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FIDELITY MONITOR & INSIGHT

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MESSAGE FROM JACK

Why This Fed "Tightening" Cycle Could Be Different From The Past

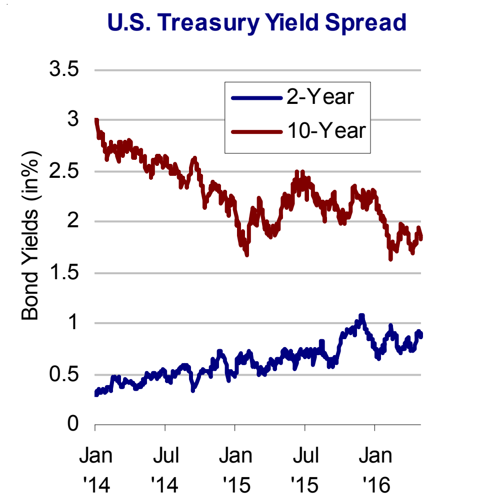
The Fed is laying the groundwork for a summer "tightening." So, should bond fund investors be worried about rising interest rates?

Jack Bowers

Probably not. And here's why.

Beginning this month, the European Central bank (ECB) will start buying corporate bonds as part of its quantitative easing program. It may be the only way it can sustain its stimulus program, as they are approaching a self-imposed legal limit of 33% on government bond ownership in some countries such as Portugal and Ireland.

Because multinationals can choose the markets they want to borrow from, the ECB's latest tactic will likely limit upward pressure on bond yields here in the U.S. That's because there's no good reason to borrow money at 3% in the U.S. if they can borrow for next to nothing in Europe!



With short-term Treasury yields rising and long-term ones falling, the "spread" between them has narrowed considerably. This flattening of the yield curve means the premium demanded by investors for assuming more interest-rate risk has decreased.

A reduced supply of U.S. bonds could ensue. That might cause long-term bonds to rally (meaning that their yields would fall). Atop that, the Fed's potential tightening runs the risk of being too much too soon.

The Fed is worried that low unemployment will stoke wage inflation. But with the labor force participation rate near a 38-year low, it's simply not the threat it used to be. Furthermore, disruptive technology is creating abundance

Jack's Message *cont'd on page 11*

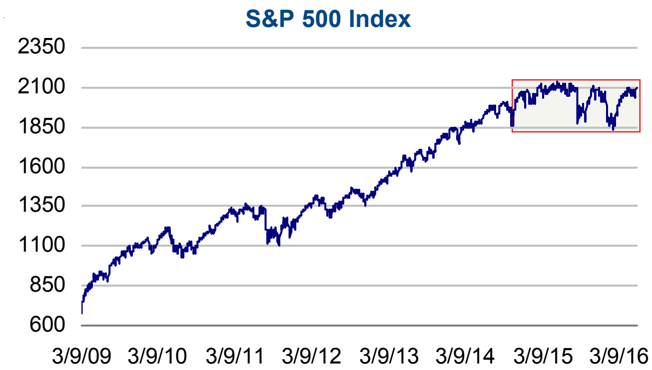
MARKET OUTLOOK

A Big Market Move Could Lie Ahead. But In Which Direction?

On May 20, the S&P 500 reached a full year without surpassing its record high of 2131 set on May 21, 2015. In fact, the market has been in a fairly narrow trading range for even longer (see shaded box in the chart below).

John M. Boyd

Such a lengthy period of consolidation suggests that when it finally breaks out to either the upside or downside, the magnitude of the move could be significant. Indeed, there is no shortage of "doom and gloom" pundits calling for an imminent market crash. (Of course, I could have made that statement almost any time over the past few years.)



But which way is it really likely to go?

Let's look at the historical record. A "drought" of a year (or more) has occurred 12 previous times since 1929. On average, over the next six months, stocks were essentially flat with gains half the time and losses half the time.

So much for a significant move right?

However, that average masks some rather large swings. For example, the two most recent prior occurrences were in March of 2001 and October of 2008. In those cases, the S&P 500 dropped 9.7% and 13.0%, respectively, over the next six months. Pretty bad. But, in both instances we were already in the teeth of a bear market. In 2001 the market was down 29% from its high, and in 2008 it was off 37% when the one-year mark was reached.

The current period is quite different. As of May 31, the S&P 500 is just 1.9% below its prior high. This is very

Market Outlook *cont'd on page 3*

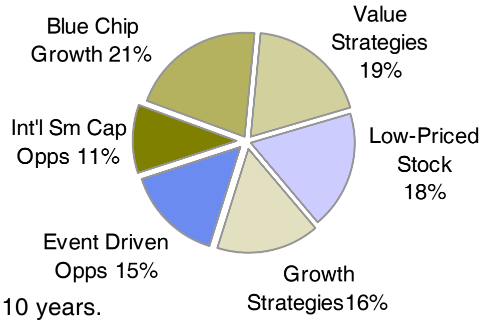
MODEL PORTFOLIOS See Model Portfolios Key on p. 3 MAY 31, 2016

Unique Opportunities

Target Risk: 1.20 (Current: 1.01) Foreign Holdings: 21.2% **YTD Return: 0.2%**

Stocks: 93.4% Bonds: 1.1% Cash: 5.5% Alternatives*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
Blue Chip Growth	FBGRX	$67.25	1,317.53	$88,604	2.6%
Value Strategies	FSLSX	43.32	1,775.86	76,930	1.6
Low-Priced Stock	FLPSX	48.52	1,536.56	74,554	0.9
Growth Strategies	FDEGX	33.40	1,918.03	64,062	1.3
Event Driven Opps	FARNX	11.36	5,596.57	63,577	2.9
Int'l Sm Cap Opps	FSCOX	15.08	2,957.94	44,606	1.1
Current Value (3/31/99 = $100,000)				**$412,333**	**1.8%**



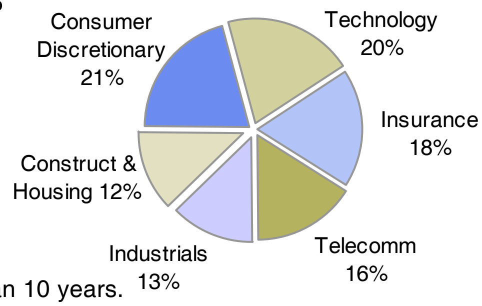
For aggressive members who have no need for income or principal for more than 10 years.

Select

Target Risk: 1.20 (Current: 1.06) Foreign Holdings: 11.2% **YTD Return: 3.9%**

Stocks: 96.8% Bonds: 0.0% Cash: 3.2% Alternatives*: 0.0% Yield: 0.1%

Holdings	Ticker	NAV	Shares	Value	May Ret
Consumer Discretionary	FSCPX	$34.10	18,222.82	$621,398	-0.8%
Technology	FSPTX	119.75	4,926.36	589,932	4.6
Insurance	FSPCX	69.68	7,463.14	520,032	3.6
Telecommunications	FSTCX	67.57	6,810.59	460,191	1.6
Industrials	FCYIX	30.50	12,295.15	375,002	0.0
Construction & Housing	FSHOX	60.34	6,134.36	370,147	4.0
Current Value (12/31/88 = $100,000)				**$2,936,703**	**2.1%**



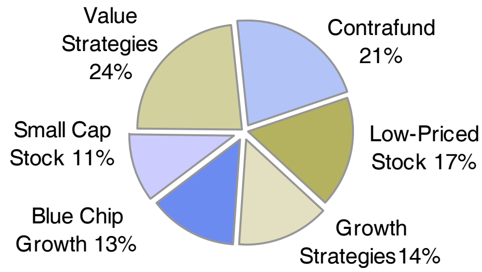
For aggressive members who have no need for income or principal for more than 10 years.

Growth

Target Risk: 1.00 (Current: 1.02) Foreign Holdings: 14.4% **YTD Return: 0.3%**

Stocks: 93.3% Bonds: 1.4% Cash: 5.7% Alternatives*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	May Ret
Value Strategies	FSLSX	$43.32	11,242.67	$487,033	1.6%
Contrafund	FCNTX	98.52	4,475.56	440,932	1.7
Low-Priced Stock	FLPSX	48.52	7,073.91	343,226	0.9
Growth Strategies	FDEGX	33.40	8,690.56	290,265	1.3
Blue Chip Growth	FBGRX	67.25	4,110.39	276,424	2.6
Small Cap Stock	FSLCX	17.90	12,208.44	218,531	2.4
Current Value (12/31/86 = $100,000)				**$2,056,410**	**1.7%**



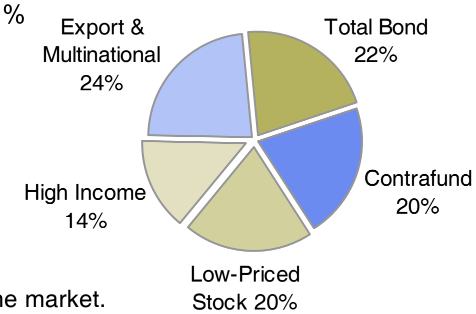
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.

Growth & Income

Target Risk: 0.66 (Current: 0.67) Foreign Holdings: 14.9% **YTD Return: 2.0%**

Stocks: 59.4% Bonds: 16.8% Cash: 6.3% Alternatives*: 17.5% Yield: 1.1%

Holdings	Ticker	NAV	Shares	Value	May Ret
Export & Multinational	FEXPX	$20.86	6,262.21	$130,630	0.8%
Total Bond	FTBFX	10.59	11,276.44	119,417	0.0
Contrafund	FCNTX	98.52	1,154.98	113,789	1.7
Low-Priced Stock	FLPSX	48.52	2,233.22	108,356	0.9
High Income	SPHIX	8.33	9,591.87	79,900	0.7
Current Value (12/31/93 = $100,000)				**$552,092**	**0.9%**



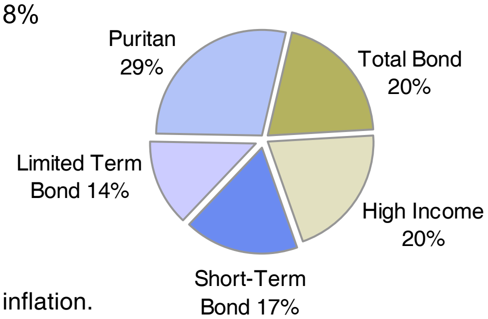
A good choice for members retiring in 5-10 years looking for less volatility than the market.

Income

Target Risk: 0.33 (Current: 0.36) Foreign Holdings: 14.2% **YTD Return: 2.4%**

Stocks: 18.8% Bonds: 52.4% Cash: 4.0% Alternatives*: 24.9% Yield: 2.8%

Holdings	Ticker	NAV	Shares	Value	May Ret
Puritan	FPURX	$20.46	5,224.55	$106,894	1.2%
Total Bond	FTBFX	10.59	6,932.55	73,416	0.0
High Income	SPHIX	8.33	8,808.69	73,376	0.7
Short-Term Bond	FSHBX	8.61	7,207.07	62,053	-0.1
Limited Term Bond	FJRLX	11.51	4,258.90	49,020	0.0
Current Value (12/31/91 = $100,000)				**$364,759**	**0.5%**



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

Market Outlook *cont'd from page 1*

similar to the one-year drought reached in February 1995 (off 1.9% from the high) which preceded a huge market run-up with a 35% gain over the next year. The two other most recent periods where we went a year without a new high, but stayed within 10% of the prior one, came in August of 1988 and December of 1969. Both of those periods were followed by further gains and eventual new highs.

In short, if the market goes a year without a new high, but stays close to the old one (like today), the odds favor new highs and a resumption of the bull market.

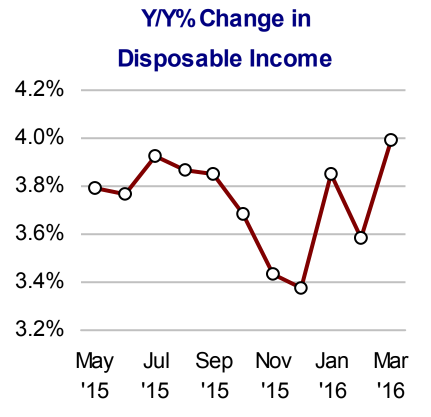
Of course, one piece of data, is not a solid basis for forecasting the market's direction. But, there have been a number of recent signs pointing to a stronger outlook for stocks.

More Positive Economic Data

The reports for April's economic activity have mostly been surprising on the upside. Existing home sales were up 6% in April, and new home sales jumped an astonishing 22%. And the future looks bright as the pending sales index reached its highest level in over 10 years.

Retail sales rose a higher-than-expected 1.3%, the largest monthly increase in over a year. Industrial production rose 0.7%, its largest monthly increase in 17 months. Orders for durable goods in April were up 3.4%, the biggest gain in six months, and its year-over-year gain of 1.9% was the largest in 15 months.

And, after sliding in the second half of last year, year-over-year growth in personal disposable income has moved higher so far this year.



The strong start to the second quarter suggests GDP growth should improve from the first quarter's gain of 0.8% (just revised up from 0.5%). Indeed the Atlanta Fed's GDPNow forecast is for growth to rebound to 2.9% in the current quarter.

At the same time, investor sentiment is extremely bearish. In the most recent AAII survey of individual investors, only 17.8% were bullish. This is just the third time in the 29-year history of the survey that it has fallen below 20% — and the lowest reading in over 16 years. In the past, when sentiment has been that low, stocks have averaged a 12.6% gain over the next six months.

This weak sentiment is reflected in the fact that investors have pulled a staggering $160 billion out of domestic stock ETFs and mutual funds since the beginning of 2015. And $52 billion of that has been yanked out in the first 4 1/2 months of this year.

Of course, none of this means that stocks *will* go higher. There is still plenty to worry about from a slack manufacturing sector (the Chicago Purchasing Managers Index fell from 50.4 to 49.3 in May, signalling a contraction), to a potential rate hike by the Fed. And who knows what turmoil may ensue during the presidential election campaign. But the combination of extremely weak sentiment and improving economic data tilts the odds in favor of stocks. ■

— John M. Boyd

Funds You Should Buy Now

Growth: For large-cap exposure ... **Blue Chip Growth** and **Growth Company** are aggressive options. **Contrafund** is more conservative. **Value Strategies** provides large-cap exposure; **Growth Strategies** adds mid-cap exposure; **Low-Priced Stock** also does, but with less risk. **Event Driven Opportunities** and **Small Cap Stock** are smaller-cap choices that enhance portfolio diversification.

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

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

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

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

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

Model Portfolios Key:

*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.

Fund Profile

Export & Multi Fills "Unique Niche"

Is **Export & Multinational** merely a closet index fund?

Had we the temerity to ask Manager Gordon Scott that question when we spoke with him last week, understandably, he would have recoiled. After all, his past 11 years at Fidelity have focused almost exclusively on one thing: outperforming the S&P 500 through thoughtful stock selection.

But for those investors who followed our counsel and bought Export for the *Growth & Income Model*, their curiosity about closet indexing is, for a few reasons, understandable.

To wit, Gordon's fund has many attributes of the S&P: principally, its sector allocations are much the same (see table). And, holdings-wise, the biggest stock positions overlap considerably. (Though with 141 holdings versus 500 for the index, they actually diverge considerably.) Then again, the fund has a correlation of 0.98 relative to the S&P (1.00 would mean that they're perfectly correlated), and even its dividend yield of 2.4% is right in line with the market.


Gordon Scott

But probe a little deeper and you'll discover that Export's investment characteristics and returns bear less of a resemblance to the S&P and its large-cap blend peers, than it does to their more value-oriented offerings like **Equity Dividend Income**. As such, Gordon tells us that Export fills a "unique niche" in that it's Fidelity's most "value-leaning" large-cap blend offering. In fact, we've considered reclassifying Export in our *Scorecard* to large value, but its S&P benchmark has us — for now — leaving it in the blend camp.

Setting aside style for the time, what's Export's allure?

For starters, July marks Gordon's second year on the fund. To say the least, it had been a chronic laggard relative to both its benchmark and its peers. Moreover, it tilted toward growth investing, thereby competing with some of the best-managed growth funds in the country. Indeed, for a fund that had been around for over two decades, its assets under management were scrawny: less than $2 billion.

But the changes under Gordon were swift and beneficial to shareholders. For example, the fund shed shares of two traditional value sectors — telecom and utilities. Gordon owns neither as he calls them "low-ball bond proxies" whose valuations have been driven too high by yield-seekers. This dramatic step has allowed him to redeploy 6-7% of his assets into sectors that he believes offer both better values and higher quality. Indeed, "quality and valuation" is the investment mantra that drives Gordon's entire stock selection process.

Export & Multi

Fund Data

Ticker:	FEXPX
Total Fund Assets:	$1.8 billion
Expense Ratio:	0.77%
Turnover Rate:	84%
Relative Volatility:	0.94
Market Cap	$21 billion
Foreign Exposure	5.2%
Cash	4.9%
# of Holdings	141

Sectors Ranked

	RValue[1]	Export	S&P[2]
InfoTech	11.6%	18.9%	20.8%
Cons Disc	5.3	14.7	12.9
Financials	28.2	14.5	15.6
Cons Stpls	7.4	13.4	10.4
Health Care	11.7	13.3	14.3
Energy	12.7	9.4	6.8
Industrials	10.4	8.4	10.1
Materials	2.8	2.5	2.8
Telecom Svcs	2.9	0.0	2.8
Utilities	7.0	0.0	3.4

[1] Russell 1000 Value Index; [2] S&P 500 Index

Top 10 Holdings

1. Apple
2. Berk Hathaway
3. Johnson&Johnson
4. Exxon Mobil
5. Microsoft
6. JP Morgan Chase
7. Wells Fargo
8. Danaher
9. Procter & Gamble
10. Chevron

Current Positioning

While Gordon doesn't see the broad market selling at historically high valuations, as mentioned, there are sectors and stocks he's staying away from as they are trading "at the upper end of [their] historic valuation range." This approach makes it easier for him to stick with his natural inclination to practice his brand of value investing: paying an "attractive price" for high-quality, well-managed companies.

For example, whereas the S&P had a trailing P/E (ex negative earnings) of 18.2 at the end of the first quarter, Export's P/E was 15.8. That's not a dramatic difference, but over time, it should provide some margin of safety.

On that score, with its volatility of 0.94, it's the least risky of Fidelity's large-cap blend and even large-cap value funds.

Sector-wise, Gordon has done a nice job playing energy as oil prices have risen, but his approach remains to be seen as crude prices have moved back towards $50 a barrel.

As for financials (a staple of value investors), he's actually underweight. But that's partly because he's avoiding REITs (which he also sees as overpriced bond proxies). Instead, he's favoring insurance companies that stand to benefit from rising interest rates. Notably, Berkshire Hathaway (owner of GEICO) is his second-biggest holding after Apple, which is looking more like a value stock these days!

One shouldn't hold this fund with the expectation of the manager hitting grand slams. Instead, you should look to it to crank out attractive risk-adjusted returns. That should make it a comfortable holding for investors looking for a bit less risk than the market.

Lastly, the fund does have an annoying 0.75% short-term redemption fee on shares held fewer than 30 days. This is a relic from its earlier life when the expectation was that the manager might be investing in less liquid securities — not the multinationals it actually holds. Our hope is that Fidelity will kill the redemption fee. ■

— John Bonnanzio

Fund Commentary

Stocks Up, Bonds Slip As Fed Signals Hike

Despite the Federal Reserve and its agents all but saying that it will raise interest rates in June, stocks of almost every size and variety gained ground in May. And, while there were some tense moments in the bond market as a result, by month's end reason appeared to triumph over fear and bond prices barely budged.


John Bonnanzio

As discussed in our page one articles, the latest economic data — however faulty they may be — certainly suggests that the U.S. economy has recovered enough for the central bank to make what would only be its second tiny rate-hike in six months. In the meantime, equity investors cheered each time there was something positive to be said about everything from retail sales to housing starts.

Market Indexes

As a consequence, the large-cap S&P 500 rose a very healthy 1.8% in May, whereas the small-cap Russell 2000 fared even better, rising 2.3%. (The latter is now up by the same amount for the year.)

On that note, that small caps fared better than large-caps in May supports our thesis that investors are coming to recognize that they are cheaper on a forward-looking basis. Meanwhile, interest rates are still so low that even a nudge higher will not materially affect their generally higher borrowing costs.

As for the tech- and biotech-rich Nasdaq, it reflected certain investors' renewed appetite for all things pricey by skyrocketing 3.7% in May. Even so, the volatile benchmark is still under water for the year (down 0.7%).

As for the Dow Jones Industrials, it rose a modest 0.3% in May. With just 30 largely equal-weighted constituent stocks, even a few small laggards have a much greater impact there than they would otherwise have on the much broader S&P 500's returns. For example, Wells Fargo's flat performance last month was much more of a weight on the Dow than it was for the S&P. Even so, last month's fractional gain did add to the Dow's year-to-date return which now stands at a modest 3.2%, which is actually right in line with the S&P's 3.6% return so far this year.

Turning to our model portfolios, the *Unique Opportunities Model* gained 1.8% in May, whereas the *Select Model* rose 2.1% and the *Growth Model* advanced 1.7%. As for our more conservatively positioned portfolioes, the *Growth & Income Model* and the *Income Model* gained 0.9% and 0.5%, respectively. (See p. 2, and p. 10 for the Annuity portfolios.)

Equity Funds

All Fidelity stock funds gained ground in May. Following the lead of the Nasdaq, the ever-risky **OTC** was the best performer having surged 5.4%. The next-best actively run fund was **Growth Company** (up 3.5%).

May was also another good month for small-cap funds and even for those managers who patiently stake out special situations. To that end, **Event Driven Opportunities** (up 2.9%) distinguished itself, as did **Small Cap Growth** which posted the same return.

Generally speaking, last month's laggards were value-oriented funds. They often ran into trouble owing to their exposures to energy shares, certain areas of health care and materials — especially gold. (On that score, **Select Gold** tumbled 11.2% in May — the worst performance of any Fidelity fund.)

Select Funds

With just a few exceptions, tech-related sector funds were the performance leaders in May, as **Select Electronics** chip-laden portfolio jumped 8.4%; **Computers** rose 6.9% and the more diversified **Technology** advanced an impressive 4.6%.

Elsewhere, **Biotech** rebounded 7.4% for the month, though it's down 19.2% for the year. And, with home starts and housing prices up across much of the nation, **Construction & Housing** enjoyed a 4.0% pop.

Bond Funds

Spartan U.S. Bond Index slipped 0.1% in May as the yield on the 10-year Treasury ended the month at 1.85%, up just three basis points from April. Indeed, fractional gains and/or losses were the norm last month: longer-duration funds fared better than those with shorter durations. But there was a notable exception: Fidelity inflation-protected funds (which largely hold TIPS) were poor relative performers. That's because their returns are often driven by inflation expectations, which fell in May. (Gold prices tumbled for much the same reason.) ■

— *John Bonnanzio*

June Scorecard Rating Changes

Fund	Ratings			Comments
	Old	New		
Equity Dividend Inc	B	***B***	↑	Like value bent plus positioning in financials.
Equity-Income	B	***B***	↑	Like value bent plus positioning in financials.
Mid-Cap Stock	H	B	↑	Manager's stock picks starting to pan out.
MSCI Financials	H	B	↑	Rising rates will widen margins on lending/borrowing.
Sel Banking	H	B	↑	Rising rates will widen margins on lending/borrowing.
Sel Financial Svcs	H	B	↑	Rising rates will widen margins on lending/borrowing.
Sel Soft & IT Svcs	B	***B***	↑	Emphasis on recurring income stream a positive.
Value Strategies	***B***	***B***	NA	Reclassified to large-vap value from mid-cap value.
VIP Equity-Income	B	***B***	↑	Like value bent plus positioning in financials.
VIP Financial Svcs	H	B	↑	Rising rates will widen margins on lending/borrowing.

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, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) May	YTD	3 Mo.	Avg Annual (%) 1 Yr	3 Yr	5 Yr	10 Yr	Rel Vol (Risk)[1]
Comparative Indexes		S&P 500		2097.0		1.8	3.6	9.1	1.7	11.1	11.7	7.4	1.00
		Nasdaq Composite		4948.1		3.7	-0.7	8.9	-1.2	14.1	13.1	9.7	1.20
		Dow Jones Industrials		17787.2		0.3	3.2	8.2	1.2	8.1	9.9	7.5	1.02
		Russell 2000 (Small Caps)		1154.8		2.3	2.3	12.2	-4.4	6.9	7.9	6.3	1.34
		Barclays Aggregate Bond*				-0.1	3.4	1.2	2.9	2.7	3.2	4.6	0.26
Model Portfolios		Unique Opportunities				1.8	0.2	8.3	-3.7	7.9	8.0	5.8	1.01
		Select				2.1	3.9	9.6	-2.8	11.8	11.4	8.5	1.06
		Growth				1.7	0.3	8.7	-3.7	8.1	8.3	5.6	1.02
		Growth & Income				0.9	2.0	6.5	-0.9	7.5	7.6	5.5	0.67
		Income				0.5	2.4	4.1	0.3	4.0	5.0	4.5	0.36

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	May	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	Rel Vol (Risk)[1]	Assets ($Mil)
LARGE CAP GROWTH					***Category Averages***	***2.1***	***-0.5***	***9.3***	***-2.2***	***11.2***	***10.6***	***1.15***	
312	FBGRX	Blue Chip Growth		67.25	Buy	2.6	-2.5	8.6	-3.2	12.8	11.9	1.16	$14,151
307	FDCAX	Capital Appreciation		32.18	Hold	1.2	-0.6	7.7	-4.6	9.8	11.3	1.13	5,282
22	FCNTX	Contrafund		98.52	Buy	1.7	0.3	7.6	1.3	11.5	11.4	1.00	76,887
3	FFIDX	Fidelity Fund		42.28	Hold	2.1	0.6	8.5	-0.9	10.1	9.7	1.04	3,811
333	FTQGX	Focused Stock		18.32	Hold	0.7	1.9	9.0	-1.9	9.1	9.6	1.16	1,719
25	FDGRX	Growth Company (Closed)		132.88	Buy	3.5	-2.7	10.3	-2.5	12.8	12.1	1.28	22,156
339	FDSVX	Growth Discovery		24.88	OK to Buy	2.8	-1.5	8.1	-0.2	12.2	11.0	1.09	1,026
73	FDFFX	Independence		34.22	OK to Sell	1.3	-4.9	8.1	-10.6	8.7	8.2	1.35	3,428
21	FMAGX	Magellan		88.96	Buy	1.5	0.4	9.2	-0.5	12.2	9.7	1.09	13,091
300	FMILX	New Millennium		34.83	Hold	1.3	4.6	11.8	-2.4	8.5	10.0	1.06	3,002
93	FOCPX	OTC		80.21	Hold	5.4	-3.9	12.8	-0.9	16.0	12.6	1.46	9,399
320	FDSSX	Stock Selector All Cap		34.19	Hold	1.7	1.9	9.9	-3.5	9.9	9.6	1.06	5,748
5	FTRNX	Trend		84.23	OK to Buy	1.7	0.1	9.0	0.8	12.6	11.2	1.10	1,464
LARGE CAP BLEND					***Category Averages***	***1.3***	***2.4***	***9.0***	***-2.7***	***9.0***	***10.1***	***1.05***	
315	FDEQX	Disciplined Equity		31.92	OK to Buy	0.7	0.6	6.7	-3.3	9.8	9.8	1.02	1,209
330	FDGFX	Dividend Growth		30.61	OK to Buy	1.4	1.1	6.7	-2.9	9.1	8.5	1.00	5,797
332	FEXPX	Export and Multinational	0.75%/30d	20.86	Buy	0.8	3.5	6.5	-0.9	8.8	8.7	0.94	1,759
27	FGRIX	Growth & Income		29.71	OK to Buy	1.7	3.3	11.0	-2.6	8.3	10.9	1.09	5,475
338	FLCSX	Large Cap Stock		27.08	OK to Buy	1.7	3.6	12.8	-3.9	9.3	11.3	1.15	2,592
361	FGRTX	Mega Cap Stock		15.94	Hold	1.7	2.0	10.2	-2.5	8.8	11.4	1.10	3,123
LARGE CAP VALUE					***Category Averages***	***1.0***	***4.3***	***9.2***	***-1.6***	***8.9***	***9.2***	***0.95***	
1271	FBCVX	Blue Chip Value		16.07	OK to Buy	0.8	2.4	7.7	-3.2	9.6	8.4	0.97	502
319	FEQTX	Equity Dividend Income		25.80	Buy↑	1.5	5.5	10.3	1.1	8.8	9.0	0.95	4,890
23	FEQIX	Equity-Income		52.68	Buy↑	1.0	4.9	9.9	-1.7	6.9	7.9	0.94	6,248
708	FSLVX	Stock Sel Large Cap Value		17.19	OK to Buy	0.9	5.6	10.2	-1.5	9.2	10.2	0.95	711
832	FVDFX	Value Discovery		23.80	OK to Buy	1.0	3.0	7.9	-2.5	10.1	10.5	0.94	1,669
14	FSLSX	Value Strategies		43.32	Buy	1.6	4.3	13.7	-5.2	7.3	8.2	1.13	812
MID-CAP GROWTH					***Category Averages***	***1.6***	***2.9***	***9.7***	***-3.9***	***9.6***	***9.0***	***1.06***	
324	FDEGX	Growth Strategies	1.50%/90d	33.40	Buy	1.3	0.4	6.2	-3.8	11.8	8.9	1.02	2,229
337	FMCSX	Mid-Cap Stock	0.75%/30d	34.76	OK to Buy↑	2.0	6.2	12.5	-2.3	9.4	9.5	1.06	5,218
2412	FSSMX	Stock Selector Mid Cap		32.33	Hold	1.3	2.0	10.3	-5.7	7.6	8.7	1.11	199
MID-CAP BLEND					***Category Averages***	***1.2***	***2.1***	***13.7***	***-10.1***	***5.3***	***7.5***	***1.24***	
122	FLVCX	Leveraged Company Stock	1.50%/90d	40.63	OK to Buy	1.2	2.1	13.7	-10.1	5.3	7.5	1.24	2,977
MID-CAP VALUE					***Category Averages***	***1.1***	***3.8***	***9.6***	***-5.4***	***9.1***	***10.0***	***1.02***	
316	FLPSX	Low-Priced Stock	1.50%/90d	48.52	Buy	0.9	1.6	6.6	-3.8	8.2	9.6	0.88	28,547
762	FSMVX	Mid Cap Value	0.75%/30d	23.07	OK to Buy	0.9	3.3	10.0	-6.4	10.3	10.7	1.07	2,472
39	FDVLX	Value		101.86	Buy	1.6	6.4	12.4	-5.9	8.8	9.8	1.11	7,229
SMALL CAP GROWTH					***Category Averages***	***2.9***	***-0.6***	***11.4***	***-5.4***	***10.2***	***9.3***	***1.30***	
1388	FCPGX	Small Cap Growth	1.50%/90d	18.59	Buy	2.9	-0.6	11.4	-5.4	10.2	9.3	1.30	1,462
SMALL CAP BLEND					***Category Averages***	***2.1***	***3.6***	***10.1***	***-2.3***	***6.2***	***5.8***	***1.19***	
2624	FARNX	Event Driven Opportunities		11.36	Buy	2.9	3.3	9.3	0.1	0.0	0.0	--	171
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	28.12	OK to Buy	1.1	6.4	10.8	-2.1	7.7	10.8	1.19	5,359
340	FSLCX	Small Cap Stock	2.00%/90d	17.90	Buy	2.4	3.1	9.5	-2.1	9.5	5.1	1.15	1,987
336	FDSCX	Stock Selector Small Cap	1.50%/90d	23.43	OK to Buy	2.1	1.6	10.5	-5.1	7.6	7.2	1.24	1,370
SMALL CAP VALUE					***Category Averages***	***1.7***	***6.9***	***9.0***	***3.6***	***9.3***	***11.1***	***1.13***	
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	17.89	OK to Buy	1.7	6.9	9.0	3.6	9.3	11.1	1.13	2,434

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. [1] Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. [2] Duration is a measure of interest rate sensitivity. [3] Stated yield is before any inflation adjustment, your effective yield may be different. [4] Also available in an Advantage share class with a minimum of $10,000, but a lower expense ratio. [5] Formerly Cash Reserves. [6] Formerly Retirement Money Market. [7] Formerly Select Medical Delivery. [8] Formerly Select Software and Computer Services. [9] Formerly VIP Money Market. [10] Formerly Tax-Free MM. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD — May 31, 2016

Fund	Fund		Sht-Term	$Price		Total Return (%)			Avg Annual (%)			Rel Vol	Assets
No.	Ticker	Fund Name	Fee	(NAV)	Advice	May	YTD	3 Mo.	1 Year	3 Year	5 Year	(Risk)[1]	($Mil)
SPECIALTY													
304	FBALX	Balanced		21.63	Buy	1.0	2.3	7.3	-0.9	8.0	8.2	0.73	$20,294
308	FCVSX	Convertible Securities		26.03	Hold	0.0	-1.0	6.9	-10.9	2.4	3.9	0.92	1533
334	FGBLX	Global Balanced	1.00%/30d	22.63	Hold	-0.1	2.9	6.7	-0.8	3.9	3.9	0.72	436
2120	FFGCX	Global Commodity Stock	1.00%/30d	9.99	OK to Sell	-4.3	13.7	16.4	-19.3	-7.7	-9.5	1.75	186
1960	FDYSX	Global Strategies		8.64	Hold	0.6	2.9	6.1	-1.5	3.6	3.1	0.65	88
1368	FIREX	International Real Estate	1.50%/90d	10.30	OK to Sell	-0.7	2.8	10.0	-2.4	4.8	6.2	0.97	335
4	FPURX	Puritan		20.46	Buy	1.2	1.1	6.5	-0.6	8.2	8.1	0.74	19533
833	FRIFX	Real Estate Income	0.75%/90d	11.82	OK to Buy	1.9	5.5	7.0	5.6	6.0	8.1	0.50	2619
303	FRESX	Real Estate Investment	0.75%/90d	42.78	Hold	2.5	5.5	9.7	13.2	11.0	10.6	1.33	4830
1329	FSDIX	Strategic Dividend & Income		14.32	Hold	1.8	6.1	8.8	3.2	7.9	9.2	0.72	3012
1505	FSRRX	Strategic Real Return	0.75%/60d	8.65	OK to Sell	0.3	5.4	6.6	-2.8	-1.2	0.2	0.46	507
311	FIUIX	Telecom & Utilities		24.75	Hold	1.5	13.8	9.6	4.1	10.7	10.3	0.88	1032
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		12.97	Hold	0.1	2.7	3.6	0.4	3.1	3.5	0.31	4674
1957	FTANX	Asset Manager 30%		10.35	Hold	0.3	3.0	4.5	-0.1	4.0	4.3	0.40	885
1958	FFANX	Asset Manager 40%		10.62	Hold	0.4	2.8	5.3	-0.8	4.6	4.9	0.50	1011
314	FASMX	Asset Manager 50%		16.42	Hold	0.5	2.7	6.0	-1.6	5.2	5.3	0.60	7478
1959	FSANX	Asset Manager 60%		10.84	Hold	0.6	2.6	6.8	-2.3	5.6	5.7	0.69	1367
321	FASGX	Asset Manager 70%		19.02	Hold	0.8	2.3	7.5	-3.1	6.1	6.0	0.79	3948
347	FAMRX	Asset Manager 85%		15.86	Hold	1.0	1.9	8.4	-4.3	6.9	6.6	0.93	1419
EQUITY INDEX													
355	FFNOX	Four-in-One Index		36.88	Hold	1.0	2.4	8.1	-2.0	7.1	7.6	0.87	4345
2010	FIENX	International Enhanced Index	1.00%/30d	8.06	Hold	0.0	-0.9	8.7	-9.2	3.6	3.1	1.14	169
1827	FLCEX	Large Cap Core Enhcd Index		11.75	OK to Buy	1.5	2.6	8.0	-1.0	10.3	11.4	1.00	472
1829	FLGEX	Lrge Cap Growth Enhcd Index		14.82	OK to Buy	1.6	1.8	6.9	-0.2	11.9	11.9	1.03	587
1828	FLVEX	Large Cap Value Enhcd Index		10.90	OK to Buy	1.3	4.0	9.9	-1.3	9.5	11.2	1.00	1878
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.00	OK to Buy	1.0	3.3	8.5	-3.9	10.6	10.6	1.04	928
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	65.17	Hold	3.8	-0.6	9.0	-1.1	14.0	13.0	1.20	2374
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	11.78	Buy	1.5	1.0	7.2	-6.8	8.0	9.3	1.28	570
650	FUSEX	Spartan 500 Index[4]		73.96	Hold	1.8	3.5	9.1	1.6	11.0	11.6	1.00	7492
2341	FPEMX	Spartan Emerging Mkts Index[4]	1.50%/90d	7.95	Hold	-3.8	3.0	9.8	-18.5	-4.7	0.0	1.47	25
398	FSEMX	Spartan Extended Mkt Index[4]	0.75%/90d	51.05	Buy	1.8	2.6	12.0	-6.1	8.1	8.8	1.21	1494
2345	FSGUX	Spartan Global ex U.S. Index[4]	1.00%/90d	10.69	Hold	-1.2	0.7	9.1	-11.7	0.2	0.0	1.16	26
399	FSIIX	Spartan Int'l Index[4]	1.00%/90d	35.61	Hold	-0.2	-0.8	8.7	-10.0	2.1	2.0	1.14	2845
2349	FSCLX	Spartan Mid Cap Index[4]	0.75%/30d	17.12	OK to Buy	1.7	5.0	11.1	-2.1	10.0	0.0	1.05	48
2353	FRXIX	Spartan Real Estate Index[4]	0.75%/90d	15.63	Hold	2.0	3.9	9.3	9.9	10.2	0.0	1.33	37
2356	FSSPX	Spartan Small Cap Index[4]	1.50%/90d	15.81	OK to Buy	2.3	2.3	12.2	-5.8	7.0	0.0	1.34	42
397	FSTMX	Spartan Total Mkt. Index[4]	0.50%/90d	60.35	Hold	1.8	3.3	9.6	0.1	10.4	11.0	1.02	2138
INTERNATIONAL					***Category Averages***	***-0.2***	***1.9***	***9.3***	***-6.9***	***3.0***	***2.5***	***1.21***	
309	FICDX	Canada	1.50%/90d	46.40	OK to Sell	-3.2	12.2	11.4	-6.9	0.4	-1.6	1.27	1,152
352	FHKCX	China Region	1.50%/90d	22.95	Hold	-0.4	-9.7	8.7	-31.4	0.8	0.9	1.94	957
325	FDIVX	Diversified International	1.00%/30d	34.70	OK to Buy	1.3	-1.0	8.1	-7.7	4.8	3.9	1.10	11,795
351	FSEAX	Emerging Asia	1.50%/90d	29.99	Hold	-1.0	-0.1	9.0	-17.0	1.0	-0.2	1.37	857
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	7.28	OK to Sell	-6.9	10.1	12.0	-11.1	-3.9	-3.5	1.52	70
322	FEMKX	Emerging Markets	1.50%/90d	22.36	Hold	-0.6	2.8	11.0	-9.5	-1.5	-2.9	1.32	2,805
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	10.81	Hold	-2.7	2.9	10.0	-13.3	-3.3	0.0	1.24	55
301	FIEUX	Europe	1.00%/30d	36.12	OK to Buy	0.4	-0.1	9.1	-7.2	3.9	3.6	1.21	1,206
2406	FGILX	Global Equity-Income	1.00%/30d	12.07	OK to Buy	1.0	1.4	6.8	-2.6	7.7	0.0	0.92	81
335	FIVFX	International Cap App	1.00%/30d	17.07	Buy	2.1	2.8	9.8	-0.7	7.4	6.8	1.06	1,628
305	FIGRX	International Discovery	1.00%/30d	38.47	OK to Buy	1.3	-2.4	7.8	-7.5	3.7	3.7	1.10	6,804
1979	FIGFX	International Growth	1.00%/30d	11.18	Buy	1.4	0.4	8.6	-5.4	5.0	4.9	1.03	1,001
818	FISMX	International Small Cap	2.00%/90d	23.11	Buy	1.2	4.5	10.9	-0.5	7.7	6.1	1.03	836
1504	FSCOX	International Small Cap Opps	2.00%/90d	15.08	Buy	1.1	1.1	7.7	-0.9	7.9	7.6	0.94	946
1597	FIVLX	International Value	1.00%/30d	7.87	OK to Sell	0.3	-2.0	7.8	-9.1	1.7	1.0	1.11	310
350	FJPNX	Japan	1.50%/90d	11.60	Hold	2.0	-1.8	8.1	-5.3	2.4	3.7	1.16	358
360	FJSCX	Japan Smaller Companies	1.50%/90d	14.27	Hold	1.3	3.1	6.6	5.0	8.0	11.6	1.14	548
349	FLATX	Latin America	1.50%/90d	18.11	OK to Sell	-5.8	10.9	16.3	-16.1	-16.0	-13.9	1.98	470
342	FNORX	Nordic	1.50%/90d	48.68	OK to Buy	-0.2	3.9	7.6	6.8	12.5	8.0	1.21	486
94	FOSFX	Overseas	1.00%/30d	41.17	Buy	1.4	0.8	9.6	-3.6	7.2	5.8	1.06	4,566
302	FPBFX	Pacific Basin	1.50%/90d	27.08	Hold	1.9	2.9	10.2	-2.1	6.7	6.6	1.11	644
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.08	Hold	-2.0	3.9	8.2	-8.0	-0.9	0.0	1.12	48
1978	FTIEX	Total International Equity	1.00%/30d	7.61	Hold	0.5	0.3	9.0	-7.2	2.3	2.1	1.07	283
318	FWWFX	Worldwide	1.00%/30d	22.06	OK to Buy	1.2	-0.7	8.3	-4.4	6.7	6.9	1.09	1,480

FIDELITY SCORECARD — MAY 31, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) May	Total Return (%) YTD	Total Return (%) 3 Mo.	Avg Annual (%) 1 Year	Avg Annual (%) 3 Year	Avg Annual (%) 5 Year	Rel Vol (Risk)[1]	Assets ($Mil)
SELECT PORTFOLIOS			***Category Averages***			*1.3*	*4.4*	*11.4*	*-3.7*	*8.7*	*8.7*	*1.44*	
34	FSAIX	Air Transportation	0.75%/30d	62.82	Hold	-1.0	0.9	3.7	-2.5	14.3	14.1	1.32	$333
502	FSAVX	Automotive	0.75%/30d	36.26	OK to Buy	-1.2	-7.5	9.0	-14.4	5.0	5.5	1.51	66
507	FSRBX	Banking	0.75%/30d	25.42	OK to Buy↑	2.3	-0.6	17.1	-1.7	8.8	10.3	1.38	637
42	FBIOX	Biotechnology	0.75%/30d	184.39	OK to Sell	7.4	-19.2	17.6	-25.0	15.6	22.3	2.63	10,906
68	FSLBX	Brokerage & Investment	0.75%/30d	61.13	Hold	2.2	-4.6	11.9	-14.9	2.6	6.5	1.51	337
69	FSCHX	Chemicals	0.75%/30d	141.16	OK to Buy	2.4	7.9	14.6	-1.9	8.4	9.8	1.47	1,263
518	FSDCX	Communications Equipment	0.75%/30d	28.51	Hold	3.5	3.2	7.0	-9.7	7.6	1.9	1.36	175
7	FDCPX	Computers	0.75%/30d	68.16	OK to Sell	6.9	0.1	9.3	-13.4	3.9	5.7	1.43	396
511	FSHOX	Construction & Housing	0.75%/30d	60.34	Buy	4.0	4.0	13.5	6.1	10.4	15.8	1.30	537
517	FSCPX	Consumer Discretionary	0.75%/30d	34.10	Buy	-0.8	-0.1	5.4	1.4	11.4	13.2	1.18	1,137
98	FSVLX	Consumer Finance	0.75%/30d	12.07	OK to Buy	1.8	1.8	13.2	-6.6	5.7	11.2	1.20	95
9	FDFAX	Consumer Staples	0.75%/30d	94.58	Hold	-0.3	4.4	5.4	5.4	9.5	11.3	1.04	2,144
67	FSDAX	Defense & Aerospace	0.75%/30d	118.29	OK to Buy	1.8	3.6	10.2	-0.0	11.8	12.4	1.18	972
8	FSELX	Electronics	0.75%/30d	76.57	OK to Sell	8.4	4.8	13.4	-2.5	20.3	11.8	1.47	1,519
60	FSENX	Energy	0.75%/30d	40.42	OK to Sell	-0.2	15.2	24.2	-11.2	-3.8	-2.7	1.87	2,442
43	FSESX	Energy Service	0.75%/30d	43.73	OK to Sell	-6.5	6.6	16.5	-22.8	-12.7	-9.4	2.21	514
516	FSLEX	Environment & Alt Energy	0.75%/30d	20.11	Hold	-0.4	6.4	10.7	-2.0	6.8	4.1	1.24	86
66	FIDSX	Financial Services	0.75%/30d	83.47	OK to Buy↑	2.2	-0.7	11.3	-6.0	6.7	7.8	1.16	1,114
41	FSAGX	Gold	0.75%/30d	20.69	Sell	-11.2	55.0	15.5	20.8	-4.5	-15.6	3.63	1,341
63	FSPHX	Health Care	0.75%/30d	194.25	OK to Sell	2.6	-6.2	8.1	-13.3	19.1	18.4	1.49	7,591
505	FSHCX	Health Care Services[7]	0.75%/30d	84.17	OK to Buy	-0.1	0.7	8.2	-5.1	16.3	12.6	1.04	889
510	FSCGX	Industrial Equipment	0.75%/30d	38.16	Buy	-0.2	4.6	8.3	3.6	8.7	8.1	1.23	197
515	FCYIX	Industrials	0.75%/30d	30.50	Buy	0.0	4.4	8.5	0.8	9.4	9.7	1.20	1,114
45	FSPCX	Insurance	0.75%/30d	69.68	Buy	3.6	5.1	12.6	8.0	12.2	13.4	1.19	545
353	FBSOX	IT Services	0.75%/30d	41.40	OK to Buy	3.7	3.6	11.4	5.5	17.0	16.3	1.26	2,127
62	FDLSX	Leisure	0.75%/30d	127.58	OK to Buy	-0.6	-1.8	-0.6	-5.0	10.1	11.7	1.04	407
509	FSDPX	Materials	0.75%/30d	71.97	Hold	1.4	4.8	13.9	-7.8	2.9	3.8	1.46	814
354	FSMEX	Medical Equipment	0.75%/30d	37.77	OK to Buy	1.6	6.2	12.8	3.0	20.0	14.5	1.18	2,221
503	FBMPX	Multimedia	0.75%/30d	71.63	Hold	0.4	0.5	7.5	-6.6	9.3	13.1	1.39	578
513	FSNGX	Natural Gas	0.75%/30d	24.47	OK to Sell	-0.1	22.3	37.7	-23.6	-8.7	-6.0	2.45	394
514	FNARX	Natural Resources	0.75%/30d	26.95	OK to Sell	-0.3	14.4	24.1	-14.0	-4.9	-4.8	1.92	796
580	FPHAX	Pharmaceuticals	0.75%/30d	19.10	Hold	2.1	-7.1	4.9	-13.8	14.1	14.4	1.23	1,587
46	FSRPX	Retailing	0.75%/30d	105.96	OK to Buy	1.1	0.7	7.3	13.7	17.8	18.4	1.22	2,045
28	FSCSX	Software & IT Services[8]	0.75%/30d	124.27	Buy↑	5.1	3.0	12.5	11.0	16.9	15.8	1.30	3,369
64	FSPTX	Technology	0.75%/30d	119.75	Buy	4.6	1.4	11.1	-0.9	13.4	9.6	1.28	3,024
96	FSTCX	Telecommunications	0.75%/30d	67.57	Buy	1.6	11.8	8.2	9.2	9.7	8.0	0.96	887
512	FSRFX	Transportation	0.75%/30d	75.40	Hold	-1.7	3.4	2.9	-5.5	11.2	10.8	1.31	412
65	FSUTX	Utilities	0.75%/30d	73.04	OK to Sell	2.1	14.0	9.3	4.3	10.7	10.5	1.01	985
963	FWRLX	Wireless	0.75%/30d	8.42	OK to Buy	3.6	3.2	7.3	-5.9	7.0	6.4	1.04	213
SECTOR ETFS													
	FDIS	MSCI Consumer Discretionary		30.95	Buy	-0.2	1.3	6.3	1.8	--	--	--	250
	FSTA	MSCI Consumer Staples		31.57	OK to Buy	0.9	4.9	4.3	9.7	--	--	--	268
	FENY	MSCI Energy		19.00	OK to Sell	-1.0	12.0	18.9	-13.3	--	--	--	398
	FNCL	MSCI Financials		28.46	OK to Buy↑	2.6	1.3	13.4	0.1	--	--	--	244
	FHLC	MSCI Healthcare		33.79	OK to Sell	2.6	-1.8	9.1	-5.5	--	--	--	595
	FIDU	MSCI Industrials		28.93	Buy	0.2	6.7	9.8	1.9	--	--	--	160
	FTEC	MSCI Information Technology		33.38	Buy	5.5	2.0	9.5	1.3	--	--	--	397
	FMAT	MSCI Materials		26.45	Hold	-0.3	9.6	14.3	-5.2	--	--	--	80
	FREL	MSCI Real Estate		23.61	Hold	2.3	5.6	10.9	8.4	--	--	--	64
	FCOM	MSCI Telecomm Services		29.51	Buy	-1.3	10.8	4.0	9.5	--	--	--	163
	FUTY	MSCI Utilities		31.70	OK to Sell	1.6	14.5	7.7	14.8	--	--	--	253

Manager Changes

Adam Kramer now runs **Convertible Securities** replacing Tom Soviero. Adam still runs the convertible and preferred stock sleeves of **Strategic Dividend & Income**, **Equity-Income** and **VIP Equity-Income**.

As for Tom, his 10-year record on Convertible Securities hasn't always been stellar in that his fund has tended to struggle the most in down years for his asset class. In 2015, for example, his fund fell 9.4% versus 3.0% and 3.6% for two of his benchmarks.

With this change, Tom will be freed up to spend more of his time managing the eclectic **Leveraged Company Stock** and the thematically similar **Value Strategies** funds. The latter is now a large-cap value offering which is held in both our *Unique Opportunities* and *Growth Model Portfolios*.

Elsewhere, Christopher Lin has assumed responsibilities for the IT and telecom sleeves of the team-run **Stock Selector Mid Cap** fund; he succeeds Rayna Lesser who has left Fidelity. Chris continues with his current research responsibilities as the IT sector leader in the Equity group and as manager of **Select Computers**. ■

FIDELITY SCORECARD — MAY 31, 2016

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) May	YTD	3 Mo.	Avg Annual (%) 1 Yr	3 Yr	5 Yr	SEC %Yield	Dur[2] (Yrs)	Rel Vol (Risk)[1]
TAXABLE BOND					***Category Averages***	***-0.3***	***3.3***	***1.5***	***2.2***	***1.8***	***2.3***	***1.75***	***5.1***	***0.29***
2267	FCONX	Conservative Income Bond		10.03	Buy	0.1	0.4	0.4	0.6	0.4	0.6	0.71	0.3	0.02
2208	FCBFX	Corporate Bond		11.33	Buy	0.2	5.0	4.9	2.5	3.4	5.0	3.17	7.1	0.39
2423	FGBFX	Global Bond		9.08	OK to Sell	-1.4	5.5	4.2	2.3	0.1	0.0	2.09	6.7	0.42
15	FGMNX	GNMA (Ginnie Mae)		11.64	OK to Buy	0.2	2.0	0.6	2.3	2.8	2.9	2.04	3.2	0.22
54	FGOVX	Government Income		10.51	Hold	0.1	2.7	0.2	2.5	2.3	2.8	1.39	5.2	0.24
794	FINPX	Inflation-Protected Bond[3]		12.07	Hold	-0.7	3.9	1.2	1.0	-0.2	1.9	0.21*	5.7	0.43
32	FTHRX	Intermediate Bond		10.94	Buy	-0.0	2.9	1.5	2.2	2.1	2.8	1.61	3.9	0.19
452	FSTGX	Intermediate Gov't Income		10.72	Hold	-0.2	1.9	-0.1	1.6	1.5	1.9	1.01	3.8	0.18
2428	FINUX	International Bond		8.66	OK to Sell	-2.9	6.1	5.0	2.8	-1.2	0.0	1.72	7.0	0.60
26	FBNDX	Investment Grade Bond		7.82	Buy	-0.0	4.3	3.0	1.5	2.4	3.4	2.94	5.5	0.27
2622	FJRLX	Limited Term Bond		11.51	Buy	-0.0	2.1	1.5	1.6	1.4	0.0	1.49	2.6	0.13
662	FFXSX	Limited Term Government		10.07	OK to Buy	-0.2	1.2	-0.1	0.8	0.9	1.0	0.74	2.6	0.12
40	FMSFX	Mortgage Securities		11.39	OK to Buy	0.1	2.3	0.7	2.6	3.1	3.1	2.16	3.1	0.21
450	FSHBX	Short-Term Bond		8.61	Buy	-0.1	1.1	0.6	1.0	1.0	1.2	0.83	1.7	0.07
2415	FSIQX	Sptn Inflation-Protect Index[4]		9.74	Hold	-0.7	4.1	1.2	1.2	0.1	0.0	0.00*	5.7	0.43
1561	FIBIX	Sptn Interm Treas Index[4]		11.12	Hold	-0.2	3.7	-0.3	3.8	2.6	3.7	1.39	6.5	0.40
1562	FLBIX	Sptn Lng-Term Treas Index[4]		13.69	Hold	0.7	8.4	0.1	8.3	6.8	8.3	2.29	17.9	0.93
1560	FSBIX	Sptn Sht-Term Treas Index[4]		10.50	Hold	-0.1	1.3	0.0	1.2	1.0	1.0	0.77	2.7	0.12
651	FBIDX	Sptn U.S. Bond Index		11.76	Hold	-0.1	3.4	1.2	2.9	2.7	3.2	1.98	5.4	0.26
820	FTBFX	Total Bond		10.59	Buy	-0.0	4.5	3.4	2.4	2.9	3.7	3.18	5.3	0.28
HIGH-YIELD BOND					***Category Averages***	***0.4***	***5.4***	***6.8***	***-0.7***	***2.3***	***3.2***	***5.21***	***3.60***	***0.50***
38	FAGIX	Capital & Income	1.00%/90d	9.29	OK to Buy	0.9	3.3	6.7	-3.2	4.3	5.0	4.64	4.2	0.57
814	FFRHX	Floating Rate High Income	1.00%/60d	9.39	Hold	0.7	4.6	6.0	0.2	1.8	2.8	4.45	0.3	0.28
1366	FHIFX	Focused High Income	1.00%/90d	8.25	Hold	0.8	5.0	6.1	-1.1	2.4	4.5	4.89	3.8	0.49
2297	FGHNX	Global High Income	1.00%/90d	9.05	OK to Buy	0.2	6.2	8.1	-0.6	2.7	0.0	5.81	3.8	0.55
455	SPHIX	High Income	1.00%/90d	8.33	Buy	0.7	7.3	9.3	-2.2	2.0	4.4	6.70	3.4	0.56
331	FNMIX	New Markets Income	1.00%/90d	15.16	Hold	-0.8	6.9	6.3	3.2	2.6	5.5	6.04	6.3	0.69
2580	FSAHX	Short Duration High Income	1.00%/90d	9.17	Hold	0.6	4.6	7.1	-2.7	0.0	0.0	5.36	2.3	--
368	FSICX	Strategic Income		10.50	OK to Buy	0.1	5.0	5.1	0.5	2.4	3.6	3.78	4.7	0.39
MUNICIPAL BOND					***Category Averages***	***0.2***	***2.4***	***1.2***	***5.2***	***3.6***	***4.3***	***1.31***	***5.45***	***0.28***
434	FSAZX	Arizona Muni Income	0.50%/30d	12.36	OK to Buy	0.2	2.8	1.4	6.1	4.5	5.4	1.30	6.2	0.32
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.76	Buy	-0.1	1.1	0.0	2.6	2.0	2.3	0.76	3.1	0.14
91	FCTFX	California Muni Income	0.50%/30d	13.30	OK to Buy	0.3	2.8	1.4	6.1	4.8	6.1	1.26	5.9	0.31
407	FICNX	Connecticut Muni Income	0.50%/30d	11.92	OK to Buy	0.1	2.7	1.1	5.9	4.0	4.4	1.46	6.1	0.29
2578	FCRDX	Conservative Income Muni		10.05	Buy	0.1	0.3	0.0	0.6	0.0	0.0	0.51	0.6	--
36	FLTMX	Interm Municipal Income	0.50%/30d	10.61	Buy	0.2	2.0	1.0	4.5	3.0	3.8	1.33	4.7	0.23
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.66	Buy	-0.1	0.9	0.1	2.1	1.4	1.8	0.78	2.6	0.12
429	SMDMX	Maryland Muni Income	0.50%/30d	11.58	OK to Buy	0.2	2.7	1.4	5.9	3.8	4.5	1.38	6.6	0.30
70	FDMMX	Mass Muni Income	0.50%/30d	12.68	OK to Buy	0.4	2.8	1.5	6.1	4.2	5.2	1.41	6.7	0.31
81	FMHTX	Michigan Muni Income	0.50%/30d	12.52	OK to Buy	0.2	2.4	1.2	5.6	4.0	4.8	1.36	5.8	0.27
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.88	OK to Buy	0.1	2.2	1.1	5.1	3.3	4.0	1.17	5.7	0.24
37	FHIGX	Municipal Income	0.50%/30d	13.64	Buy	0.4	2.9	1.7	6.2	4.5	5.6	1.66	6.5	0.32
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.09	OK to Sell	0.3	3.1	1.9	6.6	3.5	4.8	1.82	6.4	0.33
71	FTFMX	New York Muni Income	0.50%/30d	13.73	OK to Buy	0.3	3.0	1.5	6.3	4.4	5.0	1.31	6.2	0.30
88	FOHFX	Ohio Muni Income	0.50%/30d	12.51	OK to Buy	0.3	3.0	1.6	6.8	4.8	5.4	1.47	7.0	0.33
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.45	OK to Buy	0.3	2.6	1.4	5.3	4.2	5.1	1.56	6.0	0.29
90	FTABX	Tax-Free Bond	0.50%/30d	11.86	Buy	0.4	3.1	1.8	6.5	4.6	5.7	1.69	6.5	0.32

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 (%) May	YTD	SEC %Yield
55	FDRXX	Gov't Cash Reserves[5]	0.00	0.00	0.07
458	SPAXX	Government MM	0.00	0.00	0.02
631	FGMXX	Retirement Gov't MM	0.00	0.00	0.03
630	FRTXX	Retirement Gov't MM II[6]	0.00	0.00	0.03
2742	FZFXX	Treasury MM	0.00	0.00	0.01
415	FDLXX	Treasury Only MM	0.00	0.00	0.01
PRIME MONEY MARKETS					
454	SPRXX	Money Market	0.10	0.10	0.29
NATIONAL MUNICIPAL MONEY MARKETS					
10	FTEXX	Municipal Money Market	0.00	0.00	0.07
275	FMOXX	Tax-Exempt MM[10]	0.00	0.00	0.01

STATE MUNICIPAL MONEY MARKETS			Total Return (%) May	YTD	SEC %Yield
433	FSAXX	Arizona Muni MM	0.00	0.00	0.01
97	FCFXX	California Muni MM	0.00	0.00	0.01
457	FSPXX	California AMT Tax-Free	0.00	0.00	0.11
418	FCMXX	Connecticut Muni MM	0.00	0.00	0.01
426	FMSXX	Mass AMT Tax-Free	0.10	0.10	0.13
74	FDMXX	Massachusetts Muni MM	0.00	0.00	0.01
420	FMIXX	Michigan Muni MM	0.00	0.00	0.01
417	FNJXX	New Jersey Muni MM	0.00	0.00	0.01
423	FSJXX	New Jersey AMT Tax-Free	0.00	0.00	0.12
92	FNYXX	New York Muni MM	0.00	0.00	0.01
422	FSNXX	New York AMT Tax-Free	0.00	0.10	0.14
419	FOMXX	Ohio Muni MM	0.00	0.00	0.01
401	FPTXX	Pennsylvania Muni MM	0.00	0.00	0.01

FIDELITY SCORECARD — May 31, 2016

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) May	YTD	3 Mo.	Avg Annual (%) 1 Year	3 Year	5 Year	Rel Vol (Risk)[1]
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios		Annuity Sector Model					1.4	3.9	8.2	-0.3	11.6	10.1	1.01
Model Portfolios		Annuity Growth Model					1.8	1.3	10.5	-3.6	7.8	8.7	1.09
Model Portfolios		Annuity Growth & Income Model					1.1	1.7	8.3	-1.6	6.5	6.9	0.72
Model Portfolios		Annuity Income Model					0.5	2.7	4.4	0.6	3.2	4.6	0.38
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.36	Hold	0.3	0.3	5.5	-4.2	4.8	4.7	0.69
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		17.37	Hold	0.6	-1.0	6.7	-6.6	5.5	5.2	0.91
9069	FJBAC	Fid VIP Balanced	Allocation		19.99	Buy	1.1	2.4	7.5	-0.9	7.4	7.0	0.74
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	23.48	Buy	-0.6	0.5	5.9	1.2	10.9	12.9	1.17
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	24.02	OK to Buy	-0.5	5.3	5.4	11.8	12.4	12.9	1.05
9065	FPDFC	Fid VIP Contrafund	Large Growth		21.10	Buy	1.6	1.4	9.8	-2.7	9.6	9.3	1.04
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		16.51	Buy	1.5	0.8	7.1	-7.2	7.5	8.8	1.27
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		22.50	Hold	1.3	-0.9	7.7	-5.2	9.9	11.3	1.16
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.91	Hold	-0.5	2.6	11.1	-9.8	-1.8	-3.2	1.31
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.43	OK to Sell	-0.3	15.0	24.1	-11.6	-4.1	-3.0	1.87
9061	FLOLC	Fid VIP Equity-Income	Large Value		17.31	Buy↑	1.1	5.1	10.0	-2.2	6.5	8.6	0.94
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.31	OK to Buy↑	2.3	-0.7	11.3	-5.9	6.5	7.7	1.16
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.31	Hold	0.8	4.1	5.4	0.7	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.26	Hold	0.2	1.9	2.6	-0.2	2.8	3.0	0.29
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.43	Hold	0.8	1.8	5.3	-1.9	4.8	4.9	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		14.37	Hold	0.9	1.8	6.3	-2.2	5.6	5.6	0.68
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.63	Hold	1.0	1.6	7.0	-3.0	6.0	6.0	0.78
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.54	Hold	1.4	1.5	8.4	-3.8	6.9	6.6	0.93
9062	FMNDC	Fid VIP Growth	Large Growth		20.83	OK to Buy	2.8	-1.6	8.2	-0.3	11.9	10.6	1.10
9070	FLFNC	Fid VIP Growth & Income	Large Blend		19.65	OK to Buy	1.7	3.2	10.9	-2.9	8.0	10.5	1.08
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		21.11	Buy	2.1	-2.4	9.2	-3.1	10.6	11.4	1.27
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	33.55	OK to Sell	2.7	-6.2	8.0	-14.0	18.7	17.9	1.48
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.01	Buy	0.6	6.2	8.4	-3.1	1.7	4.1	0.55
9064	FXVLT	Fid VIP Index 500	Large Blend		20.69	Hold	1.8	3.5	9.1	1.4	10.7	11.3	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	26.68	Buy	0.0	4.5	8.5	0.8	9.2	9.6	1.20
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	16.32	Buy	2.1	2.8	9.7	-0.9	7.2	6.5	1.06
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.69	Buy	-0.1	4.0	2.9	2.1	2.4	3.1	0.27
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	17.38	Hold	1.4	4.6	13.7	-8.5	2.6	3.6	1.46
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		22.32	Buy	2.7	3.7	11.8	-3.9	8.6	7.6	1.16
9059	FTNJC	Fid VIP Gov't Money Market[9]	Money Mkt		11.33	--	-0.1	-0.1	-0.1	-0.3	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	14.62	OK to Buy	1.3	-1.4	8.7	-8.1	4.0	2.5	1.17
9072	FFWKC	Fid VIP Real Estate	Sector		22.60	Hold	2.2	4.6	10.0	9.2	9.8	9.6	1.33
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.70	OK to Buy	0.1	4.7	4.7	0.3	2.0	3.1	0.38
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	25.90	Buy	4.6	0.3	10.6	-2.7	12.4	8.4	1.25
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	14.96	Buy	1.6	11.7	8.1	8.9	9.3	8.5	0.97
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	23.18	OK to Sell	2.0	13.9	9.2	4.1	10.5	10.4	1.02
9079	FKMSC	Fid VIP Value	Large Value		18.77	Buy	1.0	3.9	10.7	-2.2	9.1	10.4	1.03
9073	FRBSC	Fid VIP Value Strategies	Mid Value		19.21	Buy	1.6	2.9	13.1	-6.9	6.5	7.8	1.15
9347	FBMEC	Black Rock Global Allocation	Global Allocation		11.69	Hold	-0.5	0.0	4.7	-5.6	2.6	3.0	0.64
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		10.35	OK to Sell	-1.1	-2.4	1.3	-7.8	-1.6	0.6	0.50
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.37	Hold	0.0	1.4	0.2	1.1	1.2	1.4	0.15
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.25	Hold	1.0	2.3	9.1	-5.7	4.2	3.3	1.04
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		12.80	Hold	-3.8	8.0	13.1	-14.6	-5.8	-4.1	1.60
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.16	Hold	-0.5	6.7	5.7	0.9	0.8	3.6	0.68
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.54	Hold	-1.2	3.4	10.6	-12.6	-4.9	-3.3	1.28
9146	FPRPC	Morgan Stanley Global Strategist[5]	Diversified Int'l		11.92	Hold	-1.1	2.9	7.0	-4.4	2.2	3.2	0.73
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.78	OK to Sell	-0.5	10.3	14.5	-16.1	-14.9	-12.5	1.38
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.47	Buy	0.1	0.7	1.1	0.0	0.4	1.1	0.14
9277	FPNBC	Pimco VIT Real Return	TIPS		12.58	Hold	-0.9	3.8	2.2	-0.1	-0.9	1.6	0.50
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.91	Hold	0.2	2.6	2.0	1.7	1.7	2.8	0.31

Annuity Sector

Fund	Allocation
VIP Cons Discretionary	27%
VIP Technology	26
VIP Telecom	25
VIP Industrials	22

Total Return: May: 1.4% YTD: 3.9%

Annuity Growth

Fund	Allocation
VIP Value Strategies	27%
VIP Contrafund	20
VIP Mid Cap	16
VIP Disciplined Sm Cap	13
VIP Value	12
VIP Growth Opps	12

Total Return: May: 1.8% YTD: 1.3%

Annuity Growth & Income

Fund	Allocation
VIP Investment Grade	23%
VIP Contrafund	21
VIP Value Strategies	20
VIP Value	19
VIP High Income	17

Total Return: May: 1.1% YTD: 1.7%

Annuity Income

Fund	Allocation
VIP Balanced	30%
Pimco VIT Low Duration	27
VIP Investment Grade	22
VIP High Income	21

Total Return: May: 0.5% YTD: 2.7%

Jack's Message *cont'd from page 1*

out of scarcity, which is deflationary. The Fed doesn't appreciate this because that undercurrent doesn't show up in the official labor productivity numbers. But it's still there — food and energy are no longer primary drivers of inflation.

When the Fed is too hawkish, long-term interest rates (which are set by market forces, not the Fed) can move opposite of short-term rates in anticipation of a softer economy with less borrowing demand. This flattening of the yield curve (short-term rates rise and long-term rates fall) often signals slower GDP growth in future quarters. If short-term rates rise above long-term rates (causing the yield curve to invert), the risk of a recession rises dramatically.

As the ECB is desperate to stimulate its economy through low rates and bond-buying at the same time the Fed is eager to tighten with higher rates, these two competing forces may mean that long-term interest rates may not move much at all. Perhaps they'll even decline! Indeed, a big jump in long-term bond yields is almost out of the question, because global borrowing demand is far too weak.

But don't just take my word for it. Manager Ford O'Neil (whose **Total Bond** fund is held in our *Growth & Income* and *Income Model Portfolios*) said this in a recent *Wall St. Journal* article: "It is hard to envision materially higher bond yields unless we have much stronger growth and inflation."

With those thoughts in mind, we see no need to change the bond positioning in our models. The mix we're holding is heavy on corporate debt (which account for half of Total Bond's assets), while also carrying a wide credit spread thanks to the junk bonds held by **High Income**. So even if yields on government bonds rise modestly, we'd likely see a beneficial effect on the corporate side as credit spreads narrow.

Overall, we remain comfortable with our positioning. ■

INSIDE FIDELITY

9 Funds To Launch: 3 Index Plus 6 ETFs

3 New Index Funds — Fidelity plans to launch three index funds in mid-June: **Spartan Large Cap Growth Index**, **Spartan Large Cap Value Index** and **Spartan Total International Index**.

If these names sound familiar that's because Fidelity already offers funds whose names and investment universes overlap significantly.

In the case of **Spartan Total Int'l Index**, its benchmark is the MSCI All Country World Index (ex U.S.). As its name suggests, it provides the investor with exposure to both the world's developed and emerging mar-

Inside Fidelity *cont'd on page 12*

INDEX VS ENHANCED INDEX FUNDS

Question: When is an index fund not really an index fund? Answer: When it's an Enhanced Index fund. Or, for that matter, when it's one of six new "smart beta" ETFs that Fidelity will soon launch. (See p. 12.)

Fidelity's Enhanced funds part company from their "purer" index funds in that they actually try to beat their respective benchmarks' returns rather than merely match them (less expenses).

In this way, Fidelity's six Enhanced funds (see "Equity Index" section of the *Scorecard* on p. 7) attempt to add alpha (returns in excess of their benchmarks) by deviating ever-so-slightly from their indexes.

On that score, Fidelity's subadvisor, Geode Capital Management, actually does the investment work for both index and Enhanced Index funds. But instead of using managers in the traditional research sense, Geode deploys quantitative analysis for buying and selling stocks. So, for example, while Enhanced funds have sector weights that are generally right in line with their benchmarks, computer algorithms ultimately drive the investment-decision-making process. Their goal: To enhance returns by examining numerous metrics that have historically provided a performance edge.

Or at least that's the theory.

Since Fidelity rolled out its Enhanced funds almost a decade ago, their record is mixed, as is the record of all so-called "smart beta" funds. Higher expenses (relative to cap-weighted index funds) is one persistent disadvantage. If, for example, a particular stock or sector is overweighted and performs especially well (adds alpha), ultimately the position(s) must be pared, which adds to trading costs. In addition, smart beta funds can be riskier (more volatile) than pure index funds for the simple reason that they're betting against the index. Granted, if the fund bets right, its risk-adjusted return may be better, but the converse may also be true.

Below are some fund comparisons:

	1-yr	3-yr	5-yr	Rel. Vol. (risk)
International Enhanced Index	-9.2	3.6	3.1	1.14
Spartan International Index	-10.0	2.1	2.0	1.14

While both funds have the same risk (14% more volatile than the S&P 500), Enhanced Int'l has provided superior absolute and risk-adjusted returns.

	1-yr	3-yr	5-yr	Rel. Vol. (risk)
Large Cap Core Enhanced Index	-1.0	10.3	11.4	1.00
Spartan 500 Index	1.6	11.0	11.6	1.00

Slightly lower expenses partly explain the index fund's performance advantage. However, even the Enhanced fund's modest bets have worked against it.

	1-yr	3-yr	5-yr	Rel. Vol. (risk)
Mid Cap Enhanced Index	-3.9	10.6	10.6	1.04
Spartan Mid Cap Index	-2.1	10.0	NA	1.05

The market for mid-caps is less efficient as there's less Wall Street research. The resulting pricing disparity may provide an on-going advantage for the Enhanced fund.

Inside Fidelity *cont'd from page 11*

kets, though not to the U.S. (**Global Equity Income** uses the same benchmark, but is actively managed.)

For its part, the similarly named **Spartan Int'l Index** is benchmarked against MSCI's so-called EAFE (Europe Australasia Far East) index. This index consists of foreign large-cap stocks in the developed markets. (**Diversified Int'l** and **Overseas** are two of four actively run Fidelity funds that also use the EAFE index.)

Fidelity's new domestic equity index funds will be kissing cousins to **Large Cap Growth Enhanced Index** and the **Value** option of the same name.

While the new funds will also be benchmarked against the market-cap-weighted Russell 1000 Growth Index and its Value counterpart, as they are "pure" index funds, their expenses will be lower. We'll rate the new funds in next month's *Scorecard*.

Six New ETFs — **Core Dividend**, **Dividend ETF For Rising Rates**, **Low Volatility Factor**, **Momentum Factor**, **Quality Factor** and **Value Factor** will be added to Fidelity's lineup of 15 exchange traded funds. The six ETFs are designed to mimic (less expenses) the performances of Fidelity's proprietary indexes of mostly large- and mid-cap stocks.

Name Changes — Fidelity will soon start to remove the preface "Spartan" from the names of its funds and replace it with "Fidelity." This change will begin on June 14. It will ultimately alter the names of 14 different equity and bond index funds — plus the three new Spartan index funds that will launch this month. (Yes, we find that odd, too!)

In case you were wondering, a product line of funds with the Spartan moniker was launched in 1988. Initially, they were introduced as lower-expense funds with significantly higher minimums. But as competition in the industry intensified, Fidelity was forced to lower its expenses anyway, while also allowing for smaller minimums. In the meantime, non-Spartan funds were phased out.

Today, Fidelity's Advantage Class shares are essentially the Spartan funds of the past, meaning that they have higher minimums but lower expenses.

Bottom line: The name changes reflect Fidelity's desire to avoid confusion in its product lineup — nothing about the funds' investment management, fees or expenses will change.

Fund Merger — Pending shareholder approval, **Select Industrial Equipment** will be merged later into the broader and significantly larger **Select Industrials** fund (which we hold in our *Sector Model*). At some point soon, Industrial Equipment will be closed to new investors; Fidelity hopes for a September merger.

Corrections & Amplifications — In last month's *Message From Jack*, we stated that our new positions in **High Income** (held in both our *Growth & Income* and *Income Models*) had returned 8.5% over the prior month. (That was its two-month return.) In fact, the fund returned 3.7%, which we correctly accounted for in our model portfolio returns on p. 2.

Separately, in last month's report, **Disciplined Equity** should have been removed from the "Funds You Should Buy" box on p. 3 as we had sold the fund from our *Growth & Income Model* and downgraded it a notch to *OK to Buy*.

Finally, we are experiencing some technical difficulties with our website. While we're up and running again, some functionality is still un-restored. While we continue to work on the problem, we apologize for any inconveniences. ■

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, MSCI Cons Discret, MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Health-care, MSCI Industrials, MSCI Info Tech, MSCI Materials, MSCI Real Estate, MSCI Telecomm, MSCI Utilities, 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	5/13	0.009	12.19
Magellan	5/13	0.807	86.60

Free Virtual Safe

Fidelity has introduced FidSafe, which it describes as a "secure, free document storage" service. Offered by XTRAC, the virtual safe deposit box allows users to "store, access and share digital copies of your family's most important documents."

Free and available to anyone, the service purports to be ultra-safe, easy to use, and always available to you or any of your designated users such as family members, the executor or inheritor(s) of your estate, and even your legal/financial advisors.

To learn more and/or sign up: www.fidsafe.com

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