

FIDELITY MONITOR & INSIGHT

JUNE 2017

PUBLISHED SINCE 1985

MESSAGE FROM JACK

Impact Of Lower Corporate Tax Rates

As Congress starts grinding away on the biggest potential change to corporate taxes since 1986, there are three significant implications for investors.



Jack Bowers

First, is the impact on stock prices. Stocks reflect the value of future (after-tax) earnings. Under today's corporate tax code, with its top bracket of 35%, the average firm pays an effective rate of about 20%. If we assume a new top effective rate somewhere around 12%.

So, for a given dollar of pre-tax earnings, the average firm would see after-tax earnings climb from 80 cents to 88 cents, which translates to an increase of 10% in stock values (depending on whether the top rate is cut to 15% or 20%, and whether interest remains deductible, the actual increase could range 6-15%). Keep in mind that perhaps 30-50% of that increase has already been reflected based on expectations (which includes a possibility that nothing will change).

Second, any change in the tax code will have a varying impact on earnings. It's likely to be less favorable for larger companies that book much of their revenue outside the U.S. (this includes most S&P 500 firms), and for those whose tax rates are already low due to significant debt or slim margins (such as utilities, energy, transportation, and retail). It's likely to be more favorable for firms with higher margins that book most of their revenue in the U.S. (this includes most smaller stocks, especially service firms).

Finally, the Federal debt may climb faster than GDP for perhaps a decade (although one-time payments on repatriated money may soften the blow). While this tradeoff could lead to a dire outcome, it probably won't. Our Federal debt burden is less than Europe's, and far lower than Japan's. And because we are the only major developed economy without a federal consumption tax, there's an easy way out if things ever get ugly: impose a 5% national GST similar to that of Canada.

MARKET OUTLOOK

Trump's Troubles Won't Topple The Market

Since Trump became our 45th president, several readers have written in worried that all the turmoil emanating from the White House will cause a market collapse. Recently, some likened the investigation into Russian involvement in the election and President Trump's subsequent firing of FBI Director James Comey, to Watergate.



John M. Boyd

Leaving aside the politics of the situation (in this space, I am not interested in political judgments of presidents, just the investment implications of their actions), historically, presidential scandals, even those that have led to impeachment proceedings, in and of themselves have not harmed the stock market.

Randall Forsyth writing in *Barron's* notes that BCA Research found that the Teapot Dome scandal didn't hurt the 1920's bull market, nor did Bill Clinton's dalliance with Monica Lewinsky and the subsequent impeachment proceedings upend the 1990's bull. The market did fall 45% during the Watergate era, but BCA Research points out that this was the result of steep tightening by the Fed in response to rising inflation from the dollar devaluation in 1971 and the oil price-spike after the 1973 Yom Kippur war. And the Fed hikes came despite rising unemployment. The result was a severe recession. In short, while we may see some downdrafts in response to political tumult, as we did after the Comey firing, the overall market trend is driven by fundamentals not politics.

Today those fundamentals are quite different from the Watergate period, with low inflation, very low (and remarkably still falling) unemployment, and no sign of a recession on the horizon. Combine that with a continuing resurgence in corporate earnings, and you have the foundation for continued gains in the stock market.

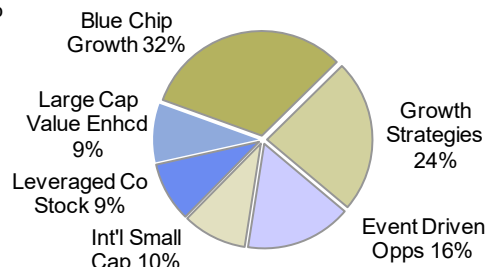
Earnings Surging ... Without Big Buybacks

On that score, last month I noted how first quarter earnings were coming in very strong. Indeed, with 96% of firms reporting, S&P 500 earnings per share are on track for a jump of 21% over last year's first quarter. But

Unique Opportunities Target Risk: 1.20 (Current: 1.08) Foreign Holdings: 16.0% **YTD Return: 9.7%**

Stocks: 98.4% Bonds: 0.0% Cash: 1.6% Alternatives*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	May Ret
Blue Chip Growth	FBGRX	\$80.92	1,933.28	\$156,441	4.0%
Growth Strategies	FDEGX	37.52	3,073.70	115,325	1.4
Event Driven Opps	FARNX	13.95	5,702.65	79,552	0.1
International Small Cap	FISMX	27.12	1,774.23	48,117	3.2
Leveraged Co Stock	FLVCX	36.09	1,244.86	44,927	0.5
Large Cap Value Enhcd	FLVEX	12.18	3,631.57	44,232	-0.6
Current Value (3/31/99 = \$100,000)				\$488,595	1.5%

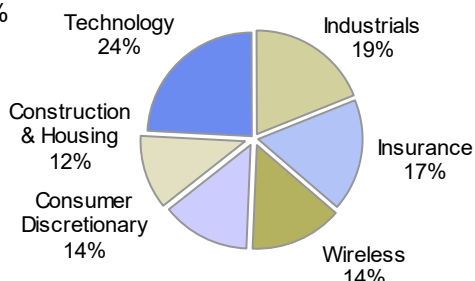


For aggressive members who have no need for income or principal for more than 10 years,

Select Target Risk: 1.20 (Current: 1.12) Foreign Holdings: 14.9% **YTD Return: 10.7%**

Stocks: 98.3% Bonds: 0.1% Cash: 1.8% Alternatives*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	May Ret
Technology	FSPTX	\$164.21	5,171.53	\$849,217	6.4%
Industrials	FCYIX	33.50	19,905.27	666,827	-0.4
Insurance	FSPCX	81.14	7,585.24	615,466	1.9
Wireless	FWRLX	9.82	51,225.56	503,035	4.3
Consumer Discretionary	FSCPX	39.30	12,244.66	481,215	1.2
Construction & Housing	FSHOX	61.86	6,555.39	405,516	-1.4
Current Value (12/31/88 = \$100,000)				\$3,521,276	1.3%

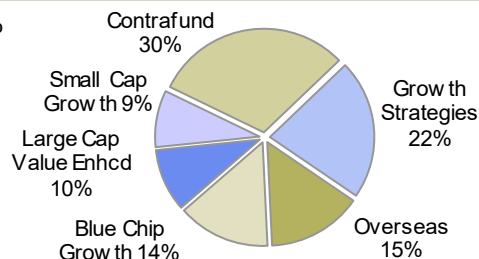


For aggressive members who have no need for income or principal for more than 10 years.

Growth Target Risk: 1.00 (Current: 1.00) Foreign Holdings: 18.7% **YTD Return: 10.4%**

Stocks: 98.9% Bonds: 0.0% Cash: 1.2% Alternatives*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
Contrafund	FCNTX	\$114.70	6,439.36	\$738,594	3.6%
Growth Strategies	FDEGX	37.52	14,010.10	525,659	1.4
Overseas	FOSFX	47.08	7,538.15	354,896	4.3
Blue Chip Growth	FBGRX	80.92	4,275.41	345,967	4.0
Large Cap Value Enhcd	FLVEX	12.18	19,417.91	236,510	-0.6
Small Cap Growth	FCPGX	22.71	9,415.47	213,825	-0.4
Current Value (12/31/86 = \$100,000)				\$2,415,452	2.0%

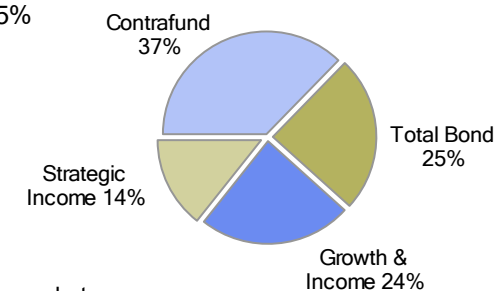


For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.

Growth & Income Target Risk: 0.66 (Current: 0.68) Foreign Holdings: 12.0% **YTD Return: 8.0%**

Stocks: 60.9% Bonds: 24.3% Cash: 1.3% Alternatives*: 13.5% Yield: 1.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
Contrafund	FCNTX	\$114.70	2,053.44	\$235,530	3.6%
Total Bond	FTBFX	10.70	14,480.42	154,941	0.7
Growth & Income	FGRIX	34.21	4,421.13	151,247	-0.2
Strategic Income	FSICX	11.00	8,258.43	90,843	1.0



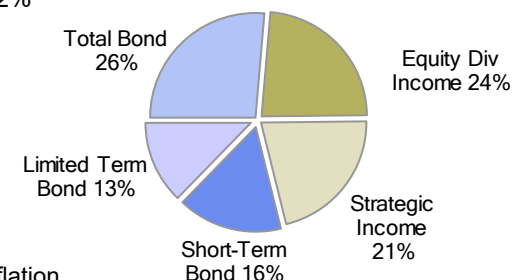
Current Value (12/31/93 = \$100,000) **\$632,560** **1.6%**

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

Income Target Risk: 0.33 (Current: 0.34) Foreign Holdings: 16.7% **YTD Return: 2.9%**

Stocks: 23.4% Bonds: 55.6% Cash: 2.0% Alternatives*: 19.1% Yield: 2.2%

Holdings	Ticker	NAV	Shares	Value	May Ret
Total Bond	FTBFX	\$10.70	9,628.95	\$103,030	0.7%
Equity Dividend Income	FEQTX	27.54	3,332.72	91,783	0.4
Strategic Income	FSICX	11.00	7,584.12	83,425	1.0
Short-Term Bond	FSHBX	8.63	7,284.59	62,866	0.2
Limited Term Bond	FJRLX	11.54	4,327.25	49,936	0.4



Current Value (12/31/91 = \$100,000) **\$391,041** **0.6%**

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

equally important is that this growth was achieved with a significantly reduced level of share buybacks. In 2016's first quarter, 27% of the S&P 500 firms reduced their share counts by 4% or more through buybacks. All else being equal, this would increase their earnings per share by an equivalent amount. This year, that figure has dropped nearly in half to just 14%. One knock against the current earnings recovery — that it was driven mostly by such buybacks rather than “real” growth — now falls by the wayside.

Another knock against earnings no longer holds water as well. That argument was that growth outside of buybacks was due primarily to (unsustainable) cost-cutting, rather than higher sales growth. Well, in the first quarter, 64% of S&P 500 firms beat their sales estimates!

“Fuel” For Higher Stock Prices

A recent Gallup poll shows that ownership of stocks remains well below the levels that prevailed before the Great Recession. And AAI reports that about half of individuals' non-stock holdings are in cash. This suggests there is ample fuel left

**% of U.S. Adults
Invested in the Stock Market**



to push stocks higher. This bull will end sometime, but it is unlikely to happen with “participation” in the market at such low levels. ■

— John M. Boyd

FUNDS YOU SHOULD BUY NOW

Growth: **Blue Chip Growth** and **Growth Company** are aggressive large-cap options; **Contrafund** is more conservatively positioned. **Large Cap Value Enhanced** offers financial exposure; **Growth Strategies** and **Small Cap Growth** lower market-cap exposure. Style-agnostic, **Event Driven Opportunities** provides portfolio diversification.

Growth & Income: **Growth & Income** and **Equity Dividend Income** hold higher-yielding large-cap value stocks.

International: **Overseas** and **Int'l Small Cap** are lower-risk approaches to developed equity markets (but dabble in emerging markets, too).

High-Yield: **Strategic Income** limits high-yield bond risk; **Leveraged Co. Stock** is a Specialty fund playing high-yield via a company's equity.

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

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

MODEL PORTFOLIO TRADES

As announced on our Hotline update of Friday, May 26, on Tuesday, May 30, we made trades in several model portfolios:

Unique Opportunities Model:

We sold our position in **Small Cap Enhanced Index** [FCPEX] and used the proceeds to purchase **Leveraged Company Stock** [FLVCX].

Select Model:

We sold our position in **Select Telecommunications** [FSTCX] and used the proceeds to purchase **Select Wireless** [FWRLX].

Growth Model:

We sold our position in **Small Cap Enhanced Index** [FCPEX] and used the proceeds to purchase **Small Cap Growth** [FCPGX]. We also sold 1/3 of **Large Cap Value Enhanced Index** [FLVEX] bringing it down to about 10% of the model and added the proceeds of the sale to **Overseas** [FOSFX] bringing it up to about 15%.

Annuity Sector Model:

We sold 1/2 of our position in **VIP Telecommunications** [FVTAC], bringing it down to about 11% of the model and used the proceeds to establish a roughly 11% position in **VIP Financial Services** [FONNC].

Annuity Growth Model:

We sold 1/3 of our position in **VIP Equity-Income** [FLOLC], bringing it down to about 11% of the model and added the proceeds **VIP Overseas** [FEMMC], bringing it up to about 15% of the model.

Trade Rationale:

A longer timetable for domestic tax reform and improving conditions in Europe, suggest that over the next 12 months, foreign stocks and technology (growth) stocks have the potential to outperform domestic small- and large-caps with a blend or value focus. On the sector side, **Wireless** may now be the better bet on the long-term growth of wireless data, as it has greater emphasis on foreign and technology stocks. The **Annuity Sector Model** already has enough technology/foreign stock exposure through its 30%+ position in **VIP Technology**, so to lighten exposure to domestic telecom stocks we are re-establishing a position in **VIP Financial Services** (which serves as a VIP alternative to **Select Insurance** in the regular **Select Model**).

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.

INCOME STRATEGIES

Money Fund Yields Creep Towards 1%

Don't look now, but yields on some high-minimum share classes of Fidelity money market funds (MMF) have now broken through the 1.00% threshold. While recent regulations make direct comparisons to the past a bit less meaningful, it's still notable that yields haven't been at today's levels since early in 2009.

The tepid revival in MMF yields is the result of the Federal funds rate being hiked three times since De-

ember 2015. (In response to the financial meltdown, between Dec. 2008 and that time, their effective target rate was a historically low 0.25%.) The Fed's last quarter-point hike was on March 15 (to 0.75%). While the markets anticipate at least two more quarter-point hikes this year, a third is not out of the question. Regardless, by the end of the year, retail shares of "prime" MMFs (which are the riskiest type within a virtually riskless asset class) like **Money Market** [ticker: SPRXX] should yield in excess of 1.00% versus its current

0.80%. At the same time, 7-day yields on muni MMFs should also top 1.00%, whereas the safest variety, government and Treasury MMFs, will see their 7-day yields closing in on 1.00%.

Of course, an attractive alternative to MMFs is still the taxable **Conservative Income Bond**. With its slightly fluctuating NAV, it's not as safe as MMFs, but its low interest-rate risk and investment-grade credit quality mean that your principal is pretty darn safe, indeed. As for its current 30-day yield: it's already at 1.02%. ■

Reclassified Scorecard Funds

Fund	Old Style	New Style (page)
500 Index	Equity Index	Large Cap Blend (6)
Balanced	Specialty	Asset Allocation (7)
Emerging Markets Index	Equity Index	International (7)
Event Driven Opportunities	Small Cap Blend	Specialty (7)
Extended Market Index	Equity Index	Mid-Cap Blend (6)
Four-in-One Index	Equity Index	Asset Allocation (7)
Global Balanced	Specialty	Asset Allocation (7)
Global ex U.S. Index	Equity Index	International (7)
Global Strategies	Specialty	Asset Allocation (7)
International Enhanced Index	Equity Index	International (7)
International Index	Equity Index	International (7)
International Real Estate	Specialty	Real Estate (7)
Leveraged Company Stock	Mid-Cap Blend	Specialty (7)
Lrge Cap Core Enhcd Index	Equity Index	Large Cap Blend (6)
Lrge Cap Growth Enhcd Index	Equity Index	Large Cap Growth (6)
Lrge Cap Growth Index	Equity Index	Large Cap Growth (6)
Lrge Cap Value Enhcd Index	Equity Index	Large Cap Value (6)
Lrge Cap Value Index	Equity Index	Large Cap Value (6)
Mid Cap Enhanced Index	Equity Index	Mid-Cap Blend (6)
Mid Cap Index	Equity Index	Mid-Cap Blend (6)
Mid-Cap Stock	Mid-Cap Growth	Mid-Cap Blend (6)
Nasdaq Composite Index	Equity Index	Large-Cap Growth (6)
Puritan	Specialty	Asset Allocation (7)
Real Estate Income	Specialty	Real Estate (7)
Real Estate Index	Equity Index	Real Estate (7)
Real Estate Investment	Specialty	Real Estate (7)
Small Cap Enhanced Index	Equity Index	Small Cap Blend (7)
Small Cap Index	Equity Index	Small Cap Blend (7)
Stock Selector Mid Cap	Mid-Cap Growth	Mid-Cap Blend (6)
Total International Index	Equity Index	International (7)
Total Market Index	Equity Index	Large Cap Blend (6)

Scorecard Redesign

As you will soon notice on pages 6 and 7, we have made a variety of improvements to the *Scorecard*.

While few of us like change, we've reordered and reclassified 31 funds (see facing table). We have done so to make it easier for you to compare and contrast funds.

Most significantly, we've eliminated the Equity Index section, having reassigned those 20 funds to their appropriate investment styles. So, for example, **500 Index** is now listed among its Large Cap Blend fund peers, whereas **International Index** is now with International funds, and so on.

We have also created a new four-fund Real Estate category. Although they differ greatly (one's a hybrid fund, for example), they are now under a single real estate umbrella.

The Specialty section now consists of seven funds, down from 12. Although **Convertible Securities** has not been reclassified, **Event Driven Opportunities** and **Leveraged Company Stock** have been added. They were removed, respectively, from their Small Cap Blend and Mid-Cap Blend "styles" because they are quite different from their former peers. Suffice it to say, Specialty funds not only have unique investment strategies, as with other asset classes (like bonds and real estate), they tend to be less correlated to U.S. stock funds.

Also joining the Specialty group next month will be two new "socially conscious" funds — see p. 12.

Lastly, the series of **Asset Manager** funds have been joined by five other asset allocation funds. Their common bond: they also hold different mixes of stocks, bonds, cash, etc. Naturally, they are combined into the newly expanded (12-fund) Asset Allocation group.

While the new classifications may take some getting used to, we're confident that it will help to make you a better-informed investor! ■

— John Bonnanzio

FUND COMMENTARY

Stocks Rise Amid Rising Political Fears

In May, the S&P 500 scored its seventh consecutive month of gains, recording a new record high as did the Dow, and other widely followed indexes.



John Bonnanzio

With the exception of one particularly nerve-racking day, stocks mostly trended steadily higher through the month. They did so despite abundant

geopolitical unrest, including three successful missile tests by North Korea and a terrorist attack in Britain. Not to be overlooked were unceasing missteps and worrisome news reports from and about the White House on a range of matters — the most serious of which alleges ties between current and former White House staffers and Russia.

In fact, the trigger for the May 17 selloff (which saw the Dow shed 373 points) was not directly market-related: It was instigated by President Trump’s surprise firing of FBI Director James Comey. Investors initially recoiled from the news fearing that Trump’s major economic planks (especially tax and health care reform, plus infrastructure spending) were now dead.

But stocks started to recover on news that the FBI’s former head, Robert Mueller III, would lead an independent investigation for the Justice Department.

While the “dust” has settled on nothing mentioned above, the truth of the matter is that share prices have risen largely on the back of improving fundamentals (see *Market Outlook*). In fact, while early indications were that the economy had slowed in the first quarter, it wasn’t as weak as initially thought with GDP growth revised up to 1.2% (from 0.7%). And the pace of growth may now be accelerating.

Market Indexes

Most major large-cap indexes rose in May. The Dow and S&P 500 advanced 0.7% and 1.4%, respectively. Further down the market-cap scale, the Russell’s mid-cap gauge managed a gain of 0.9% for the month, however, the their small-cap 2000 barometer actually fell 2.0%.

In the meantime, with semiconductor and other tech-related subsectors leading the way higher (see p.12), the Nasdaq Composite was an especially strong performer in May: it returned 2.6% and is now up an impressive 15.7% just five months into the year!

Equity Funds

Based on our newly reconfigured *Scorecard* (which now combines the returns of passive and actively managed funds — see p. 4), the average large-cap growth fund gained 2.5% in May. But during the same period, large-cap value funds fell 0.5%. Large-cap blend funds (some of which are benchmarked against the S&P 500), returned 0.4% on average.

Select Funds

Weighing heavily on the returns of many value funds in May were two sectors: energy and financials.

As viewed through the prism of energy-related Selects, **Energy Service** retreated 6.7% despite the fact oil prices slipped just 1.7%. Both it and related funds like **Natural Gas** (-6.5%) were down considerably late in the period as U.S. shale production continued to demonstrate North America’s ability to thwart OPEC’s cartel-like pricing schemes.

Banking slid 3.1%, and other financials lagged, too, amid concerns over rising interest rates, tax reform, and even some regulatory moves.

On the flip side, again, tech funds were performance-leaders. But some handshake agreements between the Trump Administration and several Mideast countries helped to buoy **Air Transportation** (up 3.4%) and **Defense & Aerospace** (up 2.7%). Separately, **Health Care Services** rose 1.6%.

Fund Commentary *cont’d on page 8*

June Scorecard Rating Changes				
Fund	Ratings			Comments
	Old	New		
Cap Appreciation	S	H	↑	After a long drought, performance has perked up.
Dividend Growth	S	H	↑	After a long drought, performance has perked up.
Europe	H	B	↑	Recent elections and stepped-up growth are pluses.
Global Equity-Inc	B	H	↓	Though lower-risk, we see better ways to go abroad.
Int'l Enhanced Idx	B	B	↓	Prefer other funds for foreign exposure.
Latin America	H	S	↓	Political turmoil and high risk warrant stepping away.
LC Core Enh'd Idx	B	B	↓	"Enhanced" funds betting on value; we prefer growth.
LC Growth Enh'd Idx	B	B	↓	"Enhanced" funds betting on value; we prefer growth.
Leveraged Co Stk	B	B	↑	Economic growth and low rates are positives.
Mid Cap Enh'd Idx	B	B	↓	"Enhanced" funds betting on value; we prefer growth.
MSCI Financials	B	B	↑	Deregulation, possible tax- & cost-cuts are pluses.
Sel Financial Svcs	B	B	↑	Deregulation, possible tax- & cost-cuts are pluses.
Sel Pharmaceuticals	H	B	↑	Third World demand will offset other price-pressures.
Sel Wireless	H	B	↑	Demand for wireless data continues to grow.
Sm Cap Enh'd Idx	B	B	↓	"Enhanced" funds betting on value; we prefer growth.
VIP Dynamic Cap Ap	S	H	↑	After a long drought, performance has perked up.
VIP Financial Svcs	B	B	↑	Deregulation, possible tax- & cost-cuts are pluses.

As part of our *Scorecard* redesign, 31 funds have been reclassified this month. The table on p. 4 will help you to identify the affected funds' new style.

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, 2017

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		2411.8		1.4	8.7	2.6	17.5	10.1	15.4	6.9	1.00		
		Nasdaq Composite		6198.5		2.6	15.7	6.7	26.7	14.8	18.5	10.3	1.25		
		Dow Jones Industrials		21008.7		0.7	7.5	1.6	21.2	10.6	14.0	7.2	1.05		
		Russell 2000 (Small Caps)		1370.2		-2.0	1.5	-0.8	20.4	8.0	14.0	6.4	1.50		
		Barclays Aggregate Bond*				0.7	2.2	1.4	1.4	2.4	2.0	4.1	0.29		
Model Portfolios		Unique Opportunities				1.5	9.7	4.0	18.5	7.6	14.1	5.7	1.08		
		Select				1.3	10.7	5.0	19.9	10.5	16.7	8.1	1.12		
		Growth				2.0	10.4	4.6	17.5	8.5	12.8	5.1	1.00		
		Growth & Income				1.6	8.0	3.5	14.6	7.5	10.9	5.1	0.68		
		Income				0.6	2.9	1.0	7.2	4.2	5.5	4.3	0.34		
											Rel Vol (Risk) ¹	Assets (\$Mil)			
LARGE CAP GROWTH						Category Averages			2.5	13.9	5.9	19.3	9.7	15.0	1.15
312	FBGRX	Blue Chip Growth		80.92	Buy	4.0	20.1	10.3	25.2	12.8	17.8	1.20	\$16,362		
307	FDCAX	Capital Appreciation		34.72	Hold↑	0.6	9.6	3.8	13.8	7.9	13.4	1.17	4,998		
22	FCNTX	Contrafund		114.70	Buy	3.6	17.3	8.2	20.8	11.5	15.3	0.98	82,408		
3	FFIDX	Fidelity Fund		44.78	OK to Sell	1.1	8.8	2.4	13.3	8.8	13.4	1.02	3,898		
333	FTQGX	Focused Stock		20.60	OK to Sell	2.5	12.2	5.1	13.6	6.3	13.3	1.07	1,580		
25	FDGRX	Growth Company (Closed)		161.47	Buy	4.7	18.0	9.2	28.6	14.5	18.0	1.33	22,249		
339	FDSVX	Growth Discovery		30.62	OK to Buy	3.9	20.5	9.5	23.2	11.6	15.9	1.11	1,155		
73	FDFFX	Independence		37.07	OK to Sell	2.0	10.7	3.3	15.0	4.6	13.6	1.33	3,352		
1829	FLGEX	Lrge Cap Growth Enhcd Index		17.02	OK to Buy↓	1.1	10.4	3.5	17.4	10.4	15.2	1.03	914		
2823	FSUIX	Lrge Cap Growth Index ⁴		11.90	Hold	2.6	14.2	6.2	7.8	-1.6	4.0	--	8		
21	FMAGX	Magellan		95.05	OK to Buy	2.2	10.1	3.5	15.5	9.8	15.5	1.09	13,732		
1282	FNCMX	Nasdaq Composite Index		81.68	OK to Buy	2.7	15.6	6.7	26.5	14.7	18.3	1.25	4,315		
300	FMILX	New Millennium		38.30	Hold	0.4	6.3	1.5	16.8	6.8	14.0	1.07	3,165		
93	FOCPX	OTC		102.26	OK to Buy	5.2	22.7	10.9	31.6	17.0	21.0	1.51	11,438		
320	FDSSX	Stock Selector All Cap		40.63	Hold	1.5	11.6	4.2	20.1	9.1	15.3	1.07	6,703		
5	FTRNX	Trend		94.51	OK to Buy	2.1	14.0	5.8	19.1	11.2	15.9	1.10	1,616		
LARGE CAP BLEND						Category Averages			0.4	6.6	1.1	16.0	8.3	14.6	1.05
650	FUSEX	500 Index ⁴		84.60	Hold	1.4	8.6	2.5	17.4	10.1	15.3	1.00	3,829		
315	FDEQX	Disciplined Equity		35.89	Hold	0.4	8.0	1.9	14.1	7.3	14.7	1.00	1,207		
330	FDGFX	Dividend Growth		34.41	Hold↑	0.7	6.8	1.7	14.2	7.2	13.8	0.96	5,937		
332	FEXPX	Export and Multinational		22.31	Hold	-0.2	7.0	0.3	13.7	8.4	12.4	0.95	1,508		
27	FGRIX	Growth & Income		34.21	Buy	-0.2	4.2	-0.2	17.0	7.9	14.6	1.14	6,229		
1827	FLCEX	Lrge Cap Core Enhcd Index		13.34	OK to Buy↓	0.5	6.8	1.3	15.4	8.4	14.7	0.99	536		
338	FLCSX	Large Cap Stock		30.70	Buy	-0.5	4.6	-0.4	17.8	7.8	15.8	1.22	4,642		
361	FGRTX	Mega Cap Stock		18.27	Buy	0.1	5.0	0.5	16.9	7.9	14.6	1.13	1,615		
397	FSTMX	Total Market Index ⁴		69.36	Hold	1.0	7.9	2.1	17.6	9.6	15.1	1.03	748		
LARGE CAP VALUE						Category Averages			-0.3	3.7	-1.1	13.5	7.0	13.7	1.0
1271	FBCVX	Blue Chip Value		17.89	OK to Buy	-2.1	3.7	-3.0	12.5	7.5	14.4	1.05	408		
319	FEQTX	Equity Dividend Income		27.54	Buy	0.4	3.2	-0.2	13.3	7.7	13.1	0.95	5,351		
23	FEQIX	Equity-Income		58.63	Buy	-0.3	3.5	-0.4	15.8	6.7	13.0	0.97	6,500		
1828	FLVEX	Lrge Cap Value Enhcd Index		12.18	Buy	-0.6	2.5	-1.8	14.7	7.4	15.1	1.04	2,890		
2827	FLCDX	Lrge Cap Value Index ⁴		11.28	Hold	1.7	3.0	-1.2	10.6	6.5	11.8	--	3		
708	FSLVX	Stock Sel Large Cap Value		19.18	OK to Buy	-0.1	2.9	-1.4	13.0	7.0	14.3	0.99	787		
832	FVDFX	Value Discovery		26.90	Buy	-0.7	4.1	-0.9	14.4	7.2	14.8	0.96	2,303		
14	FSLSX	Value Strategies		40.72	OK to Buy	-0.5	6.8	0.3	13.9	6.1	13.6	1.20	438		
MID-CAP GROWTH						Category Averages			1.4	10.4	2.5	13.0	8.8	14.9	1.02
324	FDEGX	Growth Strategies		37.52	Buy	1.4	10.4	2.5	13.0	8.8	14.9	1.02	2,337		
MID-CAP BLEND						Category Averages			0.2	6.3	1.1	16.5	7.6	14.4	1.13
398	FSEMEX	Extended Market Index ⁴		57.57	Buy	-0.8	4.9	0.3	18.6	7.6	14.4	1.29	771		
2012	FMEIX	Mid Cap Enhanced Index		14.74	OK to Buy↓	-0.1	5.1	0.4	15.5	7.9	15.5	1.07	1,179		
2349	FSCLX	Mid Cap Index ⁴		19.39	OK to Buy	0.9	6.8	1.5	15.6	8.3	14.9	1.09	67		
337	FMCSX	Mid-Cap Stock		36.87	OK to Buy	0.7	6.5	2.0	15.3	7.1	14.1	1.04	5,605		
2412	FSSMX	Stock Selector Mid Cap		37.61	OK to Buy	0.1	8.1	1.4	17.2	7.2	13.2	1.18	363		
MID-CAP VALUE						Category Averages			0.4	5.7	1.4	14.5	7.0	15.0	1.05
316	FLPSX	Low-Priced Stock ⁵		52.98	OK to Buy	1.1	7.1	3.6	14.6	6.8	13.9	0.90	28,085		
762	FSMVX	Mid Cap Value		25.84	OK to Buy	-0.0	4.3	-0.3	13.5	7.4	15.6	1.08	2,378		
39	FDVLX	Value		116.23	Buy	0.1	5.9	0.8	15.5	6.8	15.4	1.17	7,319		

Notes: *Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹Relative Volatility (Rel Vol) versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ²Duration is a measure of interest rate sensitivity. ³Stated yield is actual distributed yield over prior 12 months. ⁴Also available in a Premium share class with a minimum of \$10,000, but a lower expense ratio. ⁵Almost an Asset Allocation fund with 30%+ typically in foreign stocks. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

MAY 31, 2017

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				
SMALL CAP GROWTH						Category Averages			-0.4	10.3	3.3	23.1	12.1	15.9	1.32
1388	FCPGX	Small Cap Growth	1.50%/90d	22.71	Buy	-0.4	10.3	3.3	23.1	12.1	15.9	1.32	2,281		
SMALL CAP BLEND						Category Averages			-2.2	0.1	-1.6	15.4	7.5	13.5	1.36
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	31.48	OK to Buy	-1.8	-0.5	-1.2	12.4	6.2	14.3	1.34	5,408		
2011	FCPEX	Small Cap Enhanced Index		13.53	OK to Buy↓	-3.7	-2.2	-2.8	19.0	8.3	14.7	1.47	946		
2356	FSSPX	Small Cap Index ⁴		18.62	OK to Buy	-2.0	1.5	-0.8	20.4	8.1	14.1	1.50	41		
340	FSLCX	Small Cap Stock	2.00%/90d	19.11	Hold	-1.4	1.4	-0.6	11.2	7.9	12.3	1.20	1,725		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.25	OK to Buy	-2.2	0.3	-2.6	13.8	6.8	12.3	1.32	1,448		
SMALL CAP VALUE						Category Averages			-1.6	-0.3	-0.8	13.2	8.3	14.8	1.18
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.76	OK to Buy	-1.6	-0.3	-0.8	13.2	8.3	14.8	1.18	2,595		
SPECIALTY															
2624	FARNX	Event Driven Opportunities		13.95	Buy	0.1	7.7	1.4	25.1	10.7	0.1	1.49	368		
308	FCVSX	Convertible Securities		27.77	Hold	-0.3	4.7	1.9	12.0	1.5	8.9	0.93	1,458		
2120	FFGCX	Global Commodity Stock	1.00%/30d	11.18	OK to Sell	-2.4	-1.0	-4.1	13.6	-6.8	-1.2	1.81	251		
122	FLVCX	Leveraged Company Stock		36.09	Buy↑	0.5	8.4	1.8	13.9	3.4	13.1	1.35	2,623		
1329	FSDIX	Strategic Dividend & Income		15.29	OK to Buy	0.9	5.3	1.6	11.9	7.4	11.4	0.73	3,341		
1505	FSRRX	Strategic Real Return		8.76	Hold	-0.2	0.3	-1.2	3.9	-1.2	1.3	0.47	496		
311	FIUIX	Telecom & Utilities		26.42	Hold	1.7	7.6	2.3	10.6	6.5	11.8	0.97	1,008		
REAL ESTATE															
1368	FIREX	International Real Estate	1.50%/90d	10.76	OK to Sell	4.4	13.4	7.8	8.6	3.6	12.1	1.04	224		
833	FRIFX	Real Estate Income	0.75%/90d	12.26	OK to Buy	0.5	4.3	1.5	8.9	6.6	8.7	0.50	2,575		
2353	FRXIX	Real Estate Index ⁴	0.75%/90d	15.26	Hold	-0.5	-1.1	-3.6	1.3	7.3	9.4	1.46	32		
303	FRESX	Real Estate Investment		41.76	Hold	0.4	0.3	-1.5	2.5	8.6	10.3	1.45	4,333		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		13.42	Hold	0.7	3.6	1.7	5.6	3.0	4.2	0.30	4,821		
1957	FTANX	Asset Manager 30%		10.92	Hold	0.9	4.9	2.3	7.4	3.8	5.6	0.39	1,037		
1958	FFANX	Asset Manager 40%		11.40	Hold	1.1	5.9	2.7	9.2	4.3	6.8	0.48	1,259		
314	FASMX	Asset Manager 50%		17.84	Hold	1.2	6.9	3.1	10.8	4.8	7.9	0.58	7,979		
1959	FSANX	Asset Manager 60%		12.00	Hold	1.4	8.0	3.5	12.4	5.3	9.0	0.67	1,700		
321	FASGX	Asset Manager 70%		21.37	Hold	1.5	9.0	3.9	14.1	5.6	10.1	0.77	4,446		
347	FAMRX	Asset Manager 85%		18.24	Hold	1.7	10.6	4.6	16.5	6.3	11.8	0.91	1,716		
304	FBALX	Balanced		23.78	OK to Buy	1.5	8.4	3.1	13.4	7.3	10.9	0.73	\$22,411		
355	FFNOX	Four-in-One Index		41.29	Hold	1.6	8.6	3.8	14.9	6.5	11.9	0.86	5,082		
334	FGBLX	Global Balanced		24.33	OK to Sell	2.7	10.1	6.1	8.0	2.2	6.7	0.73	380		
1960	FDYSX	Global Strategies		9.40	Hold	1.6	8.8	4.0	12.0	4.5	6.6	0.67	80		
4	FPURX	Puritan		22.19	OK to Buy	1.2	8.2	2.8	12.4	7.1	10.7	0.73	19,625		
INTERNATIONAL						Category Averages			3.2	15.9	9.5	18.3	3.8	9.9	1.25
309	FICDX	Canada	1.50%/90d	49.24	Hold	0.1	0.7	-0.4	7.8	-1.6	4.0	1.29	1,158		
352	FHKCX	China Region	1.50%/90d	29.33	Hold	3.4	23.3	10.7	29.5	6.7	11.4	2.12	1,061		
325	FDIVX	Diversified International		38.89	OK to Buy	3.9	16.8	11.5	13.6	3.3	10.8	1.12	11,050		
351	FSEAX	Emerging Asia	1.50%/90d	37.96	Hold	3.7	22.3	11.8	28.1	6.8	9.6	1.47	1,005		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.88	Hold	1.3	5.6	3.9	23.5	-0.1	4.4	1.62	81		
322	FEMKX	Emerging Markets	1.50%/90d	27.36	Hold	3.6	22.6	12.8	23.2	3.6	6.9	1.34	3,382		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	13.72	Hold	2.1	20.1	8.4	28.6	4.0	7.5	1.32	179		
2341	FPEMX	Emerging Markets Index ⁴	1.50%/90d	9.95	Hold	2.9	17.6	8.0	27.0	2.0	4.4	1.54	29		
301	FIEUX	Europe		39.85	Buy↑	5.3	18.5	15.7	12.0	1.2	11.5	1.34	1,241		
2406	FGILX	Global Equity-Income	1.00%/30d	13.33	Hold↓	1.9	9.6	5.0	11.9	5.6	11.8	0.86	78		
2345	FSGUX	Global ex U.S. Index ⁴		12.41	OK to Buy	3.2	14.1	8.5	18.4	1.1	8.1	1.15	40		
335	FIVFX	International Cap App		19.31	OK to Buy	4.6	20.8	13.3	13.9	6.7	12.6	1.09	1,938		
305	FIGRX	International Discovery		43.06	OK to Buy	4.3	18.0	13.2	14.0	3.2	10.8	1.11	6,925		
2010	FIENX	International Enhanced Index	1.00%/30d	9.32	OK to Buy↓	3.3	15.4	9.9	18.6	3.2	11.6	1.13	411		
1979	FIGFX	International Growth		12.73	OK to Buy	4.9	19.6	12.6	15.3	4.9	10.6	1.07	859		
399	FSIIX	International Index ⁴		40.40	Hold	3.6	14.4	9.6	16.7	1.5	10.1	1.13	701		
818	FISMX	International Small Cap	2.00%/90d	27.12	Buy	3.2	16.4	10.0	20.5	7.9	14.8	1.04	1,231		
1504	FSCOX	International Small Cap Opps	2.00%/90d	17.46	OK to Buy	5.0	20.0	13.6	17.4	7.1	13.7	1.04	847		
1597	FIVLX	International Value	1.00%/30d	8.59	Hold	2.6	11.6	8.7	12.1	0.2	9.4	1.05	339		
350	FJPNX	Japan	1.50%/90d	13.62	OK to Buy	4.0	13.7	7.5	18.8	6.3	9.6	1.16	231		
360	FJSCX	Japan Smaller Companies	1.50%/90d	16.68	OK to Buy	4.2	13.9	6.9	20.2	11.3	17.9	1.01	643		
349	FLATX	Latin America	1.50%/90d	21.69	OK to Sell↓	-3.5	13.9	1.8	22.8	-7.7	-6.4	2.26	544		
342	FNORX	Nordic	1.50%/90d	52.01	OK to Sell	4.9	15.8	14.7	8.7	3.2	16.6	1.22	372		
94	FOSFX	Overseas		47.08	Buy	4.3	19.1	13.7	16.6	5.8	13.6	1.13	6,109		
302	FPBFX	Pacific Basin	1.50%/90d	31.06	OK to Buy	3.9	17.4	10.0	17.4	7.9	14.0	1.13	828		
2369	FTEMX	Total Emerging Markets	1.50%/90d	12.36	OK to Buy	2.1	15.1	7.0	24.3	4.0	6.8	1.11	213		
1978	FTIEX	Total International Equity	1.00%/30d	8.70	OK to Buy	3.7	16.9	11.1	16.0	3.1	9.5	1.06	76		
2831	FTIGX	Total International Index ⁴	1.00%/90d	11.40	Hold	3.1	14.0	8.4	--	--	--	--	9		
318	FWWFX	Worldwide		24.96	OK to Buy	3.3	14.4	8.4	14.5	5.3	12.4	1.04	1,513		

FIDELITY SCORECARD

MAY 31, 2017

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						Category Averages			0.5	7.5	1.5	17.1	7.2	13.8	1.58
34	FSAIX	Air Transportation	0.75%/30d	77.34	OK to Buy	3.4	5.5	3.0	25.5	10.3	19.4	1.40	\$386		
502	FSAVX	Automotive	0.75%/30d	35.04	Hold	0.1	7.3	1.9	9.2	0.6	12.5	1.69	50		
507	FSRBX	Banking	0.75%/30d	30.73	OK to Buy	-3.1	-4.6	-8.6	21.8	9.4	14.6	1.79	1,007		
42	FBIOX	Biotechnology		190.31	OK to Sell	-6.6	9.3	-6.3	3.2	7.7	19.4	2.83	8,552		
68	FSLBX	Brokerage & Investment	0.75%/30d	69.79	Hold	0.7	5.2	-0.1	17.7	4.0	14.2	1.80	390		
69	FSCHX	Chemicals		155.17	OK to Buy	-2.1	9.5	-0.6	19.7	6.5	14.4	1.58	1,591		
518	FSDCX	Communications Equipment	0.75%/30d	34.29	Hold	0.3	5.2	1.1	22.2	6.5	13.9	1.51	193		
7	FDCPX	Computers	0.75%/30d	87.44	Hold	2.1	20.3	7.5	39.2	10.4	13.3	1.62	565		
511	FSHOX	Construction & Housing	0.75%/30d	61.86	Buy	-1.4	8.4	3.4	9.6	11.4	16.3	1.38	417		
517	FSCPX	Consumer Discretionary		39.30	Buy	1.2	11.2	6.2	16.2	10.4	15.4	1.14	776		
98	FSVLX	Consumer Finance	0.75%/30d	13.49	Hold	0.4	0.9	-3.7	13.6	5.6	13.0	1.39	92		
9	FDFAX	Consumer Staples		101.25	OK to Buy	3.1	14.4	6.0	12.9	9.1	13.3	1.00	1,724		
67	FSDAX	Defense & Aerospace		142.85	Buy	2.7	11.4	4.0	26.8	11.8	18.2	1.29	1,793		
60	FSENX	Energy		39.53	Hold	-4.8	-15.3	-10.2	-1.6	-10.4	2.4	2.13	1,927		
43	FSESX	Energy Service	0.75%/30d	45.81	Hold	-6.7	-17.9	-16.3	5.2	-17.3	-2.3	2.54	533		
516	FSLEX	Environment & Alt Energy	0.75%/30d	24.52	OK to Buy	2.5	12.3	6.0	27.4	8.5	15.4	1.27	156		
66	FIDSX	Financial Services		96.54	Buy↑	-0.8	-0.8	-4.9	18.6	7.6	14.1	1.30	898		
41	FSAGX	Gold		20.33	OK to Sell	0.6	6.3	-3.1	1.0	2.1	-9.9	3.98	1,200		
63	FSPHX	Health Care		210.60	Hold	-1.5	13.9	0.8	8.6	9.4	20.4	1.56	6,406		
505	FSHCX	Health Care Services	0.75%/30d	87.44	Hold	1.6	11.4	2.3	13.2	12.5	15.9	1.25	756		
510	FSCGX	Industrial Equipment	0.75%/30d	40.03	Buy	1.1	6.4	2.5	14.7	6.9	12.9	1.29	165		
515	FCYIX	Industrials		33.50	Buy	-0.4	5.6	1.3	16.8	7.4	14.8	1.30	912		
45	FSPCX	Insurance	0.75%/30d	81.14	Buy	1.9	5.2	1.2	18.4	12.1	18.4	1.20	585		
353	FBSOX	IT Services		47.52	OK to Buy	4.2	14.3	6.8	16.1	14.8	19.9	1.26	1,736		
62	FDLSX	Leisure	0.75%/30d	161.36	Hold	5.5	18.0	14.3	27.9	12.2	15.4	1.10	524		
509	FSDPX	Materials		81.00	Hold	-0.5	7.7	0.4	15.1	1.8	9.4	1.56	842		
354	FSMEX	Medical Equipment		43.94	Hold	1.3	19.9	6.4	22.7	18.5	21.9	1.40	3,705		
503	FBMPX	Multimedia	0.75%/30d	81.84	OK to Buy	-1.0	11.2	2.7	21.2	8.9	18.1	1.41	661		
513	FSNGX	Natural Gas	0.75%/30d	23.92	Hold	-6.5	-18.9	-13.5	-1.5	-17.0	-2.1	2.76	305		
514	FNARX	Natural Resources	0.75%/30d	26.58	Hold	-4.0	-13.0	-8.7	-1.0	-11.0	0.9	2.12	836		
580	FPHAX	Pharmaceuticals		18.71	OK to Buy↑	1.8	9.9	3.4	-0.9	3.6	14.1	1.37	956		
46	FSRPX	Retailing		121.74	Buy	0.9	11.0	5.3	15.0	16.7	19.3	1.11	1,968		
8	FSELX	Semiconductors	0.75%/30d	106.33	OK to Buy	6.8	15.3	8.8	45.5	23.2	24.9	1.66	3,242		
28	FSCSX	Software & IT Services		151.29	Buy	3.6	20.6	10.3	29.1	17.0	21.3	1.37	4,346		
64	FSPTX	Technology		164.21	Buy	6.4	30.4	15.5	44.0	19.2	19.6	1.43	5,504		
96	FSTCX	Telecommunications		67.95	Buy	-2.6	-0.4	-0.6	9.4	7.8	12.6	1.05	494		
512	FSRFX	Transportation	0.75%/30d	92.05	OK to Sell	1.0	3.1	-0.1	25.6	7.9	17.1	1.50	542		
65	FSUTX	Utilities		80.43	Sell	3.1	12.8	4.4	12.9	6.4	11.8	1.19	703		
963	FWRLX	Wireless	0.75%/30d	9.82	Buy↑	4.3	17.5	8.3	25.3	7.8	14.6	1.14	330		
SECTOR ETFs															
	FDIS	MSCI Consumer Discretionary		35.74	Buy	0.6	11.4	5.5	17.2	11.9	--	1.16	302		
	FSTA	MSCI Consumer Staples		34.07	OK to Buy	2.5	9.7	3.4	10.5	10.5	--	0.95	305		
	FENY	MSCI Energy		18.20	Hold	-3.9	-13.5	-8.2	-1.9	-11.0	--	1.88	431		
	FNCL	MSCI Financials		34.39	Buy↑	-1.6	-0.2	-4.9	23.1	11.3	--	1.39	807		
	FHLC	MSCI Health Care		36.59	Hold	0.7	11.6	2.0	9.8	10.5	--	1.31	720		
	FIDU	MSCI Industrials		34.36	Buy	0.4	7.1	2.1	21.0	8.9	--	1.25	344		
	FTEC	MSCI Information Technology		44.00	Buy	4.6	19.5	9.3	33.4	17.2	--	1.37	961		
	FMAT	MSCI Materials		30.62	Hold	-0.8	6.6	0.7	17.8	5.2	--	1.64	215		
	FREL	MSCI Real Estate		23.93	Hold	-0.3	2.8	-1.4	4.9	--	--	--	280		
	FCOM	MSCI Telecomm Services		32.80	Buy	0.1	2.9	5.6	14.2	9.7	--	1.22	115		
	FUTY	MSCI Utilities		34.87	Sell	3.9	11.2	4.7	13.7	11.8	--	1.33	302		
FACTOR ETFs															
	FDVV	Core Dividend		26.76	OK to Buy	0.1	3.3	0.1	--	--	--	--	51		
	FDRR	Dividend for Rising Rates		28.08	OK to Buy	0.6	6.8	1.2	--	--	--	--	114		
	FDLO	Low Volatility Factor		27.82	Hold	1.6	8.0	2.9	--	--	--	--	29		
	FDMO	Momentum Factor		27.90	OK to Sell	1.2	9.6	2.9	--	--	--	--	28		
	FQAL	Quality Factor		28.35	Hold	1.0	8.3	1.5	--	--	--	--	26		
	FVAL	Value Factor		28.67	Buy	0.1	5.4	-0.3	--	--	--	--	36		

Fund Commentary *cont'd from page 5*

Bond Funds

Bond yields barely budged in May: the yield on the benchmark 10-year Treasury finished at 2.21% — pretty much where it started.

Short-Term Treasury Index gained 0.2% in May and **Conservative Income Bond** (see p. 4) gained 0.1%, whereas **Long-Term Treasury Index** jumped 1.7%. But with barely a whiff of inflation in the air, **Inflation-Protected Index** was un-

changed. As for tax-free munis, among the best of the lot were **Muni Income** and **Tax-Free Income**: they both rose 1.7%. **Conservative Income Muni** gained a more muted 0.2%. ■

— John Bonnanzio

FIDELITY SCORECARD

MAY 31, 2017

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			0.8	2.5	1.5	1.6	1.7	1.5	1.83	5.2	0.32
2267	FCONX	Conservative Income Bond		10.04	Buy	0.1	0.5	0.3	1.1	0.6	0.7	1.02	0.2	0.02			
2208	FCBFX	Corporate Bond		11.55	Buy	1.1	3.8	2.1	5.2	3.5	4.0	2.91	7.0	0.41			
2423	FGBFX	Global Bond		9.11	OK to Sell	1.9	6.3	4.1	3.4	-0.2	0.7	1.46	7.0	0.53			
15	FGMNX	GNMA (Ginnie Mae)		11.48	OK to Buy	0.4	1.3	0.9	0.9	2.1	1.9	2.19	3.7	0.16			
54	FGOVX	Government Income		10.29	Hold	0.5	1.9	1.2	0.3	1.9	1.4	1.74	5.5	0.28			
794	FINPX	Inflation-Prot Bond (closed) ³		12.03	Hold	-0.1	1.6	0.3	2.0	0.6	-0.1	0.13*	5.6	0.38			
2415	FSIQX	Inflation-Protected Index ^{3,4}		9.84	Hold	3.2	1.7	0.4	2.4	0.9	0.1	0.03*	5.6	0.39			
32	FTHRFX	Intermediate Bond		10.91	Buy	0.5	2.0	1.2	1.9	2.0	2.1	1.84	4.0	0.21			
452	FSTGX	Intermediate Gov't Income		10.54	Hold	0.4	1.4	1.0	0.4	1.3	1.0	1.44	3.8	0.21			
1561	FIBIX	Intermediate Treasury Index ⁴		10.84	Hold	0.7	2.7	1.8	-0.1	2.5	1.3	1.91	6.5	0.44			
2428	FINUX	International Bond		8.77	OK to Sell	2.6	8.2	5.4	3.4	-2.0	-0.1	1.58	7.1	0.75			
26	FBNDX	Investment Grade Bond		7.92	Buy	0.6	2.5	1.3	3.5	2.6	2.6	1.85	5.7	0.30			
2622	FJRLX	Limited Term Bond		11.54	Buy	0.4	1.5	0.9	1.9	1.6	1.8	1.69	2.6	0.13			
662	FFXSX	Limited Term Government		9.97	OK to Buy	0.2	0.9	0.6	0.3	0.8	0.7	1.20	2.7	0.13			
1562	FLBIX	Long-Term Treasury Index ⁴		13.05	Hold	1.7	4.9	2.7	-2.2	5.1	2.1	2.67	17.6	1.11			
40	FMSFX	Mortgage Securities		11.29	OK to Buy	0.5	1.7	1.2	1.2	2.5	2.3	2.21	4.3	0.18			
450	FSHBX	Short-Term Bond		8.63	Buy	0.2	0.9	0.6	1.3	1.0	1.2	1.21	1.8	0.07			
1560	FSBIX	Short-Term Treasury Index ⁴		10.43	Hold	0.2	0.9	0.7	0.4	0.9	0.7	1.29	2.7	0.14			
820	FTBFX	Total Bond		10.70	Buy	0.7	2.8	1.5	4.1	3.2	3.2	2.47	5.4	0.29			
651	FBIDX	U.S. Bond Index		11.64	Hold	0.7	2.2	1.4	1.4	2.4	2.0	2.33	5.8	0.29			
HIGH-YIELD BOND						Category Averages			0.8	4.8	2.0	11.1	4.0	7.5	3.86	3.4	0.52
38	FAGIX	Capital & Income	1.00%/90d	10.15	OK to Buy	0.9	6.2	1.8	13.9	5.5	8.3	3.65	3.6	0.59			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.67	OK to Buy	0.4	1.9	0.9	7.1	3.1	3.8	2.75	0.2	0.30			
1366	FHIFX	Focused High Income	1.00%/90d	8.69	OK to Buy	0.6	4.2	1.9	10.0	3.8	5.4	3.86	3.6	0.51			
2297	FGHNX	Global High Income	1.00%/90d	9.64	OK to Buy	1.4	6.0	2.6	11.6	4.1	6.9	4.00	3.1	0.59			
455	SPHIX	High Income	1.00%/90d	8.99	Buy	1.0	5.4	2.2	13.9	4.3	6.5	5.11	3.5	0.61			
331	FNMIX	New Markets Income	1.00%/90d	16.35	OK to Buy	0.6	7.2	3.0	14.9	5.7	6.7	5.13	6.5	0.71			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.60	OK to Buy	0.6	3.1	1.5	9.0	2.5	18.0	3.56	2.1	0.47			
368	FSICX	Strategic Income		11.00	Buy	1.0	4.6	2.0	8.4	3.4	4.6	2.84	4.6	0.40			
MUNICIPAL BOND						Category Averages			1.4	3.3	2.3	0.9	3.0	3.2	1.82	5.9	0.29
434	FSAZX	Arizona Muni Income		12.14	Hold	1.6	3.8	2.6	1.0	3.7	3.5	1.79	6.9	0.34			
1534	FCSTX	Calif Limited Term Tax Free		10.67	OK to Buy	0.7	2.4	1.2	0.8	1.5	1.6	1.02	2.9	0.17			
91	FCTFX	California Muni Income		13.00	Hold	1.5	3.9	2.7	0.9	3.7	3.9	1.86	6.6	0.34			
407	FICNX	Connecticut Muni Income		11.49	Hold	1.2	3.1	2.2	0.0	3.0	2.7	2.08	6.9	0.35			
2578	FCRDY	Conservative Income Muni		10.04	Buy	0.2	0.7	0.3	0.6	0.4	7.5	0.86	0.6	0.03			
36	FLTMX	Interm Municipal Income		10.41	Hold	1.3	3.1	2.2	1.0	2.5	2.5	1.77	5.0	0.26			
404	FSTFX	Limited Term Muni Income		10.60	OK to Buy	0.7	2.3	1.2	0.9	1.2	1.2	1.15	2.7	0.16			
429	SMDMX	Maryland Muni Income		11.43	Hold	1.5	4.2	2.9	1.3	3.5	2.9	1.82	6.8	0.33			
70	FDMMX	Mass Muni Income		12.22	Hold	1.6	3.4	2.6	0.5	3.4	3.1	2.04	7.4	0.35			
81	FMHTX	Michigan Muni Income		12.23	Hold	1.6	3.6	2.7	1.1	3.6	3.2	1.97	6.7	0.32			
82	FIMIX	Minnesota Muni Income		11.67	Hold	1.4	3.3	2.3	1.1	3.0	2.6	1.69	6.0	0.29			
37	FHIGX	Municipal Income		13.18	Hold	1.7	4.0	2.9	1.1	3.7	3.6	2.24	7.1	0.35			
416	FNJHX	New Jersey Muni Income		11.75	Hold	1.6	3.5	2.7	0.9	2.8	2.8	2.39	6.4	0.37			
71	FTFMX	New York Muni Income		13.32	Hold	1.5	3.7	2.5	0.9	3.6	3.3	1.88	6.9	0.33			
88	FOHFX	Ohio Muni Income		12.22	Hold	1.8	4.0	3.0	1.1	4.0	3.7	2.06	7.6	0.36			
402	FPXTX	Pennsylvania Muni Income		11.19	Hold	1.5	3.5	2.4	1.3	3.5	3.3	2.03	6.6	0.30			
90	FTABX	Tax-Free Bond		11.53	Hold	1.7	3.9	2.8	1.1	3.7	3.7	2.34	7.1	0.35			

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

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC
			May	YTD	%Yield				May	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.04	0.14	0.47	433	FSAXX	Arizona Muni MM	0.03	0.13	0.37
458	SPAXX	Government MM	0.03	0.12	0.41	97	FCFXX	California Muni MM	0.03	0.13	0.37
631	FGMXX	Retirement Gov't MM	0.03	0.12	0.43	457	FSPXX	California AMT Tax-Free	0.05	0.20	0.51
630	FRTXX	Retirement Gov't MM II	0.04	0.13	0.44	418	FCMXX	Connecticut Muni MM	0.03	0.14	0.38
2742	FZFXX	Treasury MM	0.03	0.11	0.41	426	FMSXX	Mass AMT Tax-Free	0.05	0.20	0.52
415	FDLXX	Treasury Only MM	0.03	0.09	0.40	74	FDMXX	Massachusetts Muni MM	0.03	0.20	0.37
PRIME MONEY MARKETS						420	FMIXX	Michigan Muni MM	0.03	0.11	0.32
454	SPRXX	Money Market	0.07	0.31	0.80	417	FNJXX	New Jersey Muni MM	0.03	0.14	0.37
NATIONAL MUNICIPAL MONEY MARKETS						423	FSJXX	New Jersey AMT Tax-Free	0.05	0.21	0.53
10	FTEXX	Municipal Money Market	0.04	0.18	0.48	92	FNYYX	New York Muni MM	0.03	0.19	0.37
275	FMOXX	Tax-Exempt MM	0.04	0.15	0.40	422	FSNXX	New York AMT Tax-Free	0.05	0.21	0.53
						419	FOMXX	Ohio Muni MM	0.03	0.14	0.37
						401	FPTXX	Pennsylvania Muni MM	0.03	0.13	0.35

FIDELITY SCORECARD

MAY 31, 2017

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (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						1.4	12.1	6.0	21.8	11.3	16.6	1.11
	Annuity Growth Model						1.2	7.7	2.9	17.2	8.4	12.9	1.10
	Annuity Growth & Income Model						0.6	5.0	1.2	10.9	6.2	9.6	0.70
	Annuity Income Model						0.3	2.5	0.6	7.1	4.0	4.6	0.36
9067	FLRQC	Fid VIP Asset Manager	Allocation		18.98	Hold	1.2	6.8	3.0	9.3	3.4	7.4	0.65
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation		19.50	Hold	1.5	8.9	3.9	12.3	3.7	9.3	0.87
9069	FJBAC	Fid VIP Balanced	Allocation		22.58	OK to Buy	1.5	8.1	2.9	13.0	7.1	10.8	0.73
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	27.17	Buy	1.2	10.9	6.0	15.7	10.0	15.0	1.13
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	26.67	OK to Buy	2.7	13.0	5.5	11.0	12.0	14.7	1.03
9065	FPDFC	Fid VIP Contrafund	Large Growth		24.85	Buy	1.8	11.0	3.7	17.8	8.9	14.1	1.06
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		19.52	Buy	-3.7	-2.5	-2.9	18.2	7.7	14.1	1.46
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		25.48	Hold↑	0.4	9.5	3.5	13.2	7.2	13.3	1.18
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts		9.69	Hold	3.5	22.3	12.5	22.5	3.1	6.4	1.34
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.18	Hold	-4.8	-15.3	-10.2	-1.7	-10.7	2.1	2.13
9061	FLOLC	Fid VIP Equity-Income	Large Value		19.94	Buy	-0.4	2.9	-0.7	15.2	6.3	12.7	0.98
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	12.18	Buy↑	-0.8	-0.7	-4.9	18.1	7.4	14.0	1.30
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.96	OK to Buy	0.5	1.7	0.9	6.3	3.0	--	0.27
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.91	Hold	0.9	3.8	1.8	4.6	2.5	3.7	0.29
9158	FMPBC	Fid VIP FundsManager 50	Allocation		16.89	Hold	1.4	7.2	3.5	9.5	4.3	7.4	0.56
9197	FMPPC	Fid VIP FundsManager 60	Allocation		16.00	Hold	1.5	8.4	4.1	11.3	5.1	8.8	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		17.64	Hold	1.7	9.5	4.5	12.9	5.4	9.9	0.76
9160	FMPDC	Fid VIP FundsManager 85	Allocation		17.95	Hold	1.9	11.3	5.3	15.5	6.3	11.7	0.91
9062	FMNDC	Fid VIP Growth	Large Growth		25.57	OK to Buy	3.9	20.3	9.5	22.8	11.3	15.5	1.11
9070	FLFNC	Fid VIP Growth & Income	Large Blend		22.92	Buy	-0.2	4.1	-0.2	16.6	7.5	14.1	1.13
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		25.61	Buy	3.1	18.4	8.2	21.3	11.4	15.7	1.29
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	36.35	Hold	-1.6	13.9	0.6	8.3	9.2	20.0	1.55
9060	FBBLC	Fid VIP High Income	High-Yield Bond		20.21	Buy	0.7	4.2	1.8	12.2	3.6	5.8	0.59
9064	FXVLT	Fid VIP Index 500	Large Blend		24.21	Hold	1.3	8.5	2.5	17.0	9.8	15.0	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	31.07	Buy	-0.4	5.5	1.2	16.5	7.3	14.6	1.30
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l		18.55	OK to Buy	4.6	20.7	13.1	13.7	6.5	12.2	1.09
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		16.16	Buy	0.6	2.5	1.3	3.0	2.5	2.4	0.30
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	19.98	Hold	-0.5	7.7	0.4	15.0	1.5	9.2	1.55
9071	FNBSB	Fid VIP Mid Cap	Mid Growth		25.59	Buy	-0.2	6.3	0.9	14.7	6.9	13.1	1.18
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt		11.34	--	0.0	0.1	0.1	0.1	-0.1	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l		16.71	Buy	4.4	19.1	13.8	14.3	2.8	10.5	1.21
9072	FFWKC	Fid VIP Real Estate	Sector		22.83	Hold	0.1	0.3	-2.5	1.0	6.8	9.4	1.44
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		19.06	Buy	0.9	4.5	2.0	7.7	2.9	4.1	0.39
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	37.49	Buy	6.1	30.7	15.2	44.7	18.5	18.6	1.43
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	16.34	Buy	-2.6	-0.3	-0.4	9.2	7.5	12.5	1.05
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	26.06	Sell	3.0	12.6	4.2	12.4	6.2	11.5	1.20
9079	FKMSC	Fid VIP Value	Large Value		21.05	Buy	-0.1	4.4	-0.5	12.1	6.8	14.4	1.07
9073	FRBSC	Fid VIP Value Strategies	Mid Value		21.78	OK to Buy	-0.4	6.8	0.3	13.4	5.2	12.9	1.21
9347	FBMEC	Black Rock Global Allocation	Global Allocation		13.01	Hold	1.6	7.3	3.6	11.3	3.1	6.9	0.63
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		11.13	OK to Sell	-1.3	2.3	0.0	7.5	-0.3	3.3	0.54
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.38	Hold	0.4	1.1	0.7	0.1	0.9	0.6	0.14
9285	FIGXC	Invesco Global Core Eqty	Global Stock		12.78	Hold	1.1	9.0	3.5	13.6	3.6	10.6	1.06
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		16.26	Hold	0.8	13.5	5.1	27.0	-0.2	4.4	1.64
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		18.89	OK to Buy	0.8	6.4	2.9	10.1	3.4	4.3	0.66
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		14.12	Hold	3.0	18.9	10.1	22.4	1.4	4.7	1.38
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l		13.16	Hold	1.6	8.0	4.8	10.4	1.4	7.0	0.72
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.72	OK to Sell	-1.5	-4.8	-5.8	-1.0	-15.4	-9.1	1.44
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.58	Buy	0.1	0.5	0.3	1.0	0.4	1.0	0.11
9277	FPNBC	Pimco VIT Real Return	TIPS		12.99	Hold	-0.1	2.1	0.5	3.3	0.3	-0.1	0.42
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		13.29	Hold	0.8	3.1	1.6	2.9	2.2	2.4	0.31

Annuity Sector	
Fund	Allocation
VIP Technology	31%
VIP Cons Discretionary	26
VIP Industrials	21
VIP Telecom	11
VIP Financial Services	11
Total Return:	
May: 1.4% YTD: 12.1%	

Annuity Growth	
Fund	Allocation
VIP Contrafund	26%
VIP Growth Opps	25
VIP Mid Cap	15
VIP Overseas	15
VIP Equity-Income	11
VIP Disciplined Sm Cap	8
Total Return:	
May: 1.2% YTD: 7.7%	

Annuity Growth & Income	
Fund	Allocation
VIP Contrafund	22%
VIP Investment Grade	21
VIP Equity-Income	20
VIP Growth & Income	19
VIP Strategic Income	18
Total Return:	
May: 0.6% YTD: 5.0%	

Annuity Income	
Fund	Allocation
VIP Investment Grade	28%
Pimco VIT Low Duration	26
VIP Equity Income	24
VIP Strategic Income	22
Total Return:	
May: 0.3% YTD: 2.5%	

MODEL PORTFOLIO TRADES
“Enhanced” Funds
Trip Up On Value

It’s always been a toss-up as to whether or not Fidelity’s series of six “Enhanced” index funds would, over any given period, outperform their unmanaged index-fund counterparts.

But, over longer time horizons, we had found that despite their slightly higher fees, a few Enhanced products held a bit of a performance edge. That’s probably because their smaller-cap, value and foreign fund offerings tend to invest in somewhat less efficient markets where there’s less analyst coverage by Wall Street. That, coupled with Fidelity’s sophisticated, computer-driven algorithms, helped to provide a slight edge.

This year, however, that “edge” has largely disappeared (see table).

Keeping in mind that Enhanced funds closely hew to their respective benchmarks (that they are trying to beat), they hold fewer stocks, and trade them more frequently than their otherwise passively run counterparts.

In the case of **Large Cap Core Enhanced Index** (which has lagged the **500 Index** over its 10-year life), it holds 300 fewer stocks than its S&P 500 benchmark. And, turnover is 82% versus 5% for its index. In other words, it’s actually making plenty of investment bets. Most recently, Core Enhanced and its peers

have been tilting towards value stocks at a time when growth has led. This has contributed to the underperformance of the entire U.S. line-up of Enhanced offerings.

Model Portfolio Trades

Against the backdrop of their solid past performances, our desire to have dedicated exposures to specific areas of the stock market, and even the Enhanced funds’ appropriate risk levels relative to their actively run counterparts, we wound up holding **Large Cap Value Enhanced Index** and **Small Cap Enhanced Index** in two models. While we have now sold the latter, and may yet jettison the former, the additional reason for the trades relates to our shifting appetite for other areas of the market.

In the *Unique Opportunities Model*, we’ve bought **Leverage Company Stock** in place of Small Cap Enhanced. Profiled in the May report, it bears repeating that Leveraged Co’s new manager, Mark Notkin, invests in the equities of highly indebted companies. Although the high-yield bond market has grown frothy — especially for income-oriented investors — a moderate exposure to this type of equity remains appropriate for investors with a higher risk-tolerance.

In our *Growth Model*, again, Small Cap Enhanced has been disappointing, but the real reason for the trade is our preference for **Small Cap Growth**. (We’ve also increased our foreign exposure at the expense of large-cap value.)

On that note, following two votes in Europe that appear to signal a desire to keep the EU together, coupled with Europe’s export economy picking up steam amid falling unemployment, this is likely a good time to move some assets abroad. (Note: Where possible, our *Annuity Model* trades are thematically the same.) ■

— John Bonnanzio

Enhanced Funds vs Index Funds		
	YTD Return (in %)	
	Enhanced	Index ¹
International	15.4	14.4
Large Cap Core	6.8	8.6
Large Cap Growth	10.4	14.2
Large Cap Value	2.5	3.0
Mid Cap	5.1	6.8
Small Cap	-2.2	1.5

¹Due to lower expenses, Investor Class shares of index funds have, on average, a roughly 35 basis-point advantage over comparable Enhanced Index funds.

FUND UPDATE
Contra’s Back!

Our mantra, “never bet against Will Danoff,” was sorely tested last year.

If you recall, 2016 was Will’s worst on record, as his fund trailed the S&P 500 badly (3.4% vs 12.0%). This year, not only is the wind to Contra’s back, but many of Will’s biggest stock-picks are enjoying a banner year, too (see below).



Will Danoff

Here’s the big picture: Thanks to the fund’s nearly double-overweight in tech (42%), it’s been breezing past the S&P. Elsewhere, a significant underweight in the suffering energy sector has helped on a relative basis.

The average Fidelity large-cap growth fund is up 13.9% this year with gains ranging from **New Millennium’s** 6.3% to **OTC’s** 22.7%. While Contra’s not at the top of that lofty pack (it’s up 17.3%), neither is the fund’s risk-taking. With a volatility of 0.98 (less than the market’s 1.00), it cannot be overlooked that Contra’s risk-adjusted returns continue to set it apart from all its peers, thereby helping both our *Growth* and *Growth & Income Models* mightily this year.

At a stock level, here’s what is working (and not):

Contra’s Top Picks	YTD Ret (%)
Facebook A	31.6%
Berkshire Hath A	1.8%
Amazon.com	32.6%
Apple	31.9%
Google (Alphabet)	24.6%
Alphabet A	25.0%
Microsoft	12.3%
Wells Fargo	-7.2%
UnitedHealth Grp	9.5%
Visa Cl A	21.5%

While Contra tested our resolve last year, we’re glad we stuck by Will and his *Buy*-rated fund. ■

Inside Fidelity

New Funds — The **U.S. Sustainability Index** and **International Sustainability Index** funds are now open to investors. Their tickers are FENSX and FNIYX, respectively.

The funds are Fidelity's first entrants into the world of so-called socially conscious investing — albeit somewhat passively.

Designed to track MSCI's ESG indexes, they hold large- and mid-cap companies that are thought by MSCI to incorporate high environmental, social and corporate governance (ESG) standards (rated "B" or above) into their business practices. In this regard, there is active portfolio management (stock-picking)

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, Core Dividend, Event-Driven Opps, Focused High Inc, Global High Inc, High Inc, Large Cap Growth Index, Large Cap Stock, Large Cap Value Index, Low Volatility Factor, Mid Cap Index, Mid-Cap Stock, Momentum Factor, MSCI Cons Discret, MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Healthcare, MSCI Industrials, MSCI Info Tech, MSCI Materials, MSCI Real Estate, MSCI Telecomm, MSCI Utilities, Quality Factor, Real Estate Income, Real Estate Index, Real Estate Investment, Short Duration High Inc, Small Cap Discovery, Small Cap Index, Small Cap Stock, Value Factor.

The final distributions for May were as follows:

Fund	Ex-Date	\$ Amt	NAV
Inflation-Prot Bond	5/12	0.079	11.95
Magellan	5/12	5.547	94.43

incorporated into the construction of the indexes themselves. So, the funds are not quite as passive as their "index" moniker suggests.

While the U.S. and international ESG indexes have about 300 and 900 holdings, respectively, Geode Capital Management (Fidelity's indexing affiliate) uses statistical sampling to greatly reduce those numbers into something more manageable. This helps to mute expenses (0.2% to 0.3%) while also remaining true to the benchmarks' returns and investment characteristics. On that score, both funds are classified as large-cap blend.

As with other index funds, multiple share classes are available, including Investor shares with a \$2,500 minimum.

Next month the funds will be added to the Specialty section of the *Scorecard*. However, as to avoid confusing the funds' investment merits with their primary objective of socially conscious investing (which is in the eye of the beholder), we will not rate the funds.

As we went to press, Fidelity launched (but has not opened) **Commodity Strategy** [FYHTX]. It invests in commodity-linked derivatives, short-term investment-grade debt and cash. We hope to have further information in next month's newsletter.

New Service — Fidelity has been sending customers an email reminder, that "On July 1, [it] will no longer accept submission by fax." Instead, documents can be sent directly to Fidelity by first scanning them and then uploading them via their Electronic Document Submission service. (You may continue to mail documents, but the practice is being discouraged.) ■

SELECT MODEL

Tech Tops Charts

Select Technology (and its VIP annuity clone) is this year's top-performing Fidelity fund.

Thanks to its 6.4% gain last month, this undiversified sector fund has now risen 30.4% for the year. In so doing, it has helped to propel our *Select Model's* returns past the S&P 500: whereas the index is up 8.7%, the model has gained 10.7%.

Accounting for 24% of the *Select Model's* assets (and 31% of the *Annuity Sector Model's*), **Select Tech** is its largest position. And, with a relative volatility of 1.43 it's also its riskiest. But thanks to the model's less-risky holdings, portfolio volatility is 12% greater than the S&P 500's, though 13% less than the Nasdaq's risk.

As for this year's returns, some of the same top stocks found in **Contrafund** (Apple, Facebook and Alphabet — see p. 11) are also found here. However, Select Tech takes bigger bets: Its 10-top holdings account for 44% of assets versus 36% for Contrafund.

Action Recommendation

Now in its sixth year of uninterrupted gains, investors who are interested in buying Select Tech must keep in mind its risk. (In 2008, the fund lost more than half its value!) That means holding shares in moderation and having the financial wherewithal to weather any downturn. (Big down years are often followed by big up years!) With these caveats in mind, coupled with our view that tech will benefit from continued earnings growth, we rate Select Tech (and its VIP clone) a *Buy*. ■

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

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

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