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Years

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FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

APRIL 2013

PUBLISHED SINCE 1985

MESSAGE FROM JACK

Energy Story Bodes Well For Stocks

Last year's 780,000 barrel/day increase in US oil production was the largest domestic increase since the dawn of the oil age. And this year's forecast calls for another 900,000 barrels/day, a 14% increase in an arena where 3% annual supply gains are considered robust. The surge is due to the shale boom, which is generating prolific quantities of oil from the Bakken (North Dakota) and the Eagle Ford (Texas) formations. Other fields such as Monterey (California) also have enormous potential, but exploration and development efforts have barely begun.



Jack Bowers

At the same time, natural gas prices are remaining lower than expected, despite a cold winter and cutbacks in gas drilling. And a recent study by a Texas university concluded that even a mature shale gas field like Barnett (Dallas/Ft Worth) could see rising output for the next several decades.

Domestic supply-side gains will allow the US to eclipse Saudi Arabia and Russia to become the world's largest oil producer by 2020. By 2025 we will likely become a net energy exporter, and by 2030 there's a good chance we will shed any remaining dependence on oil from the Middle East. There may even come a day in the distant future when we export Bakken crude to the Saudis!

At the same time that we produce more, we are using less. Thanks to hybrid vehicle technology, US gasoline demand is now negative on a year-over-year basis. And new alternatives, such as liquid-natural-gas (LNG), big-rigs and even electric vehicles could further dent oil demand as new fueling networks are expanded to cover the country in the coming decade.

The combination of expanding supply and shrinking demand has profound implications, not only for US energy independence, but also because it's spurring an industrial renaissance (note that our Select Model is 21% invested in **Industrials** vs. 11% for the S&P 500), eliminating the trade deficit (along with all the foreign borrowing that goes with it), and boosting tax revenues. The bottom line: Don't let anyone tell you this is a bad time to be in domestic stocks!

Sincerely,

MARKET OUTLOOK

Is Now A Good Time To Get Back Into Stock Funds?

Over the nearly 30 years we have been in business we get the above question more than any other. Lately, with the markets surpassing all-time highs and having recovered all of the losses from the 2007-2008 bear market, we've been getting it a lot.

But I would argue that is not the best question. Implicit in the asking is that we somehow know what will happen to stock prices in the near-term, and frankly we don't. And, believe me, nobody else does either. (If you do, let me know — we have a job for you!)

What we do know is that over the long-term, stocks are the most effective way to build real wealth. A more useful question might be put back to the investor: "Why did you get out of stock funds in the first place?"

The story is often the same, they simply "couldn't take" the losses they incurred in the last market correction or bear market, so they dumped most or all of their stock funds, and have been languishing in cash ever since.

Longtime readers know that we do not attempt to "time the markets" and have consistently argued against you trying this at home. Study after study has shown this to be a losing strategy. Morningstar regularly tracks the average returns on mutual funds versus the actual returns earned by investors in those funds, and has consistently found that investors earn less. For the past 10 years ending on December 31, 2012, the average return of US stock funds was 7.78% per year, while the average investor earned just 6.88% for a shortfall of 1.01 percentage points per year.

This occurs because investors weren't in those funds the whole time, but rather moved in and out, and their timing was poor. A better strategy is to build a portfolio that you can live with through the market's ups and downs. If you find yourself tempted to unload your stock funds when the markets decline sharply (as they unfailingly will from time to time), you probably have too much of your portfolio allocated there. Consider moving to one of our more conservative models. It is better to target a potentially lower return in a model you can stick with, than shooting for higher returns in a more aggressive model only to find your-



John M. Boyd

Market Outlook *cont'd on page 3*

Unique Opportunities

Target Risk: 1.20 (Current: 1.18)

Foreign Holdings: 9.3%

YTD Return: 11.3%

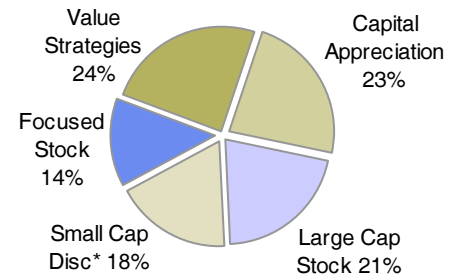
Stocks: 95.2% Bonds: 0.0% Cash: 4.8% Alternatives: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Value Strategies	FSLSX	\$34.86	2,224.92	\$77,561	4.7%
Capital Appreciation	FDCAX	32.42	2,248.54	72,898	4.9
Large Cap Stock	FLCSX	22.70	2,911.75	66,097	3.9
Small Cap Discovery*	FSCRX	27.87	1,998.03	55,685	4.9
Focused Stock	FTQGX	16.72	2,567.44	42,928	3.7

* Closed: new investors use Small Cap Enhanced Index or Mid Cap Value.

Current Value (3/31/99 = \$100,000) \$315,168 4.5%

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



Select

Target Risk: 1.20 (Current: 1.19)

Foreign Holdings: 15.2%

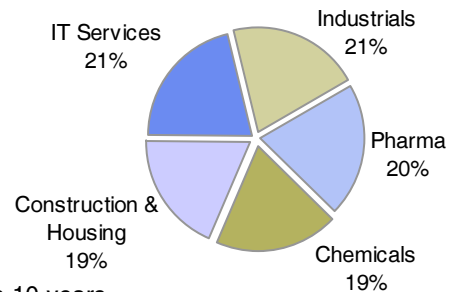
YTD Return: 10.1%

Stocks: 97.6% Bonds: 0.1% Cash: 2.3% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
IT Services	FBSOX	\$28.89	14,844.80	\$428,866	4.9%
Industrials	FCYIX	28.82	14,501.91	417,945	2.8
Pharmaceuticals	FPHAX	16.95	24,070.45	407,994	5.1
Chemicals	FSCHX	125.11	3,106.62	388,670	1.7
Construction & Housing	FSHOX	53.58	6,977.3	373,842	3.0

Current Value (12/31/88 = \$100,000) \$2,017,317 3.5%

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



Growth

Target Risk: 1.00 (Current: 1.02)

Foreign Holdings: 18.6%

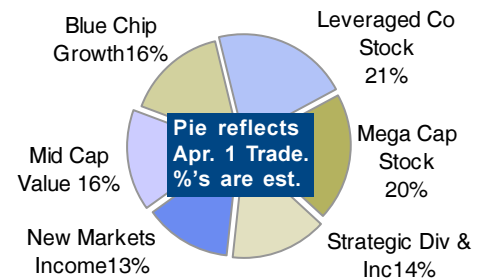
YTD Return: 8.1%

Stocks: 78.6% Bonds: 0.3% Cash: 5.3% Alternatives: 15.8% Yield: 1.2%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$53.49	9,318.81	\$498,463	3.1%
Leveraged Co Stock	FLVCX	36.20	9,108.37	329,723	4.8
Mega Cap Stock	FGRTX	13.01	23,596.76	306,994	3.5
Strategic Div & Inc	FSDIX	13.40	16,908.70	226,577	3.2
New Markets Income	FNMIX	17.18	12,308.43	211,459	-0.9

Current Value (12/31/86 = \$100,000) \$1,573,215 3.0%

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: 0.72)

Foreign Holdings: 20.1%

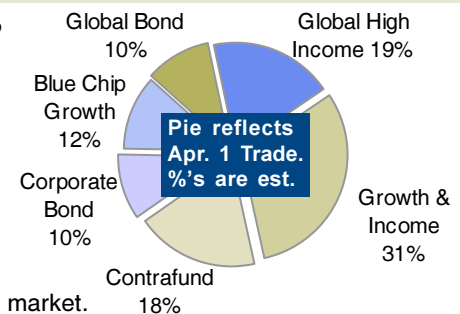
YTD Return: 5.4%

Stocks: 60.1% Bonds: 13.8% Cash: 2.0% Alternatives: 24.1% Yield: 1.6%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$53.49	1,866.42	\$99,835	3.1%
Growth & Income	FGRIX	23.51	3,455.81	81,246	3.8
Global High Income	FGHIX	10.26	7,898.11	81,035	0.3
Contrafund	FCNTX	83.92	943.15	79,149	3.7
Corporate Bond	FCBFX	11.37	3,913.01	44,491	0.1
Global Bond	FGBFX	9.89	4,488.94	44,396	-0.2

Current Value (12/31/93 = \$100,000) \$430,151 2.1%

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



Income

Target Risk: 0.33 (Current: 0.33)

Foreign Holdings: 35.5%

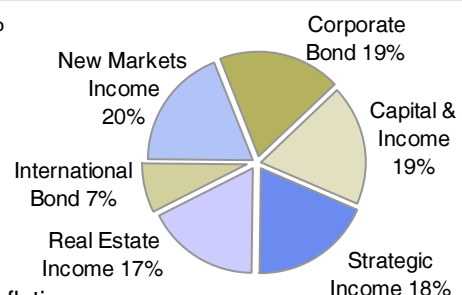
YTD Return: 0.5%

Stocks: 2.3% Bonds: 24.3% Cash: 5.2% Alternatives: 68.2% Yield: 3.3%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
New Markets Income	FNMIX	\$17.18	3,611.92	\$62,053	-0.9%
Corporate Bond	FCBFX	11.37	5,393.86	61,328	0.1
Capital & Income	FAGIX	9.72	6,264.46	60,891	1.4
Strategic Income	FSICX	11.30	5,260.74	59,446	0.3
Real Estate Income	FRIFX	12.00	4,715.46	56,586	1.7
International Bond	FINUX	9.82	2,472.87	24,284	-0.4

Current Value (12/31/91 = \$100,000) \$324,587 0.4%

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



self bailing out at the bottom.

In the current market, I know that may be hard to do. Stocks are moving higher, while bonds are moving lower. But remember, the role of bonds in our more conservative models is to reduce the volatility of the portfolio so that it will be easier to stay with when stocks decline. If you have the risk tolerance and time horizon to be in an all-stock portfolio, fine. But if not, don't take on more risk than you should by chasing stock's bigger gains at the moment.

Stocks Attractive But Beware

Okay, I'll get off my soap box and return to the issue of what you should do if you are now "over invested" in cash or bonds. As I have stated in this space before, we still find stocks attractive. Despite repeated calls for a recession from some forecasters, we have remained in the camp that we would continue to see modest growth. And the latest data on housing and durable goods confirm that view. We see the risk of a recession as exceedingly low right now. Stock valuations remain reasonable, if not especially cheap.

There are concerns, of course. One is that while our economy seems on solid footing, the rest of the world — not so much. Recent earnings reports from FedEx and Caterpillar, two global bellwethers, have noted declines in their overseas sales. (This weakness in the global economy is one reason why we have downgraded our outlook for the technology sector — see facing trade box.)

Another is that a.) the S&P 500 is now up about 130% from its lows in early 2009 and b.) we are approaching a seasonally unfavorable time for stocks ("Sell in May and go away.")

In each of the past three years, stocks have peaked in April and bottomed in the summer (or fall in 2011) before recovering. I'm not suggesting that we necessarily will see a repeat this year. The end of QE1 and

FUNDS YOU SHOULD BUY NOW

Growth: Blue Chip Growth, Cap App and Growth Company for large-cap growth. **Contrafund** is a more conservative approach. **Leveraged Co. Stock and Value Strategies** play financially distressed but improving mid-caps. Favored alternatives to the now-closed **Small Cap Discovery** are **Small Cap Enhanced Index** and **Mid Cap Value** (see p. 12).

Growth & Income: Growth & Income, Mega Cap Stock and Strategic Dividend & Income seek growth and yield from larger-cap stocks.

Bond: Short-Term Bond limits interest-rate risk. **Corporate Bond** holds investment-grade (though rate-sensitive) bonds. **Real Estate Income** enhances portfolio diversification and yield. Its 40% stake in stocks (REITS - classified as Alternatives) also provides growth potential.

High Yield: More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** will boost portfolio yield, though its goal is capital appreciation. **New Markets Income** is attractive for its dollar-denominated, higher-yielding emerging market debt. ■

QE2 were major factors in 2010 and 2011, while there is no end in sight for the latest round of the Fed's easing, nicknamed "QE Infinity." But it is certainly a risk worth everyone's attention.

So if you are too heavy in cash or bonds, using the risk levels of our model portfolios as a guide, select the one that best matches the level of risk

that makes you the most comfortable. Then dollar-cost-average your way into that portfolio over the next several months. If stocks do sell off this spring, you will be buying in at lower prices. If they continue to move higher you will still be earning a better return than if you stayed out. ■

— John M. Boyd

MODEL PORTFOLIO TRADES

As announced on our March 28 Hotline, on Monday, April 1, we will make trades in several models as shown below.

Growth Model:

We will sell 1/2 of our position in **Blue Chip Growth** [FBGRX], bringing it down to about 16% of the model. With the proceeds of the sale we will establish a new position in **Mid Cap Value** [FSMVX] at approximately 16% of the model's assets.

Growth & Income Model:

We will sell 1/2 of our position in **Blue Chip Growth** [FBGRX] bringing it down to about 12% of the model. We will add the proceeds of the sale to our existing position in **Growth & Income** [FGRIX] bringing it up to about 31% of the model.

Annuity Sector Model:

We will sell our entire position in **VIP Technology** [FYENC] and add the proceeds evenly between two existing positions: **VIP Industrials** [FBALC] will rise to about 32% of assets and **VIP Consumer Discretionary** [FVHAC] will rise to about 29% of assets.

Annuity Growth Model:

We will sell 1/3 of our position in **VIP Growth Opportunities** [FIDPC] bringing it down to about 21% of the model's assets. With the proceeds of the sale we will establish a new position in **VIP Value** [FKMSC] at approximately 11% of the model's assets.

These trades reflect our somewhat diminished view of technology (see Q&A on p. 11). Atop that, weak economies in Europe and Japan are crimping demand. Conversely, investors' desire for faster-growing (and less foreign-exposed) US stocks is providing mid- and smaller-cap funds with price support (see p. 12).

Note: Some of the above funds charge short-term redemption fees; please check the Scorecard; Growth & Income's quarterly dividend is scheduled for April. If you have a "legacy" position in Growth Co., follow our trade advice and pare that position — don't sell it entirely as it is closed to new investors!

FUND PROFILES

Fidelity Managers Cautiously Optimistic

The fund managers' comments below have been edited for space, context and clarity. An asterisk (*) denotes model portfolio holdings.

Growth & Income* Large Cap Stock* Mega Cap Stock*

As one might expect, Manager Matt Fruhan's main investment "themes" are essentially the same throughout his funds. As such, portfolio overlap is considerable. Even as their investment benchmarks and objectives differ, holding more than one of his funds at the same time must be considered in the context of other portfolio holdings.



"The U.S. economy is quite strong, primarily driven by improved housing, as well as solid corporate fundamentals, including the condition of balance sheets.

Still, there's a lot of uncertainty about economic growth in the U.S. over the next six to nine months, with the biggest wrench being the White House and Congress understanding the realities of upcoming decisions about deficit reduction and the debt ceiling. I don't foresee a solution that will be quick, easy and clean, and I expect we'll see a dampening economic impact based on politics.

Based on this backdrop, many corporations and consumers have frozen their spending, so it would not surprise me if we

see a temporary pause in domestic economic growth. No matter the resolution, we are most likely in for a period of muted growth. As a result, I will continue to follow my bottom-up approach to find companies that can grow earnings and thrive in a slower-growth environment — based on cost cutting, capital allocation or other factors that are under the control of management, for example. I'm also looking for firms that operate in industries that are less reliant on traditional drivers of global economic growth and that have a service-oriented business model."

Growth Company

Manager Steve Wymer has run this fund with great success since 1997. Closed to new investors since April 2006, we have recommended **Blue Chip Growth** as an alternative choice to readers who had not previously followed us into this large-cap growth offering.



"I believe the global economy should continue to grow. China has new leadership that could expand growth opportunities there, and recovery prospects in Europe seem brighter.

As I continue to try to generate new investment ideas for the fund, I am looking at growth opportunities in the housing market. The positive effect of rebounding housing activity helps more than just homebuilders. Other beneficiaries should include building products, home furnishing manufacturers and retailers, appliance manufacturers, and banks and other mortgage lenders.

Another positive outcome from housing is more subtle. As prices rise, more

homeowners will begin to see a shift from negative to positive equity in their residences. In turn, consumer sentiment should improve, which could translate into a boost to the consumer discretionary sector. I will be trying to identify names in this sector that have the potential to benefit from improving consumer confidence."

Convertible Securities Leveraged Company Stock* Value Strategies*

Manager Tom Soviero invests in most segments of a distressed company's capital structure. Convertible Securities invests in the convertible bonds and preferred debt of mid-caps whose credit ratings are low. Likewise, Leveraged Company's focus is highly indebted firms. Value Strategies buys companies that are inexpensive based on such metrics as price-to-earnings, and are otherwise in a "turn-around" mode.



"The importance of getting our national debt under control is not being dealt with seriously enough in our country. Well-respected economists have consistently pointed out that countries often enter a stage of decline when their overall level of debt exceeds (GDP).

With \$16 trillion of debt, the U.S. has hit that point and will need to address looming liabilities that are destined to make our debt ratios worse unless they are brought under control. Higher taxes on the wealthy may be part of the answer, but that only would be a small piece of the puzzle. It will be imperative for both political parties to address the issue of our creditworthiness as a country in the next 12 to 24 months, or I believe we could face further downgrades by credit-rating agencies.

We are no doubt benefiting from the historically low interest rates, but that backdrop cannot be relied upon to continue. This will be an important issue for the stock and credit markets in the year ahead.

On a positive note, a gradual rise in employment have stabilized the housing and automotive markets. Industrial America is benefiting from vast improvements in domestic energy production, both from a cost perspective and from revenues associated with higher exports and employment in the energy sector. As always, I will hunt for unique companies that are undervalued by the marketplace because they are unloved, unnoticed or underappreciated."

Strategic Dividend & Income* Strategic Income* Strategic Real Return

Joanna Bewick is the primary manager for these funds (though other specialists are

Contrafund's* Danoff Is Bullish

Manager Will Danoff is one of the fund industry's top growth stock investors; he's managed Contra since 1990. Over the past 10 years alone, he's delivered shareholders an annual average return of 9.7% versus 7.0% for the S&P 500 — and typically with less risk!

Looking back at 2012 ...

"I tend not to alter my strategy as the economy fluctuates, preferring instead to concentrate on my best ideas. For example, eight of the fund's top-10 holdings didn't change during the year. I did adjust the fund's holdings as the U.S. housing market strengthened, adding to homebuilders, regional banks and [even] paint companies. I reduced our energy holdings as oil prices fell and many energy companies had trouble meeting their production goals. Instead, I looked for opportunities in health care and elsewhere within financials, adding to insurance companies and money center banks."



... And ahead to 2013

"I am bullish on equities. During the year [2012], equities performed much better than cash and bond funds, and I see that trend continuing. Unfortunately, many investors have been withdrawing money from equity mutual funds in favor of bond funds and cash.

Today, there are many U.S. blue-chip companies generating cash flow yields of about 6%, which is more than three times the yield on the 10-year U.S. Treasury. Sustained low interest rates have started to stimulate the U.S. economy, as we have seen in the housing recovery. New shale oil discoveries are boosting investments in pipelines and infrastructure. Low natural gas prices are helping chemical makers keep down raw material costs. Internet stocks also have the wind at their backs, with many market leaders growing revenue and earnings more than 20% annually. I believe this is good news for equities, especially shares of companies with a U.S. focus." ■

FUND COMMENTARY

Dow Industrials And S&P Set New Highs

Despite last month's showdown between the Cypriot people, their banks, their government, the EU, the world's tax-dodging elite and, of course, the Russian Mafia, the Dow Industrials and S&P 500 struggled their way into record territory. In so doing, the two barometers of mostly big-cap stocks are now past their pre-recession, pre-bear-market, pre-credit crisis and pre-housing crash highs.



John Bonnanzio

For the S&P, it reached 1565.15 on Oct. 9, 2007. On the last trading day of March it closed at 1569.2. As for the Dow, its high point had been 14,164.53 which was set on Oct. 9, 2007. On March 5, it barreled through that record finishing the month at 14,578.5.

"All's Well, that Ends Well"?

Shakespeare struggled to explain Helena's sudden and unexpected love for the despicable Bertram in the above-named play. But John and Jack have no such troubles in their page 1 articles: There they clarify why investors are understandably fickle (and nervous) about holding stocks right now, but would be imprudent not to make a long-term commitment.

Indeed, Cyprus holds a few key lessons: 1. The EU is unable to use anyone else's money (especially Germany's money) even for the tiniest bailout; 2. The so-called PIGS's spending problems haven't miraculously gone away; the euro was created by man, so it can be destroyed by man; 3. Like Bertram, US stocks have their shortcomings. But when considered against less attractive alternatives, they get easier to love.

Looking past Cyprus and even North Korean loonies, investors continued to put money into the US last month, thereby providing stock funds

with solid gains beyond those already scored in January and February.

The S&P 500 and Dow gained 3.8% and 3.9%, respectively last month, and are now up a whopping 10.6% and 12.0% through the first quarter. For its part, an elevated appetite for faster-growing stocks has lifted the Russell 2000 12.3% over the past three months as it gained 4.6% in March alone. As for the tech-rich Nasdaq Composite, it's up a tamer 8.5% this year, as March's 3.4% gain contributed to that return.

Equity Funds

As noted on p. 12, small- and mid-sized stocks (especially value-oriented "smid-caps") have the wind to their backs. Among the top funds were **Small Cap Growth** (up 5.6%), **Mid Cap Value** (up 5.1%) and **Stock Selector Small Cap** (up 5.2%). As well, the now-closed **Small Cap Discovery** and **Small Cap Value** funds gained 4.9% and 5.3%, respectively. Not surprisingly, many of these same funds are performance leaders on a year-to-date basis.

On the other hand, the emergence of tablet computing is weighing on certain technology stocks and, therefore, the performances of many large-cap growth funds (see p. 11).

While tech constitutes about 18% of the S&P 500, it's a hefty 29% of the Russell 3000 Growth Index, against which many growth funds are bench-

marked. **Blue Chip Growth** (32%) and **Growth Company** (35%) both overweight tech, and their performances have been hindered accordingly. Even so, they are both up about 9% this year.

Foreign equity funds are a mixed bag: **Japan Smaller Companies** (up 16.2%) is benefiting partly from stimulative monetary and fiscal policies. Meanwhile, Europe-oriented and emerging market funds are experiencing headwinds as global growth expectations have diminished. **China Region** retreated 2.6%. For its part, **Diversified Int'l** gained 2.3% in March and is up 4.4% for the year.

Fixed Income Funds

A combination of shifting investor dollars, valuations and some inflation concerns (inflation is running at a 2% pace) dampened the performances of most government bond funds last month; many taxables and almost all munis experienced modest declines.

Among high-yield offerings, **Capital & Income** and **High Income** (up 1.4% and 1.0%, respectively) benefited from further signs of a US economic recovery. Meanwhile, **New Markets Income** (down 0.9%) struggled owing to slowing growth abroad (see p. 11). **Spartan U.S. Bond Index** rose 0.1%, while **Int'l Bond** (down 0.4%) and **Global Bond** (down 0.2%) fell fractionally. ■

— John Bonnanzio

APRIL SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Japan	H	B	↑	Weaker yen will benefit exporters.
Mid Cap Value	B	B	↑	Playing the sweet spot of financials and industrials.
Sel Soft & Comp	B	B	↓	Slowing PC sales and global GDP are negatives.
Sel Technology	B	H	↓	Slowing PC sales and global GDP are negatives.
Small Cap Enh Idx	B	B	↑	Market favoring riskier and faster-growing area.
Small Cap Growth	H	B	↑	Market favoring riskier and faster-growing area.
Small Cap Stock	H	B	↑	Market favoring riskier and faster-growing area.
Stk Sel Small Cap	H	B	↑	Market favoring riskier and faster-growing area.
Trend	B	H	↓	Big tech stake + poor results = better options.
VIP Disc Small Cap	B	B	↑	A near-clone of Small Cap Enh Idx (see above).
VIP Growth Stk	B	H	↓	This fund is a clone of Trend (see above).
VIP Technology	B	H	↓	Slowing PC sales and global GDP are negatives.

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

FIDELITY SCORECARD

MARCH 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹
						Mar	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	
Comparative Indexes		S&P 500		1569.2		3.8	10.6	10.6	14.0	12.7	5.8	8.5	1.00
		Nasdaq		3267.5		3.4	8.5	8.5	7.4	12.2	8.7	10.3	1.16
		Dow Jones Industrials		14578.5		3.9	12.0	12.0	13.4	13.3	6.5	8.9	0.90
		Russell 2000 (Small Caps)		951.5		4.6	12.3	12.3	16.2	13.4	8.2	11.5	1.34
		Barclays Aggregate Bond*				0.1	-0.1	-0.1	3.7	5.4	5.2	4.8	0.17
Model Portfolios		Unique Opportunities				4.5	11.3	11.3	13.8	10.8	4.5	11.9	1.18
		Select				3.5	10.1	10.1	15.0	12.8	5.7	10.8	1.19
		Growth				3.0	8.1	8.1	10.8	11.0	4.5	9.7	1.02
		Growth & Income				2.1	5.4	5.4	8.1	8.6	3.9	8.0	0.72
		Income				0.4	0.5	0.5	5.9	7.9	5.6	4.9	0.33

													Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						Category Averages			3.6	9.3	9.3	10.4	12.0	5.9	1.12	
312	FBGRX	Blue Chip Growth		53.49	Buy	3.1	9.1	9.1	8.2	12.2	8.3	1.18	\$11,961			
307	FDCAX	Capital Appreciation		32.42	Buy	4.9	10.4	10.4	15.2	12.7	7.6	1.08	5,307			
22	FCNTX	Contrafund		83.92	Buy	3.7	9.2	9.2	10.4	12.7	6.3	0.93	63,449			
332	FEXPX	Export and Multinational	0.75%/30d	23.92	OK to Sell	4.2	9.3	9.3	11.8	9.6	4.4	1.03	1,753			
3	FFIDX	Fidelity Fund		39.28	Hold	3.5	9.7	9.7	12.0	11.2	4.0	1.05	4,575			
500	FFTYX	Fifty (Closed)		22.34	Buy	3.8	10.7	10.7	13.6	12.4	4.1	1.00	681			
333	FTQGX	Focused Stock		16.72	Buy	3.7	10.4	10.4	13.5	15.2	8.4	1.09	882			
25	FDGRX	Growth Company (Closed)		101.14	Buy	3.9	8.5	8.5	6.1	13.8	8.1	1.16	23,513			
339	FDSVX	Growth Discovery		16.87	Hold	3.6	8.3	8.3	6.5	13.2	4.2	1.14	770			
73	FDFFX	Independence		28.61	OK to Sell	3.3	10.4	10.4	11.8	10.4	2.9	1.44	3,287			
763	FSLGX	Large Cap Growth (Closed)		12.25	Hold	2.9	7.5	7.5	9.3	13.1	6.4	1.10	136			
21	FMAGX	Magellan		79.95	OK to Buy	3.1	9.1	9.1	10.6	6.8	0.9	1.18	12,346			
300	FMLX	New Millennium		33.78	OK to Buy	4.3	11.5	11.5	14.0	13.4	8.8	1.04	2,200			
93	FOCPX	OTC		64.91	Hold	2.8	7.1	7.1	1.7	10.5	8.6	1.28	5,330			
320	FDSSX	Stock Selector All Cap		31.10	Hold	3.3	9.9	9.9	13.0	11.4	4.2	1.16	2,640			
5	FTRNX	Trend		78.57	Hold↓	2.9	7.5	7.5	9.4	13.0	7.4	1.11	1,186			
LARGE CAP BLEND						Category Averages			3.8	11.0	11.0	15.5	11.5	4.2	1.17	
315	FDEQX	Disciplined Equity		27.22	Sell	3.5	11.7	11.7	14.8	9.1	2.5	1.12	1,839			
330	FDGFX	Dividend Growth		32.70	Hold	3.3	9.4	9.4	11.6	10.5	6.6	1.32	6,411			
27	FGRIX	Growth & Income		23.51	Buy	3.8	10.6	10.6	16.1	13.1	0.6	1.06	5,372			
338	FLCSX	Large Cap Stock		22.70	Buy	3.9	10.8	10.8	15.7	12.9	7.2	1.19	1,451			
361	FGRTX	Mega Cap Stock		13.01	Buy	3.5	9.4	9.4	13.9	13.2	6.1	1.09	2,022			
343	FTXMX	Tax Managed Stock (Closed)		15.47	Sell	4.7	14.1	14.1	21.8	10.8	2.5	1.25	60			
832	FVDFX	Value Discovery		18.03	Hold	4.1	10.8	10.8	14.9	11.0	3.9	1.16	425			

Scorecard Key:

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ²Duration is a measure of interest rate sensitivity. ³Stated yield is before any inflation adjustment, your effective yield may be different. ⁴Also available in an Advantage share class with a minimum of \$100,000, but a lower expense ratio. ⁵Formerly Equity-Income II. ⁶Formerly Invesco Van Kampen Global Value Equity. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

Model Portfolios Key:

¹Alternative 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.

MODEL PORTFOLIO HISTORICAL RETURNS (FIDELITY MONITOR)

	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12
Regular Models																									
Un Opp												33.8	-20.5	1.6	-2.1	43.2	20.6	18.8	16.6	11.6	-47.6	45.8	19.3	-5.8	16.8
Select		23.4	31.3	35.3	20.4	25.9	-0.9	39.0	5.2	29.3	21.7	44.9	-14.9	-7.3	-14.7	38.4	7.4	15.0	13.6	15.6	-39.3	35.4	11.6	1.2	19.2
Growth	26.0	30.4	-4.4	40.6	15.7	31.9	-2.1	27.2	19.2	25.5	9.9	29.0	-10.8	-6.4	-17.1	46.1	12.4	11.2	15.7	7.3	-42.7	31.8	17.7	-1.7	16.0
G&I							-3.7	21.6	15.8	18.7	11.1	12.2	2.7	1.3	-6.4	33.0	11.5	8.2	13.7	6.1	-33.5	28.1	12.2	-0.3	13.4
Income					10.1	11.3	-2.1	14.8	9.0	10.5	3.5	3.0	0.3	5.6	5.4	8.4	4.2	3.6	6.9	4.0	-18.2	20.0	9.1	6.3	10.7
Annuity (VIP) Models																									
Sector																57.5	6.3	14.0	17.7	11.2	-41.4	50.2	15.0	-5.0	18.1
Growth						20.6	4.6	36.1	16.1	23.5	22.6	22.1	-10.3	-14.0	-21.7	30.0	7.0	10.1	14.5	9.3	-45.5	25.1	17.7	-2.2	17.8
G&I								26.4	12.8	21.4	15.1	6.1	-4.9	3.1	-9.4	20.8	6.3	4.5	11.6	7.7	-31.0	27.1	12.0	-1.0	13.9
Income						12.3	-3.8	16.9	6.9	10.9	0.4	0.8	-2.4	-3.4	7.3	9.9	5.1	1.8	6.1	6.2	-18.3	22.9	7.3	7.4	10.0

FIDELITY SCORECARD

MARCH 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Mar	YTD	3 Mo.	1 Year	3 Year	5 Year				
LARGE CAP VALUE						Category Averages			4.0	11.8	11.8	16.7	9.4	2.3	1.14
1271	FBCVX	Blue Chip Value		12.21	Hold	4.4	12.6	12.6	14.2	6.9	0.2	1.21	\$268		
319	FEQTX	Equity Dividend Income ⁶		21.68	OK to Buy	3.9	11.3	11.3	16.5	10.0	3.1	1.13	4,684		
23	FEQIX	Equity-Income		52.15	Buy	3.7	10.8	10.8	17.8	10.3	3.6	1.14	6,602		
708	FSLVX	Stock Sel Large Cap Value		13.17	Hold	4.0	12.5	12.5	18.3	10.5	2.4	1.07	485		
MID-CAP GROWTH						Category Averages			3.8	11.8	11.8	12.1	10.9	6.4	1.26
324	FDEGX	Growth Strategies	1.50%/90d	23.15	OK to Sell	3.5	11.8	11.8	9.5	9.6	4.9	1.29	1,470		
793	FSMGX	Mid Cap Growth (Closed)				Merged into Stock Selector Mid Cap									
337	FMCSX	Mid-Cap Stock	0.75%/30d	33.24	Hold	4.4	13.1	13.1	14.7	12.2	8.0	1.23	4,739		
2412	FSSMX	Stock Selector Mid Cap			Hold	3.4	10.6	10.6	--	--	--	--	210		
MID-CAP BLEND						Category Averages			4.7	10.9	10.9	19.9	13.6	7.0	1.30
122	FLVCX	Leveraged Company Stock	1.50%/90d	36.20	Buy	4.8	12.4	12.4	23.6	14.4	5.1	1.50	4,020		
316	FLPSX	Low-Priced Stock	1.50%/90d	43.60	OK to Buy	4.8	10.4	10.4	14.8	13.3	8.7	1.08	25,610		
14	FSLSX	Value Strategies		34.86	Buy	4.7	10.1	10.1	21.4	13.1	7.1	1.33	621		
MID-CAP VALUE						Category Averages			4.6	14.9	14.9	21.9	14.0	7.3	1.22
762	FSMVX	Mid Cap Value	0.75%/30d	20.73	Buy↑	5.1	16.5	16.5	22.9	14.9	8.7	1.17	856		
39	FDVLX	Value		86.55	Buy	4.1	13.4	13.4	21.0	13.1	6.0	1.27	6,312		
SMALL CAP GROWTH						Category Averages			5.6	14.6	14.6	15.4	13.8	8.2	1.31
1388	FCPGX	Small Cap Growth	1.50%/90d	18.10	OK to Buy↑	5.6	14.6	14.6	15.4	13.8	8.2	1.31	1,215		
SMALL CAP BLEND						Category Averages			4.6	12.4	12.4	15.8	13.5	9.5	1.39
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	27.87	Buy	4.9	15.8	15.8	26.9	20.3	16.4	1.32	5,704		
340	FSLCX	Small Cap Stock	2.00%/90d	19.79	OK to Buy↑	3.8	9.4	9.4	8.5	5.7	5.8	1.50	2,575		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	22.51	OK to Buy↑	5.2	12.0	12.0	12.0	14.4	6.3	1.34	1,365		
SMALL CAP VALUE						Category Averages			5.3	16.5	16.5	25.0	15.6	12.8	1.26
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.85	Buy	5.3	16.5	16.5	25.0	15.6	12.8	1.26	2,526		
SPECIALTY						Category Averages			3.3	12.7	12.7	19.0	8.9	-1.9	1.18
2063	FOTTX	130/30 Large Cap (Closed)		8.87	Sell	3.3	12.7	12.7	19.0	8.9	-1.9	1.18	17		
304	FBALX	Balanced		21.37	Buy	2.2	5.9	5.9	9.6	9.9	5.6	0.65	15,683		
308	FCV SX	Convertible Securities		27.93	Buy	3.4	7.8	7.8	12.6	9.9	5.2	0.97	1,887		
334	FGBLX	Global Balanced	1.00%/30d	24.24	OK to Buy	1.8	3.6	3.6	8.1	7.6	4.4	0.76	487		
2120	FFGCX	Global Commodity Stock	1.00%/30d	14.29	OK to Sell	-0.8	-3.5	-3.5	-4.0	-0.5	--	1.60	343		
1960	FDYSX	Global Strategies		9.59	OK to Sell	1.5	3.2	3.2	7.5	7.0	4.2	0.74	232		
1368	FIREX	International Real Estate	1.50%/90d	10.09	Hold	3.0	6.0	6.0	30.1	11.1	0.0	1.44	396		
4	FPURX	Puritan		20.53	Buy	1.9	5.8	5.8	9.1	9.8	6.0	0.70	15,961		
833	FRIFX	Real Estate Income	0.75%/90d	12.00	Buy	1.7	5.7	5.7	17.7	13.7	10.9	0.38	3,109		
303	FRESX	Real Estate Investment	0.75%/90d	34.48	Hold	2.8	7.5	7.5	13.5	17.0	6.9	1.16	4,094		
1329	FSDIX	Strategic Dividend & Income		13.40	Buy	3.2	8.8	8.8	15.4	12.6	5.8	0.79	2,727		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.82	Hold	1.0	1.9	1.9	6.8	7.9	4.2	0.49	741		
311	FIUIX	Telecom & Utilities		20.50	OK to Buy	5.6	10.0	10.0	20.4	16.3	5.5	0.70	1,008		
ASSET ALLOCATION						Category Averages			0.7	1.8	1.8	5.2	5.9	5.1	0.25
328	FASIX	Asset Manager 20%		13.35	Hold	0.7	1.8	1.8	5.2	5.9	5.1	0.25	4,942		
1957	FTANX	Asset Manager 30%		10.25	Hold	0.8	2.5	2.5	6.3	6.9	5.3	0.37	467		
1958	FFANX	Asset Manager 40%		10.34	Hold	1.2	3.4	3.4	7.3	7.5	5.5	0.48	426		
314	FASMX	Asset Manager 50%		17.12	Hold	1.3	4.1	4.1	8.1	8.1	5.7	0.60	7,115		
1959	FSANX	Asset Manager 60%		10.58	Hold	1.5	4.9	4.9	8.8	8.4	5.8	0.72	728		
321	FASGX	Asset Manager 70%		18.31	Hold	1.8	5.6	5.6	9.6	8.9	5.3	0.84	2,994		
347	FAMRX	Asset Manager 85%		15.12	Hold	2.2	6.8	6.8	10.7	9.1	5.0	1.02	964		
EQUITY INDEX						Category Averages			2.7	7.6	7.6	12.1	10.0	4.8	0.92
355	FFNOX	Four-in-One Index		31.44	Hold	2.7	7.6	7.6	12.1	10.0	4.8	0.92	2,648		
2010	FIENX	International Enhanced Index	1.00%/30d	7.54	Hold	1.2	4.7	4.7	12.0	5.6	-1.5	1.29	32		
1827	FLCEX	Large Cap Core Enhcd Index		11.09	Hold	3.6	10.6	10.6	13.3	12.5	5.7	0.99	216		
1829	FLGEX	Lrge Cap Growth Enhcd Index		12.24	OK to Buy	4.0	10.4	10.4	10.0	12.7	7.4	1.02	176		
1828	FLVEX	Large Cap Value Enhcd Index		9.23	OK to Buy	3.8	12.4	12.4	19.1	13.0	4.6	1.02	112		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	11.44	Hold	4.3	14.1	14.1	18.2	14.4	8.5	1.15	147		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	43.48	Hold	3.5	8.4	8.4	6.9	11.9	8.4	1.16	515		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	11.00	Buy↑	4.2	12.0	12.0	17.5	15.8	8.7	1.33	178		
650	FUSEX	Spartan 500 Index ⁴		55.83	Hold	3.8	10.6	10.6	13.9	12.6	5.8	1.00	4,845		
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	9.95	Hold	-1.7	-2.8	-2.8	0.9	--	--	--	43		
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	45.14	Hold	4.7	13.1	13.1	16.7	14.6	9.0	1.25	1,052		
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	11.28	Hold	0.5	2.3	2.3	7.9	--	--	--	3		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	35.74	Hold	1.2	4.3	4.3	11.2	5.1	-0.7	1.31	2,329		
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	13.49	Hold	4.3	12.9	12.9	17.1	--	--	--	4		
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	12.54	Hold	2.7	7.0	7.0	12.8	--	--	--	6		
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	13.64	Hold	4.6	12.4	12.4	16.2	--	--	--	7		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	45.79	Hold	4.0	11.1	11.1	14.4	13.0	6.4	1.04	1,369		

FIDELITY SCORECARD

MARCH 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Mar	YTD	3 Mo.	1 Year	3 Year	5 Year				
INTERNATIONAL						Category Averages			2.0	5.2	5.2	11.6	6.7	0.5	1.33
309	FICDX	Canada	1.50%/90d	54.72	OK to Sell	1.6	2.3	2.3	4.8	3.5	0.4	1.03	\$2,646		
352	FHKCX	China Region	1.50%/90d	30.77	Hold	-2.6	0.4	0.4	11.9	5.2	4.1	1.35	1,441		
325	FDIVX	Diversified International	1.00%/30d	31.26	Hold	2.3	4.4	4.4	10.7	5.4	-1.2	1.28	13,331		
351	FSEAX	Emerging Asia	1.50%/90d	29.80	Hold	-2.1	-0.3	-0.3	7.2	6.9	0.4	1.36	1,390		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.82	Hold	-0.9	-4.1	-4.1	1.5	4.8	--	1.47	125		
322	FEMKX	Emerging Markets	1.50%/90d	23.68	Hold	0.3	2.0	2.0	4.0	2.3	-2.8	1.40	2,189		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.58	Buy	-0.6	0.7	0.7	14.9	--	--	--	141		
301	FIEUX	Europe	1.00%/30d	32.51	Hold	0.9	4.1	4.1	14.9	6.1	-0.8	1.52	704		
341	FECAX	Europe Capital App	1.00%/30d	19.71	Hold	1.3	3.6	3.6	14.6	5.8	-1.6	1.53	333		
2406	FGILX	Global Equity-Income	1.00%/30d	11.00	OK to Buy	2.6	6.9	6.9	--	--	--	--	34		
335	FIVFX	International Cap App	1.00%/30d	14.73	Buy	1.8	6.2	6.2	14.0	9.0	3.1	1.41	899		
305	FIGRX	International Discovery	1.00%/30d	34.80	Hold	2.2	5.2	5.2	14.4	6.2	-0.2	1.31	6,528		
1979	FIGFX	International Growth	1.00%/30d	9.84	OK to Buy	2.1	6.4	6.4	12.7	10.0	3.7	1.21	232		
818	FISMX	International Small Cap	2.00%/90d	22.40	OK to Buy	4.7	10.1	10.1	13.5	10.2	3.2	1.29	759		
1504	FSCOX	International Small Cap Opps	2.00%/90d	12.04	Buy	3.2	6.4	6.4	16.1	12.4	-0.3	1.19	374		
1597	FIVLX	International Value	1.00%/30d	7.91	Hold	2.3	4.5	4.5	15.4	3.4	-2.6	1.37	152		
350	FJPNX	Japan	1.50%/90d	10.99	OK to Buy↑	5.4	11.8	11.8	10.1	2.9	-1.2	1.06	439		
360	FJSCX	Japan Smaller Companies	1.50%/90d	11.42	OK to Buy	16.2	25.9	25.9	30.7	11.4	3.9	1.25	338		
349	FLATX	Latin America	1.50%/90d	45.50	Sell	0.0	-1.8	-1.8	-9.7	0.2	-1.9	1.47	1,945		
342	FNORX	Nordic	1.50%/90d	34.92	Hold	0.8	9.5	9.5	13.8	8.2	-1.2	1.70	330		
94	FOSFX	Overseas	1.00%/30d	34.14	OK to Buy	2.2	5.6	5.6	14.3	6.1	-2.5	1.45	1,734		
302	FPBFX	Pacific Basin	1.50%/90d	27.68	OK to Buy	3.9	10.9	10.9	17.0	10.3	4.4	1.23	668		
2369	FTEMX	Total Emerging Markets	1.50%/90d	11.10	OK to Buy	-2.1	-2.1	-2.1	5.4	--	--	--	114		
1978	FTIEX	Total International Equity	1.00%/30d	7.60	OK to Buy	1.2	3.7	3.7	13.6	6.5	0.2	1.27	331		
318	FWWFX	Worldwide	1.00%/30d	21.95	Hold	3.0	7.9	7.9	13.7	10.7	3.8	1.15	1,226		
SELECT PORTFOLIOS						Category Averages			3.6	10.2	10.2	13.4	12.1	7.1	1.33
34	FSAIX	Air Transportation	0.75%/30d	47.45	OK to Buy	7.9	17.6	17.6	24.4	13.1	12.1	1.14	139		
502	FSAVX	Automotive	0.75%/30d	42.00	OK to Buy	3.3	7.6	7.6	10.1	10.9	6.8	1.85	133		
507	FSRBX	Banking	0.75%/30d	21.31	Hold	3.6	10.4	10.4	13.4	6.0	0.8	1.46	549		
42	FBIOX	Biotechnology	0.75%/30d	132.39	OK to Buy	9.9	20.4	20.4	37.1	25.0	18.3	1.27	4,159		
68	FSLBX	Brokerage & Investment	0.75%/30d	56.15	OK to Buy	0.3	12.0	12.0	17.8	3.9	1.7	1.62	627		
69	FSCHX	Chemicals	0.75%/30d	125.11	Buy	1.7	5.1	5.1	15.6	19.0	11.7	1.55	1,138		
518	FSDCX	Communications Equipment	0.75%/30d	24.39	OK to Sell	0.3	5.2	5.2	-3.2	3.2	5.2	1.60	299		
7	FDCPX	Computers	0.75%/30d	68.08	Hold	5.5	10.8	10.8	1.0	13.7	11.5	1.37	710		
511	FSHOX	Construction & Housing	0.75%/30d	53.58	Buy	3.0	9.9	9.9	28.1	20.1	11.4	1.49	837		
517	FSCPX	Consumer Discretionary	0.75%/30d	28.49	OK to Buy	4.0	11.6	11.6	14.7	16.2	11.4	1.18	420		
98	FSVLX	Consumer Finance	0.75%/30d	16.15	OK to Buy	5.1	10.7	10.7	22.6	11.1	-5.5	1.15	308		
9	FDFAX	Consumer Staples	0.75%/30d	89.64	Hold	4.0	12.0	12.0	19.4	15.6	9.3	0.83	1,495		
67	FSDAX	Defense & Aerospace	0.75%/30d	96.88	Hold	5.6	11.3	11.3	14.3	13.5	7.3	1.10	641		
8	FSELX	Electronics	0.75%/30d	51.20	Hold	2.8	12.2	12.2	-6.0	6.3	7.0	1.60	940		
60	FSENX	Energy	0.75%/30d	56.33	Hold	2.8	10.9	10.9	8.7	9.4	-1.1	1.73	2,130		
43	FSESX	Energy Service	0.75%/30d	74.64	OK to Sell	0.9	11.9	11.9	9.4	8.4	-3.5	2.21	1,192		
516	FSLEX	Environment & Alt Energy	0.75%/30d	18.60	OK to Sell	2.7	9.1	9.1	14.3	7.3	2.2	1.21	83		
66	FIDSX	Financial Services	0.75%/30d	66.30	Hold	1.1	7.4	7.4	11.5	1.3	-3.2	1.57	620		
41	FSAGX	Gold	0.75%/30d	30.67	Sell	-0.2	-17.1	-17.1	-24.8	-5.5	-3.0	1.78	2,144		
63	FSPHX	Health Care	0.75%/30d	153.59	OK to Buy	6.5	14.6	14.6	24.5	17.6	13.1	0.95	2,970		
510	FSCGX	Industrial Equipment	0.75%/30d	40.10	OK to Buy	1.3	8.6	8.6	10.5	13.1	5.6	1.50	382		
515	FCYIX	Industrials	0.75%/30d	28.82	Buy	2.8	12.6	12.6	17.0	14.9	8.5	1.34	949		
45	FSPCX	Insurance	0.75%/30d	59.17	OK to Buy	4.2	14.7	14.7	24.7	11.2	4.0	1.08	346		
353	FBSOX	IT Services	0.75%/30d	28.89	Buy	4.9	14.7	14.7	16.0	17.7	15.1	1.27	554		
62	FDLSX	Leisure	0.75%/30d	114.72	OK to Sell	5.9	13.0	13.0	8.7	16.9	12.8	1.28	372		
509	FSDPX	Materials	0.75%/30d	75.52	Hold	2.5	5.8	5.8	12.8	12.5	7.8	1.54	1,169		
505	FSHCX	Medical Delivery	0.75%/30d	61.69	Hold	3.0	7.5	7.5	2.1	11.6	11.0	1.12	562		
354	FSMEX	Medical Equipment	0.75%/30d	31.75	Hold	3.8	13.8	13.8	14.8	9.8	8.6	1.11	1,420		
503	FBMPX	Multimedia	0.75%/30d	65.36	OK to Buy	6.2	14.0	14.0	31.8	21.5	15.2	1.26	757		
513	FSNGX	Natural Gas	0.75%/30d	34.08	Hold	3.7	10.5	10.5	9.3	3.9	-5.7	1.51	663		
514	FNARX	Natural Resources	0.75%/30d	35.06	OK to Sell	2.8	8.7	8.7	5.5	7.8	-0.6	1.70	1,049		
580	FPHAX	Pharmaceuticals	0.75%/30d	16.95	Buy	5.1	12.7	12.7	20.8	17.2	14.1	0.85	988		
46	FSPRX	Retailing	0.75%/30d	67.14	OK to Buy	0.8	8.0	8.0	12.1	16.4	17.2	1.21	660		
28	FSCSX	Software & Computer Svcs	0.75%/30d	90.64	OK to Buy↓	3.0	10.2	10.2	8.0	16.1	12.5	1.25	2,097		
64	FSPTX	Technology	0.75%/30d	106.22	Hold↓	2.0	4.9	4.9	0.6	10.9	10.1	1.31	2,034		
96	FSTCX	Telecommunications	0.75%/30d	53.56	OK to Buy	3.5	5.3	5.3	17.4	12.3	7.1	0.92	395		
512	FSRFX	Transportation	0.75%/30d	61.06	OK to Buy	5.7	18.6	18.6	21.1	13.5	10.3	1.25	317		
65	FSUTX	Utilities	0.75%/30d	64.75	OK to Buy	6.1	14.3	14.3	22.5	16.1	4.7	0.68	583		
963	FWRLX	Wireless	0.75%/30d	8.83	OK to Buy	2.7	6.5	6.5	14.4	11.6	7.1	0.93	261		

FIDELITY SCORECARD

MARCH 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹			
						Mar	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
TAXABLE BOND						Category Averages			0.1	-0.3	-0.3	3.8	5.5	4.9	1.18	4.7	0.21
2267	FCONX	Conservative Income Bond		10.04	Buy	0.1	0.3	0.3	1.0	--	--	0.45	0.3	--			
2208	FCBFX	Corporate Bond		11.37	Buy	0.1	-0.0	-0.0	7.8	--	--	2.31	7.0	0.25			
2423	FGBFX	Global Bond		9.89	Buy	-0.2	-2.3	-2.3	--	--	--	1.73	5.1	--			
15	FGMNX	GNMA (Ginnie Mae)		11.71	Hold	0.1	0.2	0.2	2.7	5.3	5.9	1.92	3.2	0.14			
54	FGOVX	Government Income		10.54	Hold	0.1	-0.1	-0.1	3.2	4.7	4.7	1.08	4.4	0.18			
794	FINPX	Inflation-Protected Bond ³		13.30	Hold	0.2	-0.4	-0.4	5.3	8.1	5.4	-0.39	5.5	0.29			
32	FTHRFX	Intermediate Bond		11.12	OK to Buy	0.2	0.4	0.4	4.4	5.5	5.7	1.28	3.9	0.15			
452	FSTGX	Intermediate Gov't Income		10.84	Hold	-0.0	0.2	0.2	2.4	3.8	3.9	0.62	3.6	0.15			
2428	FINUX	International Bond		9.82	Buy	-0.4	-3.4	-3.4	--	--	--	1.87	5.2	--			
26	FBNDX	Investment Grade Bond		7.96	Buy	0.2	-0.0	-0.0	5.1	6.7	6.1	1.65	5.2	0.16			
40	FMSFX	Mortgage Securities		11.32	Hold	0.1	0.1	0.1	3.2	5.3	5.9	1.87	2.8	0.12			
450	FSHBX	Short-Term Bond		8.60	Buy	0.1	0.2	0.2	1.8	2.3	2.5	0.41	1.8	0.06			
2415	FSIQX	Sptn Inflation-Protect Index ⁴		10.26	Hold	0.3	-0.3	-0.3	--	--	--	-0.15	5.5	--			
1561	FIBIX	Sptn Interm Treas Index ⁴		11.36	OK to Sell	0.3	0.3	0.3	4.9	7.7	5.7	1.14	6.6	0.33			
1562	FLBIX	Sptn Lng-Term Treas Index ⁴		12.66	Sell	0.0	-1.9	-1.9	7.6	12.4	8.2	2.70	16.5	0.85			
1560	FSBIX	Sptn Sht-Term Treas Index ⁴		10.58	Hold	-0.0	0.1	0.1	1.0	2.2	2.4	0.20	2.6	0.09			
651	FBIDX	Sptn US Bond Index		11.82	Hold	0.1	-0.1	-0.1	3.7	5.4	5.2	1.50	4.9	0.17			
820	FTBFX	Total Bond		10.91	Buy	0.1	0.3	0.3	5.5	6.7	6.9	2.10	4.9	0.15			
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.25	Hold	0.1	0.2	0.2	1.0	0.9	0.6	0.15	0.3	0.03			
HIGH-YIELD BOND						Category Averages			0.5	1.4	1.4	10.0	8.7	9.0	3.81	6.2	0.42
38	FAGIX	Capital & Income	1.00%/90d	9.72	Buy	1.4	3.6	3.6	12.0	9.7	11.2	4.44	3.6	0.63			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.99	Buy	0.7	1.5	1.5	5.7	4.9	5.7	2.50	0.4	0.25			
1366	FHIFX	Focused High Income	1.00%/90d	9.44	Buy	0.8	1.8	1.8	9.4	9.2	8.1	3.60	3.3	0.37			
2297	FGHNX	Global High Income	1.00%/90d	10.26	Buy	0.3	1.5	1.5	12.0	--	--	4.39	3.2	--			
455	SPHIX	High Income	1.00%/90d	9.48	Buy	1.0	2.9	2.9	11.8	10.1	10.4	4.56	2.9	0.50			
331	FNMIX	New Markets Income	1.00%/90d	17.18	Buy	-0.9	-1.8	-1.8	11.3	10.5	10.8	4.21	6.1	0.46			
368	FSICX	Strategic Income		11.30	Buy	0.3	0.3	0.3	7.6	7.6	8.2	3.00	4.9	0.32			
MUNICIPAL BOND						Category Averages			-0.3	0.3	0.3	4.7	5.5	5.3	1.66	6.2	0.22
434	FSAZX	Arizona Muni Income	0.50%/30d	12.15	Hold	-0.5	0.0	0.0	5.4	6.2	5.9	1.90	7.1	0.25			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.79	OK to Buy	0.0	0.5	0.5	2.2	3.1	3.7	0.80	3.0	0.11			
91	FCTFX	California Muni Income	0.50%/30d	12.93	Hold	-0.2	0.7	0.7	6.7	7.1	5.9	2.15	6.6	0.27			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.93	Hold	-0.3	0.2	0.2	3.9	5.4	5.3	1.64	6.5	0.24			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.62	OK to Buy	-0.1	0.4	0.4	4.2	5.0	5.0	1.40	5.1	0.18			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.60	Hold	-0.1	0.4	0.4	4.5	5.2	5.3	1.48	6.5	0.21			
70	FDMMX	Mass Muni Income	0.50%/30d	12.52	Hold	-0.6	-0.1	-0.1	5.0	6.1	5.8	1.92	7.4	0.21			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.48	Hold	-0.2	0.4	0.4	4.9	5.7	5.4	1.91	6.1	0.21			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.91	Hold	-0.3	0.2	0.2	3.7	5.2	5.2	1.34	5.6	0.20			
37	FHIGX	Municipal Income	0.50%/30d	13.49	Hold	-0.4	0.3	0.3	5.8	6.6	6.0	2.02	7.2	0.25			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.21	Hold	-0.5	0.5	0.5	4.7	5.9	5.5	1.77	7.0	0.25			
71	FTFMX	New York Muni Income	0.50%/30d	13.59	Hold	-0.4	0.1	0.1	5.0	5.6	5.7	1.80	7.1	0.25			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.27	Hold	-0.5	-0.1	-0.1	5.5	5.9	5.6	1.96	7.1	0.23			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.37	Hold	-0.4	-0.0	-0.0	5.1	5.9	5.6	1.90	6.7	0.23			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.84	OK to Buy	-0.0	0.4	0.4	2.1	2.8	3.3	0.53	2.8	0.09			
90	FTABX	Tax-Free Bond	0.50%/30d	11.66	Hold	-0.3	0.4	0.4	6.3	6.6	6.3	2.08	7.2	0.26			
TAXABLE MONEY MARKET						Category Averages			0.0	0.0	0.0	0.0	0.0	0.4	0.01		
55	FDRXX	Cash Reserves		1.00	--	0.00	0.00	0.00	0.0	0.0	0.5	0.01	na	0.00			
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00			
630	FRTXX	Retirement MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.5	0.01	na	0.00			
458	SPAXX	Government MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00			
454	SPRXX	Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.5	0.01	na	0.00			
85	FSLXX	Select MM		1.00	--	0.00	0.01	0.01	0.1	0.1	0.6	0.02	na	0.00			
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00			
415	FDLXX	US Treasury MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
MUNICIPAL MONEY MARKET						Category Averages			0.0	0.0	0.0	0.0	0.0	0.3	0.01		
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
97	FCFX	California Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
418	FCMXX	Connecticut Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
74	FDMXX	Massachusetts Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
10	FTEXT	Municipal Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
417	FNJXX	New Jersey Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
92	FNYYX	New York Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
401	FPTXX	Pennsylvania Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			

FIDELITY SCORECARD

MARCH 31, 2013

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Mar	YTD	3 Mo.	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model						3.6	9.1	9.1	11.8	10.7	6.8	1.18
	Annuity Growth Model						3.7	8.4	8.4	13.4	11.5	2.8	1.05
	Annuity Growth & Income Model						2.3	5.5	5.5	9.8	8.5	4.2	0.72
	Annuity Income Model						0.1	0.2	0.2	4.1	7.5	5.7	0.28
9067	FLRQC	Fid VIP Asset Manager	Allocation		14.83	Hold	1.3	4.1	4.1	7.5	7.5	4.4	0.68
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation		14.41	Hold	1.6	5.5	5.5	8.7	8.0	3.7	0.96
9069	FJBAC	Fid VIP Balanced	Allocation		15.75	OK to Buy	2.1	6.0	6.0	8.8	9.3	6.2	0.91
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	16.22	Buy	4.0	11.5	11.5	14.8	16.0	11.3	1.18
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	16.74	Hold	4.0	12.0	12.0	19.6	15.0	9.0	0.83
9065	FPDFC	Fid VIP Contrafund	Large Growth		15.42	Hold	3.1	8.6	8.6	10.6	10.8	4.6	1.07
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		12.96	Buy↑	4.1	11.8	11.8	16.9	15.1	7.9	1.33
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		16.24	Buy	4.9	10.3	10.3	15.0	12.5	7.1	1.09
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.36	Hold	0.2	1.8	1.8	3.2	1.6	--	1.40
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	16.24	Hold	2.8	10.8	10.8	8.7	9.2	-1.2	1.73
9061	FLOLC	Fid VIP Equity-Income	Large Value		13.79	Buy	3.8	10.9	10.9	17.8	12.2	4.2	1.08
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	7.87	Hold	1.3	7.4	7.4	11.8	1.3	-3.2	1.57
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.08	Hold	0.7	1.9	1.9	4.4	4.8	3.8	0.23
9158	FMPBC	Fid VIP FundsManager 50	Allocation		13.19	Hold	1.6	4.5	4.5	7.5	7.3	4.3	0.56
9197	FMPPC	Fid VIP FundsManager 60	Allocation		11.94	Hold	2.0	5.4	5.4	8.6	7.9	--	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		12.80	Hold	2.2	6.2	6.2	9.7	8.4	3.9	0.79
9160	FMPDC	Fid VIP FundsManager 85	Allocation		12.32	Hold	2.7	7.9	7.9	10.8	8.7	3.3	0.97
9062	FLMNC	Fid VIP Growth	Large Growth		14.22	Hold	3.6	8.2	8.2	6.3	12.8	3.6	1.15
9070	FLFNC	Fid VIP Growth & Income	Large Blend		14.73	Buy	3.7	10.5	10.5	15.3	12.8	4.5	1.06
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		14.57	Buy	4.3	9.0	9.0	7.1	15.0	5.3	1.20
9078	FPVDC	Fid VIP Growth Stock	Large Growth		15.40	Hold↓	2.9	7.4	7.4	9.3	13.2	7.3	1.08
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		13.01	OK to Sell	3.5	11.5	11.5	8.9	9.0	4.7	1.29
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	18.75	Buy	6.5	14.5	14.5	23.5	17.3	13.0	0.96
9060	FBBLC	Fid VIP High Income	High-Yield Bond		16.94	Buy	0.8	2.3	2.3	10.6	9.8	8.6	0.45
9064	FXVLT	Fid VIP Index 500	Large Blend		14.63	Hold	3.7	10.5	10.5	13.6	12.3	5.5	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	19.90	Buy	2.7	12.6	12.6	16.8	14.6	8.5	1.34
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	13.16	Buy	1.9	6.0	6.0	13.4	8.7	2.8	1.41
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.72	Buy	0.1	0.0	0.0	4.6	5.9	6.0	0.16
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	15.90	Buy	2.5	5.8	5.8	12.5	12.2	7.7	1.54
9071	FNBSCL	Fid VIP Mid Cap	Mid Growth		16.88	OK to Buy	4.0	10.8	10.8	11.7	10.9	6.3	1.05
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.42	--	0.0	0.0	0.0	-0.1	-0.1	0.4	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	12.63	OK to Buy	1.8	4.8	4.8	9.7	5.1	-1.6	1.42
9072	FFWKC	Fid VIP Real Estate	Sector		17.08	Hold	2.7	7.6	7.6	14.6	17.0	7.4	1.20
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.72	Buy	0.2	0.2	0.2	7.0	7.1	7.7	0.31
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	17.79	Hold↓	2.1	3.7	3.7	-0.5	10.6	10.6	1.32
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	11.06	OK to Buy	3.6	5.3	5.3	18.0	13.2	7.0	0.90
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	17.85	OK to Buy	6.0	14.3	14.3	22.3	16.0	4.8	0.68
9079	FKMSC	Fid VIP Value	Mid Value		13.79	Buy	3.7	10.8	10.8	18.0	11.9	4.9	1.17
9080	FUEBC	Fid VIP Value Leaders	Large Value		11.26	Hold	4.2	12.4	12.4	13.6	6.6	-0.1	1.21
9073	FRBSC	Fid VIP Value Strategies	Mid Value		15.34	Buy	4.6	10.0	10.0	21.3	13.0	6.8	1.33
9347	FBMEC	Black Rock Global Allocation	Global Allocation		10.60	OK to Sell	1.6	4.2	4.2	6.0	5.9	3.5	0.73
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		10.94	Buy	0.3	1.5	1.5	9.4	7.2	9.1	0.63
9348	FMEC	Franklin Templeton US Gov't	Intermed Gov't		10.12	Hold	0.1	-0.3	-0.3	1.2	3.4	3.8	0.12
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		15.57	Hold	-2.3	-1.1	-1.1	3.1	4.6	2.6	1.41
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.05	Buy	-0.9	-2.3	-2.3	8.9	8.8	8.2	0.52
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.41	Hold	0.1	0.7	0.7	6.7	4.8	-0.1	1.27
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		10.86	Hold	1.8	3.2	3.2	8.2	5.7	-1.1	1.02
9346	FPMEC	Pimco Commodity Real Return	Commodities		10.18	OK to Sell	1.1	-0.2	-0.2	1.8	7.4	-3.7	1.26
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.39	Buy	0.2	0.3	0.3	4.2	3.2	--	0.15
9277	FPNBC	Pimco VIT Real Return	TIPS		13.45	Hold	0.5	0.2	0.2	7.4	8.8	--	0.30
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.41	Buy	0.2	0.5	0.5	7.3	6.1	--	0.20
9285	FIGXC	V.I. Global Core Eqty ⁷	Global Stock		9.57	OK to Sell	1.5	4.9	4.9	8.6	4.1	-1.9	1.19

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Industrials	32%	VIP Value Strategies	25%	VIP Strategic Inc	25%	VIP Investment Grade	32%
VIP Cons Discretionary	29	VIP Growth Opps	21	VIP Growth Opps	24	VIP Strategic Income	31
VIP Health Care	21	VIP Equity-Income	20	VIP Value	19	VIP High Income	22
VIP Materials	18	VIP Dynamic Cap App	12	VIP Equity-Income	15	MS Emerg Mkt Debt	15
		MS Emerg Mkt Debt	11	Pimco Low Duration	11		
		VIP Value	11	MS Emerg Mkt Debt	6		
Total Return:		Total Return:		Total Return:		Total Return:	
Mar: 3.6% YTD: 9.1%		Mar: 3.7% YTD: 8.4%		Mar: 2.3% YTD: 5.5%		Mar: 0.1% YTD: 0.2%	

Questions & Answers

Q: *I'm very disappointed by New Markets Income this year. What's up?*

Joe - via email

A: It's not unusual for this fund to post a losing quarter, and its performance this year is not out of line given how investors suddenly rotated from bonds to stocks in recent months. Because it holds mostly investment-grade bonds, New Markets often moves opposite of stocks in the short run. It's also affected by emerging-market exchange rates, which worked against it when Hugo Chavez's death was announced. But these are short-term effects; the fund and its management team have made many smart bets over the years and it remains an excellent play on Fidelity's well-funded bond research. Furthermore, its role in the Growth Model is one of risk-reduction; without the fund's inverse correlation with stocks we would have to tone down the stock side of the model to maintain the model's risk target.

Q: *Your sale of Select Technology in February surprised me... comment?*

K. B. - via phone

A: Technology stocks typically advance in spurts: several years of strong returns followed by dry spells lasting 5-10 years. Today's consumer shift from PC desktops to tablets and smartphones has all the makings of a dry spell. A small number of firms will benefit, but many could see margin pressures for years. It's not all bad, because companies that use technology (as opposed to those who make it) should come out ahead, especially if they are well positioned for the mobile device boom. But at a time when other segments of the US economy are on the mend, it's hard to make a case for technology stocks until the next big thing comes along. Eventually, something will rev up the supply chain. But until that day arrives (or tech stocks get really cheap), there's no compelling reason to maintain an overweighted position. ■

FIDELITY EMBRACES ISHARES

Fidelity has taken another step in the direction of more fully embracing exchange traded funds, known as ETFs.

Its most recent move further binds Fidelity to BlackRock's popular iShares. Three years ago, the two companies partnered whereby Fidelity initially sold 25 different ETF funds on a commission-free basis through its brokerage unit. (Commission-free trading of iShares must still be executed online through Fidelity.com, Active Trader Pro, Wealth-Lab Pro, or through Fidelity's wireless channels.) The agreement keeps open the door that provides BlackRock access to 20 million Fidelity customers.

The recent announcement comes on the expiration of the initial agreement and extends it, says Fidelity, "much longer." At least that's how Ram Subramaniam, the head of Fidelity's brokerage business, described the terms to us. Another facet of the deal more than doubles the current number of iShare offerings to 65. (Fourteen offerings remain in the program and 51 are being introduced, the latter reflecting a move away from Russell indexes to S&P tracking indexes.) They include 12 US and 20 foreign stock funds, 25 fixed income (including taxables and munis), four commodity and four specialty fund offerings.

Playing Catch-up

As we've indicated previously, Fidelity has been positioning itself to become a bigger player in the ETF business. In marketing iShares, Fidelity is effectively acknowledging that it is late to this business, and that iShares' dominant market position cannot be easily or inexpensively displaced. BlackRock's market share of the \$1.3 trillion low-margin ETF market is an impressive 44%. This compares to Fidelity's stated 12% share of the active fund market, which is far more profitable to the

company and, arguably, their long-term fund shareholders.

ETF Shortcomings

To that point, for all their advantages cost-wise and potentially trading-wise (ETFs trade like stocks), there are shortcomings.

Perhaps the most important is the least obvious: When ETFs have low trading volumes, the bid-ask spread on less-liquid securities can be too wide to be fully cost-effective. In other words, you'll be paying too much. In contrast, Fidelity's trading operations are perhaps the best in the world. And because they're a huge player, fund managers are certainly getting competitive pricing. Separately, because ETFs are tied to mostly passive indexes, at times, you'll inevitably be buying securities at their peak price (think the 2000-2002 tech bubble). One more minor negative: there's a \$7.95 penalty on shares held fewer than 30 days.

What went unsaid during Fidelity's announcement is something they'll soon want to talk much more about: their foray into the comparatively smaller, but potentially more lucrative market of actively managed ETFs.

Fidelity's Other Plan

Whereas ETFs mimic the performances of passive indexes, actively managed ETFs can mimic funds like **Contra**. In the filings we've examined, Fidelity is moving closer to launching a suite of hybrid ETFs. (This coincides with the SEC's move to allow the use of derivatives in the management of such securities.)

In all likelihood, Fidelity's first offerings will be tied to their actively run Select (sector) funds and then others like **Investment Grade Bond**. This structure may actually provide more tax efficiency, though that can only be proven over time. ■

— John Bonnanzio



responsible for various sleeves such as REITs). Her portfolios are income-oriented with some consideration to growth. With an eye on inflation, she advocates holding a variety of income-producing asset classes beyond traditional bonds.

"We have a generally mixed outlook. U.S. economic prospects are caught between the optimism surrounding the apparent rebound in the housing market and ongoing uncertainties around Washington's ability to solve what seem to be intractable fiscal policy and debt reduction issues. While there have been improvements in both the eurozone and Japan's long-sagging economy, as well as a reacceleration of economic growth in China, the strength and stability of those improvements remain to be seen.

On a global basis, we believe the positive impact of expansionary monetary policy may be diminishing." ■

—John Bonnanzio

DIVIDEND UPDATE

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

Asst Mgr 40% and 50%, Balanced, CA Muni, CA Sh-Int Tax-Free, Convertible Secs, Eqty Div Inc, Eqty-Inc, Fidelity Fund, Four-in-One Idx, Global Eqty Inc, Growth & Inc, Int'l Enhcd Idx, L Cap Core Enh Idx, L Cap Gr Enhcd Idx, L Cap Val Enhcd Idx, Mid Cap Enhcd Idx, Puritan, Small Cap Enhcd Idx, Sptn 500 Idx, Sptn Extd Mkt Idx, Sptn Interm Treas, Sptn Int'l Idx, Sptn Long Treas, Sptn Short Treas, Sptn Total Mkt Idx, Strat Div & Inc, Strat Real Ret, Telecom & Utilities and all Select funds.

The final distributions for March were as follows:

Fund	Ex-Date	\$ Amt	NAV
MA Muni Inc	3/8	0.060	12.52
NY Muni Inc	3/8	0.003	13.59
Stk Sel Large Cap	3/8	0.012	12.97
Real Estate Inv	3/1	0.080	33.73
Real Estate Inc	3/1	0.047	11.83
Sp Real Estate Idx	3/1	0.036	12.26

Inside Fidelity

Manager Changes — Christine McConnell, the longtime manager of **Floating Rate High Income** (since 2000) is retiring. She has been replaced by Eric Mollenhauer who is, in his own right, a very capable and seasoned investor in the leveraged loan market. He has worked alongside Christine for the past six years and has been running his own leveraged loan portfolios.

Although Christine's record has been unspectacular in recent years, the fund's performance was orchestrated to be more conservatively positioned than its benchmark following the 2008 credit crisis, which clipped the fund's returns by -16.5%.

In speaking with Eric a week ago, he told us that he expects to keep running the fund in the same conservative manner. This means the bulk of its bonds will be relatively short in duration (0.4% years) and have the vast majority of its credits in the BB (45%) and B (31%) space.

With the credit markets and economy continuing to improve, we continue to rate this fund *Buy*. Conservative, income-oriented investors might consider holding a small slice of this fund as it yields 2.5%.

Elsewhere, London-based Ristead Hogan of **Europe Cap App** has replaced Boston-based Melissa Reilly at **Europe** fund. With this change, Fidelity has, unfortunately, returned to a model whereby the funds share managers. As a result, their portfolios will once again be indistinguishable. (When Europe Cap App was introduced 20 years ago, it was more growth-oriented and more inclined to hold smaller companies.)

On a happier note, Ristead has a good trackrecord, but will have to make "hay" in a tough equity arena. We continue to rate both his Europe funds *Hold*. ■

FUND STRATEGIES

In The Sweet Spot: "Smid-Cap" Funds

Longtime readers have "heard" our mantra for years: "Buy the manager, not the fund."

Like so many other things in life, there are exceptions, and in the world of investing, Fidelity's **Mid Cap Value** (now held in our Growth Model) and **Value** are among them!

In both cases, they have faced some trying periods. Sometimes their respective managers haven't been at their best, and at other times their investment pond has simply dried up.

In the case of Value, its troubled past was addressed in mid-2010 when Fidelity put a team of industry-specific "co-managers" in place. Heretofore, the results have been mixed: 2011's down market was not good, but 2012's bull market was terrific for the team. So far this year, Value is riding the wave that's propelling mid-cap value funds: strong demand for more US-oriented companies, especially in financials, industrials, various consumer sectors and utilities.

Ditto for Mid Cap Value and its manager Bruce Dirks.

We've recommended his fund as a larger-cap alternative to the closed **Small Cap Discovery**. Earlier, he was only modestly successful running Mid Cap Value, which he was assigned to run in 2005. However, in 2012, strong stock selection enabled Bruce to beat his mid-cap value benchmark (and the S&P 500 handily). Today, that strong stock picking continues, and with 60% of the fund's assets market-weighted in the four sectors detailed above, Mid Cap Value joins Value (and **VIP Value**) in the market's sweet spot of smaller and mid-cap stocks. ■

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