

# FIDELITY MONITOR & INSIGHT

APRIL 2017

PUBLISHED SINCE 1985

## MESSAGE FROM JACK

### Putting Time and Math on Your Side

Is this a good time to be getting into stocks, or a good time to be getting out? No one really knows, even those who think they do. Some indicators suggest that U.S. stocks are high-priced based on trailing earnings, but revenue growth is returning to U.S. corporations after a five-year slump, and big write-offs are becoming more scarce, so valuations are not necessarily out-of-line. Rather than trying to time the market based on how good or bad it looks, the more reliable way to build long-term wealth is to stay focused on your investment horizon.



Jack Bowers

For example, with the amount of your portfolio you need to liquidate for living expenses in the next five years you could follow our *Income Model*. The amount of spending money needed in more than five years but less than 10 would align nicely with our *Growth & Income Model*. The rest, which wouldn't be needed for 10 years or more, is a good match for our *Growth Model* (or a combination of the *Select* and *Unique Opportunities Models* for those who like to be a bit more aggressive).

What if you are mostly in cash now, and looking to establish a normal portfolio position? First, consider moving into **Conservative Income Bond**, where you will earn a better yield (currently 0.92%) than most money markets with little additional risk. Then consider investing a fixed dollar amount monthly or quarterly, into our models over a period of up to two years.

There's also the reverse situation: those who are fully invested now, but looking to liquidate a significant portion of their portfolio for a major purchase, a large charitable donation, or to transfer money to heirs. While dollar-cost-averaging can be used for this, it's less than ideal — when you are selling, you are not looking to reduce your average cost per share, or to slow the liquidation process if your portfolio increases in value over time. Instead, break each of your portfolio positions into equal share amounts and sell shares (not dollars) either monthly or quarterly over a period of up to two years. It's a little more work, but it could be time well spent.

## MARKET OUTLOOK

### Market Still On Solid Ground

I have argued in this space for months that the strength in the stock market we have seen since the election was about more than just optimism over President Trump's promised tax-cuts, infrastructure spending, and regulatory reform. That theory may soon be put to the test.

After peaking at 2396 on March 1, the S&P 500 began to slide as hopes dimmed that Congress would make good on the first of Trump's campaign pledges on the agenda, the repeal and replacement of the Affordable Health Care Act. By the time the bill was pulled from the House without a vote, the S&P 500 had shed over two percent. And a much deeper correction was predicted to ensue by many pundits. If a Republican-controlled Congress could not agree on overturning Obamacare — something they had been railing against for years — the rest of Trump's agenda seemed in grave jeopardy.

But stocks didn't swoon after the collapse of health care reform. The market did open down sharply the day after the bill was pulled, but rallied back: it was nearly unchanged by the end of the day. And it moved higher in the ensuing days. Perhaps investors reasoned that tax-cuts (now on the front burner and what they really wanted the most anyway) would be much easier to pass — after all health care reform is, you know, "complicated." Maybe so, but that very much remains to be seen. I won't go into to all the details here, but the deep divisions in the Republican party that were revealed in the fight over "Trumpcare" may also present an impediment to tax-cut legislation.

### It's The Economy Stupid

There's another explanation for the market's recent resilience: For the most part, economic conditions continue to improve.

Kick-starting the rally at the end of March was the release of the Conference Board's Consumer Confidence index which soared to its highest level in 16 years. And earlier in the month, their survey of Leading Economic Indicators reached its highest level in a



John M. Boyd

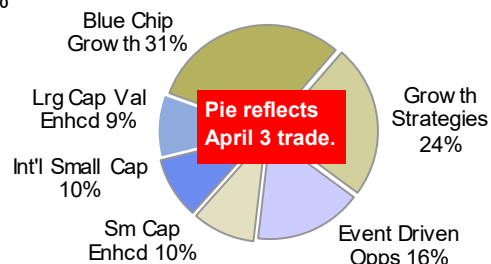
**Unique Opportunities** Target Risk: 1.20 (Current: 1.08) Foreign Holdings: 14.0% **YTD Return: 6.3%**

Stocks: 98.6% Bonds: 0.0% Cash: 1.4% Alternatives\*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	\$75.32	1,933.28	\$145,614	2.7%
Growth Strategies	FDEGX	36.70	3,073.70	112,805	0.3
Event Driven Opps	FARNX	13.83	5,702.65	78,868	0.5
Small Cap Enh Idx	FCPEX	14.27	4,846.09	69,154	-0.3
Large Cap Value Enhcd	FLVEX	12.40	5,391.92	66,860	-1.0

**Current Value (3/31/99 = \$100,000) \$473,300 0.8%**

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



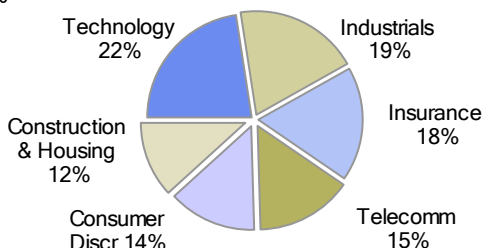
**Select** Target Risk: 1.20 (Current: 1.08) Foreign Holdings: 10.0% **YTD Return: 6.4%**

Stocks: 98.1% Bonds: 0.1% Cash: 1.9% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Technology	FSPTX	\$152.79	5,004.52	\$764,640	4.0%
Industrials	FCYIX	33.32	19,528.81	650,700	-1.2
Insurance	FSPCX	79.81	7,542.50	601,967	-1.0
Telecommunications	FSTCX	69.90	7,239.13	506,016	-0.1
Consumer Discretionary	FSCPX	37.72	12,244.66	461,868	2.0
Construction & Housing	FSHOX	62.88	6,354.40	399,564	1.9

**Current Value (12/31/88 = \$100,000) \$3,384,756 0.9%**

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



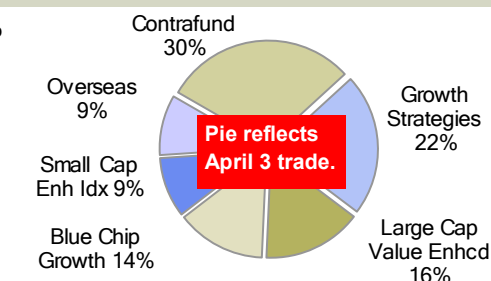
**Growth** Target Risk: 1.00 (Current: 1.00) Foreign Holdings: 13.2% **YTD Return: 6.2%**

Stocks: 99.3% Bonds: 0.0% Cash: 0.7% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Contrafund	FCNTX	\$107.68	6,439.36	\$693,390	1.6%
Growth Strategies	FDEGX	36.70	14,010.10	514,171	0.3
Small Cap Enh Idx	FCPEX	14.27	30,583.17	436,422	-0.3
Large Cap Value Enhcd	FLVEX	12.40	28,830.50	357,498	-1.0
Blue Chip Growth	FBGRX	75.32	4,275.41	322,024	2.7

**Current Value (12/31/86 = \$100,000) \$2,323,505 0.7%**

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



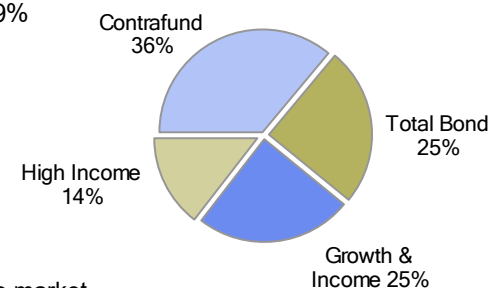
**Growth & Income** Target Risk: 0.66 (Current: 0.70) Foreign Holdings: 8.5% **YTD Return: 4.7%**

Stocks: 60.2% Bonds: 20.1% Cash: 2.1% Alternatives\*: 17.6% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Contrafund	FCNTX	\$107.68	2,053.44	\$221,115	1.6%
Total Bond	FTBFX	10.59	14,419.51	152,703	0.0
Growth & Income	FGRIX	34.13	4,409.82	150,507	-0.7
High Income	SPHIX	8.88	10,038.15	89,139	0.1

**Current Value (12/31/93 = \$100,000) \$613,463 0.4%**

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



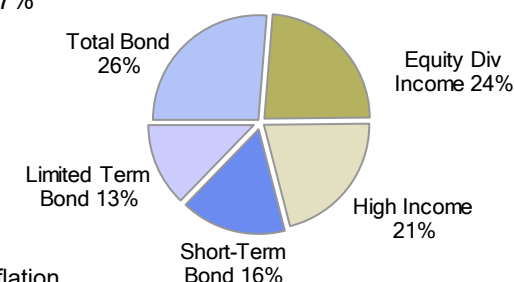
**Income** Target Risk: 0.33 (Current: 0.38) Foreign Holdings: 11.8% **YTD Return: 1.8%**

Stocks: 22.8% Bonds: 49.2% Cash: 3.9% Alternatives\*: 24.1% Yield: 2.7%

Holdings	Ticker	NAV	Shares	Value	Mar Ret
Total Bond	FTBFX	\$10.59	9,588.44	\$101,542	0.0%
Equity Dividend Income	FEQTX	27.52	3,313.05	91,175	-0.9
High Income	SPHIX	8.88	9,218.53	81,861	0.1
Short-Term Bond	FSHBX	8.61	7,271.11	62,604	0.2
Limited Term Bond	FJRLX	11.48	4,314.54	49,531	0.1

**Current Value (12/31/91 = \$100,000) \$386,712 -0.1%**

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



decade with nine out of 10 components making positive contributions. “Widespread gains across a majority of the leading indicators point to an improving economic outlook for 2017, although GDP growth is likely to remain moderate,” said Ataman Ozyildirim of the Conference Board. For an even broader view, the three-month moving average of the Chicago Fed National Activity Index (which considers 85 different economic variables) hit 0.25 in February, its highest reading since December of 2014. Any number over zero indicates above-average growth. Significantly, the index had been flat or negative for 22 straight months before registering positive readings for the past three months.

It may well be that President Trump and the Republicans have learned a valuable lesson from their failure on health care and will take a more bi-partisan approach to tax-cuts. There are early indications that this may be the case. If tax-cuts succeed (even if watered down from the President’s campaign promises), that should provide a further boost to stocks. If tax-cuts don’t come to pass, we could well see a short-term sell-off. But the strengthening economy is providing solid ground underneath the market, and unless it begins to falter, this bull market is still intact.

**Better Growth World Wide**

It’s not just the U.S. that is seeing improved growth. The HIS Market Eurozone purchasing managers index for March showed the strongest economic conditions in six years. And fears of a euro-breakup have receded as euro-skeptic politicians have either failed to win elections (the Netherlands), or are trailing

**FUNDS YOU SHOULD BUY NOW**

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

**Growth & Income:** **Growth & Income** and **Equity Dividend Income** hold higher-yielding large-cap value stocks (see table on p. 4).

**International:** **Overseas** and **International Small Cap** (see p. 11) are lower risk approaches to playing the world’s developed markets.

**High-Yield Bond:** **Strategic Income** limits risk in this segment.

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

**Muni Bond:** More highly taxed investors should consider muni funds. We prefer the short-maturity **Conservative Income Muni**. ■

badly (France). And valuations on European stocks are much less than in the U.S. The P/E (price earnings ratio) on the Euro Stoxx index is just 16.2 versus around 21.0 for the S&P 500. At the same time, there is now talk of winding down stimulus programs and eventually raising rates, which should support the euro

versus the dollar. The potential for a sharply strengthening dollar had been a concern.

We see adding foreign exposure now as a good way to diversify your portfolio and hedge a bit on any slump in our own market. See *Model Portfolio Trades* below. ■

— John M. Boyd

**MODEL PORTFOLIO TRADES**

*As announced on our Hotline update of Friday, March 31, on Monday, April 3, we made trades in three model portfolios:*

**Unique Opportunities Model:**

We sold 1/3 of our position in **Large Cap Value Enhanced Index** [FLVEX], bringing it down to about 9% of the model. We also sold 1/3 of our position in **Small Cap Enhanced Index** [FCPEX], bringing it down to about 10%. With the proceeds, we established a roughly 10% stake in **International Small Cap** [FISMX].

**Growth Model:**

We sold 1/2 of our position in **Small Cap Enhanced Index** [FCPEX], bringing it down to about 9% of the model. With the proceeds, we established a roughly 9% position in **Overseas** [FOSFX].

**Annuity Growth Model:**

We sold our position in **VIP Value** [FKMSC]. With the proceeds, we added to our stake in **VIP Growth Opportunities** [FIDPC], bringing it up to about 24% of the model. We also sold 1/2 of our position in **VIP Disciplined Small Cap** [FPRGC], bringing it down to about 9% of the model. With the proceeds we established a roughly 9% stake in **VIP Overseas** [FEMMC].

**Trade Rationale:** See *Market Outlook* and “Models Turn Abroad For Growth” on p. 11.

**Model Portfolios Key:**

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

## INCOME INVESTING

### Dividend-Paying Stock Funds

Even with the Fed boosting short-term interest rates (inching money market fund yields up) and the market itself pushing yields on longer-maturity bonds higher (thus pulling their prices lower), bond yields remain at historically low levels.

Here's some perspective: Between 1963 and 2016, 10-year Treasury yields averaged 6.35%. As we went to press, they yielded only 2.40%. For its part, **U.S. Bond Index**, which is a proxy for a wide variety of U.S. bonds, yields 2.48%. (See the table below.)

So while a reversion to that mean of 6.35% could possibly occur (meaning that bond prices would fall considerably), retirees and other income-oriented investors (especially those with long life expectancies!) are likely to remain yield-thirsty for

many years to come.

Some recent evidence of this hunger has come from a hedge fund manager who's pressing GM to create two classes of common shares: one that pays dividends and another that entitles shareholders to any left-over earnings. Setting aside the inevitable conflict of such an arrangement, yield-hungry investors, he argues, would likely gobble-up such shares.

And he's probably right.

But are stock funds a smart income strategy?

Our table shows a selection of dividend-rich U.S. and foreign stock funds. Needless-to-say, all are significantly more volatile than bond funds, including high-yield (junk) funds. So while reaching for additional yield is understandable, too much exposure risks a permanent loss of capital. Note, for example, that the *Income Model* holds only one stock fund, **Equity Dividend**

**Income**, which accounts for just 24% of assets. It's less risky than the market, and its yield is about the same as both the S&P 500 and **U.S. Bond Index**. Even so, stock funds can go down, and this one is no exception.

Another income strategy is to head abroad. Notably, **International Index** yields a healthy 3.1%. As with similar funds, the primary reason for its income edge is that, overall, foreign companies are less innovative and tend to grow their sales and earnings more slowly than American ones. So their share prices are comparatively cheaper. That tends to make their dividend yield higher!

Apart from their higher valuations, U.S. companies tend to pay less in dividends because investors have different expectations as to how earnings should be used.

*Income Investing cont'd on page 8*

### Stock Funds' Differing Approaches To Income

Security	Div Yield <sup>1</sup>	Dist Yield <sup>2</sup>	Risk <sup>3</sup>	Rating	Comments
Real Estate Income	3.9	4.3	0.51	B	Opportunistically holds a blend of equity (48%) and bond (42%) REITs.
Real Estate Index	3.6	2.4	1.46	H	Many years of earnings growth are forecasted to end.
International Value	3.5	2.6	1.04	H	This is a higher-yielding large-cap value fund.
Select Utilities	3.4	2.6	1.19	S	Though growth-oriented (and thus risky), its yield is sizable.
Latin America	3.4	2.5	2.25	H	Its tempting yield belies its stratospheric risk to capital.
Int'l Index (EAFE)	3.1	2.9	1.11	H	Earnings growth is expected to outpace U.S. (see 500 Index).
Global ex US Index	3.0	1.9	1.14	B	Provides exposures to developed and emerging markets.
Equity-Income	3.0	2.5	0.97	B	Financials (25%) help to drive this stock fund's healthy yield.
Equity Dividend Income	3.0	2.0	0.95	B	Financials (28%) help to drive this stock fund's healthy yield.
Telecom & Utilities	2.5	2.8	0.99	H	A more diversified, thus less risky, alternative to Select Utilities.
<b>US Bond Index</b>	<b>2.5</b>	<b>2.1</b>	<b>0.30</b>	<b>H</b>	<b>Holds Treasuries, agencies, corporates and mortgage debt.</b>
Strategic Div & Income	2.3	2.8	0.73	B	Mixes 4 asset classes to generate steady income stream.
Growth & Income	2.3	2.0	1.13	B	A large-cap "core" fund emphasizing growth over income
Strategic Real Return	2.2	2.2	0.48	H	Seeks to keep ahead of inflation through 5 different asset classes.
Dividend Growth	2.2	1.6	0.96	S	Despite its name, the fund emphasizes capital appreciation.
<b>500 Index (S&amp;P)</b>	<b>2.1</b>	<b>2.0</b>	<b>1.00</b>	<b>H</b>	<b>U.S. large-cap stocks; mix is thought to mimic economy.</b>
Convertible Securities	2.0	3.4	0.93	H	Credit-challenged holdings mean high yields and elevated risk.
Select Telecommunications	2.7	1.9	1.06	B	This "utility" fund's focus is squarely on growth stocks, not income.

<sup>1</sup>Dividend yields based on latest reporting periods; <sup>2</sup>Actual distributed yield to shareholders in 2016; <sup>3</sup>Relative volatility versus S&P 500 over the last 36 months.

Above are mostly U.S. and foreign stock funds. (**Convertible Securities** holds "converts," a distinct asset class with characteristics of stocks and bonds, they are issued by companies in varying degrees of financial distress.)

**Dividend Yield** is an SEC-directed calculation derived by dividing the fund's investment income (net of fees) per share earned during the period by the maximum offering price per share on the last day of the period. On the other hand, **Distributed Yield** is the actual amount of dividend income that a fund has paid to its shareholders over the prior 12-month period, divided by its NAV. While both measures have their merits, Distributed Yield may be the more useful measure to income-oriented investors.

Separately, the relationship between risk and reward is alive and well: higher yields mean higher risk. Note that **U.S. Bond Index** has a relative volatility of 0.30 versus 1.00 for **500 Index** fund. While they yield the same, the latter is almost three times riskier; stocks hold the promise to appreciate much more over time, but are far more susceptible to big declines. For that reason, investing in stock funds, even high-yielding ones, can be a risky proposition — especially relative to bond funds. ■

FUND COMMENTARY

## “Trump Rally” Ends; Bonds Mixed

Thank you tech stocks. For without them, March would have been a pretty ugly month for share prices. As it was, most major U.S. market indexes treaded water or were down a bit, as the so-called Trump rally that began in November has, for the time at least, ended.



John Bonnanzio No sense going into the gory details here, as it's been well-discussed everywhere that the new administration's failure to revamp Obamacare is now seen as a harbinger of more disappointments (meaning on reforms that favor business) ahead.

While first-quarter equity returns were quite strong, March was no help in making that happen.

Among large-cap funds, the S&P 500 eked out a barely perceptible 0.1% gain last month. Meanwhile the Dow Jones Industrials slipped 0.6%. For the quarter, however, the equity barometers were up 6.1% and 5.2%, respectively.

As for small caps, nothing good occurred there, either: the Russell 2000 fared only as well as the S&P rising 0.1%, too. (It's up 2.5% for the year.)

Things were far better last month for shares of tech stocks, which helped to lift the Nasdaq Composite up a solid 1.6%. However, the biotech-rich barometer got no help from biotech shares, which were caught up in many of the same troubles that befell the broader health care sector. That said, the Nasdaq rose a stunning 10.1% through the quarter.

### Equity Funds

Fidelity's large-cap funds struggled in March as only a handful of sectors turned in positive results for the period.

Among their large-cap growth offerings, the average fund did gain a full percentage point more than the S&P, but few could match the Nasdaq's performance. Large cap blend funds couldn't keep up with the S&P (on average, they slipped 0.3%), whereas large-cap value funds were largely held back by falling energy and financial shares. On average, they retreated 0.8% in March, but ended the quarter up 4.1%.

As is typically the case, Fidelity's mid- and small-cap funds were a mixed bag: **Low-Priced Stock** managed to gain 0.9% and **Small Cap Growth** rose an impressive 1.6%. On the other hand, **Mid-Cap Value** and **Small Cap Value** both slipped 0.4% for the month.

### Select Funds

The average Select fund inched up 0.2% in March, but was 6.0% higher for the quarter.

**Select Technology** gained an impressive 4.0% for the one-month period and is now up 17.4% for the year. More narrow areas within tech also enjoyed solid gains in March, including **Computers** (3.6%) and **Semiconductors** (up 3.3%).

In contrast to that, **Banking** (down 4.1%) and the broader **Financial Services** (down 2.6%) were of help to no one, as was the case for **Energy Service** (down

2.5%), and to less of an extent, **Natural Gas** (down 0.9%).

### International Funds

Encouraging economic signs abroad, coupled with the political/economic miscues that have come to define the White House, helped to push the dollar lower against most currencies in March. This, in turn, added some performance fuel to international funds that were doing just fine even without that boost. (See p. 11.)

Against the backdrop of **International Index** gaining 3.1% for the month, **Diversified Int'l** matched that performance, whereas **Overseas** beat it (up 3.7%).

As good as those performances were, many developing markets fared even better in March. For example, **China Region** surged 3.6% and **Emerging Asia** jumped 4.1%, and the more diversified **Emerging Markets** (up 4.4%) appeared to rely on solid stock picking to better even those strong results.

### Bond Funds

The yield on the 10-year Treasury ended March at 2.39% — that was unchanged from a month before. As such, **U.S. Bond Index** fund (down 0.1%) was effectively unchanged, too. However, **Long-Term Treasury Index** fell 0.6%. ■

— John Bonnanzio

### April Scorecard Rating Changes

Fund	Ratings			Comments
	Old	New		
Fidelity Fund	H	S	↓	Overweight in energy is holding back performance.
Int'l Discovery	H	B	↑	Outlook brightening for developed mkts (see p. 11).
Int'l Cap App	H	B	↑	Outlook brightening for developed mkts (see p. 11).
Int'l Growth	H	B	↑	Outlook brightening for developed mkts (see p. 11).
Int'l Small Cap	B	B	↑	See Trade Box on p. 3 and article on p. 11.
New Millennium	B	H	↓	Overweight in energy is holding back performance.
Select Chemicals	H	B	↑	Weak gas & oil prices are positives for sector.
Select Multimedia	H	B	↑	Google's ad space problems may benefit others.
Select Retailing	B	B	↑	Big stakes in Amazon & Home Depot appealing.
Total Int'l Equity	H	B	↑	Outlook brightening for developed mkts (see p. 11).
VIP Int'l Cap App	H	B	↑	Outlook brightening for developed mkts (see p.11).

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, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>		
						Mar	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		2362.7		0.1	6.1	6.1	17.2	10.4	13.3	7.5	1.00		
		Nasdaq Composite		5911.7		1.6	10.1	10.1	22.9	13.4	15.3	10.6	1.26		
		Dow Jones Industrials		20663.2		-0.6	5.2	5.2	19.9	10.6	12.2	8.1	1.04		
		Russell 2000 (Small Caps)		1385.9		0.1	2.5	2.5	26.2	7.2	12.3	7.1	1.51		
		Barclays Aggregate Bond*				-0.1	0.8	0.8	0.2	2.5	2.1	3.9	0.29		
Model Portfolios		Unique Opportunities				0.8	6.3	6.3	17.5	6.6	11.3	6.2	1.08		
		Select				0.9	6.4	6.4	17.5	9.6	14.1	8.5	1.08		
		Growth				0.7	6.2	6.2	15.5	7.6	10.4	5.5	1.00		
		Growth & Income				0.4	4.7	4.7	12.8	7.1	9.0	5.4	0.70		
		Income				-0.1	1.8	1.8	7.6	4.5	4.8	4.5	0.38		
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>1.1</b>	<b>8.7</b>	<b>8.7</b>	<b>17.3</b>	<b>8.7</b>	<b>12.7</b>	<b>1.16</b>
312	FBGRX	Blue Chip Growth		75.32	Buy	2.7	11.8	11.8	19.1	10.8	13.9	1.20	\$14,615		
307	FDCAX	Capital Appreciation		33.97	OK to Sell	1.6	7.2	7.2	13.2	7.3	12.1	1.18	4,982		
22	FCNTX	Contrafund		107.68	Buy	1.6	10.1	10.1	15.6	9.7	12.5	0.98	77,315		
3	FFIDX	Fidelity Fund		43.65	OK to Sell↓	-0.2	6.1	6.1	13.4	8.3	11.3	1.02	3,883		
333	FTQGX	Focused Stock		19.65	OK to Sell	0.3	7.0	7.0	10.8	4.9	10.7	1.09	1,564		
25	FDGRX	Growth Company (Closed)		150.84	Buy	2.0	10.3	10.3	24.0	12.0	14.2	1.33	21,436		
339	FDSVX	Growth Discovery		28.50	OK to Buy	1.9	12.1	12.1	18.0	9.0	12.6	1.10	1,041		
73	FDFFX	Independence		35.83	OK to Sell	-0.1	7.0	7.0	13.0	4.0	10.9	1.34	3,343		
21	FMAGX	Magellan		97.22	OK to Buy	-0.0	6.4	6.4	14.4	9.2	12.8	1.09	13,562		
300	FMLX	New Millennium		37.74	Hold↓	0.0	4.7	4.7	19.5	6.1	11.8	1.08	3,210		
93	FOCPX	OTC		94.16	OK to Buy	2.1	13.0	13.0	27.6	13.4	15.9	1.53	10,608		
320	FDSX	Stock Selector All Cap		39.29	Hold	0.7	8.0	8.0	19.6	8.6	12.6	1.08	6,642		
5	FTRNX	Trend		90.42	OK to Buy	1.2	9.1	9.1	17.2	10.0	13.2	1.11	1,605		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>-0.3</b>	<b>5.0</b>	<b>5.0</b>	<b>17.1</b>	<b>8.2</b>	<b>12.1</b>	<b>1.07</b>
315	FDEQX	Disciplined Equity		35.37	Hold	0.4	6.5	6.5	12.5	7.5	12.3	1.00	1,216		
330	FDGFX	Dividend Growth		33.78	OK to Sell	-0.2	4.9	4.9	13.2	7.5	11.1	0.96	5,973		
332	FEXPX	Export and Multinational		22.16	Hold	-0.4	6.3	6.3	13.6	8.7	10.7	0.95	1,555		
27	FGRX	Growth & Income		34.13	Buy	-0.7	3.7	3.7	20.8	8.6	12.7	1.13	6,354		
338	FLCSX	Large Cap Stock		30.63	Buy	-0.6	4.3	4.3	23.2	8.1	13.6	1.21	3,046		
361	FGRTX	Mega Cap Stock		18.12	Buy	-0.3	4.1	4.1	19.5	8.6	12.5	1.13	3,500		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>-0.8</b>	<b>4.1</b>	<b>4.1</b>	<b>17.5</b>	<b>7.9</b>	<b>12.2</b>	<b>1.0</b>
1271	FBCVX	Blue Chip Value		18.21	OK to Buy	-1.3	5.5	5.5	16.4	8.6	12.4	1.03	432		
319	FEQTX	Equity Dividend Income		27.52	Buy	-0.9	2.5	2.5	16.9	8.4	11.8	0.95	5,558		
23	FEQIX	Equity-Income		58.58	Buy	-0.8	3.1	3.1	18.8	7.5	11.5	0.97	6,886		
708	FSLVX	Stock Sel Large Cap Value		19.22	OK to Buy	-1.1	3.1	3.1	17.0	8.1	12.7	0.99	710		
832	FVDFX	Value Discovery		26.99	Buy	-0.6	4.4	4.4	17.1	8.3	13.1	0.96	2,168		
14	FSLSX	Value Strategies		40.51	OK to Buy	-0.3	6.2	6.2	18.8	6.7	12.0	1.19	476		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>0.4</b>	<b>6.6</b>	<b>6.6</b>	<b>16.2</b>	<b>7.4</b>	<b>11.8</b>	<b>1.08</b>
324	FDEGX	Growth Strategies		36.70	Buy	0.3	8.0	8.0	11.5	8.8	11.9	1.02	2,292		
337	FMCSX	Mid-Cap Stock		36.27	OK to Buy	0.3	4.8	4.8	18.0	6.3	12.0	1.05	5,648		
2412	FSSMX	Stock Selector Mid Cap		37.30	OK to Buy	0.5	7.2	7.2	19.1	7.0	11.4	1.18	241		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>0.9</b>	<b>7.4</b>	<b>7.4</b>	<b>18.0</b>	<b>4.0</b>	<b>11.2</b>	<b>1.35</b>
122	FLVCX	Leveraged Company Stock		35.76	OK to Buy	0.9	7.4	7.4	18.0	4.0	11.2	1.35	2,699		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>0.1</b>	<b>4.4</b>	<b>4.4</b>	<b>15.7</b>	<b>7.0</b>	<b>12.7</b>	<b>1.05</b>
316	FLPSX	Low-Priced Stock		51.61	OK to Buy	0.9	4.3	4.3	12.4	6.0	11.1	0.90	28,068		
762	FSMVX	Mid Cap Value		25.81	OK to Buy	-0.4	4.2	4.2	16.1	8.0	13.8	1.07	2,485		
39	FDVLX	Value		115.06	Buy	-0.3	4.8	4.8	18.5	7.0	13.2	1.17	7,434		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>1.6</b>	<b>8.6</b>	<b>8.6</b>	<b>27.4</b>	<b>9.5</b>	<b>14.0</b>	<b>1.37</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	22.35	Buy	1.6	8.6	8.6	27.4	9.5	14.0	1.37	2,043		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>-0.1</b>	<b>2.9</b>	<b>2.9</b>	<b>20.2</b>	<b>7.8</b>	<b>11.3</b>	<b>1.34</b>
2624	FARNX	Event Driven Opportunities		13.83	Buy	0.5	6.8	6.8	30.1	10.2	--	1.50	331		
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	31.87	OK to Buy	0.1	0.7	0.7	16.9	6.6	13.0	1.34	5,761		
340	FSLCX	Small Cap Stock	2.00%/90d	19.27	Hold	0.2	2.3	2.3	14.9	8.1	10.3	1.20	1,813		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.64	OK to Buy	-1.1	1.8	1.8	18.7	6.2	10.6	1.32	1,522		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>-0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>17.0</b>	<b>8.3</b>	<b>13.4</b>	<b>1.18</b>
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.83	OK to Buy	-0.4	0.1	0.1	17.0	8.3	13.4	1.18	2,747		

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

# FIDELITY SCORECARD

MARCH 31, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Mar	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SPECIALTY</b>															
304	FBALX	Balanced		23.23	OK to Buy	0.3	5.5	5.5	12.8	7.0	9.3	0.73	\$21,734		
308	FCVSX	Convertible Securities		27.70	Hold	0.9	3.7	3.7	12.2	2.1	7.1	0.93	1,501		
334	FGBLX	Global Balanced		23.17	OK to Sell	1.0	4.8	4.8	4.2	1.0	4.7	0.71	371		
2120	FFGCX	Global Commodity Stock	1.00%/90d	11.65	OK to Sell	-0.1	3.2	3.2	25.4	-4.7	-3.4	1.81	277		
1960	FDYSX	Global Strategies		9.12	Hold	0.9	5.6	5.6	9.9	4.3	5.4	0.66	81		
1368	FIREX	International Real Estate	1.50%/60d	9.98	OK to Sell	0.0	5.2	5.2	1.7	2.6	8.7	1.01	286		
4	FPURX	Puritan		21.70	OK to Buy	0.1	5.4	5.4	11.6	6.8	9.1	0.73	19,933		
833	FRIFX	Real Estate Income	0.75%/60d	12.07	OK to Buy	-0.1	2.7	2.7	9.8	7.1	8.5	0.51	2,578		
303	FRESX	Real Estate Investment		41.45	Hold	-2.3	-0.4	-0.4	1.0	10.6	9.7	1.46	4,619		
1329	FSDIX	Strategic Dividend & Income		15.14	OK to Buy	0.1	3.6	3.6	13.1	8.1	10.3	0.73	3,581		
1505	FSRRX	Strategic Real Return		8.82	Hold	-1.0	0.6	0.6	7.0	-0.5	1.0	0.48	497		
311	FIUIX	Telecom & Utilities		25.92	Hold	-0.0	5.2	5.2	9.9	7.5	11.7	0.99	1,012		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.26	Hold	0.2	2.1	2.1	5.1	3.0	3.8	0.30	4,780		
1957	FTANX	Asset Manager 30%		10.75	Hold	0.4	2.9	2.9	6.9	3.7	4.9	0.39	981		
1958	FFANX	Asset Manager 40%		11.18	Hold	0.4	3.6	3.6	8.4	4.2	5.8	0.48	1,188		
314	FASMX	Asset Manager 50%		17.44	Hold	0.6	4.3	4.3	9.9	4.6	6.7	0.58	7,798		
1959	FSANX	Asset Manager 60%		11.67	Hold	0.7	5.0	5.0	11.4	4.9	7.4	0.67	1,618		
321	FASGX	Asset Manager 70%		20.73	Hold	0.8	5.7	5.7	12.9	5.3	8.2	0.77	4,263		
347	FAMRX	Asset Manager 85%		17.62	Hold	1.0	6.8	6.8	15.0	5.8	9.4	0.91	1,628		
<b>EQUITY INDEX</b>															
650	FUSEX	500 Index <sup>4</sup>		83.07	Hold	0.1	6.0	6.0	17.1	10.3	13.2	1.00	3,815		
2341	FPEMX	Emerging Markets Index <sup>4</sup>	1.50%/30d	9.47	Hold	2.8	11.9	11.9	17.5	1.7	0.7	1.54	25		
398	FSEMEX	Extended Market Index <sup>4</sup>		58.06	Buy	-0.1	4.5	4.5	22.4	7.1	12.5	1.30	815		
355	FFNOX	Four-in-One Index		40.32	Hold	0.8	5.5	5.5	13.9	6.3	9.6	0.85	4,797		
2345	FSGUX	Global ex U.S. Index <sup>4</sup>		11.78	OK to Buy	3.0	8.3	8.3	13.4	0.5	4.2	1.14	36		
2010	FIENX	International Enhanced Index	1.00%/60d	8.77	Buy	3.4	8.5	8.5	13.8	2.2	7.3	1.11	271		
399	FSIIX	International Index <sup>4</sup>		38.03	Hold	3.1	7.7	7.7	12.0	0.5	5.8	1.11	741		
1827	FLCEX	Lrge Cap Core Enhcd Index		13.20	Buy	-0.1	5.4	5.4	15.5	9.1	12.7	1.00	526		
1829	FLGEX	Lrge Cap Growth Enhcd Index		16.77	Buy	0.7	7.5	7.5	14.7	10.6	13.0	1.03	824		
2823	FSUIX	Lrge Cap Growth Index <sup>4</sup>		11.34	Hold	1.2	8.8	8.8	--	--	--	--	6		
1828	FLVEX	Lrge Cap Value Enhcd Index		12.40	Buy	-1.0	3.3	3.3	18.8	8.7	13.5	1.03	2,887		
2827	FLCDX	Lrge Cap Value Index <sup>4</sup>		11.30	Hold	-1.0	3.2	3.2	--	--	--	--	2		
2012	FMEIX	Mid Cap Enhanced Index		14.76	Buy	-0.1	4.6	4.6	16.4	8.4	13.7	1.07	1,176		
2349	FSCLX	Mid Cap Index <sup>4</sup>		19.07	OK to Buy	-0.2	5.1	5.1	16.8	8.3	12.9	1.09	64		
1282	FNCMX	Nasdaq Composite Index		77.74	OK to Buy	1.6	10.1	10.1	22.7	13.3	15.1	1.26	3,510		
2353	FRXIX	Real Estate Index <sup>4</sup>	0.75%/30d	15.38	Hold	-2.9	-0.3	-0.3	1.0	9.7	9.1	1.46	34		
2011	FCPEX	Small Cap Enhanced Index		14.27	Buy	-0.3	0.3	0.3	23.3	8.2	13.1	1.46	1,209		
2356	FSSPX	Small Cap Index <sup>4</sup>		18.80	OK to Buy	0.2	2.5	2.5	26.3	7.3	12.4	1.51	42		
2831	FTIGX	Total International Index <sup>4</sup>	1.00%/90d	10.82	Hold	2.8	8.2	8.2	--	--	--	--	6		
397	FSTMX	Total Market Index <sup>4</sup>		68.25	Hold	0.1	5.8	5.8	18.0	9.6	13.1	1.03	737		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>2.7</b>	<b>8.8</b>	<b>8.8</b>	<b>12.0</b>	<b>2.8</b>	<b>6.3</b>	<b>1.23</b>
309	FICDX	Canada	1.50%/90d	49.86	Hold	0.8	2.0	2.0	11.7	0.1	2.7	1.30	1,233		
352	FHKCX	China Region	1.50%/90d	27.44	Hold	3.6	15.4	15.4	18.6	4.1	8.3	2.13	950		
325	FDIVX	Diversified International		35.95	OK to Buy	3.1	8.0	8.0	7.1	1.5	6.6	1.08	10,130		
351	FSEAX	Emerging Asia	1.50%/90d	35.34	Hold	4.1	13.8	13.8	17.0	6.0	5.7	1.46	888		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/60d	8.57	Hold	0.2	1.9	1.9	17.6	-0.4	1.1	1.63	85		
322	FEMKX	Emerging Markets	1.50%/90d	25.34	Hold	4.4	13.6	13.6	14.6	2.3	2.5	1.33	3,043		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	13.16	Hold	4.0	15.2	15.2	22.5	4.4	4.8	1.33	94		
301	FIEXX	Europe		35.62	Hold	3.4	5.9	5.9	1.7	-1.7	6.2	1.26	1,046		
2406	FGILX	Global Equity-Income	1.00%/90d	12.84	OK to Buy	1.0	5.5	5.5	8.6	4.9	--	0.86	74		
335	FIVFX	International Cap App		17.67	OK to Buy↑	3.6	10.6	10.6	7.1	4.3	8.2	1.05	1,726		
305	FIGRX	International Discovery		39.60	OK to Buy↑	4.1	8.6	8.6	6.6	0.9	6.6	1.07	6,182		
1979	FIGFX	International Growth		11.66	OK to Buy↑	3.1	9.6	9.6	8.3	2.6	6.7	1.02	1,034		
818	FISMX	International Small Cap	2.00%/90d	25.34	Buy↑	2.8	8.8	8.8	15.2	5.8	10.5	1.01	1,042		
1504	FSCOX	International Small Cap Opps	2.00%/90d	15.76	OK to Buy	2.5	8.3	8.3	7.2	3.6	9.7	0.98	745		
1597	FIVLX	International Value	1.00%/60d	8.15	Hold	3.2	5.8	5.8	9.0	-0.6	5.7	1.04	310		
350	FJPNX	Japan	1.50%/90d	12.86	OK to Buy	1.5	7.3	7.3	14.8	5.2	5.9	1.18	365		
360	FJSCX	Japan Smaller Companies	1.50%/90d	15.72	OK to Buy	0.8	7.3	7.3	14.3	10.1	14.4	1.01	598		
349	FLATX	Latin America	1.50%/90d	21.90	Hold	2.8	15.0	15.0	25.4	-6.3	-9.3	2.25	538		
342	FNORX	Nordic	1.50%/90d	46.36	OK to Sell	2.3	3.2	3.2	-1.9	1.2	10.6	1.15	353		
94	FOSFX	Overseas		42.96	Buy	3.7	8.6	8.6	9.7	3.5	8.9	1.08	4,709		
302	FPBFX	Pacific Basin	1.50%/90d	29.05	OK to Buy	2.9	9.8	9.8	13.0	6.7	10.1	1.12	726		
2369	FTEMX	Total Emerging Markets	1.50%/30d	11.86	OK to Buy	2.7	10.4	10.4	19.5	4.3	4.0	1.12	143		
1978	FTIEX	Total International Equity	1.00%/30d	8.10	OK to Buy↑	3.5	8.9	8.9	10.2	1.6	5.7	1.03	307		
318	FWWFX	Worldwide		23.47	OK to Buy	1.9	7.6	7.6	10.0	3.5	9.1	1.03	1,413		

# FIDELITY SCORECARD

MARCH 31, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Mar	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SELECT PORTFOLIOS</b>						<b>Category Averages</b>			<b>0.2</b>	<b>6.0</b>	<b>6.0</b>	<b>20.0</b>	<b>7.2</b>	<b>11.6</b>	<b>1.58</b>
34	FSAIX	Air Transportation	0.75%/30d	74.30	OK to Buy	-2.3	0.0	0.0	15.5	10.7	17.5	1.41	\$394		
502	FSAVX	Automotive	0.75%/30d	37.03	Hold	0.7	6.0	6.0	5.9	0.9	9.0	1.70	54		
507	FSRBX	Banking	0.75%/30d	32.25	OK to Buy	-4.1	0.2	0.2	39.5	9.8	14.5	1.79	1,261		
42	FBIOX	Biotechnology		201.53	OK to Sell	-0.8	15.8	15.8	23.4	8.1	20.7	2.82	9,578		
68	FSLBX	Brokerage & Investment	0.75%/30d	70.28	Hold	-1.2	4.0	4.0	19.9	2.6	10.6	1.81	405		
69	FSCHX	Chemicals		165.26	OK to Buy↑	1.8	12.1	12.1	30.1	8.6	13.4	1.57	1,627		
518	FSDCX	Communications Equipment	0.75%/90d	34.47	Hold	1.0	5.1	5.1	23.6	7.2	8.9	1.52	205		
7	FDCPX	Computers	0.75%/30d	86.01	Hold	3.6	15.9	15.9	32.9	8.5	9.7	1.62	472		
511	FSHOX	Construction & Housing	0.75%/30d	62.88	Buy	1.9	6.8	6.8	10.7	10.4	14.4	1.38	404		
517	FSCPX	Consumer Discretionary		37.72	Buy	2.0	6.7	6.7	10.9	9.1	13.4	1.14	833		
98	FSVLX	Consumer Finance	0.75%/30d	13.67	Hold	-2.5	2.2	2.2	22.1	6.0	11.8	1.39	102		
9	FDFAX	Consumer Staples		98.21	OK to Buy	1.2	9.3	9.3	7.3	9.4	11.3	1.00	1,666		
67	FSDAX	Defense & Aerospace		135.60	Buy	-2.0	5.0	5.0	26.1	9.9	15.0	1.28	1,601		
60	FSENX	Energy		43.76	Hold	-0.8	-6.4	-6.4	21.3	-5.3	1.1	2.12	2,291		
43	FSESX	Energy Service	0.75%/30d	53.35	Hold	-2.5	-4.4	-4.4	28.4	-11.2	-1.9	2.50	734		
516	FSLEX	Environment & Alt Energy	0.75%/30d	24.24	OK to Buy	1.5	7.5	7.5	24.9	7.1	12.3	1.27	137		
66	FIDSX	Financial Services		100.34	OK to Buy	-2.6	1.6	1.6	26.4	8.3	12.2	1.30	1,018		
41	FSAGX	Gold		21.02	OK to Sell	0.0	9.7	9.7	14.6	2.0	-11.8	3.98	1,275		
63	FSPHX	Health Care		207.63	Hold	-0.6	12.4	12.4	14.4	8.9	19.3	1.57	6,629		
505	FSHCX	Health Care Services	0.75%/30d	88.66	Hold	-1.4	7.4	7.4	12.1	11.3	13.3	1.30	760		
510	FSCGX	Industrial Equipment	0.75%/30d	40.43	Buy	-0.4	3.3	3.3	12.9	6.2	10.1	1.28	185		
515	FCYIX	Industrials		33.32	Buy	-1.2	3.0	3.0	14.9	7.3	12.4	1.29	1,003		
45	FSPCX	Insurance	0.75%/30d	79.81	Buy	-1.0	2.9	2.9	21.6	12.1	16.7	1.19	649		
353	FBSOX	IT Services		44.97	OK to Buy	0.3	7.3	7.3	12.7	11.8	16.0	1.28	1,665		
62	FDSLX	Leisure	0.75%/30d	146.56	Hold	3.7	7.1	7.1	11.0	8.0	11.7	1.07	404		
509	FSDPX	Materials		81.96	Hold	0.4	7.7	7.7	20.9	2.3	7.4	1.56	883		
354	FSMEX	Medical Equipment		42.23	Hold	1.8	14.7	14.7	27.3	16.4	19.2	1.44	3,130		
503	FBMPX	Multimedia	0.75%/30d	82.53	OK to Buy↑	2.2	10.8	10.8	22.3	9.6	16.7	1.43	680		
513	FSNGX	Natural Gas	0.75%/30d	27.52	Hold	-0.9	-7.0	-7.0	31.2	-10.8	-1.4	2.75	482		
514	FNARX	Natural Resources	0.75%/30d	29.00	Hold	-0.4	-5.2	-5.2	20.0	-6.6	-0.6	2.12	912		
580	FPHAX	Pharmaceuticals		18.20	Hold	0.5	6.8	6.8	1.2	3.4	12.7	1.36	1,002		
46	FSRPX	Retailing		117.63	Buy↑	1.7	7.2	7.2	12.4	15.2	17.3	1.13	1,925		
8	FSELX	Semiconductors	0.75%/30d	104.62	OK to Buy	3.3	9.5	9.5	43.9	22.4	19.1	1.64	3,011		
28	FSCSX	Software & IT Services		143.28	Buy	1.7	11.2	11.2	24.3	13.2	16.8	1.39	4,155		
64	FSPTX	Technology		152.79	Buy	4.0	17.4	17.4	32.4	15.3	14.6	1.42	4,119		
96	FSTCX	Telecommunications		69.90	Buy	-0.1	0.1	0.1	12.1	9.2	12.1	1.06	693		
512	FSRFX	Transportation	0.75%/30d	89.82	OK to Sell	-3.4	-0.3	-0.3	17.4	8.9	15.7	1.52	645		
65	FSUTX	Utilities		77.09	Sell	0.1	8.1	8.1	9.5	6.6	11.6	1.19	697		
963	FWRLX	Wireless	0.75%/60d	9.42	Hold	3.4	12.1	12.1	20.2	7.2	11.2	1.13	239		
<b>SECTOR ETFs</b>															
	FDIS	MSCI Consumer Discretionary		34.68	Buy	2.3	8.1	8.1	13.4	11.0	--	1.16	263		
	FSTA	MSCI Consumer Staples		32.87	OK to Buy	-0.2	5.9	5.9	6.3	10.9	--	0.95	268		
	FENY	MSCI Energy		19.63	Hold	-0.9	-6.7	-6.7	14.5	-6.8	--	1.89	494		
	FNCL	MSCI Financials		35.15	OK to Buy	-2.8	2.0	2.0	32.8	12.0	--	1.39	780		
	FHLC	MSCI Health Care		35.71	Hold	-0.4	9.0	9.0	13.2	10.2	--	1.32	662		
	FIDU	MSCI Industrials		33.57	Buy	-0.2	4.7	4.7	20.3	9.0	--	1.25	337		
	FTEC	MSCI Information Technology		41.15	Buy	2.2	11.8	11.8	25.5	15.6	--	1.36	720		
	FMAT	MSCI Materials		30.53	Hold	0.4	6.3	6.3	23.4	6.0	--	1.64	215		
	FREL	MSCI Real Estate		23.88	Hold	-1.6	2.6	2.6	5.4	--	--	--	223		
	FCOM	MSCI Telecomm Services		30.64	Buy	-1.3	-3.9	-3.9	5.3	8.5	--	1.18	133		
	FUTY	MSCI Utilities		33.31	Sell	0.0	6.2	6.2	8.1	11.2	--	1.33	215		
<b>FACTOR ETFs</b>															
	FDVW	Core Dividend		26.75	OK to Buy	0.0	3.2	3.2	--	--	--	--	38		
	FDRR	Dividend for Rising Rates		27.83	OK to Buy	0.3	5.8	5.8	--	--	--	--	78		
	FDLO	Low Volatility Factor		26.98	Hold	-0.2	4.8	4.8	--	--	--	--	20		
	FDMO	Momentum Factor		27.23	OK to Sell	0.4	6.9	6.9	--	--	--	--	16		
	FQAL	Quality Factor		27.93	Hold	-0.0	6.6	6.6	--	--	--	--	25		
	FVAL	Value Factor		28.63	Buy	-0.5	5.3	5.3	--	--	--	--	27		

## Income Investing *cont'd from page 4*

In Europe, more earnings are simply returned to shareholders as dividends. But in the U.S., our tax system encourages more to be used for share buybacks, capital expenditures (to grow and improve produc-

tivity), and for mergers and acquisitions, which are more easily executed here than abroad.

In other words, when it comes to dividend-paying stocks, the likely price an investor pays for additional income is less growth. That's not

only the case for many foreign stock funds, it's also true for funds that invest in higher-yielding sectors such as utilities, where the tradeoff between income and growth is pronounced. ■

— John Bonnanzio

# FIDELITY SCORECARD

MARCH 31, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>			
						Mar	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>0.1</b>	<b>1.1</b>	<b>1.1</b>	<b>0.4</b>	<b>1.8</b>	<b>1.9</b>	<b>1.98</b>	<b>5.3</b>	<b>0.32</b>
2267	FCONX	Conservative Income Bond		10.04	Buy	0.1	0.3	0.3	1.1	0.6	0.6	0.92	0.2	0.02			
2208	FCBFX	Corporate Bond		11.35	Buy	-0.2	1.4	1.4	4.7	3.7	4.1	3.14	6.9	0.41			
2423	FGBFX	Global Bond		8.83	OK to Sell	0.6	2.7	2.7	-0.1	-0.6	--	0.94	7.1	0.52			
15	FGMNX	GNMA (Ginnie Mae)		11.41	OK to Buy	-0.1	0.3	0.3	0.3	2.5	1.9	2.33	4.2	0.17			
54	FGOVX	Government Income		10.19	Hold	-0.0	0.6	0.6	-1.0	2.0	1.6	1.86	5.6	0.29			
794	FINPX	Inflation-Prot Bond (closed) <sup>3</sup>		12.07	Hold	-0.1	1.2	1.2	1.0	1.6	0.6	0.14*	5.5	0.40			
2415	FSIQX	Inflation-Protected Index <sup>3,4</sup>		9.80	Hold	0.0	1.2	1.2	1.4	1.9	--	0.03*	5.5	0.41			
32	FTHRFX	Intermediate Bond		10.83	Buy	0.1	0.9	0.9	1.2	2.1	2.2	2.27	4.0	0.21			
452	FSTGX	Intermediate Gov't Income		10.47	Hold	0.1	0.5	0.5	-0.8	1.3	1.1	1.63	3.8	0.21			
1561	FIBIX	Intermediate Treasury Index <sup>4</sup>		10.69	Hold	0.1	1.0	1.0	-2.1	2.6	1.8	2.11	6.5	0.44			
2428	FINUX	International Bond		8.43	OK to Sell	1.0	3.8	3.8	-2.0	-2.8	--	1.69	7.3	0.73			
26	FBNDX	Investment Grade Bond		7.83	Buy	-0.1	1.1	1.1	3.2	2.8	2.8	2.56	5.9	0.31			
2622	FJRLX	Limited Term Bond		11.48	Buy	0.1	0.7	0.7	1.5	1.7	1.9	1.80	2.6	0.14			
662	FFXSX	Limited Term Government		9.94	OK to Buy	0.1	0.4	0.4	-0.4	0.8	0.7	1.29	2.7	0.14			
1562	FLBIX	Long-Term Treasury Index <sup>4</sup>		12.69	Hold	-0.6	1.6	1.6	-5.2	5.6	3.9	2.83	17.5	1.11			
40	FMSFX	Mortgage Securities		11.19	OK to Buy	-0.0	0.5	0.5	0.4	2.7	2.3	2.17	4.6	0.19			
450	FSHFX	Short-Term Bond		8.61	Buy	0.2	0.5	0.5	1.0	1.1	1.1	1.25	1.7	0.07			
1560	FSBIX	Short-Term Treasury Index <sup>4</sup>		10.39	Hold	0.1	0.4	0.4	-0.4	0.9	0.7	1.38	2.7	0.14			
820	FTBFX	Total Bond		10.59	Buy	0.0	1.3	1.3	3.9	3.3	3.3	3.02	5.6	0.30			
651	FBIDX	U.S. Bond Index		11.52	Hold	-0.1	0.8	0.8	0.2	2.5	2.1	2.48	5.8	0.30			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>0.0</b>	<b>2.8</b>	<b>2.8</b>	<b>12.1</b>	<b>4.0</b>	<b>5.4</b>	<b>4.22</b>	<b>3.4</b>	<b>0.52</b>
38	FAGIX	Capital & Income	1.00%/90d	10.01	OK to Buy	-0.3	4.1	4.1	14.6	5.5	7.5	3.96	3.5	0.59			
814	FFRHX	Floating Rate High Income	1.00%/90d	9.65	OK to Buy	0.1	1.0	1.0	9.4	3.0	3.6	3.01	0.2	0.30			
1366	FHIFX	Focused High Income	1.00%/60d	8.60	OK to Buy	0.2	2.4	2.4	11.0	3.7	5.1	4.04	3.8	0.51			
2297	FGHNX	Global High Income	1.00%/30d	9.44	OK to Buy	-0.2	3.0	3.0	11.9	3.7	5.9	4.46	3.3	0.58			
455	SPHIX	High Income	1.00%/90d	8.88	Buy	0.1	3.3	3.3	16.5	3.9	5.9	5.50	3.3	0.60			
331	FNMIX	New Markets Income	1.00%/90d	16.09	OK to Buy	0.5	4.6	4.6	14.7	6.6	5.9	5.79	6.3	0.72			
2580	FSAHX	Short Duration High Income	1.00%/30d	9.52	OK to Buy	0.0	1.6	1.6	11.0	2.3	--	3.75	2.0	0.47			
368	FSICX	Strategic Income		10.82	Buy	-0.2	2.3	2.3	8.1	3.4	4.1	3.26	4.7	0.40			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.2</b>	<b>1.2</b>	<b>1.2</b>	<b>-0.2</b>	<b>3.1</b>	<b>2.9</b>	<b>2.02</b>	<b>5.9</b>	<b>0.29</b>
434	FSAZX	Arizona Muni Income		11.91	Hold	0.2	1.4	1.4	-0.3	3.8	3.4	2.07	7.1	0.34			
1534	FCSTX	Calif Limited Term Tax Free		10.57	OK to Buy	-0.1	1.2	1.2	-0.1	1.5	1.5	1.16	2.9	0.17			
91	CTFX	California Muni Income		12.78	Hold	0.3	1.5	1.5	-0.4	3.8	3.9	2.06	6.2	0.34			
407	FICNX	Connecticut Muni Income		11.30	Hold	0.0	1.0	1.0	-1.2	3.1	2.7	2.35	7.0	0.35			
2578	FCRDY	Conservative Income Muni		10.03	Buy	0.1	0.5	0.5	0.5	0.4	--	0.78	0.6	0.03			
36	FLTMX	Interm Municipal Income		10.26	Hold	0.2	1.1	1.1	-0.1	2.5	2.4	1.97	5.1	0.26			
404	FSTFX	Limited Term Muni Income		10.51	OK to Buy	0.1	1.1	1.1	0.0	1.1	1.2	1.24	2.7	0.15			
429	SMDMX	Maryland Muni Income		11.20	Hold	0.4	1.7	1.7	-0.2	3.5	2.8	2.02	6.7	0.33			
70	FDMMX	Mass Muni Income		12.00	Hold	0.3	1.1	1.1	-0.7	3.6	3.1	2.30	7.6	0.35			
81	FMHTX	Michigan Muni Income		12.00	Hold	0.3	1.2	1.2	-0.5	3.6	3.0	2.28	6.9	0.32			
82	FIMIX	Minnesota Muni Income		11.48	Hold	0.2	1.2	1.2	-0.2	3.0	2.5	1.90	6.1	0.28			
37	FHIGX	Municipal Income		12.92	Hold	0.3	1.5	1.5	-0.2	3.8	3.5	2.50	7.2	0.35			
416	FNJHX	New Jersey Muni Income		11.54	Hold	0.3	1.1	1.1	-0.2	3.0	2.7	2.51	6.6	0.37			
71	FTFMX	New York Muni Income		13.09	Hold	0.3	1.5	1.5	-0.2	3.8	3.3	2.06	6.9	0.33			
88	FOHFX	Ohio Muni Income		11.95	Hold	0.2	1.3	1.3	-0.5	4.1	3.6	2.32	7.5	0.36			
402	FPXTX	Pennsylvania Muni Income		11.00	Hold	0.2	1.3	1.3	0.1	3.5	3.3	2.27	6.6	0.30			
90	FTABX	Tax-Free Bond		11.30	Hold	0.3	1.3	1.3	-0.1	3.8	3.6	2.60	7.2	0.35			

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

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC %Yield	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC %Yield
			Mar	YTD					Mar	YTD	
55	FDRXX	Gov't Cash Reserves	0.03	0.07	0.39	433	FSAXX	Arizona Muni MM	0.03	0.07	0.41
458	SPAXX	Government MM	0.02	0.05	0.33	97	FCFXX	California Muni MM	0.02	0.06	0.39
631	FGMXX	Retirement Gov't MM	0.02	0.06	0.34	457	FSPXX	California AMT Tax-Free	0.04	0.10	0.54
630	FRTXX	Retirement Gov't MM II	0.03	0.06	0.34	418	FCMXX	Connecticut Muni MM	0.03	0.07	0.39
2742	FZFXX	Treasury MM	0.02	0.05	0.31	426	FMSXX	Mass AMT Tax-Free	0.04	0.11	0.56
415	FDLXX	Treasury Only MM	0.02	0.03	0.25	74	FDXMX	Massachusetts Muni MM	0.02	0.13	0.40
<b>PRIME MONEY MARKETS</b>						420	FMIXX	Michigan Muni MM	0.02	0.05	0.36
454	SPRXX	Money Market	0.06	0.17	0.76	417	FNJXX	New Jersey Muni MM	0.03	0.06	0.41
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						423	FSJXX	New Jersey AMT Tax-Free	0.04	0.11	0.57
10	FTEXX	Municipal Money Market	0.03	0.09	0.51	92	FNYYX	New York Muni MM	0.08	0.12	0.39
275	FMOXX	Tax-Exempt MM	0.03	0.07	0.43	422	FSNXX	New York AMT Tax-Free	0.04	0.11	0.57
						419	FOMXX	Ohio Muni MM	0.02	0.07	0.39
						401	FPTXX	Pennsylvania Muni MM	0.02	0.06	0.40

The Annuity Growth Model reflects the April 3 trade (see Trade Box on p. 3).

FIDELITY SCORECARD							MARCH 31, 2017						
Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Mar	YTD	3 Mo.	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
	Model Portfolios	Annuity Sector Model					1.4	7.2	7.2	17.9	9.8	13.6	1.07
		Annuity Growth Model					0.0	4.7	4.7	17.5	7.6	10.9	1.10
		Annuity Growth & Income Model					-0.2	3.5	3.5	12.3	6.1	8.4	0.73
		Annuity Income Model					-0.2	1.6	1.6	8.0	4.2	3.9	0.40
9067	FLRQC	Fid VIP Asset Manager	Allocation		18.53	Hold	0.5	4.3	4.3	8.0	3.2	6.1	0.66
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		18.92	Hold	0.8	5.6	5.6	10.4	3.3	7.4	0.87
9069	FJBAC	Fid VIP Balanced	Allocation		22.00	OK to Buy	0.3	5.4	5.4	12.7	6.8	8.7	0.73
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	26.09	Buy	1.8	6.5	6.5	11.0	8.6	13.0	1.13
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	25.58	OK to Buy	1.2	8.4	8.4	5.8	12.4	12.8	1.03
9065	FPDFC	Fid VIP Contrafund	Large Growth		24.08	Buy	0.5	7.5	7.5	17.4	8.4	11.6	1.06
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		20.02	Buy	-0.4	0.0	0.0	22.6	7.6	12.5	1.46
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		24.98	OK to Sell	1.5	7.3	7.3	12.8	6.6	12.1	1.20
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts		8.99	Hold	4.4	13.5	13.5	14.2	1.9	2.1	1.33
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	15.66	Hold	-0.8	-6.5	-6.5	20.9	-5.6	0.9	2.12
9061	FLOLC	Fid VIP Equity-Income	Large Value		19.92	Buy	-0.8	2.8	2.8	18.5	7.0	11.2	0.97
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	12.47	OK to Buy	-2.7	1.6	1.6	26.0	8.1	12.1	1.30
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.87	OK to Buy	0.1	0.8	0.8	8.5	2.8	--	0.27
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.66	Hold	0.1	2.1	2.1	3.5	2.4	3.2	0.28
9158	FMPBC	Fid VIP FundsManager 50	Allocation		16.42	Hold	0.6	4.3	4.3	8.0	3.9	6.0	0.56
9197	FMPPC	Fid VIP FundsManager 60	Allocation		15.49	Hold	0.8	4.9	4.9	9.8	4.5	7.1	0.66
9159	FMPCC	Fid VIP FundsManager 70	Allocation		17.04	Hold	0.9	5.8	5.8	11.2	4.7	7.9	0.75
9160	FMPDC	Fid VIP FundsManager 85	Allocation		17.23	Hold	1.1	6.8	6.8	13.6	5.4	9.2	0.90
9062	FMNDC	Fid VIP Growth	Large Growth		23.79	OK to Buy	1.9	11.9	11.9	17.5	8.6	12.2	1.10
9070	FLFNC	Fid VIP Growth & Income	Large Blend		22.80	Buy	-0.7	3.5	3.5	20.4	8.3	12.3	1.13
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		24.14	Buy	1.9	11.6	11.6	17.0	8.8	12.1	1.31
9084	FIDRC	Fid VIP Health Care	Sector	1.00%/60d	35.87	Hold	-0.7	12.4	12.4	14.3	8.7	18.8	1.57
9060	FBBLC	Fid VIP High Income	High-Yield Bond		19.86	Buy	0.0	2.4	2.4	14.3	3.4	5.3	0.59
9064	FXVLT	Fid VIP Index 500	Large Blend		23.65	Hold	0.1	6.0	6.0	16.8	10.0	12.9	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	30.33	Buy	-1.2	3.0	3.0	14.6	7.2	12.2	1.29
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l		16.99	OK to Buy ↑	3.6	10.5	10.5	7.0	4.1	7.9	1.04
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.94	Buy	-0.1	1.1	1.1	2.6	2.7	2.5	0.30
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	19.99	Hold	0.4	7.7	7.7	20.9	2.0	7.2	1.55
9071	FNBSB	Fid VIP Mid Cap	Mid Growth		25.37	Buy	0.0	5.4	5.4	18.3	6.6	10.9	1.19
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt		11.34	--	0.1	0.1	0.1	0.0	-0.1	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l		15.22	Buy	3.6	8.5	8.5	6.8	0.1	5.7	1.15
9072	FFWKC	Fid VIP Real Estate	Sector		22.86	Hold	-2.3	0.4	0.4	0.5	9.0	8.9	1.44
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		18.67	Buy	-0.1	2.4	2.4	7.4	3.0	3.6	0.39
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	33.90	Buy	4.2	18.2	18.2	33.6	14.6	13.6	1.42
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	16.41	Buy	0.0	0.1	0.1	11.8	8.9	11.9	1.06
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	25.00	Sell	-0.0	8.0	8.0	9.1	6.4	11.4	1.19
9079	FKMSC	Fid VIP Value	Large Value		20.95	Buy	-0.9	3.9	3.9	15.2	7.5	12.4	1.07
9073	FRBSC	Fid VIP Value Strategies	Mid Value		21.66	OK to Buy	-0.2	6.2	6.2	17.8	5.8	11.4	1.21
9347	FBMEC	Black Rock Global Allocation	Global Allocation		12.66	Hold	0.8	4.5	4.5	9.0	2.7	4.8	0.63
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		11.34	OK to Sell	1.9	4.2	4.2	7.9	1.0	2.5	0.55
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.30	Hold	-0.1	0.3	0.3	-0.7	1.0	0.6	0.15
9285	FIGXC	Invesco Global Core Eqty	Global Stock		12.39	Hold	0.3	5.7	5.7	12.5	3.1	7.1	1.05
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		15.86	Hold	2.5	10.8	10.8	22.9	0.9	1.0	1.66
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		18.42	OK to Buy	0.3	3.8	3.8	9.4	4.0	3.3	0.67
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.23	Hold	3.1	11.4	11.4	13.2	0.4	1.0	1.36
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l		12.73	Hold	1.4	4.4	4.4	7.8	0.8	4.9	0.71
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.90	OK to Sell	-2.8	-1.8	-1.8	10.5	-14.2	-10.0	1.45
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.55	Buy	0.0	0.3	0.3	1.0	0.5	1.1	0.12
9277	FPNBC	Pimco VIT Real Return	TIPS		12.94	Hold	0.2	1.7	1.7	2.5	1.4	0.7	0.45
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		13.08	Hold	0.0	1.5	1.5	2.0	2.3	2.5	0.31

Annuity Sector	
Fund	Allocation
VIP Technology	29%
VIP Cons Discretionary	26
VIP Telecom	24
VIP Industrials	21
<b>Total Return:</b>	
Mar: 1.4%	YTD: 7.2%

Annuity Growth	
Fund	Allocation
VIP Contrafund	26%
VIP Growth Opps	24
VIP Equity-Income	17
VIP Mid Cap	16
VIP Disciplined Sm Cap	9
VIP Overseas	9
<b>Total Return:</b>	
Mar: 0.0%	YTD: 4.7%

Annuity Growth & Income	
Fund	Allocation
VIP Contrafund	22%
VIP Investment Grade	21
VIP Equity-Income	20
VIP Growth & Income	20
VIP High Income	17
<b>Total Return:</b>	
Mar: -0.2%	YTD: 3.5%

Annuity Income	
Fund	Allocation
VIP Investment Grade	28%
Pimco VIT Low Duration	26
VIP Equity Income	24
VIP High Income	22
<b>Total Return:</b>	
Mar: -0.2%	YTD: 1.6%

## ***Inflation-Protected Bond Has Closed***

The actively managed **Inflation-Protected Bond** has closed to most new investors. But for the indefinite future, it remains open to most existing shareholders.

This is known as a “soft close.” Such closes are typically temporary to keep “hot money” from overwhelming the manager’s ability to invest the money effectively and prudently. When a manager is unable to invest all the fund’s assets in a rising market, the only viable option for the manager is to “park” some of it in non-performing cash, which could hurt existing shareholders.

In this particular case, we believe that Fidelity is closing the fund for an altogether different reason: a perfectly acceptable fund alternative called **Inflation-Protected Index**.

Over the past four calendar years, while the index fund’s distributed yield has been lower, both funds’ total returns (less fees) and risk have been essentially identical.

One place where the funds part company, however, is where the 15-year-old Inflation-Protected Bond has amassed \$1.5 billion in assets versus just \$9 million for the index fund. So, if we are correct in asserting that the larger fund will eventually be merged into the smaller index fund, a fair amount of planning and shareholder approval (to close and merge the funds) must first take place.

If you already own Inflation-Protected Bond in a retirement account, and are now interested in switching to the index fund, go ahead. However, if you’re sitting on a taxable capital gain, it would be wiser to wait for it to merge into the index fund as that would likely be a non-taxable event. In the meantime, we continue to rate both funds *Hold*. ■

## **MODEL PORTFOLIOS**

### ***Models Turn Abroad For Growth***

This month, we’ve upgraded our ratings on five diversified foreign stock funds (see p. 5), reestablished a small stake abroad in our *Unique Opportunities Model*, and following a multi-year hiatus, carved out a small position in **Overseas** in both our *Growth* and *Annuity Growth Models* (see p. 3).

Our absence from these funds has been driven by our view that U.S. stocks have provided a more attractive risk-return opportunity — and we’ve been right! For example, over the past five years **Int’l Index** (a proxy for developed foreign markets) has had an average annual return of just 5.2% versus 13.9% for the S&P 500. Moreover, it’s been about 10% riskier! The past one- and three-year periods have been equally lopsided.

But nine months after the surprise Brexit vote, the environment for foreign stocks has improved. More sober minds are now seeing the trade opportunities that may spring from Britain’s departure from the EU. More broadly, Europe’s economy is picking up steam, and so its central banks are moving away from monetary stimuli and are actually talking about interest-rate hikes. Euro stocks are also less expensive than our own, and their performance has picked up. These developments, coupled with concerns that U.S. growth is not accelerating fast enough, have resulted in the dollar’s relative weakness. That’s giving Fidelity’s unhedged foreign funds an added performance boost.

While we believe that U.S. stocks remain the best long-term arena for the majority of your assets, some foreign exposure may help to reduce overall portfolio risk while providing solid returns. Below we profile our purchases:

#### ***Overseas and VIP Overseas***

For the past five years, **Overseas** and its related share classes have been expertly run by Vincent Montemaggiore. We have preferred his fund to other foreign large-caps as a combination of methodical stock picking (turnover is a low 33%) and country allocations that have given him an ample performance lead over both his peers and his MSCI EAFE benchmark (though the latter consists of nearly 1,000 holdings versus this fund’s 170).

Currently, Europe (66%) and Japan (20%) are the fund’s largest regional allocations, though there’s a smattering of developed countries, including U.S. shares (6%). Country-wise, the U.K. dominates this \$5.5 billion fund with almost a quarter of fund assets.

Vincent’s preferred sector is presently financials, but at 21%, it’s roughly a market-weight.

With a relative volatility of 1.08, **Overseas** is considerably less risky than **Small Cap Enhanced Index**, which we have pared. ■

#### ***International Small Cap***

The biggest surprise about this fund is this: Despite its small-cap focus and its foreign stock holdings, it is essentially no more risky than the S&P 500 (volatility is just 1.01 versus 1.00 for the market). Of course, given the primacy of U.S. stocks over other developed markets in recent years, **Int’l Small Cap** has trailed U.S. stocks by a significant margin over the past 1-, 3- and 5-years periods.

Of course, that’s an unfair comparison as Manager Sam Chamovitz has been “fishing” in an altogether different pond. On that score, his now three-year-old record is one where he’s decisively beaten his benchmark through shrewd security selection and by tilting the fund’s style bias towards value stocks throughout Europe (42%) and Japan (21%). It should also be noted that about 12% of its billion-dollar asset base is in volatile emerging markets, making its risk management all the more impressive. Note: The fund has a 2%/90-day redemption fee. ■

## Inside Fidelity

**Manager Changes** — Elizabeth McLaughlin is the new co-manager on **Conservative Income Muni**, where she joins existing manager Doug McGinley. A 20-year veteran of Fidelity's fixed-income group, she currently runs several closely related muni money market funds.

On that score (and in keeping with the portfolio management structure seen elsewhere at Fidelity), several money market funds have now adopted the co-portfolio manager structure.

### 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:*

500 Index, Asst Mgr 40% and 50%, Balanced, CA Ltd Term Tax Free, CA Muni Inc, Convertible Secs, Equity Div Inc, Equity-Inc, Extended Mkt Index, Four-in-One Index, Global Equity Inc, Growth & Inc, Interm Treas Index, Int'l Enhcd Index, Int'l Index, Lg Cap Core Enhcd Index, Lg Cap Growth Enhcd Index, Lg Cap Val Enhcd Index, Long-Term Treas Index, Mid Cap Enhcd Index, Puritan, Short-Term Treas Index, Small Cap Enhcd Index, Strat Div & Inc, Strat Real Ret, Telecom & Utilities, Total Market Index, and all Select funds.

*The final distributions for March are shown below.*

Fund	Ex-Date	\$ Amt	NAV
Equity-Inc	3/10	0.507	59.08
MA Municipal Inc	3/10	0.025	11.88
NY Municipal Inc	3/10	0.024	12.98
Real Estate Inc	3/3	0.037	12.05
Real Estate Index	3/3	0.006	15.63
Real Estate Invest	3/3	0.064	41.99
Stk Sel Large Cap	3/10	0.007	19.41
Tax-Free Bond	3/10	0.027	11.20
Telecom and Util	3/10	0.097	25.74

The move comes on the heels of a massive SEC-mandated realignment of how money market funds must invest. In the aftermath of these changes, last year, almost \$300 billion of Fidelity's roughly \$539 billion in money fund assets shifted among its various muni, government and prime offerings.

As such, their two largest retail funds (**Gov't Cash Reserves** and **Gov't MM**, whose assets are \$136 billion and \$83 billion, respectively) now have two managers. For its part, **VIP Gov't MM** is now overseen by Andre Messier, who continues run Gov't MM with his new cohort Kevin Gaffney.

Several other funds simply have new managers.

While Fidelity is best known for its stock funds, its fixed-income group actually oversees approximately 18% of the entire \$3 trillion money-market sector. This makes Fidelity the country's largest "cash" manager. So while these changes will only be noticed by a handful of observers, they should help to keep Fidelity atop this playing field: In 2016, their money market funds outperformed 80% of their peers!

**Fund Closing** — **Inflation-Protected Bond** is closing to most new investors (see p. 11). ■

## Some Selects Revamp

Pending shareholder approval, several Select funds may soon have new benchmarks and somewhat altered investment limitations. These changes are driven by S&P Dow Jones Indices' decision to no longer provide custom benchmarks for narrowly defined sector funds. They are **Air Transportation**, **Automotive**, **Communications Equipment**, **Gold**, **Natural Gas** and **Pharmaceuticals**.

While the new investible universe of stocks will increase for all but one fund (**Communications Equipment**), three funds' benchmarks will have fewer options to invest abroad and three will have more (see table). However, foreign positions often include North American firms and ADRs (dollar-denominated "shares" of foreign companies trading on American exchanges). Separately, **Computers** and **Wireless** will, for now, maintain their S&P benchmarks until such time that Fidelity finds suitable alternatives.

Finally, **Medical Equipment and Systems'** benchmark may also expand to officially include life sciences and health care tech firms. (The fund already has some exposure to them.) Thus the fund's name will change to **Medical Technology and Devices**. As such, we expect both the funds' long-term growth and volatility (risk) to increase as biotech, in particular, is quite volatile. We still rate the fund *Hold*.

Pending approvals, these changes should go into effect on July 1. ■

Select Fund	# of Holdings		% Foreign	
	New Benchmark	Change	New Benchmark	Change
Air Transportation	41	+5	5	+8
Automotive	54	+20	26	+6
Commun's Equip	37	-2	19	-3
Gold	76	+12	88	-2
Natural Gas	156	+33	15	+10
Pharmaceuticals	54	+9	28	-2

*Fidelity Monitor & Insight* (ISSN 0892-2934) is published monthly for \$249 per year by **Independent Fidelity Investors Inc (IFI)**.

**Executive Editor:** Jack Bowers **Editors:** John Boyd, John Bonnanzio **Production & Design:** Kim Dowgos, Sherraden Marston **Webmaster:** Wayne Foster. All material presented is compiled from sources believed reliable, but accuracy cannot be guaranteed. Before buying any mutual fund, you should read its prospectus carefully. IFI does not render legal, accounting or tax advice. Copyright ©2017. Reproductions in whole or in part are prohibited except by permission. Send address changes to *Fidelity Monitor & Insight* P.O. Box 19189 Reno, NV 89511.

**Editorial Questions:** editorial@fmandi.com **Subscription Questions:** memberservices@fmandi.com or 800-444-6342 **Hotline:** 800-520-4630