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# FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

MARCH 2016

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## MESSAGE FROM JACK

### Junk Worth Keeping

Widespread investor fears have created a mini credit-crunch of sorts. It's not really bad enough to cause widespread defaults, but the income stream on high-yield bonds has been pushed up to attractive levels. For example, the yield on Fidelity's main-stream "junk bond" offering, **High Income**, has risen to 7.94% from 5.58% a year ago.



Jack Bowers

High yield bonds have been hit harder than the stock market over the past year, mainly because debt service concerns in the energy sector have caused lenders to become more cautious on all fronts. While energy sector fears are well-founded (the trailing 12-month default rate is already approaching 10%), most other high-yield borrowers are in relatively good shape. The Financial Crisis wiped out most firms with marginal debt servicing ability, and the remaining population is relatively savvy when it comes to cash management. Some firms, even in the energy sector, have successfully converted debt into equity through secondary stock offerings this year, demonstrating the wide range of options available to heavily-indebted companies.

In recent years, Fidelity has been conservative in the management of its high-yield bonds funds, and in the recent selloff most of their funds had adequate cash and were underweight energy and mining issues. As a result, **Capital & Income**, **Focused High Income** and **High Income** have only been about half as risky as the S&P 500, while **Floating Rate High Income** has only been about one-fifth as volatile.

While there is some risk that the high-yield default rate will worsen (analysts expect something in the range of 4-5% over the next 12 months), investors who jump in now have a decent shot at enjoying not only a robust income stream, but also some capital appreciation as today's uncertainty declines. The potential exists for some high yield funds to outperform the S&P 500 over the next 12 months.

With those thoughts in mind, we're upgrading **High Income**, **VIP High Income**, and **Capital & Income** to *OK to Buy*. We'll also be looking at adding **High Income** to our **Income Models** at some future point in time.

## MARKET OUTLOOK

### Trying To Read The Tea Leaves

I'll say it right up front: It can be very difficult to decipher the future direction of our economy given some unusually sharp differences between economic and market data.

#### Markets Pricing In A Recession

The stock market is certainly acting like the economy is likely to take a sharp turn for the worse. At their February 11 lows, the S&P 500 was down 14% from its May 2015 peak and the small-cap Russell 2000 was off 26% from its June 2015 high.



John M. Boyd

The bond market is sending similar warning signals. On February 11, the credit spread between high-yield ("junk") bonds and Treasuries hit 887 basis points (bps), more than double its 2015 low of 438 bps (see Jack's *Message*). And, that was the highest spread since the fall of 2011, which is the last time the market suffered a significant correction.

In fact, a market-based predictor of recessions using the S&P 500 and credit spreads (plus oil prices and the yield curve) indicated a recession probability of 72% on February 11. Yikes!

But before you race to dump all your stocks remember famed economist Paul Samuelson's quote that "Wall Street indexes have predicted nine of the last five recessions! And its mistakes were beauties."

#### But Economic Data Say Recession Risk Is Low

Along that line, if we look at what the economy is saying about its future, rather than the markets, we get a much different story. One of my favorite indicators of economic health, which I have often noted in this space, is the Chicago National Activity Index which monitors 85 different monthly indicators. Figures above zero indicate above trend growth and negative readings mean below trend growth. Its latest reading (January) was 0.28. The three-month moving average of this index, used to foretell recessions is currently at -0.15, whereas a reading below -0.70 is needed for a recession to be imminent.

Indeed, recession probability models based not on stock and bond prices, but on economic data (there are several),

Market Outlook cont'd on page 3

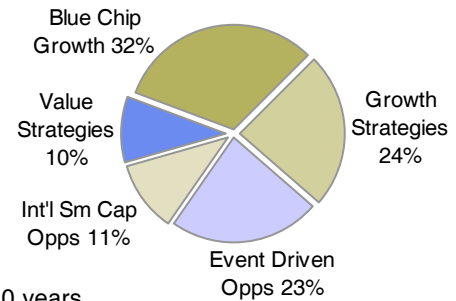
**Unique Opportunities** Target Risk: 1.20 (Current: 1.06) Foreign Holdings: 17.1% YTD Return: -7.4%

Stocks: 97.4% Bonds: 0.5% Cash: 2.1% Alternatives: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Blue Chip Growth	FBGRX	\$61.91	1,976.30	\$122,352	-2.1%
Growth Strategies	FDEGX	31.44	2,877.05	90,455	0.8
Event Driven Opps	FARNX	10.39	8,394.85	87,222	-0.7
Int'l Sm Cap Opps	FSCOX	14.00	2,957.94	41,411	-0.4
Value Strategies	FSLSX	38.09	1,033.46	39,365	-0.8

**Current Value (3/31/99 = \$100,000)** **\$380,805** **-0.8%**

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



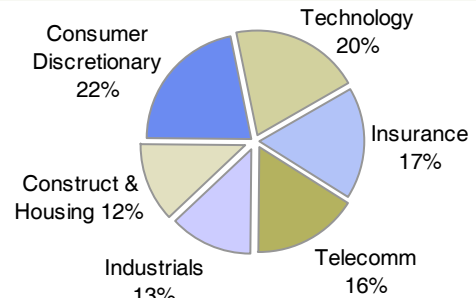
**Select** Target Risk: 1.20 (Current: 1.04) Foreign Holdings: 11.5% YTD Return: -5.2%

Stocks: 97.5% Bonds: 0.0% Cash: 2.5% Alternatives: 0.0% Yield: 0.1%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Consumer Discretionary	FSCPX	\$32.38	18,204.32	\$589,456	-0.2%
Technology	FSPTX	107.78	4,926.36	530,963	-0.6
Insurance	FSPCX	63.15	7,315.37	461,966	-1.0
Telecommunications	FSTCX	62.58	6,798.41	425,445	3.3
Industrials	FCYIX	28.10	12,295.15	345,494	3.4
Construction & Housing	FSHOX	53.17	6,134.36	326,164	0.1

**Current Value (12/31/88 = \$100,000)** **\$2,679,487** **0.6%**

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



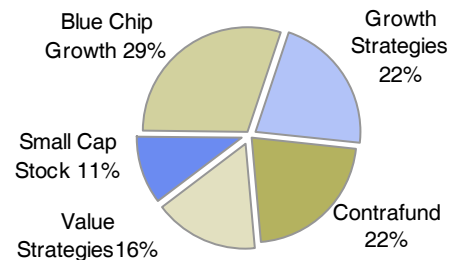
**Growth** Target Risk: 1.00 (Current: 1.07) Foreign Holdings: 9.6% YTD Return: -7.7%

Stocks: 97.0% Bonds: 0.8% Cash: 2.2% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Blue Chip Growth	FBGRX	\$61.91	9,248.37	\$572,567	-2.1%
Growth Strategies	FDEGX	31.44	13,035.84	409,847	0.8
Contrafund	FCNTX	91.54	4,475.56	409,692	-1.2
Value Strategies	FSLSX	38.09	7,878.88	300,107	-0.8
Small Cap Stock	FSLCX	16.34	12,208.44	199,486	0.1

**Current Value (12/31/86 = \$100,000)** **\$1,891,698** **-0.9%**

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



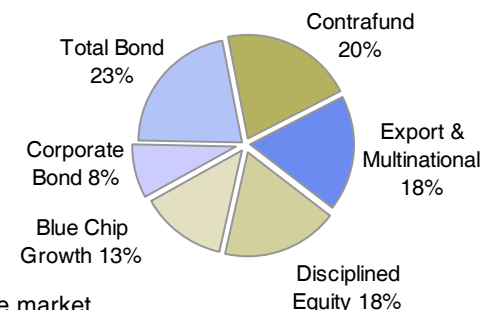
**Growth & Income** Target Risk: 0.66 (Current: 0.73) Foreign Holdings: 8.6% YTD Return: -4.2%

Stocks: 67.1% Bonds: 26.1% Cash: 2.9% Alternatives: 4.0% Yield: 1.5%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Total Bond	FTBFX	\$10.32	11,193.98	\$115,522	0.5%
Contrafund	FCNTX	91.54	1,154.98	105,727	-1.2
Export & Multinational	FEXPX	19.58	4,700.70	92,040	1.0
Disciplined Equity	FDEQX	29.92	3,051.12	91,290	0.3
Blue Chip Growth	FBGRX	61.91	1,130.47	69,987	-2.1
Corporate Bond	FCBFX	10.89	4,029.81	43,885	0.3

**Current Value (12/31/93 = \$100,000)** **\$518,450** **-0.2%**

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



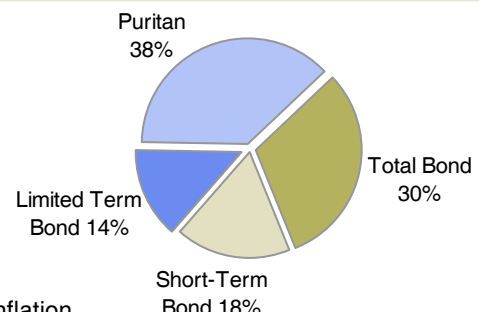
**Income** Target Risk: 0.33 (Current: 0.33) Foreign Holdings: 12.6% YTD Return: -1.6%

Stocks: 24.7% Bonds: 65.8% Cash: 2.1% Alternatives: 7.4% Yield: 2.1%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Puritan	FPURX	\$19.31	6,932.17	\$133,860	-1.1%
Total Bond	FTBFX	10.32	10,321.18	106,515	0.5
Short-Term Bond	FSHBX	8.58	7,192.27	61,710	0.1
Limited Term Bond	FJRLX	11.39	4,241.57	48,312	0.2

**Current Value (12/31/91 = \$100,000)** **\$350,396** **-0.2%**

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



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

currently show recession probabilities below 5% percent!

Now these probabilities can change fast and most economists would put recession risk higher — anywhere from 15% to 25%. But, as Bob Doll of Nuveen Asset Management notes, stocks appear to be pricing in a 50% chance of recession.

If the markets are right, we can expect further, more severe declines to come over an extended period of time. If, however, the economic signals are correct, then stocks are oversold and today represents a pretty good buying opportunity.

I mentioned earlier that stocks reached their lowest level of the year on February 11th. That date is significant for another reason. Over the next three trading days, the S&P 500 gained more than 1.5% each day. According to Simon Maierhofer on *Market Watch*, since 1970, this has happened only eight other times. In each of those eight instances, the market was higher a year later, ranging from a low of 7.6% to a high of 28.8%. I also noted how the high-yield spread on February 11 was the widest since the fall of 2011, the last significant correction before the current one.

It was also the last time we saw three consecutive days of 1.5% or better returns on the S&P 500 (October 4, 5 and 6). A year later the S&P 500 was trading 25% higher. In fact, the current situation seems quite similar to 2011.

### Where Do I Stand?

Well, as I said at the outset, these are tricky times, but I come down on the side of the economic data and no recession anytime soon. A main reason is the labor market. According to Gene Epstein in *Barrons*, in the 12 months before all 11 recessions since WWII, the unemployment rate rose

## FUNDS YOU SHOULD BUY NOW

**Growth:** For large-cap exposure ... **Blue Chip Growth** and **Growth Co** are aggressive options. **Contrafund** and **Disciplined Equity** are more conservative. **Growth Strategies** and **Value Strategies** provide mid-cap exposure; **Event Driven Opportunities** and **Small Cap Stock** are smaller-cap choices that enhance portfolio diversification.

**Growth & Income:** **Puritan** and **Balanced** use stocks and bonds to mitigate risk.

**Foreign:** **Int'l Small Cap Opportunities** is a mid-cap growth fund (mostly) in the developed markets. **Overseas** offers large-cap exposure to the same. (See page 11 for profile on Diversified Int'l and how it contrasts with Overseas.)

**Taxable Bond:** **Short-Term Bond** and **Limited Term Bond** limit interest-rate risk. **Investment Grade Bond** limits credit risk but boosts yield via additional interest-rate risk; **Total Bond** provides the greatest bond diversification boosting its yield through well-managed credit risk.

**Muni Bond:** More highly taxed investors should consider muni funds. We prefer the less risky, nationally diversified **Muni Income** and **Tax-Free Bond**. ■

on a three month basis at least once and typically five or more times. But over the past 12 months, the jobless rate has generally been falling or flat, it has not risen even once. And new claims for unemployment have been below 300,000 for 49 consecutive weeks. Furthermore, the market's fixation on oil prices seems misplaced. The last six recessions were preceded by a *spike* in oil prices, not a decline as we have seen.

The negative effects of oil's decline have been obvious in the slumping of the energy complex and related industries. But most publicly traded companies are *consumers* of energy, so it makes little sense that they should sink when oil does, unless you believe that low oil prices themselves mean a recession is coming, and I don't. It is far more a question of excess supply than falling demand. Nor do I see bank's energy loans going bad triggering another financial crisis. Yes, banks are increasing their reserves against energy defaults and that will hurt earnings. But energy loans still only make up about 4% of banks' total loan books.

And, on the positive side, we are

starting to see the benefit of lower oil prices to consumers. Excluding sales at gas stations (which have declined due to the lower prices) retail sales have been up for seven months in a row and are up 4.5% from a year ago.

Another positive sign: The strength in the dollar — blamed for weak exports and poor overseas sales of U.S. firms and thus weak earnings — is abating. According to LPL Financial's John Canally, the year-over-year change in the dollar versus a basket of foreign currencies was 18% a year ago, but had declined to 12% by the end of last year and is just 3% today.

Lastly, it is worth noting that the Atlanta Fed, which developed a "real time" GDP forecasting model called "GDP Now," is forecasting first quarter 2016 GDP growth of 2.5% as of February 24. That would be a sharp increase from 2015's revised fourth quarter rise of 1.0% — hardly indicative of a recession on the way. It is particularly significant because the GDP Now forecasts have been more accurate (and generally lower) than most economists (including the Federal Reserve Board!). ■

— 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, however, redemption and exchange fees are included. Some percentage figures may not sum to 100 due to rounding. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). **Annuity Model Portfolios** are on p. 10.

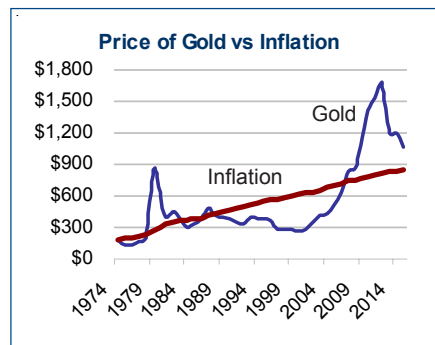
## SELECT GOLD

### All That Glitters...

The U.S. Federal debt has leveled off at 75% of GDP, and last year the Congressional Budget Office revised its borrowing estimates downward thanks to declining health care inflation and lower-than-expected government borrowing costs. We may someday get to 100% of GDP, but probably not until 2030 (the Brookings Institution thinks it will take even longer).

With the Federal debt looking increasingly sustainable (provided that spending remains well-controlled), the recent jump in the price of gold is somewhat surprising given that inflation is hardly a concern. Over long periods of time gold tends to match inflation, giving it a real return of zero (stocks and bonds both provide growth in excess of inflation — typically delivering real returns of seven percentage points per year for stocks and three percentage points annually for long-term corporate bonds).

So why the recent jump in the price of gold? Two short-term factors are at work, both of which stem from central bank activity. The first is interest rates. With Japan joining the negative yield party and Europe looking to expand theirs, gold gets an automatic lift because its negative yield doesn't look so bad (technically gold has a zero yield, but with storage costs it is slightly negative). The second factor is the accumulation of gold reserves by central banks in China and Russia. Both are looking to support their currencies while keeping their domestic gold-mining industries from suffering



too much damage at a time when jewelry demand and investor demand are shrinking. Right now it's an easy tradeoff — just exchange foreign currency reserves for gold. But it gets tougher as foreign currency reserves shrink.

Does it make sense to upgrade **Select Gold**? It might at some point, but right now the risks are still substantial. Demand for the metal could slump if negative bond yields disappear. Low inflation may suppress investor interest in classic hedges for decades to come. And some mining companies may step up production to better cover their fixed expenses, creating a situation where supply growth outpaces jewelry demand. Because the fund's relative volatility of 3.62 is more than triple that of the S&P 500, swings of 10-15% in a month are common, and it's almost impossible to know whether the next move will be up or down. So for now, we're sticking with our *Sell* rating. ■

— Jack Bowers

## FIXED INCOME

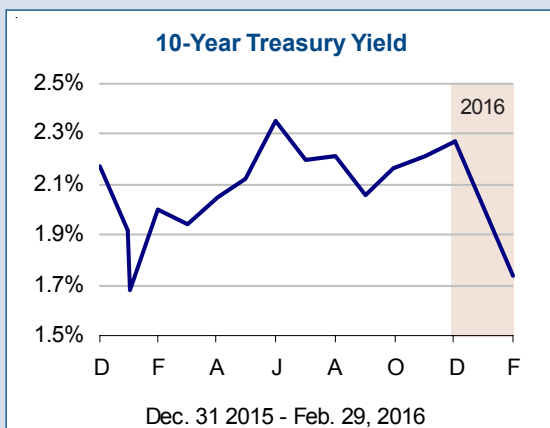
### Total Bond Holds Line Amid Tumult

With investors largely unconcerned about inflation (see above story), yet clearly anxious about the pace of growth in the U.S. and abroad, it's little surprise that bonds have been faring quite well this year.

In particular, safe-harbor Treasuries have shown themselves to be great portfolio diversifiers. With their negative correlations to equities, on many a down day for the S&P 500, Fidelity's three Spartan Treasury index funds have gained some ground. (Their two inflation-protected funds with low correlations have also.)

From the standpoint of interest-rate sensitivity, **Spartan Intermediate Treasury Index** is the middle-of-the-road option of pure Treasury bond offerings:

it's up 4.0% this year. In comparative terms, corporate bonds have struggled amid overblown concerns about credit quality and even downgrades. These fears have weighed most heavily on **Corporate Bond** (up 0.1%) whose allocation to BBB-rated



*The 10-Year Treasury yield has fallen dramatically this year to 1.74%, down from 2.27% at the start of the year (see shaded area). As bond yields move in the opposite direction from their price, Fidelity's bond funds have begun to make up for last year's declines.*

bonds and below is roughly 50%.

So far this year, our more conservative models have benefited from bonds generally, and through **Total Bond** in particular. In the Growth & Income Model Total Bond is a 23% position and it's 30% of the Income Model.

Last year, Total Bond modestly trailed its benchmark for the same reasons it is today: an underweight in strong-performing (though expensive!) Treasuries and an overweight in lagging high-yield corporate bonds.

But in absolute terms, the fund's 36% stake in U.S. government bonds (including Treasuries and other U.S. agency debt such as mortgage bonds) has still been Total Bond's performance-driver. This has helped it to gain a decent 1.1% this year.

Most importantly, the fund's presence in our models continues to reduce overall portfolio risk and contribute to their income. ■

FUND COMMENTARY

## Stock Freefall Ends As Oil Prices Firm

February came in like a lion and went out like a lamb.

With various stock indexes marking all sorts of multi-year lows during the first two weeks of the month, the second half brought a calm that's not been seen in a while.



John Bonnanzio

Credit oil for both.

Having bottomed at an intra-day low of \$26.21 a barrel on February 11, the West Texas Intermediate variety had started the month at an already-blighted \$33.62 a barrel. That made for a two-week decline of 30%! That's when the rumors surfaced that Saudi Arabia and others in OPEC might agree to cut production amid a global glut.

That didn't happen.

In fact, the Saudi's are now on record as wanting to squeeze out "inefficient producers." One oil minister charges that — unlike themselves — the U.S., Canada and Brazil should get out of the energy business, presumably to make way for them.

Nevertheless, oil prices finally started to firm, essentially leaving them unchanged the month.

Equity investors clearly appreciated that oil speculators were getting a bit more bullish, even as it grew more apparent that China's appetite for oil would slow along with its economy.

Still, U.S. stocks recovered, but they remain in the red for the year thanks to the January selloff.

Perhaps even better, trading volume has slowed over the past two weeks, as has volatility.

### Market Indexes

For all of last month's gyrations, share prices were largely unchanged. Notably, the widely followed large-cap S&P 500 barely budged, ending February down a scant 0.1%. Likewise, the small-cap Russell 2000 was un-

changed. For its part, the Dow Jones Industrial Average was fractionally higher (up 0.6%), whereas the tech-rich Nasdaq Composite slipped 1.1% for the month.

As noted, the above month-to-date returns mask the mini-rally equity investors have benefited from over the past two weeks. But owing to January's horrible start for equities (the first four days were the worst ever), year-to-date losses are still ugly.

The worst of the lot are the Nasdaq and Russell 2000, which are both down 8.8% this year. As for the Dow and S&P 500, they're off 4.8% and 5.1%, respectively.

### Stock Funds

With biotech stocks and related pharmaceuticals failing to gain traction last month, most of Fidelity's large cap growth funds struggled: their average offering retreated 1.3%. Granted, **Cap App** gained 0.5%, but Manager Fergus Shiel has just 11% of assets in tech versus 31% for the fund's peers. Conversely, with **OTC** (down 2.3%) and **Growth Company** (down 1.3%) aggressively investing in biotech and tech, they were among the group's laggards.

February's "winning" equity funds were more value-oriented; they have larger stakes in economically sensitive cyclicals, materials (which includes gold), and telecom and utilities. (They are also big investors in financials, but that sector lagged in February.) Moreover, some of these same industries throw off dividend income, which have received renewed interest as the prospect for higher yields from money markets, CDs and other interest-bearing accounts has faded.

But even with the wind to the backs of Fidelity's five large-cap value funds, their average gain was a miniscule 0.1% last month. The best of the lot was **Stock Selector Large Cap Value** (up 0.8%); it benefited from its bigger-than-peer weight in utilities and cyclicals, though its 12% allocation to energy was not helpful (more on that below).

### Sector Funds

The runaway top-performing Select in February was **Gold**. Up 29.5%, we'd encourage you to read Jack's facing story if you're catching that particular "bug."

Elsewhere, with cyclicals taking a drubbing in January, February allowed them to somewhat recover — though certainly not fully.

Even with oil prices moving higher, **Transportation and Air Transportation** popped 8.1% and 6.6%, respectively, while **Chemicals** (up 4.4%) and **Industrials** (up 3.4%) also enjoyed strong gains.

As for Fidelity's four Select energy funds (**Environmental & Alternative Energy** is classified as an industrial, and gained 2.5% in February), they failed to rally last month. While oil prices firmed, natural gas was another matter. With U.S. gas production rising and winter temperatures in the northeast warming, the latter's price fell to a 17-year low! For its part, **Select Natural Gas** (down 7.0%) was the month's biggest sector loser. (It holds that same distinction over the past one- and three-year periods.)

Elsewhere, **Tech** slipped 0.6% and **Financial Services** fell 2.3%.

Fund Commentary *cont'd on page 8*

MARCH SCORECARD RATING CHANGES			
Fund	Ratings		Comments
	Old	New	
Convertible Sec's	S	H ↑	This asset class tends to run with high yield.
Capital & Income	H	B ↑	Investors are being amply rewarded for junk's risk.
High Income	H	B ↑	Investors are being amply rewarded for junk's risk.
VIP High Income	H	B ↑	Investors are being amply rewarded for junk's risk.

**B** = Buy; **B** = OK to Buy; **H** = Hold; **S** = OK to Sell; **S** = Sell, **NC** = No change  
 (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

FEBRUARY 29, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Feb	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	
Comparative Indexes		S&P 500		1932.2		-0.1	-5.1	-6.6	-6.2	10.8	10.1	6.4	1.00
		Nasdaq Composite		4558.0		-1.1	-8.8	-10.6	-7.1	14.4	11.7	8.3	1.20
		Dow Jones Industrials		16516.5		0.6	-4.8	-6.3	-6.7	8.1	8.9	6.9	1.02
		Russell 2000 (Small Caps)		1033.9		0.0	-8.8	-13.4	-4.4	5.7	6.1	5.0	1.36
		Barclays Aggregate Bond*				0.7	2.1	1.7	1.4	2.0	3.4	4.3	0.29
Model Portfolios		Unique Opportunities				-0.8	-7.4	-8.9	-10.2	8.1	6.7	5.3	1.06
		Select Growth				0.6	-5.2	-7.3	-9.9	11.2	10.4	7.2	1.04
		Growth & Income				-0.9	-7.7	-9.5	-9.9	7.4	6.9	4.7	1.07
		Income				-0.2	-4.2	-5.6	-6.2	7.2	6.7	4.8	0.73
<b>Category Averages</b>												<b>Rel Vol (Risk)<sup>1</sup></b>	<b>Assets (\$Mil)</b>
<b>LARGE CAP GROWTH</b>						<b>-1.3</b>	<b>-8.9</b>	<b>-9.9</b>	<b>-9.6</b>	<b>11.0</b>	<b>9.2</b>	<b>1.17</b>	
312	FBGRX	Blue Chip Growth		61.91	Buy	-2.1	-10.2	-10.8	-9.7	13.1	10.7	1.18	\$13,757
307	FDCAX	Capital Appreciation		29.89	Hold	0.5	-7.7	-8.3	-10.8	10.3	10.0	1.16	5,078
22	FCNTX	Contrafund		91.54	Buy	-1.2	-6.8	-8.1	-5.1	11.5	10.1	1.01	72,175
3	FFIDX	Fidelity Fund		38.96	Hold	-2.0	-7.3	-8.3	-8.1	9.6	8.3	1.05	3,588
333	FTQGX	Focused Stock		16.81	Hold	-0.9	-6.5	-7.9	-8.9	8.8	8.3	1.17	1,647
25	FDGRX	Growth Company (Closed)		120.49	Buy	-1.3	-11.8	-12.7	-10.5	12.8	11.0	1.29	20,305
339	FDSVX	Growth Discovery		23.02	OK to Buy	-2.4	-8.9	-9.0	-7.2	12.4	9.8	1.12	984
73	FDFFX	Independence		31.66	OK to Sell	-0.2	-12.0	-13.3	-16.3	8.9	7.1	1.38	3,273
21	FMAGX	Magellan		82.26	Buy	-1.7	-8.0	-9.6	-7.8	11.8	7.8	1.10	12,255
300	FMILX	New Millennium		31.16	OK to Sell	-0.7	-6.4	-9.9	-11.0	7.6	8.2	1.06	2,819
93	FOCPX	OTC		71.13	OK to Buy	-2.3	-14.7	-13.4	-11.2	15.7	10.5	1.48	8,524
320	FDSX	Stock Selector All Cap		31.11	Hold	-0.7	-7.3	-9.0	-10.7	9.1	8.0	1.06	5,014
5	FTRNX	Trend		77.30	OK to Buy	-1.7	-8.1	-8.8	-7.5	12.0	10.2	1.12	1,345
<b>LARGE CAP BLEND</b>						<b>-0.2</b>	<b>-6.0</b>	<b>-8.0</b>	<b>-9.6</b>	<b>9.0</b>	<b>8.5</b>	<b>1.06</b>	
315	FDEQX	Disciplined Equity		29.92	Buy	0.3	-5.7	-7.7	-8.5	10.3	9.0	1.02	1,280
330	FDGFX	Dividend Growth		28.68	OK to Buy	-0.3	-5.3	-6.5	-8.4	9.4	7.3	1.01	5,562
332	FEXPX	Export and Multinational	0.75%/30d	19.58	Buy	1.0	-2.9	-4.8	-5.4	8.9	7.6	0.95	1,594
27	FGRIX	Growth & Income		26.93	Hold	-0.3	-6.9	-9.2	-11.1	8.0	9.0	1.09	5,086
338	FLCSX	Large Cap Stock		24.01	Hold	-0.5	-8.1	-10.8	-13.5	8.6	8.8	1.15	2,386
361	FGRTX	Mega Cap Stock		14.47	Hold	-1.4	-7.4	-9.4	-10.5	8.7	9.3	1.11	2,892
<b>LARGE CAP VALUE</b>						<b>0.1</b>	<b>-4.5</b>	<b>-6.1</b>	<b>-9.1</b>	<b>8.6</b>	<b>7.7</b>	<b>0.96</b>	
1271	FBCVX	Blue Chip Value		14.92	OK to Buy	-0.4	-4.9	-7.0	-9.3	9.9	7.4	0.99	479
319	FEQTX	Equity Dividend Income		23.50	Hold	-0.1	-4.3	-5.8	-8.0	7.8	7.1	0.95	4,478
23	FEQIX	Equity-Income		48.74	Hold	0.4	-4.6	-5.8	-9.3	6.1	6.1	0.93	5,759
708	FSLVX	Stock Sel Large Cap Value		15.60	Hold	0.8	-4.2	-6.1	-9.4	8.5	8.6	0.95	648
832	FVDFX	Value Discovery		22.05	OK to Buy	-0.1	-4.6	-6.1	-9.4	10.6	9.2	0.96	1,504
<b>MID-CAP GROWTH</b>						<b>0.3</b>	<b>-6.2</b>	<b>-9.1</b>	<b>-11.1</b>	<b>8.9</b>	<b>8.0</b>	<b>1.06</b>	
324	FDEGX	Growth Strategies	1.50%/90d	31.44	Buy	0.8	-5.5	-7.2	-7.7	12.3	8.4	1.04	2,249
337	FMCSX	Mid-Cap Stock	0.75%/30d	30.90	Hold	0.7	-5.6	-9.9	-11.8	7.9	7.9	1.04	4,719
2412	FSSMX	Stock Selector Mid Cap		29.30	Hold	-0.4	-7.5	-10.3	-13.9	6.5	7.8	1.10	407
<b>MID-CAP BLEND</b>						<b>-0.6</b>	<b>-10.3</b>	<b>-14.9</b>	<b>-18.7</b>	<b>3.9</b>	<b>5.2</b>	<b>1.22</b>	
122	FLVCX	Leveraged Company Stock	1.50%/90d	35.72	Hold	-0.6	-10.3	-14.9	-18.7	3.9	5.2	1.22	2,742
<b>MID-CAP VALUE</b>						<b>0.6</b>	<b>-6.1</b>	<b>-9.2</b>	<b>-12.3</b>	<b>8.0</b>	<b>8.2</b>	<b>1.04</b>	
316	FLPSX	Low-Priced Stock	1.50%/90d	45.52	Buy	0.7	-4.7	-7.2	-7.8	9.2	9.1	0.90	26,486
762	FSMVX	Mid Cap Value	0.75%/30d	20.98	OK to Buy	1.1	-6.1	-8.6	-12.6	9.4	9.4	1.07	2,334
39	FDVLX	Value		90.64	OK to Buy	1.3	-5.4	-9.2	-14.1	7.6	7.7	1.09	6,500
14	FSLSX	Value Strategies		38.09	Buy	-0.8	-8.3	-11.8	-14.8	5.7	6.4	1.11	585
<b>SMALL CAP GROWTH</b>						<b>-1.3</b>	<b>-10.8</b>	<b>-13.7</b>	<b>-10.7</b>	<b>9.3</b>	<b>8.4</b>	<b>1.35</b>	
1388	FCPGX	Small Cap Growth	1.50%/90d	16.68	Buy	-1.3	-10.8	-13.7	-10.7	9.3	8.4	1.35	1,406
<b>SMALL CAP BLEND</b>						<b>0.3</b>	<b>-5.9</b>	<b>-9.5</b>	<b>-9.9</b>	<b>7.2</b>	<b>6.3</b>	<b>1.20</b>	
2624	FARNX	Event Driven Opportunities		10.39	Buy	-0.7	-5.6	-7.2	-8.9	--	--	--	184
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	25.37	OK to Buy	2.6	-4.0	-9.6	-11.2	6.5	9.2	1.21	4,899
340	FSLCX	Small Cap Stock	2.00%/90d	16.34	Buy	0.1	-5.9	-9.4	-8.0	8.4	3.7	1.15	1,852
336	FDSCX	Stock Selector Small Cap	1.50%/90d	21.20	OK to Buy	-0.6	-8.1	-12.0	-11.6	6.8	6.0	1.25	1,255
<b>SMALL CAP VALUE</b>						<b>2.2</b>	<b>-2.0</b>	<b>-6.8</b>	<b>-4.9</b>	<b>8.4</b>	<b>9.2</b>	<b>1.17</b>	
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	16.41	OK to Buy	2.2	-2.0	-6.8	-4.9	8.4	9.2	1.17	2,043

**Notes:** \*Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. <sup>1</sup> Relative Volatility 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 before any inflation adjustment, your effective yield may be different. <sup>4</sup> Also available in an Advantage share class with a minimum of \$10,000, but a lower expense ratio. <sup>5</sup> Formerly Cash Reserves. <sup>6</sup> Formerly Retirement Money Market. <sup>7</sup> Formerly Select Medical Delivery. <sup>8</sup> Formerly Select Software and Computer Services. <sup>9</sup> Formerly VIP Money Market. <sup>10</sup> Formerly Tax-Free MM. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

FEBRUARY 29, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Feb	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SPECIALTY</b>															
304	FBALX	Balanced		20.24	Buy	-0.4	-4.6	-6.1	-6.8	7.1	7.1	0.73	\$19,036		
308	FCV SX	Convertible Securities		24.51	Hold↑	1.0	-7.4	-10.3	-18.2	3.0	2.9	0.94	1,507		
334	FGBLX	Global Balanced	1.00%/30d	21.21	Hold	0.4	-3.6	-4.0	-6.8	2.6	2.9	0.70	419		
2120	FFGCX	Global Commodity Stock	1.00%/30d	8.58	Sell	5.0	-2.4	-9.1	-32.1	-14.3	-12.6	1.60	138		
1960	FDYSX	Global Strategies		8.14	Hold	-0.4	-3.1	-4.2	-6.4	2.1	2.4	0.65	87		
1368	FIREX	International Real Estate	1.50%/90d	9.36	OK to Sell	-0.9	-6.6	-6.3	-11.3	2.7	4.3	1.07	311		
4	FPURX	Puritan		19.31	Buy	-1.1	-5.0	-6.2	-6.1	7.5	7.2	0.74	18,433		
833	FRIFX	Real Estate Income	0.75%/90d	11.09	OK to Buy	0.5	-1.3	-1.5	-1.6	4.2	7.1	0.49	2,448		
303	FRESX	Real Estate Investment	0.75%/90d	39.00	Hold	-0.6	-3.9	-1.8	-1.2	8.8	9.8	1.34	4,351		
1329	FSDIX	Strategic Dividend & Income		13.26	Hold	0.1	-2.5	-3.2	-5.4	6.9	8.4	0.71	2,633		
1505	FSRRX	Strategic Real Return	0.75%/60d	8.13	OK to Sell	-0.3	-1.2	-2.5	-9.6	-3.6	-0.7	0.42	478		
311	FIUX	Telecom & Utilities		22.71	Hold	1.8	3.8	4.6	-3.2	8.8	9.8	1.00	896		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		12.58	Hold	0.1	-0.8	-1.7	-2.6	2.3	3.2	0.30	4,548		
1957	FTANX	Asset Manager 30%		9.95	Hold	0.0	-1.5	-2.6	-3.7	3.0	3.8	0.39	823		
1958	FFANX	Asset Manager 40%		10.13	Hold	-0.2	-2.3	-3.6	-4.9	3.6	4.2	0.48	943		
314	FASMX	Asset Manager 50%		15.54	Hold	-0.3	-3.1	-4.5	-6.2	4.1	4.5	0.58	7,142		
1959	FSANX	Asset Manager 60%		10.15	Hold	-0.5	-4.0	-5.5	-7.4	4.6	4.7	0.67	1,291		
321	FASGX	Asset Manager 70%		17.69	Hold	-0.6	-4.8	-6.5	-8.6	5.0	4.9	0.78	3,714		
347	FAMRX	Asset Manager 85%		14.63	Hold	-0.8	-6.0	-7.8	-10.1	5.8	5.3	0.92	1,335		
<b>EQUITY INDEX</b>															
355	FFNOX	Four-in-One Index		34.26	Hold	-0.7	-5.3	-7.0	-8.5	6.3	6.4	0.87	4,033		
2010	FIENX	International Enhanced Index	1.00%/30d	7.42	Hold	-3.3	-8.9	-10.4	-13.7	1.9	1.6	1.16	153		
1827	FLC EX	Large Cap Core Enhcd Index		10.90	OK to Buy	0.6	-5.0	-6.3	-7.9	10.5	10.3	1.00	411		
1829	FLG EX	Lrge Cap Growth Enhcd Index		13.86	OK to Buy	0.8	-4.8	-6.8	-6.0	12.5	11.1	1.03	448		
1828	FLV EX	Large Cap Value Enhcd Index		9.94	Hold	0.5	-5.3	-7.0	-9.7	8.9	9.6	1.00	1,565		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	11.98	OK to Buy	2.3	-4.9	-7.4	-11.0	10.3	9.6	1.05	803		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	59.79	OK to Buy	-1.0	-8.8	-10.5	-7.2	14.2	11.6	1.20	2,081		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.99	Buy	1.9	-5.8	-10.7	-11.2	8.0	8.5	1.31	529		
650	FUSEX	Spartan 500 Index <sup>4</sup>		68.13	Hold	-0.2	-5.1	-6.6	-6.3	10.7	10.0	1.00	7,637		
2341	FPEMX	Spartan Emerging Mkts Index <sup>4</sup>	1.50%/90d	7.24	Hold	-0.6	-6.2	-8.9	-24.2	-8.7	--	1.34	23		
398	FSEM X	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	46.00	Buy	0.5	-8.4	-12.0	-14.9	6.9	7.2	1.21	1,408		
2345	FSGUX	Spartan Global ex U.S. Index <sup>4</sup>	1.00%/90d	9.80	Hold	-2.2	-7.7	-9.9	-17.5	-2.3	--	1.14	22		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	32.81	Hold	-3.0	-8.7	-10.4	-15.2	0.4	0.5	1.17	2,619		
2349	FSCLX	Spartan Mid Cap Index <sup>4</sup>	0.75%/30d	15.41	OK to Buy	1.1	-5.5	-8.0	-11.4	8.9	--	1.03	38		
2353	FRXIX	Spartan Real Estate Index <sup>4</sup>	0.75%/90d	14.32	Hold	-0.9	-4.9	-2.9	-3.7	8.2	--	1.36	34		
2356	FSSPX	Spartan Small Cap Index <sup>4</sup>	1.50%/90d	14.09	OK to Buy	0.0	-8.8	-13.4	-14.9	5.8	--	1.36	36		
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	55.32	Hold	-0.0	-5.7	-7.6	-8.0	9.9	9.5	1.02	1,945		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>-0.9</b>	<b>-6.8</b>	<b>-7.9</b>	<b>-11.8</b>	<b>1.3</b>	<b>1.4</b>	<b>1.22</b>
309	FICDX	Canada	1.50%/90d	41.64	OK to Sell	3.5	0.7	-5.2	-17.1	-3.0	-4.1	1.18	1,061		
352	FHKCX	China Region	1.50%/90d	21.11	Hold	-3.3	-17.0	-16.3	-22.7	-0.6	0.4	1.94	944		
325	FDIVX	Diversified International	1.00%/30d	32.11	OK to Buy	-2.3	-8.4	-9.6	-11.7	3.9	2.5	1.13	11,301		
351	FSEAX	Emerging Asia	1.50%/90d	27.52	Hold	-1.7	-8.3	-9.2	-18.5	-2.5	-0.0	1.30	848		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	6.50	OK to Sell	1.9	-1.7	-8.3	-21.3	-8.2	-5.1	1.31	57		
322	FEMKX	Emerging Markets	1.50%/90d	20.14	Hold	-1.9	-7.4	-8.7	-20.0	-4.8	-3.7	1.24	2,476		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	9.83	Hold	0.2	-6.5	-7.8	-16.6	-6.9	--	1.14	52		
301	FIEX	Europe	1.00%/30d	33.11	OK to Buy	-0.2	-8.5	-9.0	-11.4	2.8	2.1	1.21	1,186		
2406	FGILX	Global Equity-Income	1.00%/30d	11.31	OK to Buy	-0.9	-5.1	-5.6	-6.3	7.5	--	0.93	68		
335	FIVFX	International Cap App	1.00%/30d	15.55	Buy	-1.3	-6.4	-7.2	-8.8	5.0	5.4	1.05	1,394		
305	FIGRX	International Discovery	1.00%/30d	35.70	OK to Buy	-2.8	-9.4	-9.9	-11.1	2.9	2.3	1.13	6,439		
1979	FIGFX	International Growth	1.00%/30d	10.29	Buy	-2.2	-7.6	-8.6	-10.2	2.9	4.0	1.05	907		
818	FISM X	International Small Cap	2.00%/90d	20.83	OK to Buy	0.2	-5.8	-5.2	-4.6	6.8	4.5	1.05	729		
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.00	Buy	-0.4	-6.2	-5.6	-2.5	7.3	6.9	0.96	874		
1597	FIVLX	International Value	1.00%/30d	7.30	OK to Sell	-4.0	-9.1	-10.4	-13.7	0.6	-0.8	1.18	286		
350	FJPNX	Japan	1.50%/90d	10.73	Hold	-4.1	-9.1	-9.7	-9.1	1.7	-0.5	1.33	404		
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.39	Hold	-0.3	-3.3	-2.2	3.8	13.0	8.4	1.70	529		
349	FLATX	Latin America	1.50%/90d	15.57	OK to Sell	2.5	-4.7	-9.6	-32.2	-22.1	-15.8	1.80	403		
342	FNORX	Nordic	1.50%/90d	45.23	OK to Buy	2.2	-3.5	-1.7	0.5	12.0	7.7	1.22	434		
94	FOSFX	Overseas	1.00%/30d	37.55	Buy	-1.8	-8.1	-9.1	-8.2	5.6	4.3	1.09	4,099		
302	FPBFX	Pacific Basin	1.50%/90d	24.57	Hold	-1.8	-6.7	-5.0	-6.3	6.0	4.8	1.16	602		
2369	FTEMX	Total Emerging Markets	1.50%/90d	9.32	Hold	0.5	-3.9	-6.7	-12.6	-4.2	--	1.07	40		
1978	FTIEX	Total International Equity	1.00%/30d	6.98	Hold	-2.8	-8.0	-9.1	-13.1	-0.1	0.8	1.08	269		
318	FWWFX	Worldwide	1.00%/30d	20.37	OK to Buy	-1.7	-8.3	-9.1	-10.0	6.2	5.7	1.10	1,411		

# FIDELITY SCORECARD

FEBRUARY 29, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
						Feb	YTD	3 Mo.	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>0.9</b>	<b>-6.2</b>	<b>-9.1</b>	<b>-12.3</b>	<b>7.6</b>	<b>7.1</b>	<b>1.45</b>	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	60.60	Hold	6.6	-2.7	-5.5	-9.2	16.3	13.6	1.36	\$325
502	FSAVX	Automotive	0.75%/30d	33.73	OK to Buy	0.8	-15.1	-17.4	-20.0	7.2	2.9	1.52	66
507	FSRBX	Banking	0.75%/30d	21.70	Hold	-4.5	-15.2	-19.1	-12.6	6.3	5.9	1.38	567
42	FBIOX	Biotechnology	0.75%/30d	162.06	OK to Sell	-5.3	-31.3	-31.8	-30.3	16.8	22.7	2.74	9,729
68	FSLBX	Brokerage & Investment	0.75%/30d	54.65	Hold	-1.9	-14.7	-19.8	-22.2	2.6	3.0	1.55	311
69	FSCHX	Chemicals	0.75%/30d	123.20	Hold	4.4	-5.8	-8.4	-14.5	5.5	8.4	1.46	1,044
518	FSDCX	Communications Equipment	0.75%/30d	26.71	Hold	6.1	-3.5	-4.9	-16.4	6.8	0.2	1.41	169
7	FDCPX	Computers	0.75%/30d	62.46	OK to Sell	1.3	-8.5	-11.9	-21.6	4.2	4.1	1.36	389
511	FSHOX	Construction & Housing	0.75%/30d	53.17	Buy	0.1	-8.4	-11.1	-8.1	8.8	12.8	1.25	451
517	FSCPX	Consumer Discretionary	0.75%/30d	32.38	Buy	-0.2	-5.2	-8.2	-4.6	13.1	12.7	1.20	1,119
98	FVLX	Consumer Finance	0.75%/30d	10.94	Hold	1.3	-10.1	-13.9	-14.0	4.8	8.9	1.22	87
9	FDFAX	Consumer Staples	0.75%/30d	90.48	Hold	0.0	-0.9	2.7	-3.3	9.5	12.3	1.06	2,039
67	FSDAX	Defense & Aerospace	0.75%/30d	108.09	OK to Buy	1.8	-6.0	-7.0	-11.1	12.1	11.1	1.25	886
8	FSELX	Electronics	0.75%/30d	69.87	Hold	2.4	-7.6	-9.8	-10.4	18.6	9.4	1.45	1,339
60	FSENX	Energy	0.75%/30d	32.63	OK to Sell	-5.0	-7.2	-18.0	-27.6	-9.5	-7.1	1.72	1,927
43	FSESX	Energy Service	0.75%/30d	37.54	Sell	-3.4	-8.5	-19.3	-30.3	-16.3	-12.8	2.07	435
516	FSLEX	Environment & Alt Energy	0.75%/30d	18.20	Hold	2.5	-3.9	-8.3	-10.6	5.9	2.7	1.24	73
66	FIDSX	Financial Services	0.75%/30d	75.00	Hold	-2.3	-10.7	-12.9	-14.2	6.1	4.9	1.17	1,044
41	FSAGX	Gold	0.75%/30d	18.12	Sell	29.5	34.2	36.3	-2.1	-16.1	-18.0	3.62	1,077
63	FSPHX	Health Care	0.75%/30d	180.51	Hold	-2.4	-13.3	-12.1	-14.9	21.3	18.5	1.56	7,445
505	FSHCX	Health Care Services <sup>7</sup>	0.75%/30d	78.59	OK to Buy	0.5	-6.9	-4.7	-6.3	16.9	12.8	1.06	838
510	FSCGX	Industrial Equipment	0.75%/30d	35.25	Buy	2.7	-3.4	-4.8	-4.2	7.2	6.7	1.26	157
515	FCYIX	Industrials	0.75%/30d	28.10	Buy	3.4	-3.8	-6.6	-8.3	8.4	8.3	1.23	976
45	FSPCX	Insurance	0.75%/30d	63.15	Buy	-1.0	-6.7	-9.3	-2.5	11.5	10.3	1.20	459
353	FBSOX	IT Services	0.75%/30d	37.16	OK to Buy	-1.3	-7.0	-10.2	-0.6	16.1	14.7	1.29	1,894
62	FDLSX	Leisure	0.75%/30d	128.31	OK to Buy	2.1	-1.3	-2.8	-3.5	13.7	13.0	1.06	416
509	FSDPX	Materials	0.75%/30d	63.20	Hold	4.5	-7.9	-12.3	-19.8	-0.3	1.8	1.44	713
354	FSMEX	Medical Equipment	0.75%/30d	33.75	OK to Buy	1.0	-5.9	-5.0	-6.6	18.0	13.5	1.20	1,917
503	FBMPX	Multimedia	0.75%/30d	68.59	Hold	-0.7	-6.5	-10.6	-10.9	10.4	12.1	1.44	576
513	FSNGX	Natural Gas	0.75%/30d	17.82	Sell	-7.0	-11.2	-26.9	-43.3	-17.1	-12.2	2.14	256
514	FNARX	Natural Resources	0.75%/30d	21.80	OK to Sell	-4.6	-7.8	-18.5	-30.2	-11.0	-9.1	1.77	463
580	FPHAX	Pharmaceuticals	0.75%/30d	18.20	Hold	-4.8	-11.5	-10.5	-11.3	16.0	16.1	1.29	1,695
46	FSRPX	Retailing	0.75%/30d	98.80	OK to Buy	-0.7	-6.1	-7.7	5.1	18.8	18.2	1.26	1,844
28	FSCSX	Software & IT Services <sup>8</sup>	0.75%/30d	111.11	OK to Buy	-2.7	-8.5	-9.5	-1.8	15.6	13.7	1.30	2,972
64	FSPTX	Technology	0.75%/30d	107.78	Buy	-0.6	-8.7	-10.3	-7.2	11.6	7.2	1.25	2,779
96	FSTCX	Telecommunications	0.75%/30d	62.58	Buy	3.3	3.4	3.5	0.5	9.4	8.3	1.06	686
512	FSRFX	Transportation	0.75%/30d	73.25	Hold	8.1	0.4	-5.4	-16.3	13.2	11.0	1.34	407
65	FSUTX	Utilities	0.75%/30d	66.88	OK to Sell	1.3	4.2	4.8	-4.2	8.2	9.7	1.14	805
963	FWRLX	Wireless	0.75%/30d	7.85	OK to Buy	0.5	-3.8	-7.5	-11.1	5.9	5.7	1.02	208
<b>SECTOR ETFs</b>													
	FDIS	MSCI Consumer Discretionary		29.24	Buy	1.1	-4.7	-7.2	-3.4	--	--	--	252
	FSTA	MSCI Consumer Staples		30.44	OK to Buy	0.4	0.5	3.1	3.4	--	--	--	258
	FENY	MSCI Energy		16.10	OK to Sell	-2.2	-5.8	-16.3	-27.3	--	--	--	291
	FNCL	MSCI Financials		25.27	Hold	-2.5	-10.7	-13.0	-10.6	--	--	--	214
	FHLC	MSCI Healthcare		31.08	Hold	-0.7	-10.0	-8.8	-9.4	--	--	--	641
	FIDU	MSCI Industrials		26.45	Buy	3.7	-2.8	-5.7	-8.4	--	--	--	102
	FTEC	MSCI Information Technology		30.60	Buy	-1.0	-6.8	-9.4	-6.3	--	--	--	381
	FMAT	MSCI Materials		23.27	Hold	6.9	-4.2	-8.4	-17.8	--	--	--	71
	FREL	MSCI Real Estate		21.55	Hold	-0.7	-4.8	-3.8	-5.9	--	--	--	46
	FCOM	MSCI Telecomm Services		28.48	Buy	5.1	6.6	6.3	5.4	--	--	--	88
	FUTY	MSCI Utilities		29.66	OK to Sell	1.7	6.3	8.8	5.6	--	--	--	157

**Fund Commentary** *cont'd from page 5*

### International Funds

With materials rebounding, **Canada** (up 3.5%), **EMEA** (up 1.9%), and **Latin America** (up 2.5%) benefitted last month. On the other hand, with further signs of slowing in China, **China Region** (down 3.3%) and **Pacific Basin** (down 1.8%) struggled, though not nearly so much

as **Japan** (down 4.1%), which is not only export-dependent on China, but is facing a host of long-term structural challenges. More broadly, **Spartan Int'l Index** fell 3.0% for the month

### Bond Funds

The yield on the 10-year Treasury ended February at 1.74%, down from 1.92% at the start of the period. As a consequence, the average taxable of-

fering gained 0.7%, whereas **Total Bond** gained 0.5% (see p. 4). The average high-yield fund gained 0.3% (see Jack's Message on p. 1).

As for munis, their gains were muted as the IRS spooked the sector with proposed new rules that challenge the tax-exempt status of critical infrastructure projects in so-called political subdivisions. ■

— John Bonnanzio

# FIDELITY SCORECARD

FEBRUARY 29, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>			
						Feb	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>0.7</b>	<b>1.9</b>	<b>1.4</b>	<b>0.4</b>	<b>1.0</b>	<b>3.3</b>	<b>1.93</b>	<b>4.9</b>	<b>0.31</b>
2267	FCONX	Conservative Income Bond		10.01	Buy	0.1	0.0	0.1	0.3	0.3	--	0.83	0.2	0.01			
2208	FCBFX	Corporate Bond		10.89	Buy	0.3	0.1	-1.3	-3.2	1.6	4.7	3.76	6.8	0.40			
2423	FGBFX	Global Bond		8.77	OK to Sell	0.9	1.3	1.0	-3.5	-1.7	--	2.82	6.6	0.41			
15	FGMNX	GNMA (Ginnie Mae)		11.63	OK to Buy	0.3	1.4	1.4	2.1	2.2	3.4	2.39	2.4	0.26			
54	FGOVX	Government Income		10.53	Hold	0.7	2.5	2.2	2.2	2.0	3.2	1.29	5.0	0.27			
794	FINPX	Inflation-Protected Bond <sup>3</sup>		11.94	Hold	1.0	2.7	1.6	-1.3	-1.6	2.4	0.22*	5.5	0.49			
32	FTHRX	Intermediate Bond		10.83	Buy	0.5	1.3	0.8	1.0	1.5	3.0	1.88	3.9	0.21			
452	FSTGX	Intermediate Gov't Income		10.76	Hold	0.6	2.0	1.6	2.1	1.3	2.3	0.66	3.7	0.20			
2428	FINUX	International Bond		8.29	OK to Sell	1.4	1.1	1.2	-4.6	-3.4	--	2.51	7.1	0.55			
26	FBNDX	Investment Grade Bond		7.64	Buy	0.6	1.3	0.2	-1.7	1.3	3.3	2.73	5.3	0.28			
2622	FJRLX	Limited Term Bond		11.39	Buy	0.2	0.7	0.1	0.6	1.0	2.6	1.94	2.5	0.13			
662	FFXSX	Limited Term Government		10.10	OK to Buy	0.3	1.3	1.0	1.4	0.9	1.3	0.64	2.5	0.12			
40	FMSFX	Mortgage Securities		11.38	OK to Buy	0.3	1.6	1.4	2.3	2.5	3.5	2.59	3.0	0.24			
450	FSHXB	Short-Term Bond		8.58	Buy	0.1	0.5	0.3	0.8	0.9	1.3	0.96	1.7	0.07			
2415	FSIQX	Sptn Inflation-Protect Index <sup>4</sup>		9.62	Hold	1.1	2.8	1.7	-1.0	-1.4	--	0.00*	5.5	0.49			
1561	FIBIX	Sptn Inter Term Treas Index <sup>4</sup>		11.26	Hold	1.0	4.0	3.6	4.3	2.3	4.5	1.32	6.5	0.44			
1562	FLBIX	Sptn Lng-Term Treas Index <sup>4</sup>		13.77	Hold	2.9	8.4	8.0	3.8	5.9	9.5	2.26	17.6	1.04			
1560	FSBIX	Sptn Sht-Term Treas Index <sup>4</sup>		10.52	Hold	0.3	1.3	1.1	1.6	0.8	1.3	0.70	2.7	0.13			
651	FBIDX	Sptn U.S. Bond Index		11.69	Hold	0.7	2.1	1.7	1.4	2.0	3.4	2.22	5.2	0.29			
820	FTBFX	Total Bond		10.32	Buy	0.5	1.1	0.1	-0.8	1.7	3.6	3.21	5.2	0.28			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>0.3</b>	<b>-1.4</b>	<b>-3.4</b>	<b>-5.5</b>	<b>0.7</b>	<b>3.4</b>	<b>6.19</b>	<b>3.7</b>	<b>0.48</b>
38	FAGIX	Capital & Income	1.00%/90d	8.80	OK to Buy↑	0.1	-3.2	-5.1	-7.5	3.0	4.0	5.08	4.3	0.56			
814	FFRHX	Floating Rate High Income	1.00%/60d	8.95	Hold	-0.3	-1.3	-2.3	-4.2	0.3	1.7	5.46	0.3	0.22			
1366	FHIFX	Focused High Income	1.00%/90d	7.87	Hold	0.6	-1.0	-3.4	-5.9	1.0	3.6	6.13	4.0	0.48			
2297	FGHNX	Global High Income	1.00%/90d	8.48	Hold	0.1	-1.7	-3.8	-6.0	0.6	--	6.96	4.1	0.50			
455	SPHIX	High Income	1.00%/90d	7.73	OK to Buy↑	-0.3	-1.8	-4.4	-9.5	-0.4	2.9	7.94	3.7	0.50			
331	FNMIX	New Markets Income	1.00%/90d	14.46	Hold	1.9	0.6	-2.1	0.2	-0.3	5.1	6.45	6.3	0.71			
2580	FSAHX	Short Duration High Income	1.00%/90d	8.66	Hold	-0.3	-2.3	-4.9	-8.1	--	--	7.31	2.4	--			
368	FSICX	Strategic Income		10.08	OK to Buy	0.9	-0.1	-1.5	-3.4	0.8	3.1	4.16	4.9	0.38			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.1</b>	<b>1.2</b>	<b>1.8</b>	<b>3.4</b>	<b>3.2</b>	<b>4.9</b>	<b>1.29</b>	<b>5.6</b>	<b>0.30</b>
434	FSAZX	Arizona Muni Income	0.50%/30d	12.27	OK to Buy	-0.0	1.4	2.1	4.3	3.8	5.6	1.34	6.3	0.35			
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.80	Buy	0.2	1.0	1.3	2.2	1.9	2.6	0.57	3.0	0.14			
91	FCTFX	California Muni Income	0.50%/30d	13.22	OK to Buy	0.1	1.4	2.2	3.9	4.2	6.4	1.30	6.1	0.34			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.87	OK to Buy	0.1	1.6	2.4	4.4	3.4	4.8	1.47	6.4	0.32			
2578	FCRDY	Conservative Income Muni		10.06	Buy	0.1	0.3	0.3	0.5	--	--	0.27	0.7	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.57	Buy	0.1	1.0	1.5	2.6	2.6	4.1	1.27	4.8	0.24			
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.69	Buy	0.1	0.8	1.0	1.5	1.3	2.1	0.58	2.7	0.12			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.49	OK to Buy	0.1	1.3	2.1	3.9	3.1	4.7	1.41	6.8	0.33			
70	FDMMX	Mass Muni Income	0.50%/30d	12.60	OK to Buy	0.2	1.3	2.0	4.0	3.4	5.4	1.51	6.9	0.35			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.47	OK to Buy	-0.0	1.2	1.9	4.0	3.5	5.1	1.36	6.2	0.30			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.83	OK to Buy	0.1	1.1	1.8	3.6	2.8	4.3	1.17	5.5	0.26			
37	FHIGX	Municipal Income	0.50%/30d	13.53	Buy	0.2	1.2	1.9	3.6	3.7	5.9	1.66	6.7	0.35			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.96	OK to Sell	-0.3	1.2	2.4	2.9	2.6	4.9	1.87	6.8	0.35			
71	FTFMX	New York Muni Income	0.50%/30d	13.64	OK to Buy	0.2	1.5	2.2	4.4	3.6	5.4	1.35	6.4	0.34			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.40	OK to Buy	0.0	1.4	2.3	4.6	4.0	5.6	1.47	7.0	0.36			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.38	OK to Buy	0.1	1.2	1.8	3.7	3.5	5.4	1.49	6.1	0.32			
90	FTABX	Tax-Free Bond	0.50%/30d	11.75	Buy	0.1	1.3	2.0	3.8	3.8	6.0	1.82	6.8	0.35			

Yields on municipal funds are not directly comparable to yields on taxable funds. In muni funds your effective yield will be higher as your tax-bracket increases. \*12 month distributed yield

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC %Yield	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC %Yield
			Feb	YTD					Feb	YTD	
55	FDRXX	Gov't Cash Reserves <sup>5</sup>	0.00	0.00	0.01	433	FSAXX	Arizona Muni MM	0.00	0.00	0.01
458	SPAXX	Government MM	0.00	0.00	0.01	97	FCFXX	California Muni MM	0.00	0.00	0.01
631	FGMXX	Retirement Gov't MM	0.00	0.00	0.01	457	FSPXX	California AMT Tax-Free	0.00	0.00	0.01
630	FRTXX	Retirement Gov't MM II <sup>6</sup>	0.00	0.00	0.01	418	FCMXX	Connecticut Muni MM	0.00	0.00	0.01
2742	FZFXX	Treasury MM	0.00	0.00	0.01	426	FMSXX	Mass AMT Tax-Free	0.00	0.05	0.01
415	FDLXX	Treasury Only MM	0.00	0.00	0.01	74	FDMXX	Massachusetts Muni MM	0.00	0.00	0.01
<b>PRIME MONEY MARKETS</b>						420	FMIXX	Michigan Muni MM	0.00	0.00	0.01
454	SPRXX	Money Market	0.02	0.03	0.25	417	FNJXX	New Jersey Muni MM	0.00	0.00	0.01
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						423	FSJXX	New Jersey AMT Tax-Free	0.00	0.00	0.01
10	FTEXX	Municipal Money Market	0.00	0.00	0.01	92	FNYYX	New York Muni MM	0.00	0.00	0.01
275	FMOXX	Tax-Exempt MM <sup>10</sup>	0.00	0.00	0.01	422	FSNXX	New York AMT Tax-Free	0.00	0.00	0.01
						419	FOMXX	Ohio Muni MM	0.00	0.01	0.01
						401	FPTXX	Pennsylvania Muni MM	0.00	0.00	0.01

# FIDELITY SCORECARD

FEBRUARY 29, 2016

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Feb	YTD	3 Mo.	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model						1.1	-3.9	-5.8	-6.6	11.5	9.2	1.00
	Annuity Growth Model						-0.3	-8.3	-10.6	-11.6	6.9	7.0	1.12
	Annuity Growth & Income Model						-0.6	-6.2	-7.9	-8.4	5.5	5.7	0.78
	Annuity Income Model						-0.2	-1.6	-2.7	-3.4	1.6	4.1	0.35
9067	FLRQC	Fid VIP Asset Manager	Allocation		16.45	Hold	-0.3	-4.9	-6.1	-8.3	4.0	4.1	0.69
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		16.28	Hold	-0.6	-7.2	-8.6	-11.2	4.7	4.4	0.92
9069	FJBAC	Fid VIP Balanced	Allocation		18.60	Buy	-0.4	-4.8	-6.2	-6.9	6.4	5.7	0.73
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	22.18	Buy	-0.4	-5.1	-7.9	-5.3	12.4	12.2	1.19
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	22.79	OK to Buy	0.9	-0.1	4.6	4.2	12.3	13.7	1.07
9065	FPDFC	Fid VIP Contrafund	Large Growth		19.21	Buy	-0.9	-7.6	-9.4	-10.3	8.7	7.6	1.04
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		15.41	Buy	1.8	-5.9	-10.7	-11.6	7.4	7.9	1.30
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		20.90	Hold	0.4	-7.9	-8.8	-11.4	10.5	9.9	1.19
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.12	Hold	-2.1	-7.7	-9.0	-20.3	-5.1	-4.1	1.23
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	11.63	OK to Sell	-5.1	-7.3	-18.0	-27.9	-9.7	-7.3	1.72
9061	FLOLC	Fid VIP Equity-Income	Large Value		15.74	Hold	0.4	-4.4	-5.9	-9.9	5.8	7.0	0.93
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	9.26	Hold	-2.4	-10.8	-13.0	-14.2	6.0	4.7	1.17
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		9.78	Hold	-0.4	-1.2	-1.9	-3.2	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.90	Hold	0.1	-0.7	-1.4	-2.5	2.3	2.8	0.29
9158	FMPBC	Fid VIP FundsManager 50	Allocation		14.66	Hold	-0.2	-3.2	-4.2	-5.9	4.1	4.2	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		13.52	Hold	-0.5	-4.2	-5.5	-7.0	4.9	4.7	0.68
9159	FMPCC	Fid VIP FundsManager 70	Allocation		14.61	Hold	-0.6	-5.1	-6.4	-8.1	5.3	5.0	0.78
9160	FMPDC	Fid VIP FundsManager 85	Allocation		14.33	Hold	-0.8	-6.4	-7.9	-9.8	6.1	5.3	0.93
9062	FMNDC	Fid VIP Growth	Large Growth		19.25	OK to Buy	-2.5	-9.0	-9.1	-7.5	11.9	9.3	1.13
9070	FLFNC	Fid VIP Growth & Income	Large Blend		17.72	Hold	-0.3	-6.9	-9.2	-11.4	7.7	8.7	1.09
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		19.33	Buy	-1.5	-10.6	-11.5	-10.7	11.4	10.7	1.30
9084	FDPDC	Fid VIP Health Care	Sector	1.00%/60d	31.06	Hold	-2.4	-13.1	-12.0	-15.3	20.8	18.1	1.56
9060	FBBLC	Fid VIP High Income	High-Yield Bond		16.61	OK to Buy↑	-0.5	-2.1	-5.2	-8.9	-0.4	2.8	0.50
9064	FXVLT	Fid VIP Index 500	Large Blend		18.97	Hold	-0.2	-5.2	-6.7	-6.5	10.4	9.8	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	24.58	Buy	3.3	-3.7	-6.4	-8.4	8.3	8.2	1.22
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	14.88	Buy	-1.3	-6.3	-7.3	-8.9	4.8	5.1	1.05
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.25	Buy	0.4	1.1	0.1	-1.0	1.2	3.0	0.29
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	15.28	Hold	4.4	-8.0	-12.3	-20.4	-0.5	1.5	1.44
9071	FNBSCL	Fid VIP Mid Cap	Mid Growth		19.97	Buy	0.3	-7.2	-11.0	-12.3	7.2	5.1	1.17
9059	FTNJCL	Fid VIP Gov't Money Market <sup>9</sup>	Money Mkt		11.34	--	0.0	0.0	0.0	-0.2	-0.2	-0.2	0.01
9088	FEMMCL	Fid VIP Overseas	Diversified Int'l	1.00%/60d	13.45	OK to Buy	-2.1	-9.3	-10.2	-11.5	2.7	1.1	1.19
9072	FFWKC	Fid VIP Real Estate	Sector		20.55	Hold	-0.7	-4.9	-3.5	-5.0	7.3	8.6	1.33
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.90	OK to Buy	1.0	0.0	-1.3	-3.5	0.4	2.7	0.37
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	23.42	Buy	-1.1	-9.3	-11.1	-8.4	10.3	6.1	1.22
9173	FVTACL	Fid VIP Telecommunications	Sector	1.00%/60d	13.84	Buy	3.4	3.4	3.4	0.4	9.0	8.8	1.07
9087	FXRRCL	Fid VIP Utilities	Sector	1.00%/60d	21.22	OK to Sell	1.4	4.3	4.8	-4.3	8.0	9.6	1.14
9079	FKMSC	Fid VIP Value	Large Value		16.96	OK to Buy	0.1	-6.1	-9.2	-9.4	8.4	8.6	1.03
9073	FRBSC	Fid VIP Value Strategies	Mid Value		16.99	Buy	-0.6	-8.9	-12.9	-15.9	5.0	6.1	1.13
9347	FBMECL	Black Rock Global Allocation	Global Allocation		11.16	Hold	-1.1	-4.5	-5.4	-8.7	2.3	2.3	0.64
9349	FTMECL	Franklin Templeton Global Bond	Global Bond		10.22	OK to Sell	-2.8	-3.6	-5.9	-8.6	-2.2	1.4	0.52
9348	FFMECL	Franklin Templeton US Gov't	Intermed Gov't		10.35	Hold	0.2	1.2	1.0	1.2	0.8	1.7	0.19
9285	FIGXCL	Invesco Global Core Eqty	Global Stock		10.31	Hold	0.1	-6.3	-8.3	-12.0	3.0	1.7	1.03
9147	FPRLCL	Lazard Retirement Emerging Mkts	Emg Mkts		11.32	Hold	-1.8	-4.5	-8.8	-24.9	-10.8	-5.2	1.45
9143	FPRMCL	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.24	Hold	2.0	0.9	-1.1	-2.3	-1.9	3.3	0.71
9144	FPRNCL	Morgan Stanley Emerg Mkt Equity	Emg Mkts		10.43	Hold	-0.7	-6.5	-8.8	-19.9	-8.0	-4.1	1.14
9146	FPRPCL	Morgan Stanley Global Strategist <sup>5</sup>	Diversified Int'l		11.14	Hold	-0.6	-3.8	-5.4	-11.9	1.4	2.2	0.69
9346	FPMECL	Pimco Commodity Real Return	Commodities		5.05	Sell	-1.9	-3.6	-7.0	-29.1	-20.6	-14.4	1.27
9276	FPMBCL	Pimco VIT Low Duration	Sht-Term Bond		11.35	Buy	-0.5	-0.4	-0.7	-1.1	-0.1	1.1	0.15
9277	FPNBCL	Pimco VIT Real Return	TIPS		12.31	Hold	0.3	1.6	0.3	-4.0	-2.7	1.9	0.55
9278	FPOBCL	Pimco VIT Total Return	Intermed Bond		12.66	Hold	-0.4	0.6	0.2	-1.1	0.7	2.9	0.33

Annuity Sector	
Fund	Allocation
VIP Cons Discretionary	28%
VIP Technology	26
VIP Telecom	25
VIP Industrials	21
<b>Total Return:</b>	
Feb: 1.1% YTD: -3.9%	

Annuity Growth	
Fund	Allocation
VIP Growth Opps	24%
VIP Mid Cap	24
VIP Contrafund	20
VIP Value Strategies	18
VIP Disciplined Sm Cap	14
<b>Total Return:</b>	
Feb: -0.3% YTD: -8.3%	

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	32%
VIP Growth Opps	28
VIP Contrafund	21
VIP Value Strategies	19
<b>Total Return:</b>	
Feb: -0.6% YTD: -6.2%	

Annuity Income	
Fund	Allocation
VIP Balanced	38%
VIP Investment Grade	34
Pimco VIT Low Duration	28
<b>Total Return:</b>	
Feb: -0.2% YTD: -1.6%	

FUND PROFILE

## Bower Marks 15<sup>th</sup> Year At Diversified Int'l

Bill Bower's "Rolodex" has grown larger. Of course, that notion is actually a metaphor hinting at the fact that Bill's been running **Diversified International** (Div Int'l) for a long time



Bill Bower

— 15 years this April! Along the way, he's not only amassed vital contacts around the world, but the technology and brainpower now used to track and analyze the growing list of far-flung businesses has also changed dramatically.

### Some History

When Bill started on Div Int'l in 2001, the U.S. was in recession and global stocks had been in decline since the tech bubble burst in early 2000. A few months later were the "911" terrorist attacks which closed the NY Stock Exchange for a week, halted U.S. Treasury bond trading for several days, and led to another equity selloff.

By 2003 America's invasion of Iraq began, the subprime mortgage crisis followed that (2007-'09) and another recession ensued (2008-'09). In 2010 Europe's financial/debt crisis began (and arguably continues to this day), whereas 2011 marks Japan's three-pronged natural and man-made disasters. Also, the so-called Arab Spring occurred that year, America withdrew most of its troops from Iraq and ISIS got its start.

Amid unending geopolitical strife, Bill, with support from Fidelity's global investment team (there are 30 equity specialists in Europe, and 36 more spread across Asia) keeps his focus on fundamentals.

Starting with a huge investible universe of 5,000 global stocks (including a handful of out-of-benchmark positions in the U.S. — about 8%), consistent earnings growth, competi-

## "BREXIT" FOREIGN FUNDS?

Last month, the British pound briefly fell 5%, hitting a roughly 7-year low against the dollar. This occurred in response to concerns that the robust U.K. economy could be grievously hurt if it votes in June to exit the European Union (EU). While the primary reasons for the move have more to do with political sovereignty than with trade and other economic issues, a yes vote to exit (Brexit, as it's called) will have far-reaching and permanent ramifications well beyond Britain's borders. For one thing, it will likely prompt Scotland to reconsider last year's vote to remain in the British union. Also, more prosperous northern members

like Germany will reexamine the cost they bear in propping up southern EU members like Greece. Decades of free-trade and other political agreements could be swept away. This would weaken the West just as Russia is reasserting itself.

If you're thinking "that's their

problem, not mine," it's worth remembering that U.S. multinationals are not only dependent on the U.K. for sales and earnings, Britain is also a gateway to continental Europe and it's also one of the world's most important banking centers.

With 21% (or \$2.4 billion) of **Diversified International's** assets

U.K. Fund Exposures <sup>1</sup> (as a % of total assets)	
Europe	40.4%
Overseas	28.3
Int'l Value	24.1
Diversified Int'l	20.6
Int'l Discovery	20.3
Int'l Sm Cap Opps	20.1
Int'l Cap App	19.2
<b>Spartan Int'l Index<sup>2</sup></b>	<b>19.1</b>
Int'l Enh'd Idx	18.4
Int'l Small Cap	17.5
Global Equity Inc	16.1
Total Int'l Equity	15.9
Int'l Growth	14.6
Worldwide	9.5

<sup>1</sup>As of 12/31/15; <sup>2</sup>EAFE index.

in U.K. stocks, this development is being watched closely by Bill Bower who told us that, at the very least, there will be "downward pressure on the pound" and perhaps stocks while this political drama plays itself out.

As for whether or not he plans to make any portfolio changes as a result, he

demurred, noting that he's never added value for his fund's shareholders by making macro calls on the market, currencies or anything else. Instead, he plans to ride out the likely volatility and continue to do what he always has: look for great stocks that he wants to own over time. ■

tive advantages (high barriers to entry), and especially a company's free cash flow generation relative to its capital expenditures, are central elements in identifying long-term winners. These and other valuation metrics, coupled with strong management, will ultimately winnow the fund's investible universe down to 200-300 positions. (There are presently 234 stock holdings in the fund.)

Thematically, Bill favors many of the same growth "themes" we do: e-commerce companies and health care containment businesses. He also seeks out opportunities directly and indirectly in the world's increasingly wealthier emerging markets. Most apparently, about 8% of the fund's assets are deployed there, but as Bill

explained to us, many U.S. and European health care companies are growing sales to the emerging-market consumer who can better afford drugs and the like. (Health care is 18% of fund assets and his top-four pharma holdings alone are about 8% of assets.)

While Bill invests for the long term (turnover is a low 31%), he can be an opportunist. Shorter-term (in the past year), he's cherry-picked through the rubble of Japanese bank stocks making Mitsubishi UFJ Financial Group a top-10 holding. In fact, overall, financials (his biggest sector weight at 22%) added relative value in an otherwise bad year to invest abroad. (The fund gained 2.1% versus a decline of

**International** *cont'd on page 12*

## International *cont'd from page 11*

0.7% for its EAFE benchmark.) Below the surface, Bill seems interested in energy. Amid collapsing oil prices and falling stock values, the fund's exposure there has been largely unchanged at just under 3%, strongly suggesting he has been buying. However he is still avoiding major producers, such as Royal Dutch Shell, leaning towards the energy service side.

### The Record

During the past 15 years, Bill's extraordinary stockpicking skills places Div Int'l in the pantheon of top foreign stock funds. While **Spartan Int'l Index** fund (a proxy for the EAFE) had a total return of 63.9%

(from May 2001 to February 2016), Bill nearly doubled that figure with a return of 124.6%! (For the record, the S&P 500 gained 107.8% during the period.) And, from the perspective of risk management, he's handily beaten his peers during his tenure. According to Fidelity, during Bill's 176 months on the fund (14 years and 6 months), he's beaten his actively run peers in 101 up-market months and did the same through 75 down-market months. And while Div Int'l's volatility is just 3% less than its benchmark, its risk-adjusted and absolute returns have been extraordinary.

### Action Recommendations

Now here's the twist.

In the past four years, a compara-

tively new manager named Vincent Montemaggiore has built his own impressive record on **Overseas**. Turning to our *Scorecard*, Div Int'l has a 3-year average annual return of 3.9%, but Overseas is stronger at 5.6%. (Overseas has beaten 97% of its industry peers during that period versus "just" 93% for Bill's fund.)

While both funds' records are tremendous, we modestly prefer the *Buy*-rated Overseas, not just for its superior returns under Vincent, but also because he's managed it to be 4% less risky. That said, if your portfolio is in need of international large-cap growth exposure (we're warming to the area!), you certainly won't go wrong with either choice. ■

— John Bonnanzio

## DIVIDEND UPDATE

*In addition to regular monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds may make a dividend or cap gain distribution in March:*

Equity-Inc, MA Muni Inc, Mid Cap Value, MSCI Cons Discret, MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Healthcare, MSCI Industrials, MSCI Info Tech, MSCI Materials, MSCI Real Estate, MSCI Telecom, MSCI Utilities, NY Muni Inc, Real Estate Inc, Real Estate Inv, Sptn Real Estate Index, Stk Sel Large Cap Value, Tax-Free Bond, Telecom & Utilities.

*The final distributions for February are shown below.*

Fund	Ex-Date	\$ Amt	NAV
Contrafund	2/5	0.637	88.14
MN Municipal Inc	2/5	0.002	11.88
OH Municipal Inc	2/5	0.008	12.46
PA Municipal Inc	2/5	0.007	11.42
Sp Infl-Prot Bond	2/12	0.021	9.53
Trend	2/5	0.441	74.50

## Fidelity Funds Mostly Improve In Tough '15

For all the tumult of 2015's markets, in aggregate, Fidelity's actively run funds outpaced 72% of their industry peers. This was a solid improvement over 2014's results when 66% beat their peers. (Performance is measured on an asset-weighted basis. This skewing to larger funds is meant to better reflect the actual "experience" of shareholders.)

Of course, just one-year does not make for a fair horserace in the fund business. Over a three-year period there was also some improvement (72% versus 70%), and over the five-year period asset-weighted outperformance was 71%, up from 68%.

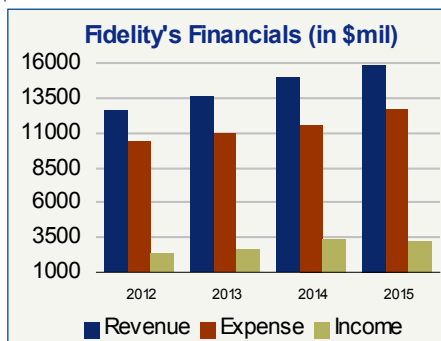
As for their all-important equity funds (U.S., foreign and global), they collectively beat 77% of their peers last year, up considerably from 66% in 2014. Over five years, 76% outperformed, up from 69%.

Especially strong performances among Fidelity's foreign stock funds were one reason for those great results. For example, thanks to **Diversified Int'l** and **Overseas** (see story above), 88%, 88% and 94% of their

international funds beat their respective benchmarks for one-, three-, and five-years.

As for fixed-income funds, 65% outperformed in 2015.

Down slightly from 68% in 2014, this partly reflects the more conservative positioning of Fidelity's fund lineup. ■



*In 2015, Fidelity's revenues rose 6.4% to a record high of \$15.9 billion. However, a 10% increase in expenses to \$12.7 billion resulted in a 6.7% drop in income to \$3.2 billion. The good news? Fidelity cites "significant investments" in tech and staffing for its higher overhead.*

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**Editorial Questions:** editorial@mfi.com **Subscription Questions:** memberservices@mfi.com or 1-800-444-6342 **Hotline:** 800-520-4630