

# FIDELITY MONITOR & INSIGHT

JUNE 2019

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## MESSAGE FROM JACK

### M/Y Ratio Turning Favorable

Eighteen years ago it was a major concern: “Who will buy stocks when the baby boomers retire?” At the time, employee 401(k) contributions were robust and stock valuations were high, but the market was entering a period of demographic transition.

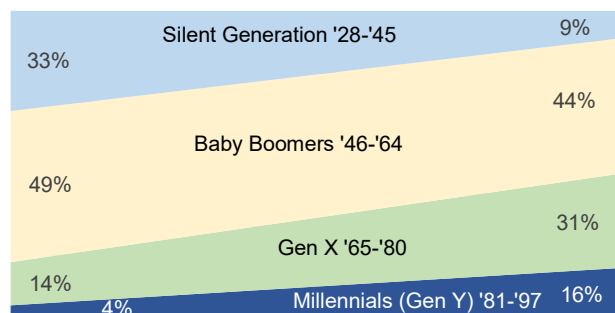


Jack Bowers

Clearly, the period from the end of 2001 through 2018 was a challenging one for investors. The dot-com bust spread into the general stock market, then not many years later the 2008 Financial Crisis hit. Fidelity 401(k)

portfolios shifted from net contributions to net redemptions. Boomers took profits as the market recovered, with many embracing indexing while boosting exposure to bonds and cash.

#### Generational Share of Net Household Wealth



2015 Source: Deloitte Center for Financial Services 2030

While retiring baby boomers are reallocating their assets away from stocks and into bonds and cash, millennials (individuals roughly between the ages of 22 to 38) are starting to offset that shift as they increase their retirement savings — mostly into stocks. Over the long-term, this will help to support equity prices.

Without the massive increase in corporate stock buyback programs, it might have been a rather ugly period. But the S&P 500 still managed an 18-year annualized return of about 7% per year, rewarding those who managed to avoid the market-timing trap.

So what happens next? The developers of the Medium-Young (M/Y) Ratio may have the answer. Their indicator compares the size of the nation’s biggest saving group (mostly the so-called Generation X demo-

**M/Y Ratio** *cont'd on page 11*

## MARKET OUTLOOK

### Trade Hangs Over Markets

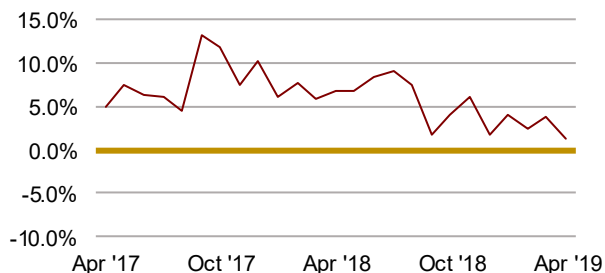
On May 5, President Trump tweeted he was raising the tariffs on \$200 billion of Chinese goods from 10% to 25% and threatened to impose a 25% tariff on an additional \$325 billion of Chinese goods “soon.” China quickly responded by raising tariffs on certain U.S. goods by 5% to 25%. This escalation in the trade dispute (now add Mexico!), at a time when global growth is already weakening, sent stocks tumbling (and bonds rising) last month. The S&P 500 fell 6.4% for the month while **U.S. Bond Index** rose 1.8% (see p. 4).



John M. Boyd

Of course, concerns over trade have been overhanging the markets for some time, but the difference now is that many market participants are coming to the belief that this dispute has become a full-blown “war” — and wars can last for a very long time. While the direct effects on the U.S. economy may not be large, the effect on business investment is a bigger worry. Orders for non-defense capital goods excluding aircraft (a proxy for business investment) are already showing close to zero growth (see chart below). Continuing uncertainty around trade is likely to increasingly weigh on corporate spending plans which could lead to slower growth. And that, in turn, could continue to weigh on stocks.

#### Non-Defense Capital Goods Ex-Aircraft (Year/Year % change in new orders)



However, that could all change this month as Trump is expected to meet with Chinese President Xi Jinping at the G20 summit. A positive statement out of that meeting could be the balm the markets need. But we have had numerous head-fakes on the likelihood of a deal before, so the markets may not be as accepting this time.

**Market Outlook** *cont'd on page 3*

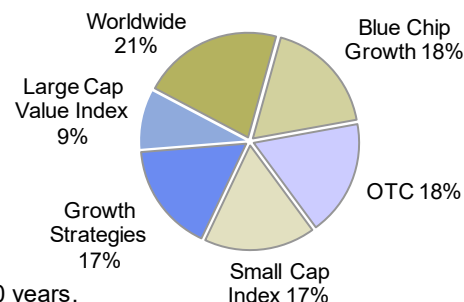
**Unique Opportunities** Target Risk: 1.20 (Current: 1.11) Foreign Holdings: 11.7% **YTD Return: 12.7%**

Stocks: 99.3% Bonds: 0.0% Cash: 0.8% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	May Ret
Worldwide	FWWFX	\$25.97	4,539.80	\$117,899	-5.0%
Blue Chip Growth	FBGRX	94.26	1,038.16	97,857	-8.2
OTC	FOCPX	11.36	8,601.69	97,715	-8.1
Small Cap Index	FSSNX	18.84	4,957.80	93,405	-7.8
Growth Strategies	FDEGX	44.21	2,073.63	91,675	-4.0
Large Cap Value Index	FLCOX	11.77	4,218.94	49,657	-6.4

**Current Value (3/31/99 = \$100,000) \$548,208 -6.6%**

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



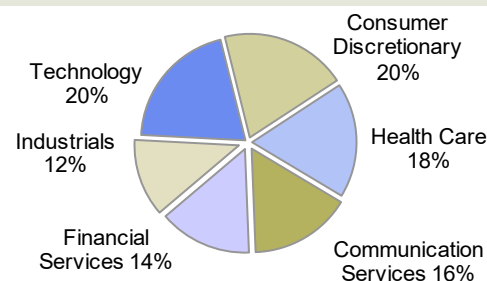
**Select** Target Risk: 1.20 (Current: 1.14) Foreign Holdings: 6.2% **YTD Return: 12.8%**

Stocks: 99.1% Bonds: 0.0% Cash: 1.0% Alternatives\*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	May Ret
Technology	FSPTX	\$15.80	53,066.26	\$838,447	-8.3%
Consumer Discretionary	FSCPX	43.91	18,391.66	807,578	-7.5
Health Care	FSPHX	22.95	32,192.14	738,810	-1.9
Communication Services	FBMPX	59.42	10,934.15	649,707	-5.9
Financial Services	FIDSX	9.56	62,010.61	592,821	-5.9
Industrials	FCYIX	33.34	14,946.14	498,304	-6.2

**Current Value (12/31/88 = \$100,000) \$4,125,667 -6.1%**

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



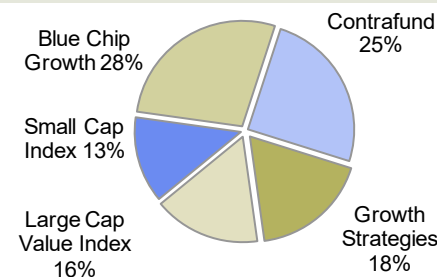
**Growth** Target Risk: 1.00 (Current: 1.09) Foreign Holdings: 4.3% **YTD Return: 11.7%**

Stocks: 99.4% Bonds: 0.0% Cash: 0.6% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	May Ret
Blue Chip Growth	FBGRX	\$94.26	8,356.01	\$787,637	-8.2%
Contrafund	FCNTX	12.36	57,128.71	706,111	-5.7
Growth Strategies	FDEGX	44.21	11,514.05	509,036	-4.0
Large Cap Value Index	FLCOX	11.77	39,096.14	460,162	-6.4
Small Cap Index	FSSNX	18.84	19,878.77	374,516	-7.8

**Current Value (12/31/86 = \$100,000) \$2,837,462 -6.5%**

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



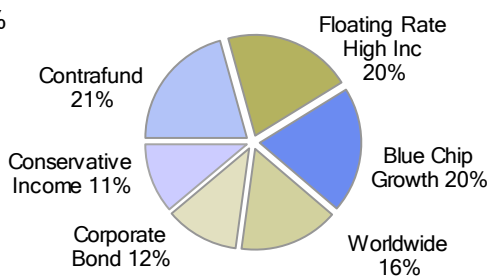
**Growth & Income** Target Risk: 0.66 (Current: 0.69) Foreign Holdings: 22.1% **YTD Return: 8.8%**

Stocks: 56.2% Bonds: 22.5% Cash: 2.1% Alternatives\*: 19.2% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	May Ret
Contrafund	FCNTX	\$12.36	11,908.38	\$147,188	-5.7%
Floating Rate High Inc	FFRHX	9.49	15,287.75	145,081	-0.4
Blue Chip Growth	FBGRX	94.26	1,517.94	143,081	-8.2
Worldwide	FWWFX	25.97	4,329.01	112,424	-5.0
Corporate Bond	FCBFX	11.64	7,130.21	82,996	1.4
Conservative Income	FCONX	10.04	7,901.29	79,329	0.2

**Current Value (12/31/93 = \$100,000) \$710,098 -3.6%**

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



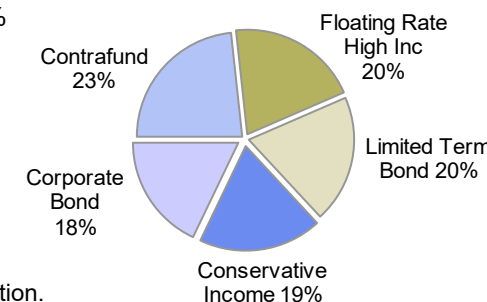
**Income** Target Risk: 0.33 (Current: 0.33) Foreign Holdings: 24.4% **YTD Return: 6.3%**

Stocks: 23.2% Bonds: 54.4% Cash: 2.9% Alternatives\*: 19.5% Yield: 2.7%

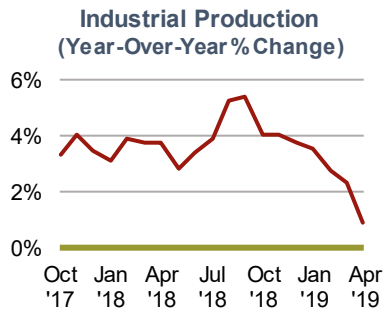
Holdings	Ticker	NAV	Shares	Value	May Ret
Contrafund	FCNTX	\$12.36	7,731.81	\$95,565	-5.7%
Floating Rate High Inc	FFRHX	9.49	8,712.46	82,681	-0.4
Limited Term Bond	FJRLX	11.54	7,007.36	80,865	0.7
Conservative Income	FCONX	10.04	7,733.69	77,646	0.2
Corporate Bond	FCBFX	11.64	6,316.07	73,519	1.4

**Current Value (12/31/91 = \$100,000) \$410,277 -1.1%**

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



Other data also suggest a slowing economy, notably industrial production where, like business investment, year-over-year growth is sliding towards zero.



### Yield Curve Inverts Again

As noted, bonds rallied sharply in May with the yield on the 10-year Treasury falling from 2.51% at the end of April to 2.14% at the end of May (bond prices move in the opposite direction of yields). This resulted in another inversion of the yield curve between the 10-year and 3-month rate (2.35%), raising recession fears once again. I've discussed this issue in detail in the past so I won't go over that ground again.

### Not All Is Bleak

While the markets are focused on these and other signs of economic weakness, there are pockets of strength as well. Thanks to the plunging yield on the 10-year Treasury, mortgage rates have also come down sharply (just dipping below 4%), which has helped new home sales through April to run 7% higher than last year. The labor market remains strong as well, with initial claims for unemployment continuing to plumb historic lows. Importantly, corporate earnings have been better than forecasted. While many forecasters were calling for a decline in first-quarter earnings, with 485 of the S&P 500 having

## FUNDS YOU SHOULD BUY NOW

**Growth:** **Blue Chip Growth**, **Growth Company** and **OTC** are aggressive (risky) large-cap options; **Contrafund** is more conservatively positioned. **Growth Strategies** provides mid-cap exposure. **Small Cap Index** offers low-cost exposure to roughly 2,000 smaller-cap stocks.

**Growth & Income:** **Large Cap Value Index** holds attractively valued stocks such as financials and health care, which also helps to boost its yield above the S&P 500 (2.6% vs. 2.0%).

**International:** **Worldwide** provides mostly (61%) large-cap U.S. exposure. As for the remainder, 37% is foreign equities with most of that in European stocks (23%) plus a sprinkling in the emerging markets (5%).

**High-Yield:** **Floating Rate High Income's** portfolio of lower-quality bank loans drive its 5.4% yield, however, credit risk is substantial.

**Taxable Bond:** **Conservative Income Bond** limits interest-rate risk with its extremely short duration; **Limited-Term Bond** reaches a bit further for yield with more rate-risk, while **Corporate Bond** boosts its yield with lower-credit and more interest-rate-sensitive bonds.

**Muni Funds:** Tax-equivalent yields are currently attractive. ■

now reported, earnings are up 4.6%. And estimates for the balance of the year are for similar, if slightly more modest, growth.

### Fear Rules The Market

While the economy is certainly slowing, with second-quarter GDP growth now expected to come in at around half of the first-quarter's recently revised 3.0% figure, the markets appear to be discounting a far greater slowdown, if not outright recession. The Fed Funds futures markets are currently putting the probability of a Fed rate *cut* by the end of the year at 84%! And a sizable number are expecting two cuts!

Indeed fear is ruling the markets. Bullish sentiment in the weekly survey by the American Association of Individual Investors slumped to 24.8% as of May 29, well below its historical average of 38.5%, while bearish sentiment jumped to 40.1% versus its average reading of 30.5%. By-the-way, the last time bullishness was this low was this

past December — right near the bottom of the near-bear-market (a 19.7% loss in the S&P 500) that began that October. And the CNN Fear & Greed Index is once again registering extreme fear as it was then. I've said it many times before, but it bears repeating: Bull markets typically end in greed, not fear.

### Stay Cautious

Last month I cautioned against ramping up your stock exposure chasing the rising market. I continue to advise taking a cautious approach. In fact, now may be a good time to examine your portfolio with your risk tolerance in mind. The current downturn could easily morph into a correction of 10% or more, so if you can't stomach that, consider one of our less aggressive models.

However, if you are otherwise comfortable with your equity exposure, don't succumb to the temptation to dump stocks now to chase after strong-performing bonds. ■

— John M. Boyd

### Model Portfolios Key:

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account. 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.

## FUND PROFILE

### Low-Priced Stock At 30: Still Best In Class

As longtime shareholders know, **Low-Priced Stock**'s Joel Tillinghast (its manager since its 1989 inception) is one of the industry's best stock-pickers. Although Low-Priced has always been benchmarked against the Russell 2000 (a small-cap blend index), Joel's never been completely beholden to it. That's because he's a value investor, preferring inexpensive stocks over faster-growing ones that often command a price premium.

But as the fund's success attracted huge assets (in more recent years — and in spite of their strong records — redemptions have shrunk this and other actively run funds as investors have embraced lower-cost, index funds), its investment universe has had to morph. For years, Joel and his five-member team of analysts/co-managers have searched



Joel Tillinghast

the globe for mid- and even large-cap stocks. Notably, 35% of its \$25 billion in assets are invested abroad, including a nearly 8% stake in the emerging markets.

In terms of its median market-cap, at \$9.4 billion Low-Priced is situated at the top end of the \$2-10 billion mid-cap range. While 34% of its assets are in mid-caps, it holds much more (44%) in large caps, whereas a modest 22% is in small-caps. That's quite the underweight

### Action Recommendation

Classified in the *Scorecard* as a mid-cap value fund, a strong argument can be made that Low-Priced should be situated alongside other, too-difficult-to-classify Specialty funds as it has little in common with either its benchmark or three other mid-cap value fund "peers." While some have superior returns over different periods, they've all done so with substantially more risk — on average 30% more (see box)!

### Low-Priced Stock vs Benchmarks

	Returns (in %)					Risk <sup>2</sup>
	YTD	2018	2017	2016	5-Yr <sup>1</sup>	
Low-Priced Stock	6.7	-10.8	20.7	8.8	5.5	0.96
Avg Mid-Cap Value Peers <sup>3</sup>	10.4	-17.8	20.6	13.3	4.1	1.24
Russell 2000	9.3	-11.0	14.7	21.3	6.7	1.43
Russell Midcap Value Idx	10.6	-12.3	13.3	20.0	6.1	1.12

<sup>1</sup> Prior 60-month average annual return; <sup>2</sup> Three-year relative volatility; <sup>3</sup> Fidelity fund peers include Mid Cap Value, Value and Value Strategies.

relative to the Russell's 47% stake in small-caps (companies valued below \$2 billion). Notably, Low-Priced Stock's "Active Share" measure of 96% means that there's essentially no overlap between the fund and its Russell 2000 benchmark.

That means that Joel and his team are providing investors with superior, long-term risk-adjusted returns which, in turn, is one reason why Low-Priced Stock is the only mid-cap value fund we rate *Buy*. ■

— John Bonnanzio

## BOND FUNDS

### Fully Valued, Fully Loved

Bonds are on a tear again. As was the case when stocks crumbled in the fourth quarter, investors' aversion to risk sparked this recent rally.

Amid rising investor anxiety, last month **U.S. Bond Index** fund, a proxy for the massive and highly diverse taxable universe, popped 1.8%. For the year it's up 4.8%. At this pace we'd see a double-digit gain for this year. (That hasn't happened since 2002.)

Granted, stocks are still well ahead of bonds this year: The average Fidelity equity fund is up 11%. Still, investor anxiety is pulling assets away from stocks and into safer fixed-income securities — including bonds. (While money market funds

are also experiencing inflows, many yield-starved investors, particularly newly retiring baby-boomers, prefer bonds to ultra-safe, lower-yielding "cash.")

So for the second time this year, this shift in sentiment has caused a modest inversion in the yield curve. The yield on the bellwether 10-year Treasury has fallen from 3.02% at the start of 2019 to 2.14% on May 31. (Bond yields move in the opposite direction of their price.) Think about that: Investors are accepting a 2% or so return for the next decade rather than take a chance on stocks which, on average, double in value about every eight years. At its current yield, the "Rule of 72" dictates that the 10-year Treasury should double its return around 2055 — about 36 years from now!

Despite this challenging path to wealth creation, we are neither bond bears nor bulls. (We rate U.S. Bond Index *Hold*.) Indeed, we utilize a variety of bond funds to generate income, guard against capital loss and mitigate portfolio risk.

### Action Recommendation

To that end, our healthy, low-inflation and low-interest-rate economy compels us to favor corporates over government debt; default risk is low for the former and their yields are a bit higher. So for now we're comfortable holding **Corporate Bond** and **Floating Rate High Income**. Their yields (3.34% and 5.43%, respectively) get a boost from their lower-rated bonds. But not to worry: a solid economy and Fidelity's strong credit analysis make them a reasonable risk. ■

FUND COMMENTARY

## Fear Weighs On Stocks; Bonds Soar

Here's the silver lining to last month's mess: Judging by the headlines alone, May's stock market selloff should have been more severe.



John Bonnanzio

Escalating trade tensions with China, threats of tariffs on Mexican made goods, another inverted yield curve, plunging oil prices,

a manufacturing slowdown, destructive weather across the U.S., increased odds that the House will impeach President Trump, North Korean missile firings, and several attacks on Iranian tankers in the Persian Gulf have collectively put into better perspective a nation still bemoaning a rather unsatisfying end to "Game of Thrones."

Of course, numbers tell the market's actual mood.

The high-flying, Nasdaq Composite lost more than a third of its prior gains in May as it retreated 7.8%. The large-cap Dow Industrials (-6.3%) and S&P 500 (-6.4%) fared somewhat better, while Russell's mid-cap stock gauge fell 6.1% and the small-cap 2000 dropped as much as the Nasdaq.

Style-wise, large-cap value and large-cap growth stocks posted nearly identical returns in May. However, Fidelity's tech-rich lineup of large-cap growth funds were hit a bit harder than their value-oriented peers (-6.2% versus -5.8%, respectively).

Given the equity market's earlier strength this year, year-to-date returns belie May's carnage: The Dow (up 7.5%) and S&P 500 (up 10.7%) still look good five months into the year, and the Nasdaq is up 12.8%. Midcaps have advanced 13.5% versus a gain of 9.3% for small caps. For its part, **Total Market Index**, which is a market-weighted proxy for the entire U.S. stock market, fell 6.5% in May but is up 10.9% for the year.

### Stock Funds

On average, Fidelity's lineup of 53 active- and passively-run equity funds fell 6.4% in May, but are up a none-too-shabby 11.0% this year.

Among the group's top relative performers were **Trend** (which we profile on page 12) and **Growth Strategies**. Both offerings retreated 4.0% in May, although the mid-cap oriented Growth Strategies (held in two model portfolios) maintains an edge over Trend on a year-to-date basis: the former is up 16.4% versus 15.3% for the latter.

Large, better-known, and actively run funds took it on the chin last month. **Blue Chip Growth** (down 8.2%), **Contrafund** (down 5.7%) and the long-closed **Growth Company** (down 7.4%) fell more than **Magellan** (down 4.8%). In turn, most fared better than **OTC** (down 8.1%) as its performance was weighed down by its 42% stake in technology. Notably, the high-octane fund declined a bit more last month than even the Nasdaq.

For its part, the ever-eclectic **Low-Priced Stock** (profiled on the facing page) declined 5.6% though its 7% store of cash provided its shareholders with a bit of downside protection (and perhaps an opportunity for its bargain-shopping management team to put some money to work!).

As for May's top relative performer, that distinction goes to the closed **Small Cap Growth** (down 3.6%).

### International Funds

Trade fears are not just a U.S.-China "thing." Prime Minister Theresa May is resigning this month following her inability to orchestrate an orderly "Brexit" from the European Union. At the same time, economic growth is slowing in the E.U., and Germany is no exception. (Neither is China, and the list goes on from there.)

Slowing growth exacted a toll on all but one stock fund in the international group — on average, they fell 4.7% in May. Understandably, **China Region** bled the most red: it fell 11.6% (see p. 11), while the more geographically diversified **Emerging Markets Index** (down 7.4%) also struggled.

On the other hand, **Latin America** (up 2.4%) fared well because that commodity-rich region stands to benefit from China increasing its business in that area at the expense of U.S. exporters. Relatively speaking, commodity-rich **Canada** (down "just" 2.7% in May) also stands to benefit.

### Fixed Income Funds

May was a great time to own a bond fund (see facing page). With investors fleeing stocks, Fidelity's least-risky bond offering, **Conservative Income Bond**, ticked up 0.2%. But if you were willing to assume a whole lot of interest-rate-risk (though no credit risk), **Long-Term Treasury**

Fund Commentary *cont'd on page 8*

### June Scorecard Rating Changes

Fund	Ratings		Comments
	Old	New	
Global Commodity Stk	H	S ↓	See "Energy Downgrades" article on page 12.
Mid Cap Value	H	S ↓	We prefer Low-Priced Stock in this space.
MSCI Energy	H	S ↓	See "Energy Downgrades" article on page 12.
Select Energy	H	S ↓	See "Energy Downgrades" article on page 12.
Select Energy Svc	H	S ↓	See "Energy Downgrades" article on page 12.
Select Natural Gas	H	S ↓	See "Energy Downgrades" article on page 12.
Select Nat Resources	H	S ↓	See "Energy Downgrades" article on page 12.
Small Cap Value	H	S ↓	Better alternatives within small-cap universe.
Trend	B	B ↑	New manager reshaping fund (see p. 12).
VIP Energy	H	S ↓	See "Energy Downgrades" article on page 12.
Women's Leadership	--	NR	A new socially conscious large-cap blend fund.

B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell; N/C = No Change; NR = No Rating  
 (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

MAY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) <sup>1</sup>							
					May	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr								
Comparative Indexes		S&P 500	2752.1		-6.4	10.7	-0.7	3.8	11.7	9.7	13.9	8.4	1.00							
		Nasdaq Composite	7453.2		-7.8	12.8	-0.8	1.2	15.9	13.2	16.7	10.3	1.22							
		Dow Jones Industrials	24815.0		-6.3	7.5	-3.7	4.1	14.4	10.9	14.2	8.8	1.02							
		Russell 2000 (Small Caps)	1465.5		-7.8	9.3	-6.6	-9.0	9.8	6.7	12.8	8.0	1.43							
		Barclays Aggregate Bond*			1.8	4.8	3.8	6.7	2.5	2.7	3.8	2.4	0.27							
Model Portfolios		Unique Opportunities			-6.6	12.7	-0.6	-4.5	10.0	6.9	12.4	8.7	1.11							
		Select Growth			-6.1	12.8	-0.3	0.1	12.0	9.6	14.8	9.6	1.14							
		Growth & Income			-6.5	11.7	-1.2	-0.5	11.3	8.5	12.6	7.6	1.09							
		Income			-3.6	8.8	0.9	1.1	8.8	6.9	10.1	6.9	0.69							
					-1.1	6.3	1.8	2.4	4.0	3.5	6.3	4.4	0.33							
<b>LARGE CAP GROWTH</b>											<b>Average</b>	<b>-6.2</b>	<b>13.2</b>	<b>0.5</b>	<b>1.9</b>	<b>14.4</b>	<b>11.0</b>	<b>15.0</b>	<b>1.19</b>	
312	FBGRX	Blue Chip Growth	94.26	Buy	-8.2	12.2	-1.1	3.3	17.2	13.0	16.9	1.25	\$22,962							
307	FDCAX	Capital Appreciation	33.23	Hold	-5.3	12.0	0.5	-1.1	11.1	8.6	13.8	1.12	4,816							
22	FCNTX	Contrafund	12.36	Buy	-5.7	13.3	1.1	2.2	14.7	11.6	14.7	1.17	96,226							
3	FFIDX	Fidelity Fund	44.61	Hold	-5.8	10.9	0.8	1.0	10.7	9.0	12.3	1.02	4,072							
333	FTQGX	Focused Stock	23.83	Buy	-5.8	14.1	1.5	8.5	16.9	11.0	15.3	1.19	2,890							
25	FDGRX	Growth Company (Closed)	18.31	Buy	-7.4	14.3	-1.8	-1.8	17.6	13.7	17.2	1.40	28,854							
339	FDSVX	Growth Discovery	35.40	Buy	-6.0	13.9	1.0	4.3	16.1	12.1	15.8	1.16	1,717							
73	FDFFX	Independence	35.18	Hold	-4.8	14.1	1.9	1.0	11.8	6.8	13.1	1.16	3,471							
1829	FLGEX	Lrge Cap Growth Enhcd Index	18.79	OK to Buy	-6.5	11.4	-0.8	2.2	13.2	10.6	14.7	1.12	1,129							
2826	FSPGX	Lrge Cap Growth Index	14.76	Buy	-6.3	13.7	0.7	5.3	--	--	--	--	2,250							
21	FMAGX	Magellan	10.07	Hold	-4.8	13.5	1.6	2.0	12.4	10.2	12.4	1.11	15,282							
1282	FNCMX	Nasdaq Composite Index	97.15	OK to Buy	-7.9	12.9	-0.8	1.1	15.6	13.0	16.5	1.24	6,775							
93	FDCPX	OTC	11.36	Buy	-8.1	14.2	0.9	-0.3	18.0	14.8	17.8	1.38	13,281							
320	FDSX	Stock Selector All Cap	42.99	OK to Sell	-6.4	11.9	-1.2	-2.2	11.3	8.3	13.0	1.12	8,574							
5	FTRNX	Trend	99.85	Buy↑	-4.0	15.3	2.6	3.6	14.8	11.8	15.9	1.17	1,904							
<b>LARGE CAP BLEND</b>											<b>Average</b>	<b>-6.5</b>	<b>9.9</b>	<b>-1.6</b>	<b>1.8</b>	<b>10.1</b>	<b>7.7</b>	<b>12.9</b>	<b>1.05</b>	
2328	FXAIX	500 Index	95.90	Hold	-6.4	10.7	-0.7	3.8	11.7	9.7	13.9	1.01	193,593							
315	FDEQX	Disciplined Equity	34.16	Hold	-5.2	12.0	1.0	0.7	8.9	7.0	11.3	1.03	1,193							
330	FDGFX	Dividend Growth	27.28	OK to Buy	-7.9	7.8	-3.2	2.3	8.7	6.8	12.3	1.02	5,877							
332	FEXPX	Export and Multinational	19.41	OK to Buy	-7.8	7.3	-3.3	2.0	8.5	7.4	11.0	1.04	1,436							
3336	FIFNX	Founders Fund	10.27	OK to Buy	-5.4	2.7p	--	--	--	--	--	--	11							
27	FGRIX	Growth & Income	36.27	Hold	-7.5	9.0	-3.0	-0.1	9.2	6.9	12.5	1.11	6,058							
1827	FLCEX	Lrge Cap Core Enhcd Index	14.30	OK to Buy	-6.6	8.3	-2.3	1.6	11.2	8.7	13.4	1.01	838							
338	FLCSX	Large Cap Stock	29.55	Hold	-8.0	9.5	-3.4	-0.9	9.8	7.1	13.8	1.18	2,805							
361	FGRTX	Mega Cap Stock	14.75	Hold	-7.2	9.2	-1.9	1.4	9.9	7.4	13.2	1.06	1,546							
300	FMILX	New Millennium	34.75	Hold	-4.3	11.3	0.0	0.5	11.0	7.3	13.6	0.99	3,067							
2361	FSKAX	Total Market Index	77.95	OK to Buy	-6.5	10.9	-1.3	2.4	11.5	9.2	13.9	1.05	47,327							
2941	FITLX	U.S. Sustainability Index	11.85	NA	-5.9	10.9	-0.6	5.5	--	--	--	--	141							
3396	FWOMX	Woman's Leadership	9.53	NA	--	--	--	--	--	--	--	--	--							
3231	FNILX	Zero Large Cap Index	9.57	OK to Buy	-6.3	10.9	-0.6	--	--	--	--	--	650							
3227	FZROX	Zero Total Market Index	9.73	OK to Buy	-6.5	10.8	-1.4	--	--	--	--	--	3,133							
<b>LARGE CAP VALUE</b>											<b>Average</b>	<b>-5.8</b>	<b>7.8</b>	<b>-2.1</b>	<b>0.9</b>	<b>7.3</b>	<b>6.0</b>	<b>11.2</b>	<b>0.98</b>	
1271	FBCVX	Blue Chip Value	18.56	Hold	-4.7	5.7	-2.0	-0.3	6.4	5.9	10.1	0.98	482							
319	FEQTX	Equity Dividend Income	23.70	OK to Buy	-6.1	8.6	-1.8	1.0	7.1	6.2	10.9	0.99	4,883							
23	FEQIX	Equity-Income	55.09	OK to Buy	-5.5	9.8	-0.6	4.1	8.4	6.0	11.0	0.97	5,328							
1828	FLVEX	Lrge Cap Value Enhcd Index	12.18	OK to Buy	-6.6	6.8	-3.6	-0.4	8.6	6.7	12.4	1.02	3,676							
2830	FLCOX	Lrge Cap Value Index	11.77	Buy	-6.4	8.5	-2.5	1.5	--	--	--	--	2,090							
708	FSLVX	Stock Sel Large Cap Value	19.00	Hold	-6.5	8.2	-2.4	0.2	6.7	5.6	11.0	1.00	850							
832	FVDFX	Value Discovery	27.02	OK to Buy	-4.9	7.4	-1.7	0.2	6.9	5.7	11.9	0.93	2,325							
<b>MID-CAP GROWTH</b>											<b>Average</b>	<b>-4.0</b>	<b>16.4</b>	<b>1.8</b>	<b>4.1</b>	<b>10.5</b>	<b>9.0</b>	<b>13.2</b>	<b>1.04</b>	
324	FDEGX	Growth Strategies	44.21	Buy	-4.0	16.4	1.8	4.1	10.5	9.0	13.2	1.04	2,530							
<b>MID-CAP BLEND</b>											<b>Average</b>	<b>-6.4</b>	<b>11.7</b>	<b>-3.2</b>	<b>-0.9</b>	<b>9.9</b>	<b>7.3</b>	<b>13.6</b>	<b>1.14</b>	
2365	FSMAX	Extended Market Index	58.49	Buy	-7.0	11.9	-4.5	-3.6	10.7	7.4	14.0	1.29	23,999							
2012	FMEIX	Mid Cap Enhanced Index	13.90	OK to Buy	-7.0	10.8	-3.7	-2.4	8.4	6.7	13.8	1.15	1,195							
2352	FSDMX	Mid Cap Index	21.15	OK to Buy	-6.1	13.5	-1.8	1.6	9.9	7.9	--	1.13	9,703							
337	FMCSX	Mid-Cap Stock	33.94	OK to Buy	-3.9	11.4	-0.2	1.3	10.2	7.3	14.0	0.94	5,373							
2412	FSSMX	Stock Selector Mid Cap	33.92	OK to Buy	-6.7	12.6	-3.4	-1.5	10.3	7.1	12.7	1.20	589							
3230	FZIPX	Zero Extended Market Index	8.95	OK to Buy	-7.7	10.1	-5.5	--	--	--	--	--	358							
<b>MID-CAP VALUE</b>											<b>Average</b>	<b>-7.7</b>	<b>9.5</b>	<b>-4.4</b>	<b>-6.3</b>	<b>5.4</b>	<b>4.5</b>	<b>12.4</b>	<b>1.17</b>	
316	FLPSX	Low-Priced Stock <sup>5</sup>	46.28	Buy	-5.6	6.7	-3.8	-5.1	7.1	5.5	12.3	0.95	25,191							
762	FSMVX	Mid Cap Value	20.18	OK to Sell↓	-9.5	5.8	-7.5	-10.6	3.0	3.6	12.6	1.19	1,429							
39	FVLX	Value	9.65	OK to Buy	-9.0	10.9	-4.9	-6.4	5.0	4.0	12.3	1.29	6,393							
14	FSLSX	Value Strategies	34.68	Hold	-6.9	14.5	-1.4	-3.2	6.3	4.8	12.6	1.24	341							

**Notes:** \*Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. <sup>1</sup>Relative Volatility (Rel Vol) versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. <sup>2</sup>Duration is a measure of interest rate sensitivity. <sup>3</sup>Stated yield is actual distributed yield over prior 12 months. <sup>5</sup>Almost a Specialty fund with 30%+ typically in foreign stocks. <sup>6</sup>Formerly Multimedia <sup>7</sup>Formerly VIP Telecommunications. <sup>8</sup>Formerly MSCI Telecom Services. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

MAY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
					May	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
<b>SMALL CAP GROWTH</b>					<b>Average</b>	<b>-3.6</b>	<b>18.7</b>	<b>-0.5</b>	<b>0.1</b>	<b>17.7</b>	<b>13.3</b>	<b>16.2</b>	<b>1.36</b>	
1388	FCPGX	Small Cap Growth (Closed)	25.17	Buy	-3.6	18.7	-0.5	0.1	17.7	13.3	16.2	1.36	\$2,844	
<b>SMALL CAP BLEND</b>					<b>Average</b>	<b>-7.2</b>	<b>10.5</b>	<b>-5.2</b>	<b>-6.9</b>	<b>7.7</b>	<b>6.1</b>	<b>12.6</b>	<b>1.36</b>	
384	FSCRX	Small Cap Discovery (Closed)	21.44	OK to Buy	-9.2	9.4	-5.1	-7.6	4.8	4.2	13.7	1.30	3,022	
2011	FCPEX	Small Cap Enhanced Index	11.44	OK to Buy	-8.2	7.2	-9.0	-12.1	6.7	5.3	12.6	1.50	677	
2358	FSSNX	Small Cap Index	18.84	Buy	-7.8	9.3	-6.6	-9.0	9.9	6.9	--	1.43	8,565	
340	FSLCX	Small Cap Stock	16.15	Buy	-4.4	15.0	-1.5	-1.0	8.3	7.5	11.5	1.26	1,517	
336	FDCSX	Stock Selector Small Cap	22.31	Buy	-6.6	11.7	-3.8	-4.9	9.0	6.8	12.8	1.29	1,084	
<b>SMALL CAP VALUE</b>					<b>Average</b>	<b>-8.0</b>	<b>6.5</b>	<b>-5.6</b>	<b>-10.2</b>	<b>4.8</b>	<b>5.3</b>	<b>12.6</b>	<b>1.21</b>	
1389	FCPVX	Small Cap Value	13.99	OK to Sell↓	-8.0	6.5	-5.6	-10.2	4.8	5.3	12.6	1.21	1,667	
<b>SPECIALTY</b>														
308	FCVSX	Convertible Securities	28.03	Hold	-3.3	12.0	0.9	5.8	9.0	3.8	10.2	0.69	1,408	
2624	FARNX	Event Driven Opportunities	10.55	Sell	-5.5	0.6	-9.3	-21.9	3.9	4.0	--	1.31	192	
2120	FFGCX	Global Commodity Stock	11.46	OK to Sell↓	-7.7	2.3	-7.7	-14.8	6.5	-3.0	0.6	1.17	376	
122	FLVCX	Leveraged Company Stock	27.75	OK to Buy	-7.4	15.9	-2.4	-7.0	7.2	3.6	12.1	1.35	2,030	
1329	FSDIX	Strategic Dividend & Income	14.67	Hold	-3.3	9.5	0.3	5.8	7.6	6.7	12.1	0.69	3,029	
1505	FSRRX	Strategic Real Return	8.28	OK to Sell	-0.8	5.8	0.4	0.4	3.1	0.3	4.4	0.37	207	
311	FIUIX	Telecom & Utilities	26.03	Hold	-3.0	6.5	0.3	10.9	8.2	6.7	12.2	0.80	1,041	
<b>REAL ESTATE</b>														
1368	FIREX	International Real Estate	12.08	Hold	0.9	12.6	3.3	4.4	8.6	5.6	9.3	0.84	251	
833	FRIFX	Real Estate Income	12.27	Hold	0.6	9.7	3.1	10.0	6.9	6.3	11.0	0.46	2,806	
2355	FSRNX	Real Estate Index	16.46	Hold	-0.3	15.1	2.4	12.8	5.4	7.5	--	1.16	1,944	
303	FRESX	Real Estate Investment	44.51	Hold	-0.2	15.9	3.0	13.8	5.9	8.2	15.8	1.13	4,137	
<b>ASSET ALLOCATION</b>														
328	FASIX	Asset Manager 20%	13.20	Hold	-0.6	4.7	1.6	3.1	3.9	3.0	5.3	0.25	4,836	
1957	FTANX	Asset Manager 30%	10.89	Hold	-1.2	5.6	1.3	2.4	4.8	3.6	6.4	0.34	1,555	
1958	FFANX	Asset Manager 40%	11.38	Hold	-2.0	6.3	1.0	1.6	5.5	4.1	7.2	0.44	1,655	
314	FASMX	Asset Manager 50%	17.56	Hold	-2.7	7.1	0.6	0.7	6.2	4.5	8.1	0.54	9,053	
1959	FSANX	Asset Manager 60%	12.12	Hold	-3.4	7.9	0.3	-0.2	6.9	4.8	8.7	0.63	2,733	
321	FASGX	Asset Manager 70%	21.09	Hold	-4.2	8.4	-0.3	-1.2	7.5	5.2	9.4	0.74	4,978	
347	FAMRX	Asset Manager 85%	18.37	Hold	-5.2	9.5	-0.9	-2.5	8.6	5.7	10.3	0.89	2,363	
304	FBALX	Balanced	22.48	Buy	-4.4	9.3	0.2	2.4	8.5	6.9	10.4	0.73	25,004	
355	FFNOX	Four-in-One Index	43.86	Hold	-4.8	9.3	-0.6	1.1	8.8	6.2	10.5	0.81	6,245	
3083	FMSDX	Multi-Asset Income	10.47	OK to Buy	-2.7	8.1	1.5	6.0	5.6	--	--	0.51	18	
4	FPURX	Puritan	21.11	Buy	-4.0	8.1	0.1	1.0	8.5	6.9	10.5	0.73	21,651	
<b>INTERNATIONAL</b>					<b>Average</b>	<b>-4.7</b>	<b>9.2</b>	<b>-0.7</b>	<b>-5.1</b>	<b>7.8</b>	<b>3.5</b>	<b>7.7</b>	<b>1.09</b>	
309	FICDX	Canada	49.93	Hold	-2.7	14.1	-0.5	0.8	6.2	1.2	4.7	0.99	928	
352	FHKCX	China Region	31.73	Hold	-11.6	7.7	-6.7	-14.1	12.3	5.9	8.1	1.51	1,213	
325	FDIVX	Diversified International	35.05	OK to Buy	-4.0	10.7	1.2	-4.9	5.0	2.3	6.8	0.99	9,096	
351	FSEAX	Emerging Asia	41.07	Hold	-6.8	11.0	0.3	-4.9	13.1	6.6	8.3	1.24	1,104	
2053	FEMEX	Emerg Europe, MidEast, Africa	9.58	Hold	-3.1	9.4	2.4	-0.3	11.6	2.3	5.6	1.23	96	
322	FEMKX	Emerging Markets	30.13	Hold	-5.4	13.1	1.2	-4.5	11.2	4.4	6.6	1.21	3,660	
2374	FEDDX	Emerging Mkts Discovery	13.01	Hold	-4.6	6.4	-2.4	-12.5	8.4	2.2	--	1.13	237	
2344	FPADX	Emerging Markets Index	9.92	Hold	-7.4	4.0	-4.4	-8.7	9.7	2.1	--	1.19	2,564	
301	FIEUX	Europe	34.52	OK to Buy	-5.4	9.9	-0.7	-6.2	3.6	0.6	6.4	1.19	940	
2406	FGILX	Global Equity-Income	13.34	OK to Buy	-4.9	9.9	0.1	0.3	6.8	5.2	--	0.85	70	
2348	FSGGX	Global ex U.S. Index	12.17	Hold	-5.4	7.1	-2.1	-6.1	6.8	1.3	--	0.94	5,544	
335	FIVFX	International Cap App	20.77	OK to Buy	-2.3	16.5	4.3	1.0	9.3	6.8	10.4	1.04	2,737	
305	FIGRX	International Discovery	40.34	Hold	-3.8	10.6	1.2	-7.3	5.2	2.4	6.9	1.01	6,608	
2010	FIENX	International Enhanced Index	8.97	Hold	-5.1	6.2	-2.7	-8.6	5.9	1.9	6.8	0.94	1,560	
1979	FIGFX	International Growth	13.54	OK to Buy	-4.5	12.7	1.9	0.3	7.6	4.5	9.5	0.98	995	
2363	FSPSX	International Index	39.08	Hold	-4.9	7.8	-1.3	-5.6	6.1	1.4	6.3	0.92	27,120	
818	FISMX	International Small Cap	25.43	OK to Buy	-3.5	7.3	-1.5	-10.1	7.4	5.3	10.5	0.91	1,289	
1504	FSCOX	Int'l Small Cap Opps (Closed)	17.83	OK to Buy	-4.6	10.5	0.5	-6.8	8.0	5.7	12.0	1.03	1,032	
2988	FNIDX	International Sustainability Idx	10.04	NA	-5.3	7.0	-1.9	-5.3	--	--	--	--	53	
1597	FIVLX	International Value	7.66	Hold	-5.8	5.4	-3.0	-9.6	1.6	-1.2	4.1	0.98	457	
350	FJPNX	Japan	14.16	Hold	-4.5	8.0	-0.7	-9.3	7.8	4.8	5.5	1.01	398	
360	FJSCX	Japan Smaller Companies	15.91	Hold	-3.2	5.1	-2.5	-12.2	8.2	7.7	10.7	0.95	664	
349	FLATX	Latin America	24.38	OK to Sell	2.4	13.8	0.7	11.9	12.8	-1.7	0.6	1.96	490	
342	FNORX	Nordic	44.34	OK to Sell	-4.8	3.9	-2.1	-4.7	2.2	1.5	10.4	1.21	275	
94	FOSFX	Overseas	45.84	OK to Buy	-3.2	12.1	1.8	-3.6	6.7	4.3	7.7	1.00	6,421	
302	FPBFX	Pacific Basin	29.36	OK to Buy	-5.4	11.6	0.9	-8.4	8.7	6.5	11.6	1.13	890	
2369	FTEMX	Total Emerging Markets	12.19	Hold	-4.5	7.4	-1.5	-3.6	8.9	3.1	--	0.96	213	
1978	FTIEX	Total International Equity	8.65	Hold	-5.2	10.6	0.0	-4.4	6.6	2.8	7.1	0.98	75	
2834	FTIHX	Total International Index	11.24	Hold	-5.5	7.1	-2.2	-6.9	--	--	--	--	2,584	
318	FWWFX	Worldwide	25.97	Buy	-5.0	12.4	1.2	1.4	11.7	7.3	11.5	1.04	2,444	
3228	FZILX	Zero International Index	9.39	Hold	-5.3	7.1	-2.0	--	--	--	--	--	986	

# FIDELITY SCORECARD

MAY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
					May	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
<b>SELECT PORTFOLIOS</b>					<b>Average</b>	<b>-7.0</b>	<b>9.8</b>	<b>-3.1</b>	<b>-2.8</b>	<b>9.1</b>	<b>6.4</b>	<b>12.5</b>	<b>1.45</b>	
34	FSAIX	Air Transportation	69.75	OK to Buy	-8.5	7.0	-8.0	-4.9	11.5	8.2	18.2	1.54	\$300	
502	FSAVX	Automotive	30.08	OK to Sell	-10.5	1.2	-9.3	-14.5	3.3	0.5	12.6	1.33	37	
507	FSRBX	Banking	23.96	Hold	-9.2	10.3	-7.3	-11.3	9.1	6.9	11.5	1.84	494	
42	FBIOX	Biotechnology	18.64	Hold	-5.2	8.9	-8.6	-10.5	5.5	7.2	17.5	2.08	7,099	
68	FSLBX	Brokerage & Investment	69.68	Hold	-5.7	10.5	-1.2	-8.0	10.9	5.4	9.3	1.44	324	
69	FSCHX	Chemicals	11.60	OK to Sell	-13.6	-2.0	-11.8	-21.4	3.2	2.1	12.8	1.47	1,130	
518	FSDCX	Communications Equipment	37.11	OK to Buy	-10.9	8.5	-6.7	3.2	13.5	7.6	11.2	1.25	255	
503	FBMPX	Communication Services <sup>6</sup>	59.42	Buy	-5.9	15.9	3.4	17.5	11.2	7.9	17.6	1.24	634	
7	FDCPX	Computers	67.28	Hold	-10.7	7.6	-3.6	-4.4	16.2	8.7	14.9	1.37	532	
511	FSHOX	Construction & Housing	53.82	Hold	-6.0	17.3	3.1	3.9	8.1	9.8	15.3	1.32	255	
517	FSCPX	Consumer Discretionary	43.91	Buy	-7.5	12.7	1.2	4.5	12.5	10.5	16.4	1.24	475	
98	FSVLX	Consumer Finance	16.11	OK to Buy	-4.9	20.0	2.1	7.2	14.2	9.1	13.3	1.30	134	
9	FDFAV	Consumer Staples	80.02	Hold	-4.1	16.3	3.1	11.5	2.7	4.5	10.8	1.09	862	
67	FSDAX	Defense & Aerospace	16.60	Buy	-3.7	18.0	-3.9	1.7	18.9	13.1	17.4	1.49	2,750	
60	FSENX	Energy	34.06	OK to Sell	-13.3	3.0	-9.1	-28.4	-4.4	-8.6	1.6	1.98	1,182	
43	FSESX	Energy Service	24.23	OK to Sell	-18.1	-3.3	-20.8	-47.6	-15.4	-20.1	-5.0	2.68	308	
516	FSDLE	Environment & Alt Energy	23.26	OK to Sell	-9.1	9.5	-5.2	-0.7	10.4	6.2	9.8	1.29	197	
66	FIDSX	Financial Services	9.56	Buy	-5.9	11.9	-0.9	-4.3	10.8	7.4	9.2	1.33	566	
41	FSAGX	Gold	18.67	Sell	4.2	3.3	-2.1	-3.0	-2.5	-0.5	-5.7	2.23	944	
63	FSPHX	Health Care	22.95	Buy	-1.9	4.1	-6.3	-0.7	9.7	9.7	18.0	1.40	6,945	
505	FSHCX	Health Care Services	84.32	OK to Buy	0.1	-3.9	-5.6	0.8	10.3	11.0	16.2	1.50	1,084	
515	FCYIX	Industrials	33.34	Buy	-6.2	16.3	-1.5	-0.4	9.4	6.8	14.6	1.37	652	
45	FSPCX	Insurance	59.81	Hold	-1.3	16.5	5.0	9.0	10.3	9.8	14.7	1.03	222	
353	FBSOX	IT Services	68.28	OK to Buy	-3.5	26.8	5.7	18.4	21.7	18.6	21.4	1.26	3,382	
62	FDSLX	Leisure	14.92	Hold	-3.9	15.5	2.8	5.6	14.5	10.6	16.0	1.11	495	
509	FSDPX	Materials	62.31	OK to Sell	-12.5	0.1	-10.8	-21.1	1.0	-1.1	8.4	1.37	618	
354	FSMEX	Medical Tech & Devices (closed)	51.56	Buy	-1.2	9.1	-2.6	10.7	18.0	17.3	17.8	1.37	6,425	
513	FSNGX	Natural Gas	18.82	OK to Sell	-12.9	5.8	-8.0	-24.4	-6.8	-14.0	-2.7	2.03	204	
514	FNARX	Natural Resources	24.11	OK to Sell	-9.9	7.2	-5.4	-21.7	-2.6	-8.1	1.3	1.72	442	
580	FPHAX	Pharmaceuticals	19.42	OK to Buy	-3.1	3.5	-5.4	6.6	3.0	4.2	13.8	1.14	703	
46	FSRPX	Retailing	14.80	Buy	-8.8	10.6	0.5	3.4	14.7	15.9	20.0	1.33	3,294	
8	FSELX	Semiconductors	8.83	Buy	-17.6	12.3	-6.1	-11.1	19.1	16.8	18.5	1.89	3,555	
28	FSCSX	Software & IT Services	17.55	OK to Buy	-5.2	19.3	3.8	10.4	22.6	18.0	21.1	1.23	7,235	
64	FSPTX	Technology	15.80	Buy	-8.3	17.7	2.3	-3.9	21.1	15.9	18.2	1.48	5,747	
96	FSTCX	Telecommunications	55.97	Hold	-2.6	7.0	0.3	6.9	3.2	4.7	9.6	1.02	223	
512	FSRFX	Transportation	87.10	OK to Buy	-8.3	7.1	-6.0	-4.7	12.4	7.3	17.2	1.59	451	
65	FSUTX	Utilities	87.19	OK to Sell	-2.5	8.8	2.2	12.5	11.7	8.3	13.0	0.88	1,173	
963	FWRLX	Wireless	9.14	Hold	-6.7	11.2	2.4	6.4	11.6	6.8	10.6	1.01	275	
<b>SECTOR ETFs</b>					<b>Average</b>	<b>-5.9</b>	<b>10.2</b>	<b>-1.5</b>	<b>3.5</b>	<b>8.9</b>	<b>7.4</b>	<b>1.27</b>		
	FCOM	MSCI Communication Services <sup>8</sup>	32.02	Hold	-5.6	12.7	2.0	17.3	7.0	7.2	--	1.26	344	
	FDIS	MSCI Consumer Discretionary	42.59	OK to Buy	-7.8	11.5	-0.2	4.1	12.7	11.3	--	1.23	652	
	FSTA	MSCI Consumer Staples	33.28	Hold	-4.1	9.8	2.0	13.8	4.5	6.8	--	1.01	494	
	FENY	MSCI Energy	15.96	OK to Sell	-11.6	3.0	-9.7	-22.7	-3.0	-8.1	--	1.77	451	
	FNCL	MSCI Financials	37.92	Buy	-7.0	10.4	-2.1	-3.5	12.2	9.7	--	1.45	1,100	
	FHLC	MSCI Health Care	42.15	Buy	-2.7	2.4	-5.0	5.6	9.4	10.0	--	1.19	1,480	
	FIDU	MSCI Industrials	36.93	Buy	-7.4	13.3	-4.6	-1.4	10.4	7.6	--	1.40	430	
	FTEC	MSCI Information Technology	57.51	OK to Buy	-8.9	17.1	0.9	4.8	21.3	16.6	--	1.36	2,240	
	FMAT	MSCI Materials	29.48	OK to Sell	-9.3	4.2	-6.4	-11.5	5.5	3.0	--	1.23	165	
	FREL	MSCI Real Estate	25.97	Hold	0.2	17.2	4.2	14.8	7.6	--	--	1.13	779	
	FUTY	MSCI Utilities	38.27	Sell	-0.9	10.6	2.7	17.2	9.9	10.3	--	0.97	685	

## Fund Commentary *cont'd from page 5*

**Index** (up 6.7%) was the place to be! (Risk assets also fled to gold, pushing **Select Gold** up 4.2% for the month.)

And it wasn't only taxable bonds that rose dramatically in May. Fidelity's nationally diversified muni bond funds delivered gains ranging from 0.2% for **Conservative Income Muni** to 1.8% for **Muni Income**. On average, their 12 state-specific muni funds

returned 1.4% last month, and are up 4.6% for the year.

Elsewhere, high yield (junk) bond funds were awash in May's red tide. Although lower interest rates are generally positive for credit-challenged businesses, a slowing economy is of great concern. That's why high-yield funds are typically more correlated to stocks than to bonds. To that end, last month Fidelity's eight high-yield

funds fell an average of 0.9%. **Capital & Income**, which holds some stocks, fared the worst (down 2.5%).

Finally, **Money Market's** yield slipped in May to 2.17%, from 2.23%. Though that's up from 1.75% in January, should the Fed cut short-term rates this year (to stimulate the economy), it's possible that money fund yields have already peaked. ■

— John Bonnanzio

# FIDELITY SCORECARD

MAY 31, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>
					May	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
<b>TAXABLE BOND</b>														
Average					1.6	4.4	3.4	5.8	2.3	2.2	3.5	2.52	4.9	0.25
2267	FCONX	Conservative Income Bond	10.04	Buy	0.2	1.5	0.8	2.4	1.7	1.2	--	2.44	0.2	0.03
2208	FCBFX	Corporate Bond	11.64	Buy	1.4	7.7	4.7	7.7	4.4	3.7	--	3.34	7.0	0.33
2423	FGBFX	Global Credit	9.30	Hold	1.2	7.5	4.3	6.9	3.5	1.3	--	2.39	6.6	0.38
15	FGMNX	GNMA (Ginnie Mae)	11.45	OK to Buy	1.1	3.3	2.5	5.2	1.8	2.1	3.4	2.56	3.7	0.19
54	FGOVX	Government Income	10.37	Hold	2.2	4.1	3.8	6.0	1.7	2.1	2.9	2.18	5.6	0.27
2418	FIPDX	Inflation-Protected Index <sup>3</sup>	9.98	OK to Sell	1.8	5.4	4.0	4.6	2.5	1.6	--	0.37*	5.3	0.28
32	FTHRFX	Intermediate Bond	10.92	Buy	1.3	4.2	3.0	5.9	2.3	2.2	4.0	2.48	3.9	0.19
452	FSTGX	Intermediate Gov't Income	10.56	OK to Buy	1.5	3.1	2.9	5.1	1.4	1.5	2.2	1.97	3.8	0.20
3045	FUAMX	Intermediate Treasury Index	10.95	OK to Buy	2.5	4.7	4.5	7.9	1.8	2.6	3.7	2.26	6.3	0.37
26	FBNDX	Investment Grade Bond	7.99	Buy	1.5	5.4	3.7	6.9	3.3	2.8	4.8	2.73	5.5	0.26
2622	FJRLX	Limited Term Bond	11.54	Buy	0.7	3.4	2.1	4.6	2.1	1.9	3.9	2.56	2.5	0.12
662	FFXSX	Limited Term Government	10.00	OK to Buy	1.1	2.3	2.0	3.9	1.2	1.1	1.5	1.93	2.6	0.13
3047	FNBGX	Long-Term Treasury Index	13.73	Hold	6.7	9.6	10.4	11.8	3.0	5.4	6.4	2.69	17.5	0.90
40	FMSFX	Mortgage Securities	11.24	OK to Buy	1.3	3.6	2.9	5.6	2.1	2.5	3.8	2.60	4.1	0.20
450	FSHBX	Short-Term Bond	8.65	OK to Buy	0.5	2.3	1.5	3.6	1.7	1.4	2.1	2.29	1.6	0.07
3041	FNSOX	Short-Term Bond Index	10.02	OK to Buy	0.9	2.8	2.1	4.4	--	--	--	2.40	2.6	--
3049	FUMBX	Short-Term Treasury Index	10.47	OK to Buy	1.0	2.5	2.2	4.3	1.4	1.3	1.5	2.21	2.6	0.13
3086	FNDX	Sustainability Bond Index	10.37	NA	1.7	4.7	3.6	--	--	--	--	2.78	5.6	--
820	FTBFX	Total Bond	10.67	Buy	1.3	5.6	3.5	6.3	3.4	3.1	5.1	3.32	5.3	0.24
2326	FXNAX	U.S. Bond Index	11.68	Hold	1.8	4.8	3.8	6.6	2.4	2.7	3.8	2.80	5.7	0.27
<b>HIGH-YIELD BOND</b>														
Average					-0.9	7.0	1.0	3.9	5.8	3.7	7.5	4.90	3.3	0.38
38	FAGIX	Capital & Income	9.79	Hold	-2.5	9.8	0.4	2.6	7.4	5.0	10.4	4.38	3.6	0.57
814	FFRHX	Floating Rate High Income	9.49	Buy	-0.4	5.4	1.0	3.7	4.8	3.3	4.9	5.43	0.2	0.24
1366	FHIFX	Focused High Income	8.56	OK to Buy	-0.7	8.2	1.6	6.6	5.9	3.9	7.3	4.37	3.5	0.35
2297	FGHNX	Global High Income	9.34	Hold	-1.1	6.8	1.2	3.8	6.1	3.8	--	5.30	3.1	0.38
455	SPHIX	High Income	8.69	Hold	-1.2	7.5	0.9	4.5	7.2	4.2	8.5	5.43	3.3	0.40
331	FNMIX	New Markets Income	14.90	Hold	-0.2	6.6	0.3	2.6	5.1	3.6	7.6	5.70	6.7	0.59
2580	FSAHX	Short Duration High Income	9.33	OK to Buy	-0.8	5.5	0.7	3.7	4.9	2.7	--	4.77	1.7	0.26
3082	FADMX	Strategic Income	12.25	OK to Buy	-0.1	6.0	1.6	4.0	4.9	3.3	6.4	3.83	4.1	0.29
<b>MUNICIPAL BOND</b>														
Average					1.3	4.3	3.1	5.8	2.5	3.1	4.1	1.78	5.4	0.28
434	FSAZX	Arizona Muni Income	12.25	OK to Buy	1.4	4.5	3.2	6.0	2.6	3.5	4.5	1.61	5.7	0.31
1534	FCSTX	Calif Limited Term Tax Free	10.68	OK to Buy	0.8	2.4	1.4	3.6	1.5	1.6	2.3	1.38	2.9	0.16
91	FCTFX	California Muni Income	13.13	OK to Buy	1.6	5.0	3.6	6.3	2.8	3.7	5.0	1.76	6.2	0.33
407	FICNX	Connecticut Muni Income	11.65	OK to Buy	1.5	5.1	3.5	6.6	2.4	3.2	3.9	1.91	5.7	0.32
2578	FCRD	Conservative Income Muni	10.04	Buy	0.2	0.9	0.5	1.8	1.1	0.8	--	1.53	0.5	0.04
36	FLTMX	Interm Municipal Income	10.56	Buy	1.4	4.2	2.9	5.8	2.6	2.9	3.6	1.78	4.8	0.25
404	FSTFX	Limited Term Muni Income	10.65	Buy	0.8	2.5	1.5	3.8	1.6	1.5	2.0	1.52	2.8	0.15
429	SMDMX	Maryland Muni Income	11.52	OK to Buy	1.3	4.3	3.0	5.7	2.5	3.3	4.0	1.69	6.0	0.31
70	FDMMX	Mass Muni Income	12.30	OK to Buy	1.3	4.4	3.3	5.5	2.4	3.4	4.4	1.82	6.0	0.32
81	FMHTX	Michigan Muni Income	12.38	OK to Buy	1.4	4.5	3.2	6.3	2.8	3.6	4.2	1.81	6.0	0.30
82	FIMIX	Minnesota Muni Income	11.79	OK to Buy	1.3	4.5	3.2	6.0	2.5	3.1	3.7	1.67	6.0	0.29
37	FHIGX	Municipal Income	13.29	OK to Buy	1.8	5.5	4.1	7.1	3.3	4.0	5.0	2.12	6.8	0.34
416	FNJHX	New Jersey Muni Income	12.20	OK to Buy	1.7	5.6	4.0	7.8	3.8	3.8	4.5	1.94	6.2	0.33
71	FTFMX	New York Muni Income	13.40	OK to Buy	1.6	5.2	3.8	6.7	2.7	3.6	4.4	1.76	6.4	0.32
88	FOHFX	Ohio Muni Income	12.27	OK to Buy	1.4	4.4	3.1	5.7	2.6	3.7	4.5	1.86	6.1	0.33
402	FPXTX	Pennsylvania Muni Income	11.32	OK to Buy	1.6	4.9	3.6	6.4	3.0	3.6	4.4	1.94	6.4	0.29
90	FTABX	Tax-Free Bond	11.78	OK to Buy	1.7	5.4	4.0	7.1	3.3	4.0	5.0	2.21	6.7	0.33

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
					May	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.18	0.87	2.09		
458	SPAXX	Government MM	0.17	0.85	2.04		
2742	FZFX	Treasury MM	0.17	0.85	2.02		
415	FDLXX	Treasury Only MM	0.17	0.84	2.02		
PRIME MONEY MARKETS							
454	SPRXX	Money Market*	0.19	0.93	2.17		
*Available in premium class shares (FZDXX) with a \$100,000 minimum (\$10,000 for certain Fidelity retirement accounts) and lower expenses.							
NATIONAL MUNICIPAL MONEY MARKETS							
10	FTEXX	Municipal Money Market	0.11	0.55	1.15		
275	FMOXX	Tax-Exempt MM	0.11	0.52	1.06		

STATE MUNICIPAL MONEY MARKETS						Total Return (%)		SEC
						May	YTD	%Yield
433	FSAXX	Arizona Muni MM	0.10	0.50	1.03			
97	FCFXX	California Muni MM	0.10	0.48	0.95			
457	FSPXX	California AMT Tax-Free	0.11	0.54	1.15			
418	FCMXX	Connecticut Muni MM	0.10	0.59	1.03			
426	FMSXX	Mass AMT Tax-Free	0.11	0.55	1.24			
74	FDMXX	Massachusetts Muni MM	0.10	0.57	1.03			
420	FMIXX	Michigan Muni MM	0.09	0.46	0.95			
417	FNJXX	New Jersey Muni MM	0.10	0.49	1.05			
423	FSJXX	New Jersey AMT Tax-Free	0.11	0.54	1.28			
92	FNYYX	New York Muni MM	0.10	0.51	1.04			
422	FSNXX	New York AMT Tax-Free	0.11	0.56	1.25			
419	FOMXX	Ohio Muni MM	0.10	0.58	1.05			
401	FPTXX	Pennsylvania Muni MM	0.10	0.48	0.98			

# FIDELITY SCORECARD

MAY 31, 2019

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						May	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model					-6.2	13.1	-0.2	0.5	12.8	10.2	14.5	1.11
	Annuity Growth Model					-6.8	12.2	-1.9	1.4	11.2	8.4	12.4	1.11
	Annuity Growth & Income Model					-3.5	8.1	0.3	1.5	6.7	5.6	9.1	0.64
	Annuity Income Model					-1.0	5.9	1.5	3.1	4.0	3.4	5.8	0.31
9067	FLRQC	Fid VIP Asset Manager	Allocation	20.39	Hold	-2.7	6.9	0.4	0.4	5.5	3.5	7.6	0.54
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	21.14	Hold	-4.2	8.3	-0.4	-1.5	6.8	3.9	8.8	0.75
9069	FJBAC	Fid VIP Balanced	Allocation	25.24	Buy	-4.5	9.1	0.1	1.9	8.1	6.5	10.3	0.74
9461	FBIQC	Fid VIP Bond Index	Bond	10.66	Hold	1.7	4.7	3.7	--	--	--	--	--
9173	FVTAC	Fid VIP Communication Services <sup>7</sup>	Sector	18.28	Buy	-5.8	16.3	3.4	19.4	6.9	6.8	11.0	1.15
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	33.13	Buy	-7.5	12.7	1.1	4.1	12.2	10.2	16.1	1.24
9171	FCSAC	Fid VIP Consumer Staples	Sector	26.33	Hold	-4.1	16.5	3.0	11.4	3.1	6.8	11.6	1.09
9065	FPDFC	Fid VIP Contrafund	Large Growth	28.62	Buy	-5.4	12.8	0.4	2.2	10.7	8.2	12.7	1.07
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	19.82	Buy	-8.2	7.1	-9.0	-12.3	6.3	4.9	12.0	1.50
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	30.44	Hold	-5.3	11.8	0.5	-1.2	10.6	8.1	13.6	1.10
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	10.75	Hold	-5.4	12.9	1.2	-4.7	10.8	4.0	6.1	1.20
9085	FJLLC	Fid VIP Energy	Sector	12.59	OK to Sell↓	-13.3	3.0	-9.0	-28.4	-4.4	-8.8	1.5	1.97
9061	FLOLC	Fid VIP Equity-Income	Large Value	21.79	Buy	-5.6	9.4	-0.8	3.4	8.0	5.6	11.3	0.96
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	9.26	Buy	-7.7	9.9	-5.6	--	--	--	--	--
9083	FONNC	Fid VIP Financial Services	Sector	13.93	Buy	-5.8	11.9	-1.0	-4.6	10.6	7.2	9.1	1.33
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.69	Buy	-0.4	5.3	0.9	3.2	4.3	3.1	--	0.24
9157	FMPAC	Fid VIP FundsManager 20	Allocation	15.76	Hold	-0.4	4.5	1.7	2.8	3.4	2.6	4.2	0.25
9158	FMPBC	Fid VIP FundsManager 50	Allocation	18.20	Hold	-2.4	7.0	0.9	0.7	5.7	4.1	7.1	0.52
9197	FMPCC	Fid VIP FundsManager 60	Allocation	17.33	Hold	-3.1	7.8	0.5	-0.1	6.4	4.7	8.1	0.62
9159	FMPDC	Fid VIP FundsManager 70	Allocation	19.19	Hold	-3.8	8.5	0.1	-1.0	7.1	5.0	8.8	0.72
9160	FMPDC	Fid VIP FundsManager 85	Allocation	19.71	Hold	-4.9	9.5	-0.6	-2.3	8.2	5.7	10.0	0.87
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.63	--	0.2	0.8	0.5	1.7	0.8	0.4	0.2	0.02
9062	FMNDC	Fid VIP Growth	Large Growth	32.46	Buy	-6.2	13.9	0.8	4.0	15.9	11.8	15.5	1.15
9070	FLFNC	Fid VIP Growth & Income	Large Blend	25.32	Hold	-7.5	8.8	-2.9	-0.6	8.8	6.6	12.1	1.09
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	38.19	Buy	-7.1	17.4	-0.5	19.4	21.9	15.6	18.3	1.23
9084	FPDRC	Fid VIP Health Care	Sector	44.18	Buy	-2.2	3.3	-6.8	-1.3	9.6	9.6	17.7	1.40
9060	FBBLC	Fid VIP High Income	High-Yield Bond	21.49	Hold	-1.1	7.9	1.1	4.5	6.1	3.4	7.7	0.38
9064	FXVLT	Fid VIP Index 500	Large Blend	28.54	Hold	-6.4	10.6	-0.8	3.4	11.3	9.3	13.6	1.00
9082	FBALC	Fid VIP Industrials	Sector	34.66	Buy	-6.2	16.1	-1.6	-0.6	9.1	6.6	14.4	1.37
9473	FFIQC	Fid VIP International Index	Diversified Int'l	9.24	Hold	-5.4	7.0	-2.0	--	--	--	--	--
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	21.15	OK to Buy	-2.4	16.4	4.3	0.8	9.0	6.6	10.1	1.04
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	17.09	Buy	1.4	5.2	3.6	6.2	2.9	2.7	4.3	0.26
9172	FVMAC	Fid VIP Materials	Sector	17.77	OK to Sell	-12.5	-0.0	-10.8	-21.2	0.8	-1.5	8.1	1.37
9071	FNBS	Fid VIP Mid Cap	Mid Growth	27.08	Buy	-7.7	9.6	-4.7	-8.9	6.6	5.3	11.0	1.23
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	17.27	OK to Buy	-3.6	11.6	1.4	-4.3	5.7	2.3	6.8	1.03
9072	FFWKC	Fid VIP Real Estate	Sector	25.46	Hold	-0.7	15.3	2.0	10.9	4.0	6.3	14.7	1.15
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	20.17	OK to Buy	-0.1	5.9	1.6	3.6	4.4	2.9	5.8	0.28
9086	FYENC	Fid VIP Technology	Sector	46.67	Buy	-8.3	17.7	2.3	-3.5	21.7	15.7	17.8	1.49
9465	FTMJC	Fid VIP Total Market Index	Large Blend	9.96	OK to Buy	-6.5	10.6	-1.5	--	--	--	--	--
9087	FXRRC	Fid VIP Utilities	Sector	32.10	OK to Sell	-2.4	8.9	2.1	12.3	11.5	8.1	12.8	0.88
9079	FKMSC	Fid VIP Value	Large Value	22.27	OK to Buy	-6.7	11.6	-1.8	-3.0	5.9	5.2	12.2	1.12
9073	FRBSC	Fid VIP Value Strategies	Mid Value	22.84	Hold	-6.9	14.2	-1.4	-3.6	5.9	4.1	12.2	1.22
9347	FBMEC	Black Rock Global Allocation	Global Allocation	13.48	Hold	-2.7	6.2	-0.1	-0.9	4.9	2.6	5.7	0.57
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.46	Hold	-1.5	1.9	-1.3	3.8	3.4	0.4	4.3	0.46
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.70	Hold	1.1	2.9	2.3	4.4	1.0	1.1	1.9	0.18
9285	FIGXC	Invesco Global Core Eqty	Global Stock	13.12	Hold	-7.7	8.1	-3.8	-7.3	5.3	2.7	6.5	1.09
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	15.63	Hold	-4.5	4.8	-2.9	-7.3	6.9	-0.9	4.6	1.23
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	19.41	Hold	0.2	7.6	1.5	5.5	4.2	2.6	5.8	0.55
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	13.76	Hold	-5.5	4.4	-2.3	-8.6	6.1	0.3	4.5	1.14
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	14.01	Hold	-3.1	6.4	-0.2	0.4	5.5	2.1	6.4	0.58
9346	FPMEC	Pimco Commodity Real Return	Commodities	5.51	Hold	-3.7	5.0	-3.2	-12.8	-1.5	-10.2	-2.5	0.83
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	11.92	Buy	0.8	2.2	1.3	2.8	1.3	0.8	--	0.08
9277	FPNBC	Pimco VIT Real Return	TIPS	13.54	OK to Sell	1.7	5.6	3.8	4.0	2.5	1.0	--	0.27
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	14.03	Hold	1.8	4.9	3.3	6.0	2.8	2.4	--	0.25

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	21%	VIP Growth	28%	VIP Floating Rate Hi Inc	21%	Pimco VIT Low Duration	34%
VIP Cons Discretionary	19	VIP Growth Opps	28	VIP Contrafund	20	VIP Contrafund	25
VIP Comm Services	17	VIP Equity-Income	17	VIP Growth Opps	20	VIP Investment Grade	21
VIP Health Care	15	VIP Mid Cap	15	VIP Equity-Income	19	VIP Floating Rate Hi Inc	20
VIP Financial Services	15	VIP Disciplined Sm Cap	12	VIP Investment Grade	10		
VIP Industrials	13			Pimco VIT Low Dur	10		
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>May: -6.2% YTD: 13.1%</b>		<b>May: -6.8% YTD: 12.2%</b>		<b>May: -3.5% YTD: 8.1%</b>		<b>May: -1.0% YTD: 5.9%</b>	

graphic) with the biggest spenders (a mix of millennials and Gen Xers). This approach correctly predicted a long-term decline in the market's P/E (price-to-earnings) ratio between 2001 and 2018. We're now in a neutral period. But starting next year the millennials will begin to fill the void created by the boomers' retirement (the M/Y ratio is based on domestic population trends, which are stable and can be projected out through 2050 with high confidence). The stage may now be set for modest P/E expansion over the next 15 years as millennial savings and 401(k) contributions lead once again to net stock market inflows among individual investors.

The same demographics predicting this scenario also suggest that labor markets will remain tight as boomers exit the workforce faster than other groups enter it. As such, millennials should enjoy solid wage growth during their careers. They are less likely to over-spend on real estate, so they may be able to save more than the boomers did. Student debt? Roughly 30% of millennials don't have any, and among those that do the average loan balance is \$25-30k. For those who graduated and have jobs, it's not the big problem the media makes it out to be. And thanks to ride-sharing, many millennials will never need to take on a car loan.

One problem that won't go away is stock market volatility. As technology disruptor firms account for a growing share of stock market capitalization, fast and furious corrections may become the norm. Still, for retirees who can comfortably maintain a fixed allocation to stocks, the rewards could be significant. For nearly a century, stocks have outperformed inflation by about seven percentage points per year. Odds are the next 15 years will be much the same. ■

— Jack Bowers

INTERNATIONAL FUNDS

**China Reshaping Emerging Markets**

Even as the U.S. and China may be standing on the precipice of an all-out trade war, their economic ties may yet strengthen owing to a recent development: emerging market benchmarks have begun a series of adjustments that have already significantly increased their China exposures. As such, billions of investment dollars (some of it from passive and actively managed funds) will be redirected to China. The changes are intended to reflect China's growing economic prominence.

Index providers MSCI and FTSE Russell are also altering their benchmarks because China has decided to make far more of its "domestic" A shares available to foreign investors. (Historically, foreigners have mostly held mainland Chinese H shares, which have restricted trading in Hong Kong and are denominated in U.S. dollar-linked Hong Kong dollars.) In contrast to that, A shares (whose availability is expected to triple) are traded in Shanghai and Shenzhen in China's own currency, the yuan.

Of course, China's move to make A shares more available is self-serving: The heavily indebted country needs more foreign capital and, politically, it wants to appear more open. Also, foreign investors want

access to China's better-run businesses and, more broadly, they desire a toehold in the world's only other economic super-power.

Of course, it can't be overlooked that the Chinese government (including its military) has a hand in most things. Its economy is centrally planned, appointed government officials sit on shadow oversight boards, and company financials and operations are opaque relative to their developed-market counterparts.

But even as more capital comes to chase A shares, during the first two volatile weeks of May (the most current data available), investors pulled more than \$5 billion out of Chinese stocks. That was the most since July 2015. (Outflows also accelerated in other emerging markets.) For its part, **China Region** (down 11.6%) was Fidelity's worst-performing international fund in May, while the more geographically diversified **Emerging Markets Index** slid 7.4%.

**Action Recommendation**

A review of how we rate Fidelity's 31 international funds quickly reveals that we're not overly enthusiastic — at least not relative to U.S. stock funds. (**Worldwide** is our only *Buy*-rated foreign fund, though the majority of its assets are American!)

As for China Region, it rose an impressive 21.8% through April, but as mentioned, that's now been sharply pared. While its long-term prospects are positive, the fund is about 50% more risky than the S&P 500. And if you think China's long-term prospects are unassailable, the truth is that it has returned substantially less than the S&P 500 over the prior 5- and 10-year periods. Granted, past is not prologue in this business, but for now at least, we're sticking closer to home. ■

— John Bonnanzio

China-related Exposures (% of assets) <sup>1</sup>			
	China	Hong Kong	Taiwan
China Region	65.9	13.7	13.2
Emerging Asia	37.7	14.0	9.2
Emerging Markets	23.3	1.8	5.5
Emerging Mkts Disc	21.7	2.2	7.6
<b>Emerging Mkts Index</b>	<b>31.6</b>	<b>--</b>	<b>11.1</b>
Global ex U.S. Index	8.3	2.7	2.9
Pacific Basin	20.2	7.8	5.3

<sup>1</sup> As of 4/30/19

*China now accounts for 32% of the Emerging Markets Index fund's country weight — up from 20% at the start of the year. Likewise, China Region's exposure has grown by 10 percentage points to 66%. Regardless of trade, investors should anticipate Chinese stocks to increase from the above levels.*

## TREND FUND

### “Chicken Growth” For Trying Times

Relatively speaking, **Trend** fund has the wind to its back. Despite being positioned as a “defensive growth” fund, this large-cap growth offering still faced strong headwinds last month: it retreated 4.0%. However, that was better than most of its 14 other peers which, on average, declined 6.2%.

Give credit to Shilpa Mehra. A co-manager new to the fund last year, she’s since taken full control from Dan Kelley who’s now running Fidelity’s just-

Trend Fund	
Ticker	FTRNX
Exp Ratio (%)	0.67
Correl. to S&P 500	92
Turnover (%)	88
Total # of Holdings	163
Top-5 Sectors (%)	
Info Tech	36.7
Consumer Discretionary	14.6
Health Care	13.9
Industrials	13.1
Communication Svcs	10.0

## launched **Founders Fund**.

One reason for Trend’s modest, relative outperformance in recent months is that Shilpa’s investment style is much the same as her predecessor’s, which could be called “chicken growth.”

Granted, Trend’s top-10 holdings consist of mostly FAANGs (with the

notable exception of Facebook). But Shilpa keeps a long-term eye on companies with sustainable earnings growth — even in a slowing economy. Couple that with a sensitivity to valuations and a predilection for temporarily mispriced

stocks, and you wind up with a fund that has made a troubled Seattle-based airframe manufacturer, Boeing, a recent top-10 holding.

Indeed, Shilpa’s investment strategy is to ferret out defensive growth stocks. “People often think being defensive means hiding out in bond-proxy sectors, such as consumer staples or utilities,” she says. “But they often lack strong long-term earnings-growth prospects.”

So Shilpa looks for sustainable earners that she believes exist in all sectors in all market environments. Why? “[They] hold up well in turbulent markets and deliver strong results in up markets.”

The evidence is mounting that Shilpa’s investment philosophy and stock selection process are bearing fruit. Though unlikely to lead other large-cap growth funds in up-market cycles, Trend is providing modest (relative) outperformance during choppy periods. As such, we’ve upgraded Trend to **Buy**. ■

— John Bonnanzio

## SECTOR INVESTING

### Energy Funds Downgraded

As indicated in “Rating Changes” on p. 5, seven energy-related funds (which are among the most risky of all sector offerings) have been downgraded. May’s 16% plunge in crude prices was driven by concerns that the U.S.-China trade dispute will slow global growth and sap demand. And with oil prices and energy share prices fairly correlated, investors’ aversion to risk assets has recently put *downward* pressure on prices.

Meanwhile, Mother Nature has exerted *upward* pressure. Floods in the Midwest have disrupted every aspect of production and distribution. They’ve even sidelined corn-laden trains needed to make ethanol (which is added to gasoline). But when flood waters subside, supply will increase.

Over the longer term, however, tech disruption (especially in transportation, renewable power generation and storage) is creating abundance from scarcity. The world’s dependence on carbon-based fuels (including coal) should decrease over time.

Until then, geopolitical wildcards will contribute to volatile prices. This month, OPEC and Russia may extend their agreement to constrict output, and the U.S. embargo on Iranian oil could tighten — especially if Iran is tied to recent attacks on Saudi tankers. Lastly, an end to Venezuelan chaos would see its oil spigots open, pushing prices lower still.

**Bottom line:** Volatile commodities like oil are highly sensitive to tariffs. ■

## DIVIDEND UPDATE

*In addition to regular monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds may make a dividend or cap gain distribution in June:*

Capital & Income, Event-Driven Opps, Focused High Inc, Founders Fund, Global High Inc, High Inc, Large Cap Growth Index, Large Cap Stock, Large Cap Value Index, Mid Cap Index, Mid-Cap Stock, 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, Real Estate Inc, Real Estate Index, Real Estate Investment, Short Duration High Inc, Small Cap Discovery, Small Cap Index, Small Cap Stock

*The final distributions for May were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Magellan	5/10	0.113	10.37

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