

25
Years

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FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

JUNE 2015

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MESSAGE FROM JACK

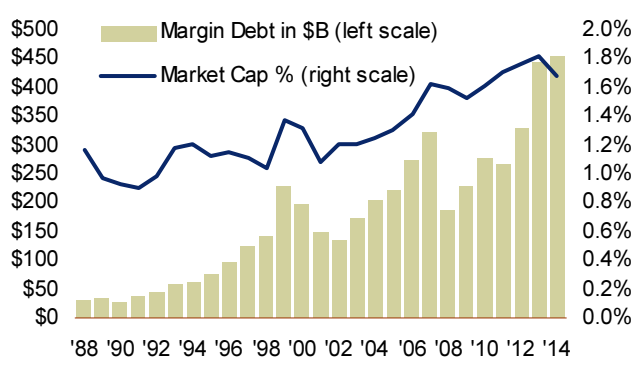
Margin Debt Not A Major Concern

Some advisors are overly concerned about margin debt, but they shouldn't be. Granted, a chart of margin debt in dollars (or against GDP) does present a scary image, but a different picture emerges when plotted as a percentage of US market cap. The latter approach takes away exaggerations due to stock valuation surges, and compensates for the impact of stock buybacks (which in recent decades have caused market cap to grow faster than the economy).



Jack Bowers

While the use of margin debt has grown steadily over the last 25 years, it's not due to speculative excess. Discount brokerages have made it easier to set up a margin account, and falling interest rates have made it more attractive to buy stocks



on margin. Margin debt does indeed grow during bull markets, and shrink during bearish selloffs. But it's a lagging indicator, meaning it only tells you what you already know.

Should you ever buy anything on margin? It's a bad idea, in my opinion, because margin magnifies losses more than gains, and under adverse conditions can wipe out your portfolio. Still, if a small percentage of investors choose to live life in the fast lane, it doesn't poison the well for the rest of us. It just makes high-priced stocks and expensive sectors — such as biotech — a lot more volatile. As for the broad market, the impact is minimal. The situation in Greece is worth worrying about, but margin debt is not.

Sincerely,

MARKET OUTLOOK

Don't Listen To The Fear Mongers

A reader recently wanted my take on a prediction from former congressman Ron Paul. Appearing in web videos, radio spots and TV ads promoting a "Survival Guide" by Porter Stansberry of the eponymous Stansberry & Associates Investment Research, Paul warns that "Stocks and bonds will crash," and it will be "infinitely worse than the crisis of 2008." (Never mind that Mr. Stansberry was once successfully sued by the SEC for fraud arising from stock tips sold to subscribers to his newsletter — at \$1,000 a pop!)



John M. Boyd

My advice — at no additional charge — is to pay no attention whatsoever to Mr. Stansberry or any others making bombastic claims of cataclysmic declines. (That's also true of stratospheric gains — I am an equal opportunity skeptic — though the latter are far less frequent.) The fact is that sensational forecasts of impending stock market doom are all too common in every bull market.

Let's look at a recent sampling of such headlines and their dates from Google's archives (courtesy of Chris Ciovacco of Ciovacco Capital Management):

- "Warning: Crash dead ahead. Sell. Get liquid. Now" - 05/10
- "Stock Market Crash Alert, Market is Falling Like a Stone" - 5/12
- "...Stock Market Likely to Crash From Here, 50% Drop!" - 2/13
- "The Bearish Call to End All Bearish Calls" - 1/14
- "Crash of 2014: Like 1929, you'll never hear it coming" - 2/14
- "New doomsday poll: 99.9% risk of 2014 crash" - 3/14
- "10 peaking megabubbles signal impending stock crash" - 5/14
- "15 Big Oil sell signals that warn of a 50% stock crash" - 10/14
- "Five reasons why markets are heading for a crash" - 12/14

While not a scientific study, I think you get the idea that besides being all too common, these scary headlines are almost always wrong.

In fact, the only thing reliable about these predictions of doom is that reacting to them will cost you more money than simply ignoring them — even if one occasionally turns out to be correct. (Even a broken clock is right twice a day — as the saying goes.)

For example, if you had "gone liquid" in May of 2010

Market Outlook cont'd on page 3

Unique Opportunities

Target Risk: 1.20 (Current: 1.12)

Foreign Holdings: 9.0%

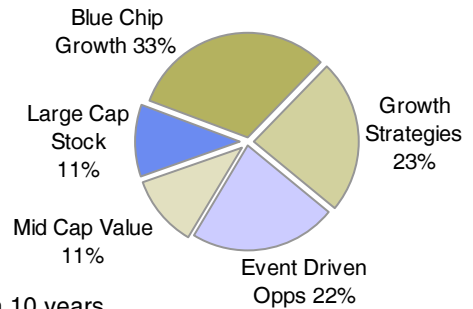
YTD Return: 5.4%

Stocks: 99.3% Bonds: 0.0% Cash: 0.7% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	May Ret
Blue Chip Growth	FBGRX	\$73.21	1,874.44	\$137,228	2.3%
Growth Strategies	FDEGX	34.77	2,873.22	99,902	2.4
Event Driven Opps	FARNX	11.46	8,315.96	95,301	0.9
Mid Cap Value	FSMVX	25.74	1,861.10	47,905	2.8
Large Cap Stock	FLCSX	29.49	1,619.32	47,754	0.7

Current Value (3/31/99 = \$100,000) **\$428,089** **1.9%**

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



Select

Target Risk: 1.20 (Current: 1.07)

Foreign Holdings: 11.8%

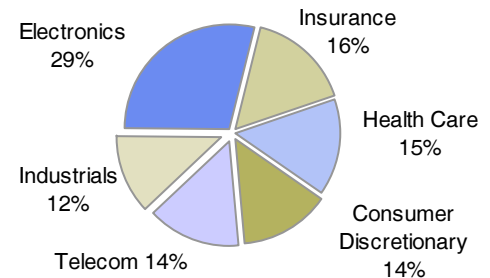
YTD Return: 4.7%

Stocks: 97.8% Bonds: 0.2% Cash: 2.1% Alternatives: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
Electronics	FSELX	\$88.09	10,006.90	\$881,508	6.5%
Insurance	FSPCX	67.33	7,151.69	481,523	1.9
Health Care	FSPHX	241.32	1,818.93	438,943	5.6
Consumer Discretionary	FSCPX	34.22	12,482.32	427,145	0.6
Telecommunications	FSTCX	63.22	6,668.20	421,564	-0.9
Industrials	FCYIX	31.91	11,653.81	371,873	1.5

Current Value (12/31/88 = \$100,000) **\$3,022,557** **3.2%**

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



Growth

Target Risk: 1.00 (Current: 1.06)

Foreign Holdings: 8.7%

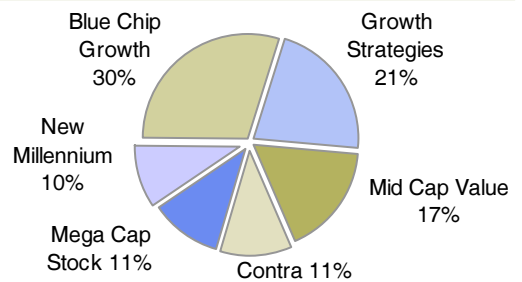
YTD Return: 5.7%

Stocks: 98.9% Bonds: 0.0% Cash: 1.1% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	May Ret
Blue Chip Growth	FBGRX	\$73.21	8,771.74	\$642,179	2.3%
Growth Strategies	FDEGX	34.77	13,018.47	452,652	2.4
Mid Cap Value	FSMVX	25.74	14,188.56	365,214	2.8
Contrafund	FCNTX	102.27	2,305.27	235,760	2.2
Mega Cap Stock	FGRTX	17.02	13,406.99	228,187	0.6
New Millennium	FMLIX	40.22	5,231.02	210,392	0.7

Current Value (12/31/86 = \$100,000) **\$2,134,384** **2.0%**

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



Growth & Income

Target Risk: 0.66 (Current: 0.74)

Foreign Holdings: 11.1%

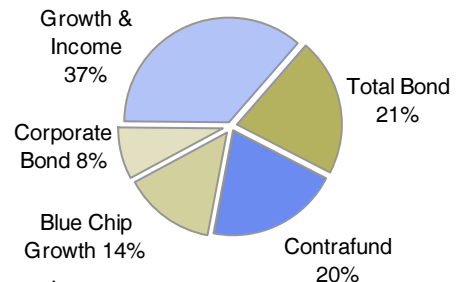
YTD Return: 3.8%

Stocks: 70.5% Bonds: 23.3% Cash: 1.0% Alternatives: 3.4% Yield: 1.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
Growth & Income	FGRIX	\$31.17	6,566.72	\$204,685	0.6%
Total Bond	FTBFX	10.73	10,869.73	116,632	-0.2
Contrafund	FCNTX	102.27	1,098.10	112,302	2.2
Blue Chip Growth	FBGRX	73.21	1,072.21	78,496	2.3
Corporate Bond	FCBFX	11.44	3,928.75	44,945	-0.5

Current Value (12/31/93 = \$100,000) **\$557,061** **0.9%**

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: 10.0%

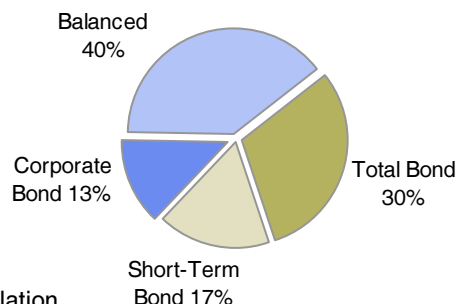
YTD Return: 2.2%

Stocks: 26.6% Bonds: 63.7% Cash: 2.2% Alternatives: 5.1% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	May Ret
Balanced	FBALX	\$23.51	6,209.46	\$145,984	1.1%
Total Bond	FTBFX	10.73	10,022.21	107,538	-0.2
Short-Term Bond	FSHBX	8.61	7,136.87	61,448	0.1
Corporate Bond	FCBFX	11.44	4,267.45	48,820	-0.5

Current Value (12/31/91 = \$100,000) **\$363,791** **0.3%**

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



as directed by the first headline in our list, you would have missed out on a 114% gain in the S&P 500 since then!

Still it can be hard not to worry about these dire predictions, as fear is a very strong motivator, especially if these calls are “backed-up” by some important sounding metric such as Robert Shiller’s CAPE ratio, Nobel Laureate James Tobin’s Q ratio, or one of Warren Buffett’s favorites, market cap to GDP, that shows the market to be dangerously overvalued.

Cullen Roche, of Orcam Financial Group, cites the example of one analyst who is currently garnering attention for his claim that based on Tobin’s Q and other valuation metrics, the stock market is now 80% overvalued!

The only problem is that this analyst also said the market was 40% overvalued in November of 2009, 70% overvalued in December of 2010 and 50% overvalued in March of 2012. If you followed his advice you would have missed nearly this entire bull market. Cullen goes on to point out that, in fact, the market has been overvalued by those three valuation gauges for most of the last 20+ years!

Short-Term Risks

Of course, this does not mean that we have nothing to worry about. The Greek credit crisis is once again moving to center stage as that government will run out of money by June 20 if they don’t sign the reform agreement that German officials are preparing for them. We think the most likely outcome is an eventual deal, but we could see increased volatility in the interim and perhaps even a correction in the stock market. European stocks have been whipsawed in recent days as hopes for a Greek deal have risen and fallen. Members should be prepared to ride out any pullback.

FUNDS YOU SHOULD BUY NOW

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

Growth & Income: **Growth & Income** and **Mega Cap Stock** seek growth and yield from large-caps; **Balanced** (p. 11) and **Puritan** use a mix of stocks and bonds to mitigate risk.

Taxable Bond: **Short-Term Bond** and **Intermediate Bond** limit interest-rate risk. **Total Bond** (p. 12) provides the greatest bond diversification. **Investment Grade Bond** limits credit risk but boosts yield via additional interest-rate risk, while **Corporate Bond** steps up risk on both fronts.

Muni Bond: More highly taxed investors should consider muni funds. We prefer the less risky, nationally diversified variety. ■

Long-Term Bull Intact

Bull markets do end and this one will, too. But the conditions that normally accompany the end of a bull are just not present at the moment. Bull markets end in excessive optimism when everyone thinks stocks can only go higher. Right now, I would argue that, if anything, we are seeing excessive pessimism. Negative headlines in the financial media far outweigh positive ones (one analyst calculates the ratio as 12-1).

The start of a bear market also typically coincides with an economic recession. While the recently revised GDP figure for the first quarter now shows a decline of 0.7%, we do not expect a repeat in the second quarter. (Two consecutive quarters of decline is the colloquial definition of a recession.) Second quarter growth is not likely to be much to write home about, and we will continue to watch the economic data carefully. But it should be positive and the outlook for growth in the second half of the year is much brighter.

I noted last month that we believed much of the downturn in the first quarter was due to temporary factors and we were starting to see early signs pointing to better growth going for-

ward. Those signs continued to mount in May. The housing sector appears to be gaining momentum. On a seasonally unadjusted basis, new home sales for April were 25% higher than a year ago and the highest since May of 2008. Moreover, the pending home sales index reached its highest level in nine years. And both housing starts and permits beat expectations. New orders for durable goods ex-transportation rose 0.5% in April and the index of leading economic indicators rose 0.7%, up from 0.4% in March. Consumer confidence also rose.

Don't Try To Time The Market

If you find yourself getting nervous over the next doomsday headline calling for a move to all cash, remember that this is engaging in market timing. Even if the prognosticator turns out to be right (at this time — not three years from now!) they will have to be equally right about when to get back into stocks for you to really benefit over the long term. If you are truly uncomfortable, far better to move down the risk ladder a bit and switch to one of our more conservatively allocated models such as the Growth & Income or Income Portfolio. ■

— John M. Boyd

Model Portfolios Key:

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

FUND PROFILE

Contrafund: A Quarter Century Of Growth

In April, we sat down with Will Danoff for an update on **Contrafund**,



Will Danoff

which he's very successfully managed for a quarter century. Through most of those years, we have been fortunate to have held

Contra in various model portfolios (and to have recommended it to readers) even as its assets ballooned beyond \$100 billion. To some, that figure may be an alarm as the first fund to ever cross that line, **Magellan**, wound up in dramatic retreat. (Its assets are now "just" \$14 billion!)

For its part, Contra has \$78 billion in retail shares and another \$33 billion in K

shares. Atop that, since 2003, Will has run various share classes of the thematically similar, but otherwise different, **New Insights** fund. Will co-manages it with John Roth of **New Millennium** and **Mid Cap Stock**. All in, Will oversees \$146 billion in assets — more than any other active stock fund manager in the world!

Of course, those assets beg this question: Has all this money impeded Contra's performance?

As the chart above suggests, it perhaps already has. Indeed, the margin by which Contra has been able to beat its S&P 500 benchmark has declined in recent years.

We examined the fund's 24 full calendar years of returns (1991-2014). Will beat his S&P 500 benchmark by an average of 4.39 percentage points during the first half of his tenure (12 years). During the next half (when assets were dramatically higher), Contra's performance advantage shrunk by over half to 2.08 percentage points.

Even more concerning has been its

most recent 5-year performance which has seen Contra trail its benchmark by 0.50% on average. (During its inaugural five years, it beat it by 8.07 percentage points annually!)

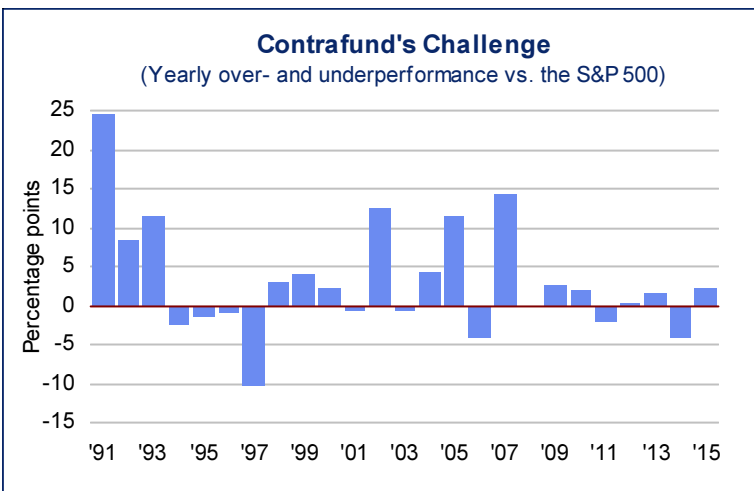
Seeking Alpha

The challenge of generating alpha (excess return beyond its benchmark) is an all-too-familiar conversation for Will, who was unabashed in admitting to us that Contra's large size demands

large-cap fund — and Apple. He must also hold these positions longer. Indeed, portfolio turnover is a modest 45% versus an average of about 73% for all of Fidelity's stock funds (including index offerings). And, for all its heft, its \$78 billion market cap is not much greater than the market's \$71 billion median, while five other big-cap funds at Fidelity are even higher.

Will deliberately manages market cap lower by also holding some mid-

and even a few small-cap stocks. "Think of Contra as three distinct portfolios," he told us. And, no surprise here, much of the fund's "juice" (our word, not his) comes from its smaller, faster-growing (and often pricier) shares. Of course, to make those stocks meaningful performance-contributors, Will must own a lot of them. In fact, overall holdings total 335. Few funds hold



that he slowly build significant stakes in many large companies. Top holdings include Warren Buffett's Berkshire Hathaway — itself a type of

more. That's a lot to look after. Then again, no other fund manager in the country has 135 or so analysts at his disposal. And, Will has another, less obvious resource: access to corporate management. Corporate chieftains return calls to Fidelity, and they all visit because it's still the country's largest active manager of funds.

CONTRAFUND		
Fund Data		
Ticker:	FCNTX	
Total Fund Assets:	\$111 billion	
Expense Ratio:	0.64%	
Turnover Rate:	45%	
Relative Volatility:	1.06	
Market Cap	\$78.0 billion	
Foreign Exposure	9.0%	
# of Holdings	335	
Top 5 Sectors		
	Fund	Index ¹
Info Technology	27.3%	19.9%
Health Care	18.1	14.6
Consumer Discret.	17.8	12.5
Financials	16.1	16.1
Industrials	7.5	10.3
¹ S&P 500		
Top 10 Holdings		
1. Berkshire Hath.	6. Google CL A	
2. Apple	7. Google CL C	
3. Facebook	8. Walt Disney	
4. Wells Fargo	9. Colgate-Palm.	
5. Biogen	10. United Health	

Recent Results

So far this year, Contra has been a step or two ahead of the S&P 500, having risen 5.4% vs. 3.2%.

During the first quarter, Berkshire (which was about 3% of assets) was a laggard. On the plus side, Will's deft touch in tech was beneficial: Not only was his overweight there helpful, but so too was his stock selection which included Google's Class A and C shares. Not to be overlooked: Contra's early bet on Facebook.

The fund's modest overweight in health care also added value during the period. (While we're not enam-

Contrafund *cont'd on page 12*

FUND COMMENTARY

Growth Stocks March Forward In May

Although shares of energy and consumer-related stocks weighed most heavily on the broad market indexes in May, the Nasdaq Composite and S&P 500 continued to score new



John Bonnanzio

highs as technology companies (especially chipmakers) and health care companies (think biotech) were especially helpful in boosting their performances.

Also faring well last month were certain financials, especially bank stocks, while construction and housing-related shares benefited from a variety of favorable conditions including low interest rates. On that note, there's some irony: Funds that invest in real estate (both stocks and bonds) continued to encounter headwinds in May as numerous years of gains have made their valuations less appealing.

The Indexes

The Nasdaq Composite rose 2.7% in May and is now up an impressive 7.5% for the year.

Using Fidelity's sector funds to peer deeper into that performance, **Select Biotechnology** soared 11.7% last month and is now up 22.5% for the year. For its part, **Electronics**, which invests almost exclusively in semiconductor stocks (see p. 11), jumped 6.5% last month and on a year-to-date basis is now up 9.9%.

Of course, chipmakers and gene therapy companies come in both small and large "sizes." So while the Nasdaq has been the most obvious beneficiary, the small-, mid- and large-cap stock barometers have also benefited from their performances.

For example, the Russell 2000 gained 2.3% in May as some of its small health care components were bought at a premium by much larger pharmaceutical makers. (That index is now up 4.0% for the year.)

For its part, the big-cap S&P 500 rose a more modest 1.3% in May. M&A activity among big drug makers (**Pharmaceuticals** popped 4.6% last month and is now up 16.6% this year) and tech have been central to keeping the S&P in the black. Indeed, those two sectors account for more than a third of the benchmark.

As for the Dow Jones Industrials, it rose 1.2% in May and is up just 2.0% so far this year. Thematically speaking, this year's strong US dollar has clearly weakened offshore sales and earnings for many multinational companies which, in turn, has weighed on the Dow's constituent companies.

Stock Funds

By far-and-away, Fidelity's top-performing diversified fund in May was **Small Cap Growth** (up 4.6%). Now up 11.2% for the year, fully half of its assets are pretty evenly divided between health care and tech stocks, including a top-10 position in chip stock Qorvo, which soared 18% last month!

Other small-cap funds that lean away from growth stocks like tech and biotech were not as fortunate performance-wise, as they tend to hold more financials, including poorer-performing REITs. For example, **Small Cap Value** gained just 0.5% in May.

Likewise, large-cap growth funds far-outpaced their "blender" and value-oriented peers.

Consider the case of **Stock Selector Large Cap Value** whose sector weights hew closely to its Russell 1000 Value benchmark. It gained a scant 0.7% last month. While it holds plenty of big pharma, the team-run fund was saddled by a nearly 11%

stake in energy, while its financials (the biggest bet at 30%) and industrials (9%) were unlikely to have been performance-enhancers.

Now let's pivot to large-caps.

The highly concentrated **Focused Stock** (up 3.4%) and its closed clone **Fifty** (up 3.3%), enjoyed the best gains last month. Not surprisingly, more than half their assets are in health care (including biotech) and tech (including chipmakers). With such a mix, they are among Fidelity's more aggressive (volatile) large-cap growth funds.

That said, greater risk did not necessarily translate into greater returns last month.

With a volatility of 1.46 (about 20% greater than Focused and Fifty), **OTC's** 1.9% return in May was a disappointment, especially when contrasted to the Nasdaq's 2.7% gain. Two areas where Manager Gavin Baker may have encountered trouble were with relative underperformers Amazon and Google, which he overweights relative to the Nasdaq. Even so, the fund is up 7.6% this year versus 7.5% for the index.

Among Fidelity's biggest funds asset-wise, **Contra** (see facing page) rose 2.2% in May thereby putting further distance between itself and the S&P 500 on a year-to-date basis (up 5.4% versus 3.2%). **Blue Chip Growth** (up 2.3%) and **Magellan** (up 1.9%) also benefited from the market's growth bias, but neither fared quite as well as the closed **Growth Company**, which gained 2.5%. The more value-oriented **Low-Priced Stock** rose 1.1%.

Fund Commentary *cont'd on page 8*

JUNE SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old		New	
Capital Appreciation	B	B	↓	Too much exposure to pricey biotech.
Int'l Small Cap Opps	H	B	↑	Foreign debt markets improving; declining risk.
Sel Air Transport	B	B	↓	Rising competition may lead to a war on airfares.
Sel Transportation	B	B	↓	Rising competition may lead to a war on airfares.
Trend	B	B	↓	Too much exposure to pricey biotech.
B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell, NC = No change (↑) Rating upgraded; (↓) Rating downgraded.				

FIDELITY SCORECARD

MAY 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹		
						May	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		2107.4		1.3	3.2	0.6	11.8	19.7	16.5	8.1	1.00		
		Nasdaq Composite		5070.0		2.7	7.5	2.4	20.8	23.0	18.9	10.5	1.18		
		Dow Jones Industrials		18010.7		1.2	2.0	-0.2	10.1	16.0	15.1	8.3	1.07		
		Russell 2000 (Small Caps)		1246.5		2.3	4.0	1.5	11.4	19.5	15.1	8.7	1.50		
		Barclays Aggregate Bond*				-0.4	0.8	-0.3	2.8	2.0	3.7	4.2	0.35		
Model Portfolios		Unique Opportunities				1.9	5.4	1.0	9.2	19.3	14.1	8.7	1.12		
		Select				3.2	4.7	1.7	15.8	23.0	17.8	10.7	1.07		
		Growth				2.0	5.7	1.7	12.9	17.4	14.4	7.4	1.06		
		Growth & Income				0.9	3.8	0.8	9.4	13.8	11.4	6.8	0.74		
		Income				0.3	2.2	0.4	5.4	6.7	7.0	4.9	0.37		
												Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						Category Averages			2.1	5.7	1.1	13.7	20.4	16.8	1.16
312	FBGRX	Blue Chip Growth		73.21	Buy	2.3	7.0	1.3	18.3	23.3	18.7	1.19	\$14,680		
307	FDCAX	Capital Appreciation		38.13	OK to Buy ↓	2.6	5.8	0.6	15.8	19.9	16.8	1.10	6,339		
22	FCNTX	Contrafund		102.27	Buy	2.2	5.4	0.8	13.3	18.5	16.4	1.06	77,651		
332	FEXPX	Export and Multinational	0.75%/30d	22.42	Hold	1.6	5.3	1.7	12.9	16.8	13.6	0.98	1,594		
3	FFIDX	Fidelity Fund		44.96	OK to Sell	1.8	4.9	0.6	14.5	18.7	15.2	1.06	4,186		
500	FFTYX	Fifty (Closed)		30.61	OK to Buy	3.3	5.0	1.2	7.2	18.6	16.1	1.23	732		
333	FTQGX	Focused Stock		19.76	OK to Buy	3.4	5.4	1.2	7.8	18.8	17.3	1.26	1,380		
25	FDGRX	Growth Company (Closed)		141.75	Buy	2.5	7.7	1.3	19.7	22.2	19.5	1.27	23,595		
339	FDSVX	Growth Discovery		24.96	OK to Buy	2.3	5.7	0.4	13.0	19.4	17.8	1.16	1,083		
73	FDFFX	Independence		40.97	OK to Sell	2.7	6.8	1.2	11.3	22.6	16.9	1.33	4,308		
21	FMAGX	Magellan		94.07	OK to Buy	1.9	5.0	1.1	15.2	21.4	14.2	1.07	14,314		
300	FMILX	New Millennium		40.22	Buy	0.7	3.8	1.9	6.9	19.0	16.1	1.11	3,897		
93	FOCPX	OTC		85.64	OK to Buy	1.9	7.6	1.1	22.8	25.7	19.5	1.46	9,498		
320	FDSX	Stock Selector All Cap		37.27	OK to Buy	1.4	5.5	1.6	12.2	20.6	16.1	1.01	4,801		
5	FTRNX	Trend		88.40	OK to Buy ↓	1.6	4.7	0.1	14.5	20.4	17.6	1.10	1,519		
LARGE CAP BLEND						Category Averages			1.1	3.7	1.1	10.8	20.9	16.1	1.07
315	FDEQX	Disciplined Equity		35.04	Buy	2.2	4.2	0.9	12.1	21.6	14.5	1.03	1,270		
330	FDGFX	Dividend Growth		34.55	OK to Buy	1.2	3.4	0.6	11.1	19.9	14.8	1.02	6,573		
27	FGRIX	Growth & Income		31.17	Buy	0.6	3.6	1.2	10.0	20.1	16.6	1.07	6,689		
338	FLCSX	Large Cap Stock		29.49	Buy	0.7	4.4	1.5	10.6	22.6	17.5	1.13	3,269		
361	FGRTX	Mega Cap Stock		17.02	Buy	0.6	3.2	1.1	10.2	20.2	17.1	1.10	3,365		
LARGE CAP VALUE						Category Averages			0.7	2.8	0.9	10.1	19.6	14.0	1.01
1271	FBCVX	Blue Chip Value		16.90	OK to Buy	0.9	3.7	0.9	14.0	21.6	13.1	1.08	387		
319	FEQTX	Equity Dividend Income		27.03	Hold	0.8	1.7	0.4	8.9	17.3	13.4	0.99	5,133		
23	FEQIX	Equity-Income		58.69	Hold	0.5	2.9	1.4	6.8	17.5	13.0	0.97	6,935		
708	FSLVX	Stock Sel Large Cap Value		17.68	OK to Buy	0.7	3.2	1.5	10.1	20.6	14.5	1.02	770		
832	FVDFX	Value Discovery		25.27	OK to Buy	0.5	2.5	0.4	10.6	21.4	15.8	1.01	1,169		
MID-CAP GROWTH						Category Averages			1.4	5.9	1.4	13.0	20.4	15.8	1.13
324	FDEGX	Growth Strategies	1.50%/90d	34.77	Buy	2.4	7.7	1.9	18.6	22.5	16.0	1.12	2,602		
337	FMCSX	Mid-Cap Stock	0.75%/30d	40.46	OK to Buy	0.9	5.4	1.6	9.0	19.8	15.4	1.14	5,901		
2412	FSSMX	Stock Selector Mid Cap		34.99	OK to Buy	1.0	4.6	0.7	11.5	18.9	16.0	1.12	573		
MID-CAP BLEND						Category Averages			0.9	5.2	1.2	8.2	21.9	15.8	1.17
2624	FARNX	Event Driven Opportunities		11.46	Buy	0.9	3.8	-0.4	8.4	--	--	--	220		
122	FLVCX	Leveraged Company Stock	1.50%/90d	48.35	Hold	0.9	6.7	2.9	8.0	21.9	15.8	1.17	3,915		
MID-CAP VALUE						Category Averages			2.0	5.8	2.4	12.5	22.2	16.5	1.07
316	FLPSX	Low-Priced Stock	1.50%/90d	52.79	OK to Buy	1.1	5.1	2.2	10.7	20.2	16.2	1.02	30,722		
762	FSMVX	Mid Cap Value	0.75%/30d	25.74	Buy	2.8	5.3	2.7	16.7	24.7	18.1	1.11	3,277		
39	FDVLX	Value		119.71	Buy	2.1	5.7	2.6	11.9	23.5	16.7	1.09	8,263		
14	FSLSX	Value Strategies		46.28	OK to Buy	2.1	7.2	2.2	10.8	20.5	15.1	1.06	723		
SMALL CAP GROWTH						Category Averages			4.6	11.2	5.2	21.1	21.6	17.1	1.49
1388	FCPGX	Small Cap Growth	1.50%/90d	20.47	Buy	4.6	11.2	5.2	21.1	21.6	17.1	1.49	1,126		
SMALL CAP BLEND						Category Averages			1.6	5.5	2.1	12.4	19.0	14.8	1.35
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	30.70	OK to Buy	0.3	2.0	0.5	8.9	21.0	17.6	1.40	6,034		
340	FSLCX	Small Cap Stock	2.00%/90d	20.25	OK to Buy	1.7	7.8	3.0	15.5	17.9	11.3	1.28	1,931		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.35	OK to Buy	2.9	6.8	2.9	12.7	18.2	15.5	1.38	1,425		
SMALL CAP VALUE						Category Averages			0.5	1.5	0.1	8.4	19.3	14.6	1.43
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	19.21	OK to Buy	0.5	1.5	0.1	8.4	19.3	14.6	1.43	2,049		

Notes: *Fidelity's Spartan US 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. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

MAY 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						May	YTD	3 Mo.	1 Year	3 Year	5 Year		
SPECIALTY													
304	FBALX	Balanced		23.51	Buy	1.1	3.7	0.9	10.0	14.3	12.3	0.69	\$21,183
308	FCV SX	Convertible Securities		32.38	OK to Buy	0.9	0.8	-1.9	4.6	15.3	11.6	0.90	2,172
334	FGBLX	Global Balanced	1.00%/30d	23.50	OK to Buy	0.2	2.8	0.3	-0.4	9.0	8.6	0.77	502
2120	FFGCX	Global Commodity Stock	1.00%/30d	12.72	Hold	-1.2	2.2	-1.9	-11.8	1.0	0.8	1.68	204
1960	FDYSX	Global Strategies		9.02	Hold	0.1	4.0	0.9	3.5	7.7	7.5	0.67	113
1368	FIREX	International Real Estate	1.50%/90d	10.86	Hold	-1.9	7.2	0.0	4.8	18.7	13.0	1.38	338
4	FPURX	Puritan		22.18	Buy	1.2	3.6	0.6	10.1	14.2	12.3	0.70	19,599
833	FRIFX	Real Estate Income	0.75%/90d	11.85	OK to Buy	0.2	1.7	-0.3	5.4	9.7	10.3	0.60	2,659
303	FRESX	Real Estate Investment	0.75%/90d	40.34	Hold	0.1	-1.3	-4.1	10.3	12.1	14.0	1.58	4,526
1329	FSDIX	Strategic Dividend & Income		14.59	OK to Buy	0.3	1.6	-0.3	7.2	14.1	13.1	0.73	3,247
1505	FSRRX	Strategic Real Return	0.75%/60d	9.07	OK to Sell	-0.9	0.3	-0.8	-4.5	1.8	4.3	0.56	591
311	FIUIX	Telecom & Utilities		24.83	OK to Buy	0.6	3.3	2.0	5.0	14.8	15.7	1.19	985
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		13.44	Hold	0.2	2.0	0.5	3.1	5.1	5.6	0.30	5,011
1957	FTANX	Asset Manager 30%		10.73	Hold	0.3	2.8	0.7	4.1	6.9	7.0	0.39	855
1958	FFANX	Asset Manager 40%		11.05	Hold	0.5	3.4	0.9	4.8	8.7	8.3	0.48	945
314	FASMX	Asset Manager 50%		17.65	Hold	0.6	3.9	1.1	5.6	10.3	9.4	0.57	8,213
1959	FSANX	Asset Manager 60%		11.56	Hold	0.7	4.4	1.2	6.2	11.9	10.4	0.66	1,398
321	FASGX	Asset Manager 70%		20.75	Hold	0.9	5.1	1.5	6.7	13.6	11.4	0.76	4,094
347	FAMRX	Asset Manager 85%		17.39	Hold	1.2	5.8	1.8	7.7	16.1	12.8	0.90	1,478
EQUITY INDEX													
355	FFNOX	Four-in-One Index		38.71	Hold	0.8	4.7	1.0	7.3	16.0	13.0	0.87	4,347
2010	FIENX	International Enhanced Index	1.00%/30d	9.04	Hold	0.7	10.8	3.3	2.0	17.2	11.2	1.26	141
1827	FLC EX	Large Cap Core Enhanced Index		12.17	Buy	1.9	3.0	0.4	11.5	20.1	16.9	1.01	401
1829	FLG EX	Large Cap Growth Enhanced Index		15.29	OK to Buy	1.8	5.3	0.7	14.7	20.0	17.6	1.03	438
1828	FLV EX	Large Cap Value Enhanced Index		11.36	OK to Buy	1.9	1.7	0.6	9.6	21.2	16.4	1.05	1,253
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	14.10	OK to Buy	2.1	4.9	0.5	13.2	22.7	17.9	1.11	773
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	66.97	Hold	2.7	7.4	2.4	20.7	22.8	18.8	1.18	1,877
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	13.09	OK to Buy	2.8	6.4	2.1	14.4	21.5	17.1	1.44	545
650	FUSEX	Spartan 500 Index ⁴		74.58	Hold	1.3	3.2	0.6	11.7	19.6	16.5	1.00	8,035
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	9.98	Hold	-3.5	6.1	2.0	2.7	6.3	--	1.54	25
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	57.51	Buy	1.8	5.6	1.5	11.9	20.6	16.6	1.27	1,864
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	12.40	Hold	-1.3	7.6	2.0	-1.0	12.3	--	1.26	18
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	40.70	Hold	-0.1	9.4	2.4	-0.5	15.6	10.1	1.29	3,031
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	18.21	OK to Buy	1.5	4.4	0.6	12.2	20.9	--	1.08	40
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	14.58	Hold	-0.1	-1.4	-4.2	10.9	12.1	--	1.60	32
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	17.43	OK to Buy	2.2	3.9	1.4	11.4	19.4	--	1.50	33
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	61.92	Hold	1.4	3.7	0.8	11.8	19.8	16.5	1.02	2,021
INTERNATIONAL						Category Averages	-0.4	8.7	3.6	3.6	14.2	10.2	1.37
309	FICDX	Canada	1.50%/90d	50.60	OK to Sell	-4.1	-3.8	-0.8	-5.0	6.6	4.7	1.36	1,622
352	FHKCX	China Region	1.50%/90d	38.55	OK to Buy	1.5	25.7	22.5	36.7	24.6	14.9	1.61	1,909
325	FDIVX	Diversified International	1.00%/30d	38.09	OK to Buy	1.6	10.6	3.4	5.2	16.8	11.3	1.18	14,578
351	FSEAX	Emerging Asia	1.50%/90d	36.27	OK to Buy	-2.5	11.1	7.0	14.5	14.2	10.5	1.31	1,264
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.33	OK to Sell	-5.8	4.3	-1.0	-9.4	4.2	4.4	1.62	81
322	FEMKX	Emerging Markets	1.50%/90d	24.84	OK to Buy	-2.3	2.2	-1.8	-0.3	7.8	4.4	1.38	2,972
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.57	Hold	-0.9	8.0	5.8	1.0	8.7	--	1.34	74
301	FIEUX	Europe	1.00%/30d	39.54	Hold	1.5	12.1	4.2	-0.2	18.4	12.0	1.39	1,506
2406	FGILX	Global Equity-Income	1.00%/30d	12.69	OK to Buy	1.0	6.5	2.7	8.2	17.0	--	0.96	67
335	FIVFX	International Cap App	1.00%/30d	17.45	Buy	0.7	6.7	0.8	7.3	16.9	13.0	1.16	1,392
305	FIGRX	International Discovery	1.00%/30d	42.01	Hold	1.3	10.6	3.5	4.3	16.6	11.0	1.25	7,610
1979	FIGFX	International Growth	1.00%/30d	11.91	OK to Buy	1.4	10.3	3.2	5.9	14.9	12.9	1.12	830
818	FISMX	International Small Cap	2.00%/90d	24.18	Hold	0.3	11.7	6.4	4.9	18.5	13.8	1.25	810
1504	FSCOX	International Small Cap Opps	2.00%/90d	15.37	OK to Buy	1.8	12.4	6.1	5.6	17.8	15.0	1.10	619
1597	FIVLX	International Value	1.00%/30d	8.78	OK to Sell	0.2	9.1	2.3	-1.2	15.4	8.4	1.38	197
350	FJPNX	Japan	1.50%/90d	12.33	Hold	-0.2	12.7	3.8	6.7	12.0	6.2	1.52	485
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.79	OK to Sell	0.4	12.0	5.4	9.3	21.8	13.5	2.19	473
349	FLATX	Latin America	1.50%/90d	22.06	OK to Sell	-6.2	-7.3	-6.0	-23.7	-11.3	-5.9	2.21	634
342	FNORX	Nordic	1.50%/90d	46.16	OK to Sell	-0.7	8.4	1.2	-5.5	22.8	15.1	1.49	441
94	FOSFX	Overseas	1.00%/30d	43.17	OK to Buy	1.7	13.2	4.4	5.5	19.0	12.3	1.18	3,315
302	FPBFX	Pacific Basin	1.50%/90d	29.06	OK to Buy	-0.3	11.5	5.6	9.4	18.7	13.4	1.27	767
2369	FTEMX	Total Emerging Markets	1.50%/90d	11.28	Hold	-2.1	5.1	2.7	-1.7	6.8	--	1.29	37
1978	FTIEX	Total International Equity	1.00%/30d	8.30	OK to Buy	0.1	8.5	2.1	1.9	13.5	9.6	1.21	337
318	FWWFX	Worldwide	1.00%/30d	23.98	OK to Buy	2.0	7.5	2.0	6.5	17.9	14.3	1.15	1,600

FIDELITY SCORECARD

MAY 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						May	YTD	3 Mo.	1 Year	3 Year	5 Year		
SELECT PORTFOLIOS						1.3	4.8	1.1	10.5	19.7	15.6	1.54	
Category Averages													
34	FSAIX	Air Transportation	0.75%/30d	70.06	OK to Buy	-0.8	-5.5	-3.5	9.6	25.6	18.7	1.49	\$461
502	FSAVX	Automotive	0.75%/30d	47.38	Hold	1.7	8.3	1.9	8.8	24.4	16.6	1.48	130
507	FSRBX	Banking	0.75%/30d	26.65	Hold	2.7	1.7	4.2	9.3	18.2	11.1	1.38	610
42	FBIOX	Biotechnology	0.75%/30d	264.56	Hold	11.7	22.5	9.3	61.2	46.4	38.3	2.56	15,676
68	FSLBX	Brokerage & Investment	0.75%/30d	75.82	Hold	1.2	1.2	2.3	12.2	24.7	11.7	1.56	578
69	FSCHX	Chemicals	0.75%/30d	149.24	Hold	1.0	4.4	-0.1	2.9	18.5	20.2	1.25	1,474
518	FSDCX	Communications Equipment	0.75%/30d	32.56	Hold	3.0	2.7	-0.9	9.4	20.2	10.7	1.61	250
7	FDCPX	Computers	0.75%/30d	82.38	Hold	2.0	-0.4	-1.0	11.7	15.7	15.0	1.46	738
511	FSHOX	Construction & Housing	0.75%/30d	57.79	Buy	2.0	4.8	-1.7	19.0	22.4	17.8	1.55	453
517	FSCPX	Consumer Discretionary	0.75%/30d	34.22	Buy	0.6	3.9	-0.8	14.2	20.3	18.0	1.29	1,160
98	FVLX	Consumer Finance	0.75%/30d	13.81	OK to Buy	1.0	3.6	4.2	11.0	20.2	14.0	1.25	134
9	FDFAV	Consumer Staples	0.75%/30d	95.37	Hold	-0.1	1.0	-3.3	9.2	16.2	16.0	1.27	1,985
67	FSDAX	Defense & Aerospace	0.75%/30d	122.27	OK to Buy	1.0	7.3	-2.0	10.1	22.1	17.9	1.24	970
8	FSELX	Electronics	0.75%/30d	88.09	Buy	6.5	9.9	4.2	31.8	28.8	19.0	1.49	2,322
60	FSENX	Energy	0.75%/30d	46.12	Hold	-5.2	3.1	1.2	-17.8	8.8	8.2	1.83	2,289
43	FSESX	Energy Service	0.75%/30d	57.18	OK to Sell	-4.8	1.6	5.2	-30.2	3.2	5.1	2.50	768
516	FSLEX	Environment & Alt Energy	0.75%/30d	20.69	Hold	2.2	3.7	1.0	2.3	17.9	10.7	1.24	87
66	FIDSX	Financial Services	0.75%/30d	90.28	OK to Buy	1.4	1.6	1.6	11.8	20.2	9.8	1.21	1,416
41	FSAGX	Gold	0.75%/30d	17.32	Sell	-2.0	5.4	-6.4	-12.8	-21.3	-15.4	4.19	914
63	FSPHX	Health Care	0.75%/30d	241.32	Buy	5.6	15.3	6.1	39.0	39.1	29.6	1.46	10,747
510	FSCGX	Industrial Equipment	0.75%/30d	37.29	OK to Buy	2.1	3.5	0.1	2.7	15.7	14.0	1.36	218
515	FCYIX	Industrials	0.75%/30d	31.91	Buy	1.5	1.5	-1.3	5.2	19.2	16.0	1.25	1,114
45	FSPCX	Insurance	0.75%/30d	67.33	Buy	1.9	0.7	1.6	10.2	22.2	15.8	1.34	398
353	FBSOX	IT Services	0.75%/30d	39.60	Hold	4.4	11.1	5.0	23.5	26.5	22.2	1.52	1,142
62	FDLSX	Leisure	0.75%/30d	139.19	Buy	1.2	6.8	1.1	16.4	19.0	18.0	1.37	453
509	FSDPX	Materials	0.75%/30d	79.96	Hold	1.4	3.8	-1.0	-0.6	13.9	13.2	1.26	1,042
505	FSHCX	Medical Delivery	0.75%/30d	91.53	Hold	5.6	13.4	6.8	32.5	24.8	21.3	1.26	974
354	FSMEX	Medical Equipment	0.75%/30d	38.73	Buy	3.0	10.4	2.3	31.5	28.6	20.3	1.47	2,170
503	FBMPX	Multimedia	0.75%/30d	82.96	Hold	2.1	5.3	2.5	14.0	26.6	21.9	1.44	804
513	FSNGX	Natural Gas	0.75%/30d	32.65	Hold	-7.0	1.1	2.1	-24.0	6.0	4.6	2.11	538
514	FNARX	Natural Resources	0.75%/30d	31.71	OK to Sell	-5.4	4.3	0.7	-17.3	7.1	6.2	1.85	748
580	FPHAX	Pharmaceuticals	0.75%/30d	23.94	OK to Buy	4.6	16.6	8.0	30.3	31.3	26.1	1.18	2,232
46	FSRPX	Retailing	0.75%/30d	93.27	Hold	0.2	4.9	-0.9	21.6	22.6	20.2	1.49	961
28	FSCSX	Software & Computer Svcs	0.75%/30d	115.99	OK to Buy	0.4	2.5	-0.5	11.8	22.3	20.6	1.41	2,892
64	FSPTX	Technology	0.75%/30d	124.22	OK to Buy	3.1	9.9	4.1	18.8	19.8	16.9	1.27	2,925
96	FSTCX	Telecommunications	0.75%/30d	63.22	Buy	-0.9	4.8	-0.4	4.8	14.9	12.8	1.26	410
512	FSRFX	Transportation	0.75%/30d	85.13	OK to Buy	-3.4	-10.9	-8.8	5.9	22.8	17.0	1.46	710
65	FSUTX	Utilities	0.75%/30d	71.79	OK to Sell	0.4	-2.7	0.4	2.4	14.0	14.9	1.39	850
963	FWRLX	Wireless	0.75%/30d	9.53	OK to Buy	3.7	6.3	1.4	6.3	18.8	13.8	1.05	266
SECTOR ETFs													
	FDIS	MSCI Consumer Discretionary		30.82	Buy	1.5	5.7	0.8	17.6	--	--	--	299
	FSTA	MSCI Consumer Staples		29.57	Hold	1.2	1.3	-1.7	11.3	--	--	--	154
	FENY	MSCI Energy		22.54	Hold	-5.2	-0.7	-0.4	-17.1	--	--	--	382
	FNCL	MSCI Financials		29.12	OK to Buy	1.7	0.5	1.3	12.1	--	--	--	221
	FHLC	MSCI Healthcare		36.38	OK to Buy	5.2	11.3	4.6	29.9	--	--	--	579
	FIDU	MSCI Industrials		28.93	Buy	0.9	0.9	-1.4	4.8	--	--	--	161
	FTEC	MSCI Information Technology		33.40	OK to Buy	2.5	5.7	1.2	19.2	--	--	--	347
	FMAT	MSCI Materials		28.50	Hold	0.7	4.0	-0.9	4.1	--	--	--	112
	FREL	MSCI Real Estate		22.72	Hold	-0.3	-6.5p	--	--	--	--	--	25
	FCOM	MSCI Telecomm Services		27.62	Buy	-1.4	4.5	0.1	5.5	--	--	--	95
	FUTY	MSCI Utilities		28.57	OK to Sell	0.4	-5.0	-1.0	7.0	--	--	--	110

Fund Commentary *cont'd from page 5*

International Funds

Funds that are tethered to energy-producing and other commodity-dependent markets generally suffered the most last month. These include **Latin America** (-6.2%), **EMEA** (Emerging Europe, Middle East, Africa — down 5.8%) and even developed **Canada** (- 4.1%). Separately,

China Region eked out a gain of 1.5%, but lost much of its steam. Why? Its economy is cooling, share prices seem excessive, and margin rules were tightened.

Bond Funds

Despite some end-of-month evidence to the contrary (specifically, that first-quarter GDP declined 0.7%), the assumption in May was that the

Fed was moving closer to raising interest rates. As a result, the 10-year Treasury yield ended the month at 2.21%, up from 2.03%. As bond yields move inversely to their prices, **Total Bond** (see p. 12) retreated 0.2% (all muni funds also posted fractional declines). On the other hand, Fidelity's least interest-rate sensitive taxable funds managed fractional gains. ■

— John Bonnanzio

FIDELITY SCORECARD

MAY 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹			
						May	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
TAXABLE BOND						Category Averages			-0.6	0.5	-0.4	1.2	1.2	3.7	1.71	5.0	0.41
2267	FCONX	Conservative Income Bond		10.03	Buy	0.0	0.1	0.1	0.2	0.5	--	0.28	0.2	0.02			
2208	FCBFX	Corporate Bond		11.44	Buy	-0.5	1.1	-0.9	3.0	4.1	6.8	2.87	7.1	0.52			
2423	FGBFX	Global Bond		9.12	OK to Sell	-2.0	-2.1	-1.7	-5.9	-0.7	--	2.41	6.9	0.52			
15	FGMNX	GNMA (Ginnie Mae)		11.68	Hold	-0.1	1.0	0.5	3.0	2.0	3.7	1.64	2.2	0.32			
54	FGOVX	Government Income		10.53	Hold	-0.4	0.8	-0.0	2.8	1.4	3.1	1.34	4.8	0.32			
794	FINPX	Inflation-Protected Bond ³		12.04	OK to Sell	-1.1	0.8	-1.0	-1.0	-1.2	3.3	0.23*	5.7	0.63			
32	FTHRFX	Intermediate Bond		10.98	Buy	-0.1	1.4	0.4	2.0	2.2	3.7	1.76	4.0	0.26			
452	FSTGX	Intermediate Gov't Income		10.75	Hold	-0.1	1.2	0.4	1.9	1.0	2.4	1.08	3.5	0.23			
2428	FINUX	International Bond		8.63	OK to Sell	-3.0	-4.2	-2.5	-11.5	-2.2	--	2.07	7.3	0.72			
26	FBNDX	Investment Grade Bond		7.92	Buy	-0.3	1.1	-0.2	2.7	2.6	4.6	2.69	5.1	0.35			
2622	FJRLX	Limited Term Bond		11.54	Buy	-0.0	1.2	0.5	1.3	1.9	3.5	1.48	2.8	--			
662	FFXSX	Limited Term Government		10.08	OK to Buy	-0.0	0.9	0.5	1.1	0.8	1.4	0.65	2.4	0.13			
40	FMSFX	Mortgage Securities		11.38	Hold	-0.1	1.2	0.4	3.5	2.5	3.9	1.76	3.0	0.29			
450	FSHXB	Short-Term Bond		8.61	Buy	0.1	0.8	0.4	0.8	1.2	1.6	0.96	1.8	0.08			
2415	FSIQX	Sotn Inflation-Protect Index ⁴		9.66	OK to Sell	-1.1	0.9	-0.9	-0.8	-0.9	--	0.0*	5.7	0.63			
1561	FIBIX	Sotn Intermed Treas Index ⁴		11.00	Hold	-0.3	1.5	0.2	3.8	1.0	4.3	1.70	6.5	0.53			
1562	FLBIX	Sotn Lnc-Term Treas Index ⁴		12.98	Hold	-2.2	-1.6	-4.1	9.7	1.5	7.7	2.63	17.4	1.29			
1560	FSBIX	Sotn Sht-Term Treas Index ⁴		10.48	Hold	0.1	0.9	0.5	1.1	0.6	1.4	0.66	2.6	0.14			
651	FBIDX	Sotn U.S. Bond Index		11.72	Hold	-0.4	0.8	-0.3	2.8	2.0	3.7	1.93	5.2	0.35			
820	FTBFX	Total Bond		10.73	Buy	-0.2	1.6	0.1	3.0	3.2	4.9	2.79	5.2	0.35			
HIGH-YIELD BOND						Category Averages			0.3	4.0	1.6	2.2	6.6	7.3	4.42	3.6	0.53
38	FAGIX	Capital & Income	1.00%/90d	10.06	Hold	1.1	5.7	1.9	6.4	10.6	10.0	3.85	4.1	0.55			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.77	Hold	0.1	3.2	1.3	2.1	4.0	4.5	3.57	0.3	0.23			
1366	FHIFX	Focused High Income	1.00%/90d	8.75	Hold	0.6	4.2	1.0	3.0	6.2	7.7	4.30	3.9	0.47			
2297	FGHNX	Global High Income	1.00%/90d	9.60	Hold	0.4	4.5	2.3	1.6	8.0	--	4.97	4.0	0.57			
455	SPHIX	High Income	1.00%/90d	9.04	Hold	0.5	3.9	1.1	1.9	7.2	8.2	5.44	3.5	0.51			
331	FNMIX	New Markets Income	1.00%/90d	15.52	Hold	-0.9	3.9	3.3	-0.5	5.2	7.3	5.22	6.0	0.90			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.88	Hold	0.6	4.0	1.2	1.5	--	--	4.60	2.3	--			
368	FSICX	Strategic Income		10.82	OK to Buy	-0.2	2.8	1.0	1.5	4.8	6.1	3.44	5.0	0.44			
MUNICIPAL BOND						Category Averages			-0.3	0.1	-0.5	2.9	2.8	4.1	1.68	5.6	0.41
434	FSAZX	Arizona Muni Income	0.50%/30d	12.11	OK to Buy	-0.3	0.4	-0.3	4.0	3.5	4.8	1.79	6.4	0.47			
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.67	Buy	-0.2	0.2	-0.3	1.2	1.6	2.3	0.94	3.1	0.19			
91	FCTFX	California Muni Income	0.50%/30d	12.96	OK to Buy	-0.3	0.3	-0.6	4.2	4.1	5.4	1.74	6.2	0.46			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.64	OK to Buy	-0.2	0.2	-0.4	3.1	2.5	4.0	1.91	6.3	0.44			
2578	FCRDY	Conservative Income Muni		10.03	Buy	-0.1	0.0	-0.1	0.1	--	--	0.35	0.9	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.42	Buy	-0.5	-0.2	-0.8	2.0	2.3	3.5	1.54	4.9	0.33			
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.61	Buy	-0.3	-0.0	-0.5	0.5	1.1	1.9	0.92	2.8	0.16			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.38	OK to Buy	-0.2	0.3	-0.5	3.4	2.5	3.8	1.84	7.0	0.44			
70	FDMMX	Mass Muni Income	0.50%/30d	12.38	OK to Buy	-0.1	0.2	-0.5	3.8	3.1	4.5	2.00	6.8	0.49			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.22	OK to Buy	-0.2	0.5	-0.4	4.1	3.1	4.3	1.74	5.5	0.40			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.66	OK to Buy	-0.2	0.2	-0.3	2.8	2.2	3.7	1.46	5.3	0.36			
37	FHIGX	Municipal Income	0.50%/30d	13.35	Buy	-0.5	0.1	-0.8	3.7	3.6	4.9	1.98	6.6	0.48			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.72	OK to Buy	-0.9	-1.4	-1.6	1.1	2.2	3.8	2.23	6.7	0.47			
71	FTFMX	New York Muni Income	0.50%/30d	13.45	OK to Buy	-0.2	0.5	-0.3	3.8	3.2	4.3	1.83	6.6	0.47			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.17	OK to Buy	-0.2	0.6	-0.5	4.1	3.6	4.6	2.04	7.3	0.49			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.24	OK to Buy	-0.1	0.6	-0.3	3.9	3.4	4.7	2.02	6.1	0.44			
90	FTABX	Tax-Free Bond	0.50%/30d	11.54	Buy	-0.6	-0.0	-0.8	3.6	3.6	5.0	2.16	6.8	0.49			

Note: Yields on municipal bond and money market funds are not directly comparable to yields on taxable funds. In muni funds your effective yield will be higher as your tax-bracket increases. *12 month distributed yield; SEC yield is fluctuating excessively.

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

FIDELITY SCORECARD

MAY 31, 2015

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							May	YTD	3 Mo.	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model						2.1	5.9	1.4	13.5	21.0	15.9	0.99
	Annuity Growth Model						1.8	5.3	1.3	12.8	17.6	14.5	1.07
	Annuity Growth & Income Model						0.9	3.8	0.9	9.7	13.3	10.9	0.76
	Annuity Income Model						0.4	1.9	0.3	4.3	5.2	6.1	0.36
9067	FLRQC	Fid VIP Asset Manager	Allocation		18.13	Hold	1.1	4.6	1.1	5.5	10.9	9.5	0.68
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		18.60	Hold	1.5	5.8	1.5	6.3	14.2	11.5	0.90
9069	FJBAC	Fid VIP Balanced	Allocation		20.18	Buy	1.2	3.6	1.0	9.9	14.2	11.6	0.70
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	23.20	Buy	0.6	3.7	-0.9	13.6	19.8	17.7	1.30
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	21.48	Hold	0.8	2.7	-1.8	13.3	16.9	16.1	1.31
9065	FPDFC	Fid VIP Contrafund	Large Growth		21.69	Hold	1.8	4.6	1.3	12.6	19.1	15.3	0.98
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		17.80	OK to Buy	2.8	6.3	2.1	13.9	20.8	16.4	1.43
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		23.73	Buy	2.4	5.6	0.6	14.9	20.3	16.9	1.14
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.77	OK to Buy	-2.3	2.1	-1.8	-0.7	7.3	3.9	1.36
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	16.32	Hold	-5.2	3.0	1.2	-18.0	8.6	8.0	1.82
9061	FLOLC	Fid VIP Equity-Income	Large Value		17.70	Hold	0.5	2.8	1.3	6.5	17.3	14.1	0.97
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.96	Buy	1.4	1.5	1.6	11.6	20.1	9.7	1.21
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.24	OK to Buy	0.1	3.1	1.4	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.29	Hold	0.1	1.8	0.2	3.3	4.8	4.9	0.31
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.73	Hold	0.6	3.7	1.0	5.8	10.0	8.8	0.58
9197	FMPCC	Fid VIP FundsManager 60	Allocation		14.70	Hold	0.8	4.3	1.1	6.5	11.9	10.0	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		16.12	Hold	1.0	5.0	1.4	7.0	13.6	11.1	0.77
9160	FMPDC	Fid VIP FundsManager 85	Allocation		16.16	Hold	1.3	5.8	1.7	8.1	16.1	12.4	0.92
9062	FMNDC	Fid VIP Growth	Large Growth		20.89	OK to Buy	2.3	5.5	0.4	12.5	18.9	17.3	1.16
9070	FLFNC	Fid VIP Growth & Income	Large Blend		20.23	Buy	0.5	3.5	1.2	9.7	19.5	16.3	1.07
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		21.78	Buy	2.3	6.0	0.6	17.7	20.8	19.3	1.35
9078	FPVDC	Fid VIP Growth Stock	Merged into VIP Growth Opportunities										
9077	FQBRC	Fid VIP Growth Strategies	Merged into VIP Mid Cap										
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	39.00	Buy	5.7	15.7	6.4	39.5	38.7	29.3	1.46
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.58	Hold	0.7	5.2	1.9	2.2	6.8	8.1	0.50
9064	FXVLT	Fid VIP Index 500	Large Blend		20.40	Hold	1.2	3.1	0.5	11.4	19.2	16.2	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	26.47	Buy	1.5	1.4	-1.4	5.2	18.9	15.8	1.24
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	16.46	Buy	0.6	6.7	0.8	7.1	16.5	12.8	1.16
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.37	Buy	-0.4	0.9	-0.3	2.5	2.3	4.1	0.36
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	18.99	Hold	1.4	3.7	-1.0	-0.7	13.8	13.0	1.26
9071	FNBSCL	Fid VIP Mid Cap	Mid Growth		23.23	Buy	2.5	6.1	2.0	10.9	18.9	13.7	1.23
9059	FTNJCL	Fid VIP Money Market	Money Mkt		11.36	--	0.0	-0.1	0.0	-0.2	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	15.91	OK to Buy	1.3	10.8	4.7	3.4	16.2	10.9	1.27
9072	FFWKC	Fid VIP Real Estate	Sector		20.70	Hold	-0.5	-1.0	-4.3	10.4	12.4	13.9	1.57
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.65	Buy	-0.3	2.4	0.7	1.0	4.2	5.6	0.44
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	26.62	Buy	2.9	9.1	4.1	18.1	18.6	16.1	1.23
9173	FVTACL	Fid VIP Telecommunications	Sector	1.00%/60d	13.74	Buy	-0.9	4.7	-0.4	4.6	14.8	13.2	1.28
9087	FXRRCL	Fid VIP Utilities	Sector	1.00%/60d	22.27	OK to Sell	0.4	-2.6	0.5	2.2	13.9	14.8	1.39
9079	FKMSC	Fid VIP Value	Large Value		19.20	Buy	1.2	5.1	2.6	11.0	21.4	15.4	1.01
9080	FUEBCL	Fid VIP Value Leaders	Merged into VIP Value										
9073	FRBSC	Fid VIP Value Strategies	Mid Value		20.64	OK to Buy	2.0	6.9	2.1	10.4	20.3	15.0	1.07
9347	FBMECL	Black Rock Global Allocation	Global Allocation		12.39	Hold	0.2	4.8	1.3	4.3	10.0	7.9	0.65
9349	FTMECL	Franklin Templeton Gobl Bond	Global Bond		11.22	OK to Sell	0.0	1.1	0.4	-0.1	5.8	5.3	0.62
9348	FFMECL	Franklin Templeton US Gov't	Intermed Gov't		10.26	Hold	-0.2	0.6	0.3	1.6	0.6	2.0	0.24
9285	FIGXCL	Invesco Global Core Eqty	Global Stock		11.93	Hold	0.9	6.6	1.9	3.9	15.6	9.5	1.06
9147	FPRLCL	Lazard Retirement Emerging Mkts	Emg Mkts		14.98	Hold	-3.7	1.0	-0.7	-8.5	4.6	3.8	1.75
9143	FPRMCL	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.00	Hold	-0.7	4.2	2.3	-0.5	3.5	5.7	0.91
9144	FPRNCL	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.20	Hold	-2.8	5.3	1.4	-2.4	5.5	4.2	1.34
9146	FPRPCL	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		12.47	Hold	-1.3	0.6	-1.4	-1.3	9.9	9.5	0.73
9346	FPMECL	Pimco Commodity Real Return	Commodities		6.89	OK to Sell	-3.0	-2.5	-3.2	-27.0	-9.3	-2.6	1.67
9276	FPMBCL	Pimco VIT Low Duration	Shrt-Term Bond		11.47	Buy	0.1	0.8	-0.1	0.3	1.3	2.1	0.20
9277	FPNBCL	Pimco VIT Real Return	TIPS		12.59	OK to Sell	-1.3	0.8	-1.8	-2.2	-1.2	3.4	0.71
9278	FPOBCL	Pimco VIT Total Return	Intermed Bond		12.70	Hold	-0.4	1.1	-0.8	2.1	2.5	3.9	0.42

Annuity Sector	
Fund	Allocation
VIP Technology	25%
VIP Telecom	16
VIP Cons Discretionary	15
VIP Industrials	15
VIP Health Care	15
VIP Financial Services	14
Total Return:	
May: 2.1% YTD: 5.9%	

Annuity Growth	
Fund	Allocation
VIP Mid Cap	24%
VIP Growth Opps	24
VIP Growth & Income	20
VIP Value	19
VIP Dynamic Cap App	13
Total Return:	
May: 1.8% YTD: 5.3%	

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	30%
VIP Growth Opps	29
VIP Growth & Income	21
VIP Value	20
Total Return:	
May: 0.9% YTD: 3.8%	

Annuity Income	
Fund	Allocation
VIP Balanced	40%
VIP Investment Grade	33
Pimco VIT Low Duration	27
Total Return:	
May: 0.4% YTD: 1.9%	

FUND PROFILES

Fidelity Managers Look Back, Ahead

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

Balanced*

Lead manager Bob Stansky oversees nine sector specialists and a bond manager for this conservative asset allocation fund (held in our Income Model). Roughly 70% of assets are presently concentrated in large-cap stocks (including some foreign) with no sector bets per se. The remaining 30% is a mix of corporates, Treasuries, mortgages and high-yield.



"We continued to favor companies that appeared poised to deliver improving fundamentals with stocks trading at attractive valuations.

The largest *overweighting* at the end of March was Capital One Financial, a lender specializing in credit card financing, an area we thought might benefit if the US economy continues in recovery mode and consumers begin to spend more aggressively. The largest individual *underweighting* was index component Microsoft. The fund didn't hold a position in this software maker at period end, as we thought its valuation was on the high side, given the firm's mediocre growth prospects and the possibility of further currency headwinds.

Within the investment-grade bond subportfolio, we continued to favor corporates and commercial mortgage-backed securities (CMBS), over US Treasuries, agencies and agency mortgage-backed securities (MBS).

We moved from an underweighting to a modest overweighting in emerging markets as we looked to buy on weakness. Our overweighting in TIPS

12-mos Return (in %)	
Balanced	10.0
S&P 500	11.8
Barclays Agg	2.8

reflects our view that inflation expectations are at the low end of the range, and that inflation should inflect positively if energy prices stabilize."

Low-Priced Stock

This fund needs little introduction:



it's always been run by Joel Tillinghast, one of the best fund managers in the business. Though officially benchmarked against the small-cap Russell 2000, its large asset base has long forced Joel to be a mid-cap manager, while a third of its assets are deployed overseas. (He especially likes Japanese small-caps.) In these ways, its US small-cap blend benchmark is largely meaningless, as Joel is a global value-oriented investor.

"We seek to buy stocks we believe are attractively valued and then wait patiently until that value is recognized by the market. Given this long-term orientation, the fund's turnover remained low (at 11%).

Sector weightings were a function of where we found the most attractive valuations and strongest business

Select Electronics*

*At 29% of assets, **Electronics** is our Select Model's largest bet. Managed by Steve Barwikowski since 2009, it would be hard to find anyone with a better record for investing in chipmakers.*

"I see potential pluses and minuses in the current market environment.

12-mos Return (in %)	Fundamentals for the
Select Electronics	31.8
Nasdaq Composite	20.8

semiconductor industry look good at period end (3/31), and I think there might be a lot of M&A activity in the coming year or so, which tends to boost the stocks on the receiving end of a takeover bid. However, valuations have expanded a lot in the past couple of years, and I'll keep a watchful eye on this aspect of the fund as we move forward." ■

models. Most positioning shifts were caused by changes in stock prices.

At period end, the fund's largest overweightings were in consumer discretionary and consumer staples (26% and 7.3%, respectively).

12-mos Return (in %)	
Low-Priced Stock	10.7
Russell 2000	11.4

We remained drawn to the value of firms here, and sought those with brand power and those that benefit from recurring consumer purchases. The fund's biggest underweighting continued to be financials, especially among banks and REITs. Here, we remained concerned about unattractive valuations and regulatory pressures.

Recently, we found some opportunities among energy stocks, a sector hard hit by the dramatic decline in oil prices due to a global supply glut. As prices fell, US oil companies began silencing rigs, which could help to balance the market supply. We sought shares of energy companies that appeared undervalued and that we think have the financial strength to withstand the downturn."

Magellan

Manager Jeff Feingold has slowly-but-surely rebuilt this large-cap growth fund's tarnished record, having beaten his benchmark (if ever-so-slightly) since taking Magellan over in 2011.



"Despite some recent selling pressure, the market has continued its upward trend, and period-end valuations are reasonable. I remain cautiously optimistic about prospects for the global economy and stock markets. I am trying to be more opportunistic, particularly in a couple of areas.

The first is stocks I like over the longer term, even though they may be slumping now. I am trying to avoid buying stocks when they are close to their high.

In addition, I am looking for names

12-mos Return (in %)	
Magellan	15.2
S&P 500	11.8

Profiles cont'd on page 12

Contrafund *cont'd from page 4*

ored with expensive biotech stocks, relative to Fidelity's other large-cap funds, Will is not especially overexposed.) And, finally, whereas falling oil prices burned a hole in the fund's energy stake last year, Will's even smaller position there this year appears to have helped.

Action Recommendation

While Contra has struggled to consistently beat its benchmark of late, it's still one of Fidelity's least-risky large-cap growth funds. In fact, it's merely six percent riskier than the S&P, while the average actively run stock fund at Fidelity is about 15% more volatile.

In this long-running bull market, Danoff's risk-controls have put a brake on returns. (Contra is rarely a top-performer when stocks are running.) But over the long run, paying a bit more attention to valuations relative to his peers has typically helped.

Given where we are in the market cycle (six-plus consecutive years of gains), a "pause" in this rally shouldn't surprise anyone. For that reason alone, Contra has a 20% stake in our Growth & Income Model (which is designed for investors who want less risk than the market) and a smaller role (11%) in our Growth Model.

While we still rate Contra a *Buy*, don't look for this fund to outperform to the degree it has in the past. ■

— John Bonnanzio

ALTERNATIVES

If **Contrafund** is unavailable in your retirement plan, **Blue Chip Growth** is a more volatile alternative, while **New Millennium**, **Magellan** (p. 11) and **Stock Selector All Cap** (a fund-of-funds) are closer cousins risk-wise. Or you can choose the *Scorecard's* highest-rated Large Cap Growth fund.

Annuity investors should consider **VIP Contrafund** (it's run by a team of sector specialists — not Will Danoff). Another option is **VIP Dynamic Capital Appreciation**. It's a near clone to **Capital Appreciation** (both are run by Fergus Shiel), which is presently heavy on biotech but light on tech. ■

Profiles *cont'd from page 11*

that are a bit less growth oriented and may be taking a breather for some fundamental reason.

The fund is divided roughly equally among fast growers, higher-quality growers, and cheap with improving

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 June:

Capital & Income, Event-Driven Opps, Focused High Inc, Global High Income, High Income, Large Cap Stock, Mid-Cap Stock, Real Estate Income, Real Estate Investment, Short Duration High Inc, Small Cap Discovery, Small Cap Stock, Sptn Mid Cap Index, Sptn Real Estate Index, and Sptn Small Cap Index.

The final distributions for May were as follows:

Fund	Ex-Date	\$ Amt	NAV
Inflation-Prot Bond	5/15	0.049	12.04
Magellan	5/15	3.058	94.26

fundamentals. My thesis is that diversification, on average and over time, should be helpful because the return profile of each group is different."

Total Bond*

Comprising 21% of our Growth & Income Model and 30% of our



Income Model, Manager Ford O'Neill is key to their success. Benchmarked

against the broad Barclays US Aggregate index, three fixed-income specialists help execute Ford's asset allocation decisions.

"While the US has exhibited signs of strength, economies in the rest of the world seem to be weakening. Similarly, US inflation pressures have been building in some areas, but there are deflationary pressures elsewhere. That helps explain why the US dollar has strengthened.

But we're not convinced yet that this 'decoupling' of the US economy, inflation rates and currencies are sustainable. We're also concerned that

the strong dollar will dampen profits of US multinationals.

We're also very mindful of the actions of the European Central Bank; its easy-money policies have pushed bond yields far below those offered by comparable US bonds. To the extent that US interest rates exceed

those [elsewhere], the dollar remains strong, and investors maintain their preference for more liquid markets, US bonds could remain attractive relative to foreign bonds as investors seek safe-havens.

The US economy is growing slowly, and jobs are being created, which could lead to higher interest rates and therefore limited performance potential for Treasuries and other high-quality bonds. However, the pace of economic growth, the relative calm of the Fed, and the weak global economic backdrop all suggest that the bond market may do better than pessimists expect." ■

— John Bonnanzio

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