

FIDELITY MONITOR & INSIGHT

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MESSAGE FROM JACK

Myth-Busting: Active vs Passive

I was recently “informed” that it is mathematically impossible for actively managed mutual funds to collectively outperform the market. While the odds may not be high (for the entire industry), the idea that this is a mathematical impossibility is simply wrong.



Jack Bowers

The arithmetic of active versus passive investing, as presented by William Sharpe, notes that both approaches earn the same total return before fees. No issue there. But Sharpe’s definition of passive money is narrow: it applies only to money linked to the Total U.S. Stock Market Index. All other index vehicles are technically active money because they are subsets of the “Total” index, and as such can outperform or underperform.

Today, even with passive investing at the height of its popularity, the percentage of money that’s truly passive (linked to the Total U.S. Stock Market) is only about 5% of market cap. Even with “active” S&P 500 money added in, the number would still be less than 15%.

This means active money accounts for more than 95% of market capitalization — some \$28 trillion. A lot of this money is not managed — it’s just stock sitting around in various corporate and personal accounts. The part that is managed includes stocks held by hedge funds, pensions, endowments, insurance products, and private funds. And, last but not least, actively managed mutual funds — a mere \$4 trillion.

So the real question is, “Can \$4 trillion become a bigger slice of a \$28 trillion pie?”

I would argue that it can, especially the part of it that’s backed by Fidelity research. Consider that their equity funds have, over the past five years, outperformed 76% of their peers (on an asset-weighted basis).

The next two decades could usher in a new age of technology disruption where non-technology sectors could be dramatically impacted. This likely means relatively few winning stocks and lots of losers. Probably not a great environment for indexing, but for active funds with managers who understand the evolving role of tech disruption, it could be a golden opportunity.

MARKET OUTLOOK

Rates Won’t Sink Stocks (Yet)

Certainly, on-again, off-again trade war rhetoric and changing fortunes for talks with North Korea, have caused the stock market to similarly zig and zag. However, the real concern for stock investors this year has been the rise in the 10-year Treasury yield which has moved from 2.40% at the end of last year to 2.83% today (it had been as high as 3.11%). That’s a big reason why stocks sold off earlier in the year, and why they have yet to fully recover. However, I believe those worries are premature.



John M. Boyd

Rising Rates Are Not Always Bad

In a vacuum, rising interest rates are bad for stocks. The value of future dividend payments or capital appreciation from stocks declines as current interest rates increase. However, when interest rates are rising from low levels, stocks typically go up along with yields — up to a point. That’s because, in that case, the increase in rates is usually a reflection of an improving picture for economic growth. And with improving growth, the “equity-risk premium” or what investors demand to compensate them for the extra risk of owning stocks versus “risk-free” Treasury bonds, declines. In fact, historically, stocks have been positively correlated to the 10-year yield (they go up together) up to around the 4-5% level.

Economic Growth Is Strengthening

That is exactly where we are today. Yes, rates are rising, but from extremely low levels and in response to an improving outlook for economic growth. The Federal Reserve of New York is estimating second-quarter GDP growth to be 3.0% (up from 2.3% in the first quarter) and the Atlanta Fed’s figure is 4.0%! Now, we still have another month to go before this quarter is over, and things could change. But recent data have been very solid.

As regular readers know, one of my favorite indicators of the economy is the Chicago Fed’s National Economic Activity Index (because it is so broad taking into account 85 variables). As of the end of April, the three month moving average of the data (to smooth out month-to-month variation) hit .46 (any reading above zero

Market Outlook *cont’d on page 3*

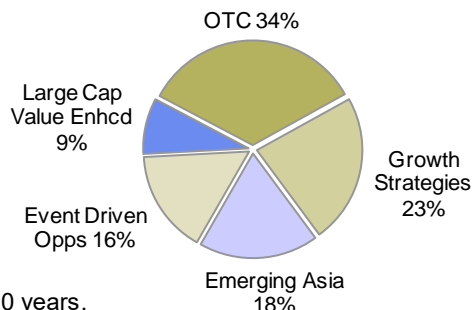
Unique Opportunities Target Risk: 1.20 (Current: 1.17) Foreign Holdings: 24.5% **YTD Return: 4.9%**

Stocks: 98.9% Bonds: 0.0% Cash: 1.1% Alternatives*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
OTC	FOCPX	\$12.17	16,099.96	\$195,937	6.6%
Growth Strategies	FDEGX	42.81	3,086.93	132,151	3.4
Emerging Asia	FSEAX	44.66	2,356.16	105,226	2.0
Event Driven Opps	FARNX	14.54	6,275.54	91,246	1.8
Large Cap Value Enhcd	FLVEX	13.08	3,786.85	49,532	0.9

Current Value (3/31/99 = \$100,000) **\$574,092** **3.7%**

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



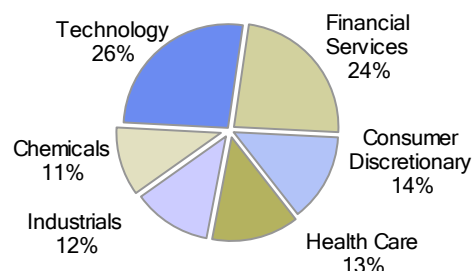
Select Target Risk: 1.20 (Current: 1.20) Foreign Holdings: 11.1% **YTD Return: 4.5%**

Stocks: 99.1% Bonds: 0.0% Cash: 0.9% Alternatives*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	May Ret
Technology	FSPTX	\$180.42	6,041.31	\$1,089,974	6.2%
Financial Services	FIDSX	109.74	8,824.11	968,358	-0.1
Consumer Discretionary	FSCPX	43.59	12,954.15	564,671	1.7
Health Care	FSPHX	242.93	2,287.45	555,691	4.6
Industrials	FCYIX	34.85	14,349.11	500,067	3.0
Chemicals	FSCHX	162.27	2,717.19	440,918	4.4

Current Value (12/31/88 = \$100,000) **\$4,119,678** **3.3%**

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



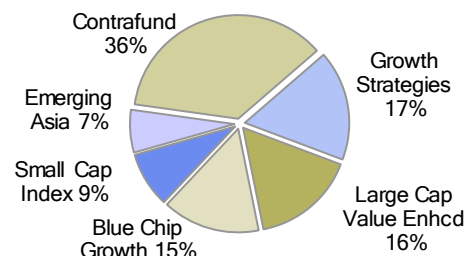
Growth Target Risk: 1.00 (Current: 1.02) Foreign Holdings: 10.5% **YTD Return: 5.3%**

Stocks: 98.6% Bonds: 0.1% Cash: 1.4% Alternatives*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	May Ret
Contrafund	FCNTX	\$130.86	7,923.75	\$1,036,902	4.1%
Growth Strategies	FDEGX	42.81	11,426.98	489,189	3.4
Large Cap Value Enhcd	FLVEX	13.08	35,091.98	459,003	0.9
Blue Chip Growth	FBGRX	96.34	4,465.05	430,163	5.0
Small Cap Index	FSSPX	21.70	11,320.99	245,665	6.1
Emerging Asia	FSEAX	44.66	4,246.83	189,663	2.0

Current Value (12/31/86 = \$100,000) **\$2,850,586** **3.4%**

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



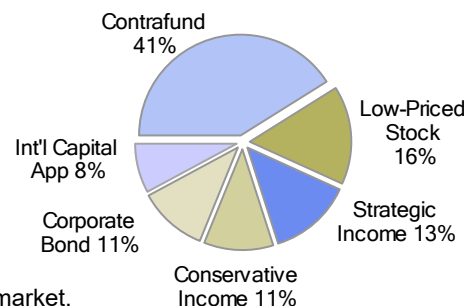
Growth & Income Target Risk: 0.66 (Current: 0.69) Foreign Holdings: 24.2% **YTD Return: 2.5%**

Stocks: 62.0% Bonds: 24.8% Cash: 4.2% Alternatives*: 9.0% Yield: 1.2%

Holdings	Ticker	NAV	Shares	Value	May Ret
Contrafund	FCNTX	\$130.86	2,202.26	\$288,187	4.1%
Low-Priced Stock	FLPSX	54.69	2,025.41	110,770	-0.7
Strategic Income	FADMX	12.23	7,615.50	93,138	0.0
Conservative Income	FCONX	10.04	7,712.93	77,438	0.2
Corporate Bond	FCBFX	11.21	6,872.54	77,041	0.3
Int'l Capital App	FIVFX	21.17	2,623.10	55,531	1.0

Current Value (12/31/93 = \$100,000) **\$702,105** **1.6%**

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



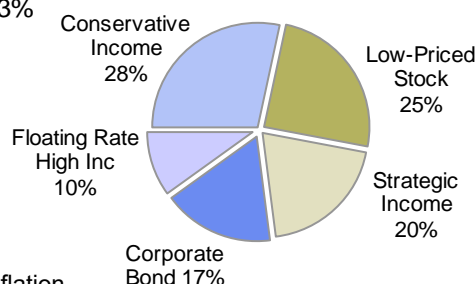
Income Target Risk: 0.33 (Current: 0.32) Foreign Holdings: 27.8% **YTD Return: -1.1%**

Stocks: 22.2% Bonds: 48.1% Cash: 6.6% Alternatives*: 23.1% Yield: 2.3%

Holdings	Ticker	NAV	Shares	Value	May Ret
Conservative Income	FCONX	\$10.04	11,314.51	\$113,598	0.2%
Low-Priced Stock	FLPSX	54.69	1,804.99	98,715	-0.7
Strategic Income	FADMX	12.23	6,549.53	80,101	0.0
Corporate Bond	FCBFX	11.21	6,087.81	68,244	0.3
Floating Rate High Inc	FFRHX	9.62	4,156.73	39,988	0.1

Current Value (12/31/91 = \$100,000) **\$400,645** **-0.1%**

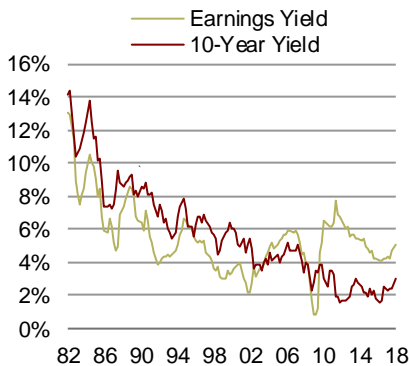
For members needing income and protection of their purchasing power against inflation.



means above average growth). You have to go all the way back to May 2010 for a substantially higher figure (.54).

Why 4-5% May Be Trouble

A common way of measuring the relative attractiveness of stocks versus bonds is to compare the yield on the 10-year Treasury with the earnings yield (E/P), of the S&P 500. Over roughly the last half century, the two yields have averaged roughly the same. But today, the earnings yield on the S&P 500 is 5.00% — well above the 10-year's 2.83%, making stocks more attractive than bonds. If the 10-year's yield reaches 5% (assuming the



earnings yield remains the same), bonds would be on roughly the same footing as stocks. Above that, bonds would provide stiff competition for stocks. We are far away from that level.

Last Thought On Rates

A lot of energy has been spent worrying about the number of Fed rate hikes this year. But with inflation running at 2.36%, the “real” Fed Funds rate (the nominal rate of 1.75% less inflation) is still negative and accommodative for stocks. At the current pace, it would take three more hikes before it even begins to pinch economic growth. ■

— John M. Boyd

FUNDS YOU SHOULD BUY NOW

Growth: **Blue Chip Growth**, **Growth Company** and **OTC** are aggressive large-cap options; **Contrafund** is more conservatively positioned. **Growth Strategies** provides mid-cap exposure. Style-agnostic, **Event Driven Opportunities** often “leans” towards mid-cap growth while the diversified **Low-Priced Stock** is more value-oriented. **Small Cap Index** provides low-cost exposure to nearly 2,000 smaller-cap stocks.

Growth & Income: **Large Cap Value Enhanced** provides exposure to attractively valued financials and health care, which also helps to boost its yield well above the S&P 500 (2.8% vs. 2.0%).

International: **Int’l Cap App** is a lower-risk approach to developed (and some developing) equity markets; **Emerging Asia** offers faster growth in industry “disruptors,” but with much higher risk.

High-Yield: **Strategic Income** moderates high-yield bond risk via diversification in multiple asset classes; **Floating Rate High Income** should benefit from rising short-term interest rates.

Taxable Bond: **Conservative Income Bond** limits interest-rate risk with its extremely short duration; **Corporate Bond** boosts its yield with lower-credit and more interest-rate-sensitive bonds.

Muni Bond: Our preferred choice is **Conservative Income Muni** (p. 11). ■

MODEL PORTFOLIO TRADES

As announced on our Hotline message of Friday May 25, on Tuesday May 29 we made the following model portfolio trades:

Growth Model:

We sold one-third of our position in **Growth Strategies** [FDEGX] (reducing its weight from 26% of the model down to 17%), and established a new, 9% stake in **Small Cap Index** [FSSPX] with the proceeds.

Annuity Growth Model:

We sold one-third of our position in **VIP Mid Cap** [FNBSB] (reducing its weight from 24% of the model down to 16%), and established a new, 8% stake in **VIP Disciplined Small Cap** [FPRGC] with the proceeds.

Remember that fund tickers differ among versions of Fidelity’s annuity offerings, so the above VIP tickers may not match yours, but the underlying funds are the same.

Model Trade Rationales and Notes:

Small-cap stocks turned a corner last month, and we believe that this market rotation has more room to run. (See “Portfolio Strategies” on p. 4.) The trades increase the models’ small-cap exposures to a bit more than a market-weight.

Small Cap Index (and all other index and Enhanced index funds at Fidelity), have both an Investor share class [FSPPX] and a lower-expense, higher-minimum share class called Premium shares [FSSVX]. Footnote #4 on the bottom of p. 6, notes this. While Fidelity claims to automatically move investors into Premium shares once minimums are met (and assuming they are available in your type of account), it’s always a good idea to check.

Separately, owing to recent merger activity, Advisor Strategic Income has been renamed by Fidelity to **Strategic Income**. (Yes, that’s the same name of the fund you held prior to its merger!)

Finally, with Fidelity executing a 10-for-1 share split last month, we’ve adjusted the number of **OTC** shares in our *Unique Opportunities Model* up to 16,099.96. Other holdings may also have share splits later this year. (See p. 11.) ■

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. 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 regularly scheduled Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). **Annuity Model Portfolios** are on p. 10.

PORTFOLIO STRATEGIES

Balancing Risk And Reward With Small Caps

In the ongoing tug of war between large- and small-cap stocks, the latter has recently gotten the upper hand. Whereas small-caps outperformed large-caps by over nine percentage points in 2016, last year, big caps outpaced small caps by seven percentage points.

Investors preferred large caps for two main reasons: 1. Global economic growth was strong, and large caps were seen as best positioned to benefit from that expansion; 2. On top of that, the dollar had been weak, making U.S. goods and services more attractive abroad, favoring large exporters.

But large-cap-lust started to wane in March, as investors grew concerned that economic growth in Europe and Japan was slowing. Add to that concern, White House rhetoric on tariffs, trade wars and embargoes, and investor angst over big caps accelerated: Small-caps outpaced large-caps by nearly four percentage points in March.

But with such concerns rising and falling daily, the performance difference between the large-cap S&P 500 and the small-cap Russell 2000 was a slim 0.7% in favor of the latter through the first quarter. Since then, small-caps have expanded their edge, particularly in May (up 6.1% versus 2.4%). For the year-

to-date, **Small Cap Index** is up 6.9% versus 2.0% for the **500 Index** fund.

Valuations & Growth

On the valuation front, the S&P 500's price-to-earnings ratio (P/E) remains relatively more attractive (less expensive) than small caps. That's despite the fact that big tech companies are selling at a premium (owing to their faster earnings growth) to other sectors. But there's another side to tech's P/E expansion: Roughly half of the S&P 500's 21.8% gain last year was fueled by only 17 big-cap stocks — nine of which are giant tech firms. So, it's not unreasonable to think that further P/E expansion (appreciation) may be harder to come by.

Moreover, after last year's large-cap outperformance, their valuation

% of Model	Small Value	Small Blend	Small Growth
Unique Opp's	2	1	5
Select	1	2	3
Growth	3	3	4
Growth & Inc	3	2	2
Income*	13	7	5

*% of equity exposure only

advantage has narrowed. Another plus: The 5-year earnings growth rate for small caps is projected to be about six percentage points higher than their larger brethren. That's not surprising. After all, small-caps tend to grow faster than bigger caps. But that inherent advantage may be ac-

celerating as corporate giants like Coca-Cola, Procter & Gamble, Colgate and others, have found themselves victims of diminishing consumer loyalty, and thus are finding it difficult to raise prices.

In the shorter term, the appreciating dollar (it rose 1.7% in May and is up 1.2% this year) is less of a headwind for domestically focused small-caps than for larger firms with significant exports.

Taken together, the price premium still afforded to large-caps may be eroding, leaving small-caps with an opportunity to move ahead.

Action Recommendation

Of course, stocks aren't driven by valuations alone — especially over the short term. Market sentiment is crucial, but that waxes and wanes amid presidential tweets, and each new data point on interest rates, inflation, and oil. For us, the bottom line is that we needed to replace the small-cap exposure we lost in our *Growth Model* when we had to sell the closed **Small Cap Growth** in February.

With the addition of **Small Cap Index**, that weight is now about 10%. And, while it's a volatile fund, its low correlation to other portfolio holdings means that the *Growth Model's* overall risk is up only fractionally at 1.02.

On a related note, we have upgraded our ratings on five small-cap funds. (See table on p. 5.) ■

— John Bonnanzio

HIGH YIELD

Emerging Market Bonds Lose Allure

The reach for yield is an understandable temptation, but it's also one fraught with risk — especially for income-hungry, risk-averse investors. With that in mind, we've lowered our rating to *Hold* from *OK to Buy* on one of Fidelity's best-run funds: **New Markets Income**.

Expertly managed since 1995 by

John Carlson, this week's bond meltdown in Italy — which went "viral" globally — is an unwelcome reminder higher yields mean higher risk. (U.S. Treasuries soared amid a flight to safety.) And nowhere is that truer than in the emerging markets. Alas, the yield on New Markets has risen to 4.92%, up from 4.64% just a month ago. But don't be tempted to bite!

Even before Italy, we had New Markets slated for a downgrade as

the rising dollar (up 1.7% in May) has contributed to a run on emerging market currencies as well as their bonds.

In light of this, we've also taken the team-run **Global High Income** down to *Hold* from *OK to Buy*. Though 84% of the portfolio is U.S. dollar-denominated, the remainder leaves the fund exposed to the ailing euro, while there's an 18% slug in emerging market debt — almost all of it corporates. ■

FUND COMMENTARY

Market Resets In May, Then Resets Again

“On-again, off-again” seemed to be the recurring theme in May.

Geopolitically, President Trump may have gotten visions of a Nobel Peace Prize dancing in his head when it was announced that he would meet in June with North Korean despot Kim Jong-un. Stocks didn’t exactly soar, but against the backdrop of a strong economy and healthy corporate earnings, easing nuclear tensions didn’t hurt. Of course, that historic meeting was called off last week by the president, but as of this week, it may be on again.

Also on-again, off-again: U.S. tariffs on steel and aluminum producers in the EU.

In the more mundane world of bonds, the 10-year Treasury soared back past 3.0% at one point. The usual culprit, a fear of rising inflation, was not the first suspect to be indicted by investors. Instead, rising oil prices (which briefly topped \$72 a barrel) and a strengthening economy were the primary perpetrators in that particular heist.

But just like that, Treasuries rallied back, helped by a selloff in oil. And, when investors suddenly remembered that Italy is still broke and may want to abandon the euro (sound familiar?), its bond selloff spread across Europe and into some emerging markets. But that mini-contagion only made Treasuries more attractive, and their yields fell even further (prices rose).

Finally, while small-caps continued to beckon, they were whipsawed amid the Italian Crisis. As with other asset classes, they’ve since regained their footing and are putting further distance between themselves and large caps.



John Bonnanzio

Market Indexes

Two tough days in the last week of the month stripped U.S. equity benchmarks of some of their luster. Still, they fared well in May as a whole — in fact, some fared exceptionally well!

The export-dependent Dow Industrials was the hands-down laggard with its comparatively modest gain of 1.4%, whereas the S&P 500 rose 2.4%. But that was chump change compared to the Nasdaq Composite’s 5.5% surge (chip makers and biotech pushed that gauge higher), and even that index was topped by small-cap stocks (see facing page). Notably, the Russell 2000 soared 6.1% in May. (Mid-caps rose a more modest 2.3%.)

For the year, all but one of the aforementioned indexes is in positive territory. The dawdler was the Dow, which was beset by its consumer component, its old-line industrials (GE and 3M), and even an old-line retailer (Wal-Mart).

Stock Funds

With small company shares blossoming in May, small-cap funds held most of the top slots performance-wise. Four of Fidelity’s seven such funds gained 6% or more. (Our new portfolio holding, **Small Cap Index**, gained 6.1%.) At the same time, tech-rich growth funds

(especially large-caps) also surged: **OTC** fared best (up 6.6%) and **Growth Company** rose 5.5%. As for Fidelity’s other widely held funds, **Blue Chip Growth** gained 5.0%, **Contrafund** was up 4.1% and **Magellan** returned 2.7%. For its part, **Low-Priced Stock** (down 0.7%) was weighed low by its significant stakes in foreign equities, both in the developed (29%) and emerging markets (7%).

International Funds

The stronger dollar was an added weight on unhedged stock funds. Thanks to its U.S. holdings, **Worldwide** (up 2.8%) was one of the best performers, whereas **Latin America** (down 14.8%) was, bar none, Fidelity’s poorest-performing fund.

Bond Funds

The 10-year Treasury rallied in May, yielding 2.83% in a volatile month for bonds. That’s 12 basis points lower from where it started the month, though its yield was as high as 3.11% mid-month. In fact, both short- and long-term bonds gained ground: The broadly diversified **U.S. Bond Index** rose 0.6%. That said, the volatile **Long-Term Treasury Index** (up 1.9%) recouped much of its prior losses. Still, it’s down 3.7% this year. ■

— John Bonnanzio

June Scorecard Rating Changes				
Fund	Ratings			Comments
	Old	New		
Advisor Strategic Inc	No Change			Name changed back to Strategic Income.
Capital Appreciation	H	B	↑	An alternative approach to playing large-cap growth.
Extended Mkt Index	H	B	↑	Tech disruptors playing a bigger role.
Global High Income	B	H	↓	The risk to emerging market debt is rising (see p. 4).
MS Emg Mkt Debt	B	H	↓	The risk to emerging market debt is rising (see p. 4).
New Markets Income	B	H	↓	The risk to emerging market debt is rising (see p. 4).
Small Cap Enh Index	S	B	↑	Small-cap stocks have room to grow (see p. 4).
Small Cap Index	H	B	↑	Small-cap stocks have room to grow (see p. 4).
Small Cap Stock	S	H	↑	Small-cap stocks have room to grow (see p. 4).
Stk Sel Small Cap	H	B	↑	Small-cap stocks have room to grow (see p. 4).
Total Int'l Equity	B	H	↓	Emerging market risk makes the fund less appealing.
VIP Disc Small Cap	S	B	↑	Small-cap stocks have room to grow (see p. 4).
VIP Dynamic Cap App	H	B	↑	Clone of Capital Appreciation (see above).

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, 2018

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) ¹	
					May	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr		
Comparative Indexes		S&P 500	2705.3		2.4	2.0	0.2	14.4	11.0	13.0	9.1	9.3	1.00	
		Nasdaq Composite	7442.1		5.5	8.3	2.6	21.3	15.0	18.0	12.7	11.9	1.25	
		Dow Jones Industrials	24415.8		1.4	-0.2	-1.9	18.9	13.5	12.8	9.7	9.7	1.09	
		Russell 2000 (Small Caps)	1633.6		6.1	6.9	8.4	20.8	11.0	12.2	9.6	10.6	1.36	
		Barclays Aggregate Bond*			0.6	-1.7	0.4	-0.7	1.2	1.8	3.5	1.7	0.27	
Model Portfolios		Unique Opportunities			3.7	4.9	1.6	17.5	10.3	11.8	7.3	11.0	1.17	
		Select Growth			3.3	4.5	0.8	17.0	10.9	14.4	9.2	11.0	1.20	
		Growth & Income			3.4	5.3	1.2	18.0	10.1	11.8	7.6	9.5	1.02	
		Income			1.6	2.5	0.3	11.0	8.0	9.6	6.5	7.9	0.69	
											Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH					Average	4.1	7.3	2.3	22.0	12.8	15.2	10.2	1.19	
312	FBGRX	Blue Chip Growth	96.34	Buy	5.0	9.8	3.5	24.3	14.6	17.4	12.6	1.25	\$19,867	
307	FDCAX	Capital Appreciation	37.88	OK to Buy↑	4.4	7.6	3.0	21.7	9.8	12.9	9.8	1.19	5,299	
22	FCNTX	Contrafund	130.86	Buy	4.1	8.5	1.6	22.4	14.4	15.4	10.2	1.09	96,072	
3	FFIDX	Fidelity Fund	47.08	Hold	2.4	4.1	-0.5	18.4	10.0	12.4	7.7	1.02	4,181	
333	FTQGX	Focused Stock	25.07	OK to Buy	5.0	10.7	4.1	29.5	13.0	13.8	10.1	1.17	2,048	
25	FDGRX	Growth Company (Closed)	198.48	Buy	5.5	11.1	2.9	28.7	17.3	18.9	12.8	1.38	27,598	
339	FDSVX	Growth Discovery	35.47	Buy	4.3	8.9	3.0	21.8	14.4	16.2	9.6	1.13	1,520	
73	FDFFX	Independence	39.31	Hold	2.8	5.4	1.1	20.4	7.3	12.2	6.5	1.32	3,592	
1829	FLGEX	Lrge Cap Growth Enhcd Index	19.86	OK to Buy	3.8	4.9	1.2	20.8	12.3	14.7	10.5	1.06	1,070	
2823	FSUIX	Lrge Cap Growth Index ⁴	14.21	OK to Buy	4.3	6.1	1.8	20.7	--	--	--	--	17	
21	FMAGX	Magellan	104.84	Hold	2.7	5.1	1.0	20.7	11.5	14.5	6.9	1.12	15,304	
1282	FNCMX	Nasdaq Composite Index	97.99	OK to Buy	5.5	8.1	2.6	20.8	14.8	17.8	12.5	1.25	5,818	
300	FMLX	New Millennium	41.00	OK to Sell	1.7	3.0	2.3	16.4	9.9	11.7	9.8	1.05	3,238	
93	FOCPX	OTC	12.17	Buy	6.6	10.8	4.0	25.1	17.7	20.8	14.1	1.53	12,711	
320	FDSSX	Stock Selector All Cap	45.94	OK to Sell	3.1	4.6	2.1	17.3	10.8	13.3	8.4	1.07	9,040	
5	FTRNX	Trend	105.08	OK to Buy	4.5	8.0	2.2	22.6	13.7	15.8	10.9	1.15	1,877	
LARGE CAP BLEND					Average	1.6	0.4	-0.3	13.0	8.8	11.5	8.0	1.04	
650	FUSEX	500 Index ⁴	94.80	Hold	2.4	2.0	0.2	14.3	10.9	12.9	9.1	1.00	3,761	
315	FDEQX	Disciplined Equity	38.82	Hold	1.3	0.1	-0.3	12.6	7.5	11.2	6.3	0.98	1,239	
330	FDGFX	Dividend Growth	32.10	Hold	0.1	-2.2	-2.5	9.9	6.8	10.3	8.3	0.96	5,856	
332	FEXPX	Export and Multinational	21.66	Hold	0.1	-2.5	-2.7	10.2	7.5	10.0	6.3	0.95	1,448	
27	FGRIX	Growth & Income	37.52	Hold	1.4	-0.6	0.0	11.5	8.3	10.6	5.9	1.13	6,045	
1827	FLCEX	Lrge Cap Core Enhcd Index	15.11	Buy	2.8	3.1	0.7	17.4	10.3	12.7	8.9	1.00	671	
338	FLCSX	Large Cap Stock	33.58	Hold	1.7	0.4	0.2	13.4	8.7	11.8	9.4	1.20	3,194	
361	FGRTX	Mega Cap Stock	17.41	Hold	1.5	-0.1	0.1	12.0	8.5	11.0	8.6	1.11	1,731	
397	FSTMX	Total Market Index ⁴	78.05	OK to Buy	2.8	2.5	1.1	15.0	10.6	12.7	9.2	1.01	795	
2939	FENSX	U.S. Sustainability Index	11.40	NA	1.6	1.6	0.4	13.6	--	--	--	--	7	
LARGE CAP VALUE					Average	0.5	-2.4	-1.2	7.9	6.4	9.6	6.3	1.02	
1271	FBCVX	Blue Chip Value	18.98	OK to Buy	-1.0	-3.2	-2.9	7.3	5.4	9.7	4.8	1.07	385	
319	FEQTX	Equity Dividend Income	26.81	OK to Buy	0.2	-3.0	-2.0	7.3	7.1	9.4	6.1	0.96	4,963	
23	FEQIX	Equity-Income	57.09	OK to Buy	0.9	-3.4	-2.0	5.8	6.4	8.4	5.8	1.00	5,302	
1828	FLVEX	Lrge Cap Value Enhcd Index	13.08	Buy	0.9	-0.9	-0.4	12.0	8.2	11.0	7.7	1.02	3,778	
2827	FLCDX	Lrge Cap Value Index ⁴	11.93	Hold	0.6	-2.0	-0.8	8.1	--	--	--	--	7	
708	FSLVX	Stock Sel Large Cap Value	20.32	Hold	0.9	-1.9	0.3	7.1	6.0	9.5	5.7	0.97	906	
832	FVDFX	Value Discovery	28.12	Buy	-0.3	-2.8	-2.0	6.7	5.9	10.2	6.9	0.96	2,322	
14	FSLSX	Value Strategies	41.11	OK to Sell	1.9	-2.3	0.3	9.1	5.6	8.9	7.5	1.17	376	
MID-CAP GROWTH					Average	3.4	4.1	0.8	14.6	7.6	12.6	7.7	0.92	
324	FDEGX	Growth Strategies	42.81	Buy	3.4	4.1	0.8	14.6	7.6	12.6	7.7	0.92	2,526	
MID-CAP BLEND					Average	3.0	2.8	3.2	14.9	8.7	11.7	8.7	1.07	
398	FSEMEX	Extended Market Index ⁴	65.22	OK to Buy↑	4.8	5.2	5.8	18.5	9.7	12.1	9.8	1.19	633	
2012	FMEIX	Mid Cap Enhanced Index	15.68	OK to Buy	2.0	0.2	0.7	12.9	7.8	12.0	9.4	1.04	1,277	
2349	FSCLX	Mid Cap Index ⁴	21.28	OK to Buy	2.3	1.6	2.1	12.4	8.4	11.6	--	1.03	75	
337	FMCSX	Mid-Cap Stock	39.28	OK to Buy	2.3	2.8	3.1	14.5	8.8	11.6	8.5	0.98	5,725	
2412	FSSMX	Stock Selector Mid Cap	41.76	OK to Buy	3.4	4.5	4.1	16.1	8.7	11.1	7.3	1.09	556	
MID-CAP VALUE					Average	0.4	-1.9	0.4	9.3	5.8	10.2	8.5	1.00	
316	FLPSX	Low-Priced Stock ⁵	54.69	Buy	-0.7	0.3	0.6	13.1	7.6	10.4	9.1	0.86	28,626	
762	FSMVX	Mid Cap Value	24.40	Hold	0.9	-4.0	-0.1	7.7	4.6	10.4	8.8	1.05	2,056	
39	FDVLX	Value	11.87	Hold	1.1	-2.0	0.8	7.1	5.2	9.8	7.4	1.11	6,931	

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, 2018

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	Assets (\$Mil)	
					May	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
SMALL CAP GROWTH					Average	6.6	13.1	8.0	32.3	15.5	16.8	11.7	1.17	
1388	FCPGX	Small Cap Growth (Closed)	27.98	Buy	6.6	13.1	8.0	32.3	15.5	16.8	11.7	1.17	\$3,121	
SMALL CAP BLEND					Average	4.9	5.1	6.4	16.6	8.7	11.1	9.5	1.24	
384	FSCRX	Small Cap Discovery (Closed)	30.57	Hold	3.2	2.2	3.2	10.9	6.9	9.3	12.5	1.19	4,571	
2011	FCPEX	Small Cap Enhanced Index	14.46	Buy↑	6.4	6.0	7.6	16.2	8.8	11.7	9.6	1.38	797	
2356	FSSPX	Small Cap Index ⁴	21.70	Buy↑	6.1	6.9	8.4	20.8	11.1	12.2	--	1.36	126	
340	FSLCX	Small Cap Stock	20.15	Hold↑	3.0	2.8	5.1	15.3	7.9	11.0	7.9	1.08	1,635	
336	FDSCX	Stock Selector Small Cap	28.43	Buy↑	6.0	7.4	7.6	19.7	9.0	11.1	8.1	1.18	1,130	
SMALL CAP VALUE					Average	2.2	0.7	3.5	13.3	9.9	10.9	11.1	1.01	
1389	FCPVX	Small Cap Value (Closed)	20.46	Hold	2.2	0.7	3.5	13.3	9.9	10.9	11.1	1.01	2,259	
SPECIALTY														
308	FCVSX	Convertible Securities	28.94	Hold	3.8	4.3	3.5	9.2	2.9	5.6	4.7	0.88	1,372	
2624	FARNX	Event Driven Opportunities	14.54	Buy	1.8	4.2	1.6	14.7	12.8	--	--	1.43	482	
2120	FFGCX	Global Commodity Stock	13.74	Hold	2.1	4.3	5.9	24.7	4.5	2.2	--	1.76	435	
122	FLVCX	Leveraged Company Stock	34.87	Buy	4.8	4.2	2.5	16.3	6.0	9.1	5.7	1.32	2,467	
1329	FSDIX	Strategic Dividend & Income	14.98	Hold	1.8	-1.2	1.1	5.3	6.7	8.2	6.5	0.74	2,952	
1505	FSRRX	Strategic Real Return	8.98	OK to Sell	1.1	1.1	2.8	4.9	1.9	1.0	2.1	0.42	296	
311	FIUIX	Telecom & Utilities	25.18	OK to Sell	-0.4	-0.8	4.2	3.3	6.0	9.2	6.2	1.02	918	
REAL ESTATE														
1368	FIREX	International Real Estate	11.79	Hold	-0.8	1.2	2.6	13.1	6.2	7.2	3.4	1.02	248	
833	FRIFX	Real Estate Income	11.87	Hold	1.9	-0.9	3.4	1.9	5.4	5.7	7.9	0.49	2,481	
2353	FRXIX	Real Estate Index ⁴	15.13	OK to Sell	4.0	-2.3	9.5	2.3	4.4	6.8	--	1.32	33	
303	FRESX	Real Estate Investment	40.83	OK to Sell	3.5	-2.2	8.9	1.7	5.7	7.3	6.6	1.30	3,719	
ASSET ALLOCATION														
328	FASIX	Asset Manager 20%	13.35	Hold	0.8	-0.1	0.6	3.1	3.0	3.6	4.2	0.30	4,829	
1957	FTANX	Asset Manager 30%	11.05	Hold	0.8	0.1	0.6	4.5	3.9	4.8	4.9	0.39	1,407	
1958	FFANX	Asset Manager 40%	11.71	Hold	0.9	0.4	0.7	5.9	4.7	5.8	5.4	0.48	1,529	
314	FASMX	Asset Manager 50%	18.35	Hold	1.1	0.6	0.7	7.4	5.4	6.7	5.9	0.58	8,948	
1959	FSANX	Asset Manager 60%	12.68	Hold	1.2	1.0	0.7	8.8	6.1	7.6	6.4	0.67	2,589	
321	FASGX	Asset Manager 70%	22.70	Hold	1.3	1.3	0.7	10.4	6.8	8.5	6.5	0.77	5,001	
347	FAMRX	Asset Manager 85%	19.90	Hold	1.5	1.9	0.8	12.7	7.9	9.9	7.0	0.91	2,260	
304	FBALX	Balanced	24.23	Buy	2.1	2.5	1.2	10.1	7.3	9.4	7.0	0.73	23,950	
355	FFNOX	Four-in-One Index	44.71	Hold	1.3	1.0	0.6	10.9	7.7	9.4	6.8	0.85	6,000	
334	FGBLX	Global Balanced (closed)												
1960	FDYSX	Global Strategies (closed)												
4	FPURX	Puritan	23.93	Buy	2.4	2.6	1.2	12.6	7.9	9.9	7.7	0.74	21,615	
INTERNATIONAL					Average	-1.1	-1.4	-2.5	11.7	6.7	7.3	3.3	1.24	
309	FICDX	Canada	52.99	OK to Sell	1.4	-3.1	3.0	10.2	3.4	3.8	0.4	1.10	1,021	
352	FHKCX	China Region	37.25	Hold	3.4	3.5	0.5	27.5	4.2	11.1	7.4	2.02	1,428	
325	FDIVX	Diversified International	39.48	OK to Buy	-0.4	-1.4	-1.1	7.0	3.9	7.0	2.3	1.14	10,604	
351	FSEAX	Emerging Asia	44.66	Buy	2.0	-0.8	-1.1	18.7	8.1	9.4	4.4	1.51	1,369	
2053	FEMEX	Emerg Europe, MidEast, Africa	9.84	Hold	-4.2	-4.9	-10.1	12.7	7.4	4.3	1.4	1.58	86	
322	FEMKX	Emerging Markets	31.79	OK to Buy	-1.6	-2.9	-4.4	16.9	9.2	6.6	0.6	1.39	4,113	
2374	FEDDX	Emerging Mkts Discovery	15.15	Hold	-3.0	-1.4	-4.5	13.0	8.0	5.6	--	1.33	305	
2341	FPEMX	Emerging Markets Index ⁴	11.09	Hold	-3.2	-2.8	-5.2	13.4	5.5	4.5	--	1.52	39	
301	FIEXX	Europe	41.14	OK to Buy	-0.8	-2.8	-2.2	5.9	3.3	5.9	2.3	1.31	1,120	
2406	FGILX	Global Equity-Income	14.12	Hold	0.6	-2.3	-1.3	8.7	5.8	8.7	--	0.90	75	
2345	FSGUX	Global ex U.S. Index ⁴	13.29	OK to Buy	-2.1	-1.9	-1.9	9.5	4.6	5.4	--	1.14	37	
335	FIVFX	International Cap App	21.17	Buy	1.0	0.5	0.0	13.3	8.6	9.9	5.4	1.10	2,355	
305	FIGRX	International Discovery	45.13	OK to Buy	-0.6	-1.2	-1.4	10.3	5.2	7.0	2.9	1.13	7,340	
2010	FIENX	International Enhanced Index	10.04	OK to Buy	-2.1	-1.0	-1.0	9.5	5.7	7.6	2.6	1.13	1,259	
1979	FIGFX	International Growth	13.62	OK to Buy	0.4	-0.5	-0.9	7.7	5.5	7.5	4.8	1.08	933	
399	FSIIX	International Index ⁴	42.56	Hold	-2.1	-1.4	-1.1	7.9	4.3	6.0	2.1	1.12	676	
818	FISMX	International Small Cap	29.98	Buy	-0.6	0.3	-0.7	14.5	11.1	11.5	6.8	0.97	1,555	
1504	FSCOX	International Small Cap Opps	19.69	Buy	-1.7	1.8	-1.3	15.1	10.2	11.2	4.8	1.03	1,059	
2986	FNIYX	International Sustainability Idx	10.84	NA	-2.3	-2.8	-2.6	8.1	--	--	--	--	5	
1597	FIVLX	International Value	8.75	Hold	-3.4	-3.4	-3.2	3.6	1.8	4.1	0.1	1.08	466	
350	FJPNX	Japan	15.67	Buy	-0.3	1.4	-2.0	16.1	9.3	8.2	2.3	1.13	188	
360	FJSCX	Japan Smaller Companies	19.08	Buy	-0.3	0.6	-1.5	20.0	14.8	12.7	8.5	0.94	866	
349	FLATX	Latin America	22.30	OK to Sell	-14.8	-8.9	-18.3	4.4	2.5	-5.3	-6.1	2.28	496	
342	FNORX	Nordic	51.44	OK to Sell	2.9	-3.5	-2.3	3.1	6.2	9.8	4.1	1.26	314	
94	FOSFX	Overseas	50.30	OK to Buy	-0.7	-0.8	-0.6	8.0	6.7	9.2	2.8	1.10	6,329	
302	FPBFX	Pacific Basin	35.44	OK to Buy	2.7	-0.1	-0.8	19.2	11.1	11.2	7.4	1.16	1,018	
2369	FTEMX	Total Emerging Markets	12.96	OK to Buy	-2.9	-4.3	-6.4	7.7	7.2	5.4	--	1.12	301	
1978	FTIEX	Total International Equity	9.14	Hold↓	-1.3	-1.8	-2.3	9.4	5.6	6.3	2.4	1.08	84	
2831	FTIGX	Total International Index ⁴	12.34	Hold	-1.9	-1.5	-1.6	10.1	--	--	--	--	19	
318	FWWFX	Worldwide	27.99	OK to Buy	2.8	6.0	2.1	20.0	9.5	10.8	6.6	1.08	1,885	

FIDELITY SCORECARD

MAY 31, 2018

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	Assets (\$Mil)	
					May	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
SELECT PORTFOLIOS					Average	2.5	2.8	2.3	15.3	8.8	11.5	8.8	1.58	
34	FSAIX	Air Transportation	78.33	Hold	3.4	-1.6	0.4	16.0	12.4	16.8	14.7	1.32	\$329	
502	FSAVX	Automotive	36.46	OK to Sell	3.8	2.2	1.1	18.1	3.3	8.3	8.4	1.69	49	
507	FSRBX	Banking	33.24	OK to Buy	1.5	1.6	-2.4	19.9	12.9	13.5	7.6	1.79	699	
42	F BIOX	Biotechnology	228.44	Hold	7.6	8.6	1.6	27.0	-0.6	15.1	17.1	2.75	8,766	
68	FSLBX	Brokerage & Investment	79.42	OK to Buy	1.1	2.1	-1.2	26.1	8.1	9.9	6.2	1.78	421	
69	FSCHX	Chemicals	162.27	Buy	4.4	-3.0	-0.3	16.7	11.1	12.2	10.9	1.63	1,663	
518	FSDCX	Communications Equipment	36.93	Hold	-0.1	9.2	0.5	15.9	8.6	12.0	7.2	1.38	237	
7	FDCPX	Computers	93.74	Hold	4.0	5.8	1.4	17.7	12.4	12.9	11.1	1.57	529	
511	FSHOX	Construction & Housing	58.77	Hold	4.2	-4.8	3.2	10.8	8.8	10.3	10.9	1.34	285	
517	FSCPX	Consumer Discretionary	43.59	Buy	1.7	6.9	1.5	17.3	11.4	13.5	12.5	1.17	386	
98	FSVLX	Consumer Finance	15.56	OK to Buy	2.6	0.3	-0.2	22.3	9.1	10.4	2.8	1.32	100	
9	FDFAX	Consumer Staples	76.15	Hold	-1.9	-12.2	-7.6	-14.1	0.8	5.0	7.2	1.08	890	
67	FSDAX	Defense & Aerospace	175.39	OK to Buy	2.9	8.2	-2.1	30.3	18.2	18.2	12.3	1.30	2,964	
60	FSENX	Energy	48.29	Hold	2.4	8.1	17.8	24.2	2.8	1.7	-1.4	2.21	1,909	
43	FSESX	Energy Service	46.78	Hold	-1.3	3.2	11.3	9.7	-3.8	-5.1	-6.1	2.60	452	
516	FSLEX	Environment & Alt Energy	24.58	OK to Buy	1.8	-4.6	-4.2	6.4	9.9	10.5	5.7	1.27	158	
66	FIDSX	Financial Services	109.74	Buy	-0.1	-1.5	-3.6	20.0	10.2	11.5	4.8	1.35	765	
41	FSAGX	Gold	19.25	Sell	0.0	-7.3	2.5	-5.3	4.9	-3.6	-5.6	3.44	1,041	
63	FSPHX	Health Care	242.93	Buy	4.6	12.6	6.9	22.5	4.9	17.6	15.4	1.57	6,804	
505	FSHCX	Health Care Services	89.55	Hold	0.6	5.3	2.7	17.5	8.1	15.9	13.0	1.35	825	
515	FCYIX	Industrials	34.85	Buy	3.0	-1.1	-1.6	12.5	9.8	11.4	9.4	1.27	740	
45	FSPCX	Insurance	66.17	Hold	-2.7	-5.1	-3.9	4.0	10.0	11.7	8.7	1.12	261	
353	FBSOX	IT Services	59.82	Buy	2.8	11.6	3.6	31.0	17.1	19.5	15.8	1.20	2,461	
62	F DLSX	Leisure	159.48	Hold	0.1	1.6	1.7	11.1	10.5	13.6	13.2	1.11	504	
509	FSDPX	Materials	83.68	OK to Buy	3.9	-3.2	-0.9	13.4	6.4	7.3	6.4	1.56	867	
354	FSMEX	Medical Technology & Devices	48.11	OK to Buy	4.8	14.4	9.0	20.8	15.2	20.7	14.3	1.43	4,565	
503	F B MPX	Multimedia	71.50	Hold	2.2	-4.6	-4.8	-3.4	3.0	8.9	11.6	1.44	424	
513	FSNGX	Natural Gas	24.90	Hold	2.7	4.5	15.9	8.6	-6.5	-4.0	-6.3	2.70	277	
514	FNARX	Natural Resources	31.21	Hold	1.9	3.7	13.5	19.1	0.5	0.3	-2.0	2.12	1,069	
580	FPHAX	Pharmaceuticals	18.95	Hold	1.7	2.7	1.3	3.4	-4.1	8.8	11.4	1.31	722	
46	FSRPX	Retailing	14.79	OK to Buy	2.8	12.0	3.9	27.0	18.4	19.0	18.2	1.17	2,567	
8	FSELX	Semiconductors	11.76	OK to Buy	11.6	11.5	5.9	30.6	22.9	27.0	15.7	1.76	3,760	
28	FSCSX	Software & IT Services	18.29	Buy	6.1	12.6	4.2	29.3	22.8	21.7	15.8	1.41	5,914	
64	FSPTX	Technology	180.42	Buy	6.2	11.7	3.1	28.4	22.3	21.9	14.4	1.53	6,286	
96	FSTCX	Telecommunications	53.42	Hold	-2.4	-8.0	-3.0	-6.1	3.9	6.3	6.0	1.07	237	
512	FSRFX	Transportation	99.24	OK to Sell	3.9	0.1	5.4	18.6	12.1	15.4	12.3	1.49	480	
65	FSUTX	Utilities	83.42	OK to Sell	1.4	5.1	9.2	9.8	8.9	10.9	6.4	1.17	667	
963	FWRLX	Wireless	9.83	Hold	0.6	-1.9	-3.6	4.4	7.2	9.9	7.3	1.15	244	
SECTOR ETFs					Average	1.7	-0.3	1.7	9.8	8.5		1.35		
	FDIS	MSCI Consumer Discretionary	41.43	OK to Buy	2.2	6.2	1.8	17.2	11.8	--	--	1.14	565	
	FSTA	MSCI Consumer Staples	30.09	Hold	-1.3	-11.7	-5.8	-9.3	3.2	--	--	1.04	245	
	FENY	MSCI Energy	21.25	Hold	3.6	6.6	16.0	20.5	0.8	--	--	1.98	645	
	FNCL	MSCI Financials	40.18	Buy	-0.1	-1.0	-3.7	19.0	13.6	--	--	1.43	1,570	
	FHLC	MSCI Health Care	40.77	Buy	1.5	2.3	-0.0	13.0	5.4	--	--	1.32	1,140	
	FIDU	MSCI Industrials	38.16	Buy	3.6	-1.0	-1.3	12.9	11.7	--	--	1.22	499	
	FTEC	MSCI Information Technology	55.54	OK to Buy	7.1	11.4	3.4	27.5	19.9	--	--	1.42	2,005	
	FMAT	MSCI Materials	33.94	Buy	2.4	-2.7	-0.9	12.7	8.0	--	--	1.62	285	
	FREL	MSCI Real Estate	23.81	OK to Sell	3.4	-2.5	7.7	3.3	5.5	--	--	1.23	369	
	FCOM	MSCI Telecomm Services	27.88	Hold	-3.4	-9.1	-5.0	-8.4	4.6	--	--	1.24	113	
	FUTY	MSCI Utilities	33.70	Sell	-0.4	-1.5	6.2	-0.3	9.2	--	--	1.24	292	
FACTOR ETFs					Average	2.5	2.2	0.9	15.2					
	FDVV	High Dividend	29.28	Hold	1.9	3.0	2.0	13.6	--	--	--	--	142	
	FD RR	Dividend for Rising Rates	30.55	OK to Buy	2.1	0.4	-0.7	12.2	--	--	--	--	312	
	FDLO	Low Volatility Factor	30.88	Hold	2.2	1.3	0.8	12.9	--	--	--	--	56	
	FD MO	Momentum Factor	33.24	OK to Buy	3.9	6.6	3.5	20.6	--	--	--	--	86	
	FQAL	Quality Factor	32.34	Hold	3.0	2.1	0.2	16.1	--	--	--	--	65	
	FVAL	Value Factor	32.68	OK to Buy	1.8	-0.1	-0.6	16.1	--	--	--	--	78	
	FIDI	International High Dividend	22.75	OK to Sell	-4.1	-9.8p	-2.5	--	--	--	--	--	14	
	FIVA	International Value	23.49	Hold	-2.9	-6.5p	-1.9	--	--	--	--	--	14	

FIDELITY SCORECARD

MAY 31, 2018

Fund No.	Fund Ticker	Fund Name	\$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	10 Yr			
TAXABLE BOND														
Average					0.5	-1.2	0.5	-0.4	1.1	1.4	3.3	2.70	5.1	0.27
2267	FCONX	Conservative Income Bond	10.04	Buy	0.2	0.8	0.5	1.5	1.1	0.8	--	2.01	0.2	0.02
2208	FCBFX	Corporate Bond	11.21	Buy	0.3	-2.6	-0.3	0.3	2.6	3.2	--	3.69	6.8	0.38
2423	FGBFX	Global Credit	8.93	Hold	-0.2	-2.3	-0.6	0.2	2.0	0.8	--	2.83	6.3	0.48
15	FGMNX	GNMA (Ginnie Mae)	11.14	OK to Buy	0.6	-1.2	0.6	-0.8	0.8	1.7	3.7	2.45	4.7	0.18
54	FGOVX	Government Income	10.00	Hold	0.8	-1.2	0.7	-1.0	0.6	1.2	3.1	2.36	5.7	0.27
794	FINPX	Inflation-Prot Bond (closed) ³	11.79	OK to Sell	0.3	-0.8	1.1	0.3	1.1	0.3	2.7	0.22*	5.3	0.30
2415	FSIQX	Inflation-Protected Index ^{3,4}	9.76	OK to Sell	0.3	-0.8	1.2	0.4	1.3	0.6	--	0.05*	5.3	0.31
32	FTHRFX	Intermediate Bond	10.58	Buy	0.5	-1.0	0.3	-0.8	1.1	1.5	3.6	2.90	3.9	0.20
452	FSTGX	Intermediate Gov't Income	10.25	Hold	0.6	-0.7	0.4	-1.1	0.3	0.7	2.4	2.29	3.7	0.20
1561	FIBIX	Intermediate Treasury Index ⁴	10.39	Hold	0.9	-1.7	0.7	-2.3	0.4	1.0	3.6	2.76	6.3	0.40
26	FBNDX	Investment Grade Bond	7.71	Buy	0.4	-1.7	0.2	-0.4	1.5	2.1	4.1	3.02	5.7	0.29
2622	FJRLX	Limited Term Bond	11.30	Buy	0.4	-0.5	0.3	-0.2	1.1	1.3	3.5	2.84	2.6	0.13
662	FFXSX	Limited Term Government	9.78	OK to Buy	0.5	-0.4	0.4	-0.7	0.1	0.5	1.7	2.17	2.6	0.13
1562	FLBIX	Long-Term Treasury Index ⁴	12.64	Hold	1.9	-3.7	2.5	-0.4	1.8	3.5	6.0	2.92	17.1	0.93
40	FMSFX	Mortgage Securities	10.93	OK to Buy	0.6	-1.1	0.6	-0.5	1.1	2.0	3.8	2.54	5.1	0.20
450	FSHBX	Short-Term Bond	8.52	OK to Buy	0.4	-0.1	0.4	0.2	0.8	0.9	1.7	2.40	1.7	0.07
3038	FNSJX	Short-Term Bond Index ⁴	9.82	OK to Buy	0.4	-0.5	0.3	--	--	--	--	2.68	--	--
1560	FSBIX	Short-Term Treasury Index ⁴	10.22	Hold	0.4	-0.4	0.4	-0.8	0.3	0.5	1.6	2.47	2.7	0.13
820	FTBFX	Total Bond	10.38	Buy	0.4	-1.4	0.3	-0.1	2.1	2.6	4.7	3.23	5.6	0.28
651	FBIDX	U.S. Bond Index	11.27	Hold	0.6	-1.7	0.4	-0.7	1.2	1.8	3.5	2.98	6.0	0.27
HIGH-YIELD BOND														
Average					-0.1	-0.6	-0.4	2.6	4.2	4.3	6.3	4.57	3.5	0.48
38	FAGIX	Capital & Income	10.23	OK to Buy	1.4	0.9	0.6	6.0	5.3	6.5	8.3	3.90	3.6	0.56
814	FFRHX	Floating Rate High Income	9.62	Buy	0.1	1.7	0.7	3.7	3.6	3.3	4.1	3.65	0.2	0.28
1366	FHIFX	Focused High Income	8.43	OK to Buy	-0.1	-1.5	-0.4	1.1	3.2	3.6	5.7	4.54	4.2	0.46
2297	FGHNX	Global High Income	9.50	Hold	-0.9	-1.4	-1.3	2.9	4.5	4.5	--	4.92	3.6	0.54
455	SPHIX	High Income	8.80	OK to Buy	0.1	0.3	0.3	3.3	4.8	4.6	7.0	5.62	3.5	0.57
331	FNMIX	New Markets Income	15.25	Hold	-1.4	-4.2	-2.9	-1.6	5.3	4.1	7.0	4.92	6.4	0.65
2580	FSAHX	Short Duration High Income	9.41	OK to Buy	0.2	0.4	0.4	2.2	2.7	--	--	4.47	2.3	0.43
3082	FADMXX	Strategic Income	12.23	Buy	-0.0	-0.7	-0.4	2.6	3.8	3.6	5.8	--	4.2	0.38
MUNICIPAL BOND														
Average					1.0	-0.5	1.0	1.0	2.3	2.7	3.8	2.26	5.7	0.30
434	FSAZX	Arizona Muni Income	11.85	OK to Buy	1.2	-0.8	1.3	0.8	2.6	3.0	4.2	2.26	6.7	0.34
1534	FCSTX	Calif Limited Term Tax Free	10.49	OK to Buy	0.7	0.0	0.4	-0.1	1.1	1.3	2.5	1.68	3.0	0.18
91	FCTFX	California Muni Income	12.73	OK to Buy	1.4	-0.6	1.3	1.3	2.7	3.3	4.4	2.23	6.5	0.34
407	FICNX	Connecticut Muni Income	11.21	OK to Buy	1.2	-0.4	1.2	0.6	2.2	2.5	3.7	2.59	6.5	0.34
2578	FCRDXX	Conservative Income Muni	10.01	Buy	0.2	0.5	0.2	0.8	0.7	--	--	1.50	0.7	0.04
36	FLTXX	Interm Municipal Income	10.24	OK to Buy	1.0	-0.3	0.9	1.0	2.2	2.2	3.5	2.25	4.8	0.26
404	FSTFX	Limited Term Muni Income	10.44	OK to Buy	0.6	0.0	0.3	0.1	1.0	1.0	2.1	1.80	2.6	0.16
429	SMDMX	Maryland Muni Income	11.15	OK to Buy	1.0	-1.1	1.1	0.6	2.5	2.6	3.8	2.28	6.8	0.34
70	FDMMX	Mass Muni Income	11.98	OK to Buy	1.2	-0.8	1.2	1.2	2.6	2.9	4.1	2.39	6.9	0.34
81	FMHTX	Michigan Muni Income	11.99	OK to Buy	1.1	-0.7	1.1	1.1	2.6	2.8	4.0	2.31	6.3	0.32
82	FIMIX	Minnesota Muni Income	11.42	OK to Buy	1.0	-0.8	1.0	0.4	2.2	2.3	3.6	2.12	5.8	0.30
37	FHIGX	Municipal Income	12.79	OK to Buy	1.4	-0.7	1.4	1.8	3.0	3.3	4.4	2.65	6.9	0.36
416	FNJHX	New Jersey Muni Income	11.66	OK to Buy	1.1	-0.6	1.2	2.7	3.4	2.8	4.0	2.55	6.2	0.36
71	FTFMX	New York Muni Income	12.94	OK to Buy	1.1	-0.9	1.0	0.6	2.5	2.9	4.1	2.33	6.7	0.33
88	FOHFX	Ohio Muni Income	11.92	OK to Buy	1.3	-0.9	1.2	1.0	2.9	3.3	4.3	2.42	7.3	0.36
402	FPXTX	Pennsylvania Muni Income	10.97	OK to Buy	1.1	-0.5	1.2	1.3	2.6	3.0	4.2	2.43	6.6	0.30
90	FTABX	Tax-Free Bond	11.33	OK to Buy	1.2	-0.7	1.2	1.7	3.1	3.3	4.6	2.68	6.9	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	0.12	0.50	1.44	433	FSAXX	Arizona Muni MM	0.08	0.38	0.75
458	SPAXX	Government MM	0.12	0.48	1.39	97	FCFXX	California Muni MM	0.08	0.37	0.77
631	FGMXX	Retirement Gov't MM	Merged into SPAXX			457	FSPXX	California AMT Tax-Free	0.10	0.43	0.91
630	FRTXX	Retirement Gov't MM II				418	FCMXX	Connecticut Muni MM	0.09	0.38	0.81
2742	FZFXX	Treasury MM	0.12	0.48	1.39	426	FMSXX	Mass AMT Tax-Free	0.09	0.42	0.87
415	FDLXX	Treasury Only MM	0.12	0.47	1.42	74	FDMXX	Massachusetts Muni MM	0.08	0.36	0.76
PRIME MONEY MARKETS						420	FMIXX	Michigan Muni MM	0.08	0.35	0.65
454	SPRXX	Money Market	0.14	0.61	1.71	417	FNJXX	New Jersey Muni MM	0.08	0.36	0.75
NATIONAL MUNICIPAL MONEY MARKETS						423	FSJXX	New Jersey AMT Tax-Free	0.10	0.44	0.91
10	FTEXX	Municipal Money Market	0.09	0.42	0.93	92	FNYYX	New York Muni MM	0.08	0.37	0.78
275	FMOXX	Tax-Exempt MM	0.09	0.39	0.87	422	FSNXX	New York AMT Tax-Free	0.10	0.44	0.94
						419	FOMXX	Ohio Muni MM	0.08	0.36	0.80
						401	FPTXX	Pennsylvania Muni MM	0.08	0.36	0.78

FIDELITY SCORECARD

MAY 31, 2018

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹
						May	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model					3.3	4.2	0.5	17.1	12.4	14.7	9.9	1.20
	Annuity Growth Model					2.9	4.5	1.5	15.7	9.3	11.2	6.4	1.06
	Annuity Growth & Income Model					1.8	1.2	0.6	8.1	5.6	7.7	5.8	0.71
	Annuity Income Model					0.3	-1.6	-0.6	1.8	3.1	3.7	4.4	0.34
9067	FLRQC	Fid VIP Asset Manager	Allocation	20.31	Hold	1.1	0.5	0.6	7.0	3.9	6.1	4.7	0.63
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation	21.46	Hold	1.3	1.2	0.7	10.0	4.9	7.7	5.0	0.84
9069	FJBAC	Fid VIP Balanced	Allocation	24.76	Buy	2.1	2.2	1.0	9.6	7.0	8.9	7.1	0.74
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	31.83	Buy	1.7	6.7	1.4	17.2	11.1	13.1	12.3	1.14
9171	FCSAC	Fid VIP Consumer Staples	Sector	23.64	Hold	-1.9	-12.3	-7.6	-11.3	3.3	6.9	8.0	1.07
9065	FPDFC	Fid VIP Contrafund	Large Growth	27.99	OK to Buy	2.0	2.9	0.7	12.6	8.9	11.8	7.8	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	22.60	Buy↑	6.4	5.8	7.6	15.7	8.3	11.2	9.0	1.38
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	30.83	OK to Buy↑	4.4	7.3	2.8	21.0	9.1	12.7	9.5	1.20
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	11.28	Buy	-1.7	-3.1	-4.5	16.4	8.8	6.2	0.9	1.38
9085	FJLLC	Fid VIP Energy	Sector	17.58	Hold	2.4	8.0	17.7	23.9	2.5	1.4	-1.5	2.21
9061	FLOLC	Fid VIP Equity-Income	Large Value	21.07	Buy	0.9	-3.4	-1.9	5.7	6.0	8.0	5.9	1.01
9083	FONNC	Fid VIP Financial Services	Sector	14.60	Buy	-0.0	-1.6	-3.6	19.9	10.0	11.3	4.7	1.35
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.33	Buy	0.1	1.6	0.7	3.3	3.4	--	--	0.24
9157	FMPAC	Fid VIP FundsManager 20	Allocation	15.34	Hold	0.8	-0.3	0.6	2.9	2.4	3.2	3.4	0.28
9158	FMPBC	Fid VIP FundsManager 50	Allocation	18.07	Hold	1.2	0.5	0.7	7.0	4.7	6.2	5.0	0.56
9197	FMPCC	Fid VIP FundsManager 60	Allocation	17.35	Hold	1.3	0.8	0.7	8.4	5.7	7.3	5.6	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation	19.38	Hold	1.4	1.1	0.6	9.9	6.3	8.1	5.7	0.75
9160	FMPDC	Fid VIP FundsManager 85	Allocation	20.17	Hold	1.6	1.8	0.8	12.4	7.7	9.7	6.2	0.91
9062	FMNDC	Fid VIP Growth	Large Growth	31.21	Buy	4.4	9.0	3.1	22.0	14.3	16.0	9.1	1.14
9070	FLFNC	Fid VIP Growth & Income	Large Blend	25.48	Hold	1.5	-0.7	0.0	11.2	8.0	10.3	7.3	1.13
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	31.98	Buy	5.4	10.3	4.1	24.9	13.7	15.4	9.4	1.28
9084	FPDRC	Fid VIP Health Care	Sector	44.76	Buy	4.6	12.5	6.6	23.1	4.7	17.4	15.3	1.57
9060	FBBLC	Fid VIP High Income	High-Yield Bond	20.56	OK to Buy	0.2	-0.7	-0.1	1.7	3.4	3.7	5.8	0.54
9064	FXVLT	Fid VIP Index 500	Large Blend	27.60	Hold	2.4	1.9	0.1	14.0	10.6	12.6	8.8	1.00
9082	FBALC	Fid VIP Industrials	Sector	34.88	Buy	3.1	-1.1	-1.6	12.3	9.6	11.3	9.4	1.26
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	20.98	Buy	1.0	0.4	-0.1	13.1	8.4	9.6	5.2	1.10
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	16.10	Buy	0.5	-1.7	0.3	-0.4	1.6	2.0	4.0	0.29
9172	FVMAC	Fid VIP Materials	Sector	22.55	Buy	3.9	-3.4	-1.0	12.9	5.9	7.0	6.2	1.55
9071	FNBSC	Fid VIP Mid Cap	Mid Growth	29.72	Buy	1.8	2.5	0.9	16.2	8.6	11.3	8.2	1.13
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.43	--	0.1	0.4	0.3	0.8	0.2	0.0	0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	18.05	OK to Buy	-0.7	-1.0	-0.7	8.1	4.3	6.8	2.0	1.19
9072	FFWKC	Fid VIP Real Estate	Sector	22.96	OK to Sell	3.3	-2.8	8.6	0.6	3.5	6.1	6.1	1.28
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	19.46	Buy	-0.1	-0.8	-0.4	2.1	3.3	3.1	5.3	0.36
9086	FYENC	Fid VIP Technology	Sector	48.34	Buy	6.4	12.2	3.4	28.9	22.0	21.5	14.4	1.53
9173	FVTAC	Fid VIP Telecommunications	Sector	15.31	Hold	-2.4	-8.1	-3.1	-6.3	3.7	6.0	5.8	1.08
9087	FXRRC	Fid VIP Utilities	Sector	28.58	OK to Sell	1.4	5.1	9.3	9.7	8.7	10.7	6.4	1.18
9079	FKMSC	Fid VIP Value	Large Value	22.95	OK to Buy	1.5	-1.2	0.4	9.0	6.1	9.7	7.0	1.07
9073	FRBSC	Fid VIP Value Strategies	Mid Value	23.69	OK to Sell	1.9	-2.3	0.2	8.8	4.7	8.3	7.0	1.18
9347	FBMEC	Black Rock Global Allocation	Global Allocation	13.59	Hold	-0.1	-1.1	-1.5	4.5	3.1	4.7	4.0	0.64
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.04	OK to Sell	-2.4	-0.2	-0.8	-0.8	-0.5	0.3	4.8	0.57
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.25	Hold	0.5	-1.3	0.4	-1.2	-0.0	0.5	2.2	0.16
9285	FIGXC	Invesco Global Core Eqty	Global Stock	14.15	Hold	-0.5	-1.5	-1.8	10.7	5.9	7.4	2.4	1.06
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	16.86	Hold	-6.8	-7.9	-10.8	3.7	4.0	2.0	1.3	1.60
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	18.39	Hold↓	-1.8	-5.3	-3.2	-2.6	2.7	1.9	4.7	0.62
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	15.05	OK to Buy	-4.8	-6.0	-8.2	6.6	4.5	2.3	0.1	1.43
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	13.96	Hold	-1.2	-1.2	-1.6	6.1	3.8	4.6	1.3	0.73
9346	FPMEC	Pimco Commodity Real Return	Commodities	6.32	OK to Sell	1.4	3.1	3.4	10.5	-2.8	-7.6	-6.8	1.20
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	11.59	Buy	0.1	-0.5	-0.1	0.1	0.4	0.5	--	0.10
9277	FPNBC	Pimco VIT Real Return	TIPS	13.02	OK to Sell	0.1	-1.0	0.8	0.2	1.1	0.2	--	0.32
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	13.24	Hold	0.3	-1.9	-0.2	-0.4	1.4	1.5	--	0.28

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	28%	VIP Growth	34%	VIP Growth	35%	VIP Equity Income	25%
VIP Financial Services	24	VIP Growth Opps	18	VIP Equity-Income	19	Pimco VIT Low Duration	25
VIP Industrials	13	VIP Equity-Income	17	VIP Strategic Income	16	VIP Investment Grade	21
VIP Cons Discretionary	13	VIP Mid Cap	16	VIP Int'l Cap App	10	VIP Strategic Income	19
VIP Materials	11	VIP Disciplined Sm Cap	8	VIP Investment Grade	10	VIP Floating Rate HI	10
VIP Health Care	11	VIP Emerging Markets	7	PIMCO VIT Low Dur	10		
Total Return:		Total Return:		Total Return:		Total Return:	
May: 3.3% YTD: 4.2%		May: 2.9% YTD: 4.5%		May: 1.8% YTD: 1.2%		May: 0.3% YTD: -1.6%	

PORTFOLIO MANAGEMENT

Several Funds Split Shares; More To Follow Later This Year?

As noted in the Special Report posted on our website (and last month's Hotlines), Fidelity took the unprecedented step of executing a 10-for-1 share split for some of its funds on May 11.

Initially, the company said that more would follow on June 8, but for reasons still unknown (perhaps a complete lack of notification to fund shareholders on the first go-around?), that date "has

Example	NAV/Share	# of Shares	Total Value
Before Split	\$100	100	\$10,000
After Split	\$10	1,000	\$10,000

been deferred until further notice." Nevertheless, as one split was a model portfolio holding (see table), we have adjusted those shares accordingly on p. 2.

In a handful of cases, splitting fund shares has become a necessity, says Fidelity, as their NAVs (net asset value) have risen dramatically over the past several decades. This, they claim, can be an obstacle to smaller investors. Notably, all the affected funds have NAVs topping \$100. Most importantly, **share splits do not change the value of your current fund holdings, nor are there any tax consequences.** The bottom line is this: Despite the rather dramatic sound of a 10-for-1 share split, you are none the better or worse for this change. ■

Fund Share Splits		
Fund	Ticker	Date
OTC*	FOCPX	11-May
Value	FDVLX	11-May
Select Retailing	FSRPX	11-May
Select Semiconductors	FSELX	11-May
Select Software & IT Svs	FSCSX	11-May
Contrafund*	FCNTX	TBA
Growth Company	FDGRX	TBA
Magellan	FMAGX	TBA
Select Biotechnology	FBIOX	TBA
Select Chemicals*	FSCHX	TBA
Select Defense & Aero	FSDAX	TBA
Select Financial Svs*	FIDSX	TBA
Select Health Care*	FSPHX	TBA
Select Leisure	FDLSX	TBA
Select Technology*	FSPTX	TBA

*Denotes a model portfolio holding.

This table shows only retail share classes of funds. Class K shares and Advisor shares of the above funds may also experience share splits. "TBA" means To Be Announced.

INCOME INVESTING

Economy & Taxes Add To Munis' Allure

As with taxable bond funds, munis enjoyed a nice pop in May. While Treasuries and U.S. corporate bonds benefited from jittery investors shedding stocks — especially on one particularly memorable day this week! — while seeking the relatively safe harbor of bonds, munis should continue to enjoy some price support from the strong economy.

Combine today's record-low unemployment rates across the country, with respectable GDP growth, rising home prices, and even slightly higher paychecks, and you wind up with state and local government coffers that, in aggregate, are in better shape than a year earlier.

(Robust stock market gains have translated into more long-term capital gain taxes — a nice bonus for wealthier, high-tax states like Connecticut, New York, and especially California.)

In 2017, excessive spending and other fiscal misdeeds (including tax

cuts) contributed to budget shortfalls. That forced some states, municipalities and local agencies to tap rainy day funds; others raised taxes and/or fees just to meet their current budget obligations.

Needless-to-say, when muni bond issuers find it easier to pay the interest on their bonds, investors worry less. And, when balance sheets are improved (have more cash on hand), a credit upgrade can greatly enhance the value of their bonds. (It also lowers their borrowing costs in the future.)

While rising interest rates and inflation are concerns to all types of bond investors, over the longer term, the new federal tax law (signed on December 22, 2017) does provide munis with some allure. As you may

	SEC % Yield	2018 Federal Tax Brackets				
		22%	24%	32%	35%	37%
Arizona Muni	2.26	3.04	3.12	3.48	3.87	4.00
Calif Ltd-Term	1.68	2.48	2.55	2.85	3.17	3.27
California Muni	2.23	3.30	3.38	3.78	4.20	4.34
Conn Muni	2.59	3.57	3.66	4.10	4.55	4.70
Cons Inc Muni	1.50	1.92	1.97	2.21	2.45	2.53
Interm Muni	2.25	2.88	2.96	3.31	3.68	3.80
Ltd-Term Muni	1.80	2.31	2.37	2.65	2.94	3.04
Maryland Muni	2.28	3.10	3.18	3.56	3.95	4.09
Mass Muni	2.39	3.23	3.31	3.70	4.12	4.25
Michigan Muni	2.31	3.09	3.17	3.55	3.94	4.08
Minnesota Muni	2.12	3.01	3.09	3.46	3.84	3.97
Muni Inc	2.65	3.40	3.49	3.90	4.33	4.48
NJ Muni	2.55	3.59	3.69	4.12	4.58	4.73
New York Muni	2.33	3.28	3.36	3.76	4.18	4.32
Ohio Muni Inc	2.42	3.27	3.35	3.75	4.16	4.30
Pennsyl Muni	2.43	3.21	3.30	3.69	4.10	4.23
Tax-Free Bond	2.68	3.44	3.53	3.94	4.38	4.53

Munis cont'd on page 12

know, state and local tax deductions now have a \$10,000 cap. That's a problem for many people with significant incomes. However, **muni income is still federally tax-free.** (As is interest from state taxes on bonds within your state of residence, and often local bonds, too.) Potentially triple-tax free, income-oriented investors will still find that many muni funds' tax-equivalent yields make more sense than higher-yielding taxable bonds with similar interest-rate risk. In fact, the higher one's tax bracket, the more sense munis make.

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, Dividend for Rising Rates, Event-Driven Opps, Focused High Inc, Global High Inc, High Dividend, High Inc, Int'l High Dividend, Int'l Value Factor, 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 Inc, 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	5/11	0.052	11.75
Magellan	5/11	5.065	105.37

But there is interest-rate risk. **Intermediate Treasury Index** (a taxable fund) has very little credit risk, but does have a lengthy (high) duration of 6.3 years. (That suggests that a 1% rise in interest rates will result in a 6.3% decline in the fund's value, whereas the inverse of that is also true.) It yields 2.76%.

At the same time, **Muni Income** fund, with a similar duration, yields a bit less at 2.65%.

By comparison, the Muni Income's tax-equivalent yield for investors in the 22% federal tax bracket is 3.40%, and that figure rises all the way up to 4.48% for those in the 37% bracket (see table on p. 11). (Where applicable, our estimated tax-equivalent yields account for the 3.8% Affordable

Care Tax, as well as the appropriate state tax bracket.)

It's difficult to know over the short-term how government budgets will be managed (or mismanaged), and for that matter, how the fixed-income markets will perceive the twin risks of inflation and rising interest rates. But, Fidelity investors can take solace in that every muni (and taxable) bond held by their funds has been fully researched by Fidelity's expansive team of nearly 200 analysts and managers.

For our part, we rate all but one muni fund *OK to Buy*; **Conservative Income Muni** is the lone *Buy* owing to its minimal interest-rate risk. (It's a reasonable, though riskier, money-market substitute.) ■

— John Bonnanzio

Inside Fidelity

Share Splits — Fidelity has postponed the second wave of its 10-for-1 share splits. See p. 11.

House Cleaning — Following an internal investigation, approximately 200 Fidelity employees from around the country have been either fired or allowed to resign by the company. Fidelity said it took this step upon discovering that some employees (many were in its brokerage unit) had participated in a fraudulent reimbursement scheme.

The scam (**which did not affect any customers or their accounts**) took advantage of an otherwise progressive corporate benefit whereby exercise equipment and home/office computers were eligible for a partial reimbursement from the company.

However, after certain individuals received their reimbursements, they next returned the goods and pocketed the difference. Some em-

ployees are said to have done this multiple times.

While it's unlikely that much money was made through the scam, Fidelity correctly recognized that stealing any amount of money reveals a serious character flaw — one that is especially unacceptable inside a company that custodies \$6.8 trillion in assets!

Health Care — In its annual study of health care costs, Fidelity estimated that a 65-year-old couple retiring in 2018 will need \$280,000 to cover those expenses throughout retirement. A single male would need \$133,000 and a female would need \$147,000. These figures are up about 2% from the prior year. ■

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