

# FIDELITY MONITOR & INSIGHT

MARCH 2017

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## MESSAGE FROM JACK

### **Bond Market Opportunities Poised To Shift**

The past year has been great for high-yield bond investors. **High Income Fund**, which we've held in both our *Income* and *Growth & Income Models* since last April, performed almost as well as stocks while carrying only 60% as much risk. Unfortunately, high-yield bonds are now close to full valuation, and their yield spread over Treasuries has slipped below four percentage points. While it's not unreasonable to expect High Income to earn its yield (currently 5.31%) over the next 12 months, another 16% gain like last year is simply not in the cards.



Jack Bowers

Investment-grade bonds, in contrast, have posted weak gains over the past 12 months. **U.S. Bond Index**, for example, is barely ahead of breakeven because of rising Treasury yields. Investors have been concerned — perhaps overly concerned — about inflation, as well as the potential for a stronger economy to boost both borrowing demand and yields. But there are two reasons why yields may not rise as much as many expect.

The first is the dollar's strength. When the greenback is rising, it tends to attract foreign capital, boosting the supply of money available to lend. The second is corporate tax reform. While it's hard to predict how imports and exports will be treated, the odds that it will become easier and cheaper for firms to repatriate overseas capital are high. And if that happens, the issuance of corporate debt could slump, reducing borrowing demand.

As such, we are considering a reduction in our high-yield bond exposure in favor of higher quality bonds. We don't normally discuss potential portfolio changes in advance, but bond-related moves are easier to plan, and in this case there's a 90-day 1% redemption fee on High Income. So if you are thinking about putting more money to work in the *Income* or *Growth & Income Models*, consider holding off on the portion that would go into High Income.

Sincerely,

## MARKET OUTLOOK

### **Investors Increasingly Cautious ... And That's A Good Thing**

The stock market continues to move steadily higher. The S&P 500 has not suffered a daily decline of 1% or more in roughly five months, and in the latter half of February, the Dow Industrials notched 12 straight days of gains for the first time since December of 1970. Yet there seems to be little "trust" in this advance. The higher the market goes, the more worried investors are that it is headed for a fall. And that is a very good thing.



John M. Boyd

This bull market is unlikely to end in fear, when everyone is doubting its strength, but in euphoria, when everyone thinks it can only go higher. Today, despite the strong advance, we are much closer to the former than the latter. In my January 2017 *Market Outlook*, I noted some concern over the sharp increase in bullishness right after the election. Bullish sentiment in the American Association of Individual Investors weekly poll had jumped to 44.6% versus a long-term average of 38.5%. It is now back down to that long-term average, while bearishness has moved to 32.3%, above its average of 30.3%. No sign of euphoria there.

Despite many pundits calling the latest rally driven by nothing but hope, it is, in fact, being supported by improving economic fundamentals and improving corporate earnings. The four week moving average of initial claims for unemployment fell to 241,000 as of February 18, the lowest level since July of 1973! And the economy added 227,000 new jobs in January. Housing continues to strengthen with unadjusted new home sales in January rising 5.1% from a year ago and existing home sales jumping 6.0%. In January, retail sales rose a robust 5.6% versus last year after a 4.4% year-over-year gain in December. Factory orders for December were up 2.0% from a year ago, the largest year-over-year advance since September 2014. And in December, construction spending was over 4% higher than a year ago for the second straight month. Regional indicators of manufacturing activity are surging. The Empire State (New York) Index hit a two-year high jumping from 6.5 in January to 18.7

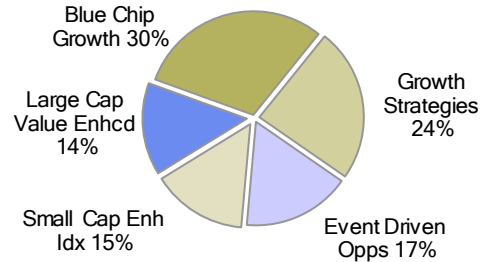
**Unique Opportunities** Target Risk: 1.20 (Current: 1.13) Foreign Holdings: 4.2% **YTD Return: 5.5%**

Stocks: 99.0% Bonds: 0.0% Cash: 1.0% Alternatives\*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Blue Chip Growth	FBGRX	\$73.36	1,933.28	\$141,825	3.9%
Growth Strategies	FDEGX	36.59	3,073.70	112,467	3.9
Event Driven Opps	FARNX	13.76	5,702.65	78,469	1.3
Small Cap Enh Idx	FCPEX	14.32	4,846.09	69,396	1.1
Large Cap Value Enhcd	FLVEX	12.53	5,391.92	67,561	4.2

**Current Value (3/31/99 = \$100,000) \$469,717 2.9%**

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



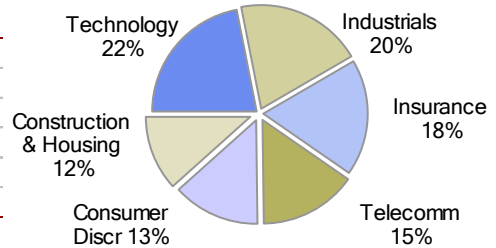
**Select** Target Risk: 1.20 (Current: 1.09) Foreign Holdings: 9.6% **YTD Return: 5.5%**

Stocks: 97.4% Bonds: 0.2% Cash: 2.6% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Technology	FSPTX	\$146.96	5,004.52	\$735,464	5.4%
Industrials	FCYIX	33.72	19,528.81	658,512	2.4
Insurance	FSPCX	80.60	7,542.50	607,926	3.7
Telecommunications	FSTCX	69.97	7,239.13	506,522	-1.6
Consumer Discretionary	FSCPX	37.00	12,244.66	453,052	1.2
Construction & Housing	FSHOX	61.70	6,354.40	392,066	3.3

**Current Value (12/31/88 = \$100,000) \$3,353,542 2.5%**

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



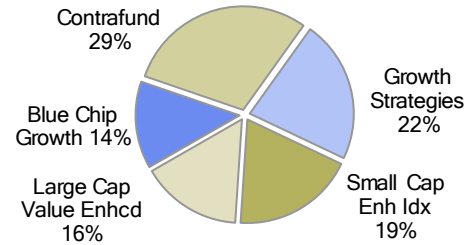
**Growth** Target Risk: 1.00 (Current: 1.04) Foreign Holdings: 4.3% **YTD Return: 5.5%**

Stocks: 99.5% Bonds: 0.0% Cash: 0.4% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Contrafund	FCNTX	\$106.03	6,439.36	\$682,765	3.8%
Growth Strategies	FDEGX	36.59	14,010.10	512,630	3.9
Small Cap Enh Idx	FCPEX	14.32	30,583.17	437,951	1.1
Large Cap Value Enhcd	FLVEX	12.53	28,830.50	361,246	4.2
Blue Chip Growth	FBGRX	73.36	4,275.41	313,644	3.9

**Current Value (12/31/86 = \$100,000) \$2,308,236 3.2%**

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



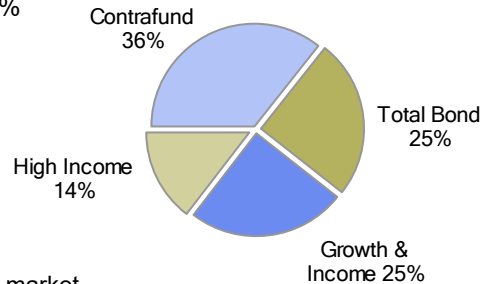
**Growth & Income** Target Risk: 0.66 (Current: 0.70) Foreign Holdings: 9.5% **YTD Return: 4.3%**

Stocks: 60.1% Bonds: 20.3% Cash: 1.9% Alternatives\*: 17.6% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Contrafund	FCNTX	\$106.03	2,053.44	\$217,727	3.8%
Total Bond	FTBFX	10.61	14,388.03	152,657	0.8
Growth & Income	FGRIX	34.36	4,409.82	151,521	3.4
High Income	SPHIX	8.91	9,994.33	89,049	1.6

**Current Value (12/31/93 = \$100,000) \$610,955 2.6%**

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



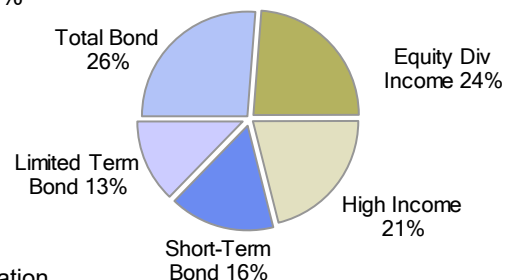
**Income** Target Risk: 0.33 (Current: 0.38) Foreign Holdings: 13.0% **YTD Return: 1.9%**

Stocks: 23.1% Bonds: 49.3% Cash: 3.4% Alternatives\*: 24.2% Yield: 2.7%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Total Bond	FTBFX	\$10.61	9,567.51	\$101,511	0.8%
Equity Dividend Income	FEQTX	27.77	3,313.05	92,003	3.4
High Income	SPHIX	8.91	9,178.29	81,779	1.6
Short-Term Bond	FSHBX	8.60	7,264.95	62,479	0.2
Limited Term Bond	FJRLX	11.49	4,308.27	49,502	0.4

**Current Value (12/31/91 = \$100,000) \$387,274 1.4%**

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



in February (any reading above zero indicates expansion), and the Philadelphia Fed Index leaped to 43.3 (a 33-year high!) from 23.6 in January. The national ISM manufacturing index hit 57.7% in February — its highest level since August 2014.

Lastly, the Conference Board's Leading Economic Index (LEI) rose 0.6% in January — its fifth straight month of gains.

With 456 of the S&P 500 companies having reported fourth quarter 2016 earnings, we are looking at a 23% gain in earnings per share from 2015's fourth quarter. And analysts are projecting a similar gain for the first quarter of this year.

### Don't Fear A Selloff

That is not to say, of course, that the market could not stage a retreat in the near future. The market can always do that, and there are any number of things that could cause such an event. But given the strong backdrop supporting stocks, we would not view any selloff as the beginning of a new bear market. As long as the economic data continues to show signs of strength, we will continue to like stocks.

Let me leave you with this nugget from long-time market watcher, Sam Stovall. Since 1945, he notes, there have been 28 instances where the S&P 500 has registered gains in both January and February. In the prior 27 cases, we ended the year with a positive total return. Of course, since we are already up 5.9%, we could be down for the balance of the year and still end up with a positive full year for a 28th straight time. More intriguing, however, is the average yearly gain in those past 27 occurrences of 24%. ■

— John M. Boyd

## FUNDS YOU SHOULD BUY NOW

**Growth:** For large-cap exposure, **Blue Chip Growth** and **Growth Company** are aggressive options, while **Contrafund** is more conservatively positioned (see p. 12). **Large Cap Value Enhanced** provides financial exposure; **Growth Strategies** adds mid-cap exposure. **Event Driven Opportunities** and **Small Cap Enhanced Index** are smaller-cap choices that enhance portfolio diversification.

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

**High-Yield Bond:** See “Bond Market Opportunities Poised To Shift” on p. 1.

**Taxable Bond:** **Limited Term Bond** and especially **Short-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 short-maturity **Conservative Income Muni**. ■

## MODEL PORTFOLIO TRADES

As announced on our Hotline update of February 24, on Monday, February 27, we made trades in five model portfolios:

### Unique Opportunities Model:

We sold our position in **Low-Priced Stock** [FLPSX]. With the proceeds, we added to our stake in **Blue Chip Growth** [FBGRX] bringing it up to about 30% of the model.

### Select Model:

We sold 1/3 of our position in **Consumer Discretionary** [FSCPX] bringing it down to about 13% of the model. With the proceeds, we added to our stake in **Industrials** [FCYIX] bringing it up to about 20% of the model.

### Growth Model:

We sold our position in **Low-Priced Stock** [FLPSX]. With the proceeds, we added to our stake in **Contrafund** [FCNTX] bringing it up to about 29% of the model.

### Growth & Income Model:

We sold our position in **Low-Priced Stock** [FLPSX]. With 1/2 of the proceeds, we added to our stake in **Contrafund** [FCNTX] bringing it up to about 36% of the model. We added the other half to our position in **Total Bond** [FTBFX] bringing it up to about 25% of the model.

### Annuity Growth Model:

We sold 1/4 of our position in **VIP Disciplined Small Cap** [FPRGC] bringing it down to about 17% of the model. With the proceeds, we added to our stake in **VIP Contrafund** [FPDFC] bringing it up to about 26% of the model.

**Trade Rationale:** After a strong performance in 2016, smaller-cap stocks have become a bit pricey relative to larger-caps, so we are shifting some small-cap exposure over to large-caps. **Blue Chip Growth** and **Contrafund** both struggled mightily last year, but their managers stuck to their time-tested disciplines and their patience is paying off this year as the market has returned to embracing the large-cap growth stocks with high-quality business models that they favor.

For the *Select Model* trade, the goal was to reduce the weighting in consumer discretionary stocks (which may come out on the losing end of tax reform) in favor of industrials (which may benefit from tax reform). Industrials may also benefit from accelerated government spending on infrastructure and aerospace investments.

### 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.

## FUND ANALYSIS

# Annuity Funds vs Retail Counterparts

Fidelity has long-offered a diverse menu of annuity funds. The 50 varieties in the *Scorecard* are Personal Retirement Annuity Portfolios (or PRAs). There are other types with different fee schedules, benefits, and tickers. And despite the similarity of their fund names across product lines, they may be managed differently.

Ditto for PRAs and their more familiar retail counterparts. In some cases (such as **Overseas** and **VIP Overseas**) funds are near-clones sharing managers, benchmarks, investment objectives, etc. But the same cannot be said of **Contrafund** and **VIP Contrafund**.

In the first case, legendary manager Will Danoff is at its helm. But the annuity offering is team-run, hewing closely to the S&P 500. It has actually been more volatile and

has returned less over the past five years. As you'll read below, there are many such differences. While we wish that Fidelity would provide clarity and change fund names where appropriate, our table is designed to clear things up.

Note: Given the limited number of annuity offerings, our *Annuity Models* mimic the investment themes of our "regular" models, but cannot exactly match their returns or investment metrics. ■

Annuity Fund	Retail Counterpart	Comments
VIP Asset Manager	Asset Manager 50%	Same 50/50 stock-bond mix, same manager.
VIP Asset Manager: Growth	Asset Manager 70%	Same 70/30 stock-bond mix, same manager.
VIP Balanced	Balanced	Same team runs both funds, essentially a clone.
VIP Consumer Discretionary	Sel Cons Disc	Near-clone with same manager and top-10 holdings, but in different order.
VIP Consumer Staples	Sel Cons Staples	Different managers share 7 of top-10 holdings. Foreign higher in retail version.
VIP Contrafund	Contrafund	Very different funds with different managers. VIP version more S&P-like.
VIP Disciplined Small Cap	Sm Cap Enhcd Indx	Clone with same subadvisor, same top-10 holdings in slightly different order.
VIP Dynamic Capital App	Capital Appreciation	Clone with same manager and top-10 holdings.
VIP Emerging Markets	Emerging Markets	Clone with same manager, country weights, and top-10 holdings.
VIP Energy	Sel Energy	Clone with same manager and top-10 holdings.
VIP Equity-Income	Equity-Income	Near clone share top-10 holdings. VIP has lower yield (1.76% vs 2.00%).
VIP Financial Services	Sel Financial Services	Virtual clone with same manager and top-10 holdings.
VIP Floating Rate High Income	Floating Rate High Inc	Similar, but retail version has slightly lower credit risk but a bit more yield.
VIP FundsManager 20	Asset Manager 20%	Same "neutral" asset mix for stocks, bonds and short-term or money market in each case. However, the VIP funds have specific targets for international exposure within the equity portion. In practice though, the foreign holdings are similar. The biggest difference is that instead of individual securities, the VIP funds hold only other Fidelity funds. Performance, however, has been fairly similar.
VIP FundsManager 50	Asset Manager 50%	
VIP FundsManager 60	Asset Manager 60%	
VIP FundsManager 70	Asset Manager 70%	
VIP FundsManager 85	Asset Manager 85%	
VIP Growth	Growth Discovery	Clone with same manager, top-10 holdings.
VIP Growth & Income	Growth & Income	Clone as Matt Fruhan has run both with same top-10 holdings and performance.
VIP Growth Opportunities	Growth Company	Similar, but now starting to diverge under different managers.
VIP Health Care	Sel Health Care	Clone with same manager, same top-10 holdings, and performance.
VIP High Income	High Income	A bit different. VIP fund has somewhat lower credit risk, and thus a lower yield.
VIP Index 500	Spartan 500 Index	Clone: Both funds track the performance of the large-cap S&P 500 Index.
VIP Industrials	Sel Industrials	Clone with same manager and top-10 holdings.
VIP Int'l Capital App	Int'l Cap App	Clone with same manager, same top-10 holdings, and performance.
VIP Investment Grade Bond	Investment Grade	VIP version has higher credit risk (more corporate bonds) and a higher yield.
VIP Materials	Sel Materials	Clone with same manager and top-10 holdings.
VIP Mid Cap	Growth Strategies	Nothing very similar, though both are mid-cap growth funds.
VIP Overseas	Overseas	Now both run by Vincent Montemaggiore and near clones.
VIP Real Estate	Real Estate Invest	Similar. VIP version a bit "growthier," but returns have been quite similar.
VIP Strategic Income	Strategic Income	Near clone. Retail version has a little bit more credit risk and a bit more yield.
VIP Technology	Sel Technology	Near clone with same manager and top-10 names, but in slightly different order.
VIP Telecommunications	Sel Telecom	Clone with same manager and top-10 holdings.
VIP Utilities	Sel Utilities	Clone with same manager and same top-10 names, but in slightly different order.
VIP Value	Stock Sel Lg Cap Val	Not very similar, but Matt Friedman runs VIP and leads team on SSLCV.
VIP Value Strategies	Value Strategies	Now a clone as Matt Friedman runs both with same top-10 names.
Non-Fidelity Funds	Comments	
Black Rock Global Allocation	A smorgasbord of mostly (54%) US, but also foreign stocks, bonds and 22% cash currently.	
Franklin Templeton Global Bond	A very short-term bond fund (duration less than half a year) with nearly 22% in cash currently.	
Franklin Templeton US Gov't	A high-quality intermediate-term fund holding mostly domestic mortgage bonds (primarily GNMMAs).	
Invesco Global Core Eqty	A 50/50 mix of US and foreign (mostly European) stocks. Performance improving in recent years.	
Lazard Retirement Emerging Mkts	Invests in the emerging markets for total return; management has a bias towards value stocks.	
Morgan Stanley Emerg Mkt Debt	Holds lower-quality EM gov't and corporate bonds with significant interest-rate risk (duration of 6.6 years).	
Morgan Stanley Emerg Mkt Equity	Asian tilt including about 20% in developed Asia. Performance in line with MSCI Emerging Markets Index.	
Morgan Stanley Glb Strategist	Holds a mix of US and foreign stocks and bonds. Performance vs MSCI World Index is poor.	
Pimco Commodity Real Return	Invests in commodity-linked derivatives backed by a portfolio of inflation-indexed securities.	
Pimco VIT Low Duration	Short-term bond fund that invests in a mix of government, corporate, mortgage-backed bonds and cash.	
Pimco VIT Real Return	Seeks income beyond inflation largely through TIPS and some foreign inflation-adjusted securities.	
Pimco VIT Total Return	Seeks high total return via broad mix of US and foreign bonds.	

FUND COMMENTARY

## Stocks Set New Highs; Bonds Up, Too

Equity prices continued their long, deep march into record territory in February, as a confluence of positive factors further emboldened investors to buy shares. (See *Market Outlook*, on p. 1) And while there were some nervous moments for bond investors last month, they also built on January's gains.



John Bonnanzio

### Market Indexes

Large-cap stocks generally led the parade higher, as the S&P 500 and Dow Jones Industrials gained 4.0% and 5.2%, respectively. Mid-caps weren't quite so strong (the Russell Mid Cap gained 2.8%), whereas the small-cap Russell 2000 gained a less satisfying 1.9%.

On that score, smaller issues retreated about 1.5% on the last day of February, though as of this writing on March 1, small caps and pretty much everything else were rallying following President Trump's well-received address to Congress the previous night.

That small-caps have taken a breather relative to their big-cap peers this year is a somewhat welcome development as that area had grown pricey. (See *Trade Rationale* on p. 3.) Less we forget, small caps (especially financials, like small banks) had soared about 14% in the seven-weeks following Trump's presidential win, and 36.1% for the past 12 months.

Not to be overlooked, the Nasdaq Composite gained 3.9% as tech and biotech shares performed especially well.

Year-to-date, the Nasdaq is up 8.4%, followed by the S&P 500 (up 5.9%) and Dow (up 5.8%). Mid-caps have gained 5.3% and small caps are up 2.3%.

### Stock Funds

If your fund has the moniker "large" in it, February was especially kind to your portfolio: on average, Fidelity's six large-cap blend funds gained 3.7%. However, large-cap growth and value-oriented funds fared just as well, reflecting the wide breadth of sector gains.

Among the three top-performers in February (and for the year) were last year's stand-out laggards. Some chart-toppers last month were **OTC** (up 4.8%), **Independence** (up 4.4%) and **Growth Discovery** (up 4.3%). No surprise there: all three are chock-full o'tech and biotech stocks.

Among Fidelity's most widely held funds (those with the biggest assets), **Contrafund's** 3.8% return in February and year-to-date gain of 8.4% are helping it recover from last year's drubbing. Ditto for **Blue Chip Growth**, which was up 3.9% and 8.9%, for the month and year. **Growth Company** (which performed relatively well last year) is also enjoying a comeback: it rose 3.6% last month and is now ahead 8.1% for the year. For their part, **Magellan** rose 3.9% in February whereas **Low-Priced Stock** (which we have sold from our models and downgraded a notch) gained 2.2%.

As for February's laggards, they are mostly small-cap funds: **Small Cap Discovery** "gained" a paltry 0.1%. One of the better performers, **Event Driven Opportunities** returned 1.3%, which belies its more robust 6.3% return so far this year.

### International Funds

While our models have no direct foreign equity fund exposure, they did benefit last month from rising share prices in Japan and especially in emerging markets. That's because some of our U.S. fund positions invest a portion of their assets abroad.

Fidelity's biggest foreign fund (which mostly invests in developed economies), **Diversified Int'l**, gained 1.7% in February. However, **Emerging Markets Discovery** gained 4.4% as did the more narrow **Latin America**; both were beneficiaries of investors feeling emboldened to buy risk assets at home and abroad.

### Fixed Income Funds

Bond yields fell across the board last month (the 10-year Treasury yield ended at 2.39%, down from 2.45% the month before), meaning that prices rose. They did so amid positive economic signals, and even against the backdrop of the Fed kind-of-sort-of pointing to more rate hikes this year. But with nary a sign of inflation, investors enthusiastically snapped up bonds of every variety, favoring riskier corporates over governments.

At the extremes of credit- and interest-rate risk, respectively, **High Income** and **Long-Term Treasury Index** both gained 1.6%. **Total Bond**, which invests across the bond spectrum, rose 0.8%. **U.S. Bond Index** gained 0.6% and munis posted similar fractional gains. ■

— John Bonnanzio

### March Scorecard Rating Changes

Fund	Ratings			Comments
	Old	New		
Blue Chip Value	H	B	↑	Large stake in financials helping to propel returns.
Dividend Growth	B	S	↓	Prefer other large-cap blend funds.
Global ex US Index	H	B	↑	Diverse country mix presently serving fund well.
Japan	H	B	↑	Economy is picking up steam, liftings share prices.
Low-Priced Stock	B	B	↓	34% foreign stake may be hobbled by the dollar.
Strategic Income	B	B	↑	A more conservative choice to high-yield bonds.
Total Emerg Mkts	H	B	↑	Holds some emerging mkt debt, but most equities.
VIP Strategic Inc	B	B	↑	A more conservative option in high-yield bonds.

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

# FIDELITY SCORECARD

FEBRUARY 28, 2017

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		2363.6		4.0	5.9	8.0	25.0	10.6	14.0	7.6	1.00
		Nasdaq Composite		5825.4		3.9	8.4	9.7	29.4	11.9	15.9	10.4	1.27
		Dow Jones Industrials		20812.2		5.2	5.8	9.5	29.3	11.2	12.8	8.3	1.04
		Russell 2000 (Small Caps)		1386.7		1.9	2.3	5.2	36.1	6.9	12.9	7.2	1.51
		Barclays Aggregate Bond*				0.6	0.8	1.0	1.2	2.5	2.0	3.9	0.30
Model Portfolios		Unique Opportunities				2.9	5.5	7.4	23.3	5.8	11.5	6.3	1.13
		Select				2.5	5.5	7.4	25.2	9.1	14.3	8.6	1.09
		Growth				3.2	5.5	7.2	22.0	7.1	10.7	5.6	1.04
		Growth & Income				2.6	4.3	5.5	17.8	6.9	9.4	5.4	0.70
		Income				1.4	1.9	3.1	10.5	4.5	4.9	4.5	0.38
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
<b>LARGE CAP GROWTH</b>		<b>Category Averages</b>				<b>3.7</b>	<b>7.5</b>	<b>8.6</b>	<b>23.4</b>	<b>7.4</b>	<b>13.1</b>	<b>1.18</b>	
312	FBGRX	Blue Chip Growth		73.36	Buy	3.9	8.9	9.6	23.3	8.6	14.1	1.21	\$14,615
307	FDCAX	Capital Appreciation		33.44	OK to Sell	2.3	5.6	5.6	18.0	5.7	12.5	1.20	4,982
22	FCNTX	Contrafund		106.03	Buy	3.8	8.4	9.0	20.2	8.2	13.0	1.00	77,315
3	FFIDX	Fidelity Fund		43.72	Hold	3.5	6.3	7.6	20.1	8.0	12.1	1.03	3,883
333	FTQGX	Focused Stock		19.60	OK to Sell	3.3	6.8	7.2	17.8	3.0	11.4	1.13	1,564
25	FDGRX	Growth Company (Closed)		147.85	Buy	3.6	8.1	9.6	29.9	9.9	14.7	1.36	21,436
339	FDSVX	Growth Discovery		27.97	OK to Buy	4.3	10.0	10.7	21.6	7.0	13.0	1.13	1,041
73	FDFFX	Independence		35.88	OK to Sell	4.4	7.2	7.7	20.3	2.7	11.3	1.36	3,343
21	FMAGX	Magellan		97.24	OK to Buy	3.9	6.4	7.6	21.8	8.8	13.6	1.10	13,562
300	FMLX	New Millennium		37.74	OK to Buy	3.3	4.7	6.7	28.6	6.0	12.4	1.08	3,210
93	FOCPX	OTC		92.25	OK to Buy	4.8	10.7	12.6	33.9	10.9	15.9	1.56	10,608
320	FDSX	Stock Selector All Cap		39.01	Hold	3.8	7.2	9.0	26.7	8.2	13.0	1.08	6,642
5	FTRNX	Trend		89.35	OK to Buy	3.4	7.8	9.0	22.6	8.6	13.6	1.13	1,605
<b>LARGE CAP BLEND</b>		<b>Category Averages</b>				<b>3.7</b>	<b>5.3</b>	<b>7.1</b>	<b>25.3</b>	<b>8.6</b>	<b>12.9</b>	<b>1.07</b>	
315	FDEQX	Disciplined Equity		35.21	Hold	3.7	6.0	7.6	19.4	7.7	12.8	1.00	1,216
330	FDGFX	Dividend Growth		33.84	OK to Sell↓	4.1	5.1	7.1	19.9	7.8	11.6	0.96	5,973
332	FEXPX	Export and Multinational		22.26	Hold	4.1	6.8	7.7	20.9	8.8	11.5	0.95	1,556
27	FGRX	Growth & Income		34.36	Buy	3.4	4.4	6.4	30.1	9.5	13.6	1.13	6,354
338	FLCSX	Large Cap Stock		30.81	Buy	3.5	4.9	7.1	33.3	8.5	14.5	1.21	3,046
361	FGRTX	Mega Cap Stock		18.18	Buy	3.7	4.5	6.4	28.2	9.3	13.4	1.13	3,500
<b>LARGE CAP VALUE</b>		<b>Category Averages</b>				<b>3.5</b>	<b>5.0</b>	<b>7.6</b>	<b>26.4</b>	<b>9.0</b>	<b>13.0</b>	<b>1.0</b>	
1271	FBCVX	Blue Chip Value		18.45	OK to Buy↑	3.8	6.9	9.9	25.0	9.9	13.2	1.03	432
319	FEQTX	Equity Dividend Income		27.77	Buy	3.4	3.5	5.8	25.3	9.5	12.6	0.95	5,558
23	FEQIX	Equity-Income		59.57	Buy	3.1	3.9	6.1	27.9	8.5	12.2	0.97	6,886
708	FSLVX	Stock Sel Large Cap Value		19.45	OK to Buy	3.7	4.3	6.7	26.3	9.3	13.4	0.99	710
832	FVDFX	Value Discovery		27.15	Buy	3.2	5.0	8.2	24.6	9.5	14.0	0.96	2,168
14	FSLSX	Value Strategies		40.61	OK to Buy	3.6	6.5	8.9	29.2	7.1	12.3	1.19	476
<b>MID-CAP GROWTH</b>		<b>Category Averages</b>				<b>3.5</b>	<b>6.2</b>	<b>7.7</b>	<b>23.9</b>	<b>7.1</b>	<b>12.1</b>	<b>1.08</b>	
324	FDEGX	Growth Strategies		36.59	Buy	3.9	7.7	8.7	17.0	8.3	12.1	1.03	2,292
337	FMCSX	Mid-Cap Stock		36.16	OK to Buy	2.8	4.4	6.2	27.2	6.1	12.2	1.05	5,648
2412	FSSMX	Stock Selector Mid Cap		37.11	OK to Buy	3.8	6.6	8.3	27.6	6.8	12.0	1.18	241
<b>MID-CAP BLEND</b>		<b>Category Averages</b>				<b>2.3</b>	<b>6.5</b>	<b>7.5</b>	<b>27.3</b>	<b>4.0</b>	<b>11.3</b>	<b>1.35</b>	
122	FLVCX	Leveraged Company Stock		35.45	OK to Buy	2.3	6.5	7.5	27.3	4.0	11.3	1.35	2,699
<b>MID-CAP VALUE</b>		<b>Category Averages</b>				<b>2.7</b>	<b>4.3</b>	<b>6.2</b>	<b>24.0</b>	<b>7.4</b>	<b>13.2</b>	<b>1.05</b>	
316	FLPSX	Low-Priced Stock		51.14	OK to Buy↓	2.2	3.3	3.9	18.0	6.1	11.4	0.90	28,068
762	FSMVX	Mid Cap Value		25.91	OK to Buy	2.7	4.6	7.4	25.1	8.7	14.4	1.07	2,485
39	FDVLX	Value		115.37	Buy	3.2	5.1	7.2	28.9	7.3	13.8	1.17	7,434
<b>SMALL CAP GROWTH</b>		<b>Category Averages</b>				<b>3.2</b>	<b>6.8</b>	<b>8.2</b>	<b>32.9</b>	<b>7.8</b>	<b>14.0</b>	<b>1.39</b>	
1388	FCPGX	Small Cap Growth	1.50%/90d	21.99	Buy	3.2	6.8	8.2	32.9	7.8	14.0	1.39	2,043
<b>SMALL CAP BLEND</b>		<b>Category Averages</b>				<b>1.1</b>	<b>3.0</b>	<b>5.7</b>	<b>28.2</b>	<b>7.8</b>	<b>11.9</b>	<b>1.34</b>	
2624	FARNX	Event Driven Opportunities		13.76	Buy	1.3	6.3	8.9	35.0	10.1	--	1.50	331
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	31.85	OK to Buy	0.1	0.7	3.1	26.1	7.2	13.5	1.34	5,761
340	FSLCX	Small Cap Stock	2.00%/90d	19.23	Hold	0.9	2.1	5.1	22.5	7.8	10.7	1.20	1,813
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.94	OK to Buy	2.2	2.9	5.6	29.1	6.1	11.4	1.32	1,522
<b>SMALL CAP VALUE</b>		<b>Category Averages</b>				<b>0.3</b>	<b>0.5</b>	<b>3.7</b>	<b>24.4</b>	<b>9.1</b>	<b>14.0</b>	<b>1.18</b>	
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.91	OK to Buy	0.3	0.5	3.7	24.4	9.1	14.0	1.18	2,747

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

# FIDELITY SCORECARD

FEBRUARY 28, 2017

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		23.15	OK to Buy	3.1	5.1	6.5	18.0	6.8	9.6	0.73	\$21,728
308	FCVSX	Convertible Securities		27.46	Hold	1.1	2.8	4.3	17.6	1.4	7.0	0.93	1,501
334	FGBLX	Global Balanced		22.93	OK to Sell	1.5	3.8	4.2	8.6	-0.1	4.7	0.72	371
2120	FFGCX	Global Commodity Stock	1.00%/90d	11.66	OK to Sell	-1.8	3.3	4.9	37.9	-4.5	-4.3	1.82	277
1960	FDYSX	Global Strategies		9.04	Hold	1.8	4.6	5.7	14.3	4.0	5.3	0.66	81
1368	FIREX	International Real Estate	1.50%/90d	9.98	OK to Sell	3.0	5.2	4.9	10.8	2.9	8.5	1.01	286
4	FPURX	Puritan		21.67	OK to Buy	2.9	5.3	6.4	16.4	6.5	9.5	0.74	19,933
833	FRIFX	Real Estate Income	0.75%/90d	12.12	OK to Buy	2.1	2.8	4.3	14.8	7.4	8.8	0.50	2,578
303	FRESX	Real Estate Investment		42.47	Hold	3.4	1.9	6.6	14.2	11.7	11.4	1.45	4,619
1329	FSDIX	Strategic Dividend & Income		15.13	OK to Buy	2.9	3.6	5.9	19.7	8.6	10.7	0.73	3,581
1505	FSRRX	Strategic Real Return		8.91	Hold	1.0	1.6	2.9	12.2	-0.0	1.2	0.48	497
311	FIUIX	Telecom & Utilities		26.02	Hold	2.8	5.2	10.1	18.5	8.4	12.0	0.99	1,012
<b>ASSET ALLOCATION</b>													
328	FASIX	Asset Manager 20%		13.25	Hold	1.0	1.9	2.5	7.6	2.9	3.8	0.31	4,780
1957	FTANX	Asset Manager 30%		10.72	Hold	1.2	2.5	3.3	9.8	3.5	4.9	0.39	981
1958	FFANX	Asset Manager 40%		11.13	Hold	1.5	3.2	4.1	11.9	3.9	5.8	0.48	1,188
314	FASMX	Asset Manager 50%		17.34	Hold	1.8	3.7	4.8	13.9	4.3	6.6	0.58	7,798
1959	FSANX	Asset Manager 60%		11.59	Hold	2.0	4.3	5.6	16.0	4.6	7.4	0.67	1,618
321	FASGX	Asset Manager 70%		20.56	Hold	2.3	4.8	6.3	18.0	4.8	8.2	0.77	4,263
347	FAMRX	Asset Manager 85%		17.44	Hold	2.7	5.7	7.4	20.8	5.3	9.4	0.91	1,628
<b>EQUITY INDEX</b>													
650	FUSEX	500 Index <sup>4</sup>		82.98	Hold	4.0	5.9	8.0	24.9	10.5	13.9	1.00	3,815
2341	FPEMX	Emerging Markets Index <sup>4</sup>	1.50%/30d	9.21	Hold	2.7	8.9	8.8	29.0	2.1	-0.6	1.55	25
398	FSEMX	Extended Market Index <sup>4</sup>		58.10	Buy	2.4	4.6	6.5	32.5	6.9	13.0	1.30	815
355	FFNOX	Four-in-One Index		39.99	Hold	2.6	4.6	6.6	19.7	6.1	9.8	0.86	4,797
2345	FSGUX	Global ex U.S. Index <sup>4</sup>		11.44	OK to Buy ↑	1.2	5.2	7.3	19.0	-0.4	3.4	1.13	36
2010	FIENX	International Enhanced Index	1.00%/60d	8.48	Buy	1.2	4.9	8.1	17.3	0.8	6.6	1.10	271
399	FSIIX	International Index <sup>4</sup>		36.88	Hold	1.2	4.4	7.3	15.7	-0.7	5.2	1.09	741
1827	FLCEX	Lrge Cap Core Enhcd Index		13.21	Buy	4.1	5.5	7.5	23.1	9.6	13.4	1.00	526
1829	FLGEX	Lrge Cap Growth Enhcd Index		16.65	Buy	4.2	6.7	8.4	21.3	10.2	13.6	1.04	824
2823	FSUIX	Lrge Cap Growth Index <sup>4</sup>		11.21	Hold	4.1	7.6	8.9	--	--	--	--	6
1828	FLVEX	Lrge Cap Value Enhcd Index		12.53	Buy	4.2	4.4	7.1	28.3	10.2	14.4	1.03	2,887
2827	FLCDX	Lrge Cap Value Index <sup>4</sup>		11.42	Hold	3.5	4.3	6.9	--	--	--	--	2
2012	FMEIX	Mid Cap Enhanced Index		14.77	Buy	2.9	4.7	6.2	24.9	8.6	14.1	1.07	1,176
2349	FSCLX	Mid Cap Index <sup>4</sup>		19.11	OK to Buy	2.8	5.3	6.5	26.6	8.3	13.4	1.09	64
1282	FNCMX	Nasdaq Composite Index		76.54	OK to Buy	3.9	8.4	9.7	29.2	11.8	15.7	1.27	3,510
2353	FRXIX	Real Estate Index <sup>4</sup>	0.75%/30d	15.84	Hold	3.5	2.6	7.3	14.8	11.1	10.9	1.45	34
2011	FCPEX	Small Cap Enhanced Index		14.32	Buy	1.1	0.6	5.1	31.1	8.4	13.9	1.46	1,209
2356	FSSPX	Small Cap Index <sup>4</sup>		18.77	OK to Buy	2.0	2.3	5.2	36.2	7.0	12.9	1.51	42
2831	FTIGX	Total International Index <sup>4</sup>	1.00%/30d	10.52	Hold	1.4	5.2	7.2	--	--	--	--	6
397	FSTMX	Total Market Index <sup>4</sup>		68.20	Hold	3.7	5.7	7.8	26.2	9.8	13.7	1.03	737
<b>INTERNATIONAL</b>						<b>Category Averages</b>	<b>1.8</b>	<b>5.9</b>	<b>6.8</b>	<b>17.8</b>	<b>1.8</b>	<b>5.7</b>	<b>1.23</b>
309	FICDX	Canada	1.50%/90d	49.45	Hold	-2.1	1.1	2.8	20.7	-0.0	2.2	1.30	1,233
352	FHKCX	China Region	1.50%/90d	26.49	Hold	4.3	11.4	5.8	27.1	1.7	6.2	2.13	950
325	FDIVX	Diversified International		34.88	OK to Buy	1.7	4.7	6.5	10.1	-0.1	6.1	1.07	10,130
351	FSEAX	Emerging Asia	1.50%/90d	33.95	Hold	3.2	9.3	6.5	24.9	4.7	4.2	1.45	888
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/60d	8.55	Hold	-0.8	1.7	8.5	33.2	0.3	0.6	1.63	85
322	FEMKX	Emerging Markets	1.50%/90d	24.26	Hold	2.6	8.7	8.1	21.3	1.4	1.3	1.31	3,043
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.66	Hold	4.4	10.9	9.7	30.5	4.1	3.9	1.33	94
301	FIEXX	Europe		34.44	Hold	-0.0	2.4	5.5	5.6	-3.3	5.6	1.24	1,046
2406	FGILX	Global Equity-Income	1.00%/90d	12.71	OK to Buy	3.0	4.4	6.0	13.8	5.0	--	0.86	74
335	FIVFX	International Cap App		17.05	Hold	2.7	6.7	7.4	10.4	2.7	7.8	1.03	1,726
305	FIGRX	International Discovery		38.04	Hold	0.7	4.3	5.4	8.5	-1.0	6.0	1.05	6,182
1979	FIGFX	International Growth		11.31	Hold	1.9	6.3	7.4	11.3	1.2	6.2	1.01	1,034
818	FISMX	International Small Cap	2.00%/90d	24.66	OK to Buy	1.9	5.8	7.3	21.6	4.2	10.1	1.01	1,042
1504	FSCOX	International Small Cap Opps	2.00%/90d	15.37	OK to Buy	1.3	5.6	7.7	11.4	3.0	9.3	0.97	745
1597	FIVLX	International Value	1.00%/30d	7.90	Hold	0.4	2.6	5.2	11.1	-2.1	5.1	1.02	310
350	FJPNX	Japan	1.50%/90d	12.67	OK to Buy ↑	1.0	5.8	5.2	19.5	3.8	6.0	1.19	365
360	FJSCX	Japan Smaller Companies	1.50%/90d	15.60	OK to Buy	2.7	6.5	7.1	19.8	9.4	14.4	1.02	598
349	FLATX	Latin America	1.50%/90d	21.31	Hold	4.4	11.9	11.5	40.3	-4.8	-9.9	2.29	538
342	FNORX	Nordic	1.50%/90d	45.33	OK to Sell	-1.5	0.9	6.4	2.0	0.4	9.9	1.15	353
94	FOSFX	Overseas		41.41	Buy	1.9	4.7	6.9	12.5	1.9	8.3	1.06	4,709
302	FPBFX	Pacific Basin	1.50%/90d	28.24	OK to Buy	2.5	6.7	4.8	17.7	5.8	9.7	1.11	726
2369	FTEMX	Total Emerging Markets	1.50%/60d	11.55	OK to Buy ↑	2.8	7.5	8.1	25.6	3.8	3.1	1.11	143
1978	FTIEX	Total International Equity	1.00%/60d	7.83	Hold	1.4	5.2	6.5	13.8	0.4	5.1	1.01	307
318	FWWFX	Worldwide		23.03	OK to Buy	2.2	5.6	6.5	14.4	1.7	9.2	1.04	1,413

# FIDELITY SCORECARD

FEBRUARY 28, 2017

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>2.9</b>	<b>5.7</b>	<b>7.2</b>	<b>28.6</b>	<b>7.0</b>	<b>12.1</b>	<b>1.59</b>	
<b>Category Averages</b>													
34	FSAIX	Air Transportation	0.75%/30d	76.05	OK to Buy	3.2	2.4	4.3	26.3	11.8	18.5	1.40	\$394
502	FSAVX	Automotive	0.75%/30d	36.78	Hold	-0.1	5.3	8.9	16.8	0.3	9.1	1.70	54
507	FSRBX	Banking		33.63	OK to Buy	3.7	4.4	10.5	56.2	12.9	17.0	1.77	1,261
42	FBIOX	Biotechnology		203.21	OK to Sell	9.8	16.8	10.2	29.7	3.9	22.2	2.91	9,578
68	FSLBX	Brokerage & Investment	0.75%/30d	71.13	Hold	3.4	5.3	6.7	31.8	3.3	11.5	1.81	405
69	FSCHX	Chemicals		162.40	Hold	4.3	10.2	10.5	38.0	8.3	13.4	1.57	1,626
518	FSDCX	Communications Equipment	0.75%/30d	34.12	Hold	6.6	4.0	5.5	29.2	6.7	9.5	1.52	205
7	FDCPX	Computers	0.75%/30d	83.01	Hold	7.2	11.9	13.7	41.6	8.0	9.8	1.62	472
511	FSHOX	Construction & Housing	0.75%/30d	61.70	Buy	3.3	4.8	6.9	20.2	8.9	15.3	1.39	404
517	FSCPX	Consumer Discretionary		37.00	Buy	1.2	4.7	4.4	15.3	8.1	14.0	1.14	833
98	FSVLX	Consumer Finance	0.75%/30d	14.02	Hold	4.4	4.8	8.4	33.6	7.3	13.8	1.38	102
9	FDFAX	Consumer Staples		97.01	OK to Buy	4.7	7.9	11.1	12.2	9.9	11.7	1.01	1,666
67	FSDAX	Defense & Aerospace		138.34	Buy	6.7	7.1	5.9	34.4	10.4	15.5	1.27	1,584
60	FSENX	Energy		44.10	Hold	-4.2	-5.7	-6.4	36.0	-4.4	0.4	2.13	2,291
43	FSESX	Energy Service	0.75%/30d	54.71	Hold	-3.5	-2.0	4.6	46.4	-9.7	-2.7	2.51	736
516	FSLEX	Environment & Alt Energy	0.75%/30d	23.89	OK to Buy	3.2	5.9	8.3	33.0	6.7	12.1	1.27	137
66	FIDSX	Financial Services		103.05	OK to Buy	4.0	4.4	9.2	38.8	10.0	13.9	1.29	1,018
41	FSAGX	Gold		21.02	OK to Sell	-3.2	9.7	12.3	20.4	-0.9	-13.9	4.02	1,275
63	FSPHX	Health Care		208.91	Hold	7.2	13.0	12.9	16.4	7.5	20.1	1.60	6,629
505	FSHCX	Health Care Services	0.75%/30d	89.93	Hold	5.2	9.0	7.9	19.7	12.5	14.5	1.30	760
510	FSCGX	Industrial Equipment	0.75%/30d	40.61	Buy	2.5	3.8	3.8	21.1	6.2	10.4	1.29	185
515	FCYIX	Industrials		33.72	Buy	2.4	4.2	5.1	25.2	7.7	13.0	1.29	1,003
45	FSPCX	Insurance	0.75%/30d	80.60	Buy	3.7	3.9	6.7	31.6	13.2	17.5	1.19	649
353	FBSOX	IT Services		44.84	OK to Buy	5.7	7.0	8.1	21.0	10.2	17.3	1.31	1,665
62	FDLSX	Leisure	0.75%/30d	141.37	Hold	1.9	3.3	2.2	11.3	6.6	11.9	1.06	404
509	FSDPX	Materials		81.64	Hold	1.9	7.3	7.3	30.5	2.4	7.3	1.56	883
354	FSMEX	Medical Equipment		41.48	Hold	5.3	12.7	14.5	30.1	16.0	19.5	1.44	3,130
503	FBMPX	Multimedia	0.75%/30d	80.76	Hold	0.4	8.4	10.1	26.9	7.6	16.9	1.45	680
513	FSNGX	Natural Gas	0.75%/30d	27.76	Hold	-5.1	-6.2	-5.4	56.8	-9.7	-2.1	2.76	482
514	FNARX	Natural Resources	0.75%/30d	29.13	Hold	-4.1	-4.7	-5.7	34.5	-6.0	-1.7	2.13	912
580	FPHAX	Pharmaceuticals		18.11	Hold	7.1	6.3	7.0	0.6	2.3	13.1	1.38	1,002
46	FSRPX	Retailing		115.63	OK to Buy	2.8	5.4	5.5	17.2	13.1	18.5	1.17	1,925
8	FSELX	Semiconductors	0.75%/30d	101.24	OK to Buy	3.5	6.0	8.7	51.8	22.4	18.9	1.64	3,011
28	FSCSX	Software & IT Services		140.90	Buy	3.1	9.4	9.2	31.9	11.2	17.3	1.42	4,165
64	FSPTX	Technology		146.96	Buy	5.4	12.9	13.9	38.5	12.3	14.6	1.45	4,113
96	FSTCX	Telecommunications		69.97	Buy	-1.6	0.2	6.4	19.1	10.2	12.2	1.06	693
512	FSRFX	Transportation	0.75%/30d	92.98	OK to Sell	2.0	3.2	4.2	29.4	11.2	16.9	1.51	645
65	FSUTX	Utilities		77.05	Sell	5.4	8.1	12.3	18.2	8.0	11.9	1.20	697
963	FWRLX	Wireless	0.75%/30d	9.11	Hold	4.9	8.4	13.0	24.1	5.9	10.9	1.12	239
<b>SECTOR ETFs</b>													
	FDIS	MSCI Consumer Discretionary		33.98	Buy	1.7	5.6	5.7	18.2	9.2	--	1.18	239
	FSTA	MSCI Consumer Staples		33.10	OK to Buy	4.7	6.1	9.5	11.5	11.8	--	0.96	236
	FENY	MSCI Energy		19.94	Hold	-2.6	-5.9	-4.3	27.0	-5.7	--	1.90	520
	FNCL	MSCI Financials		36.32	OK to Buy	4.8	5.0	9.4	46.9	14.0	--	1.37	661
	FHLC	MSCI Health Care		35.99	Hold	6.6	9.4	9.8	17.4	9.5	--	1.33	631
	FIDU	MSCI Industrials		33.81	Buy	3.2	4.9	5.1	30.1	9.3	--	1.25	292
	FTEC	MSCI Information Technology		40.36	Buy	5.0	9.3	10.9	33.7	14.7	--	1.36	619
	FMAT	MSCI Materials		30.53	Hold	1.1	5.9	5.5	33.7	6.1	--	1.64	187
	FREL	MSCI Real Estate		24.44	Hold	4.3	4.2	8.9	18.0	--	--	--	254
	FCOM	MSCI Telecomm Services		31.28	Buy	-2.9	-2.6	4.6	12.5	10.9	--	1.20	145
	FUTY	MSCI Utilities		33.55	Sell	4.8	6.2	11.0	16.9	12.4	--	1.33	187
<b>FACTOR ETFs</b>													
	FDVW	Core Dividend		26.99	OK to Buy	2.5	3.2	4.5	--	--	--	--	32
	FDRR	Dividend for Rising Rates		27.96	OK to Buy	4.1	5.5	7.2	--	--	--	--	64
	FDLO	Low Volatility Factor		27.14	Hold	4.1	5.0	6.6	--	--	--	--	13
	FDMO	Momentum Factor		27.20	OK to Sell	3.9	6.5	8.3	--	--	--	--	14
	FQAL	Quality Factor		28.03	Hold	4.4	6.7	8.5	--	--	--	--	19
	FVAL	Value Factor		28.88	Buy	3.8	5.8	7.8	--	--	--	--	18

## Trading Fees Cut

Fidelity has begun charging its retail investors \$4.95 to place online trades involving U.S. stocks and exchange traded funds. This figure is down from \$7.95, which is a re-

duction of 38%. (ETFs — shown on p. 8 — trade like stocks.) With this price cut, Fidelity says that its trading costs are now lower than brokerage rivals TD Ameritrade, Schwab, and ETrade.

The move is also consistent with

another recent move by Fidelity to take on rival Vanguard. On that field, Fidelity reduced expenses on both its Investor and Premium share classes to the point whereby 19 popular index funds are now priced below Vanguard's fees. ■

# FIDELITY SCORECARD

FEBRUARY 28, 2017

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>0.5</b>	<b>1.0</b>	<b>1.1</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	<b>1.87</b>	<b>5.3</b>	<b>0.32</b>
2267	FCONX	Conservative Income Bond		10.04	Buy	0.2	0.3	0.3	1.2	0.6	0.7	0.87	0.2	0.02			
2208	FCBFX	Corporate Bond		11.40	Buy	1.1	1.6	2.4	8.1	3.7	4.0	3.06	6.9	0.41			
2423	FGBFX	Global Bond		8.78	OK to Sell	0.5	2.1	2.3	3.5	-0.8	--	1.15	7.1	0.52			
15	FGMNX	GNMA (Ginnie Mae)		11.44	OK to Buy	0.4	0.4	0.3	0.7	2.3	2.0	2.48	4.3	0.17			
54	FGOVX	Government Income		10.21	Hold	0.4	0.7	0.5	-0.7	1.9	1.5	1.77	5.5	0.29			
794	FINPX	Inflation-Protected Bond <sup>3</sup>		12.08	Hold	0.4	1.3	1.2	2.9	1.4	0.3	0.14*	5.5	0.40			
2415	FSIQX	Inflation-Protected Index <sup>4</sup>		9.80	Hold	0.4	1.2	1.3	3.2	1.7	--	0.03*	5.5	0.41			
32	FTHR	Intermediate Bond		10.84	Buy	0.4	0.8	1.0	2.2	2.0	2.1	2.21	4.0	0.21			
452	FSTGX	Intermediate Gov't Income		10.47	Hold	0.2	0.4	0.4	-0.7	1.2	1.0	1.44	3.9	0.21			
1561	FIBIX	Intermediate Treasury Index <sup>4</sup>		10.70	Hold	0.6	0.9	0.8	-2.1	2.3	1.6	2.01	6.5	0.44			
2428	FINUX	International Bond		8.36	OK to Sell	0.4	2.7	2.6	3.0	-3.1	--	1.65	7.5	0.72			
26	FBNDX	Investment Grade Bond		7.85	Buy	0.7	1.2	1.6	5.3	2.8	2.7	1.78	5.8	0.31			
2622	FJRLX	Limited Term Bond		11.49	Buy	0.4	0.6	0.8	2.5	1.6	1.9	1.68	2.5	0.14			
662	FFXSX	Limited Term Government		9.94	OK to Buy	0.1	0.3	0.2	-0.4	0.7	0.7	1.14	2.7	0.14			
1562	FLBIX	Long-Term Treasury Index <sup>4</sup>		12.80	Hold	1.6	2.2	1.8	-4.7	6.0	3.2	2.75	17.5	1.11			
40	FMSFX	Mortgage Securities		11.21	OK to Buy	0.5	0.5	0.5	0.7	2.7	2.3	2.27	4.6	0.19			
450	FSHBX	Short-Term Bond		8.60	Buy	0.2	0.3	0.3	1.3	0.9	1.1	1.07	1.7	0.07			
1560	FSBIX	Short-Term Treasury Index <sup>4</sup>		10.39	Hold	0.1	0.3	0.3	-0.3	0.7	0.6	1.23	2.7	0.14			
820	FTBFX	Total Bond		10.61	Buy	0.8	1.3	1.9	6.1	3.3	3.2	2.55	5.6	0.30			
651	FBIDX	U.S. Bond Index		11.55	Hold	0.6	0.8	1.0	1.1	2.5	2.0	2.48	5.8	0.30			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>1.3</b>	<b>2.8</b>	<b>4.4</b>	<b>16.4</b>	<b>4.1</b>	<b>5.4</b>	<b>4.12</b>	<b>3.4</b>	<b>0.52</b>
38	FAGIX	Capital & Income	1.00%/90d	10.07	OK to Buy	1.9	4.4	6.1	19.3	5.6	7.7	3.80	3.7	0.59			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.67	OK to Buy	0.5	0.9	1.9	12.4	3.0	3.6	2.99	0.2	0.30			
1366	FHIFX	Focused High Income	1.00%/90d	8.62	OK to Buy	1.0	2.2	3.7	14.5	3.7	4.9	3.85	3.8	0.51			
2297	FGHNX	Global High Income	1.00%/30d	9.50	OK to Buy	1.4	3.3	4.9	17.6	3.8	6.0	4.32	3.3	0.58			
455	SPHIX	High Income	1.00%/90d	8.91	Buy	1.6	3.2	5.6	21.8	4.0	5.9	5.31	3.4	0.60			
331	FNMIX	New Markets Income	1.00%/90d	16.09	OK to Buy	2.1	4.1	6.5	18.7	7.0	5.7	5.90	6.2	0.73			
2580	FSAHX	Short Duration High Income	1.00%/30d	9.55	OK to Buy	0.8	1.6	3.2	15.1	2.4	--	3.54	2.0	0.47			
368	FSICX	Strategic Income		10.87	Buy ↑	1.2	2.5	3.6	11.6	3.6	4.1	3.21	4.8	0.40			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.6</b>	<b>1.0</b>	<b>1.8</b>	<b>-0.2</b>	<b>3.0</b>	<b>2.7</b>	<b>1.96</b>	<b>6.0</b>	<b>0.29</b>
434	FSAZX	Arizona Muni Income		11.91	Hold	0.5	1.2	2.2	-0.2	3.9	3.3	1.99	7.1	0.34			
1534	FCSTX	Calif Limited Term Tax Free		10.59	OK to Buy	0.6	1.2	1.5	-0.3	1.4	1.5	1.13	2.9	0.17			
91	CTFX	California Muni Income		12.77	Hold	0.6	1.1	2.1	-0.4	3.8	3.7	2.00	6.5	0.35			
407	FICNX	Connecticut Muni Income		11.32	Hold	0.6	0.9	2.0	-1.0	3.2	2.5	2.24	7.0	0.35			
2578	FCRD	Conservative Income Muni		10.03	Buy	0.2	0.4	0.5	0.4	0.4	--	0.78	0.7	0.03			
36	FLTMX	Interm Municipal Income		10.26	Hold	0.5	0.9	1.6	-0.1	2.4	2.3	1.92	5.0	0.26			
404	FSTFX	Limited Term Muni Income		10.51	OK to Buy	0.4	1.0	1.2	-0.3	0.9	1.1	1.19	2.7	0.16			
429	SMDMX	Maryland Muni Income		11.18	Hold	0.7	1.3	2.1	-0.1	3.5	2.6	1.87	6.9	0.33			
70	FDMMX	Mass Muni Income		12.02	Hold	0.5	0.8	1.9	-0.6	3.6	2.9	2.22	7.7	0.35			
81	FMHTX	Michigan Muni Income		11.99	Hold	0.6	0.9	2.0	-0.5	3.5	2.9	2.22	6.9	0.32			
82	FIMIX	Minnesota Muni Income		11.48	Hold	0.5	1.0	2.0	-0.1	2.8	2.3	1.83	6.1	0.28			
37	FHIGX	Municipal Income		12.91	Hold	0.7	1.1	2.0	-0.1	3.8	3.4	2.40	7.2	0.35			
416	FNJHX	New Jersey Muni Income		11.53	Hold	0.7	0.8	1.4	0.1	2.9	2.5	2.50	6.7	0.37			
71	FTFMX	New York Muni Income		13.11	Hold	0.5	1.2	2.1	-0.2	3.8	3.1	2.00	7.0	0.33			
88	FOHFX	Ohio Muni Income		11.95	Hold	0.6	1.0	2.0	-0.2	4.1	3.4	2.23	7.6	0.36			
402	FPXTX	Pennsylvania Muni Income		11.01	Hold	0.7	1.1	1.8	0.3	3.6	3.2	2.18	6.7	0.30			
90	FTABX	Tax-Free Bond		11.33	Hold	0.5	1.1	2.0	0.1	3.9	3.5	2.55	7.2	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	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC
			Feb	YTD	%Yield				Feb	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.02	0.04	0.25	433	FSAXX	Arizona Muni MM	0.02	0.04	0.21
458	SPAXX	Government MM	0.02	0.03	0.21	97	FCFXX	California Muni MM	0.02	0.04	0.19
631	FGMXX	Retirement Gov't MM	0.02	0.03	0.20	457	FSPXX	California AMT Tax-Free	0.03	0.06	0.37
630	FRTXX	Retirement Gov't MM II	0.02	0.03	0.20	418	FCMXX	Connecticut Muni MM	0.02	0.04	0.25
2742	FZFXX	Treasury MM	0.01	0.02	0.16	426	FMSXX	Mass AMT Tax-Free	0.03	0.06	0.35
415	FDLXX	Treasury Only MM	0.01	0.02	0.10	74	FDMXX	Massachusetts Muni MM	0.09	0.11	0.19
<b>PRIME MONEY MARKETS</b>						420	FMIXX	Michigan Muni MM	0.01	0.03	0.10
454	SPRXX	Money Market	0.05	0.11	0.69	417	FNJXX	New Jersey Muni MM	0.02	0.04	0.21
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						423	FSJXX	New Jersey AMT Tax-Free	0.03	0.07	0.39
10	FTEXX	Municipal Money Market	0.02	0.05	0.30	92	FNYYX	New York Muni MM	0.02	0.04	0.20
275	FMOXX	Tax-Exempt MM	0.02	0.05	0.27	422	FSNXX	New York AMT Tax-Free	0.03	0.07	0.38
						419	FOMXX	Ohio Muni MM	0.02	0.05	0.14
						401	FPTXX	Pennsylvania Muni MM	0.01	0.03	0.17

# FIDELITY SCORECARD

FEBRUARY 28, 2017

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (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						1.9	5.8	7.7	24.3	8.7	13.6	1.07
	Annuity Growth Model						3.1	4.7	7.2	25.8	7.2	11.3	1.10
	Annuity Growth & Income Model						2.5	3.8	5.4	18.7	5.9	8.8	0.73
	Annuity Income Model						1.3	1.8	3.0	11.2	4.2	4.2	0.40
9067	FLRQC	Fid VIP Asset Manager	Allocation		18.43	Hold	1.8	3.7	4.8	12.0	2.4	6.1	0.67
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation		18.77	Hold	2.2	4.8	6.2	15.3	2.3	7.4	0.88
9069	FJBAC	Fid VIP Balanced	Allocation		21.94	OK to Buy	3.1	5.1	6.4	18.0	6.7	9.0	0.74
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	25.64	Buy	1.1	4.7	4.4	15.6	7.6	13.7	1.13
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	25.27	OK to Buy	4.2	7.1	9.5	10.9	12.4	13.1	1.03
9065	FPDFC	Fid VIP Contrafund	Large Growth		23.97	Buy	4.2	7.1	8.9	24.8	8.1	12.1	1.06
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		20.10	Buy	0.9	0.4	4.9	30.4	7.9	13.3	1.46
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		24.62	OK to Sell	2.5	5.8	5.8	17.8	5.1	12.6	1.21
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts		8.61	Hold	2.5	8.7	8.0	20.8	1.0	0.8	1.31
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	15.79	Hold	-4.2	-5.7	-6.3	35.8	-4.7	0.2	2.13
9061	FLOLC	Fid VIP Equity-Income	Large Value		20.09	Buy	3.0	3.7	5.8	27.6	8.1	12.0	0.97
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	12.81	OK to Buy	4.1	4.4	9.1	38.3	9.9	13.7	1.29
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.86	OK to Buy	0.5	0.7	1.8	11.0	2.8	--	0.27
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.64	Hold	1.0	1.9	2.3	5.3	2.2	3.1	0.29
9158	FMPBC	Fid VIP FundsManager 50	Allocation		16.32	Hold	1.7	3.6	4.4	11.3	3.5	6.0	0.56
9197	FMPPC	Fid VIP FundsManager 60	Allocation		15.37	Hold	2.0	4.2	5.3	13.7	4.0	7.1	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		16.88	Hold	2.3	4.8	5.9	15.5	4.2	7.9	0.75
9160	FMPDC	Fid VIP FundsManager 85	Allocation		17.04	Hold	2.6	5.6	6.9	18.9	4.7	9.2	0.91
9062	FMNDC	Fid VIP Growth	Large Growth		23.35	OK to Buy	4.2	9.8	10.6	21.3	6.6	12.6	1.13
9070	FLFNC	Fid VIP Growth & Income	Large Blend		22.97	Buy	3.3	4.3	6.3	29.6	9.2	13.2	1.13
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		23.68	Buy	4.9	9.5	10.9	22.5	6.6	12.7	1.33
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	36.13	Hold	7.2	13.2	13.0	16.3	7.2	19.6	1.60
9060	FBBLC	Fid VIP High Income	High-Yield Bond		19.86	Buy	1.3	2.4	4.4	19.6	3.5	5.3	0.59
9064	FXVLT	Fid VIP Index 500	Large Blend		23.63	Hold	4.0	5.9	7.9	24.6	10.3	13.6	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	30.69	Buy	2.3	4.2	5.0	24.9	7.6	12.8	1.28
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l		16.40	Hold	2.7	6.7	7.4	10.2	2.5	7.5	1.03
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.96	Buy	0.8	1.3	1.7	4.7	2.7	2.5	0.30
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	19.91	Hold	1.9	7.3	7.2	30.3	2.1	7.0	1.55
9071	FNBSB	Fid VIP Mid Cap	Mid Growth		25.37	Buy	2.6	5.4	6.6	27.0	6.4	11.2	1.19
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt		11.33	--	0.0	0.0	0.0	-0.1	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l		14.69	Buy	1.8	4.7	6.8	9.2	-2.1	5.1	1.15
9072	FFWKC	Fid VIP Real Estate	Sector		23.41	Hold	3.9	2.8	7.6	13.9	10.1	10.5	1.43
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		18.69	Buy	1.1	2.5	3.4	10.6	3.1	3.6	0.39
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	32.53	Buy	5.6	13.4	14.5	38.9	11.5	13.6	1.44
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	16.41	Buy	-1.7	0.1	6.3	18.6	9.9	12.1	1.07
9087	FXRRR	Fid VIP Utilities	Sector	1.00%/60d	25.01	Sell	5.4	8.1	12.3	17.9	7.8	11.8	1.21
9079	FKMSC	Fid VIP Value	Large Value		21.15	Buy	3.7	4.9	7.7	24.7	8.2	13.3	1.06
9073	FRBSC	Fid VIP Value Strategies	Mid Value		21.71	OK to Buy	3.6	6.5	8.9	27.8	6.2	11.7	1.21
9347	FBMEC	Black Rock Global Allocation	Global Allocation		12.56	Hold	1.9	3.6	4.7	12.5	2.3	4.7	0.63
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		11.13	OK to Sell	2.5	2.3	5.2	8.9	0.9	2.0	0.54
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.31	Hold	0.4	0.4	0.3	-0.5	0.9	0.6	0.15
9285	FIGXC	Invesco Global Core Eqty	Global Stock		12.35	Hold	2.2	5.4	6.9	19.8	3.5	6.9	1.05
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		15.47	Hold	2.8	8.0	10.5	36.7	1.9	0.1	1.68
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		18.36	OK to Buy	2.3	3.4	5.0	13.1	4.2	3.2	0.67
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.83	Hold	2.5	8.0	8.2	23.0	-0.2	0.2	1.36
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l		12.56	Hold	1.4	3.0	4.7	12.7	0.5	4.7	0.71
9346	FPMEC	Pimco Commodity Real Return	Commodities		6.07	OK to Sell	0.3	0.9	2.8	20.2	-13.4	-10.3	1.45
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.55	Buy	0.2	0.3	0.8	1.8	0.4	1.1	0.12
9277	FPNBC	Pimco VIT Real Return	TIPS		12.92	Hold	0.5	1.5	1.5	4.9	1.1	0.4	0.45
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		13.08	Hold	0.8	1.5	2.0	3.3	2.1	2.5	0.32

Annuity Sector	
Fund	Allocation
VIP Technology	29%
VIP Cons Discretionary	26
VIP Telecom	24
VIP Industrials	21
<b>Total Return:</b>	
<b>Feb: 1.9%</b>	<b>YTD: 5.8%</b>

Annuity Growth	
Fund	Allocation
VIP Contrafund	26%
VIP Disciplined Sm Cap	17
VIP Equity-Income	17
VIP Mid Cap	16
VIP Value	12
VIP Growth Opps	12
<b>Total Return:</b>	
<b>Feb: 3.1%</b>	<b>YTD: 4.7%</b>

Annuity Growth & Income	
Fund	Allocation
VIP Contrafund	22%
VIP Investment Grade	21
VIP Equity-Income	20
VIP Growth & Income	20
VIP High Income	17
<b>Total Return:</b>	
<b>Feb: 2.5%</b>	<b>YTD: 3.8%</b>

Annuity Income	
Fund	Allocation
VIP Investment Grade	28%
Pimco VIT Low Duration	25
VIP Equity Income	25
VIP High Income	22
<b>Total Return:</b>	
<b>Feb: 1.3%</b>	<b>YTD: 1.8%</b>

## Despite Fee Reductions And Some Outflows, Fidelity Scores Record Profits

First, the good news: Fidelity scored record profits last year, thanks to a combination of rising revenues and a bit of cost-cutting. The bad news: active fund performance took a turn for the worse, and some investors shifted to index funds.

### Records Broken

Operating income for the company jumped almost 20% in 2016 to \$3.5 billion. It accomplished that on the back of a 3.4% increase in revenue, which reached \$15.9 billion — it marks Fidelity's fourth consecutive year of revenue gains.

On the expense side, the company continues to aggressively invest in technology. This has given it the ability to cut fund expenses and be more competitive. It has been successful in retaining retail clients who have been drawn to the company for its actively managed funds, as well as growing its base of index-fund investors. To further keep expenses in check, Fidelity recently offered an early retirement package to 3,000 older employees,

As we detailed last month, (“Fidelity Edges Rival Vanguard On Expenses”), “thanks to recent fee cuts,” Fidelity is now the lower-cost provider on 19 of their comparable index funds.

This development hasn't been overlooked by investors.

Notably, the number of U.S. retail households with Fidelity accounts rose 6.8% last year to 8.9 million. Sizeable gains were also scored by their workplace group that handles retirement plans, and their institutional division.

All that growth, coupled with appreciated assets from stocks and bonds, pushed Fidelity's assets under management to a record \$2.13 trillion. That's an increase of 4.7% from 2015's level of \$2.04 trillion.

### Fund Performance

Taking the broadest view, 58% of Fidelity funds (on an asset-weighted basis) beat their industry peers in 2016. Over the trailing three- and five-year periods, those figures are a far more encouraging 68% and 70%, respectively.

As we've detailed in earlier reports, the market's disavowal of “quality” companies last year helped to undermine the relative performances of Fidelity's actively run portfolios. For example (and most notably), **Contrafund** trailed its benchmark by an unprecedented 8.6 percentage points!

Only five of their 38 U.S. stock funds (or 13%) beat their benchmarks in 2016, versus 23 (or 60%) in 2015. Where Fidelity continued to encounter its greatest difficulty was with the 15 funds (which are

mostly large-cap blend) whose managers are charged with beating the S&P 500. Last year, only four such funds were successful; in 2015, five funds beat that bogey. (Our response has sometimes been to buy Enhanced Index funds.)

Here's another view: 44% of their equity funds beat their peers last year, but over three- and five-year periods they've been far more successful having overtaken 65% and 71% of their competitors.

Fidelity's international stock funds struggled on an absolute basis last year owing to the stronger dollar. And on a relative basis, their problem was familiar: quality trailed. **Diversified International**, for example, lagged its benchmark by almost five percentage points.

The news in 2016 was decidedly better for Fidelity's fixed-income funds: 67% of investment-grade bond funds beat their peers, 55% of high-yield funds did, and 80% of money market funds also outperformed.

So how did last year's decidedly mixed fund performance affect Fidelity's investors?

Overall, fund assets rose \$9.3 billion in 2016. But that's just a rounding error in the context of \$2 trillion in assets. Indeed, outflows from actively managed stock funds was \$57.7 billion last year, whereas inflows to all varieties of their index-tracking offerings jumped to \$33.6 billion, doubling from \$16.8 billion a year earlier. ■

— John Bonnanzio

## Inside Fidelity

**Manager Change** — Chuck Myers, the 10-year veteran of **Small Cap Discovery**, will permanently hand his top-performing fund over to Derek Janssen, who was named co-manager in March 2016. At that time, Myers began a six-month sabbatical. Janssen will become the fund's sole manager.

Although Discovery has long been closed to new investors (owing

to its success), Janssen has considerable shoes to fill. Notably, Myers beat 99% of his competitors over the past decade!

As for Janssen, while 2016 was a bust for his charge **Small Cap Value**, his numbers were solid between 2013 and 2015. Indeed, we believe his transition will be smooth (about half of the funds' holdings already overlap), and we continue to rate both closed funds *OK to Buy*.

In a related move, Clint Lawrence now co-manages **Small Cap Value** with Janssen. Embedded in the small-cap research group since 2017, he's covered financials, energy and industrials.

**New Funds** — Fidelity will soon launch **U.S. Sustainability Index** and **Int'l Sustainability** funds. This is the company's first two forays into

**Inside Fidelity** *cont'd on page 12*

socially conscious investing — albeit passively. Both funds will track MSCI's ESG indexes. They consist of large- and mid-cap companies that are thought to embrace environmental, social and corporate governance (ESG) standards that are rated "B" or above. The US index has just over 300 holdings; the international one invests in nearly 900 companies in both the developed and emerging markets (though not the U.S.).

As with many Fidelity funds, multiple share classes will be available, including Investor shares with a \$2,500 minimum. ■

### 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:*

Core Dividend, Dividend for Rising Rates, Equity-Inc, Low Volatility Factor, MA Muni Inc, Mid Cap Value, Momentum Factor, MSCI Cons Disc, MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Healthcare, MSCI Industrials, MSCI Info Tech MSCI Materials, MSCI Real Estate MSCI Telecomm, MSCI Utilities, NY Muni Inc, Quality Factor, Real Estate Inc, Real Estate Invest, Real Estate Index, Stk Sel Large Cap Value, Tax-Free Bond, Telecom & Utilities, Value Factor.

*The final distributions for February are shown below.*

Fund	Ex-Date	\$ Amt	NAV
Contrafund	2/10	0.676	104.60
MN Municipal Inc	2/3	0.007	11.45
Municipal Inc	2/3	0.025	12.86
OH Municipal Inc	2/3	0.025	11.91
PA Municipal Inc	2/3	0.027	10.97
Trend	2/10	1.193	88.35

## Growth Funds Bet On Snap's IPO

Fidelity's big pre-IPO investment in Snap Inc. (parent of Snapchat) may soon be the talk of the town on Wall Street.

As soon as Thursday March 2, the social media company may go public with 1.2 billion shares that could be launched at \$14 to \$16 apiece. If investors bite at the top price, the company would be valued at nearly \$20 billion.

To put that in perspective, in 2013, the company rejected Facebook's \$3 billion offer. No surprise there, as the 5-year-old company had already raised almost as much money to fund its operations.

As for Fidelity's role, four funds with histories of pre-IPO investments have \$162 million worth of Snap shares on their books:

Fund	\$ Value (000s)
OTC	15,668
Blue Chip Growth	27,369
Contrafund	57,620
Growth Company	60,987

Based on their most recent purchases of shares about a year ago, Fidelity had ascribed a valuation of \$16 billion to the social media company that had so far failed to make any money.

However, Snap had just inked a partnership with media giant Viacom, which gained exclusive rights to sell advertising around the Snapchat app with its unique content (it disappears in just a few seconds — thus their ghost logo shown above).

For those of you who have only recently learned how to "text," the photo, video and messaging app is especially popular among millennials (those aged 18 to 34).

Fast-forward to this week, and things appear to be looking up for Snapchat and Fidelity.

In the fourth quarter of 2016, while growth had slowed to around 5 million new users, advertising revenue had more than tripled versus the same period in 2015. Moreover, there were still 158 million active (daily) users, while the app grew increasingly popular among older users who presumably have greater discretionary income.

If the IPO goes off in the expected range, Fidelity's investment would be showing (on paper) up to a 25% gain. Snap has also reserved the right to issue even more shares, which it would presumably do if demand is higher. An oversubscribed IPO would likely drive it's total valuation up even further.

Granted, many of Fidelity's early-stage investments have yielded mixed results. Indeed, even their initial holdings in Snap were, at one point, devalued by 25%. But overall, their managers and sector analysts have long and successful histories of investing in startups, including Facebook and Google.

Typically, Fidelity's pre-IPO investments are small — rarely more than 2% of any fund's assets. So even a big IPO payday will only modestly move a fund's performance needle.

Then again, the biggest benefit to Fidelity funds may be what their managers glean from a deeper understanding of a start-up's technology and business models. While that kind of success is far more difficult to quantify, the long-term record of Fidelity's actively managed growth funds suggests that their pre-IPO investments are beneficial on a number of levels. ■

— John Bonnanzio

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