

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

APRIL 2015

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MESSAGE FROM JACK

Cheap Energy Is Here To Stay

The U.S. Energy Information Administration (EIA) publishes a monthly drilling productivity report, and the March issue provided some strong hints that the price of oil may not recover the way most analysts expect.



Jack Bowers

What's most impressive is that despite a plunge in the number of drilling rigs operating in shale fields, and the relatively high early depletion rates for wells in the Bakken and Eagle Ford regions, overall U.S. oil production has yet to decline.

While drilling has stopped in the least productive areas of each major shale field, output for each operating rig continues to climb at a remarkable rate. In effect, fracking techniques are still being optimized on a scale that evokes comparison to Moore's Law for silicon chips. The Permian Basin (West Texas), in particular, is enjoying a productivity surge that could allow oil output to keep growing despite a 35% plunge in its rig count!

In effect, the Saudis made a huge miscalculation by assuming that a plunge in oil prices would largely idle drilling activity in the U.S. Instead, the current "shake out" has revealed that most shale-field producers are far more competitive than the world's legacy oil producers believed them to be. In other words, the joke is on OPEC. All of its members must now diversify their economies, because after 40 years, their cartel has finally been broken by American innovation.

Most likely, \$50 will become the new ceiling for oil. Looking beyond the current refinery disruptions that have temporarily boosted the price of gasoline, most of the energy cost savings that consumers have realized since last summer could now become permanent. This means that discretionary consumer spending may be poised to support the U.S. economy for many years to come. (Note that **Select Consumer Discretionary** and **Leisure** are rated *Buy*.)

Mid-cap stocks may have the most to gain from this trend (see p. 4). Compared to large-caps, the group has less exposure to energy stocks and a larger share of its revenue is derived from domestic sources.

Sincerely,

MARKET OUTLOOK

Stock Picking Returns To Favor

Throughout the course of last year, we fielded a lot of calls from members asking why they shouldn't just invest in **Spartan 500 Index** fund. Not too surprising considering that only five of Fidelity's 25 large-cap stock funds earned a better return than Spartan 500 index's 13.6% in 2014. And only one of their 14 mid- and small-cap funds managed that feat.



John M. Boyd

In response to those concerns in his December 2014 "Message" Jack noted that: *"Fidelity's advantage in stock research stems partly from outsized bets on smaller firms that are gaining market share from established players — a strategy that has long-term benefits. So in a year like this one, when the market 'thumps its nose' at everything that isn't part of the S&P 500, good research just doesn't stand a chance."*

This year is a much different story. We've touched on this theme over that last couple of months but it bears repeating — the current environment favors mid- and small-cap firms over large caps. And that, in turn, has favored Fidelity's stockpicking research. In fact, the situation today is just about a perfect mirror image of last year. Fully 20 of Fidelity's 25 large cap funds are beating Spartan 500 and all of their mid- and small-cap funds are doing the same.

As I noted in my February "Outlook," we like mid-caps as the sweet spot in the market, but for those who can handle a bit more risk, small caps are benefitting from the same trends (see story on p. 4).

Expect Volatility To Continue

The hallmark of the market so far this year has been high volatility — and I expect that to continue. One reason for that is a real dichotomy in the economic data. On the "consumer" side, things are improving. As I detailed last month, the numbers on job growth and personal incomes are strong. Housing has also started to perk-up. New home sales for February were 25% higher than a year ago — the best month for sales in seven years. Pending home sales for February were 12% higher than a year ago. And consumer sentiment is moving higher, though retail sales have been disappointing in the light of the income growth.

Market Outlook *cont'd* on page 3

Unique Opportunities

Target Risk: 1.20 (Current: 1.14)

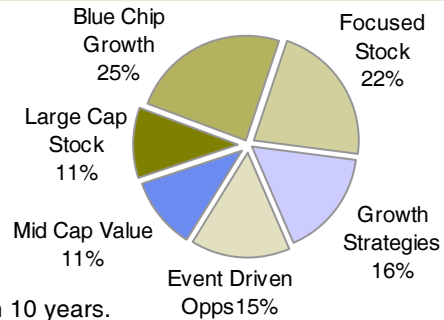
Foreign Holdings: 8.9%

YTD Return: 4.3%

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

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$72.16	1,450.86	\$104,694	-0.1%
Focused Stock	FTQGX	19.64	4,757.74	93,442	0.6
Growth Strategies	FDEGX	34.41	1,982.61	68,222	0.9
Event Driven Opps	FARNX	11.42	5,636.36	64,367	-0.8
Mid Cap Value	FSMVX	25.07	1,861.10	46,658	0.1
Large Cap Stock	FLCSX	28.55	1,619.32	46,232	-1.7
Current Value (3/31/99 = \$100,000)				\$423,614	-0.1%

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



Select

Target Risk: 1.20 (Current: 1.13)

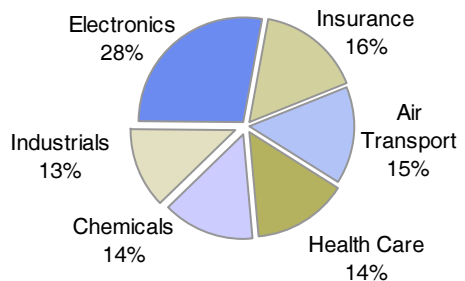
Foreign Holdings: 12.2%

YTD Return: 2.2%

Stocks: 97.5% Bonds: 0.2% Cash: 2.3% Alternatives: 0.0% Yield: 0.1%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Electronics	FSELX	\$87.63	9,458.70	\$828,866	-2.1%
Insurance	FSPCX	67.08	7,088.69	475,509	0.3
Air Transportation	FSAIX	73.26	5,971.10	437,443	0.2
Health Care	FSPHX	243.32	1,749.32	425,645	2.9
Chemicals	FSCHX	147.34	2,780.24	409,640	-3.9
Industrials	FCYIX	32.32	11,524.37	372,468	-1.1
Current Value (12/31/88 = \$100,000)				\$2,949,571	-0.8%

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



Growth

Target Risk: 1.00 (Current: 1.09)

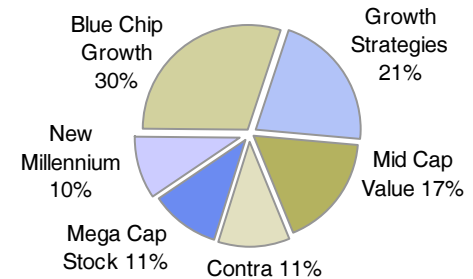
Foreign Holdings: 8.3%

YTD Return: 3.8%

Stocks: 99.2% Bonds: 0.0% Cash: 0.8% Alternatives: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$72.16	8,771.74	\$632,969	-0.1%
Growth Strategies	FDEGX	34.41	13,018.47	447,966	0.9
Mid Cap Value	FSMVX	25.07	14,188.56	355,707	0.1
Contrafund	FCNTX	100.96	2,305.27	232,740	-0.5
Mega Cap Stock	FGRTX	16.45	13,406.99	220,545	-2.3
New Millennium	FMLIX	39.30	5,231.02	205,579	-0.4
Current Value (12/31/86 = \$100,000)				\$2,095,506	-0.2%

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



Growth & Income

Target Risk: 0.66 (Current: 0.74)

Foreign Holdings: 10.8%

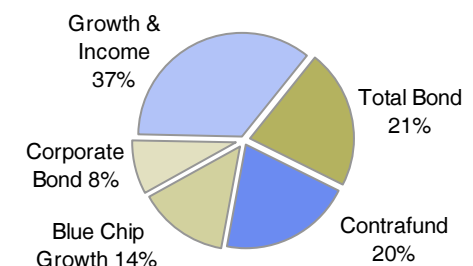
YTD Return: 2.3%

Stocks: 70.0% Bonds: 23.8% Cash: 0.8% Alternatives: 5.4% Yield: 1.5%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Growth & Income	FGRIX	\$30.32	6,538.78	\$198,256	-1.9%
Total Bond	FTBFX	10.81	10,819.47	116,958	0.4
Contrafund	FCNTX	100.96	1,098.10	110,864	-0.5
Blue Chip Growth	FBGRX	72.16	1,072.21	77,370	-0.1
Corporate Bond	FCBFX	11.63	3,909.24	45,464	0.3

Current Value (12/31/93 = \$100,000) **\$548,913** **-0.7%**

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



Income

Target Risk: 0.33 (Current: 0.34)

Foreign Holdings: 10.2%

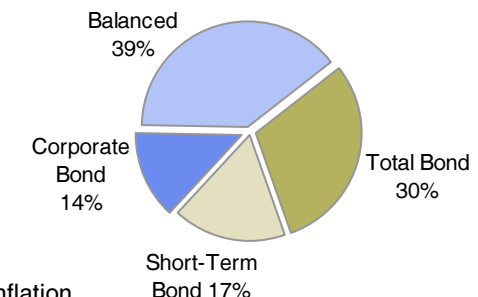
YTD Return: 1.9%

Stocks: 26.9% Bonds: 63.6% Cash: 1.6% Alternatives: 7.8% Yield: 1.8%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Balanced	FBALX	\$23.28	6,183.57	\$143,953	-0.5%
Total Bond	FTBFX	10.81	9,975.87	107,839	0.4
Short-Term Bond	FSHBX	8.61	7,124.71	61,344	0.2
Corporate Bond	FCBFX	11.63	4,246.25	49,384	0.3

Current Value (12/31/91 = \$100,000) **\$362,520** **0.0%**

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



On the “business” side however, things are slipping a bit. After rising at a year-over-year pace of 4.0% or higher for 9 months, in March industrial production eased to a 3.5% rate of growth. More worrisome, new orders for durable goods (excluding defense and aircraft) have fallen for six straight months.

As each new piece of data comes out, the market often moves one way or another all out of proportion to the real impact of the news. For this we can thank short-term traders moving money in and out trying to profit on even the smallest “trends.” It’s a fact of modern market life that we just have to live with. That’s why it’s important to keep our focus on the longer-term fundamentals and not be either spooked out of the market after a few bad days or tempted to take excessive risks after a few good ones.

Fundamentals Favor Stocks

Overall economic growth looks to be weaker in the first quarter — maybe substantially so. But we expect things to improve in the second half of the year. One reason is the exceptionally cold and snowy winter just experienced in the Northeast, where a large portion of the populace — including unfortunately yours truly — happens to live. I know I spent a lot less of my time going out to dinner or going to the mall, and a lot more time shoveling, chipping ice out of my gutters, and generally hunkering down in front of the fireplace. In fact, research from the Chicago Fed found that weather can have a significant, but temporary impact on a range of economic indicators such as retail sales, housing starts, and new orders among others. In particular, we expect to see retail sales improve as consumers finally begin to spend some of the “oil price” dividend. Up to now, they have

FUNDS YOU SHOULD BUY NOW

Growth: For large-cap exposure ... **Blue Chip Growth**, **Growth Company** and **Large Cap Stock** take more aggressive approaches to growth, while **Contrafund** is more conservative. **Growth Strategies** and **Mid-Cap Value** provide mid-cap exposure; **Event Driven Opp’s** is a smaller-cap option offering portfolio diversification (see p. 4).

Growth & Income: **Growth & Income** and **Mega Cap Stock** seek growth and yield from large-caps; **Balanced** and **Puritan** use a mix of stocks and bonds to mitigate risk.

Taxable Bond: **Short-Term Bond** and **Intermediate Bond** limit interest-rate risk. **Total Bond** provides the greatest bond diversification. **Investment Grade Bond** limits credit risk but boosts yield via additional interest-rate risk, while **Corporate Bond** steps up risk on both fronts.

Muni Bond: More highly taxed investors should consider muni funds. (We prefer the less risky, nationally diversified variety — see p. 11.) ■

been saving it as the savings rate has jumped from 4.5% last fall to 5.8% in February. It takes about six months or so for consumers to adjust their spending to such a shock. While oil has been dropping for some time, the steepest moves came in October and November so spring should herald not just better weather but better sales as well. Once sales improve, business spending should improve, too.

In keeping with that view, corporate earnings are expected to decline into June before resuming growth in the second half. Full year growth is forecasted to be 4.9% right about where it was at the end of January after the oil price shock caused earnings estimates to be slashed.

Valuations Still Attractive

At around 18.5, the 12-month trailing P/E of the S&P 500 based on operating earnings is a bit below the 25-year average of 19.1 — not cheap, but not overly excessive. But, compared to bonds, stocks are a bargain. In January, the dividend yield on the S&P 500 exceeded the yield on the 10-year Treasury — only the fourth time in the last 50 years that has occurred. The last three times that happened, the S&P 500 averaged a return

of 17.1% six months later and a whopping 31.5% over the next year. I’m not calling for those kind of gains, but the facts are instructive.

Yet, over the past five months, investors have pulled \$18 billion out of domestic stock funds while adding \$24 billion to bond funds! Combine that with mostly negative headlines about the outlook for stocks and it is hard to see the kind of “irrational exuberance” that signals the end of bull markets.

Bull Long In The Tooth?

One argument against stocks is that at just over six years, the current bull market is already the fourth longest in history and would take over third place by mid-May. So its days must be numbered. However, Ned Davis Research, a well respected institutional research firm says this bull is actually only 3.4 years old, starting on October 3, 2011, not on March 9 of 2009. Why? Because the S&P 500 fell 21.6% (a 20% decline is the accepted definition of a bear market) from its intra-day high in April of 2011 to its intra-day low in October. Not all agree, of course, noting the S&P 500 didn’t fall 20% using closing prices, but it is food for thought. ■

— John M. Boyd

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.

FUND UPDATES

Why We've Upgraded Small-Cap Funds

Last fall, we downgraded small-cap funds. Alas, spring has arrived, and we're upgrading our ratings on the same seven funds. (See "Rating Changes" on facing page.)

At the risk of our mixing metaphors, we sought to harvest gains in October as an early frost (three months of losses) threatened to spoil years of especially fruitful small-cap gains. To put some numbers behind that, in the three months leading up to their downgrade (July, August and September), the Russell 2000 retreated 7.1% while the large-cap S&P 500 gained 1.1%.

Tax-loss harvesting was one reason for our waning confidence in small caps. Bigger concerns included investors' desire to hold more reliable large-cap stocks, even though small-caps typically hold the promise of faster growth. And, in terms of model portfolio trades, we eliminated our small-cap funds as stepped-up merger and acquisition activity, coupled with stock buybacks, put the wind to the backs of large caps.

A New World

Fast-forward to today, and the global financial marketplace has changed dramatically.

For starters, the US economy has continued to strengthen. As a consequence, the Fed keeps signaling that

its first interest-rate hike is likely to come as soon as the summer.

But in Europe, the opposite is occurring. Despite help from lower oil prices, most of the so-called PIGS (Portugal, Italy, Greece and Spain) are struggling to pull their economies out of recession as they are saddled by huge deficit spending. This problem is obviously most pronounced in Greece whose new socialist government is actually trying to turn the clock back 70 years by demanding war reparations from their former occupier, Germany.

What's all that got to do with small caps? (We're getting there!)

While southern Europe remains the most troubled region of Europe, France's problems are none-too-different. And even tiny Norway is struggling under the weight of lower oil prices. (For the record, **Nordic** fund has almost no exposure there.)

To stimulate growth, the ECB has coordinated its efforts with the region's central banks to try its own version of US-style quantitative easing. Its massive bond-buying program is meant to lower long-term interest rates. In so doing, there will be more lending to businesses and individuals.

While this approach appears to be helping, you'll recall that US "easing" is now done, and that rates are headed higher. As a consequence, the dollar has strengthened dramatically against the euro, yen and dozens of other currencies around the world.

But here's the rub for large US

firms: about 46% of their sales come from outside the US where the prices of their goods and services have grown more expensive. This has already shown up on the top line of their balance sheets (declining sales), and may soon show up on the bottom line (lower earnings).

The Case For Going Small

This problem will likely be far less severe for the smaller stocks held by **Small Cap Discovery** and its seven peers at Fidelity. While estimates differ widely, smaller companies (with market caps generally up to \$2 billion) derive only about 20% of their sales from overseas. That means sales and earnings are more US-dependent, which is beneficial because our economy is growing faster.

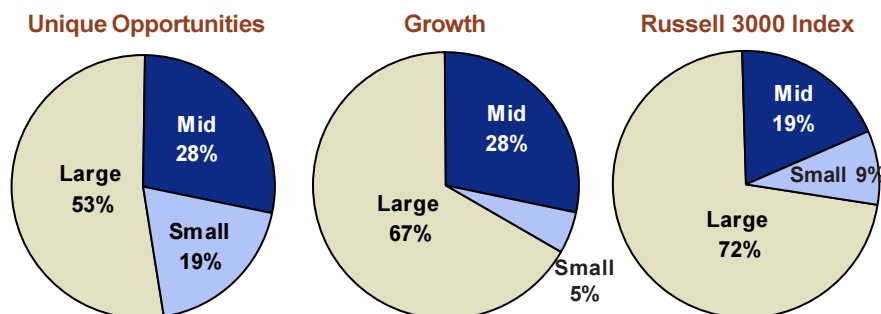
Another potential plus: share buybacks. Although this stock-boosting technique is much more common among large-caps (because smaller companies need their capital to fund growth), 2014 saw a record level of activity among smaller concerns. And if buybacks remain strong this year, share prices will continue to benefit.

A word of caution: small-caps are about 40% riskier than large-caps for many reasons, including fewer barriers to entry (scale), higher borrowing costs, less market liquidity, and the list goes on. This makes us hesitant right now to add much more exposure to our models without also looking elsewhere to reduce risk (see box).

A better alternative to small-caps right now: mid-cap funds, including our top picks **Growth Strategies** and **Mid Cap Value**. (We also like **Event Driven Opportunities** for the more adventuresome investor. Unconstrained market-cap-wise, its median market cap is a small \$2.5 billion; it may hold value and/or growth stocks.) As you'd expect, their investment characteristics (including risk) fall between small- and large-caps. That said, while we're yet to reinstate small-caps into our models, that day is nearing. ■

— John Bonnanzio

EQUITY MODELS BY MARKET-CAP EXPOSURE



Relative to the Russell 3000 Index (a very broad measure of the market), our all-equity models underweight large-caps. Because *Event-Driven Opportunities* is a "smid-cap" fund, the *Unique Opp's Model* overweights small- and mid-sized stocks.

FUND COMMENTARY

Spring Chills Stocks; Market Favors Growth

I shouldn't go any further with weather analogies because it's a great big country, and what's happening here in New England may not be occurring where you rest your head



John Bonnanzio

at night. Then again, allow me just one more shot: "Stocks Chill Again In Time For Spring."

Anyway, you get the picture. But the real story about

the stock market these past three months is their volatility: Its modest 0.9% gain for the year masks the S&P 500's 3.0% fall in January, 5.7% jump in February, and 1.6% decline in March.

Mid-caps and small-caps experienced all the same gyrations, but wound up in a better place — meaning stronger gains.

Having risen 1.8% in March, **Spartan Small Cap Index** fund finished the first quarter up a robust 4.3%. **Spartan Mid Cap Index** rose fractionally (up 0.1%) and is now up a comfortable 3.9% for the year.

The strength of small- and mid-cap stocks relative to large-caps has so far been a boon to those of you who have been following our Unique Opportunities Model.

As the pie chart on page 4 (opposite) shows, that model is 47% invested in small- (19%) and mid-caps (28%). While much of that exposure comes from **Event-Driven Opportunities**, it's actually a bit of a lag-gard relative to its mid-cap peer, **Growth Strategies**. Thanks to good stockpicking, especially in tech and health care, the fund's 0.9% return in March has helped to make it an elite performer this year: it's up 6.5%.

Returning to the indexes, the tech-rich Nasdaq Composite fell 1.2% last month despite the fact that biotech stocks performed quite well. What didn't fare well, however, were shares

of computer companies and communication firms.

Echoing the S&P's struggles, the Dow Jones Industrials fell 1.8% in March and is barely in positive territory for the year with a fractional gain of 0.4%.

Equity Funds

As already noted, small- and mid-cap stocks and the funds holding them have so far enjoyed a performance edge over large-caps.

But an equally profound distinction has also occurred: regardless of market-cap, and not withstanding March's setback, growth stocks are outpacing value stocks.

Fidelity's 15 large-cap growth funds fell an average of 0.4% in March but were up 4.1% for the quarter. As for their five large-cap value offerings, they fell 1.0% in March are barely positive for the year (up 0.9%).

The story is the same for mid- and small-caps: growth-oriented funds have so far beaten value-leaning offerings for the month and year.

Combine the market's desire to bid up growth stocks with its penchant for small-caps, and it's no surprise that **Small Cap Growth** was Fidelity's top-performing equity fund in both March (up 2.9%) and for the year (up 8.8%). And, while not as "growthy,"

Fidelity's other small-cap funds also enjoyed a great March, though on a year-to-date basis their performances were more muddled.

Only a few large-cap funds gained ground in March. The best was the growth-oriented **Independence** (up 1.4%), which has a long history under Manager Bob Bertelson of having dramatically good and bad years. (Though it is consistently the most volatile.)

Turning to some of Fidelity's most widely held stock funds, **Contrafund** slipped 0.5% in March but is up 4.1% for the year, the impossible-to-classify **Low-Priced Stock** fell 1.0% last month and is up only 1.8% for the year, **Growth Company** lost 1.3% for the month but is up 4.9% year-to-date. As for resurgent large-cap growth **Magellan** fund, it declined 0.9% in March and is up 2.8% for the year. Meanwhile the somewhat similarly positioned **Blue Chip Growth** (which we hold in three model portfolios) lost a barely perceptible 0.1% in March and is up 5.5% for the year.

International Funds

We're starting to warm up to certain foreign stock funds. Japan is gaining appeal as the cheap yen (relative

Fund Commentary *cont'd on page 8*

APRIL SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Canada	H	S	↓	Low oil prices negative for economy and stocks.
Disciplined Equity	H	B	↑	A "quant" fund sporting improved performance.
Equity Div Income	B	H	↓	Exposures to energy/consumer staples too big.
Global Balanced	S	B	↑	Foreign holdings now less of a concern.
Japan	S	H	↑	Cheap oil and central bank pushing stocks higher.
Pacific Basin	H	B	↑	Big Japan stake (see Japan fund).
Sm Cap Enh Index	H	B	↑	See "Why We've Upgraded Small-Cap Funds" on page 4.
Small Cap Discovery	H	B	↑	
Small Cap Growth	B	B	↑	
Small Cap Stock	H	B	↑	
Small Cap Value	H	B	↑	
Sp Small Cap Index	H	B	↑	
Stk Sel Small Cap	H	B	↑	
VIP Disc. Small Cap	H	B	↑	

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, 2015

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		2067.9		-1.6	0.9	1.0	12.7	16.1	14.5	8.0	1.00		
		Nasdaq Composite		4900.9		-1.2	3.8	3.8	18.1	18.1	16.7	10.5	1.18		
		Dow Jones Industrials		17776.1		-1.8	0.4	0.3	10.6	13.2	13.2	8.2	1.04		
		Russell 2000 (Small Caps)		1252.8		1.7	4.2	4.2	8.1	16.2	14.6	8.8	1.40		
		Barclays Aggregate Bond*				0.5	1.5	1.5	5.6	2.9	4.2	4.6	0.31		
Model Portfolios		Unique Opportunities				-0.1	4.3	4.3	8.5	15.2	12.8	8.6	1.14		
		Select				-0.8	2.2	2.2	14.9	18.9	16.0	10.5	1.13		
		Growth				-0.2	3.8	3.8	12.3	13.9	12.7	7.2	1.09		
		Growth & Income				-0.7	2.3	2.3	10.1	11.3	10.3	6.7	0.74		
		Income				0.0	1.9	1.9	6.9	5.7	7.0	4.9	0.34		
												Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						Category Averages			-0.4	4.1	4.1	13.0	16.7	15.0	1.15
312	FBGRX	Blue Chip Growth		72.16	Buy	-0.1	5.5	5.5	18.7	18.8	17.0	1.21	\$14,299		
307	FDCAX	Capital Appreciation		37.53	Buy	-1.0	4.2	4.2	14.6	17.9	15.3	1.01	6,285		
22	FCNTX	Contrafund		100.96	Buy	-0.5	4.1	4.1	13.5	15.6	14.9	1.02	77,111		
332	FEXPX	Export and Multinational	0.75%/30d	21.88	Hold	-0.7	2.7	2.7	12.0	13.2	11.3	0.98	1,584		
3	FFIDX	Fidelity Fund		44.29	OK to Sell	-0.9	3.4	3.4	14.3	15.4	13.5	1.05	4,172		
500	FFTYX	Fifty (Closed)		30.41	Buy	0.5	4.3	4.3	7.2	15.7	14.1	1.19	749		
333	FTQGX	Focused Stock		19.64	Buy	0.6	4.8	4.8	7.8	15.9	16.0	1.22	1,505		
25	FDGRX	Growth Company (Closed)		138.08	Buy	-1.3	4.9	4.9	17.0	17.3	17.5	1.27	23,244		
339	FDSVX	Growth Discovery		24.73	OK to Buy	-0.5	4.7	4.7	12.1	16.1	16.3	1.14	1,081		
73	FDFFX	Independence		41.03	OK to Sell	1.4	7.0	7.0	13.5	19.2	15.3	1.28	4,351		
21	FMAGX	Magellan		95.14	OK to Buy	-0.9	2.8	2.8	15.0	17.2	12.1	1.09	14,225		
300	FMILX	New Millennium		39.30	Buy	-0.4	1.4	1.4	4.0	15.0	14.2	1.11	3,909		
93	FOCPX	OTC		83.40	OK to Buy	-1.5	4.8	4.8	18.4	19.3	17.6	1.48	9,197		
320	FDSSX	Stock Selector All Cap		36.58	Hold	-0.3	3.6	3.6	12.1	16.7	14.2	1.04	4,604		
5	FTRNX	Trend		87.83	Buy	-0.6	4.0	4.0	15.1	17.1	16.2	1.10	1,518		
LARGE CAP BLEND						Category Averages			-1.6	1.0	1.0	10.3	16.2	13.9	1.11
315	FDEQX	Disciplined Equity		34.47	Buy↑	-0.7	2.5	2.5	12.4	17.3	12.8	1.08	1,261		
330	FDGFX	Dividend Growth		33.81	OK to Buy	-1.5	1.2	1.2	11.5	15.0	13.0	1.10	6,529		
27	FGRIX	Growth & Income		30.32	Buy	-1.9	0.4	0.4	9.5	15.8	14.1	1.07	6,587		
338	FLCSX	Large Cap Stock		28.55	Buy	-1.7	1.1	1.1	8.4	17.4	15.0	1.17	3,131		
361	FGRTX	Mega Cap Stock		16.45	Buy	-2.3	-0.3	-0.3	9.5	15.6	14.5	1.11	3,212		
LARGE CAP VALUE						Category Averages			-1.0	0.9	0.9	10.7	16.0	12.1	1.02
1271	FBCVX	Blue Chip Value		16.71	OK to Buy	-0.2	2.5	2.5	14.2	16.9	11.3	1.14	375		
319	FEQTX	Equity Dividend Income		26.72	Hold↓	-1.2	0.1	0.1	10.3	14.7	11.5	0.95	5,122		
23	FEQIX	Equity-Income		57.70	Hold	-1.3	0.2	0.2	6.5	13.9	11.0	0.96	6,834		
708	FSLVX	Stock Sel Large Cap Value		17.22	OK to Buy	-1.2	0.5	0.5	10.3	16.6	12.6	1.02	761		
832	FVDFX	Value Discovery		24.95	OK to Buy	-0.9	1.2	1.2	12.1	17.8	14.3	1.03	1,103		
MID-CAP GROWTH						Category Averages			0.8	5.2	5.2	13.0	16.8	14.3	1.13
324	FDEGX	Growth Strategies	1.50%/90d	34.41	Buy	0.9	6.5	6.5	19.7	17.8	14.5	1.16	2,485		
337	FMCSX	Mid-Cap Stock	0.75%/30d	40.08	OK to Buy	0.7	4.4	4.4	7.5	16.4	14.2	1.14	5,904		
2412	FSSMX	Stock Selector Mid Cap		35.01	OK to Buy	0.8	4.7	4.7	11.8	16.2	14.3	1.09	578		
MID-CAP BLEND						Category Averages			-0.1	3.8	3.8	7.8	17.8	14.7	1.16
2624	FARNX	Event Driven Opportunities		11.42	Buy	-0.8	3.4	3.4	7.4	--	--	--	188		
122	FLVCX	Leveraged Company Stock	1.50%/90d	47.21	Hold	0.5	4.2	4.2	8.3	17.8	14.7	1.16	3,881		
MID-CAP VALUE						Category Averages			-0.3	3.0	3.0	11.0	17.9	14.9	1.09
316	FLPSX	Low-Priced Stock	1.50%/90d	51.14	Hold	-1.0	1.8	1.8	7.4	15.2	14.2	1.08	30,086		
762	FSMVX	Mid Cap Value	0.75%/30d	25.07	Buy	0.1	2.6	2.6	15.7	20.6	16.7	1.11	3,018		
39	FDVLX	Value		116.72	Buy	0.0	3.1	3.1	10.9	19.0	15.0	1.12	8,133		
14	FSLSX	Value Strategies		45.10	OK to Buy	-0.4	4.5	4.5	10.2	17.0	13.7	1.04	727		
SMALL CAP GROWTH						Category Averages			2.9	8.8	8.8	12.2	18.0	16.0	1.38
1388	FCPGX	Small Cap Growth	1.50%/90d	20.02	Buy↑	2.9	8.8	8.8	12.2	18.0	16.0	1.38	1,009		
SMALL CAP BLEND						Category Averages			1.4	4.8	4.8	10.2	15.4	14.2	1.30
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	30.67	OK to Buy↑	0.4	1.9	1.9	8.5	18.2	17.8	1.31	6,115		
340	FSLCX	Small Cap Stock	2.00%/90d	20.12	OK to Buy↑	2.3	7.1	7.1	14.2	13.9	10.0	1.26	1,896		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.00	OK to Buy↑	1.6	5.4	5.4	7.8	14.2	14.8	1.32	1,456		
SMALL CAP VALUE						Category Averages			0.8	2.2	2.2	8.7	17.0	14.7	1.33
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	19.34	OK to Buy↑	0.8	2.2	2.2	8.7	17.0	14.7	1.33	2,086		

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹ Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ² Duration is a measure of interest rate sensitivity. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ Also available in an Advantage share class with a minimum of \$10,000, but a lower expense ratio. ⁵ Formerly California Short-Intermediate Tax-Free Bond. ⁶ Formerly Short-Intermediate Municipal Income. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

MARCH 31, 2015

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		
SPECIALTY													
304	FBALX	Balanced		23.28	Buy	-0.5	2.2	2.2	10.6	12.1	11.3	0.69	\$20,774
308	FCV SX	Convertible Securities		32.58	OK to Buy	-1.5	1.1	1.1	8.1	12.7	11.0	0.89	2,233
334	FGBLX	Global Balanced	1.00%/30d	23.27	OK to Buy↑	-0.7	1.8	1.8	0.0	6.9	7.1	0.77	506
2120	FFGCX	Global Commodity Stock	1.00%/30d	12.03	Hold	-7.3	-3.4	-3.4	-14.2	-5.9	-3.1	1.62	198
1960	FDYSX	Global Strategies		8.89	Hold	-0.6	2.5	2.5	4.5	6.2	6.4	0.61	115
1368	FIREX	International Real Estate	1.50%/90d	10.71	OK to Sell	-1.4	5.7	5.7	8.5	15.1	9.9	1.33	334
4	FPURX	Puritan		22.06	Buy	-0.3	2.7	2.7	11.1	12.2	11.4	0.70	19,514
833	FRIFX	Real Estate Income	0.75%/90d	11.96	OK to Buy	0.6	2.6	2.6	9.6	10.2	10.8	0.52	2,743
303	FRESX	Real Estate Investment	0.75%/90d	42.67	Hold	1.4	4.5	4.5	24.2	13.4	15.5	1.39	4,964
1329	FSDIX	Strategic Dividend & Income		14.59	OK to Buy	-0.9	1.0	1.0	10.5	12.7	12.1	0.70	3,267
1505	FSRRX	Strategic Real Return	0.75%/60d	9.05	OK to Sell	-1.0	0.1	0.1	-2.9	1.3	4.1	0.52	597
311	FIUIX	Telecom & Utilities		24.20	Hold	-1.0	0.3	0.3	7.2	14.5	14.4	1.06	968
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		13.43	Hold	0.1	1.7	1.7	4.2	4.8	5.4	0.28	5,014
1957	FTANX	Asset Manager 30%		10.69	Hold	0.0	2.1	2.1	5.1	6.2	6.6	0.37	832
1958	FFANX	Asset Manager 40%		10.98	Hold	-0.1	2.3	2.3	5.6	7.4	7.5	0.47	908
314	FASMX	Asset Manager 50%		17.49	Hold	-0.2	2.6	2.6	6.2	8.6	8.4	0.57	8,167
1959	FSANX	Asset Manager 60%		11.38	Hold	-0.4	2.8	2.8	6.5	9.7	9.1	0.66	1,368
321	FASGX	Asset Manager 70%		20.36	Hold	-0.4	3.1	3.1	6.8	10.7	9.8	0.78	3,999
347	FAMRX	Asset Manager 85%		17.00	Hold	-0.5	3.5	3.5	7.4	12.4	10.8	0.93	1,428
EQUITY INDEX													
355	FFNOX	Four-in-One Index		38.10	Hold	-0.9	2.6	2.6	7.7	12.4	11.0	0.90	4,211
2010	FIENX	International Enhanced Index	1.00%/30d	8.67	Hold	-1.1	6.0	6.0	0.7	10.3	7.2	1.34	114
1827	FLC EX	Large Cap Core Enhanced Index		12.08	Buy	-1.7	0.9	0.9	12.9	16.4	14.7	1.01	393
1829	FLG EX	Large Cap Growth Enhanced Index		15.22	OK to Buy	-1.3	3.3	3.3	16.4	16.6	15.5	1.02	412
1828	FLV EX	Large Cap Value Enhanced Index		11.22	OK to Buy	-1.4	-0.3	-0.3	10.5	17.4	14.4	1.05	1,169
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	14.17	OK to Buy	0.1	4.4	4.4	14.8	19.6	16.8	1.09	680
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	64.65	Hold	-1.2	3.7	3.7	18.0	17.9	16.5	1.18	1,723
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	13.38	OK to Buy↑	2.5	6.8	6.8	11.9	17.9	16.7	1.36	504
650	FUSEX	Spartan 500 Index ⁴		73.52	Hold	-1.6	0.9	0.9	12.6	16.0	14.4	1.00	7,112
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	9.59	Hold	-1.9	1.9	1.9	2.7	0.3	--	1.44	19
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	58.11	OK to Buy	1.2	5.3	5.3	10.3	17.4	15.8	1.23	2,001
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	11.97	Hold	-1.6	3.8	3.8	-1.2	6.1	--	1.31	17
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	39.20	Hold	-1.4	5.3	5.3	-1.1	8.9	6.2	1.36	2,911
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	18.12	OK to Buy	0.1	3.9	3.9	13.5	17.9	--	1.07	35
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	15.49	Hold	1.8	4.8	4.8	25.1	13.7	--	1.40	33
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	17.49	OK to Buy↑	1.8	4.3	4.3	8.3	16.3	--	1.40	31
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	60.95	Hold	-1.0	1.8	1.8	12.2	16.3	14.7	1.02	1,954
INTERNATIONAL						Category Averages	-0.7	4.2	4.2	1.9	8.4	7.1	1.36
309	FICDX	Canada	1.50%/90d	49.64	OK to Sell↓	-2.7	-5.6	-5.6	-3.1	3.4	3.2	1.23	1,669
352	FHKCX	China Region	1.50%/90d	32.63	OK to Buy	3.7	6.4	6.4	15.1	14.8	9.5	1.27	1,426
325	FDIVX	Diversified International	1.00%/30d	36.64	Hold	-0.5	6.4	6.4	3.8	11.0	7.7	1.24	14,143
351	FSEAX	Emerging Asia	1.50%/90d	34.35	Hold	1.4	5.2	5.2	13.8	8.1	7.5	1.27	1,141
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.12	OK to Sell	-3.5	1.6	1.6	-9.1	-1.0	2.0	1.46	80
322	FEMKX	Emerging Markets	1.50%/90d	24.99	Hold	-1.2	2.8	2.8	4.3	3.4	2.6	1.42	2,824
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	11.84	Hold	-0.3	1.7	1.7	0.2	3.7	--	1.21	67
301	FIEUX	Europe	1.00%/30d	37.11	Hold	-2.2	5.2	5.2	-4.1	10.9	7.2	1.43	1,319
2406	FGILX	Global Equity-Income	1.00%/30d	12.30	OK to Buy	-0.8	2.8	2.8	6.4	--	--	--	63
335	FIVFX	International Cap App	1.00%/30d	17.03	Buy	-1.7	4.1	4.1	6.9	11.9	9.7	1.24	1,349
305	FIGRX	International Discovery	1.00%/30d	40.25	Hold	-0.8	6.0	6.0	1.4	10.8	7.3	1.30	7,358
1979	FIGFX	International Growth	1.00%/30d	11.50	OK to Buy	-0.4	6.5	6.5	4.4	10.1	9.5	1.16	729
818	FISM X	International Small Cap	2.00%/90d	22.83	Hold	0.5	5.5	5.5	-0.2	11.6	10.4	1.33	737
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.61	Hold	0.8	6.8	6.8	0.7	12.9	12.0	1.13	558
1597	FIVLX	International Value	1.00%/30d	8.45	OK to Sell	-1.5	5.0	5.0	-2.2	9.4	4.6	1.39	192
350	FJPNX	Japan	1.50%/90d	11.98	Hold↑	0.8	9.5	9.5	6.5	6.9	3.8	1.45	409
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.37	OK to Sell	2.2	8.6	8.6	8.7	16.9	11.0	2.04	401
349	FLATX	Latin America	1.50%/90d	21.58	OK to Sell	-8.0	-9.3	-9.3	-22.6	-16.7	-8.5	1.94	636
342	FNORX	Nordic	1.50%/90d	44.62	OK to Sell	-2.2	4.8	4.8	-3.2	15.6	11.5	1.60	432
94	FOSFX	Overseas	1.00%/30d	40.87	Hold	-1.1	7.2	7.2	2.5	12.3	8.2	1.25	2,951
302	FPBFX	Pacific Basin	1.50%/90d	28.17	OK to Buy↑	2.3	8.1	8.1	9.6	13.5	10.9	1.29	698
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.93	Hold	-0.5	1.9	1.9	0.2	2.5	--	1.23	36
1978	FTIEX	Total International Equity	1.00%/30d	8.06	Hold	-0.9	5.4	5.4	1.5	8.5	6.4	1.22	324
318	FWWFX	Worldwide	1.00%/30d	23.46	OK to Buy	-0.2	5.2	5.2	5.4	13.6	11.8	1.19	1,568

FIDELITY SCORECARD

MARCH 31, 2015

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				
SELECT PORTFOLIOS						Category Averages			-0.9	2.7	2.7	9.7	15.6	13.9	1.45
34	FSAIX	Air Transportation	0.75%/30d	73.26	Buy	0.2	-1.8	-1.8	21.5	26.1	18.4	1.30	\$649		
502	FSAVX	Automotive	0.75%/30d	48.76	Hold	-0.1	6.1	6.1	9.0	17.8	15.2	1.50	136		
507	FSRBX	Banking	0.75%/30d	26.32	Hold	0.3	-2.1	-2.1	1.3	14.7	9.7	1.28	578		
42	FBIOX	Biotechnology	0.75%/30d	256.71	Hold	3.5	16.0	16.0	46.1	43.5	33.3	2.15	14,209		
68	FSLBX	Brokerage & Investment	0.75%/30d	74.56	Hold	-0.3	-1.3	-1.3	6.3	17.6	9.2	1.58	572		
69	FSCHX	Chemicals	0.75%/30d	147.34	Buy	-3.9	0.4	0.4	2.3	14.5	16.9	1.21	1,536		
518	FSDCX	Communications Equipment	0.75%/30d	31.66	Hold	-4.0	-0.6	-0.6	8.3	10.5	8.9	1.77	249		
7	FDCPX	Computers	0.75%/30d	79.11	Hold	-5.0	-4.4	-4.4	5.5	9.4	13.8	1.47	753		
511	FSHOX	Construction & Housing	0.75%/30d	60.87	OK to Buy	1.9	8.6	8.6	21.9	21.1	19.1	1.42	436		
517	FSCPX	Consumer Discretionary	0.75%/30d	35.06	Buy	-0.5	4.2	4.2	15.1	18.5	17.9	1.21	1,086		
98	FVLX	Consumer Finance	0.75%/30d	14.26	OK to Buy	1.8	1.1	1.1	8.3	16.7	12.2	1.19	132		
9	FDFA	Consumer Staples	0.75%/30d	99.37	Hold	-2.6	1.7	1.7	15.9	14.8	14.4	1.17	2,070		
67	FSDAX	Defense & Aerospace	0.75%/30d	129.39	OK to Buy	0.3	9.9	9.9	13.6	19.9	17.1	1.19	1,003		
8	FSELX	Electronics	0.75%/30d	87.63	Buy	-2.1	3.4	3.4	27.8	18.6	16.4	1.60	2,332		
60	FSENX	Energy	0.75%/30d	45.33	Hold	-0.7	1.2	1.2	-13.8	2.5	5.3	1.74	2,162		
43	FSESX	Energy Service	0.75%/30d	52.94	OK to Sell	-2.6	-5.9	-5.9	-31.5	-3.8	0.7	2.18	681		
516	FSLEX	Environment & Alt Energy	0.75%/30d	20.80	Hold	-0.7	2.0	2.0	1.0	13.7	9.7	1.22	87		
66	FIDSX	Financial Services	0.75%/30d	88.84	OK to Buy	0.0	-0.1	-0.1	9.5	15.4	7.4	1.22	1,405		
41	FSAGX	Gold	0.75%/30d	16.26	Sell	-12.1	-1.1	-1.1	-20.9	-26.4	-14.8	3.67	865		
63	FSPHX	Health Care	0.75%/30d	243.32	Buy	2.9	11.8	11.8	35.1	36.1	27.0	1.31	10,327		
510	FSCGX	Industrial Equipment	0.75%/30d	38.48	OK to Buy	-1.0	2.3	2.3	2.5	11.6	12.7	1.33	220		
515	FCYIX	Industrials	0.75%/30d	32.32	Buy	-1.1	1.7	1.7	7.5	16.1	15.2	1.21	1,137		
45	FSPCX	Insurance	0.75%/30d	67.08	Buy	0.3	-0.6	-0.6	11.3	19.5	13.5	1.27	402		
353	FBSOX	IT Services	0.75%/30d	38.89	Hold	0.0	5.8	5.8	15.7	20.3	19.6	1.50	988		
62	FDLSX	Leisure	0.75%/30d	139.59	Buy	-0.4	5.3	5.3	12.9	15.8	18.0	1.31	449		
509	FSDPX	Materials	0.75%/30d	77.55	OK to Buy	-4.0	0.7	0.7	-2.3	9.4	10.6	1.24	1,043		
505	FSHCX	Medical Delivery	0.75%/30d	90.32	Hold	3.5	10.0	10.0	29.2	20.4	18.9	1.16	929		
354	FSMEX	Medical Equipment	0.75%/30d	43.00	Buy	2.6	10.8	10.8	30.8	26.0	18.2	1.36	2,189		
503	FBMPX	Multimedia	0.75%/30d	82.20	Hold	-0.3	2.3	2.3	13.6	23.1	20.5	1.34	797		
513	FSNGX	Natural Gas	0.75%/30d	31.14	Hold	-2.8	-3.8	-3.8	-21.7	1.0	1.1	1.73	501		
514	FNARX	Natural Resources	0.75%/30d	31.07	OK to Sell	-1.3	2.2	2.2	-13.9	0.7	3.9	1.75	738		
580	FPHAX	Pharmaceuticals	0.75%/30d	23.67	OK to Buy	2.6	10.7	10.7	26.5	27.6	22.6	1.11	1,997		
46	FSRPX	Retailing	0.75%/30d	95.25	Hold	-0.0	5.8	5.8	22.0	21.0	20.0	1.44	956		
28	FSCSX	Software & Computer Svcs	0.75%/30d	117.15	OK to Buy	-1.9	1.1	1.1	8.2	17.5	18.6	1.41	2,921		
64	FSPTX	Technology	0.75%/30d	120.51	OK to Buy	-0.3	5.3	5.3	14.2	13.8	14.9	1.29	2,795		
96	FSTCX	Telecommunications	0.75%/30d	61.94	OK to Buy	-2.5	2.6	2.6	6.1	12.9	11.7	1.13	326		
512	FSRFX	Transportation	0.75%/30d	91.17	Buy	-3.1	-5.3	-5.3	19.7	24.4	18.3	1.25	1,027		
65	FSUTX	Utilities	0.75%/30d	73.01	OK to Sell	0.2	-2.8	-2.8	7.2	15.2	14.3	1.25	915		
963	FWRLX	Wireless	0.75%/30d	9.26	OK to Buy	-2.9	1.8	1.8	4.7	13.0	11.9	1.10	261		
SECTOR ETFs															
	FDIS	MSCI Consumer Discretionary		30.53	Buy	-0.2	4.8	4.8	17.1	--	--	--	179		
	FSTA	MSCI Consumer Staples		29.56	Hold	-1.7	1.2	1.2	16.6	--	--	--	238		
	FENY	MSCI Energy		22.19	Hold	-2.0	-2.3	-2.3	-13.0	--	--	--	242		
	FNCL	MSCI Financials		28.76	OK to Buy	0.0	-0.8	-0.8	10.1	--	--	--	202		
	FHLC	MSCI Healthcare		35.26	OK to Buy	1.4	7.8	7.8	27.9	--	--	--	509		
	FIDU	MSCI Industrials		28.80	Buy	-1.8	0.4	0.4	7.1	--	--	--	127		
	FTEC	MSCI Information Technology		32.08	OK to Buy	-2.8	1.5	1.5	17.4	--	--	--	317		
	FMAT	MSCI Materials		27.69	OK to Buy	-3.7	1.1	1.1	3.8	--	--	--	137		
	FREL	MSCI Real Estate		23.92	Hold	1.3p	-1.5p	--	--	--	--	--	23		
	FCOM	MSCI Telecomm Services		26.87	OK to Buy	-2.7	1.7	1.7	6.4	--	--	--	99		
	FUTY	MSCI Utilities		28.68	OK to Sell	-0.6	-4.6	-4.6	10.7	--	--	--	200		

Fund Commentary *cont'd from page 5*

to the dollar) and falling oil prices are big positives for its export-driven economy. However, big problems still loom. So, despite **Japan** fund rising 0.8% in March and its leading year-to-date performance of 9.5%, we've only upgraded the fund to *OK to Buy*. Similarly, we have our eyes on Europe-centric funds, especially as the

euro is unlikely to depreciate much further against the dollar and some recovery is evident, though choppy. That said, **China Region** (up 3.7%) had a good month, and is enjoying a solid year (up 6.4%). And so it remains — for now — one of the few foreign markets that we favor.

Bond Funds

The yield on the 10-year Treasury

slipped a bit in March closing at 1.93%, down from 1.99%. **Spartan U.S. Bond Index** benefited from the move rising 0.5% for the month. And, despite simmering fears that rising rates will undermine bond returns, the bellwether indicator (see *Inside Fidelity* on p. 12) is now up 1.5% for the year. Conversely, foreign bond funds lost ground. ■

— John Bonnanzio

FIDELITY SCORECARD

MARCH 31, 2015

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			0.2	1.0	1.0	3.7	2.6	4.1	0.97	4.9	0.33
2267	FCONX	Conservative Income Bond		10.03	Buy	0.0	0.1	0.1	0.2	0.6	--	0.24	0.2	0.02			
2208	FCBFX	Corporate Bond		11.63	Buy	0.3	2.2	2.2	7.0	5.4	--	2.76	7.0	0.46			
2423	FGBFX	Global Bond		9.21	OK to Sell	-1.1	-1.5	-1.5	-3.5	--	--	2.02	6.8	--			
15	FGMNX	GNMA (Ginnie Mae)		11.70	Hold	0.4	0.9	0.9	5.1	2.4	4.1	2.08	2.3	0.29			
54	FGOVX	Government Income		10.62	Hold	0.6	1.4	1.4	5.2	2.5	3.7	1.19	4.8	0.30			
794	FINPX	Inflation-Protected Bond ³		12.15	OK to Sell	-0.6	1.2	1.2	2.7	0.2	3.8	-5.29	5.7	0.57			
32	FTHRFX	Intermediate Bond		11.03	Buy	0.5	1.5	1.5	3.5	2.7	4.1	1.83	3.8	0.23			
452	FSTGX	Intermediate Gov't Income		10.78	Hold	0.5	1.2	1.2	3.1	1.6	2.8	0.86	3.6	0.21			
2428	FINUX	International Bond		8.71	OK to Sell	-2.0	-3.7	-3.7	-9.4	--	--	1.90	7.2	--			
26	FBNDX	Investment Grade Bond		7.99	Buy	0.2	1.6	1.6	5.3	3.6	5.1	2.22	5.1	0.32			
2622	FJRLX	Limited Term Bond		11.56	Buy	0.4	1.1	1.1	2.3	2.3	3.8	1.51	2.8	--			
662	FFXSX	Limited Term Government		10.09	OK to Buy	0.4	0.9	0.9	1.7	1.0	1.6	0.71	2.5	0.12			
40	FMSFX	Mortgage Securities		11.41	Hold	0.4	1.1	1.1	5.6	2.9	4.3	2.35	3.0	0.26			
450	FSHXB	Short-Term Bond		8.61	Buy	0.2	0.6	0.6	1.2	1.2	1.8	1.02	1.9	0.07			
2415	FSIQX	Sotn Inflation-Protect Index ⁴		9.70	OK to Sell	-0.5	1.4	1.4	3.0	--	--	-5.16	5.7	--			
1561	FIBIX	Sotn Inter Term Treas Index ⁴		11.17	Hold	0.9	2.2	2.2	6.7	2.7	5.2	1.62	6.4	0.49			
1562	FLBIX	Sotn Lnc-Term Treas Index ⁴		13.75	Hold	1.2	3.9	3.9	21.1	7.6	10.4	2.33	17.3	1.22			
1560	FSBIX	Sotn Sht-Term Treas Index ⁴		10.50	Hold	0.5	0.9	0.9	1.6	0.8	1.6	0.70	2.6	0.13			
651	FBIDX	Sotn U.S. Bond Index		11.85	Hold	0.5	1.5	1.5	5.6	2.9	4.2	1.97	5.2	0.32			
820	FTBFX	Total Bond		10.81	Buy	0.4	1.9	1.9	5.3	3.9	5.2	2.45	5.1	0.31			
HIGH-YIELD BOND						Category Averages			-0.1	2.2	2.2	2.3	5.6	6.6	4.63	3.6	0.48
38	FAGIX	Capital & Income	1.00%/90d	9.97	Hold	0.3	4.0	4.0	7.0	9.4	9.1	3.81	3.9	0.53			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.72	Hold	0.1	2.0	2.0	1.5	3.5	3.9	3.98	0.3	0.21			
1366	FHIFX	Focused High Income	1.00%/90d	8.69	Hold	-0.4	2.8	2.8	2.8	5.7	7.1	4.49	3.8	0.42			
2297	FGHNX	Global High Income	1.00%/90d	9.44	Hold	-0.4	1.8	1.8	0.7	6.4	--	5.47	4.0	0.53			
455	SPHIX	High Income	1.00%/90d	8.98	Hold	-0.4	2.3	2.3	1.4	6.4	7.5	5.62	3.3	0.48			
331	FNMIX	New Markets Income	1.00%/90d	15.18	Hold	0.2	0.8	0.8	1.4	3.7	6.2	5.53	5.9	0.79			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.80	Hold	-0.4	2.4	2.4	0.9	--	--	4.72	2.5	--			
368	FSICX	Strategic Income		10.79	OK to Buy	0.1	1.9	1.9	2.9	4.4	5.7	3.41	4.8	0.40			
MUNICIPAL BOND						Category Averages			0.3	1.0	1.0	6.1	3.8	4.6	1.46	5.5	0.36
434	FSAZX	Arizona Muni Income	0.50%/30d	12.28	OK to Buy	0.6	1.3	1.3	8.0	4.5	5.3	1.60	6.3	0.42			
1534	FCSTX	Calif Limited Term Tax Free ⁶	0.50%/30d	10.75	Buy	0.1	0.6	0.6	2.8	2.0	2.6	0.72	3.0	0.17			
91	FCTFX	California Muni Income	0.50%/30d	13.16	OK to Buy	0.4	1.3	1.3	8.0	5.3	6.1	1.55	6.0	0.41			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.79	OK to Buy	0.4	1.0	1.0	6.5	3.4	4.5	1.69	6.2	0.39			
2578	FCRDX	Conservative Income Muni		10.04	Buy	-0.1	0.1	0.1	0.3	--	--	0.20	0.8	--			
36	FLTXX	Interm Municipal Income	0.50%/30d	10.57	Buy	0.2	0.8	0.8	5.1	3.2	4.1	1.34	4.7	0.29			
404	FSTFX	Limited Term Muni Income ⁷	0.50%/30d	10.69	Buy	-0.1	0.4	0.4	1.8	1.5	2.1	0.67	2.7	0.14			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.53	OK to Buy	0.4	1.2	1.2	6.9	3.5	4.3	1.61	6.5	0.39			
70	FDMMX	Mass Muni Income	0.50%/30d	12.56	OK to Buy	0.4	1.1	1.1	7.8	4.1	5.1	1.78	6.9	0.43			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.36	OK to Buy	0.2	1.1	1.1	7.4	3.9	4.8	1.52	5.5	0.35			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.79	OK to Buy	0.3	0.9	0.9	5.6	3.0	4.2	1.41	5.5	0.32			
37	FHIGX	Municipal Income	0.50%/30d	13.58	Buy	0.3	1.2	1.2	8.0	4.7	5.6	1.73	6.5	0.42			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.01	OK to Buy	0.3	0.5	0.5	6.0	3.5	4.7	1.91	6.7	0.40			
71	FTFMX	New York Muni Income	0.50%/30d	13.61	OK to Buy	0.4	1.2	1.2	7.4	4.1	4.8	1.64	6.6	0.41			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.35	OK to Buy	0.5	1.6	1.6	8.2	4.6	5.2	1.82	7.0	0.43			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.38	OK to Buy	0.5	1.3	1.3	7.1	4.3	5.1	1.70	6.0	0.39			
90	FTABX	Tax-Free Bond	0.50%/30d	11.75	Buy	0.4	1.2	1.2	7.9	4.9	5.6	1.88	6.6	0.43			

Note: Yields on municipal bond and money market funds are not directly comparable to yields on taxable funds. In muni funds your effective yield will be higher as your tax-bracket increases.

TAXABLE MONEY MARKET FUNDS			Total Return (%)		SEC %Yield	MUNICIPAL MONEY MARKET FUNDS			Total Return (%)		SEC %Yield
			Mar	YTD					Mar	YTD	
55	FDRXX	Cash Reserves	0.00	0.00	0.01	457	FSPXX	California AMT Tax-Free	0.00	0.00	0.01
458	SPAXX	Government MM	0.00	0.00	0.01	418	FCMXX	Connecticut Muni MM	0.00	0.00	0.01
454	SPRXX	Money Market	0.00	0.00	0.01	426	FMSXX	Mass AMT Tax-Free	0.00	0.00	0.01
631	FGMXX	Retirement Gov't MM	0.00	0.00	0.01	74	FDMXX	Massachusetts Muni MM	0.00	0.00	0.01
630	FRTXX	Retirement MM	0.00	0.00	0.01	420	FMIXX	Michigan Muni MM	0.00	0.00	0.01
85	FSLXX	Select MM	0.00	0.00	0.01	10	FTEXX	Municipal Money Market	0.00	0.00	0.01
2543	FLTXX	Treasury MM	0.00	0.00	0.01	417	FNJXX	New Jersey Muni MM	0.00	0.00	0.01
415	FDLXX	Treasury Only MM	0.00	0.00	0.01	423	FSJXX	New Jersey AMT Tax-Free	0.00	0.00	0.01
50	FGRXX	U.S. Gov't Reserves	0.00	0.00	0.01	92	FNXX	New York Muni MM	0.00	0.00	0.01
MUNICIPAL MONEY MARKET FUNDS						422	FSNXX	New York AMT Tax-Free	0.00	0.00	0.01
460	FIMXX	AMT Tax-Free Money Fnd	0.00	0.00	0.01	419	FOMXX	Ohio Muni MM	0.00	0.00	0.01
433	FSAXX	Arizona Muni MM	0.00	0.00	0.01	401	FPTXX	Pennsylvania Muni MM	0.00	0.00	0.01
97	FCFX	California Muni MM	0.00	0.00	0.01	275	FMOXX	Tax-Free Money Market	0.00	0.00	0.01

FIDELITY SCORECARD

MARCH 31, 2015

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (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						-0.6	3.8	3.8	11.8	16.8	14.1	1.08
	Annuity Growth Model						-1.3	2.6	2.6	10.5	14.3	12.8	1.07
	Annuity Growth & Income Model						-1.0	1.8	1.8	8.9	10.9	9.7	0.77
	Annuity Income Model						-0.1	1.5	1.5	5.4	4.1	6.1	0.35
9067	FLRQC	Fid VIP Asset Manager	Allocation		18.02	Hold	0.5	4.0	4.0	6.9	9.3	8.6	0.66
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		18.44	Hold	0.6	4.9	4.9	7.6	11.6	10.0	0.89
9069	FJBAC	Fid VIP Balanced	Allocation		19.88	Buy	-0.5	2.1	2.1	10.2	11.2	10.5	0.75
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	23.30	Buy	-0.5	4.1	4.1	14.4	18.1	17.5	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	21.40	Hold	-2.1	2.3	2.3	18.7	15.2	14.2	1.20
9065	FPDFC	Fid VIP Contrafund	Large Growth		21.22	Hold	-0.9	2.4	2.4	12.2	15.0	13.3	1.01
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		17.89	OK to Buy↑	2.6	6.8	6.8	11.4	17.3	16.0	1.35
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		23.36	Buy	-1.0	3.9	3.9	13.4	18.3	15.4	1.05
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.82	Hold	-1.2	2.7	2.7	3.8	2.9	2.1	1.40
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	16.01	Hold	-0.7	1.1	1.1	-14.1	2.3	5.1	1.74
9061	FLOLC	Fid VIP Equity-Income	Large Value		17.23	Hold	-1.4	0.1	0.1	6.1	13.7	12.0	0.96
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.79	Buy	0.0	-0.1	-0.1	9.3	15.3	7.3	1.22
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.14	OK to Buy	0.4	2.1	2.1	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.26	Hold	0.0	1.6	1.6	4.3	4.4	4.7	0.29
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.55	Hold	-0.2	2.5	2.5	6.1	8.2	7.8	0.57
9197	FMPCC	Fid VIP FundsManager 60	Allocation		14.50	Hold	-0.3	2.9	2.9	6.8	9.7	8.8	0.68
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.85	Hold	-0.3	3.3	3.3	6.8	10.7	9.6	0.79
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.81	Hold	-0.5	3.5	3.5	7.3	12.4	10.5	0.94
9062	FMNDC	Fid VIP Growth	Large Growth		20.71	OK to Buy	-0.5	4.5	4.5	11.5	15.7	15.9	1.14
9070	FLFNC	Fid VIP Growth & Income	Large Blend		19.60	Buy	-2.0	0.3	0.3	9.2	15.4	13.8	1.07
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		21.14	Buy	-2.4	2.9	2.9	12.9	15.8	17.2	1.33
9078	FPVDC	Fid VIP Growth Stock	Large Growth		22.48	Buy	-0.6	3.9	3.9	14.8	16.8	16.2	1.09
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		19.23	Buy	0.9	6.5	6.5	19.3	17.2	13.9	1.16
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	37.71	Buy	2.9	11.8	11.8	35.0	35.4	26.6	1.31
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.20	Hold	-0.2	3.1	3.1	1.4	5.9	7.3	0.46
9064	FXLVT	Fid VIP Index 500	Large Blend		19.96	Hold	-1.6	0.9	0.9	12.3	15.7	14.1	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	26.52	Buy	-1.2	1.6	1.6	7.7	15.9	15.0	1.20
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	16.07	Buy	-1.6	4.1	4.1	6.6	11.5	9.4	1.23
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.46	Buy	0.3	1.5	1.5	5.2	3.2	4.5	0.32
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	18.42	Buy	-4.0	0.6	0.6	-2.1	9.2	10.4	1.24
9071	FNBSJ	Fid VIP Mid Cap	Mid Growth		23.04	OK to Buy	1.2	5.2	5.2	9.9	15.1	13.2	1.20
9059	FTNJ	Fid VIP Money Market	Money Mkt		11.36	--	0.0	-0.1	-0.1	-0.3	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	15.07	Hold	-0.8	4.9	4.9	-0.8	9.4	6.7	1.34
9072	FFWKC	Fid VIP Real Estate	Sector		22.06	Hold	1.9	5.6	5.6	24.8	13.9	15.7	1.38
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.52	Buy	0.0	1.7	1.7	2.5	3.9	5.2	0.40
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	25.46	Buy	-0.4	4.3	4.3	12.9	12.5	14.1	1.26
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	13.45	OK to Buy	-2.5	2.5	2.5	5.7	12.8	12.0	1.14
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	22.24	OK to Sell	0.3	-2.8	-2.8	7.1	15.1	14.2	1.25
9079	FKMSC	Fid VIP Value	Mid Value		18.68	Buy	-0.2	2.3	2.3	10.8	16.9	13.7	1.07
9080	FUEBC	Fid VIP Value Leaders	Large Value		15.57	OK to Buy	-0.3	2.4	2.4	13.6	16.3	10.9	1.14
9073	FRBSC	Fid VIP Value Strategies	Mid Value		20.13	OK to Buy	-0.4	4.3	4.3	10.0	16.7	13.6	1.05
9347	FBMEC	Black Rock Global Allocation	Global Allocation		12.14	Hold	-0.7	2.7	2.7	3.9	6.7	6.4	0.70
9349	FTMEC	Franklin Templeton Gobl Bond	Global Bond		11.12	OK to Sell	-0.5	0.2	0.2	1.0	3.6	4.6	0.65
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.26	Hold	0.3	0.6	0.6	2.7	0.9	2.3	0.21
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.56	Hold	-1.3	3.3	3.3	2.3	9.5	6.4	1.19
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.55	Hold	-3.5	-1.9	-1.9	-5.9	-1.2	1.4	1.63
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.66	Hold	0.2	2.1	2.1	1.6	2.1	4.7	0.83
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.90	Hold	-0.9	3.0	3.0	-1.5	0.9	2.0	1.31
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		12.42	Hold	-1.8	0.2	0.2	0.0	7.3	6.2	0.75
9346	FPMEC	Pimco Commodity Real Return	Commodities		6.70	OK to Sell	-5.9	-5.2	-5.2	-28.3	-12.5	-4.0	1.49
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.47	Buy	-0.1	0.8	0.8	0.9	1.6	2.1	0.18
9277	FPNBC	Pimco VIT Real Return	TIPS		12.70	OK to Sell	-0.9	1.7	1.7	2.4	0.5	4.0	0.65
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.82	Hold	0.2	2.1	2.1	5.0	3.5	4.3	0.38

Annuity Sector	
Fund	Allocation
VIP Technology	24%
VIP Materials	16
VIP Cons Discretionary	16
VIP Industrials	15
VIP Health Care	15
VIP Financial Services	14
Total Return:	
Mar: -0.6% YTD: 3.8%	

Annuity Growth	
Fund	Allocation
VIP Growth Stock	24%
VIP Growth Opps	23
VIP Growth & Income	20
VIP Value	19
VIP Dynamic Cap App	14
Total Return:	
Mar: -1.3% YTD: 2.6%	

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	30%
VIP Growth Opps	29
VIP Growth & Income	21
VIP Value	20
Total Return:	
Mar: -1.0% YTD: 1.8%	

Annuity Income	
Fund	Allocation
VIP Balanced	40%
VIP Investment Grade	33
Pimco VIT Low Duration	27
Total Return:	
Mar: -0.1% YTD: 1.5%	

QUESTIONS & ANSWERS

Money Market Changes

Q: In your March newsletter, you state that **Cash Reserves'** shareholders will be asked to convert their prime fund into an "even safer government fund." Two questions:

1. What do you mean by "prime"?
2. Ignoring the fact that yields are practically zero in any case, if Cash Reserves is converted into a government fund, will it then become a federally tax-exempt money market fund, and if not, wouldn't it be better to invest one's non-IRA cash in a federally tax-exempt money market fund if one is going to be stuck with a government fund?

— J.F. via email

A: All these changes are the result of new SEC rules governing money market funds.

A prime fund has the ability to invest in privately-issued (very) short-term securities. The SEC sees this as risky (they're largely alone in that view), and so most prime funds will become institutional products whose NAVs will rise and fall incrementally every day. That's not what most retail investors want, and certainly Cash Reserves' shareholders like yourself wouldn't. So, in becoming a government-only fund (investment universe is largely Treasuries and debt issued by or backed by Fannie Mae, Freddie or Ginnie Mae), the SEC sees this as being an appropriate place for smaller investors, and will therefore allow such funds' NAVs to be priced daily at \$1.00.

As for Cash Reserves becoming federally tax-exempt, the answer is no. As far as we know, Muni MM funds will largely continue to invest as they do now. However, there will also be distinctions made between retail and institutional products (Fidelity is yet to decide that), so the former will also have fixed NAVs and the latter will not. ■

INCOME STRATEGIES

Muni Funds: Lower Your Expectations

A year ago May, we upgraded five nationally diversified muni bond funds a notch to *Buy* from *OK to Buy*. We also upgraded 11 state-specific funds to *OK to Buy* from *Hold*. (The latter, less enthusiastic ratings, reflect our typical preference for safer, more diversified offerings.)

The reasons for our brightened outlook included the fact that state budgets were being repaired through a combination of belt tightening and higher tax receipts. There was also a resolution to Detroit's bankruptcy, while Puerto Rico avoided the same fate because hedge funds bought their new bond issuance — something that many institutional investors couldn't or wouldn't do for themselves.

Another positive: The demand for munis by highly taxed income investors was strong and is unlikely to abate.

Over the past twelve months (we're using a year of data to align with this month's *Scorecard*) several funds, including **Municipal Income** and **Tax-Free Bond**, have delivered double-digit returns. This rivaled many stock funds, and with significantly less risk to boot!

Of course, such returns have not gone unnoticed. For example, Tax-Free Bond saw its assets jump about 28% in 2014, whereas market action (returns) accounted for only about 11 percentage points of that increase.

Action Recommendation

But is the past prologue for muni funds? Probably not. But that doesn't mean you should sell your munis either — just lower your expectations.

While an improving economy (not an overheating one which portends dramatically higher interest rates to stem inflation) is good news for federally tax-free munis, there is the looming concern about rising interest rates.

And, after years of belt-tightening, local governments, states and agencies are turning their attention back to infrastructure improvements. There is also a wave of refinancings to take advantage of still-low rates. This has meant a near-flood of new bond issuance this year that tops anything seen over the past 20 years.

According to one report, nearly \$70 billion had suddenly been issued through March 6 of this year versus about \$38 billion a year ago. Whereas 2014's lack of supply helped propel muni prices upward (and yields down-

ward), 2015's supply will weigh on prices unless, of course, demand commensurately rises.

Bottom line: Muni investors should expect returns this year in line with their bond funds' yield (see table). Anything more than that is a gift. ■

— John Bonnazio

TAX-EQUIVALENT MUNI YIELDS						
	SEC % Yield	Federal Tax Bracket				
		25%	28%	33%	35%	39.6%
Arizona Muni Inc	1.60	2.13	2.22	2.39	2.61	2.83
Calif Ltd-Term T-F	0.72	0.96	1.00	1.07	1.18	1.27
California Muni Inc	1.55	2.07	2.15	2.31	2.53	2.74
Connecticut Muni Inc	1.69	2.25	2.35	2.52	2.76	2.99
Conservative Inc	0.20	0.27	0.28	0.30	0.33	0.35
Interm Municipal Inc	1.34	1.79	1.86	2.00	2.19	2.37
Limited-Term Muni Inc	0.67	0.89	0.93	1.00	1.09	1.18
Maryland Muni Inc	1.61	2.15	2.24	2.40	2.63	2.84
Mass Muni Inc	1.78	2.37	2.47	2.66	2.91	3.14
Michigan Muni Inc	1.52	2.03	2.11	2.27	2.48	2.69
Minnesota Muni Inc	1.41	1.88	1.96	2.10	2.30	2.49
Municipal Inc	1.73	2.31	2.40	2.58	2.83	3.06
New Jersey Muni Inc	1.91	2.55	2.65	2.85	3.12	3.37
New York Muni Inc	1.64	2.19	2.28	2.45	2.68	2.90
Ohio Muni Inc	1.82	2.43	2.53	2.72	2.97	3.22
Pennsylvania Muni Inc	1.70	2.27	2.36	2.54	2.78	3.00
Tax-Free Bond	1.88	2.51	2.61	2.81	3.07	3.32

Top-two brackets add 3.8% for "Affordable Care" tax.

Inside Fidelity

Manager Changes — On May 1, Jay Small will become co-manager (along with Brandon Beckencourt) on Fidelity’s passively managed bond funds. Jay succeeds Alan Bembenek who’s retiring.

While most stock index funds essentially run on auto-pilot (meaning that the manager and his or her computers merely mimic an index’s holdings), bond index funds actually require more skill. Thus a management change warrants our notice.

An example of the challenge: **Spartan U.S. Bond Index** (an investment-grade, intermediate-term proxy for the US taxable bond market) has a sizable 1,400 or so fixed-

income holdings. However, the Barclays US Aggregate bond benchmark has a staggering 8,200 holdings!

How does the fund produce index-like returns?

With bonds constantly maturing, becoming illiquid (not traded), and assets flowing into and out of the fund, it’s actually not easy. But the managers’ strategy, says Fidelity, is to use “statistical sampling techniques based on duration, maturity, interest rate sensitivity, security structure and credit quality to replicate the returns of the index using a smaller number of securities.”

The five index funds affected include: **Spartan U.S. Bond Index, Spartan Inflation-Protected Bond Index, Spartan Short-Term Treas-**

ury Bond Index, Spartan Intermediate Treasury Bond Index and Spartan Long-Term Treasury Bond Index.

No rating changes are advised.

Tax Filing— If you’re just learning about this now (after all, personal income taxes are due in two weeks!), final 2014 capital gains and income-per-share information for Fidelity funds are available on their website. Unfortunately the URL (link) to take you to their “Tax Matrix” is a mile long, so the shortest path we’ve found from their homepage is this: Click the “Guidance and Retirement” button, then “Taxes,” then “Fidelity Mutual Fund Tax Information,” and lastly, “Year-End Distributions ...” ■

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 Ltd Term Tax Free, CA Muni Inc, 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 Intern 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
Equity-Inc	3/13	1.767	57.18
Mid Cap Value	3/13	0.185	24.78
NY Municipal Inc	3/13	0.004	13.53
Real Estate Inc	3/6	0.012	11.74
Spt R Estate Indx	3/6	0.029	14.67
Stk Sel Large Cap	3/13	0.003	17.04

FIDELITY LAUNCHES IRA “MATCH” PROGRAM

As you’re reading this newsletter, there’s a very good chance that you already have a brokerage IRA account at Fidelity. But if you don’t, or if a family member doesn’t, Fidelity has a new, innovative (and costly to them!) way to encourage you to tether your retirement funds to them.

With a maximum “reward” amount of \$1,950 over a three-year rolling period, Fidelity is offering to match up to 10% of your annual IRA contributions (your new contributions — not your balance), much the same way many employers do.

“To be eligible to receive the IRA Match Bonus,” says Fidelity, “you must either designate an existing eligible Fidelity brokerage IRA or open a new eligible [account] during the qualification period.”

Here are the details of the offer:

Qualifying transfer	\$10K	\$50K	\$100K	\$250K	\$500K
Match rate	1%	1.5%	2.5%	5%	10%

Let’s say your initial deposit is \$500k. That qualifies you for the maximum match rate of 10%. And if your contribution that year is \$6,500 (the maximum IRS “catch-up” amount for those over age 50), Fidelity’s match is \$650. If in the course of the next two years you contribute \$4,000 then \$3,000, your respective matches are \$400 and \$300, respectively.

By the way, Fidelity’s prorated match does not count towards your annual contribution, however, come the time of withdrawal, the IRS will consider it earned interest.

Finally, should you be wondering if Fidelity’s up to the task of managing your retirement assets, 62% of all their fund assets under management (over \$1 trillion!) are held in retirement accounts. ■ — *John Bonnanzio*

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