

# FIDELITY MONITOR & INSIGHT

MARCH 2018

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## MESSAGE FROM JACK

### **Stock Market: A Bad Place To Get Rich Quickly**

Betting on red or black at the Roulette table, where the odds are 47.4% in favor of a win, is not a bad way to double your money quickly. In contrast, using leverage to accomplish a similar goal in the financial markets means getting wiped out perhaps 90% of the time.



Jack Bowers

Such was the case for those betting on low stock-market volatility, a risky strategy that recently became too popular for its own good after generating returns in excess of 100% last year. As the required trades became increasing crowded, the market responded by acting out of character after wage inflation jumped: volatile stocks became tame, and tame stocks became volatile. The resulting large losses (on the order of 90%) for the involved hedge funds and leveraged ETFs revealed the strategy's true risks.

Fortunately, for those of us trying to get rich slowly, the recent event was more a healthy correction than a warning of bad things to come. The jump in wage inflation is likely the result of tax-reform, which prompted some firms to do a one-time wage hike in a bid to reduce employee turnover. Looking further out, Fed comments suggest that wage inflation will be held in check by low productivity growth, which limits the amount of money employers have available for annual pay raises. Even if inflation does get pushed above 2%, the upward pressure on interest rates could remain muted. Real interest rates tend to settle near the rate of productivity growth, suggesting bond yields probably won't go above 3-4% in the next few years.

As such, the recent uptick in bond yields could be an opportunity, so we've moved toward a barbell strategy for the bond side of our lower-risk models (see p. 11). By de-emphasizing intermediate-term securities, and focusing more on the very short and long ends of the yield curve, it may be possible to earn a slightly higher return with little or no additional risk.

## MARKET OUTLOOK

### **Correction May Not Be Over Yet, But This Bull Market Isn't Either**

Last month I warned that the conditions were in place for a correction — little did I know that before the ink on last month's issue was even dry we would have one! All four major indexes, the Dow, S&P 500, Nasdaq and Russell 2000 (small cap stocks) had declines of 10% or more from their recent highs marking an "official" correction. What made it more scary was the speed of the downturn, with most of the decline occurring in just five trading days.



John M. Boyd

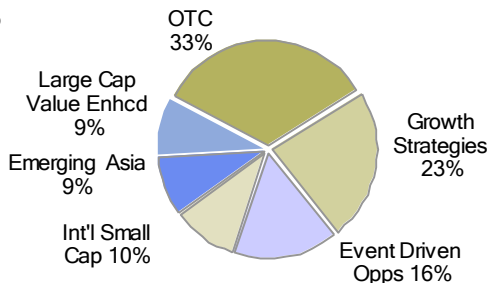
The main cause of the selloff was the fear that long-dormant inflation was about to accelerate sharply, and the Fed would have to hit the brakes harder with more than the previously expected three rate hikes this year (4, 5?). Those inflation fears were primarily stoked by a strong jobs report for January (200,000 new jobs) and importantly a 2.9% jump in wages. That was the fastest pace since June of 2009. In addition, January's 0.5% jump in the Consumer Price Index (CPI) was its biggest increase in five months (6% annualized!), and it also played into that narrative. As a result, bond yields spiked higher and stocks tumbled.

We think these fears are overblown. First, a 2.9% rise in wages does not automatically translate into 2.9% inflation! Moreover, the increase in wages is a good thing. Consumers have reduced their savings rate (to a 12-year low by one measure) in order to keep up their spending, so wage gains are needed to keep the economy on a growth track. Second, that 2.9% figure was impacted by a couple of factors that will not be repeated. Many states increased their minimum wage at the start of the year and several major firms increased pay for their employees in response to the new tax law. As far as the CPI goes, 6% sounds scary indeed, but projecting a one month reading for a whole year in a volatile series is bad economics! The year-over-year increase in the CPI for January was just 2.14% versus 2.11% in December — hardly runaway inflation. And the Personal Consumption Expenditures Index (PCE), which the Fed uses as its preferred measure of inflation, was unchanged at 1.7%

**Unique Opportunities** Target Risk: 1.20 (Current: 1.12) Foreign Holdings: 25.2% **YTD Return: 3.3%**

Stocks: 98.4% Bonds: 0.0% Cash: 1.6% Alternatives\*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
OTC	FOCPX	\$116.97	1,610.00	\$188,321	-1.6%
Growth Strategies	FDEGX	42.47	3,086.93	131,102	-2.4
Event Driven Opps	FARNX	14.31	6,275.54	89,803	-2.5
International Small Cap	FISMX	30.20	1,837.47	55,492	-3.6
Emerging Asia	FSEAX	45.16	1,126.90	50,891	-5.7
Large Cap Value Enhcd	FLVEX	13.13	3,786.85	49,721	-4.5
<b>Current Value (3/31/99 = \$100,000)</b>				<b>\$565,329</b>	<b>-2.8%</b>

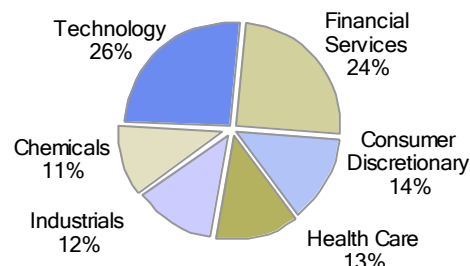


For aggressive members who have no need for income or principal for more than 10 years,

**Select** Target Risk: 1.20 (Current: 1.20) Foreign Holdings: 11.0% **YTD Return: 3.7%**

Stocks: 98.9% Bonds: 0.0% Cash: 1.1% Alternatives\*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Technology	FSPTX	\$193.57	5,460.16	\$1,056,923	-0.7%
Financial Services	FIDSX	116.65	8,609.56	1,004,305	-3.8
Consumer Discretionary	FSCPX	43.65	12,744.69	556,306	-3.8
Health Care	FSPHX	235.52	2,205.98	519,553	-3.1
Industrials	FCYIX	36.97	13,746.69	508,215	-4.1
Chemicals	FSCHX	173.43	2,548.74	442,029	-6.8
<b>Current Value (12/31/88 = \$100,000)</b>				<b>\$4,087,331</b>	<b>-3.3%</b>

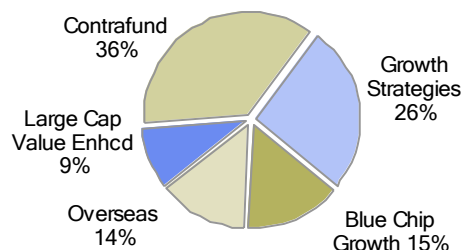


For aggressive members who have no need for income or principal for more than 10 years.

**Growth** Target Risk: 1.00 (Current: 1.00) Foreign Holdings: 17.6% **YTD Return: 4.0%**

Stocks: 98.5% Bonds: 0.0% Cash: 1.4% Alternatives\*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Contrafund	FCNTX	\$128.80	7,923.75	\$1,020,579	-2.3%
Growth Strategies	FDEGX	42.47	17,140.47	727,956	-2.4
Blue Chip Growth	FBGRX	93.13	4,465.05	415,830	-2.3
Overseas	FOSFX	50.63	7,621.76	385,890	-4.9
Large Cap Value Enhcd	FLVEX	13.13	20,248.20	265,859	-4.5
<b>Current Value (12/31/86 = \$100,000)</b>				<b>\$2,816,113</b>	<b>-2.8%</b>

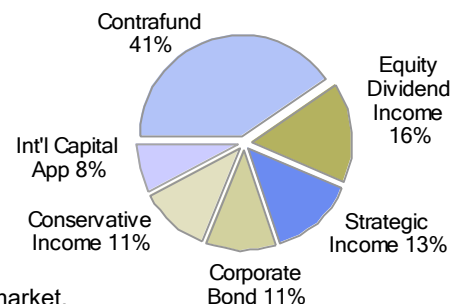


For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.

**Growth & Income** Target Risk: 0.66 (Current: 0.69) Foreign Holdings: 21.5% **YTD Return: 2.2%**

Stocks: 63.7% Bonds: 24.4% Cash: 2.2% Alternatives\*: 9.7% Yield: 1.3%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Contrafund	FCNTX	\$128.80	2,202.26	\$283,651	-2.3%
Equity Dividend Income	FEQTX	27.50	4,099.41	112,734	-5.1
Strategic Income	FSICX	10.96	8,532.24	93,513	-1.0
Corporate Bond	FCBFX	11.34	6,814.25	77,274	-1.6
Conservative Income	FCONX	10.04	7,674.82	77,055	0.1
Int'l Capital App	FIVFX	21.17	2,623.10	55,531	-4.8
<b>Current Value (12/31/93 = \$100,000)</b>				<b>\$699,758</b>	<b>-2.5%</b>

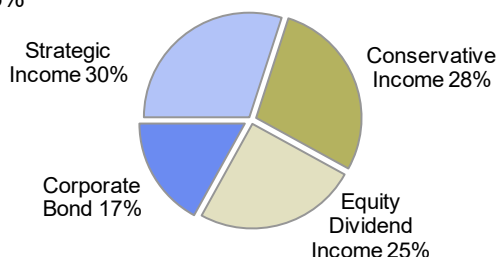


A good choice for members retiring in 5-10 years looking for less volatility than the market.

**Income** Target Risk: 0.33 (Current: 0.37) Foreign Holdings: 25.1% **YTD Return: -0.7%**

Stocks: 24.7% Bonds: 50.6% Cash: 3.4% Alternatives\*: 21.3% Yield: 2.5%

Holdings	Ticker	NAV	Shares	Value	Feb Ret
Strategic Income	FSICX	\$10.96	11,003.45	\$120,598	-1.0%
Conservative Income	FCONX	10.04	11,258.61	113,036	0.1
Equity Dividend Income	FEQTX	27.50	3,653.28	100,465	-5.1
Corporate Bond	FCBFX	11.34	6,036.18	68,450	-1.6



**Current Value (12/31/91 = \$100,000)** **\$402,550** **-1.8%**

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

in January, still well below their 2.0% target.

Since “bottoming” on February 8, the markets have rebounded with the S&P 500 regaining about half of its losses. I put bottoming in quotes because we could get a retest of the lows before this correction is finally over. But whether we get further declines or not, my advice from last month remains the same: Stay with your investments, because this bull market is not dead yet.

### Rates And Stocks Can Rise Together — Up To A Point

When interest rates are moving up from very low levels, as they are now, stocks typically enjoy rising multiples (P/E ratios). That, combined with faster earnings growth, drives stocks higher. Historically, the best returns for stocks have come when rates are rising and the 10-year Treasury yield is between 2% and 3% — right where we are now (the 10-year Treasury yield was 2.87% at the end of February).

But at some point, bond yields could get high enough to generate real competition for stocks. That point has been around a 4% yield on the 10-year. Above that level, P/Es typically start to contract. Stocks can still move up, of course, if earnings growth is strong enough to offset the decline in P/Es. But the wind would no longer be at the stock market's back. In fact, the historical average return on stocks remains positive up to 6% on the 10-year, though the risk of losses increases.

For now, we remain in the sweet spot in terms of economic growth and interest rates. And a 4% yield on the 10-year is likely a long way off. So stick with your investments and ride out any downturns. ■

## FUNDS YOU SHOULD BUY NOW

**Growth:** OTC and Growth Company are aggressive large-cap options; **Contrafund** is more conservatively positioned. **Large Cap Value Enhanced** provides exposure to attractively valued financials; **Growth Strategies** provides lower market-cap exposure. Style-agnostic, **Event Driven Opportunities** provides smaller-cap diversification.

**Growth & Income:** **Equity Dividend Income** strives for a yield in excess of the S&P 500 via large-cap value stocks.

**International:** **Overseas**, **Int'l Cap App** and **Int'l Small Cap** are lower-risk approaches to developed (and some developing) equity markets; **Emerging Asia** offers faster growth but much higher risk.

**High-Yield:** **Strategic Income** limits high-yield bond risk.

**Taxable Bond:** **Conservative Income Bond** limits interest-rate risk with its extremely short duration (in many ways it is a money market substitute); **Corporate Bond** boosts its yield with lower-credit and more interest-rate-sensitive bonds.

**Muni Bond:** Our favorite choice remains the very short-maturity **Conservative Income Muni**. ■

## MODEL PORTFOLIO TRADES

As announced on our Hotline update of Friday evening February 23, on Monday, February 26, we made the following model portfolio trades:

### Growth & Income Model:

We sold **Growth & Income** [FGRIX] and bought **Equity Dividend Income** [FEQTX]. We also sold **Total Bond** [FTBFX] and used 1/2 of the proceeds to buy **Corporate Bond** [FCBFX] and the other 1/2 to buy **Conservative Income Bond** [FCONX].

### Income Model:

We sold **Total Bond** [FTBFX], and bought **Corporate Bond** [FCBFX]. We also sold **Limited Term Bond** [FJRLX] and added the proceeds to our existing position in **Conservative Income Bond** [FCONX], bringing it up from 16% of the model to about 28%.

### Annuity Growth Model:

We sold **VIP Contrafund** [FPDFC], and added the proceeds to our existing position in **VIP Growth** [FMNDC], bringing it up from 21% of the model to about 34%. We also sold 1/3 of **VIP Growth Opportunities** [FIDPC] and added the proceeds to our existing position in **VIP Mid Cap** [FNBSC], bringing it up from 16% to about 24%.

### Annuity Growth & Income Model:

We sold **VIP Growth & Income** [FLFNC], and added the proceeds to our existing position in **VIP Growth** [FMNDC], bringing it up from 24% of the model to about 34%. We also sold 1/2 of **VIP Investment Grade Bond** [FTLKC], bringing it down to about 10% of the model, and established a new roughly 10% position in **PIMCO VIT Low Duration** [FPMBC].

*Remember that fund tickers differ among versions of Fidelity's annuity offerings, so the above tickers may not match yours, but the underlying funds are the same.*

### Trade Rational:

See “Model Portfolio Trades Reviewed” on p. 11.

### Prior Trade on February 12 (announced on the Hotline update of February 9)

In our **Growth Model** we sold **Small Cap Stock** [FCPGX] and added 1/2 of the proceeds to **Contrafund** [FCNTX] and the other 1/2 to **Growth Strategies** [FDGEX].

### Model Portfolios Key:

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account. Some percentage figures may not sum to 100 due to rounding. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). **Annuity Model Portfolios** are on p. 10.

## BOND FUND INVESTING

# How Best To Cope With Rising Rates

*“In gauging the appropriate path for monetary policy over the next few years, the [Fed] will continue to strike a balance between avoiding an overheated economy and bringing PCE price inflation to 2 percent on a sustained basis.”*

So said the new Chair of the Federal Reserve, Jerome Powell, in his prepared remarks to Congress this past Tuesday. But in his off-the-cuff comments shortly thereafter, he added that he and other Fed members see the pace of economic activity, and inflation, to be accelerating since last December!

The market’s reaction to the latter was swift: bond yields rose (bond prices fell) and stocks followed bonds down.

That the Fed is trying to walk a tightrope between saying that its forecast of three rate hikes for 2018 remains

in place, but that it is prepared to “tighten” further should the need arise, should surprise no one.

Of course, both bond and stock

investors were singularly focused last month in trying to gauge the value of all their investments in a higher-interest-rate, higher-inflation environment.

Notably, February marked the third time in four months that bond prices pulled back (yields rose) amid a myriad of both short- and longer-term concerns — some, in our view, overblown.

One measure of those concerns is something called the 10-year break-even inflation rate. A gauge

of investors’ inflation *expectations*, it has now risen to 2.18%, up from 1.96% at the start of the year. Of course, what investors expect, versus what actually happens, are often very, very

different!

While the Fed’s 2% target (based on the Personal Consumption Expenditures index) may soon be realized, we remain skeptical that the recent uptick in wage growth,

consumer prices and even producer prices are confirmation that current inflation expectations are correct.

On the other hand, we’re not wearing blinders, either. Notably, the Fed’s January minutes reveal that several members expressed confidence that the central

bank’s 2% target would be realized. If so, it might feel free to accelerate the pace of their rate hikes.

Whether they’re thusly motivated or not, investors have already done some of the Fed’s bidding: The bellwether 10-year Treasury spent much of February flirting with 3.00% (it hasn’t been in this neighborhood since December of 2013), while the far more interest-rate-sensitive 30-year Treasury Bond pushed past that threshold on February 1. It ended the month at 3.13%, up from 2.74% at the start of the year. (See nearby charts.)

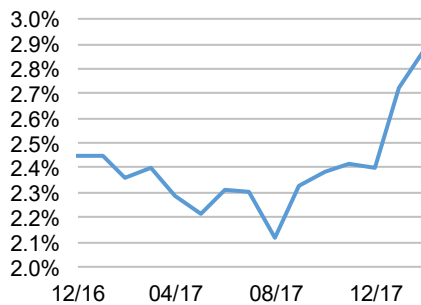
## Our Strategy

Bonds and bond funds are an inherently less risky asset class (about 75% less risky, in fact) relative to stocks and stock funds. Moreover, the 10-year Treasury is yielding about a full percentage point more than inflation, so it’s nice to have that income (providing that there’s no capital loss offsetting that yield). As such, bond funds are an essential way to decrease portfolio risk. Granted, you can do the same by holding a money market fund, but they yield relatively little, and there’s no capital gain potential.

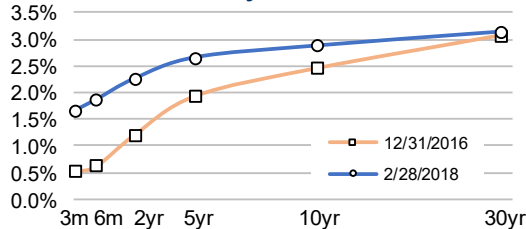
As we discuss elsewhere in this publication, the areas of the bond market that we feel the most comfortable holding are those with very short maturities (**Conservative Income Bond**) and longer maturity corporates (**Corporate Bond**); the latter stands to benefit from an improving economy. (See *Model Portfolio Trades Reviewed* on p. 11.) ■

— John Bonnanzio

10-Year Treasury Yield (2016-'18)



Treasury Yield Curve



## STRATEGIC INCOME

# Another Approach To Yield

Held in several models, **Strategic Income**’s yield objective is satisfied by its neutral allocation to junk bonds (40%), emerging market debt (14%) and a 7% slice in floating-rate bonds. Collectively, they help provide a yield of 3.06%, about a percentage point *lower* than the average of its riskier, high-yield peers. Its anchor on yield is its significant holdings in U.S. and foreign in-

vestment-grade government bonds. While U.S. dollar exposure is 85%, there are also 7% euro and 3% yen exposures. (Top holdings include the sovereign bonds of France, Japan and Germany.) Such a mix creates a barbelled approach to *credit-risk* management with high-quality U.S. and foreign government bonds offsetting its credit-compromised holdings. This orchestration tends to smooth its return stream and reduce relative volatility to 0.38, making it a good high-yield alternative for the income-oriented investor. ■

FUND COMMENTARY

## Inflation Fears Weigh On Stocks And Bonds

Well, that was quite the ride!

During one particularly nasty stretch in early February, the Dow Jones Industrials lost in excess of 1,000 points as both it and other widely watched equity indices fell into correction territory. This significant setback (stocks lost 10% of their value in a span of just two weeks) seemed to come out of nowhere given the nearly 6% jump scored by the S&P 500 in January.



John Bonnanzio

Just how jittery did investors get? The CBOE's Volatility Index — or VIX — doubled in a single day (partly because too much money was betting against it).

While there were other nervous days for stocks scattered throughout the month, there were plenty of good ones, too. Enough, in fact, to limit February's U.S. stock declines to roughly 3-4%, while also pushing most indexes back into positive territory for the year.

### Market Indexes

The large-cap Dow fell 4.0% last month and the S&P 500 retreated by a similar amount (down 3.7%). For the year-to-date, they are up 1.7% and 1.8%, respectively. Saddled, in part, by their energy and consumer discretionary exposures, mid-cap stocks fared worse than either their large- or small-cap peers: For example, mid-caps fell 4.1% in February and are down 0.5% for the year. At the same time, the Russell 2000 small-cap gauge is faring a bit worse: it retreated 3.9% in February, but it's off 1.4% for the year. As for the Nasdaq Composite, it declined 1.8% last month. However, thanks to a strong January, it's up an impressive 5.5% in 2018.

### Stock Funds

Whereas the average stock fund declined 3.8% in February — **Small Cap Growth** (see p. 12) was something of an outlier; it fared best with its 1.0% decline.

Style-wise, large-cap growth funds were the top relative performers as tech stocks held up better than other sectors. As such, **OTC** (down 1.6%) and **Growth Company** (down 1.9%) were the best of that particular lot.

At the other end of the performance spectrum, value-oriented funds were hamstrung by a variety of things, including energy, certain cyclical (such as materials), real estate and telecom. In other words, rising bond yields sapped the allure of dividend-paying stocks and the funds that hold them. As such, the large-cap **Equity-Income** and the "blendier" **Growth & Income** (down 5.7% and 5.4%, respectively) were among the worst-performing large-caps, whereas **Mid Cap Value** (down 5.3%) fared none better.

As for some of the biggest stock funds ranked by assets, **Contrafund** fell 2.3%, **Low-Priced Stock** was down 4.4%, **Blue Chip Growth** declined 2.3%, and **Magellan** was off 3.6%. (All but Low-Priced are up for the year.)

### International Funds

Fidelity's unhedged foreign stock funds fared even worse than

their domestic funds last month, a situation exacerbated by the U.S. dollar, which rose about one percent. Funds with the greatest exposures to energy-dependent economies often struggled the most, including **Nordic** (down 7.2%) and **Canada** (down 6.9%). However, developed and developing markets alike suffered: **Europe** fund retreated 6.4% and **Emerging Asia** slid 5.7%. However, there were some notable exceptions: The ever-volatile **Latin America** (down 1.1%) and **Emerging Europe, Mid-East, Africa** (down 0.9%) funds were relative outperformers in a sea of red ink.

### Bond Funds

**U.S. Bond Index** (down 0.9%) fell in February as bond yields rose across the entire maturity spectrum (see facing page). Naturally, the most interest-rate-sensitive fund fared the worst: **Long-Term Treasury Index** declined 3.0%. On the other hand, **Short-Term Bond** and **Short-Term Treasury Index** both slipped just 0.1%, and **Conservative Income Bond** managed a fractional gain of 0.1%.

Likewise, on the tax-free muni side of the fence, **Conservative Income Muni** inched ever-so-slightly higher (up 0.1%), whereas the far more interest-rate-sensitive **Muni Income** and **Tax-Free Bond** were both down 0.6%. ■

— John Bonnanzio

### March Scorecard Rating Changes

Fund	Ratings		Comments
	Old	New	
Growth & Income	B	H ↓	Energy overweight contributing to excess volatility.
Large Cap Stock	B	H ↓	Energy overweight contributing to excess volatility.
Mega Cap Stock	B	H ↓	Energy overweight contributing to excess volatility.
Small Cap Growth	B	B n/c	Closed to new investors (see p. 12).
Stk Selector All Cap	H	S ↓	Risk-adjusted returns poor relative to S&P benchmark.
Value Strategies	B	S ↓	Excess risk relative to other large-cap value offerings.
VIP Contrafund	B	B ↓	Team-managed approach carries excess risk.
VIP Growth & Income	B	H ↓	Energy overweight contributing to excess volatility.
VIP Value Strategies	B	S ↓	Excess risk relative to other large-cap value offerings.

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, 2018

Fund No.	Fund Ticker	Fund Name	\$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	15 Yr	
Comparative Indexes		S&P 500	2713.8		-3.7	1.8	3.0	17.1	11.1	14.7	9.7	10.4	1.00
		Nasdaq Composite	7273.0		-1.8	5.5	6.0	26.1	14.9	19.6	13.6	13.0	1.23
		Dow Jones Industrials	25029.2		-4.0	1.7	3.6	23.1	14.2	15.0	10.3	10.8	1.09
		Russell 2000 (Small Caps)	1512.5		-3.9	-1.4	-1.8	10.5	8.5	12.2	9.7	11.5	1.37
		Barclays Aggregate Bond*			-0.9	-2.1	-1.6	0.3	1.0	1.5	3.3	1.9	0.27
Model Portfolios		Unique Opportunities			-2.8	3.3	4.9	20.4	10.1	13.4	8.2	12.1	1.12
		Select Growth			-3.3	3.7	4.3	21.9	11.2	16.0	10.2	12.3	1.20
		Growth & Income			-2.8	4.0	4.9	22.0	10.3	13.0	8.1	10.7	1.00
		Growth & Income			-2.5	2.2	3.0	14.5	8.2	10.7	6.9	8.8	0.69
		Income			-1.8	-0.7	-0.0	3.9	3.6	4.5	4.9	4.8	0.37
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
<b>LARGE CAP GROWTH</b>					<b>Average</b>	<b>-2.7</b>	<b>4.9</b>	<b>5.7</b>	<b>26.3</b>	<b>12.3</b>	<b>16.6</b>	<b>10.8</b>	<b>1.18</b>
312	FBGRX	Blue Chip Growth	93.13	Buy	-2.3	6.1	7.0	32.6	13.9	18.8	13.0	1.23	\$19,132
307	FDCAX	Capital Appreciation	36.76	Hold	-2.5	4.4	5.8	22.6	8.9	14.2	9.9	1.19	5,256
22	FCNTX	Contrafund	128.80	Buy	-2.3	6.8	7.1	30.3	14.1	16.8	10.8	1.07	95,335
3	FFIDX	Fidelity Fund	47.33	Hold	-2.3	4.6	4.9	22.0	10.4	14.0	8.4	1.01	4,282
333	FTQGX	Focused Stock	24.09	OK to Buy	-3.1	6.4	6.6	30.7	12.0	14.7	11.2	1.17	1,910
25	FDGRX	Growth Company (Closed)	192.83	Buy	-1.9	7.9	9.0	36.6	16.7	20.5	13.7	1.36	26,578
339	FDSVX	Growth Discovery	34.42	Buy	-2.3	5.7	5.7	29.4	13.4	17.5	9.9	1.13	1,447
73	FDFFX	Independence	38.88	Hold	-3.6	4.3	5.3	23.0	7.4	13.8	7.5	1.34	3,637
1829	FLGEX	Lrge Cap Growth Enhcd Index	19.63	OK to Buy	-2.7	3.7	4.9	23.5	12.1	16.4	11.2	1.05	1,062
2823	FSUIX	Lrge Cap Growth Index <sup>4</sup>	13.96	OK to Buy	-2.6	4.3	5.1	25.9	--	--	--	--	16
21	FMAGX	Magellan	108.79	Hold	-3.6	4.0	5.1	23.7	11.6	16.0	7.6	1.12	15,425
1282	FNCMX	Nasdaq Composite Index	95.52	OK to Buy	-1.8	5.4	5.8	25.7	14.7	19.3	13.4	1.23	5,519
300	FMLX	New Millennium	40.06	OK to Sell	-4.7	0.7	2.0	15.4	9.7	13.1	10.3	1.06	3,222
93	FOCPX	OTC	116.97	Buy	-1.6	6.5	7.1	33.3	16.6	22.6	15.1	1.51	15,172
320	FDSSX	Stock Selector All Cap	44.98	OK to Sell↓	-3.7	2.4	3.2	19.6	10.6	14.5	8.8	1.07	8,017
5	FTRNX	Trend	102.80	OK to Buy	-2.8	5.7	6.3	26.9	12.9	17.0	11.6	1.13	1,864
<b>LARGE CAP BLEND</b>					<b>Average</b>	<b>-4.4</b>	<b>0.6</b>	<b>2.3</b>	<b>14.6</b>	<b>9.3</b>	<b>13.4</b>	<b>8.6</b>	<b>1.04</b>
650	FUSEX	500 Index <sup>4</sup>	95.13	Hold	-3.7	1.8	2.9	17.0	11.1	14.6	9.6	1.00	3,888
315	FDEQX	Disciplined Equity	38.94	Hold	-4.1	0.4	1.6	15.1	7.9	13.0	7.0	0.99	1,269
330	FDGFX	Dividend Growth	32.94	Hold	-4.2	0.3	2.1	14.7	8.0	12.5	8.9	0.97	6,141
332	FEXPX	Export and Multinational	22.26	Hold	-4.6	0.2	2.1	13.6	9.1	12.1	7.3	0.95	1,527
27	FGRIX	Growth & Income	37.62	Hold↓	-5.4	-0.7	1.7	11.3	8.8	12.7	5.9	1.14	6,255
1827	FLCEX	Lrge Cap Core Enhcd Index	15.01	Buy	-3.3	2.4	3.8	18.0	10.2	14.4	9.5	1.00	647
338	FLCSX	Large Cap Stock	33.50	Hold↓	-5.2	0.1	2.4	12.7	9.1	14.0	10.0	1.21	5,308
361	FGRTX	Mega Cap Stock	17.40	Hold↓	-5.4	-0.2	1.7	12.5	8.9	13.1	8.9	1.13	1,937
397	FSTMX	Total Market Index <sup>4</sup>	77.43	OK to Buy	-3.7	1.4	2.4	16.2	10.5	14.3	9.8	1.01	794
2939	FENSX	U.S. Sustainability Index	11.35	NA	-4.0	1.2	2.3	--	--	--	--	--	6
<b>LARGE CAP VALUE</b>					<b>Average</b>	<b>-5.0</b>	<b>-1.2</b>	<b>0.3</b>	<b>8.0</b>	<b>7.2</b>	<b>11.6</b>	<b>6.9</b>	<b>1.02</b>
1271	FBCVX	Blue Chip Value	19.55	OK to Buy	-4.7	-0.3	1.5	7.2	6.7	12.2	5.4	1.06	401
319	FEQTX	Equity Dividend Income	27.50	Buy	-5.1	-1.0	0.8	9.2	8.0	11.4	6.7	0.96	5,404
23	FEQIX	Equity-Income	59.85	Buy	-5.7	-1.4	0.0	7.5	7.6	10.4	6.5	1.00	5,543
1828	FLVEX	Lrge Cap Value Enhcd Index	13.13	Buy	-4.5	-0.5	1.0	10.4	8.6	12.8	8.1	1.04	3,478
2827	FLCDX	Lrge Cap Value Index <sup>4</sup>	12.03	Hold	-4.8	-1.1	0.3	7.7	--	--	--	--	7
708	FSLVX	Stock Sel Large Cap Value	20.26	Hold	-5.4	-2.2	-0.8	5.3	6.4	11.2	6.1	0.98	923
832	FVDFX	Value Discovery	28.70	Buy	-4.4	-0.8	0.8	7.8	6.8	12.7	7.6	0.96	3,607
14	FSLSX	Value Strategies	40.98	OK to Sell↓	-5.3	-2.6	-1.2	9.0	6.3	10.7	8.2	1.17	403
<b>MID-CAP GROWTH</b>					<b>Average</b>	<b>-2.4</b>	<b>3.3</b>	<b>4.1</b>	<b>16.6</b>	<b>8.0</b>	<b>14.1</b>	<b>8.4</b>	<b>0.92</b>
324	FDEGX	Growth Strategies	42.47	Buy	-2.4	3.3	4.1	16.6	8.0	14.1	8.4	0.92	2,583
<b>MID-CAP BLEND</b>					<b>Average</b>	<b>-4.0</b>	<b>-0.3</b>	<b>0.6</b>	<b>12.6</b>	<b>7.9</b>	<b>12.7</b>	<b>9.4</b>	<b>1.08</b>
398	FSEMEX	Extended Market Index <sup>4</sup>	61.69	Hold	-3.8	-0.6	-0.1	12.3	8.2	12.7	10.1	1.20	689
2012	FMEIX	Mid Cap Enhanced Index	15.57	OK to Buy	-4.4	-0.5	0.7	12.5	7.7	13.5	10.3	1.05	1,277
2349	FSLCX	Mid Cap Index <sup>4</sup>	20.84	OK to Buy	-4.1	-0.5	0.4	11.7	7.8	12.8	--	1.04	71
337	FMCSX	Mid-Cap Stock	38.09	OK to Buy	-4.2	-0.3	0.5	13.2	8.3	12.6	9.4	0.99	5,659
2412	FSSMX	Stock Selector Mid Cap	40.13	OK to Buy	-3.7	0.4	1.3	13.1	7.5	11.8	7.7	1.10	542
<b>MID-CAP VALUE</b>					<b>Average</b>	<b>-5.0</b>	<b>-2.3</b>	<b>-0.7</b>	<b>10.3</b>	<b>6.5</b>	<b>11.9</b>	<b>9.1</b>	<b>1.02</b>
316	FLPSX	Low-Priced Stock <sup>5</sup>	54.38	Buy	-4.4	-0.3	1.6	16.5	8.2	12.3	9.8	0.87	29,920
762	FSMVX	Mid Cap Value	25.56	Hold	-5.3	-4.0	-2.8	7.5	5.6	12.0	9.4	1.07	2,170
39	FDVLX	Value	117.76	Hold	-5.2	-2.8	-0.9	7.0	5.8	11.4	8.2	1.12	7,088

**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. <sup>5</sup>Almost an Asset Allocation fund with 30%+ typically in foreign stocks. <sup>6</sup>Formerly Global Bond. <sup>7</sup>Formerly Core Dividend. <sup>8</sup>Formerly Medical Equipment & Systems. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

FEBRUARY 28, 2018

Fund No.	Fund Ticker	Fund Name	\$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	10Year			
<b>SMALL CAP GROWTH</b>					<b>Average</b>	<b>-1.0</b>	<b>4.7</b>	<b>5.7</b>	<b>26.5</b>	<b>14.5</b>	<b>17.0</b>	<b>11.5</b>	<b>1.18</b>	
1388	FCPGX	Small Cap Growth	25.90	Buy	-1.0	4.7	5.7	26.5	14.5	17.0	11.5	1.18	\$2,895	
<b>SMALL CAP BLEND</b>					<b>Average</b>	<b>-3.9</b>	<b>-1.2</b>	<b>-1.1</b>	<b>7.8</b>	<b>7.2</b>	<b>11.3</b>	<b>9.6</b>	<b>1.24</b>	
384	FSCRX	Small Cap Discovery (Closed)	29.62	Hold	-2.7	-1.0	-0.8	6.2	5.9	10.1	12.6	1.20	4,640	
2011	FCPEX	Small Cap Enhanced Index	13.81	OK to Sell	-5.0	-1.5	-1.8	4.9	6.9	11.6	9.6	1.39	763	
2356	FSSPX	Small Cap Index <sup>4</sup>	20.02	Hold	-3.9	-1.4	-1.8	10.5	8.6	12.2	--	1.37	52	
340	FSLCX	Small Cap Stock	19.18	OK to Sell	-4.7	-2.2	-1.0	9.1	7.2	11.2	8.0	1.10	1,621	
336	FDSCX	Stock Selector Small Cap	26.43	Hold	-3.2	-0.1	-0.3	8.5	7.4	11.3	8.1	1.17	1,510	
<b>SMALL CAP VALUE</b>					<b>Average</b>	<b>-4.2</b>	<b>-2.8</b>	<b>-3.6</b>	<b>8.6</b>	<b>8.7</b>	<b>11.5</b>	<b>11.1</b>	<b>1.03</b>	
1389	FCPVX	Small Cap Value (Closed)	19.76	Hold	-4.2	-2.8	-3.6	8.6	8.7	11.5	11.1	1.03	2,642	
<b>SPECIALTY</b>														
308	FCVSV	Convertible Securities	28.18	Hold	-2.1	0.8	1.2	7.5	1.1	6.7	5.3	0.88	1,377	
2624	FARNX	Event Driven Opportunities	14.31	Buy	-2.5	2.5	4.7	14.4	12.1	--	--	1.41	457	
2120	FFGCX	Global Commodity Stock	12.97	Hold	-6.4	-1.6	4.2	12.8	1.9	-0.4	--	1.87	411	
122	FLVCX	Leveraged Company Stock	34.01	Buy	-3.8	1.6	4.0	15.5	6.1	10.5	7.0	1.30	2,516	
1329	FSDIX	Strategic Dividend & Income	14.89	OK to Buy	-4.3	-2.3	-1.8	5.8	6.2	9.1	7.0	0.74	3,072	
1505	FSRRX	Strategic Real Return	8.75	OK to Sell	-1.7	-1.6	-0.4	0.8	0.8	0.3	1.9	0.43	420	
311	FIUIX	Telecom & Utilities	24.88	OK to Sell	-5.2	-4.8	-6.2	1.4	5.2	9.1	6.8	1.03	903	
<b>REAL ESTATE</b>														
1368	FIREX	International Real Estate	11.49	Hold	-5.2	-1.4	1.8	18.8	5.3	7.4	3.2	1.05	242	
833	FRIFX	Real Estate Income	11.49	Hold	-2.0	-4.2	-4.1	0.0	4.2	5.4	7.6	0.49	2,434	
2353	FRXIX	Real Estate Index <sup>4</sup>	13.89	OK to Sell	-7.2	-10.8	-10.8	-9.9	-0.1	5.5	--	1.35	31	
303	FRESX	Real Estate Investment	37.56	OK to Sell	-6.7	-10.1	-10.4	-8.0	1.3	6.2	7.1	1.33	3,623	
<b>ASSET ALLOCATION</b>														
328	FASIX	Asset Manager 20%	13.33	Hold	-1.3	-0.7	-0.1	4.3	3.0	3.7	4.2	0.30	4,880	
1957	FTANX	Asset Manager 30%	11.03	Hold	-1.8	-0.5	0.2	6.2	3.9	5.0	5.0	0.39	1,365	
1958	FFANX	Asset Manager 40%	11.66	Hold	-2.3	-0.3	0.5	8.0	4.8	6.1	5.6	0.49	1,505	
314	FASMX	Asset Manager 50%	18.26	Hold	-2.6	-0.1	0.9	9.9	5.5	7.2	6.2	0.58	8,843	
1959	FSANX	Asset Manager 60%	12.59	Hold	-2.9	0.2	1.3	11.9	6.3	8.2	6.7	0.68	2,107	
321	FASGX	Asset Manager 70%	22.54	Hold	-3.3	0.6	1.7	13.9	7.1	9.2	6.9	0.78	4,982	
347	FAMRX	Asset Manager 85%	19.74	Hold	-3.8	1.1	2.3	16.9	8.3	10.8	7.5	0.92	2,202	
304	FBALX	Balanced	24.02	OK to Buy	-2.8	1.2	1.9	12.1	7.3	10.2	7.4	0.73	23,855	
355	FFNOX	Four-in-One Index	44.65	Hold	-3.7	0.4	1.5	14.5	7.8	10.5	7.3	0.86	5,935	
334	FGBLX	Global Balanced (closed)	25.65	Hold	-2.7	2.3	3.0	18.3	6.2	6.8	5.5	0.76	387	
1960	FDYSX	Global Strategies (closed)	9.39	Hold	-3.2	0.4	2.0	14.6	7.0	6.8	5.2	0.68	80	
4	FPURX	Puritan	23.73	OK to Buy	-2.9	1.3	2.2	14.3	7.7	10.6	7.9	0.73	21,432	
<b>INTERNATIONAL</b>					<b>Average</b>	<b>-4.5</b>	<b>1.2</b>	<b>3.5</b>	<b>25.7</b>	<b>8.9</b>	<b>8.6</b>	<b>4.2</b>	<b>1.27</b>	
309	FICDX	Canada	51.42	OK to Sell	-6.9	-5.9	-3.0	6.4	2.1	3.2	1.1	1.20	1,023	
352	FHKCX	China Region	37.08	Hold	-4.8	3.1	5.9	40.5	11.4	11.9	7.8	2.23	1,485	
325	FDIVX	Diversified International	39.92	OK to Buy	-5.4	-0.3	0.9	20.6	5.5	8.3	3.1	1.15	11,077	
351	FSEAX	Emerging Asia	45.16	Buy	-5.7	0.3	3.6	34.2	11.0	9.2	4.3	1.58	1,382	
2053	FEMEX	Emerg Europe, MidEast, Africa	10.95	Hold	-0.9	5.8	13.7	30.3	10.9	6.1	--	1.68	101	
322	FEMKX	Emerging Markets	33.25	OK to Buy	-4.9	1.5	5.5	37.9	10.2	7.6	1.6	1.40	4,488	
2374	FEDDX	Emerging Mkts Discovery	15.86	Hold	-3.4	3.3	7.7	28.2	11.8	6.2	--	1.37	317	
2341	FPEMX	Emerging Markets Index <sup>4</sup>	11.70	Hold	-5.2	2.5	6.2	29.3	8.1	4.9	--	1.60	41	
301	FIEXX	Europe	42.07	OK to Buy	-6.4	-0.6	0.7	25.3	5.5	7.5	3.2	1.36	1,199	
2406	FGILX	Global Equity-Income	14.34	Hold	-4.9	-1.0	0.9	15.7	7.3	10.3	--	0.90	82	
2345	FSGUX	Global ex U.S. Index <sup>4</sup>	13.54	OK to Buy	-5.3	0.0	2.1	21.0	5.9	6.1	--	1.18	45	
335	FIVFX	International Cap App	21.17	Buy	-4.8	0.5	2.4	28.4	8.9	10.4	6.2	1.12	2,307	
305	FIGRX	International Discovery	45.79	OK to Buy	-5.1	0.3	1.9	26.7	6.9	8.4	3.5	1.15	7,439	
2010	FIENX	International Enhanced Index	10.14	OK to Buy	-5.0	0.0	1.4	21.6	7.2	8.6	3.3	1.14	1,134	
1979	FIGFX	International Growth	13.74	OK to Buy	-5.1	0.4	2.0	22.3	6.9	8.2	5.6	1.10	1,037	
399	FIIIX	International Index <sup>4</sup>	43.09	Hold	-5.1	-0.2	1.2	19.7	5.5	7.0	2.9	1.14	692	
818	FISMX	International Small Cap	30.20	Buy	-3.6	1.0	3.8	26.8	13.8	13.4	7.4	1.01	1,575	
1504	FSCOX	International Small Cap Opps	19.94	Buy	-3.1	3.1	5.6	32.4	12.9	12.8	5.1	1.04	963	
2986	FNIYX	International Sustainability Idx	11.13	NA	-5.3	-0.2	1.8	--	--	--	--	--	5	
1597	FIVLX	International Value	9.04	Hold	-5.5	-0.2	0.7	16.4	3.7	5.7	1.1	1.09	514	
350	FJPNX	Japan	15.99	Buy	-1.8	3.5	3.0	27.4	11.4	9.9	3.4	1.14	198	
360	FJSCX	Japan Smaller Companies	19.36	Buy	-1.8	2.1	3.6	30.1	17.4	17.6	9.2	0.94	839	
349	FLATX	Latin America	27.29	OK to Sell	-1.1	11.5	13.1	30.0	7.3	-3.0	-3.0	2.26	631	
342	FNORX	Nordic	52.64	OK to Sell	-7.2	-1.2	1.2	21.0	7.4	11.6	4.8	1.27	338	
94	FOSFX	Overseas	50.63	Buy	-4.9	-0.1	1.4	23.6	8.5	10.3	3.3	1.13	6,522	
302	FPBFX	Pacific Basin	35.71	OK to Buy	-3.8	0.6	3.3	32.1	13.4	13.1	7.6	1.16	1,055	
2369	FTEMX	Total Emerging Markets	13.84	OK to Buy	-4.0	2.1	4.8	23.1	10.5	6.3	--	1.14	331	
1978	FTIEX	Total International Equity	9.36	OK to Buy	-5.0	0.5	2.8	24.5	7.2	7.2	3.3	1.10	87	
2831	FTIGX	Total International Index <sup>4</sup>	12.54	Hold	-5.1	0.1	2.3	21.3	--	--	--	--	17	
318	FWWFX	Worldwide	27.42	OK to Buy	-3.7	3.8	4.7	27.4	9.5	11.8	7.3	1.09	1,812	

# FIDELITY SCORECARD

FEBRUARY 28, 2018

Fund No.	Fund Ticker	Fund Name	\$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	10Year				
<b>SELECT PORTFOLIOS</b>					<b>Average</b>			<b>-4.5</b>	<b>0.6</b>	<b>2.1</b>	<b>14.6</b>	<b>8.4</b>	<b>12.7</b>	<b>9.2</b>	<b>1.59</b>
34	FSAIX	Air Transportation	82.64	Hold	-4.8	-2.0	0.8	19.1	10.9	18.8	13.6	1.34	\$383		
502	FSAVX	Automotive	37.52	OK to Sell	-4.9	1.1	0.7	19.1	3.6	11.3	8.6	1.69	56		
507	FSRBX	Banking	36.82	OK to Buy	-2.5	4.1	5.3	12.3	15.3	16.1	7.7	1.80	830		
42	FBIOX	Biotechnology	234.45	Hold	-2.5	6.8	8.5	17.0	1.9	19.3	17.4	2.84	8,942		
68	FSLBX	Brokerage & Investment	84.47	OK to Buy	-1.6	3.3	5.8	27.5	9.3	12.7	6.8	1.80	462		
69	FSCHX	Chemicals	173.43	Buy	-6.8	-2.7	-1.9	16.3	11.1	13.5	12.2	1.64	1,797		
518	FSDCX	Communications Equipment	39.14	Hold	4.4	8.7	8.4	16.7	8.1	12.9	8.8	1.42	209		
7	FDCPX	Computers	92.80	Hold	0.2	4.4	4.2	24.8	11.5	14.8	12.4	1.61	538		
511	FSHOX	Construction & Housing	59.88	Hold	-9.8	-7.7	-5.3	11.1	7.1	11.5	11.3	1.39	332		
517	FSCPX	Consumer Discretionary	43.65	Buy	-3.8	5.3	7.9	22.8	10.5	15.4	12.7	1.17	819		
98	FSVLX	Consumer Finance	16.29	OK to Buy	-3.6	0.5	4.1	18.1	10.7	12.7	2.3	1.33	104		
9	FDFAX	Consumer Staples	87.85	Hold	-6.9	-5.0	-2.6	-1.4	2.3	7.7	8.4	1.05	1,330		
67	FSDAX	Defense & Aerospace	184.51	OK to Buy	0.4	10.5	12.0	38.5	18.3	21.3	13.0	1.31	3,065		
60	FSENX	Energy	41.01	Hold	-9.6	-8.2	-1.6	-5.3	-2.3	-0.9	-1.6	2.21	1,779		
43	FSESX	Energy Service	42.06	Hold	-12.3	-7.2	0.7	-17.4	-5.5	-6.6	-5.1	2.67	413		
516	FSLEX	Environment & Alt Energy	26.31	OK to Buy	-4.5	-0.4	-0.3	17.7	11.9	13.2	7.1	1.25	188		
66	FIDSX	Financial Services	116.65	Buy	-3.8	2.1	3.8	18.3	12.1	14.4	4.9	1.35	1,308		
41	FSAGX	Gold	18.78	Sell	-10.4	-9.6	-4.8	-10.5	1.8	-8.7	-6.8	3.60	1,010		
63	FSPHX	Health Care	235.52	Buy	-3.1	5.3	3.4	15.5	4.6	19.1	14.5	1.61	6,922		
505	FSHCX	Health Care Services	92.21	Hold	-5.0	2.6	2.1	17.0	9.5	17.5	12.2	1.35	830		
510	FSCGX	Industrial Equipment	<b>Merged Into Industrials</b>												
515	FCYIX	Industrials	36.97	Buy	-4.1	0.5	2.6	15.8	9.9	13.1	10.5	1.27	1,077		
45	FSPCX	Insurance	78.49	OK to Buy	-4.9	-1.3	-2.3	9.6	12.0	14.9	8.5	1.11	342		
353	FBSOX	IT Services	58.69	Buy	-0.8	7.7	8.4	35.2	17.6	20.7	17.2	1.22	2,283		
62	FDLX	Leisure	165.78	Hold	-4.3	-0.1	1.3	24.8	10.2	15.3	13.3	1.12	545		
509	FSDPX	Materials	88.90	OK to Buy	-6.0	-2.3	0.2	15.0	6.4	8.3	7.6	1.57	1,044		
354	FSMEX	Medical Technology & Devices <sup>8</sup>	46.10	OK to Buy	-3.9	5.1	1.5	18.0	12.8	20.4	13.7	1.45	4,063		
503	FBMPX	Multimedia	79.68	Hold	-6.0	0.2	2.7	4.1	5.6	12.2	12.6	1.42	510		
513	FSNGX	Natural Gas	21.60	Hold	-10.1	-9.9	-5.1	-19.0	-10.4	-6.3	-6.5	2.79	238		
514	FNARX	Natural Resources	27.51	Hold	-9.8	-8.6	-1.9	-4.2	-3.5	-1.9	-1.9	2.16	911		
580	FPHAX	Pharmaceuticals	18.82	Hold	-3.9	1.4	2.0	5.6	-2.0	10.7	11.2	1.36	745		
46	FSRPX	Retailing	143.51	OK to Buy	-2.6	7.8	11.1	28.7	16.6	20.4	18.7	1.17	2,324		
8	FSELX	Semiconductors	117.67	OK to Buy	-0.4	5.3	3.8	34.2	22.2	27.7	16.7	1.69	3,653		
28	FSCSX	Software & IT Services	178.91	Buy	-1.0	8.0	9.0	36.8	21.0	22.8	17.1	1.39	5,531		
64	FSPTX	Technology	193.57	Buy	-0.7	8.3	7.1	43.7	22.7	22.6	15.8	1.51	7,237		
96	FSTCX	Telecommunications	55.88	Hold	-7.0	-5.2	-3.1	-3.8	4.8	8.4	7.1	1.10	321		
512	FSRFX	Transportation	99.08	OK to Sell	-6.6	-5.0	-2.6	12.5	6.8	16.1	12.6	1.55	513		
65	FSUTX	Utilities	76.75	OK to Sell	-4.1	-3.8	-7.6	5.0	5.9	9.4	6.5	1.15	717		
963	FWRLX	Wireless	10.30	Hold	-2.3	1.8	2.9	17.3	9.0	11.6	8.6	1.17	276		
<b>SECTOR ETFs</b>					<b>Average</b>			<b>-5.0</b>	<b>-1.8</b>	<b>-1.0</b>	<b>10.0</b>	<b>8.6</b>	<b>1.37</b>		
	FDIS	MSCI Consumer Discretionary	40.80	OK to Buy	-3.8	4.3	6.8	21.4	11.4	--	--	1.15	491		
	FSTA	MSCI Consumer Staples	32.19	Hold	-7.7	-6.2	-4.1	-0.3	4.7	--	--	1.03	290		
	FENY	MSCI Energy	18.43	Hold	-10.8	-8.1	-3.2	-4.6	-4.2	--	--	1.98	478		
	FNCL	MSCI Financials	41.92	Buy	-2.7	2.8	4.4	17.5	15.5	--	--	1.43	1,600		
	FHLC	MSCI Health Care	40.91	Buy	-4.2	2.3	1.6	15.3	7.0	--	--	1.36	1,100		
	FIDU	MSCI Industrials	38.82	Buy	-4.5	0.3	2.0	16.8	11.6	--	--	1.21	609		
	FTEC	MSCI Information Technology	53.83	OK to Buy	0.2	7.7	7.8	34.8	19.1	--	--	1.39	1,900		
	FMAT	MSCI Materials	34.40	Buy	-5.3	-1.8	0.2	14.6	8.0	--	--	1.64	347		
	FREL	MSCI Real Estate	22.36	OK to Sell	-6.7	-9.5	-9.8	-5.4	--	--	--	--	317		
	FCOM	MSCI Telecomm Services	29.61	Hold	-5.5	-4.2	-4.0	1.9	6.5	--	--	1.25	117		
	FUTY	MSCI Utilities	32.00	Sell	-4.1	-7.3	-12.7	-1.7	6.7	--	--	1.24	272		
<b>FACTOR ETFs</b>					<b>Average</b>			<b>-3.3</b>	<b>1.3</b>	<b>2.7</b>	<b>15.8</b>				
	FDVV	High Dividend <sup>7</sup>	28.95	Hold	-2.9	0.9	2.7	11.4	--	--	--	--	110		
	FDRR	Dividend for Rising Rates	31.00	OK to Buy	-3.1	1.1	2.6	14.3	--	--	--	--	272		
	FDLO	Low Volatility Factor	30.74	Hold	-3.7	0.5	1.7	15.3	--	--	--	--	54		
	FDMO	Momentum Factor	32.22	OK to Buy	-3.1	3.0	3.1	19.9	--	--	--	--	71		
	FQAL	Quality Factor	32.40	Hold	-2.8	1.9	3.2	17.5	--	--	--	--	63		
	FVAL	Value Factor	33.00	OK to Buy	-4.1	0.4	3.1	16.3	--	--	--	--	74		
	FIDI	International High Dividend	23.54	OK to Sell	-6.0	-7.5p	--	--	--	--	--	--	12		
	FIVA	International Value	24.10	Hold	-3.6	-4.7p	--	--	--	--	--	--	12		

# FIDELITY SCORECARD

FEBRUARY 28, 2018

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>	
					Feb	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr				
<b>TAXABLE BOND</b>					<b>Average</b>	<b>-0.7</b>	<b>-1.7</b>	<b>-1.3</b>	<b>0.4</b>	<b>0.8</b>	<b>1.1</b>	<b>3.1</b>	<b>2.43</b>	<b>5.2</b>	<b>0.27</b>
2267	FCONX	Conservative Income Bond	10.04	Buy	0.1	0.3	0.4	1.3	0.9	0.7	--	1.50	0.2	0.02	
2208	FCBFX	Corporate Bond	11.34	Buy	-1.6	-2.3	-1.4	2.7	2.4	3.1	--	3.31	7.0	0.38	
2423	FGBFX	Global Credit <sup>6</sup>	9.04	Hold	-1.1	-1.6	-1.1	4.9	1.6	0.6	--	2.51	7.1	0.51	
15	FGMNX	GNMA (Ginnie Mae)	11.13	OK to Buy	-0.6	-1.8	-1.6	-0.5	0.8	1.3	3.6	2.60	4.4	0.17	
54	FGOVX	Government Income	9.98	Hold	-0.6	-1.9	-1.7	-0.4	0.3	0.9	2.9	2.23	5.6	0.27	
794	FINPX	Inflation-Prot Bond (closed) <sup>3</sup>	11.72	OK to Sell	-1.0	-1.9	-0.9	-0.5	0.4	-0.5	2.3	0.22*	5.4	0.31	
2415	FSIQX	Inflation-Protected Index <sup>3,4</sup>	9.65	OK to Sell	-1.0	-1.9	-1.0	-0.3	0.6	-0.3	--	0.02*	5.4	0.32	
32	FTHRFX	Intermediate Bond	10.61	Buy	-0.6	-1.4	-1.3	0.1	1.1	1.4	3.4	2.53	3.9	0.20	
452	FSTGX	Intermediate Gov't Income	10.25	Hold	-0.3	-1.2	-1.2	-0.6	0.2	0.5	2.2	2.08	3.7	0.20	
1561	FIBIX	Intermediate Treasury Index <sup>4</sup>	10.37	Hold	-0.6	-2.4	-2.3	-1.3	0.2	0.7	3.3	2.61	6.4	0.40	
26	FBNDX	Investment Grade Bond	7.74	Buy	-1.0	-1.9	-1.5	0.7	1.4	1.9	3.9	2.47	5.9	0.29	
2622	FJRLX	Limited Term Bond	11.33	Buy	-0.4	-0.8	-0.7	0.4	1.2	1.2	3.3	2.41	2.6	0.13	
662	FFXSX	Limited Term Government	9.77	OK to Buy	-0.2	-0.8	-0.8	-0.5	0.2	0.3	1.5	1.89	2.6	0.13	
1562	FLBIX	Long-Term Treasury Index <sup>4</sup>	12.42	Hold	-3.0	-6.1	-4.5	-0.3	-0.4	2.4	5.3	2.95	17.3	0.94	
40	FMSFX	Mortgage Securities	10.93	OK to Buy	-0.6	-1.7	-1.5	0.1	1.0	1.7	3.6	2.63	4.7	0.19	
450	FSHBX	Short-Term Bond	8.52	OK to Buy	-0.1	-0.4	-0.4	0.4	0.8	0.8	1.5	2.01	1.7	0.07	
3038	FNSJX	Short-Term Bond Index <sup>4</sup>	9.83	OK to Buy	-0.3	-0.9	-0.8	--	--	--	--	2.33	--	--	
1560	FSBIX	Short-Term Treasury Index <sup>4</sup>	10.22	Hold	-0.1	-0.8	-0.7	-0.5	0.3	0.4	1.4	2.16	2.7	0.13	
820	FTBFX	Total Bond	10.42	Buy	-0.9	-1.7	-1.3	1.1	2.1	2.4	4.6	2.74	5.6	0.28	
651	FBIDX	U.S. Bond Index	11.30	Hold	-0.9	-2.1	-1.6	0.3	0.9	1.5	3.3	2.85	5.9	0.27	
<b>HIGH-YIELD BOND</b>					<b>Average</b>	<b>-1.1</b>	<b>-0.2</b>	<b>0.3</b>	<b>5.0</b>	<b>4.9</b>	<b>4.6</b>	<b>6.7</b>	<b>4.11</b>	<b>3.4</b>	<b>0.49</b>
38	FAGIX	Capital & Income	10.27	OK to Buy	-1.5	0.3	0.9	7.3	5.8	6.9	8.8	3.72	3.3	0.56	
814	FFRHX	Floating Rate High Income	9.65	OK to Buy	-0.0	1.0	1.4	4.0	3.8	3.4	4.5	3.51	0.2	0.28	
1366	FHIFX	Focused High Income	8.56	OK to Buy	-1.2	-1.0	-1.0	3.5	3.7	4.1	5.9	4.20	4.1	0.47	
2297	FGHNX	Global High Income	9.74	OK to Buy	-1.1	-0.0	0.4	7.1	5.8	5.1	--	4.11	3.2	0.55	
455	SPHIX	High Income	8.89	OK to Buy	-1.2	0.1	0.7	5.3	5.1	4.8	7.5	5.45	3.2	0.58	
331	FNMIX	New Markets Income	15.87	OK to Buy	-2.1	-1.4	-0.4	4.4	7.5	4.2	7.5	4.54	6.7	0.67	
2580	FSAHX	Short Duration High Income	9.47	OK to Buy	-0.5	0.0	0.5	3.3	3.0	--	--	4.29	2.2	0.44	
368	FSICX	Strategic Income	10.96	Buy	-1.0	-0.3	0.1	5.0	4.2	3.7	5.9	3.06	4.0	0.38	
<b>MUNICIPAL BOND</b>					<b>Average</b>	<b>-0.5</b>	<b>-1.5</b>	<b>-0.6</b>	<b>2.3</b>	<b>1.8</b>	<b>2.3</b>	<b>4.1</b>	<b>2.10</b>	<b>5.8</b>	<b>0.30</b>
434	FSAZX	Arizona Muni Income	11.77	OK to Buy	-0.6	-2.1	-0.9	2.0	2.0	2.6	4.6	2.16	6.9	0.34	
1534	FCSTX	Calif Limited Term Tax Free	10.49	OK to Buy	-0.2	-0.4	-0.1	0.6	0.8	1.2	2.6	1.46	3.1	0.18	
91	FCTFX	California Muni Income	12.66	OK to Buy	-0.6	-1.9	-0.9	2.7	2.1	2.9	4.8	2.10	6.5	0.35	
407	FICNX	Connecticut Muni Income	11.15	OK to Buy	-0.5	-1.6	-0.6	1.5	1.6	2.1	4.0	2.47	6.5	0.34	
2578	FCRDY	Conservative Income Muni	10.02	Buy	0.1	0.3	0.4	0.9	0.6	--	--	1.20	0.6	0.04	
36	FLTMX	Interm Municipal Income	10.21	OK to Buy	-0.4	-1.3	-0.5	2.2	1.6	2.0	3.7	2.07	4.9	0.27	
404	FSTFX	Limited Term Muni Income	10.45	OK to Buy	-0.2	-0.3	0.0	1.0	0.8	0.9	2.2	1.50	2.7	0.16	
429	SMDMX	Maryland Muni Income	11.09	OK to Buy	-0.5	-2.2	-1.0	2.3	2.0	2.3	4.0	2.16	6.9	0.34	
70	FDMMX	Mass Muni Income	11.97	OK to Buy	-0.6	-1.9	-0.7	2.6	2.0	2.4	4.4	2.27	7.1	0.35	
81	FMHTX	Michigan Muni Income	11.94	OK to Buy	-0.4	-1.8	-0.7	2.7	2.1	2.5	4.2	2.21	6.5	0.32	
82	FIMIX	Minnesota Muni Income	11.38	OK to Buy	-0.5	-1.7	-0.7	1.7	1.8	2.0	3.9	1.93	6.0	0.30	
37	FHIGX	Municipal Income	12.71	OK to Buy	-0.6	-2.1	-0.9	3.3	2.3	2.8	4.7	2.55	7.1	0.36	
416	FNJHX	New Jersey Muni Income	11.61	OK to Buy	-0.6	-1.7	-0.7	4.3	2.4	2.5	4.3	2.34	6.2	0.37	
71	FTFMX	New York Muni Income	12.92	OK to Buy	-0.6	-1.8	-0.7	2.2	2.1	2.6	4.4	2.16	6.7	0.33	
88	FOHFX	Ohio Muni Income	11.86	OK to Buy	-0.6	-2.1	-0.8	2.8	2.4	2.9	4.6	2.32	7.3	0.36	
402	FPXTX	Pennsylvania Muni Income	10.92	OK to Buy	-0.5	-1.7	-0.5	2.5	2.1	2.7	4.4	2.24	6.5	0.30	
90	FTABX	Tax-Free Bond	11.30	OK to Buy	-0.6	-2.0	-0.7	3.3	2.4	2.9	4.9	2.58	6.9	0.36	

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	0.08	0.16	1.03	433	FSAXX	Arizona Muni MM	0.04	0.12	0.63
458	SPAXX	Government MM	0.08	0.16	1.02	97	FCFXX	California Muni MM	0.05	0.12	0.61
631	FGMXX	Retirement Gov't MM	Merged into SPAXX			457	FSPXX	California AMT Tax-Free	0.06	0.14	0.80
630	FRTXX	Retirement Gov't MM II				418	FCMXX	Connecticut Muni MM	0.05	0.12	0.72
2742	FZFXX	Treasury MM	0.08	0.16	1.03	426	FMSXX	Mass AMT Tax-Free	0.06	0.14	0.78
415	FDLXX	Treasury Only MM	0.08	0.16	1.04	74	FDMXX	Massachusetts Muni MM	0.05	0.12	0.63
<b>PRIME MONEY MARKETS</b>						420	FMIXX	Michigan Muni MM	0.04	0.11	0.60
454	SPRXX	Money Market	0.10	0.21	1.32	417	FNJXX	New Jersey Muni MM	0.04	0.12	0.62
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						423	FSJXX	New Jersey AMT Tax-Free	0.06	0.15	0.81
10	FTEXX	Municipal Money Market	0.06	0.14	0.78	92	FNYYX	New York Muni MM	0.05	0.12	0.62
275	FMOXX	Tax-Exempt MM	0.05	0.13	0.74	422	FSNXX	New York AMT Tax-Free	0.06	0.14	0.79
						419	FOMXX	Ohio Muni MM	0.05	0.12	0.59
						401	FPTXX	Pennsylvania Muni MM	0.04	0.12	0.63

# FIDELITY SCORECARD

FEBRUARY 28, 2018

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Feb	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model					-3.2	3.7	4.5	23.5	12.8	16.3	10.9	1.20
	Annuity Growth Model					-3.3	3.0	4.1	17.3	9.2	12.5	7.0	1.08
	Annuity Growth & Income Model					-3.1	0.6	1.6	8.7	5.7	8.7	6.1	0.70
	Annuity Income Model					-2.0	-1.0	-0.4	3.1	3.5	3.8	4.6	0.38
9067	FLRQC	Fid VIP Asset Manager	Allocation	20.19	Hold	-2.6	-0.1	0.8	9.5	4.0	6.6	5.2	0.64
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation	21.31	Hold	-3.4	0.5	1.5	13.5	5.2	8.5	5.7	0.86
9069	FJBAC	Fid VIP Balanced	Allocation	24.50	OK to Buy	-2.9	1.2	1.8	11.7	7.0	9.7	7.5	0.74
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	31.39	Buy	-3.7	5.2	7.8	22.4	10.2	15.0	12.5	1.14
9171	FCSAC	Fid VIP Consumer Staples	Sector	25.60	Hold	-6.9	-5.0	-2.8	1.3	5.4	9.7	9.2	1.04
9065	FPDFC	Fid VIP Contrafund	Large Growth	27.79	OK to Buy	-3.8	2.1	2.8	16.0	9.1	13.2	8.4	1.06
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	21.00	OK to Sell	-5.0	-1.6	-1.9	4.5	6.4	11.0	8.9	1.39
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	29.99	Hold	-2.5	4.4	5.6	21.8	8.3	14.1	9.6	1.20
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	11.82	OK to Buy	-4.9	1.5	5.4	37.3	9.8	7.2	--	1.40
9085	FJLLC	Fid VIP Energy	Sector	14.93	Hold	-9.6	-8.2	-1.6	-5.5	-2.5	-1.1	-1.8	2.21
9061	FLOLC	Fid VIP Equity-Income	Large Value	21.49	Buy	-5.7	-1.4	0.0	7.0	7.1	10.1	6.6	1.01
9083	FONNC	Fid VIP Financial Services	Sector	15.14	Buy	-3.8	2.1	3.7	18.2	12.0	14.3	4.8	1.34
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.24	OK to Buy	-0.0	0.9	1.1	3.5	3.6	--	--	0.25
9157	FMPAC	Fid VIP FundsManager 20	Allocation	15.25	Hold	-1.5	-0.8	-0.3	4.1	2.3	3.3	3.4	0.28
9158	FMPBC	Fid VIP FundsManager 50	Allocation	17.95	Hold	-2.7	-0.2	0.7	10.0	4.8	6.7	5.2	0.57
9197	FMPCC	Fid VIP FundsManager 60	Allocation	17.24	Hold	-3.0	0.1	1.1	12.1	5.9	8.0	--	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation	19.26	Hold	-3.3	0.5	1.6	14.1	6.6	9.0	6.1	0.76
9160	FMPDC	Fid VIP FundsManager 85	Allocation	20.02	Hold	-3.8	1.0	2.2	17.4	8.0	10.8	6.6	0.92
9062	FMNDC	Fid VIP Growth	Large Growth	30.27	Buy	-2.4	5.7	5.7	29.6	13.3	17.1	9.4	1.14
9070	FLFNC	Fid VIP Growth & Income	Large Blend	25.47	Hold	-5.4	-0.7	1.5	10.9	8.4	12.4	7.9	1.14
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	30.72	Buy	-1.7	5.9	7.3	29.7	12.4	17.1	10.3	1.27
9084	FPDRC	Fid VIP Health Care	Sector	41.98	Buy	-3.0	5.5	3.9	16.2	4.6	19.0	14.4	1.61
9060	FBBLC	Fid VIP High Income	High-Yield Bond	20.57	OK to Buy	-1.1	-0.6	-0.3	3.6	4.1	4.1	6.2	0.55
9064	FXVLT	Fid VIP Index 500	Large Blend	27.57	Hold	-3.7	1.8	2.9	16.7	10.8	14.3	9.4	1.00
9082	FBALC	Fid VIP Industrials	Sector	35.44	Buy	-4.1	0.5	2.5	15.5	9.7	12.8	10.5	1.26
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	20.99	Buy	-4.8	0.5	2.3	28.0	8.7	10.2	6.0	1.12
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	16.06	Buy	-0.9	-2.0	-1.5	0.6	1.4	1.8	3.8	0.29
9172	FVMAC	Fid VIP Materials	Sector	22.78	Buy	-6.0	-2.4	-0.0	14.4	5.9	8.0	7.4	1.56
9071	FNBSC	Fid VIP Mid Cap	Mid Growth	29.45	Buy	-3.7	1.6	3.2	16.1	8.9	12.7	8.7	1.15
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.39	--	0.1	0.1	0.2	0.5	0.1	-0.0	0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	18.17	Buy	-5.0	-0.3	1.2	23.7	6.2	7.9	2.8	1.22
9072	FFWKC	Fid VIP Real Estate	Sector	21.14	OK to Sell	-7.1	-10.5	-10.6	-9.7	-0.8	4.9	6.5	1.32
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	19.54	Buy	-1.0	-0.3	-0.0	4.5	3.7	3.2	5.4	0.37
9086	FYENC	Fid VIP Technology	Sector	46.77	Buy	-0.6	8.6	7.3	43.8	22.3	21.8	15.7	1.51
9173	FVTAC	Fid VIP Telecommunications	Sector	15.79	Hold	-7.1	-5.2	-3.2	-3.8	4.6	8.1	6.9	1.10
9087	FXRRC	Fid VIP Utilities	Sector	26.15	OK to Sell	-4.1	-3.9	-7.8	4.6	5.7	9.2	6.4	1.16
9079	FKMSC	Fid VIP Value	Large Value	22.86	OK to Buy	-5.5	-1.6	-0.1	8.1	6.9	11.4	7.7	1.08
9073	FRBSC	Fid VIP Value Strategies	Mid Value	23.63	OK to Sell	-5.2	-2.6	-1.3	8.9	5.3	10.0	7.7	1.19
9347	FBMEC	Black Rock Global Allocation	Global Allocation	13.80	Hold	-3.2	0.4	1.0	9.9	4.1	5.8	4.3	0.66
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.13	OK to Sell	-0.4	0.6	-1.0	0.0	-0.2	0.4	4.7	0.56
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.21	Hold	-0.6	-1.6	-1.5	-0.9	-0.1	0.2	2.0	0.16
9285	FIGXC	Invesco Global Core Eqty	Global Stock	14.42	Hold	-4.7	0.3	2.6	16.7	7.2	8.9	3.0	1.08
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	18.90	Hold	-4.5	3.3	7.5	22.2	7.8	3.5	2.8	1.63
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	19.01	OK to Buy	-2.0	-2.1	-1.8	3.6	4.6	2.0	5.1	0.63
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	16.40	OK to Buy	-5.1	2.5	5.5	27.9	8.0	4.1	1.4	1.44
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	14.18	Hold	-2.9	0.4	1.4	12.9	3.9	5.8	2.2	0.75
9346	FPMEC	Pimco Commodity Real Return	Commodities	6.11	OK to Sell	-2.1	-0.3	2.8	0.7	-5.0	-9.5	-7.4	1.31
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	11.61	Buy	-0.1	-0.3	-0.3	0.5	0.4	0.4	--	0.10
9277	FPNBC	Pimco VIT Real Return	TIPS	12.92	OK to Sell	-1.0	-1.8	-0.9	0.0	0.3	-0.7	--	0.34
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	13.26	Hold	-0.7	-1.6	-1.1	1.5	1.2	1.4	--	0.28

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	27%	VIP Growth	34%	VIP Growth	34%	VIP Strategic Income	29%
VIP Financial Services	25	VIP Mid Cap	24	VIP Equity-Income	19	VIP Equity Income	26
VIP Industrials	13	VIP Growth Opps	17	VIP Strategic Income	17	Pimco VIT Low Duration	25
VIP Cons Discretionary	13	VIP Overseas	14	VIP Int'l Cap App	10	VIP Investment Grade	20
VIP Materials	12	VIP Equity-Income	11	VIP Investment Grade	10		
VIP Health Care	10			PIMCO VIT Low Durator	10		
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
Feb: -3.2% YTD: 3.7%		Feb: -3.3% YTD: 3.0%		Feb: -3.1% YTD: 0.6%		Feb: -2.0% YTD: -1.0%	

## Model Portfolio Trades Reviewed

Last month's model portfolio trades (see p. 3) shared one investment strategy (modifying our bond fund exposures), while our equity trades were more fund-specific.

With respect to bonds, while it is our view that inflation fears are overblown, for a variety of understandable reasons, many investors are feeling otherwise (see p. 4). Regardless of who is ultimately right with respect to where inflation winds up, the continued downward pressure on bond prices has prompted us to essentially tact into that headwind — shifting our approach to obtain yield without adding portfolio risk.

To that end, we have now “barbelled” our various models' bond positions (see *Message from Jack* on p. 1). That entails increasing our exposures to *both* very short-term bonds (via **Conservative Income Bond** and **PIMCO VIT Low Duration**) and to longer-term bonds with a bit more credit risk (**Corporate Bond**). This has been done at the expense of intermediate-term funds (**Total Bond**, **Limited Term Bond** and **VIP Investment Grade Bond**).

In barbellling our bond exposures, we're looking to take advantage of the market's overreaction to signs of wage inflation by moving out on the yield curve. But because longer-term bonds carry additional risk, we need to offset that by holding more ultra-short-term debt, which is less rate-sensitive.

### Bond Funds

Conservative Income Bond is an ultra-short fund (duration is only between 2 and 3 months), and so it's a very close cousin to money market funds. Notably, it presently yields 1.50% versus 1.32% for **Money Market** — Fidelity's only prime retail money market fund.

As with most retail money market funds, it also attempts to keep its NAV steady — in this case, at around \$10. (Retail money markets keep a constant NAV of \$1.00 per share).

Conservative Income is up 0.3% this year versus a decline of 1.7% for Total Bond. Notably, when bond prices swooned in February, this portfolio of about 90% corporate bonds managed an incremental gain due to its income stream!

As for Corporate Bond, there's no question that it takes some risks credit-wise: 60% of its assets are rated BBB and below. However, the fund's managers are careful with risk, and Fidelity's credit analysts are second-to-none. (Every bond Fidelity holds is subject to its own credit analysis — they do not rely solely on credit rating agencies.)

While corporates are not cheap, their recent setback now provides them with some further upside potential. Moreover, it's our view that with the economy picking up steam, 2018 will see an uptick in credit upgrades, which will put some wind to the fund's back. Finally, tax reform may lead to reduced issuance.

### Stock Funds

Turning to the stock-fund trades, one common thread is our disappointment in **Growth & Income** and its annuity counterpart **VIP Growth & Income**. (They've been downgraded to *Hold* — see p. 5.) While the funds have struggled to keep pace with their S&P 500 benchmark, they have also been inordinately risky. Granted, their relative performances have recently im-

proved, but we remain uncomfortable with the reason for that: their overweights in energy, which boost volatility. Here are our trade rationales for the equity fund trades.

### Growth Model

On February 12, we sold **Small Cap Growth** and added one-half of the proceeds to **Contrafund** and the other half to **Growth Strategies**.

While we continue to rate the fund *Buy* (it's still our favorite offering in that space), it and other small caps funds struggled mightily during the recent market volatility. Given the risks, we decided to buy a bit more lower-volatility, mid- and large-cap growth.

In addition, Fidelity has closed Small Cap Growth to new investors (see p. 12).

### Growth & Income Model

We have replaced **Growth & Income** with **Equity Dividend Income** (EDI). The latter has some benefits in this environment, including considerably less risk (volatility is 0.96 versus 1.14), and it is more value-oriented. While the funds have similar exposures to financials (just over 20%), EDI has less tech (there's already plenty of that in the models) and, importantly, less energy, too. Moreover, EDI's new manager, John Sheehy, has plenty of experience running both value- and equity-income funds, and there's the added bonus of his having managed **Select Banking** — an area within financials we favor.

### Annuity Growth Model

For the record, **VIP Contrafund** is not a clone of its better known (and far-better performing) namesake **Contrafund**. They have different managers and different approaches to large-cap growth investing. In addition, the VIP fund's risk-adjusted returns are comparatively weaker, too. As such, better to

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**Model Trades** *cont'd on page 12*

move the proceeds into **VIP Growth**. But the model's elevated risk requires a further adjustment: lightening up on the even higher-risk **VIP Growth Opportunities**. In turn, we've added those monies to **VIP Mid Cap** —whose manager is a growth-at-a-reasonable-price investor. Overall, the model's performance is now slightly less reliant on large-cap growth stocks.

## DIVIDEND UPDATE

*Other than monthly dividends on bond and money market funds, and Asset Mgr: 20%/30%, the following funds are expected to pay dividends and/or capital gains (if any) in March:*

Div for Rising Rates, Equity-Income, High Dividend, Int'l Enh Idx, Int'l High Dividend, Int'l Value Factor, Lg Cap Core Enh Idx, Lg Cap Gro Enh Idx, Lg Cap Val Enh Idx, Low Volatility Factor, MA Municipal Income, Mid Cap Enh Idx, Mid Cap Value, Momentum Factor, MSCI Cons Discret, MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Healthcare, MSCI Industrials, MSCI Info Tech, MSCI Materials, MSCI Real Estate, MSCI Telecomm, MSCI Utilities, NY Municipal Inc, Quality Factor, Real Estate Inc, Real Estate Indx, Real Estate Inv, Small Cap Enh Idx, Stk Sel Large Cap Value, Tax-Free Bond, Telecom & Utilities, Value Factor

*The final distributions for February were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Contrafund	2/9	1.858	122.16
Intmdt Muni Inc	2/9	0.008	10.24
Lmtd Trm Muni Inc	2/9	0.002	10.46
MI Municipal Inc	2/9	0.005	11.98
MN Municipal Inc	2/9	0.016	11.42
Municipal Inc	2/9	0.077	12.77
New Markets Inc	2/9	0.044	15.75
OH Municipal Inc	2/9	0.030	11.90
PA Municipal Inc	2/9	0.024	10.96
Strategic Inc	2/16	0.006	10.99
Trend	2/9	2.320	97.86

## Annuity G&I Model

Unlike our “regular” *Growth & Income Model*, here there's a need to increase its tech/growth stock exposure — so we've added to our stake in VIP Growth at the expense of VIP Growth & Income. Notably, the funds' volatilities are the same, so the *G&I Model* gains upside potential on the equity side without assuming any additional risk. ■

— John Bonnanzio

## Inside Fidelity

### Soft Close — Small Cap Growth

has closed to new investors (thus precipitating our sale of the fund; see p. 3). Existing shareholders may add to the fund. Further, the fund's manager, Pat Venanzi, will take a three-month leave of absence, returning to the fund in September. Pat has been doing an excellent job running it since 2011, and so we continue to rate it *Buy*. (Even in his brief absence, the fund remains in the hands of an experienced team.)

While we've sold the fund from our *Growth Model*, it would not be unreasonable for those wanting to hold on to some shares to do so.

**Customer Service** — In the midst of heavy trading and a surge in market volatility, Fidelity experienced a temporary website outage on February 6. However, the problem appeared to have been limited to just its homepage — customers were still able to log in to their accounts.

**Correction & Amplification** — In the 2018 Edition of the *Independent Guide to Fidelity Funds*, we incorrectly listed the names of **Corporate Bond's** managers: they are David Prothro and Matthew Bartlett. We regret any inconvenience. ■

## 2017 ANNUAL REPORT

### Fidelity Enjoys Blockbuster Year

Both Fidelity fund investors and shareholders of the privately held company enjoyed a banner 2017.

As to fund performance, across all major asset classes, 78% beat their peers last year (on an asset-weighted basis), up from a more modest 58% in 2016. On both a 3- and 5-year basis, their outperformance remained equally impressive beating 77% and 76% of their peers, respectively.

Helped by **Contrafund** specifically (which beat its benchmark by 10.5 percentage points), and by outsized bets in the so-called FANG stocks generally (Facebook, Amazon, Netflix and Google's Alphabet), Fidelity's equity funds outperformed 79% of their competitors last year. This was a major improvement over 2016 when only 46% managed to do so.

Similarly strong measures of outperformance were enjoyed by their money market funds (81%), multi-asset class funds (77%), high income funds (73%) and investment-grade offerings (66%).

As for the company's balance sheet performance, there's no question that last year's bull market and rising interest rates (plus heavy-handed cost-cutting measures that “trimmed” Fidelity's headcount by about 3,000 individuals), contributed to its record \$5.3 billion in operating income — a 53.6% increase over 2016! (Revenue rose 13.7% to \$18.2 billion.)

Significantly, Fidelity experienced strong net asset inflows of \$258 billion in 2017, an 18% increase over the prior year. ■

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