiencing that effect.

The stock market, with its elevated forward P/E ratio, appears to be assuming that the higher productivity rate of the last five years will be sustained in the future. Less clear is how quickly the latest capital investments in AI technology will pay off, and whether the regulatory framework will facilitate or impede the rollout of new-age services that have potential to push productivity even higher.

Of course, some worry that AI technology will cause unemployment to rise. That may be true in the short run for some professions, such as software development. But longer term, it is likely to have a positive impact on job creation, as critical labor shortages are alleviated and new types of service businesses become possible.

As for our model portfolios, even with our recently increased value-stock exposure (owing mostly to **Equity-Income** and **Telecom & Utilities**), we continue to maintain a slight tilt toward growth. If the current productivity boom is sustained (and it most likely will be), inflation could turn out to be less problematic than expected, while bond yields might continue to see upward pressure in the intermediate- to long-term part of the yield curve. In a scenario like that, elevated P/E ratios for growth stocks could be supported by continued robust earnings growth (see *Market Outlook*). ■

— Jack Bowers

Fund Commentary *cont'd from page 5*

And, with the European Central Bank now favoring rate-cuts, there's hope that E.U. governments recognize that their respective economies need to be more competitive.

Elsewhere, **Japan** (up 1.4%) and **Japan Smaller Companies** (down 1.0%) lost momentum from earlier in the month. When the Bank of Japan raised interest rates in early January, that was viewed as a sign that the economy had strengthened sufficiently to do so. Since that time, auto makers are reporting mixed results, and the country's tech sector has stumbled alongside the U.S.

Select Funds

January's market rotation was in plain sight by the diverging returns of the group's 34 offerings. With NVIDIA sliding 12% in response to DeepSeek's release, **Select Semiconductors** fell 2.1% and **Technology** retreated 2.3%. However, **Health Care Services** (up 11.6%), **Communication Services** (up 9.1%) and **Retailing** (6.2%) benefited from positive economic data, plus promising sales and earnings growth.

Separately, nervous nellies pushed gold bullion up 7.3% to a record \$2,831.00 a troy ounce. For its part, **Gold** rose 13.1%.

Bond Funds

Although the Fed paused on rate-cuts late last month (see p. 11), short-term Treasury yields fell while the longest-dated bond (the 30-year) rose. For its part, the 10-year ended January where it started, with a yield of 4.58%. **U.S. Bond Index** rose 0.5% while its tax-free counter, **Muni Bond Index**, gained 0.3%. ■

— John Bonnanzio

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