

FIDELITY MONITOR & INSIGHT

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MESSAGE FROM JACK

The Case For Smaller Stocks

Large-cap growth stocks have stolen the show over the last five years. Weak economic growth, falling energy costs, advancing technology and low cost of capital were the main contributing factors. Also reinforcing the trend was a tidal wave of capital moving from actively managed funds into passive large-cap index vehicles that track the S&P 500 and the Nasdaq Composite.



Jack Bowers

Now a shift in stock leadership may be in the works, prompting a few rating changes and trades (see pages 3 & 5). The domestic economy is benefiting from increased consumer spending, oil prices are settling into a range of \$30-40 a barrel, and consolidation among growth companies has pretty much run its course. A modest credit-crunch has taken hold, making venture capital downright scarce. Conditions like this might normally allow value stocks to assume market leadership, but this time around the better opportunity may be in smaller stocks, which have been beaten down by “index mania” and are now anything but expensive.

Let’s compare valuations. The stocks in the S&P 500 (mostly large-caps) have a projected 3-year earnings growth rate of 11.4%. The Extended Market (mostly mid-caps and small-caps) are projected at 12.3%. You would expect the forward P/E ratio for the S&P 500 to be slightly lower than the Extended Market, and in fact it is: 16.6 versus 17.5. But here’s the interesting part. The price-to-cashflow ratio for the S&P 500 is 9.2, versus 6.6 for the Extended Market. And the Price-to-Sales ratio for the S&P 500 is 1.7, versus only 1.1 for the Extended Market.

In his book, *What Works on Wall Street*, James O’Shaughnessey called the Price-to-Sales ratio the “King of the Value Factors,” and used a threshold of 1.0 to screen for cheap stocks. Given that many smaller stocks are now downright cheap, the odds of outperforming the S&P 500 with actively managed portfolios — especially those focused on smaller stocks — may be much higher than usual over the next three years. And as smaller-stock earnings are more closely tied to the U.S. economy, the risk of earnings disappointments may be lower than large-caps.

Jack

MARKET OUTLOOK

Stocks Back In Black ... Now What?

Last month, I argued that the market was pricing in a much greater chance of a recession than was likely, and that stocks were oversold. Since bottoming on February 11, the S&P 500 has rallied 12.6% (excluding dividends). But, as impressive as that rally has been, that has only managed to get the market back into the black with a year-to-date return of 1.3%.



John M. Boyd

The question now is where do we go from here? Well, let’s take a look at the two main factors behind the recent rally and whether or not they are likely to support continued gains in stocks.

First, oil prices finally found a bottom and even rebounded back to near \$40 today. This led to a surge in short covering which boosted energy shares over 11% in March. It also eased fears of a wave of defaults on energy-related loans held by U.S. banks which aided high-yield bonds and stocks of all stripes. The short covering is a one-time boost. But if oil prices stay around this level, that could continue to provide some “fuel” for the market. Earnings from energy firms should improve some, while at the same time consumers will still enjoy savings at the gas pump, which could lead to higher spending elsewhere.

Second, the Fed not only stood pat at their March meeting, they also lowered their future guidance to only two rate hikes this year down from the four they had suggested in December. However, the market had already been “pricing in” only two hikes, so this was just a confirmation of that view, and unlikely to provide a continuing lift to stocks.

At this point then, for the market to make significant headway going forward, we will need to see some improvement in the economy and/or corporate earnings.

A Two Steps Forward, One Step Back Economy

The good news: GDP for the fourth quarter of 2015 was recently revised up to 1.4% from 1.0%. The bad news: The Atlanta Fed’s GDPNow forecast for the first quarter of 2016 has dropped from the 2.5% I mentioned last month, to just 0.6% today. That’s how it’s been for our economy for years now: growth in fits and starts, without any sustained momentum, and unable to break out of an average

MODEL PORTFOLIOS See Model Portfolios Key on p. 3

MARCH 31, 2016

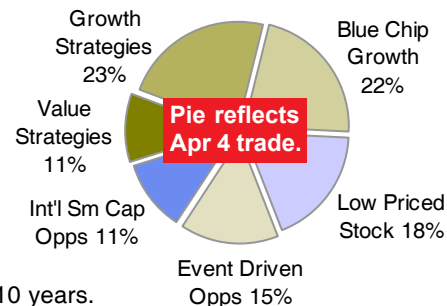
Unique Opportunities Target Risk: 1.20 (Current: 1.00) Foreign Holdings: 22.4% **YTD Return: -2.1%**

Stocks: 95.6% Bonds: 0.4% Cash: 3.7% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$65.78	1,976.30	\$130,001	6.3%
Growth Strategies	FDEGX	33.10	2,877.05	95,230	5.3
Event Driven Opps	FARNX	10.83	8,394.85	90,916	4.2
Int'l Sm Cap Opps	FSCOX	14.91	2,957.94	44,103	6.5
Value Strategies	FSLSX	41.31	1,033.46	42,692	8.5

Current Value (3/31/99 = \$100,000) **\$402,943** **5.8%**

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



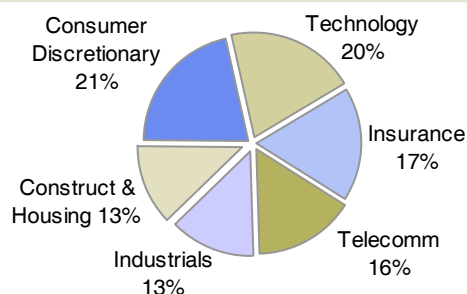
Select Target Risk: 1.20 (Current: 1.06) Foreign Holdings: 11.4% **YTD Return: 2.0%**

Stocks: 97.6% Bonds: 0.0% Cash: 2.4% Alternatives: 0.0% Yield: 0.1%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Consumer Discretionary	FSCPX	\$34.32	18,204.32	\$624,772	6.0%
Technology	FSPTX	117.21	4,926.36	577,419	8.8
Insurance	FSPCX	67.65	7,315.37	494,885	7.1
Telecommunications	FSTCX	66.41	6,798.41	451,482	6.1
Industrials	FCYIX	30.24	12,295.15	371,805	7.6
Construction & Housing	FSHOX	58.82	6,134.36	360,823	10.7

Current Value (12/31/88 = \$100,000) **\$2,881,187** **7.5%**

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



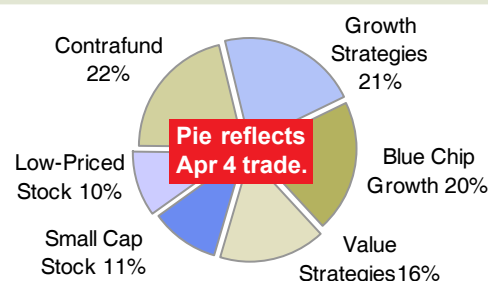
Growth Target Risk: 1.00 (Current: 1.03) Foreign Holdings: 13.0% **YTD Return: -1.9%**

Stocks: 96.0% Bonds: 0.8% Cash: 3.3% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$65.78	9,248.37	\$608,358	6.3%
Growth Strategies	FDEGX	33.10	13,035.84	431,486	5.3
Contrafund	FCNTX	96.66	4,475.56	432,607	5.6
Value Strategies	FSLSX	41.31	7,878.88	325,477	8.5
Small Cap Stock	FSLCX	17.47	12,208.44	213,281	6.9

Current Value (12/31/86 = \$100,000) **\$2,011,209** **6.3%**

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



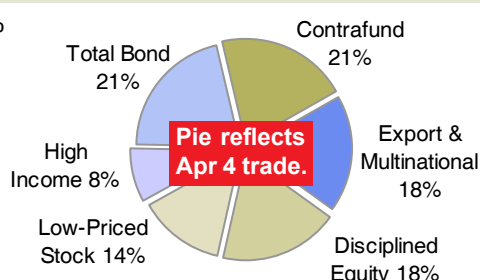
Growth & Income Target Risk: 0.66 (Current: 0.72) Foreign Holdings: 12.6% **YTD Return: 0.5%**

Stocks: 66.2% Bonds: 18.2% Cash: 4.6% Alternatives: 11.0% Yield: 1.8%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Total Bond	FTBFX	\$10.51	11,222.40	\$117,947	2.1%
Contrafund	FCNTX	96.66	1,154.98	111,641	5.6
Export & Multinational	FEPX	20.74	4,700.70	97,492	5.9
Disciplined Equity	FDEQX	31.90	3,051.12	97,331	6.6
Blue Chip Growth	FBGRX	65.78	1,130.47	74,362	6.3
Corporate Bond	FCBFX	11.19	4,041.29	45,222	3.1

Current Value (12/31/93 = \$100,000) **\$543,995** **4.9%**

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



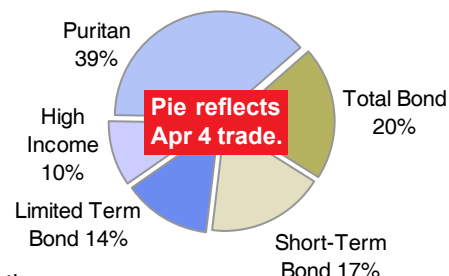
Income Target Risk: 0.33 (Current: 0.37) Foreign Holdings: 13.6% **YTD Return: 0.9%**

Stocks: 25.2% Bonds: 56.9% Cash: 2.5% Alternatives: 15.4% Yield: 2.5%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Puritan	FPURX	\$20.17	6,932.17	\$139,822	4.5%
Total Bond	FTBFX	10.51	10,347.38	108,751	2.1
Short-Term Bond	FSHBX	8.61	7,196.91	61,965	0.4
Limited Term Bond	FJRLX	11.49	4,247.42	48,803	1.0

Current Value (12/31/91 = \$100,000) **\$359,341** **2.6%**

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



Market Outlook *cont'd from page 1*

annual growth rate of 2.0%. That is unlikely to change in the near term.

Earnings Remain Weak

Don't expect to see much help for stocks from earnings in the near term either. Through the last quarter of 2015, trailing 12-month earnings have declined for three straight quarters. That is forecasted to continue through the first half of 2016. Then earnings are expected to grow again: 5% in the third quarter and 18% in the fourth. But estimates for 2016 have been coming down steadily, so that is no guarantee. One thing in earnings' "favor," however, is that the third and fourth quarters of 2015 were especially weak so the comparisons for this year will be easier. To that point, one of the factors that made 2015's earnings so weak was the strength of the dollar, which hurt firms that derive a lot of their sales from overseas. During 2014 and '15, the dollar rose 22% versus a basket of foreign currencies. But so far this year, the dollar has declined about 4%, so the headwind on earnings from the dollar is declining.

A Bunny Market?

Given that backdrop, stocks may have a tough time sustaining this rally for any length of time. More likely, we should expect to see volatility rise and the market go through rallies and slumps while making only modest headway. James Paulsen of Wells Capital Management even has a name for this: a bunny market.

In a bunny market, Paulsen says that value should do better than growth and small- and mid-cap stocks should outperform larger ones. Our trades this month reflect that view, because as Jack points out in his *Message*, small-cap stocks are far more attractively valued than large caps. ■

— John M. Boyd

FUNDS YOU SHOULD BUY NOW

Growth: For large-cap exposure ... **Blue Chip Growth** and **Growth Co** are aggressive options. **Contrafund** and **Disciplined Equity** are more conservative. **Growth Strategies** (see p. 4) and **Value Strategies** provide mid-cap exposure; **Low-Priced Stock** also does (see p. 12), but with less risk. **Event Driven Opportunities** and **Small Cap Stock** are smaller-cap choices that enhance portfolio diversification.

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

Foreign: Int'l Small Cap Opportunities is a mid-cap growth fund (mostly) in the developed markets. **Overseas** offers large-cap exposure to the same.

High-Yield Bond: **High Income's** yield compensates for its higher risk.

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

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

MODEL PORTFOLIO TRADES

As announced on our April 1 Hotline, on Monday April 4 we will make the following Model Portfolio trades. (See pgs 2 and 10 for composition of models post-trade.)

Unique Opportunities Model:

We will sell one-third of **Blue Chip Growth** [ticker: FBGRX] and one-third of **Event Driven Opportunities** [ticker: FARNX]. With the proceeds of both sales we will buy **Low-Priced Stock** [ticker: FLPSX].

Growth Model:

We will sell one-third of **Blue Chip Growth** [ticker: FBGRX] and with the proceeds buy **Low-Priced Stock** [ticker: FLPSX].

Growth & Income Model:

We will sell all of **Blue Chip Growth** [ticker: FBGRX] and with the proceeds buy **Low-Priced Stock** [ticker: FLPSX]. In addition, we will sell all of **Corporate Bond** [ticker: FCBFX] and with the proceeds buy **High Income** [ticker: SPHIX].

Income Model:

We will sell one-third of **Total Bond** [ticker: FTBFX] and with the proceeds buy **High Income** [ticker: SPHIX].

Annuity Growth Model:

We will sell one-third of **VIP Growth Opportunities** [ticker: FIDPC] and with the proceeds buy **VIP Value** [ticker: FKMSC].

Annuity Growth & Income Model:

We will sell one-quarter of **VIP Investment Grade Bond** [ticker: FTLKC] and with the proceeds buy **VIP High Income** [ticker: FBBLC]. In addition, we will sell one-third of **VIP Growth Opportunities** [ticker: FIDPC] and buy **VIP Value** [ticker: FKMSC].

Annuity Income Model

We will sell one-third of **VIP Investment Grade Bond** [ticker: FTLKC] and with the proceeds buy **VIP High Income** [ticker: FBBLC].

Trade Rationales: We are trimming our overall equity risk by reducing exposure to large-cap growth stocks, while boosting our exposure to smaller stocks that tilt more towards value. Bond-wise, we're taking on a bit more risk to boost the income stream and potentially take advantage of a capital gain opportunity that may rival that of stocks over the next year or two.

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.

GROWTH STRATEGIES

Quest For Value & Quality Paying Off

In August of 2013, Jean Park was rewarded by her bosses at Fidelity for her management of two Select funds. Her prize? Responsibility for refashioning and otherwise improving **Growth Strategies**, where a make-over was long-overdue. Indeed, the last time the fund had surpassed its Russell Midcap Growth benchmark was in 2007.

At first glance, it appeared to us that the fund's turnaround had quickly unfolded under Jean. But what really caught our attention was its declining risk. (We use a 3-year relative volatility, so such declines typically take some time to detect.) And though the fund's initial turnover was elevated because of repositioning, soon, that also declined.

Our deeper dive into the new manager's investment process revealed a stockpicker who likes companies with a proven record of earnings growth, but whose shares sell at a reasonable price.

Jean's first "screen" in her investment process is finding companies generating strong free cash flow (FCF). FCF signals that a balance sheet may be so strong that the company has the capital to fund its growth organically — if it chooses, with little or no debt. If Jean can identify such companies that are selling cheap relative to their market averages and/or their peers, she believes the stock has a good chance of outperforming over time.

Clearly she's on to something!

After almost three years on Growth Strategies, Jean has often outpaced both her benchmark and the fund's peers in up and down markets alike.

Notes Jean in a recent fund filing, "I was especially pleased that the fund outperformed in this volatile market

because normally I expect my strategy of buying high-quality stocks at reasonable prices to drive outperformance mainly in downtrending markets, so it was gratifying to deliver outperformance in both up and down markets."

In 2015, the fund's agility was evident as it outperformed 91% of all mid-cap offerings; over the past three calendar years (most of that record belongs to her), Growth Strategies is ahead of all but 4% of its industry peers.

During Jean's tenure (August 2013 to March 31, 2016), her stockpicking prowess has generated a total return of 31.5% versus just 25.2% for her benchmark.

Because she makes few sizable sector bets (see table), most of the fund's excess return over its benchmark has been the

result of smart stock selection. Last year, for example, 426 basis points (4.26 percentage points) of outperformance were attributable to stock

selection versus 16 basis points for sector bets.

That said, if Jean sees a valuation play in a sector she'll reach for it. Right now the fund has a five percentage point overweight in tech (Jean told us last month that "the pullback in tech created good valuations"), which served the fund especially well last year. And, until very recently, had an even bigger bet in industrials. (This shows her willingness to trade as the market presents new opportunities.)

Action Recommendation

Growth Strategies has been held in our *Unique Opportunities Model* since November 2014 and it appeared in our *Growth Model* in January 2015. Suffice it to say, we've been very pleased with its performance, and continue to rate it *Buy*. ■

— John Bonnanzio

TOP HOLDINGS (2/29/16)

O'Reilly Automotive	2.6%
AutoZone	2.5
Intuit	2.5
Electronic Arts	2.4
Total System Services	2.3
Broadcom	2.2
Equifax	2.2
Wyndham Worldwide	2.1
AmerisourceBergen	1.9
Kroger	1.9
Total	21.8%

SECTOR ALLOCATIONS¹

	Fund	Index ²
Info Technology	23.8%	19.0%
Consumer Disc	23.3	25.1
Industrials	15.4	16.2
Health Care	15.3	12.7
Financials	9.0	11.9
Consumer Staples	7.5	9.0
Materials	3.8	5.0
Energy	0.8	0.7
Telecom Services	0.0	0.4
Utilities	0.0	0.1

¹As of 2/29/16; ²Russell Midcap Growth Index

Taxes: One More "Plus"

While Jean says that her fund "is not specifically designed as a tax-efficient investment vehicle," she is "very conscious" as to how tax efficiency can benefit shareholders.



Jean Park

"Each week, I receive a tax/loss report for the fund," she says. "It tells me how long I've held positions, which have produced a gain, and how close those gains are to being deemed 'long-term,' a designation that makes them taxable at a much lower rate than that applied to short-term gains. I take this information into consideration when preparing to sell a stock, and I may decide to hang on to a position until any related profits can be classified as long-term gains for tax purposes. Most of my position sales fall into this category. The portfolio's turnover rate is relatively low [40%] — which gives me the opportunity to accrue so-called capital-loss carryforwards that can later be used to offset gains for tax purposes."

Ideally, she says that she likes to hold positions for at least a year. "But even though I buy with the intention of holding a stock longer-term, that is not always in the fund's best interests."

"Trying to be smart about taxes is one of the many strategies that I employ on behalf of shareholders as I attempt to generate outperformance over the full market cycle." ■

FUND COMMENTARY

Stocks Recover; Bonds Also Advance

In a continuation of what started to occur in mid-February with the firming of oil prices, stocks trended higher in March. In fact, last month's robust gains were enough to push the large-cap S&P 500 and



John Bonnanzio

Dow Jones Industrials back into positive territory for the year. (They soared 6.8% and 7.3%, respectively, in March.)

And, while the Nasdaq Composite and Russell 2000 enjoyed similarly large gains last month (of 6.9% and 7.9%, respectively), steep declines in January and February still have those benchmarks in the red for the year (down 2.4% and 1.6% respectively). Conversely, the S&P 500 has risen a modest 1.3% through the first quarter whereas the Dow Industrials gained 2.2%.

As noted in *Market Outlook*, oil and jawboning by the Fed's Janet Yellen get much of the credit for the equity rebound. Indeed, not even the March 22 bombings in Brussels were enough to rattle investors' heretofore weak confidence in global equities. To that end, emerging market stocks enjoyed a big bounce in March, as did European and Japanese share prices.

Stock Funds

Across all investment styles, the average actively run Fidelity stock fund surged 6.6% in March.

Market-cap-wise, there weren't significant differences among fund returns, though mid-caps held the edge partly because of **Leveraged Company Stock's** 8.9% surge. However, top-performers included a mix of market-cap offerings. For example, even with its \$110 billion market cap (the highest at Fidelity) **Mega Cap Stock** (up 6.9%) enjoyed the same return as **Small Cap Stock** (up 6.9%) whose market cap is just \$2.5 billion.

In fact, a more important perfor-

mance driver last month was sector allocation. Value/blend funds typically fared a bit better than their growthier counterparts. Why? Because value funds tend to hold more energy and economically sensitive cyclicals, whereas growth funds hold more biotech. But again, value's overall "edge" was very modest.

Turning to Fidelity's biggest equity funds, **Contra** rose 5.6% in March, **Low-Priced Stock** and **Growth Company** advanced 5.9% and 6.8%, respectively, **Blue Chip Growth** gained 6.3% and **Magellan** rose 6.4%.

Select Funds

Energy-related funds were last month's leading sector performers. **Natural Gas** topped all others with its gain of 18.5%. **Technology** (up 8.8%) also rebounded in March, and certain areas therein performed even better: **Computers** rose 10.4% and the chip makers held by **Electronics** scored a gain of 9.0%.

As for laggards, **Biotech** gained 4.2%, **Health Care** rose 1.2% and **Pharmaceuticals** slipped 0.1%.

International Funds

Fidelity's largest foreign stock fund, **Diversified Int'l**, jumped 6.0% in March, benefiting from its exposures in the developed and emerging markets. Similarly, **Total Int'l Equity** jumped 6.9%. A rebound in commodity prices helped propel the **Latin America and Emerging Europe, MidEast, Africa** funds to gains of 15.0% and 13.5%, respectively. That said, resource-poor **Japan** managed a gain of 5.7%.

Fixed Income

Drawing strength from equities, high-yield bonds rebounded in March: **High Income** gained 4.7%. At the same time, other fixed-income investors anticipated a continuation of low interest rates and below-average inflation. So even as the 10-year Treasury yield backed up slightly to 1.77% from 1.74% a month earlier, credit-challenged **Corporate Bond** (up 3.1%) enjoyed strong gains, whereas **Spartan Intermediate Treasury Index** was flat (up 0.1%). ■

— John Bonnanzio

APRIL SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Equity-Div Income	H	B	↑	Lower P/E stocks gaining investor appeal.
Equity-Income	H	B	↑	Lower P/E stocks gaining investor appeal.
Global Commod Stk	S	S	↑	Oil and other commodities finding price equilibrium.
Global High Income	H	B	↑	Firming commodities have lessened default risk.
High Income	B	B	↑	Firming commodities have lessened default risk.
Internat'l Small Cap	B	B	↑	Have grown more comfortable with fund exposures.
Lar Cap Val Enh Idx	H	B	↑	Lower P/E stocks gaining investor appeal.
MSCI Healthcare	H	S	↓	Regulations & downward price pressures increasing.
Nasdaq Comp Idx	B	H	↓	Risk-reward now less attractive.
OTC	B	H	↓	Risk-reward now less attractive.
Pimco Commod RR	S	S	↑	Oil and other commodities finding price equilibrium.
Sel Energy Service	S	S	↑	Worst appears over; oil in reasonable trading range.
Sel Health Care	H	S	↓	Regulations & downward price pressures increasing.
Sel Natural Gas	S	S	↑	Worst appears over; gas in reasonable trading range.
Stk Sel L-C Value	H	B	↑	Lower P/E stocks gaining investor appeal.
Value	B	B	↑	Lower P/E stocks gaining investor appeal.
VIP Equity-Income	H	B	↑	Lower P/E stocks gaining investor appeal.
VIP Health Care	H	S	↓	Regulations & downward price pressures increasing.
VIP High Income	B	B	↑	Firming commodities have lessened default risk.
VIP Value	B	B	↑	Lower P/E stocks gaining investor appeal.

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, 2016

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		2059.7		6.8	1.3	1.3	1.8	11.8	11.6	7.0	1.00			
		Nasdaq Composite		4869.9		6.9	-2.4	-2.4	0.5	15.6	13.2	8.7	1.19			
		Dow Jones Industrials		17685.1		7.3	2.2	2.2	2.1	9.3	10.3	7.5	1.02			
		Russell 2000 (Small Caps)		1114.0		7.9	-1.6	-1.6	-4.4	6.8	7.2	5.2	1.35			
		Barclays Aggregate Bond*				0.9	3.0	3.0	1.9	2.3	3.6	4.5	0.28			
Model Portfolios		Unique Opportunities				5.8	-2.1	-2.1	-4.9	8.5	7.8	5.5	1.00			
		Select Growth				7.5	2.0	2.0	-2.3	12.6	11.6	7.7	1.06			
		Growth & Income				6.3	-1.9	-1.9	-4.0	8.5	8.1	5.2	1.03			
		Income				4.9	0.5	0.5	-0.9	8.1	7.6	5.2	0.72			
												Rel Vol (Risk) ¹	Assets (\$Mil)			
LARGE CAP GROWTH						Category Averages			6.3	-3.2	-3.2	-3.4	12.0	10.4	1.15	
312	FBGRX	Blue Chip Growth		65.78	Buy	6.3	-4.6	-4.6	-3.9	14.2	12.0	1.17	\$14,544			
307	FDCAX	Capital Appreciation		31.66	Hold	5.9	-2.3	-2.3	-4.6	10.7	11.2	1.13	5,312			
22	FCNTX	Contrafund		96.66	Buy	5.6	-1.6	-1.6	0.7	12.2	11.2	0.99	76,127			
3	FFIDX	Fidelity Fund		41.18	Hold	5.7	-2.0	-2.0	-2.0	10.4	9.4	1.04	3,769			
333	FTQGX	Focused Stock		17.92	Hold	6.6	-0.3	-0.3	-3.5	9.8	9.6	1.16	1,730			
25	FDGRX	Growth Company (Closed)		128.72	Buy	6.8	-5.7	-5.7	-3.1	13.9	12.0	1.27	21,661			
339	FDSVX	Growth Discovery		24.18	OK to Buy	5.0	-4.3	-4.3	-2.1	12.9	10.6	1.09	1,026			
73	FDFFX	Independence		33.67	OK to Sell	6.4	-6.4	-6.4	-12.2	10.0	8.0	1.35	3,447			
21	FMAGX	Magellan		87.52	Buy	6.4	-2.1	-2.1	-1.0	12.9	9.2	1.10	12,954			
300	FMILX	New Millennium		33.53	OK to Sell	7.6	0.7	0.7	-3.9	8.7	9.5	1.06	2,989			
93	FOCPX	OTC		76.16	Hold	7.1	-8.7	-8.7	-3.4	17.3	11.8	1.46	9,124			
320	FDSX	Stock Selector All Cap		33.19	Hold	6.7	-1.0	-1.0	-4.5	10.3	9.2	1.06	5,417			
5	FTRNX	Trend		81.85	OK to Buy	5.9	-2.7	-2.7	-1.5	13.1	11.2	1.10	1,416			
LARGE CAP BLEND						Category Averages			6.6	0.2	0.2	-2.2	10.0	9.9	1.05	
315	FDEQX	Disciplined Equity		31.90	Buy	6.6	0.6	0.6	-1.8	11.3	10.2	1.02	1,360			
330	FDGFX	Dividend Growth		30.31	OK to Buy	5.7	0.1	0.1	-1.7	10.2	8.4	1.00	5,847			
332	FEXPX	Export and Multinational	0.75%/30d	20.74	Buy	5.9	2.9	2.9	1.0	9.5	8.8	0.93	1,692			
27	FGRIX	Growth & Income		28.80	Hold	6.9	-0.4	-0.4	-3.0	9.0	10.6	1.09	5,393			
338	FLCSX	Large Cap Stock		25.83	Hold	7.6	-1.2	-1.2	-5.3	9.8	10.6	1.15	2,536			
361	FGRTX	Mega Cap Stock		15.47	Hold	6.9	-1.0	-1.0	-2.1	9.9	11.1	1.11	3,055			
LARGE CAP VALUE						Category Averages			6.3	1.5	1.5	-2.4	9.4	8.9	0.95	
1271	FBCVX	Blue Chip Value		15.81	OK to Buy	6.0	0.8	0.8	-3.6	10.4	8.4	0.98	513			
319	FEQTX	Equity Dividend Income		24.97	OK to Buy	6.3	1.7	1.7	-1.1	8.6	8.4	0.95	4,759			
23	FEQIX	Equity-Income		51.41	OK to Buy	6.8	1.9	1.9	-1.9	7.2	7.5	0.94	6,115			
708	FSLVX	Stock Sel Large Cap Value		16.65	OK to Buy	6.7	2.3	2.3	-2.1	9.5	10.1	0.95	697			
832	FVDFX	Value Discovery		23.32	OK to Buy	5.8	1.0	1.0	-3.3	11.2	10.3	0.95	1,621			
MID-CAP GROWTH						Category Averages			7.0	0.4	0.4	-5.7	10.0	9.1	1.06	
324	FDEGX	Growth Strategies	1.50%/90d	33.10	Buy	5.3	-0.5	-0.5	-3.7	12.9	9.2	1.02	2,365			
337	FMCSX	Mid-Cap Stock	0.75%/30d	33.39	Hold	8.1	2.0	2.0	-5.3	9.2	9.1	1.06	5,073			
2412	FSSMX	Stock Selector Mid Cap		31.56	Hold	7.7	-0.4	-0.4	-8.0	8.0	8.9	1.11	310			
MID-CAP BLEND						Category Averages			8.9	-2.3	-2.3	-11.9	5.2	6.9	1.24	
122	FLVCX	Leveraged Company Stock	1.50%/90d	38.88	Hold	8.9	-2.3	-2.3	-11.9	5.2	6.9	1.24	2,947			
MID-CAP VALUE						Category Averages			7.5	1.0	1.0	-5.4	8.9	9.5	1.05	
316	FLPSX	Low-Priced Stock	1.50%/90d	48.22	Buy	5.9	1.0	1.0	-1.3	9.6	10.1	0.89	28,100			
762	FSMVX	Mid Cap Value	0.75%/30d	22.52	OK to Buy	7.3	0.8	0.8	-6.2	10.2	10.6	1.06	2,496			
39	FDVLX	Value		98.32	Buy	8.5	2.7	2.7	-6.9	9.0	9.3	1.12	7,023			
14	FSLSX	Value Strategies		41.31	Buy	8.5	-0.5	-0.5	-7.2	6.9	7.9	1.12	630			
SMALL CAP GROWTH						Category Averages			6.0	-5.5	-5.5	-8.0	9.4	8.9	1.30	
1388	FCPGX	Small Cap Growth	1.50%/90d	17.68	Buy	6.0	-5.5	-5.5	-8.0	9.4	8.9	1.30	1,485			
SMALL CAP BLEND						Category Averages			6.7	0.4	0.4	-4.8	8.2	7.5	1.20	
2624	FARNX	Event Driven Opportunities		10.83	Buy	4.2	-1.6	-1.6	-4.3	--	--	--	185			
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	27.38	OK to Buy	7.9	3.6	3.6	-4.6	7.5	10.6	1.21	5,279			
340	FSLCX	Small Cap Stock	2.00%/90d	17.47	Buy	6.9	0.6	0.6	-3.8	9.4	5.1	1.15	1,966			
336	FDSCX	Stock Selector Small Cap	1.50%/90d	22.80	OK to Buy	7.6	-1.1	-1.1	-6.4	7.6	7.0	1.24	1,343			
SMALL CAP VALUE						Category Averages			5.9	3.8	3.8	-0.1	8.6	10.3	1.13	
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	17.37	OK to Buy	5.9	3.8	3.8	-0.1	8.6	10.3	1.13	2,320			

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 Cash Reserves. ⁶ Formerly Retirement Money Market. ⁷ Formerly Select Medical Delivery. ⁸ Formerly Select Software and Computer Services. ⁹ Formerly VIP Money Market. ¹⁰ Formerly Tax-Free MM. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

MARCH 31, 2016

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		21.24	Buy	4.9	0.1	0.1	-1.7	8.1	8.1	0.73	\$19,950
308	FCV SX	Convertible Securities		25.92	Hold	5.8	-2.0	-2.0	-12.2	3.7	4.1	0.94	1,570
334	FGBLX	Global Balanced	1.00%/30d	22.33	Hold	5.3	1.5	1.5	-1.2	3.8	4.0	0.72	434
2120	FFGCX	Global Commodity Stock	1.00%/30d	9.43	OK to Sell↑	9.9	7.3	7.3	-19.5	-11.3	-10.9	1.65	159
1960	FDYSX	Global Strategies		8.54	Hold	4.9	1.7	1.7	-1.3	3.2	3.2	0.67	89
1368	FIREX	International Real Estate	1.50%/90d	10.20	OK to Sell	9.0	1.8	1.8	-2.0	4.7	6.7	1.12	337
4	FPURX	Puritan		20.17	Buy	4.5	-0.8	-0.8	-1.6	8.4	8.0	0.74	19,314
833	FRIFX	Real Estate Income	0.75%/90d	11.54	OK to Buy	4.4	3.0	3.0	2.2	5.1	8.0	0.51	2,564
303	FRESX	Real Estate Investment	0.75%/90d	43.08	Hold	10.5	6.2	6.2	7.7	11.4	12.3	1.38	4,822
1329	FSDIX	Strategic Dividend & Income		14.05	Hold	6.0	3.3	3.3	1.1	7.8	9.6	0.72	2,801
1505	FSRRX	Strategic Real Return	0.75%/60d	8.44	OK to Sell	3.8	2.6	2.6	-5.2	-2.7	-0.0	0.45	493
311	FIUX	Telecom & Utilities		24.48	Hold	7.8	11.9	11.9	5.4	9.5	11.0	1.00	1,009
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		12.88	Hold	2.5	1.7	1.7	-0.3	2.9	3.7	0.31	4,639
1957	FTANX	Asset Manager 30%		10.24	Hold	3.1	1.6	1.6	-0.8	3.7	4.4	0.40	864
1958	FFANX	Asset Manager 40%		10.51	Hold	3.8	1.4	1.4	-1.3	4.5	5.0	0.50	983
314	FASMX	Asset Manager 50%		16.21	Hold	4.3	1.1	1.1	-2.0	5.1	5.4	0.60	7,415
1959	FSANX	Asset Manager 60%		10.64	Hold	4.8	0.7	0.7	-2.6	5.7	5.7	0.69	1,353
321	FASGX	Asset Manager 70%		18.64	Hold	5.4	0.3	0.3	-3.3	6.2	6.0	0.79	3,909
347	FAMRX	Asset Manager 85%		15.52	Hold	6.1	-0.3	-0.3	-4.2	7.2	6.5	0.93	1,413
EQUITY INDEX													
355	FFNOX	Four-in-One Index		36.31	Hold	6.0	0.4	0.4	-2.1	7.5	7.7	0.88	4,275
2010	FIENX	International Enhanced Index	1.00%/30d	7.91	Hold	6.6	-2.8	-2.8	-7.0	3.7	3.4	1.17	164
1827	FLC EX	Large Cap Core Enhcd Index		11.61	OK to Buy	6.5	1.2	1.2	-0.2	11.6	11.6	1.00	452
1829	FLG EX	Lrge Cap Growth Enhcd Index		14.77	OK to Buy	6.6	1.4	1.4	1.5	13.5	12.3	1.02	513
1828	FLV EX	Large Cap Value Enhcd Index		10.62	OK to Buy↑	6.8	1.1	1.1	-2.1	9.9	10.9	1.00	1,710
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	12.84	OK to Buy	7.2	2.0	2.0	-4.7	11.3	10.7	1.04	885
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	63.93	Hold↓	6.9	-2.4	-2.4	0.5	15.5	13.1	1.19	2,270
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	11.65	Buy	6.0	-0.1	-0.1	-8.2	8.6	9.3	1.28	566
650	FUSEX	Spartan 500 Index ⁴		72.75	Hold	6.8	1.3	1.3	1.7	11.7	11.5	1.00	7,784
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	8.18	Hold	13.0	6.0	6.0	-12.7	-4.4	--	1.47	25
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	49.77	Buy	8.2	-0.9	-0.9	-9.0	8.0	8.5	1.21	1,506
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	10.59	Hold	8.1	-0.3	-0.3	-9.4	0.1	--	1.17	24
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	34.95	Hold	6.5	-2.7	-2.7	-8.4	2.1	2.3	1.17	2,832
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	16.67	OK to Buy	8.2	2.2	2.2	-4.2	10.2	--	1.05	43
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	15.79	Hold	10.4	5.0	5.0	4.5	10.8	--	1.40	38
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	15.22	OK to Buy	8.0	-1.5	-1.5	-9.7	6.9	--	1.35	41
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	59.20	Hold	7.0	0.9	0.9	-0.5	11.0	10.9	1.02	2,090
INTERNATIONAL						Category Averages	8.0	0.7	0.7	-4.3	3.2	3.0	1.24
309	FICDX	Canada	1.50%/90d	45.34	OK to Sell	8.9	9.6	9.6	-7.3	-0.8	-2.5	1.22	1,146
352	FHKCX	China Region	1.50%/90d	23.44	Hold	11.0	-7.8	-7.8	-17.2	3.9	2.1	1.95	1,034
325	FDIVX	Diversified International	1.00%/30d	34.03	OK to Buy	6.0	-2.9	-2.9	-5.9	5.1	3.9	1.12	11,888
351	FSEAX	Emerging Asia	1.50%/90d	30.57	Hold	11.1	1.9	1.9	-10.6	1.7	0.7	1.37	933
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	7.38	OK to Sell	13.5	11.7	11.7	-7.4	-3.9	-3.7	1.45	65
322	FEMKX	Emerging Markets	1.50%/90d	22.25	Hold	10.5	2.3	2.3	-10.5	-1.7	-2.8	1.32	2,766
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	10.89	Hold	10.8	3.6	3.6	-7.3	-3.5	--	1.24	58
301	FIEUX	Europe	1.00%/30d	35.56	OK to Buy	7.4	-1.7	-1.7	-2.7	4.9	3.9	1.22	1,241
2406	FGILX	Global Equity-Income	1.00%/30d	11.97	OK to Buy	5.8	0.4	0.4	-0.0	8.6	--	0.93	75
335	FIVFX	International Cap App	1.00%/30d	16.61	Buy	6.8	0.0	0.0	-1.0	6.7	6.5	1.06	1,501
305	FIGRX	International Discovery	1.00%/30d	37.83	OK to Buy	6.0	-4.0	-4.0	-5.0	4.1	3.8	1.13	6,801
1979	FIGFX	International Growth	1.00%/30d	10.90	Buy	5.9	-2.2	-2.2	-4.5	4.2	5.2	1.05	977
818	FISM X	International Small Cap	2.00%/90d	22.59	Buy↑	8.5	2.1	2.1	3.0	8.1	6.4	1.07	819
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.91	Buy	6.5	-0.1	-0.1	3.0	8.5	8.0	0.97	960
1597	FIVLX	International Value	1.00%/30d	7.68	OK to Sell	5.2	-4.4	-4.4	-7.8	1.5	0.7	1.16	300
350	FJPNX	Japan	1.50%/90d	11.34	Hold	5.7	-4.0	-4.0	-4.8	1.8	2.9	1.28	377
360	FJSCX	Japan Smaller Companies	1.50%/90d	14.14	Hold	5.6	2.2	2.2	7.3	9.4	11.9	1.46	565
349	FLATX	Latin America	1.50%/90d	17.91	OK to Sell	15.0	9.7	9.7	-15.2	-18.4	-14.1	1.93	466
342	FNORX	Nordic	1.50%/90d	48.11	OK to Buy	6.4	2.7	2.7	9.2	14.0	8.6	1.21	463
94	FOSFX	Overseas	1.00%/30d	39.94	Buy	6.4	-2.3	-2.3	-1.3	7.0	5.7	1.09	4,387
302	FPBFX	Pacific Basin	1.50%/90d	26.33	Hold	7.2	0.0	0.0	-1.8	7.0	6.4	1.16	640
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.06	Hold	7.9	3.7	3.7	-5.3	-1.1	--	1.11	42
1978	FTIEX	Total International Equity	1.00%/30d	7.46	Hold	6.9	-1.7	-1.7	-6.3	1.8	2.1	1.09	286
318	FWWFX	Worldwide	1.00%/30d	21.59	OK to Buy	6.0	-2.8	-2.8	-4.4	7.2	7.0	1.09	1,494

FIDELITY SCORECARD

MARCH 31, 2016

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						7.3	0.6	0.6	-5.1	8.8	8.4	1.43	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	64.73	Hold	6.8	3.9	3.9	-3.3	15.9	15.0	1.30	\$358
502	FSAVX	Automotive	0.75%/30d	37.43	OK to Buy	11.0	-5.8	-5.8	-11.1	9.7	5.9	1.55	75
507	FSRBX	Banking	0.75%/30d	23.29	Hold	7.3	-9.0	-9.0	-6.4	7.6	7.8	1.37	597
42	FBIOX	Biotechnology	0.75%/30d	168.78	OK to Sell	4.2	-28.5	-28.5	-29.9	14.8	22.3	2.61	9,958
68	FSLBX	Brokerage & Investment	0.75%/30d	59.36	Hold	8.6	-7.4	-7.4	-15.3	5.4	5.2	1.55	336
69	FSCHX	Chemicals	0.75%/30d	133.01	Hold	8.0	1.7	1.7	-3.9	7.6	9.4	1.46	1,144
518	FSDCX	Communications Equipment	0.75%/30d	28.22	Hold	5.7	1.9	1.9	-7.9	8.6	1.9	1.38	180
7	FDCPX	Computers	0.75%/30d	68.93	OK to Sell	10.4	1.0	1.0	-8.9	5.7	6.3	1.38	421
511	FSHOX	Construction & Housing	0.75%/30d	58.82	Buy	10.7	1.3	1.3	-0.2	11.4	15.2	1.30	494
517	FSCPX	Consumer Discretionary	0.75%/30d	34.32	Buy	6.0	0.4	0.4	1.6	13.8	14.0	1.18	1,180
98	FVLX	Consumer Finance	0.75%/30d	11.67	Hold	6.7	-4.1	-4.1	-9.9	5.3	10.2	1.19	90
9	FDFA	Consumer Staples	0.75%/30d	95.81	Hold	5.9	5.0	5.0	5.2	10.1	13.2	1.05	2,118
67	FSDAX	Defense & Aerospace	0.75%/30d	112.84	OK to Buy	4.4	-1.9	-1.9	-7.5	11.7	11.7	1.19	923
8	FSELX	Electronics	0.75%/30d	76.15	Hold	9.0	0.7	0.7	-0.4	20.9	12.4	1.45	1,474
60	FSENX	Energy	0.75%/30d	36.32	OK to Sell	11.3	3.3	3.3	-18.9	-7.1	-5.6	1.76	2,174
43	FSESX	Energy Service	0.75%/30d	41.74	OK to Sell↑	11.2	1.7	1.7	-20.5	-13.5	-11.4	2.09	494
516	FSLEX	Environment & Alt Energy	0.75%/30d	19.67	Hold	8.1	3.9	3.9	-2.8	7.7	4.0	1.25	80
66	FIDSX	Financial Services	0.75%/30d	80.17	Hold	6.9	-4.6	-4.6	-8.3	8.1	6.7	1.18	1,099
41	FSAGX	Gold	0.75%/30d	19.04	Sell	5.1	41.0	41.0	17.1	-14.7	-17.4	3.50	1,173
63	FSPHX	Health Care	0.75%/30d	182.60	OK to Sell↓	1.2	-12.3	-12.3	-16.4	19.2	18.1	1.49	7,394
505	FSHCX	Health Care Services ⁷	0.75%/30d	82.77	OK to Buy	5.3	-2.0	-2.0	-4.7	17.7	13.1	1.04	873
510	FSCGX	Industrial Equipment	0.75%/30d	37.64	Buy	6.8	3.2	3.2	3.3	9.1	7.7	1.26	178
515	FCYIX	Industrials	0.75%/30d	30.24	Buy	7.6	3.5	3.5	-0.2	10.1	9.5	1.23	1,074
45	FSPCX	Insurance	0.75%/30d	67.65	Buy	7.1	-0.0	-0.0	4.1	12.5	12.3	1.19	499
353	FBSOX	IT Services	0.75%/30d	40.02	OK to Buy	7.7	0.1	0.1	7.0	17.1	15.9	1.28	2,037
62	FDLSX	Leisure	0.75%/30d	133.32	OK to Buy	3.9	2.6	2.6	0.7	12.9	13.7	1.00	440
509	FSDPX	Materials	0.75%/30d	68.50	Hold	8.4	-0.2	-0.2	-9.5	1.6	3.1	1.45	774
354	FSMEX	Medical Equipment	0.75%/30d	35.13	OK to Buy	4.1	-2.1	-2.1	-5.3	18.2	14.1	1.16	1,994
503	FBMPX	Multimedia	0.75%/30d	72.70	Hold	6.0	-0.9	-0.9	-5.2	10.3	13.7	1.39	597
513	FSNGX	Natural Gas	0.75%/30d	21.12	OK to Sell↑	18.5	5.3	5.3	-30.9	-13.3	-9.4	2.29	312
514	FNARX	Natural Resources	0.75%/30d	24.33	OK to Sell	11.6	2.9	2.9	-21.1	-8.6	-7.5	1.81	620
580	FPHAX	Pharmaceuticals	0.75%/30d	18.18	Hold	-0.1	-11.6	-11.6	-13.6	14.1	15.3	1.23	1,615
46	FSRPX	Retailing	0.75%/30d	104.84	OK to Buy	6.1	-0.4	-0.4	11.5	20.8	19.1	1.23	2,053
28	FSCSX	Software & IT Services ⁸	0.75%/30d	119.88	OK to Buy	7.9	-1.3	-1.3	7.9	17.4	15.3	1.30	3,214
64	FSPTX	Technology	0.75%/30d	117.21	Buy	8.8	-0.8	-0.8	1.3	14.0	9.2	1.27	2,998
96	FSTCX	Telecommunications	0.75%/30d	66.41	Buy	6.1	9.7	9.7	9.4	10.3	9.1	1.05	811
512	FSRFX	Transportation	0.75%/30d	78.03	Hold	6.5	7.0	7.0	-8.0	13.5	12.0	1.30	449
65	FSUTX	Utilities	0.75%/30d	72.25	OK to Sell	8.0	12.6	12.6	3.3	8.8	11.4	1.13	960
963	FWRLX	Wireless	0.75%/30d	8.38	OK to Buy	6.8	2.7	2.7	-2.2	7.3	7.2	1.02	220
SECTOR ETFs													
	FDIS	MSCI Consumer Discretionary		31.03	Buy	6.5	1.5	1.5	3.0	--	--	--	202
	FSTA	MSCI Consumer Staples		31.67	OK to Buy	4.7	5.2	5.2	10.0	--	--	--	272
	FENY	MSCI Energy		17.56	OK to Sell	9.9	3.5	3.5	-18.6	--	--	--	294
	FNCL	MSCI Financials		26.97	Hold	7.5	-4.0	-4.0	-4.0	--	--	--	208
	FHLC	MSCI Healthcare		31.98	OK to Sell↓	3.3	-7.1	-7.1	-7.7	--	--	--	574
	FIDU	MSCI Industrials		28.42	Buy	7.8	4.8	4.8	0.6	--	--	--	89
	FTEC	MSCI Information Technology		33.20	Buy	8.9	1.5	1.5	4.9	--	--	--	319
	FMAT	MSCI Materials		25.18	Hold	8.8	4.3	4.3	-7.1	--	--	--	53
	FREL	MSCI Real Estate		23.45	Hold	10.1	4.9	4.9	2.2	--	--	--	46
	FCOM	MSCI Telecomm Services		29.90	Buy	5.4	12.3	12.3	14.1	--	--	--	135
	FUTY	MSCI Utilities		31.83	OK to Sell	8.1	15.0	15.0	14.9	--	--	--	239

INCOME TAXES

Tax Deadline Ahead

With the deadline for filing personal income tax returns just around the corner, it's worth reminding that contributions for tax year 2015 for Roth IRAs and Traditional IRAs must be made by Monday, April 18, 2016 (without extensions). For individuals under age 50 the maximum contribu-

tion is \$5,500; it's \$6,500 above that age. (A catch-up provision allows for an additional \$1,000.)

If you're new to retirement investing, setting aside earnings isn't the only challenge — figuring the correct retirement plan in the absence of a company-sponsored one is also daunting.

To help allay confusion, Fidelity offers its "Roth Versus Traditional IRA Evaluator" on its website. The

online calculator can help guide you through the selection process.

On a related note, Fidelity now offers a "Roth IRA For Kids." Promoted as "giving the next generation a head start on retirement savings," the plan and affiliated website are designed to turn kids into lifelong savers. Fidelity says an account can be opened and managed by any adult on behalf of a minor earning income. ■

FIDELITY SCORECARD

MARCH 31, 2016

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			1.3	3.2	3.2	1.5	1.4	3.3	1.94	5.0	0.32
2267	FCONX	Conservative Income Bond		10.02	Buy	0.2	0.2	0.2	0.5	0.4	0.6	0.84	0.3	0.02			
2208	FCBFX	Corporate Bond		11.19	Buy	3.1	3.2	3.2	-0.5	2.6	5.4	3.55	6.8	0.41			
2423	FGBFX	Global Bond		9.12	OK to Sell	4.2	5.6	5.6	1.8	-0.2	--	2.47	6.7	0.45			
15	FGMNX	GNMA (Ginnie Mae)		11.64	OK to Buy	0.3	1.6	1.6	2.0	2.2	3.4	2.14	2.9	0.25			
54	FGOVX	Government Income		10.54	Hold	0.2	2.7	2.7	1.8	2.0	3.3	1.51	5.1	0.26			
794	FINPX	Inflation-Protected Bond ³		12.15	Hold	1.8	4.5	4.5	1.1	-1.1	2.6	0.21*	5.7	0.48			
32	FTHRX	Intermediate Bond		10.93	Buy	1.1	2.5	2.5	1.6	1.8	3.2	1.85	3.9	0.20			
452	FSTGX	Intermediate Gov't Income		10.77	Hold	0.2	2.2	2.2	1.8	1.4	2.4	1.08	3.7	0.19			
2428	FINUX	International Bond		8.78	OK to Sell	6.1	7.3	7.3	3.4	-1.4	--	2.29	7.2	0.62			
26	FBNDX	Investment Grade Bond		7.77	Buy	1.9	3.2	3.2	0.0	1.9	3.7	2.92	5.3	0.29			
2622	FJRLX	Limited Term Bond		11.49	Buy	1.0	1.7	1.7	1.3	1.3	2.8	1.81	2.6	0.14			
662	FFXSX	Limited Term Government		10.11	OK to Buy	0.2	1.4	1.4	1.1	0.9	1.4	0.78	2.5	0.12			
40	FMSFX	Mortgage Securities		11.39	OK to Buy	0.3	1.9	1.9	2.2	2.6	3.6	2.51	3.0	0.23			
450	FSHXB	Short-Term Bond		8.61	Buy	0.4	0.9	0.9	1.0	1.0	1.4	1.03	1.8	0.07			
2415	FSIQX	Sotn Inflation-Protect Index ⁴		9.79	Hold	1.8	4.6	4.6	1.3	-0.9	--	0.00*	5.6	0.49			
1561	FIBIX	Sotn Inter Term Treas Index ⁴		11.25	Hold	0.1	4.0	4.0	3.4	2.2	4.6	1.49	6.5	0.42			
1562	FLBIX	Sotn Lng-Term Treas Index ⁴		13.73	Hold	-0.1	8.3	8.3	2.5	5.8	9.5	2.35	17.8	1.00			
1560	FSBIX	Sotn Sht-Term Treas Index ⁴		10.54	Hold	0.3	1.6	1.6	1.4	0.9	1.4	0.85	2.7	0.12			
651	FBIDX	Sotn U.S. Bond Index		11.77	Hold	0.9	3.1	3.1	1.9	2.3	3.6	2.08	5.3	0.28			
820	FTBFX	Total Bond		10.51	Buy	2.1	3.2	3.2	0.9	2.3	4.0	3.32	5.1	0.29			
HIGH-YIELD BOND						Category Averages			3.8	2.4	2.4	-1.9	1.8	4.1	5.61	3.7	0.50
38	FAGIX	Capital & Income	1.00%/90d	9.11	OK to Buy	3.9	0.6	0.6	-4.2	3.9	4.8	4.71	4.3	0.57			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.17	Hold	2.8	1.5	1.5	-1.7	1.0	2.3	5.15	0.3	0.25			
1366	FHIFX	Focused High Income	1.00%/90d	8.10	Hold	3.3	2.4	2.4	-2.3	1.8	4.3	5.39	3.9	0.49			
2297	FGHNX	Global High Income	1.00%/90d	8.85	OK to Buy↑	4.8	3.0	3.0	-1.1	2.1	--	6.16	4.2	0.54			
455	SPHIX	High Income	1.00%/90d	8.05	Buy↑	4.7	2.8	2.8	-4.9	0.8	3.8	7.23	3.6	0.54			
331	FNMIX	New Markets Income	1.00%/90d	14.96	Hold	4.0	4.6	4.6	4.0	1.4	5.6	6.26	6.0	0.71			
2580	FSAHX	Short Duration High Income	1.00%/90d	8.94	Hold	3.6	1.2	1.2	-4.4	--	--	5.99	2.3	--			
368	FSICX	Strategic Income		10.36	OK to Buy	3.1	3.0	3.0	-0.5	1.7	3.6	3.95	4.8	0.40			
MUNICIPAL BOND						Category Averages			0.3	1.5	1.5	3.4	3.4	5.0	1.44	5.7	0.29
434	FSAZX	Arizona Muni Income	0.50%/30d	12.29	OK to Buy	0.4	1.8	1.8	4.1	4.1	5.8	1.49	6.5	0.34			
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.76	Buy	-0.2	0.8	0.8	1.9	1.9	2.5	0.67	2.9	0.14			
91	FCTFX	California Muni Income	0.50%/30d	13.24	OK to Buy	0.4	1.8	1.8	4.0	4.4	6.6	1.44	6.1	0.32			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.87	OK to Buy	0.2	1.8	1.8	4.2	3.5	4.9	1.62	6.5	0.31			
2578	FCRDY	Conservative Income Muni		10.05	Buy	-0.1	0.2	0.2	0.5	--	--	0.39	0.7	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.57	Buy	0.2	1.2	1.2	2.6	2.7	4.2	1.41	4.8	0.23			
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.66	Buy	-0.2	0.6	0.6	1.4	1.3	2.1	0.76	2.7	0.12			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.52	OK to Buy	0.5	1.8	1.8	4.0	3.3	4.9	1.60	6.9	0.32			
70	FDMMX	Mass Muni Income	0.50%/30d	12.60	OK to Buy	0.4	1.7	1.7	4.0	3.8	5.6	1.62	7.0	0.33			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.48	OK to Buy	0.3	1.6	1.6	4.1	3.6	5.2	1.63	6.2	0.29			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.84	OK to Buy	0.3	1.5	1.5	3.6	3.0	4.4	1.36	5.7	0.25			
37	FHIGX	Municipal Income	0.50%/30d	13.55	Buy	0.4	1.7	1.7	3.8	4.0	6.1	1.81	6.8	0.34			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.00	OK to Sell	0.6	1.8	1.8	3.3	3.0	5.2	2.01	6.8	0.34			
71	FTFMX	New York Muni Income	0.50%/30d	13.64	OK to Buy	0.3	1.8	1.8	4.4	3.9	5.5	1.53	6.6	0.32			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.43	OK to Buy	0.5	1.9	1.9	4.6	4.3	5.8	1.63	7.4	0.35			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.39	OK to Buy	0.3	1.5	1.5	3.6	3.8	5.5	1.63	6.2	0.30			
90	FTABX	Tax-Free Bond	0.50%/30d	11.77	Buy	0.5	1.8	1.8	3.8	4.0	6.2	1.91	6.8	0.34			

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

TAXABLE GOV'T MONEY MARKETS					Total Return (%)		SEC %Yield	STATE MUNICIPAL MONEY MARKETS					Total Return (%)		SEC %Yield	
					Mar	YTD							Mar	YTD		
55	FDRXX	Gov't Cash Reserves ⁵			0.00	0.01	0.06	433	FSAXX	Arizona Muni MM				0.00	0.00	0.01
458	SPAXX	Government MM			0.00	0.00	0.01	97	FCFXX	California Muni MM				0.00	0.00	0.01
631	FGMXX	Retirement Gov't MM			0.00	0.00	0.03	457	FSPXX	California AMT Tax-Free				0.00	0.00	0.02
630	FRTXX	Retirement Gov't MM II ⁶			0.00	0.00	0.02	418	FCMXX	Connecticut Muni MM				0.00	0.00	0.01
2742	FZFXX	Treasury MM			0.00	0.00	0.01	426	FMSXX	Mass AMT Tax-Free				0.00	0.05	0.01
415	FDLXX	Treasury Only MM			0.00	0.00	0.01	74	FDMXX	Massachusetts Muni MM				0.01	0.01	0.01
PRIME MONEY MARKETS								420	FMIXX	Michigan Muni MM				0.00	0.00	0.01
454	SPRXX	Money Market			0.02	0.05	0.26	417	FNJXX	New Jersey Muni MM				0.00	0.00	0.01
NATIONAL MUNICIPAL MONEY MARKETS								423	FSJXX	New Jersey AMT Tax-Free				0.00	0.00	0.05
10	FTEXX	Municipal Money Market			0.00	0.00	0.02	92	FNYYX	New York Muni MM				0.00	0.00	0.01
275	FMOXX	Tax-Exempt MM ¹⁰			0.00	0.00	0.01	422	FSNXX	New York AMT Tax-Free				0.00	0.00	0.04
								419	FOMXX	Ohio Muni MM				0.00	0.01	0.01
								401	FPTXX	Pennsylvania Muni MM				0.00	0.00	0.01

FIDELITY SCORECARD								MARCH 31, 2016					
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						7.0	2.8	2.8	0.6	12.7	10.4	1.01
	Annuity Growth Model						7.1	-1.9	-1.9	-4.2	8.1	8.3	1.10
	Annuity Growth & Income Model						5.4	-1.1	-1.1	-2.4	6.6	6.7	0.80
	Annuity Income Model						2.7	1.1	1.1	-0.7	2.5	4.7	0.40
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.15	Hold	4.3	-0.9	-0.9	-4.8	5.0	4.8	0.70
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		17.13	Hold	5.2	-2.3	-2.3	-7.1	5.9	5.3	0.91
9069	FJBAC	Fid VIP Balanced	Allocation		19.52	Buy	4.9	-0.1	-0.1	-1.8	7.4	6.7	0.74
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	23.51	Buy	6.0	0.6	0.6	0.9	13.2	13.5	1.17
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	24.17	OK to Buy	6.1	5.9	5.9	12.9	13.0	14.7	1.05
9065	FPDFC	Fid VIP Contrafund	Large Growth		20.51	Buy	6.8	-1.4	-1.4	-3.3	10.0	8.9	1.04
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		16.33	Buy	6.0	-0.3	-0.3	-8.7	8.0	8.7	1.28
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		22.15	Hold	6.0	-2.4	-2.4	-5.2	10.9	11.3	1.16
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.87	Hold	10.5	2.1	2.1	-10.8	-2.0	-3.2	1.31
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	12.95	OK to Sell	11.3	3.2	3.2	-19.1	-7.3	-5.8	1.76
9061	FLOLC	Fid VIP Equity-Income	Large Value		16.81	OK to Buy↑	6.8	2.1	2.1	-2.4	6.8	8.4	0.94
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	9.90	Hold	6.9	-4.6	-4.6	-8.2	7.9	6.6	1.18
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.02	Hold	2.5	1.2	1.2	-1.2	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.17	Hold	1.9	1.2	1.2	-0.6	2.7	3.2	0.30
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.20	Hold	3.7	0.3	0.3	-2.3	4.8	5.0	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		14.11	Hold	4.4	-0.1	-0.1	-2.7	5.7	5.6	0.69
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.33	Hold	4.9	-0.4	-0.4	-3.3	6.2	6.0	0.78
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.17	Hold	5.9	-0.9	-0.9	-4.0	7.2	6.5	0.93
9062	FMNDC	Fid VIP Growth	Large Growth		20.24	OK to Buy	5.1	-4.3	-4.3	-2.3	12.5	10.2	1.10
9070	FLFNC	Fid VIP Growth & Income	Large Blend		18.94	Hold	6.9	-0.5	-0.5	-3.4	8.7	10.2	1.09
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		20.63	Buy	6.7	-4.6	-4.6	-2.4	12.3	11.6	1.28
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	31.39	OK to Sell↓	1.1	-12.2	-12.2	-16.8	18.7	17.7	1.48
9060	FBBLC	Fid VIP High Income	High-Yield Bond		17.37	Buy↑	4.6	2.4	2.4	-4.6	0.8	3.7	0.54
9064	FXVLT	Fid VIP Index 500	Large Blend		20.25	Hold	6.7	1.3	1.3	1.5	11.4	11.2	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	26.47	Buy	7.7	3.7	3.7	-0.2	10.0	9.4	1.22
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	15.88	Buy	6.7	0.0	0.0	-1.2	6.5	6.2	1.06
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.53	Buy	1.8	3.0	3.0	0.5	1.8	3.4	0.29
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	16.54	Hold	8.2	-0.4	-0.4	-10.2	1.3	2.8	1.44
9071	FNBS C	Fid VIP Mid Cap	Mid Growth		21.45	Buy	7.4	-0.4	-0.4	-6.9	8.3	6.6	1.17
9059	FTNJ C	Fid VIP Gov't Money Market ⁹	Money Mkt		11.34	--	0.0	0.0	0.0	-0.2	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	14.25	OK to Buy	5.9	-3.9	-3.9	-5.4	4.1	2.7	1.18
9072	FFWKC	Fid VIP Real Estate	Sector		22.74	Hold	10.7	5.2	5.2	3.1	10.0	11.1	1.38
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.39	OK to Buy	2.9	2.9	2.9	-0.7	1.3	3.2	0.39
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	25.37	Buy	8.3	-1.7	-1.7	-0.4	12.6	8.0	1.24
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	14.68	Buy	6.1	9.6	9.6	9.1	9.9	9.5	1.06
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	22.92	OK to Sell	8.0	12.6	12.6	3.1	8.7	11.2	1.13
9079	FKMSC	Fid VIP Value	Large Value		18.18	Buy↑	7.2	0.6	0.6	-2.7	9.7	10.0	1.04
9073	FRBSC	Fid VIP Value Strategies	Mid Value		18.38	Buy	8.2	-1.5	-1.5	-8.7	6.2	7.5	1.14
9347	FBMEC	Black Rock Global Allocation	Global Allocation		11.62	Hold	4.1	-0.6	-0.6	-4.3	3.1	3.2	0.64
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		10.51	OK to Sell	2.8	-0.8	-0.8	-5.5	-1.3	1.6	0.52
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.37	Hold	0.2	1.4	1.4	1.1	0.8	1.8	0.18
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.01	Hold	6.8	0.1	0.1	-4.8	4.8	3.2	1.05
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		12.91	Hold	14.0	8.9	8.9	-11.3	-6.1	-3.7	1.59
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.84	Hold	3.7	4.7	4.7	1.1	-0.4	3.7	0.71
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.69	Hold	12.1	4.7	4.7	-9.4	-4.5	-2.8	1.28
9146	FPRPC	Morgan Stanley Global Strategist ⁵	Diversified Int'l		11.81	Hold	6.0	2.0	2.0	-4.9	2.8	3.4	0.73
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.34	OK to Sell↑	5.7	1.9	1.9	-20.3	-19.4	-13.9	1.28
9276	FPMBC	Pimco VIT Low Duration	Sht-Term Bond		11.43	Buy	0.7	0.4	0.4	-0.3	0.1	1.2	0.15
9277	FPNBC	Pimco VIT Real Return	TIPS		12.63	Hold	2.6	4.2	4.2	-0.6	-2.1	2.2	0.55
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.82	Hold	1.3	1.9	1.9	0.0	1.1	3.1	0.33

Annuity Sector	
Fund	Allocation
VIP Cons Discretionary	27%
VIP Technology	26
VIP Telecom	25
VIP Industrials	22
Total Return:	
Mar: 7.0%	YTD: 2.8%

Annuity Growth	
Fund	Allocation
VIP Mid Cap	23%
VIP Contrafund	20
VIP Value Strategies	19
VIP Growth Opps	16
VIP Disciplined Sm Cap	14
VIP Value	8
Total Return:	
Mar: 7.1%	YTD: -1.9%

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	23%
VIP Contrafund	21
VIP Value Strategies	20
VIP Growth Opps	19
VIP Value	9
VIP High Income	8
Total Return:	
Mar: 5.4%	YTD: -1.1%

Annuity Income	
Fund	Allocation
VIP Balanced	40%
Pimco VIT Low Duration	27
VIP Investment Grade	22
VIP High Income	11
Total Return:	
Mar: 2.7%	YTD: 1.1%

Rebalanced Models Now Seasoned With Small Caps, Value and High Yield

This month, all but our sector-specific model portfolios have been rebalanced. At first blush, it may appear that the seven affected portfolios have been dramatically repositioned. They haven't. In fact, the trades (effective April 4) are only a modest repositioning of assets. Moreover, all the funds that have been sold entirely or merely reduced are still rated *Buy*. Importantly, just because a fund (or a particular asset class) has been pared back in a portfolio, that doesn't mean it's no longer worth holding at all.

Equity Strategy

To that end, **Blue Chip Growth** remains a core portfolio holding and investment theme in three models. However, with biotech under severe selling pressure, the fund's pool of attractive fast-growing large-cap stocks is no longer so abundant. As such, we are reducing our exposure to Blue Chip Growth in our models, while also trimming **VIP Growth Opportunities** in the *Annuity Growth Model*.

Enter Low-Priced Stock.

As touched upon on p. 12, long-time manager Joel Tillinghast is a value investor, meaning that he won't pay the premium that growth fund managers are willing to pay for future sales and/or earnings growth.

As with any investment style, value isn't always in vogue on Wall Street. And neither are the small- and mid-sized companies that Joel is inclined to buy and hold — often for years. (Turnover is an ultra-low 9%, suggesting an average holding period of a decade!) And where this fund also departs dramatically from all its peers is in its large allocation (about a third of assets) to the value stocks he's found abroad. But as we've seen during Joel's past quarter century at Low-Priced, patience can be quite

rewarding. Of course, we're hoping that's the case more immediately, as we expect to see some of the wind-fall from falling energy prices eventually translate into even more savings and stepped-up consumer spending. On that score, the table below shows the consumer discretionary exposures for four funds. While Blue Chip Growth has plenty, it's also burdened by tech (37%). On the other hand, the three value-oriented funds have much less tech and significant stakes in consumer stocks, including staples.

With some important differences, **Event Driven Opportunities** (held only in the *Unique Opportunities Model*) is similar to Low-Priced Stock

Sector	BC Growth	L-P Stock	Event Driven	VIP Value
Info Tech	37.4%	17.3%	7.0%	8.3
Cons Disc	26.3	26.9	33.3	5.7
Financials	2.6	11.7	10.7	33.6
Health Care	16.1	11.9	6.6	10.5
Consumer Stpls	10.7	7.8	11.9	6.9
Industrials	4.8	7.8	16.9	11.2
Materials	0.6	2.4	1.9	6.1
Energy	1.2	2.7	3.0	11.6
Telecom Svcs	0.1	0.0	0.0	0.8
Utilities	0.0	0.4	0.0	5.4
Mkt Cap (\$bil)	71.0	6.9	1.4	NA

Whereas Blue Chip Growth is dominated by large-cap tech and to some extent biotech (within health care), these sectors are less relevant to the stock funds we either continue to hold (Event Driven Opp's) or will acquire (Low-Priced Stock and VIP Value). In all cases, their market caps are considerably lower. A fund's largest sector weight is shown in red.

in that Manager Arvind Navaratnam will not pay a premium for growth. But he's not a value investor *per se*.

Event Driven's *raison d'être* is the manager's commitment to finding unique or "special situations." These include corporate restructuring such as buyouts and spinoffs. And, if they're off Wall Street's radar (meaning that they're smaller, less researched companies), all the better! Though Arvind is free to buy small and large companies alike (his benchmark is unique at Fidelity — the very broad Russell

3000), his process invariably leads him to small caps. Frankly, since the fund's December 2013 launch, the investment winds haven't exactly been favorable to small caps. (See Jack's *Message* on p. 1.) However, there's still a lot here to like, including: 1. Arvind's investment process and strategy; 2. The fund's low correlation to the equity market which lowers portfolio risk (adds diversification), and; 3. We expect small-caps to rotate back in favor. Put all of this together, and that's why we continue to rate the fund *Buy* and hold it in our model. Nevertheless, we've trimmed Event Driven down to about 16% of assets from 23% because Low-Priced Stock provides expansive (almost 900 holdings!) and dedicated value-stock exposure.

In the annuity models, the sector weights of **VIP Growth Opportunities** are similar to Blue Chip Growth's, which is why we're trimming it and adding **VIP Value**.

Fixed Income Strategy

While plunging energy prices put more money into consumers' pockets, the downside was that the energy sector got walloped. Caught in this downdraft were highly leveraged companies whose now-shaky balance sheets had investors fearful that defaults would rise. So junk bonds stumbled (yields swelled), particularly those with ties to oil and gas. But in the last month we've seen some firming in oil prices, and these fears are looking more overblown. (See p. 12.)

As such, we expect the so-called yield spread between junk bonds and Treasuries to keep narrowing. If that occurs, junk bonds could appreciate beyond what they did in March. At the same time, with the 10-year Treasury yielding just 1.77% and **High Income** and **VIP High Income** both yielding over 7% in an improving environment for the entire asset class, some opportunistic shifting away from lower-yielding investment-grade bonds is now warranted. ■

— John Bonnanzio

Funds Making News

Capital & Income's Mark Notkin recently told the trade magazine *Investment News* that he had been expecting the junk bond market to recover.

Along with stocks and especially free-falling energy shares, high-yield bonds took a hit between November 2015 and January 2016. That drove the fund lower by over 6%.

However, in the past two months “junk” has rebounded (along with oil stocks). In fact, Capital & Income gained 3.9% in March, and is now in the black for the year (up 0.6%).

The reason for his optimism?

“We talk to hundreds of companies, and nothing we were hearing led us to believe we were going to have

a recession,” he told the publication. “Things aren’t terrific,” he said, “but the fundamentals are okay.”

In truth, Mark’s observations align with those we shared in our February newsletter, where we indicated our preference in our *Income & Preservation Model* for our holding **Puritan** over **Balanced**. Why? Because the former had an 18% allocation to high yield versus 9% for the latter. With valuations reasonable and the economy still improving, notwithstanding energy’s problems, we still don’t see a significant increase in defaults.

We continue to rate Capital & Income *OK to Buy* and its somewhat less risky peer, **High Income, Buy**.

Joel Tillinghast’s “shining investment record” at **Low-Priced Stock** needs no introduction here. But that may not be the case for readers of *Barron's*, who now know how the legendary manager methodically built his quarter-century-long investment record one “cheap” stock (initially priced below \$35) at a time.

While Joel’s investment process has been well-chronicled over the years on these pages and in our annual *Guide*, we took particular interest in his outlook for stocks. Referring to the selloff, “there was a lot of opportunity in January and February,” he said. But, he was also quick to note that “P/E’s are still higher than average, especially if you consider a long time series, so there’s a risk of a mean-reversion.” And his “expectations for S&P 500’s earnings growth are quite moderate.”

Finally, when asked about the long-awaited investment book he’s been writing, he summed its thesis up this way: “The perfect investment will have high current income, a low P/E or a high free-cash yield, some growth. It would be resilient and not

go bust in the next 50 years. That’s how the book ends.” [Note: We rate *Low-Priced Stock Buy*.]

With the tech sector struggling and the Nasdaq Composite still under water this year, Fidelity appears to be making fewer new investments in so-called “unicorns.”

Unicorns are private, pre-IPO companies valued at \$1 billion or more. In a case of the “chicken or the egg,” *The Wall Street Journal* reports that in January (when the Nasdaq cratered 7.8%), Fidelity marked down 13 of the 26 unicorns it could track. (Fidelity fund managers do not value private companies they hold — an independent committee does that to avoid a conflict of interest.)

While unicorns comprise a tiny portion of only a handful of Fidelity’s stock funds, at the start of the year, **Blue Chip Growth** and **Growth Company** had almost 2% of their assets in unicorns. Fidelity marked down AppNexus, an ad tech platform held by both funds, approximately 26% in the fourth quarter. This and similar moves by Fidelity competitors (which appear to have continued in February) have cast a pall over the broader tech sector. It has also weighed a bit on the returns of stock funds ranging from aggressive growth players like **OTC** all the way “down” to more conservative tech offerings like **Contrafund**.

On balance, however, Fidelity’s investments in Airbnb, Blue Apron, Twilio, Uber and WeWork appear to be winners for fund shareholders.

Barron's 2016 ranking of online brokers places Fidelity atop its peers with 4 1/2 stars. Their related survey also identified long-term investing, in-person-services and best-for-international-traders as “strong suits.” ■

— 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 Ltd Term Tax Free, CA Muni Inc, Convertible Secs, Eqty Div Inc, Eqty-Inc, 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	3/11	0.626	50.62
MA Municipal Inc	3/11	0.015	12.53
NY Municipal Inc	3/11	0.011	13.55
Real Estate Inc	3/4	0.040	11.22
Real Estate Invest	3/4	0.019	40.60
Spt R Estate Indx	3/4	0.016	14.93

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