

25
Years

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New Hotline #
(see p. 12)

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

JULY 2013

PUBLISHED SINCE 1985

MESSAGE FROM JACK

A "Goldilocks" Portfolio: Not Too Risky, Not Too Tame, Just Right

One of the more problematic behaviors among some individual investors is the tendency to place a majority of assets in one place, be it cash, bonds, or aggressive stocks. Like clockwork, the time comes when the grass looks greener in another asset class, prompting a wholesale move. Whether this behavior is the result of market timing or letting emotions prevail over logic, the long-term results are rarely good, because it usually involves selling low and buying high.



Jack Bowers

There is a better way. Instead of investing at the extremes, a growth and income approach can be adopted. It might seem risky during times of high uncertainty, or overly conservative during bullish periods. But good things happen when you create a middle-of-the-road portfolio by blending domestic stocks and bonds for an overall risk of 0.6-0.8:

- You take on enough risk to beat inflation by a wide margin, yet not so much that it's difficult to recover from bear markets.
- You are less likely to be derailed by funds that lag their benchmarks, because stock selection in low-risk funds is not as critical and managers have less incentive to make big bets.
- Rebalancing the stock/bond mix from time to time delivers a little extra return, just as dollar cost averaging does.
- If you are drawing on your portfolio to cover retirement living expenses, the growth and income approach can last longer than other strategies, especially when annual liquidations rise above 4%.

Over the last 10 years, our Growth and Income Model returned 6.7% per year, versus 7.3% for the S&P 500. But since the Growth and Income Model had only 75% as much risk as the S&P, it outperformed the index by 22% on a risk-adjusted basis. Contrast that with our Growth, Select, and Unique Opps models. While these models outperformed too (with respective returns of 7.8%, 9.1% and 9.9%), the Growth and Income Model delivered the greatest return per unit of risk.

MARKET OUTLOOK

Stay Calm (And Diversified) Amid Heightened Volatility

At his press conference after the Fed's meeting on June 19, Chairman Ben Bernanke laid out a scenario under which the Fed would begin to reduce their open-ended \$85 billion a month in bond purchases, nicknamed QE Infinity. This "taper" talk immediately sent both the stock and bond markets into a stomach-churning free-fall. The Dow shed nearly 700 points over the next four trading days and the 10-year Treasury yield spiked from 2.20% to 2.60% over five days.



John M. Boyd

In our view, both moves were overdone as the fundamentals at play in the stock and bond markets simply do not support such an extreme reaction. In fact, as we go to press, the Dow has regained most of its losses, while the 10-year Treasury yield has fallen back to 2.52%.

Why Did The Fed Talk About Tapering?

The goal of the Fed's bond-buying program was to help spur the housing market through lower mortgage rates, help support the stock market by pushing investors to take on more risk in order to earn a decent return, and for the "wealth effect" of higher home and stock prices to generate enough consumer spending to ignite sustainable growth in the overall economy. Well, as the Meatloaf song goes (that's dating me!), two out of three ain't bad.

There were less welcome effects, however. Hedge funds and other institutional investors emboldened by the Fed's promise of "permanently" low financing rates (QE Infinity) have been making highly leveraged bets on a wide variety of higher risk assets, from emerging market debt to stocks. The Fed became more and more concerned that speculative bubbles were growing that could deflate very rapidly when they actually started to reduce their bond purchases. So they introduced the "idea" that these purchases wouldn't in fact go on forever in order to prick the bubbles a bit and let some speculative air escape now.

They got more "air" than they bargained judging by the stream of comments from Fed members afterwards, saying the market has misunderstood what they were saying. To us, the sharp reaction in the markets to the mere talk of

Market Outlook cont'd on page 3

Unique Opportunities

Target Risk: 1.20 (Current: 1.19)

Foreign Holdings: 9.8%

YTD Return: 14.0%

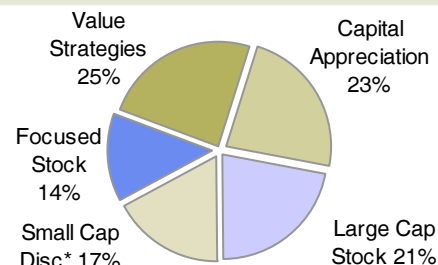
Stocks: 96.8% Bonds: 0.0% Cash: 3.2% Alternatives: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Value Strategies	FSLSX	\$35.56	2,224.92	\$79,118	-1.6%
Capital Appreciation	FDCAX	33.13	2,248.54	74,494	-2.0
Large Cap Stock	FLCSX	23.20	2,989.36	69,353	-1.3
Small Cap Discovery*	FSCRX	27.12	2,069.16	56,116	-1.4
Focused Stock	FTQGX	17.02	2,567.44	43,698	-2.4

* Closed: new investors use Small Cap Enhanced Index or Mid Cap Value.

Current Value (3/31/99 = \$100,000) **\$322,779** -1.7%

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



Select

Target Risk: 1.20 (Current: 1.19)

Foreign Holdings: 15.5%

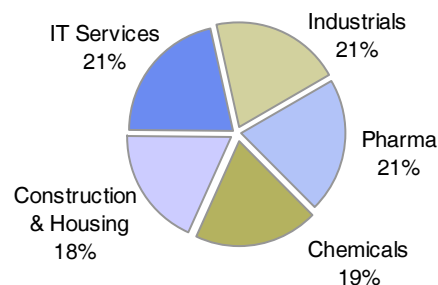
YTD Return: 12.9%

Stocks: 97.8% Bonds: 0.1% Cash: 2.2% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
IT Services	FBSOX	\$29.90	14,909.73	\$445,801	0.2%
Industrials	FCYIX	28.50	14,887.17	424,284	-1.3
Pharmaceuticals	FPHAX	17.33	24,472.56	424,109	-1.1
Chemicals	FSCHX	124.53	3,157.01	393,143	-2.8
Construction & Housing	FSHOX	54.37	7,015.8	381,447	-3.4

Current Value (12/31/88 = \$100,000) **\$2,068,785** -1.6%

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



Growth

Target Risk: 1.00 (Current: 1.07)

Foreign Holdings: 19.6%

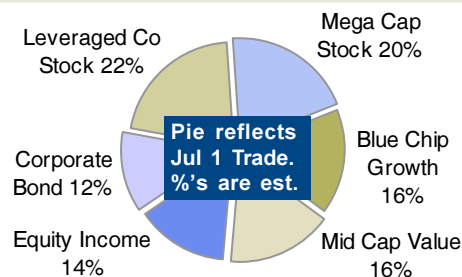
YTD Return: 10.1%

Stocks: 83.0% Bonds: 13.0% Cash: 4.1% Alternatives: 0.0% Yield: 0.9%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Leveraged Co Stock	FLVCX	\$37.36	9,108.37	\$340,289	-1.1%
Mega Cap Stock	FGRTX	13.60	23,596.76	320,916	-1.5
Blue Chip Growth	FBGRX	55.68	4,659.40	259,436	-1.9
Mid Cap Value	FSMVX	21.14	12,017.19	254,043	-0.3
Strategic Div & Inc	FSDIX	13.43	16,997.70	228,279	-1.6
New Markets Income	FNMIX	15.93	12,450.87	198,342	-4.9

Current Value (12/31/86 = \$100,000) **\$1,601,305** -1.8%

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: 0.73)

Foreign Holdings: 15.4%

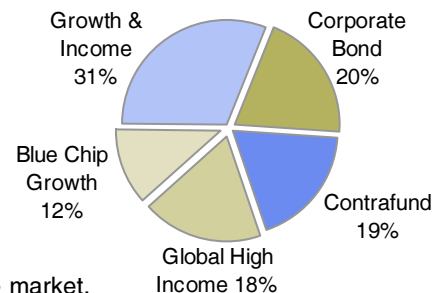
YTD Return: 6.5%

Stocks: 60.8% Bonds: 19.4% Cash: 2.0% Alternatives: 17.7% Yield: 2.2%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Growth & Income	FGRIX	\$24.47	5,594.69	\$136,902	-1.3%
Corporate Bond	FCBFX	10.88	7,865.01	85,571	-3.1
Contrafund	FCNTX	85.64	943.15	80,771	-1.7
Global High Income	FGHNX	9.83	8,107.22	79,694	-2.9
Blue Chip Growth	FBGRX	55.68	933.21	51,961	-1.9

Current Value (12/31/93 = \$100,000) **\$434,900** -2.1%

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



Income

Target Risk: 0.33 (Current: 0.41)

Foreign Holdings: 8.8%

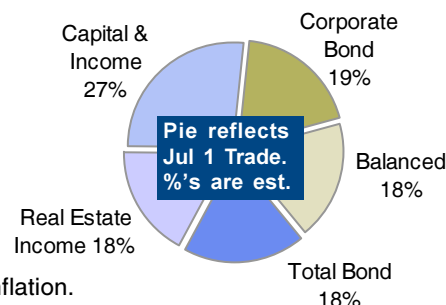
YTD Return: -2.7%

Stocks: 16.2% Bonds: 40.7% Cash: 4.9% Alternatives: 38.2% Yield: 3.2%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Capital & Income	FAGIX	\$9.46	8,825.37	\$83,488	-2.9%
Corporate Bond	FCBFX	10.88	5,431.67	59,097	-3.1
New Markets Income	FNMIX	15.93	3,653.72	58,204	-4.9
Strategic Income	FSICX	10.92	5,308.69	57,971	-2.5
Real Estate Income	FRIFX	11.64	4,770.03	55,523	-1.9

Current Value (12/31/91 = \$100,000) **\$314,282** -3.0%

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



an endpoint suggests that the Fed made a wise move in starting to prepare the markets for the inevitable.

We Should Welcome Tapering

The content of Bernanke's statement about tapering was actually very benign. In short he said they would start tapering IF the economy continued to improve as they were forecasting, otherwise they would not. AND, if things turned out worse than they expected, they might actually increase their purchases!

Under this scenario, we should welcome tapering as it would mean the economy is strong enough to survive without life support.

However, we think it is unlikely we will see actual tapering anytime soon. The Fed has pretty consistently over-estimated the strength in the economy since the recovery began and they are likely doing so again. Currently they are expecting GDP growth of 2.3% to 2.6% for 2013, even as the first quarter was revised downwards to 1.8%. Moreover, inflation at around 1% remains very low — about half of what the Fed would like to see — which leaves them plenty of “room” to keep up their purchases without fears of stoking inflation.

Will Higher Rates Derail The Housing Recovery?

As noted earlier, one of the real successes of the Fed's various QE programs has been to boost housing and the latest data remains very strong. In May, (non-seasonally adjusted) existing home sales were 15% higher than a year ago and prices were also ahead 15%. New home sales were 29% higher with prices up 10%. And pending home sales in May hit a six-year high.

But much of these gains have been fueled by Fed-induced ultra-low mortgage rates, and in the week after the Fed's taper talk, the average 30-year

FUNDS YOU SHOULD BUY NOW

Growth: **Blue Chip Growth**, **Cap App** and **Growth Company** for large-cap growth; **Contrafund** is a more conservative approach. **Leveraged Co. Stock** and **Value Strategies** play financially distressed but improving mid-caps. Favored alternatives to the closed **Small Cap Discovery** are **Small Cap Enhanced Index** and **Mid Cap Value**.

Growth & Income: **Equity-Income**, **Growth & Income**, **Mega Cap Stock** and, though sold from our Growth Model, **Strategic Dividend & Income**, all seek growth and yield from larger-cap stocks.

Bond: **Short-Term Bond** limits interest-rate risk. **Corporate Bond** holds investment-grade (though rate-sensitive) bonds. **Real Estate Income** provides portfolio diversification and adds yield. Its 40% stake in stocks (REITS - classified as “Alternatives”) also provides growth potential.

High Yield: More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** will boost portfolio yield, though its goal includes capital appreciation. ■

MODEL PORTFOLIO TRADES

As announced on our June 28 Hotline, on Monday July 1, we made trades in five model portfolios as shown below. (Profiles of some of these funds may be found on p. 11.)

Growth Model

We sold our entire position in **New Markets Income** [FNMIX] and used the proceeds to buy **Corporate Bond** [ticker: FCBFX]. We also sold our entire stake in **Strategic Dividend & Income** [ticker: FSDIX] and established a new position in **Equity-Income** [ticker: FEQIX].

Income Model:

We sold our entire position in **New Markets Income** [ticker: FNMIX] and used the proceeds to establish a new position in **Balanced** fund [ticker: FBALX]. We also sold our entire stake in **Strategic Income** [ticker: FSICX] and established a new position in **Total Bond** [ticker: FTBFX].

Annuity Growth Model:

We sold our entire position in **MS Emerging Market Debt** [ticker: FPRMC] and used the proceeds of the sale to establish a new position in **Fidelity VIP Investment Grade Bond** [ticker: FTLKC].

Annuity Growth & Income Model:

We sold our entire positions in both **MS Emerging Market Debt** [ticker: FPRMC] and **Pimco VIT Low Duration** [ticker: FPMBC] and used the proceeds of their sale to establish a new position in **Fidelity VIP Investment Grade Bond** [ticker: FTLKC].

Annuity Income Model:

We sold our entire position in **MS Emerging Market Debt** [ticker: FPRMC] and used the proceeds of its sale to establish a new position in **Fidelity VIP Balanced** [ticker: FJBAC].

Discussion:

These trades are a thematic continuation of those set forth from a month earlier. Broadly speaking, we are reducing emerging market debt in light of a rapidly deteriorating bond environment whose hallmarks now consist of elevated interest rates (at home and abroad) and investors' heightened aversion to credit risk. While we believe that the market's reaction has been overblown, regardless, it's not especially easy to sail into a headwind. And, while it may seem counterintuitive to swap bond funds for seemingly riskier stock-rich funds (at least in the case of the Income and Annuity Income models), the additional diversification should prove helpful over time. (A deeper discussion of the trades is found in Market Outlook beginning on p. 1.)

Note: **New Markets Income** charges a 1.00% short-term redemption fee (paid to shareholders, not Fidelity) on shares held fewer than 90 days.

fixed mortgage rate jumped from 3.93% to 4.46%. That is the highest rate in about a year, and the biggest weekly jump since 1987.

So far, the impact on home buying has been minimal, with mortgage applications for purchases down just 3% since the beginning of May when rates first started to pick up. Even at 4.5%, mortgage rates are still historically very low and affordability is still historically high, so we expect the housing recovery to continue.

Slowing In Refinancings A Bigger Economic Concern

Of bigger concern for the economy is the effect of higher rates on mortgage refinancings. Since the start of May, applications for refinancings have fallen by more than 40%. Strong refi activity improves consumers' spending power, which is especially important since real (adjusted for taxes and inflation) personal income growth has been very weak. Although improved of late, it is still running at an annual growth rate of only 1.1%. This bears watching.

Economy Stuck In Low Gear

Despite the Fed's efforts, the economy remains stuck in low gear with GDP growth of 2.4%, 1.8%, 2.2% in 2010, 11 and 12 respectively, and something near 2.0% likely this year. While that keeps us out of recession, it won't do that much for reducing unemployment or increasing individual incomes. It is not all the Fed's fault as the economy is struggling against the headwinds of a recession in Europe and a slowdown in China, as well as restrictive fiscal policies here at home in the form of higher taxes and lower government spending due to sequestration. (The good long-term news from this, however, is a reduction in our deficit.)

The Worst Is Over For Bonds

The onetime adjustment to the reality that someday the Fed will

actually stop buying bonds has run its course and now bonds are back to trading on the fundamentals. And those fundamentals don't suggest a significant increase in rates for the balance of the year. The economy is likely to grow only slowly, inflation is subdued and falling, and the declining deficits means less issuance of government bonds. There is little to push yields higher. This month, in fact, we have upgraded **Spartan Long-Term** and **Intermediate Term Treasury** funds to *Hold*.

Stocks Still Face Risks

While stocks have quickly recovered from their steep losses in reaction to the Fed's taper talk, they still face risks. While a slow-growing economy is great for bonds, it is obviously less terrific for stocks. Corporate profits are at an all-time high, but with exports suffering as the rest of the world contracts, profits may start to slip. As we approach the 2nd quarter earnings season, negative preannouncements by firms are running 7 times higher than positive guidance, according to Thomson Reuters. If that were to hold, it would be the highest ratio on record. At the same time the P/E on the market has risen to just over 16. While that is still below the average of 18.7 over the past 25 years, it is up from 14.7 at the start of the year. Not a huge deal, but stocks have to be considered less attractive now than earlier in the year.

Portfolio Recommendations

For all but our most aggressive members, our recommendation is to stick to a portfolio that is diversified among stocks and bonds, with an overall risk level that makes sense for you in the long run. I know many of you may question the wisdom of holding any bonds, especially those of longer duration. After all, I'm sure you have seen articles such as "Bull Market In Bonds Is Over," or "Bonds Are A Disaster Waiting To Happen."

Yes, I think it is very likely that we have seen the lows in bond yields

for a long time to come. (At least I hope so, because if we haven't, the economy will have cratered and we will have bigger problems on our hands!) But I don't think bond yields are likely to spike higher from here anytime soon. And while longer duration bonds do carry more interest-rate risk, they also offer greater protection should the economy struggle more than expected and stocks experience a significant correction.

Model Trades

As noted on page 3, we are making trades in several models. All the trades reflect our desire to move out of the emerging market debt space. While it was also oversold like other bond markets, we are happy to take the bounce-back of the past week or so and exit. The greater-than-expected slowdown in China, the collapse of global commodity prices, and the reversal of speculative hedge fund trades are all impinging on this market. We are largely replacing those exposures with domestic bonds. In the *Growth Model* we are swapping **New Markets Income** for **Corporate Bond**. We are also replacing the hybrid **Strategic Dividend & Income** with **Equity-Income**. This reduces our exposure to high-yield a bit (SD&I holds about 10% in high-yield convertible bonds) as well as REITs (16% of the fund) in favor of more conventional growth & income stock exposure (see John Bonnanzio's story on page 11 for a discussion of these new funds).

In the *Income Model*, we are replacing New Markets Income with **Balanced**. This actually adds some equity exposure to the model (70% of the fund is in stocks). We are offsetting most of that added risk by replacing **Strategic Income**, with its slug of high-yield bonds (39%) and emerging market debt (15%), with the mostly investment-grade bonds in **Total Bond**. We are making similar trades in our *Growth, Growth & Income* and *Income Annuity* models. ■

— John M. Boyd

FUND COMMENTARY

Globally, Stocks And Bonds All Fall Down

How it came to pass that investors the world over had to endure the bruising that they did last month is well-chronicled in *Market Outlook*. So I'll start with this observation: With equity, credit and even commodity markets falling in every corner of the globe, the interconnectedness of our economies has rarely been more apparent as measured by the performances of Fidelity's many funds.



John Bonnanzio

Stock Indexes

Fortunately, the last week of June was something of a life ring for investors as security prices stabilized and then rose, thereby trimming losses. For example, with the S&P 500 gaining 0.9% that week, its month-to-date loss was cut to -1.4%. That's certainly unwelcome, but no disaster. Likewise, the Dow Jones Industrials gained 0.7% and finished the month off "just" 1.2%. For their part, the small-cap Russell 2000 slipped 0.6% in June and the tech-rich Nasdaq was off 1.5%.

Turning to Fidelity, while their small- and mid-cap-sized funds generally underperformed their larger-cap peers, there were many exceptions. Indeed, sector exposure often mattered more, though even industry weights were unreliable measures in that regard.

Using June's Select fund performances as barometers, if a manager's portfolio consisted more of **IT Services** (up 0.2%) than **Computers** (down 3.5%), then tech wasn't such a problem. Within **Financials** (down 2.1%), it was okay to hold **Insurance** (up 0.8%) and especially **Banks** (up 1.7%), but it hurt to own **Brokerage & Investment** (down 3.6%).

A final example: **Select Medical Delivery** gained 1.3% in June, but if a manager's health care exposure was

tilted more towards biotech, well, the fund by that name was off 3.1%.

On average, Fidelity's 40 diversified offerings fell 1.3%. **Independence** fared worst in June, declining 3.0%. Other large-cap funds followed close behind including **Focused Stock** (down 2.4%), **Fifty** and **Dividend Growth** (both falling 2.3%).

And, while only **Small Cap Growth** scored a modest gain (up 0.3%), some of its peers' losses were only fractional. Then again, a few big-cap value funds fared relatively well including **Blue Chip Value**, **Equity Dividend Income** and **Equity Income** (all fell 0.6%), while **OTC** on the growth side was down 0.1%.

Among Fidelity's most widely held funds, performances varied widely: **Contrafund** and **Magellan** fell 1.7%, **Blue Chip Growth** was off 1.9%, and **Growth Company** declined 2.2%. **Low-Priced Stock** fared better, slipping just 0.2% as consumer discretionary stocks (its largest sector bet) were strong performers.

International Funds

For all the island-nation's formidable problems, **Japan** (up 2.8%) and **Japan Smaller Companies** (up

2.3%) were winners last month, and are stand-out performers this year. In the meantime, **Latin America** led the way down in June and for the year (down 7.6% and 16.0%, respectively). Falling commodity prices are a big reason for its decline and others, too. Notably, **Global Commodity Stock** fell 8.3% last month while, **Select Gold** tumbled 19.9% in June. (It's now off 48.1% for the year!)

Taking a wider view, **Diversified Int'l** retreated 2.3% and **Spartan Int'l Index** lost 2.9%.

Bond Funds

Both credit and interest-rate-risk fell out of fashion in June. On the US side, the junk bond fund **Capital & Income** fell 2.9% while overseas **New Markets Income** tumbled 4.9% (see p. 3 trade box). On the interest-rate-front, the 10-year Treasury yield briefly jumped to 2.60%, but ended June at 2.52% (up from 2.13% at the start of the month). This spike unnerved taxable and muni bond investors: **Spartan Long-Term Treasury Index** fell 3.2% and **Inflation-Protected Bond** fell 3.9%. For its part, **Tax-Free Bond** retreated 3.2%. ■

— John Bonnanzio

JULY SCORECARD RATING CHANGES

Fund	Ratings		Comments
	Old	New	
130/30 Large Cap	S	NA	See Fund Mergers on p. 11.
Emg Mkt Discovery	B	B ↓	Credit risk rising due to economic headwinds.
Large Cap Growth	H	NA	See Fund Mergers on p. 11.
MS Emg Mkt Debt	B	H ↓	Credit risk rising due to economic headwinds.
New Markets Inc	B	H ↓	Credit risk rising due to economic headwinds.
Pacific Basin	B	B ↓	A sizeable 40% is held in the emerging markets.
Pimco VIT Low Dur	B	B ↓	Longer duration funds looking more attractive.
Sel Financial Svcs	H	B ↑	Wider loan spread + housing are good for sector.
Select Banking	H	B ↑	Wider loan spread + housing are good for sector.
Select Biotech	B	H ↓	Recent court ruling on DNA patents is a negative.
Select Leisure	H	B ↑	Better economy is driving consumer spending up.
Sp Intermed Treas	S	H ↑	Yield back-up is an overreaction to Fed statement.
Sp Long-Term Treas	S	H ↑	Yield back-up is an overreaction to Fed statement.
Tax Managed Stock	S	NA	See Fund Mergers on p. 11.
Total Emg Mkts	B	H ↓	Credit risk rising due to economic headwinds.
VIP Balanced	B	B ↑	We like this fund's split between stocks and bonds.
VIP Finan'l Svcs	H	B ↑	Wider loan spread + housing are good for sector.

B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell, NC = No change
(↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

JUNE 30, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹	
						Jun	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr		
Comparative Indexes		S&P 500		1606.3		-1.4	13.8	2.9	20.6	18.4	7.0	7.3	1.00	
		Nasdaq		3403.3		-1.5	13.4	4.5	17.8	18.8	9.5	8.7	1.18	
		Dow Jones Industrials		14909.6		-1.2	15.3	3.0	18.9	18.2	8.7	7.9	0.90	
		Russell 2000 (Small Caps)		977.5		-0.6	15.8	3.0	24.1	18.6	8.8	9.5	1.37	
		Barclays Aggregate Bond*				-1.6	-2.6	-2.6	-1.1	3.3	4.9	4.2	0.21	
Model Portfolios		Unique Opportunities				-1.7	14.0	2.4	23.8	16.2	3.7	9.9	1.19	
		Select				-1.6	12.9	2.6	22.1	17.8	4.5	9.1	1.19	
		Growth				-1.8	10.1	1.8	17.4	16.3	4.6	7.8	1.07	
		Growth & Income				-2.1	6.5	1.1	12.7	11.1	3.9	6.7	0.73	
		Income				-3.0	-2.7	-3.2	3.1	6.1	4.9	4.3	0.41	
											Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						Category Averages	-1.8	12.5	2.8	19.2	17.7	5.6	1.15	
312	FBGRX	Blue Chip Growth		55.68	Buy	-1.9	13.5	4.1	20.9	18.8	9.0	1.21	\$12,110	
307	FDCAX	Capital Appreciation		33.13	Buy	-2.0	12.8	2.2	19.9	17.9	7.4	1.11	5,402	
22	FCNTX	Contrafund		85.64	Buy	-1.7	11.4	2.1	16.8	16.7	6.0	0.96	63,993	
332	FEXPX	Export and Multinational	0.75%/30d	24.12	OK to Sell	-1.6	10.2	0.8	16.7	14.8	3.5	1.02	1,695	
3	FFIDX	Fidelity Fund		39.77	Hold	-2.1	11.1	1.2	16.9	16.3	4.0	1.05	4,452	
500	FFTYX	Fifty (Closed)		22.72	Buy	-2.3	12.5	1.7	19.4	18.1	3.1	1.00	668	
333	FTQGX	Focused Stock		17.02	Buy	-2.4	12.3	1.8	19.5	19.9	6.9	1.11	1,074	
25	FDGRX	Growth Company (Closed)		105.07	Buy	-2.2	12.7	3.9	18.0	20.0	7.4	1.19	23,830	
339	FDSVX	Growth Discovery		17.41	Hold	-1.6	11.8	3.2	15.8	18.9	4.1	1.17	766	
73	FDFFX	Independence		29.22	OK to Sell	-3.0	12.7	2.1	23.0	16.7	0.1	1.51	3,255	
763	FSLGX	Large Cap Growth (Closed)				Merged into Stock Selector All Cap on June 21								
21	FMAGX	Magellan		81.85	OK to Buy	-1.7	12.2	2.8	20.0	12.9	1.3	1.21	11,914	
300	FMLX	New Millennium		34.81	OK to Buy	-1.3	14.9	3.0	21.7	19.3	9.6	1.03	2,312	
93	FOCPX	OTC		70.52	Hold	-0.1	16.4	8.6	21.4	18.8	9.2	1.32	5,889	
320	FSSX	Stock Selector All Cap		32.00	Hold	-1.2	13.0	2.9	21.5	17.3	5.1	1.18	2,795	
5	FTRNX	Trend		80.26	Hold	-2.2	9.8	2.1	17.2	18.8	7.2	1.13	1,176	
LARGE CAP BLEND						Category Averages	-1.5	14.6	3.8	24.2	18.3	6.2	1.16	
315	FDEQX	Disciplined Equity		27.84	Hold	-1.9	14.2	2.3	22.3	14.7	2.7	1.16	1,061	
330	FDGFX	Dividend Growth		33.28	Hold	-2.3	11.3	1.8	21.5	16.3	7.7	1.35	6,287	
27	FGRIX	Growth & Income		24.47	Buy	-1.3	15.6	4.5	25.5	20.2	3.7	1.05	5,736	
338	FLCSX	Large Cap Stock		23.20	Buy	-1.3	16.2	4.9	27.9	20.4	9.4	1.19	1,578	
361	FGRTX	Mega Cap Stock		13.60	Buy	-1.5	14.4	4.5	24.2	20.2	8.0	1.09	2,215	
343	FTXMX	Tax Managed Stock (Closed)				Merged into Stock Selector All Cap on June 21								
832	FVDFX	Value Discovery		18.85	Hold	-0.6	15.8	4.6	24.0	17.9	5.7	1.14	432	

Scorecard Key:

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹Relative Volatility 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 before any inflation adjustment, your effective yield may be different. ⁴Also available in an Advantage share class with a minimum of \$10,000, but a lower expense ratio. ⁵Formerly Equity-Income II. ⁶Formerly Invesco Van Kampen Global Value Equity. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

Model Portfolios Key:

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

MODEL PORTFOLIO HISTORICAL RETURNS (FIDELITY MONITOR)

	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12
Regular Models																									
Un Opp												33.8	-20.5	1.6	-2.1	43.2	20.6	18.8	16.6	11.6	-47.6	45.8	19.3	-5.8	16.8
Select		23.4	31.3	35.3	20.4	25.9	-0.9	39.0	5.2	29.3	21.7	44.9	-14.9	-7.3	-14.7	38.4	7.4	15.0	13.6	15.6	-39.3	35.4	11.6	1.2	19.2
Growth	26.0	30.4	-4.4	40.6	15.7	31.9	-2.1	27.2	19.2	25.5	9.9	29.0	-10.8	-6.4	-17.1	46.1	12.4	11.2	15.7	7.3	-42.7	31.8	17.7	-1.7	16.0
G&I							-3.7	21.6	15.8	18.7	11.1	12.2	2.7	1.3	-6.4	33.0	11.5	8.2	13.7	6.1	-33.5	28.1	12.2	-0.3	13.4
Income					10.1	11.3	-2.1	14.8	9.0	10.5	3.5	3.0	0.3	5.6	5.4	8.4	4.2	3.6	6.9	4.0	-18.2	20.0	9.1	6.3	10.7
Annuity (VIP) Models																									
Sector																57.5	6.3	14.0	17.7	11.2	-41.4	50.2	15.0	-5.0	18.1
Growth						20.6	4.6	36.1	16.1	23.5	22.6	22.1	-10.3	-14.0	-21.7	30.0	7.0	10.1	14.5	9.3	-45.5	25.1	17.7	-2.2	17.8
G&I								26.4	12.8	21.4	15.1	6.1	-4.9	3.1	-9.4	20.8	6.3	4.5	11.6	7.7	-31.0	27.1	12.0	-1.0	13.9
Income						12.3	-3.8	16.9	6.9	10.9	0.4	0.8	-2.4	-3.4	7.3	9.9	5.1	1.8	6.1	6.2	-18.3	22.9	7.3	7.4	10.0

FIDELITY SCORECARD

JUNE 30, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jun	YTD	3 Mo.	1 Year	3 Year	5 Year				
LARGE CAP VALUE						Category Averages			-0.7	15.3	3.2	23.9	15.7	4.0	1.14
1271	FBCVX	Blue Chip Value		12.63	OK to Buy	-0.6	16.5	3.4	26.1	13.4	2.2	1.22	\$273		
319	FEQTX	Equity Dividend Income ⁶		22.17	OK to Buy	-0.6	14.3	2.7	20.5	16.2	4.9	1.13	4,716		
23	FEQIX	Equity-Income		53.54	Buy	-0.6	14.3	3.2	23.6	16.5	5.4	1.14	6,681		
708	FSLVX	Stock Sel Large Cap Value		13.61	Hold	-0.8	16.2	3.3	25.6	16.7	3.6	1.07	487		
MID-CAP GROWTH						Category Averages			-0.8	15.0	2.8	23.3	17.1	5.2	1.26
324	FDEGX	Growth Strategies	1.50%/90d	24.01	Hold	-0.2	15.9	3.7	23.6	15.3	4.2	1.33	1,473		
337	FMCSX	Mid-Cap Stock	0.75%/30d	33.87	Hold	-0.7	16.3	2.8	23.1	18.9	6.2	1.20	4,768		
2412	FSSMX	Stock Selector Mid Cap		26.23	Hold	-1.5	12.7	2.0	--	--	--	--	205		
MID-CAP BLEND						Category Averages			-1.0	14.5	3.2	29.0	19.4	6.8	1.32
122	FLVCX	Leveraged Company Stock	1.50%/90d	37.36	Buy	-1.1	16.0	3.2	32.7	20.5	2.4	1.53	4,062		
316	FLPSX	Low-Priced Stock	1.50%/90d	45.54	OK to Buy	-0.2	15.3	4.5	27.1	19.1	9.8	1.09	26,658		
14	FSLSX	Value Strategies		35.56	Buy	-1.6	12.3	2.0	27.1	18.6	8.3	1.34	634		
MID-CAP VALUE						Category Averages			-0.7	17.9	2.6	30.6	19.5	7.9	1.23
762	FSMVX	Mid Cap Value	0.75%/30d	21.14	Buy	-0.3	18.8	2.0	29.8	19.6	8.7	1.20	1,184		
39	FDVLX	Value		89.30	Buy	-1.0	17.0	3.2	31.4	19.4	7.2	1.26	6,433		
SMALL CAP GROWTH						Category Averages			0.3	18.5	3.4	23.9	18.9	7.8	1.35
1388	FCPGX	Small Cap Growth	1.50%/90d	18.71	OK to Buy	0.3	18.5	3.4	23.9	18.9	7.8	1.35	1,233		
SMALL CAP BLEND						Category Averages			-1.2	13.7	1.2	24.2	17.8	10.1	1.43
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	27.12	Buy	-1.4	16.7	0.8	33.4	23.6	17.8	1.34	5,824		
340	FSLCX	Small Cap Stock	2.00%/90d	18.72	Hold	-1.7	9.8	0.4	17.2	10.7	6.1	1.58	2,410		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	23.06	OK to Buy	-0.5	14.7	2.5	22.0	19.1	6.4	1.38	1,380		
SMALL CAP VALUE						Category Averages			-1.3	16.3	-0.2	28.4	19.0	13.8	1.26
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.81	Buy	-1.3	16.3	-0.2	28.4	19.0	13.8	1.26	2,506		
SPECIALTY															
2063	FOTTX	130/30 Large Cap (Closed)				Merged into Stock Selector All Cap on June 21									
304	FBALX	Balanced		21.49	Buy	-1.6	6.9	0.9	12.6	12.4	5.6	0.66	15,866		
308	FCV SX	Convertible Securities		28.38	Buy	-2.7	10.3	2.3	22.6	13.5	3.6	1.02	1,887		
334	FGBLX	Global Balanced	1.00%/30d	24.00	OK to Buy	-2.0	2.6	-1.0	9.5	10.3	4.0	0.78	475		
2120	FFGCX	Global Commodity Stock	1.00%/30d	12.32	OK to Sell	-8.3	-16.8	-13.8	-7.9	1.2	--	1.73	258		
1960	FDYSX	Global Strategies		9.36	Sell	-2.3	0.8	-2.4	5.1	8.2	2.9	0.79	209		
1368	FIREX	International Real Estate	1.50%/90d	9.92	Hold	-2.4	4.2	-1.7	28.6	15.3	2.1	1.59	372		
4	FPURX	Puritan		20.57	Buy	-1.8	6.4	0.6	12.0	12.4	6.2	0.71	15,793		
833	FRIFX	Real Estate Income	0.75%/90d	11.64	Buy	-1.9	3.7	-1.9	12.1	12.7	10.5	0.43	2,954		
303	FRESX	Real Estate Investment	0.75%/90d	33.81	Hold	-2.0	5.8	-1.6	8.4	18.2	7.9	1.26	3,974		
1329	FSDIX	Strategic Dividend & Income		13.43	Buy	-1.6	9.6	0.8	15.6	16.3	6.3	0.76	2,783		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.35	Hold	-2.7	-2.8	-4.6	1.1	6.6	2.3	0.54	697		
311	FIUIX	Telecom & Utilities		20.15	Hold	0.5	8.6	-1.2	11.5	17.5	4.8	0.81	891		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		13.17	Hold	-1.4	0.8	-1.0	3.8	5.9	4.9	0.27	4,777		
1957	FTANX	Asset Manager 30%		10.13	Hold	-1.6	1.8	-0.9	5.7	7.4	5.2	0.39	515		
1958	FFANX	Asset Manager 40%		10.26	Hold	-1.6	2.9	-0.5	7.6	8.7	5.5	0.51	447		
314	FASMX	Asset Manager 50%		17.04	Hold	-1.8	3.9	-0.3	9.4	9.9	5.8	0.62	7,085		
1959	FSANX	Asset Manager 60%		10.59	Hold	-1.9	5.0	0.1	11.1	10.9	6.0	0.74	763		
321	FASGX	Asset Manager 70%		18.38	Hold	-2.0	6.0	0.4	13.1	12.1	5.5	0.87	3,027		
347	FAMRX	Asset Manager 85%		15.27	Hold	-2.0	7.8	1.0	16.1	13.6	5.4	1.05	993		
EQUITY INDEX															
355	FFNOX	Four-in-One Index		31.77	Hold	-1.7	8.8	1.1	17.1	14.3	5.4	0.94	2,788		
2010	FIENX	International Enhanced Index	1.00%/30d	7.49	Hold	-2.6	4.3	-0.4	19.6	11.2	-1.2	1.34	31		
1827	FLCEX	Large Cap Core Enhanced Index		10.83	OK to Buy	-1.4	14.4	3.4	21.6	18.8	6.6	0.98	229		
1829	FLGEX	Large Cap Growth Enhanced Index		12.31	OK to Buy	-2.1	13.1	2.4	17.4	18.5	7.5	1.03	193		
1828	FLVEX	Large Cap Value Enhanced Index		9.30	OK to Buy	-1.2	15.7	2.9	26.4	19.0	6.1	1.00	129		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	11.50	Hold	-1.0	16.5	2.2	27.0	19.5	8.1	1.18	212		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	45.42	Hold	-1.4	13.3	4.5	17.4	18.5	9.2	1.18	529		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.96	Buy	-0.6	14.3	2.1	26.0	20.4	9.1	1.37	222		
650	FUSEX	Spartan 500 Index ⁴		57.17	Hold	-1.4	13.8	2.9	20.5	18.4	7.0	1.00	4,934		
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	9.19	Hold	-5.7	-10.3	-7.6	2.0	--	--	--	8		
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	45.89	Hold	-1.0	15.8	2.4	25.3	19.5	9.0	1.28	1,238		
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	10.94	Hold	-3.7	-0.8	-3.0	13.2	--	--	--	4		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	35.45	Hold	-2.9	3.4	-0.8	18.6	10.6	-0.4	1.37	2,273		
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	13.74	Hold	-1.2	15.3	2.2	25.2	--	--	--	5		
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	12.32	Hold	-1.8	5.6	-1.3	7.5	--	--	--	7		
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	13.98	Hold	-0.5	15.8	3.1	24.1	--	--	--	9		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	46.93	Hold	-1.3	14.2	2.8	21.4	18.6	7.4	1.05	1,403		

FIDELITY SCORECARD

JUNE 30, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jun	YTD	3 Mo.	1 Year	3 Year	5 Year				
INTERNATIONAL						Category Averages			-3.3	3.7	-1.6	17.1	10.8	0.3	1.42
309	FICDX	Canada	1.50%/90d	52.06	OK to Sell	-3.6	-2.7	-4.9	5.1	5.2	-2.8	1.10	\$2,258		
352	FHKCX	China Region	1.50%/90d	31.05	OK to Buy	-5.6	1.3	0.9	19.3	8.1	4.8	1.50	1,307		
325	FDIVX	Diversified International	1.00%/30d	31.41	Hold	-2.3	4.9	0.5	18.3	10.9	-1.1	1.34	13,017		
351	FSEAX	Emerging Asia	1.50%/90d	28.00	Hold	-6.3	-6.3	-6.0	8.1	6.9	0.5	1.48	1,175		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.37	Hold	-3.7	-9.0	-5.1	3.3	7.1	-0.5	1.59	104		
322	FEMKX	Emerging Markets	1.50%/90d	22.20	Hold	-6.3	-4.4	-6.2	7.6	3.7	-4.3	1.52	2,046		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	11.76	OK to Buy↓	-5.5	-5.8	-6.5	12.4	--	--	--	96		
301	FIEUX	Europe	1.00%/30d	32.73	Hold	-3.8	4.8	0.7	23.2	12.9	-0.8	1.58	705		
341	FECAX	Europe Capital App	1.00%/30d	19.83	Hold	-3.8	4.3	0.6	24.3	12.7	-1.0	1.59	316		
2406	FGILX	Global Equity-Income	1.00%/30d	11.10	OK to Buy	-2.0	8.3	1.3	17.1	--	--	--	36		
335	FIVFX	International Cap App	1.00%/30d	14.34	Buy	-3.4	3.4	-2.7	18.3	14.2	2.3	1.47	842		
305	FIGRX	International Discovery	1.00%/30d	34.69	Hold	-3.1	4.9	-0.3	20.4	11.6	-0.2	1.37	6,583		
1979	FIGFX	International Growth	1.00%/30d	9.65	OK to Buy	-2.1	4.3	-1.9	15.5	13.9	3.2	1.26	283		
818	FISMX	International Small Cap	2.00%/90d	22.63	Buy	-2.1	11.2	1.0	26.0	14.2	3.1	1.35	801		
1504	FSCOX	International Small Cap Opps	2.00%/90d	12.10	Buy	-2.1	6.9	0.5	22.9	16.0	0.3	1.25	402		
1597	FIVLX	International Value	1.00%/30d	7.87	Hold	-2.4	4.0	-0.5	19.9	9.2	-2.2	1.45	160		
350	FJPNX	Japan	1.50%/90d	11.36	OK to Buy	2.8	15.6	3.4	20.0	8.6	-0.9	1.18	478		
360	FJSCX	Japan Smaller Companies	1.50%/90d	12.25	OK to Buy	2.3	35.1	7.3	44.3	18.4	6.4	1.48	513		
349	FLATX	Latin America	1.50%/90d	38.91	Sell	-7.6	-16.0	-14.5	-11.9	-0.8	-7.1	1.64	1,433		
342	FNORX	Nordic	1.50%/90d	35.13	Hold	-4.5	10.1	0.7	26.8	13.2	-0.3	1.78	321		
94	FOSFX	Overseas	1.00%/30d	34.22	OK to Buy	-2.1	5.9	0.2	22.1	12.2	-1.8	1.52	1,708		
302	FPBFX	Pacific Basin	1.50%/90d	27.68	OK to Buy↓	-3.8	10.9	0.0	25.1	13.4	5.4	1.31	649		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.31	Hold↓	-6.9	-9.1	-7.1	3.2	--	--	--	52		
1978	FTIEX	Total International Equity	1.00%/30d	7.39	OK to Buy	-3.2	0.8	-2.8	15.7	10.6	-0.2	1.34	309		
318	FWWFX	Worldwide	1.00%/30d	22.15	Hold	-2.7	8.9	0.9	19.9	16.0	3.2	1.17	1,243		
SELECT PORTFOLIOS						Category Averages			-1.4	13.1	2.4	22.3	17.5	7.9	1.38
34	FSAIX	Air Transportation	0.75%/30d	47.59	OK to Buy	-0.2	19.0	1.2	27.8	18.4	16.6	1.17	133		
502	FSAVX	Automotive	0.75%/30d	48.05	OK to Buy	1.9	23.1	14.4	47.0	21.0	13.8	1.96	187		
507	FSRBX	Banking	0.75%/30d	22.83	OK to Buy↑	1.7	18.4	7.3	24.0	13.3	7.1	1.47	593		
42	FBIOX	Biotechnology	0.75%/30d	141.75	Hold↓	-3.1	28.9	7.1	37.3	35.9	18.4	1.25	5,176		
68	FSLBX	Brokerage & Investment	0.75%/30d	60.49	OK to Buy	-3.6	20.6	7.7	40.2	13.8	5.5	1.68	710		
69	FSCHX	Chemicals	0.75%/30d	124.53	Buy	-2.8	6.3	1.1	19.8	27.0	9.7	1.57	1,118		
518	FSDCX	Communications Equipment	0.75%/30d	25.22	OK to Sell	-0.8	8.8	3.4	23.3	8.6	5.1	1.72	296		
7	FDCPX	Computers	0.75%/30d	63.48	OK to Sell	-3.5	11.5	0.7	12.6	16.5	11.0	1.51	690		
511	FSHOX	Construction & Housing	0.75%/30d	54.37	Buy	-3.4	12.1	2.0	31.6	26.7	13.8	1.37	746		
517	FSCPX	Consumer Discretionary	0.75%/30d	30.31	OK to Buy	0.9	19.4	7.0	26.9	23.4	14.7	1.15	479		
98	FVLX	Consumer Finance	0.75%/30d	15.77	OK to Buy	-0.4	15.9	4.7	29.9	18.5	0.5	1.15	290		
9	FDFA	Consumer Staples	0.75%/30d	86.72	Hold	-1.8	11.2	-0.7	17.0	19.4	10.9	0.86	1,465		
67	FSDAX	Defense & Aerospace	0.75%/30d	101.65	Hold	0.5	17.7	5.8	27.3	20.3	10.7	1.12	708		
8	FSELX	Electronics	0.75%/30d	53.74	OK to Sell	-0.7	17.7	5.0	15.8	13.2	7.5	1.72	927		
60	FSENX	Energy	0.75%/30d	55.66	Hold	-1.7	9.8	-1.0	20.8	15.4	-5.4	1.80	1,977		
43	FSESX	Energy Service	0.75%/30d	75.36	OK to Sell	-0.8	13.0	1.0	27.2	15.3	-8.5	2.25	1,103		
516	FSLEX	Environment & Alt Energy	0.75%/30d	19.08	OK to Sell	-2.3	12.1	2.7	25.2	10.4	2.6	1.27	75		
66	FIDSX	Financial Services	0.75%/30d	70.36	OK to Buy↑	-2.1	14.0	6.2	26.8	9.9	1.8	1.64	679		
41	FSAGX	Gold	0.75%/30d	19.21	Sell	-19.9	-48.1	-37.4	-46.5	-22.6	-12.4	2.18	1,010		
63	FSPHX	Health Care	0.75%/30d	158.48	OK to Buy	-1.6	20.9	5.5	29.4	24.3	13.9	0.98	3,281		
510	FSCGX	Industrial Equipment	0.75%/30d	40.13	OK to Buy	-2.3	8.9	0.2	19.3	18.0	6.6	1.57	349		
515	FCYIX	Industrials	0.75%/30d	28.50	Buy	-1.3	14.3	1.5	25.7	19.8	9.4	1.37	964		
45	FSPCX	Insurance	0.75%/30d	61.79	Buy	0.8	22.6	6.9	35.8	17.8	9.1	1.13	426		
353	FBSOX	IT Services	0.75%/30d	29.90	Buy	0.2	19.3	4.0	27.9	23.5	13.6	1.31	686		
62	FDSLX	Leisure	0.75%/30d	114.92	OK to Buy↑	0.2	17.0	3.5	21.5	21.6	15.9	1.27	376		
509	FSDPX	Materials	0.75%/30d	73.41	Hold	-3.9	2.9	-2.7	15.2	18.0	5.3	1.60	1,071		
505	FSHCX	Medical Delivery	0.75%/30d	65.31	Hold	1.3	16.0	7.8	15.0	19.2	12.8	1.18	641		
354	FSMEX	Medical Equipment	0.75%/30d	32.40	OK to Buy	-0.1	17.7	3.4	20.1	15.4	8.6	1.17	1,396		
503	FBMPX	Multimedia	0.75%/30d	69.25	OK to Buy	1.7	20.8	6.0	37.6	28.0	17.4	1.28	838		
513	FSNGX	Natural Gas	0.75%/30d	32.88	OK to Buy	-2.9	6.6	-3.5	12.0	9.6	-9.6	1.54	601		
514	FNARX	Natural Resources	0.75%/30d	33.71	OK to Sell	-2.7	4.5	-3.9	15.5	11.3	-5.5	1.80	942		
580	FPHAX	Pharmaceuticals	0.75%/30d	17.33	Buy	-1.1	17.2	4.0	22.7	22.2	14.8	0.87	1,109		
46	FSRPX	Retailing	0.75%/30d	73.13	OK to Buy	-0.1	17.7	9.0	26.4	25.8	19.7	1.15	719		
28	FSCSX	Software & Computer Svcs	0.75%/30d	96.70	OK to Buy	0.8	17.5	6.7	22.8	23.6	12.6	1.30	2,320		
64	FSPTX	Technology	0.75%/30d	108.27	Hold	-1.0	7.8	2.8	12.0	15.7	9.9	1.39	1,981		
96	FSTCX	Telecommunications	0.75%/30d	56.05	OK to Buy	1.4	10.6	5.0	20.0	16.4	8.5	1.04	459		
512	FSRFX	Transportation	0.75%/30d	61.62	OK to Buy	-0.9	20.8	1.8	22.9	16.8	11.6	1.30	334		
65	FSUTX	Utilities	0.75%/30d	62.68	Hold	0.6	10.6	-3.2	10.9	16.3	2.4	0.81	564		
963	FWRLX	Wireless	0.75%/30d	8.84	OK to Buy	-1.2	6.6	0.1	21.3	14.6	7.0	1.00	256		

FIDELITY SCORECARD

JUNE 30, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹			
						Jun	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
TAXABLE BOND						Category Averages			-1.8	-3.1	-2.8	-1.5	3.5	4.6	1.37	4.9	0.26
2267	FCONX	Conservative Income Bond		10.03	Buy	-0.1	0.3	0.0	0.8	--	--	0.28	0.4	--			
2208	FCBFX	Corporate Bond		10.88	Buy	-3.1	-3.7	-3.6	0.9	7.0	--	2.80	6.9	0.34			
2423	FGBFX	Global Bond		9.53	OK to Sell	-1.9	-5.2	-3.0	-2.9	--	--	2.10	5.6	--			
15	FGMNX	GNMA (Ginnie Mae)		11.32	Hold	-1.6	-2.8	-2.9	-1.7	3.1	5.4	1.77	4.4	0.19			
54	FGOVX	Government Income		10.28	Hold	-1.2	-2.2	-2.2	-1.3	2.8	4.6	1.37	4.8	0.22			
794	FINPX	Inflation-Protected Bond ³		12.34	OK to Sell	-3.9	-7.6	-7.2	-5.3	4.1	3.9	-0.23	5.3	0.41			
32	FTHRXX	Intermediate Bond		10.85	OK to Buy	-1.5	-1.6	-1.9	0.7	3.8	5.5	1.65	4.0	0.18			
452	FSTGX	Intermediate Gov't Income		10.64	Hold	-1.0	-1.4	-1.6	-0.7	2.2	3.8	0.87	3.8	0.17			
2428	FINUX	International Bond		9.46	OK to Sell	-1.6	-6.3	-3.1	-3.0	--	--	1.88	5.6	--			
26	FBNDX	Investment Grade Bond		7.71	Buy	-2.0	-2.6	-2.6	0.0	4.6	5.7	2.06	5.0	0.22			
40	FMSFX	Mortgage Securities		11.00	Hold	-1.4	-2.4	-2.4	-0.6	3.3	5.4	1.92	3.8	0.16			
450	FSHBX	Short-Term Bond		8.55	Buy	-0.4	-0.2	-0.4	1.0	1.7	2.4	0.47	1.8	0.07			
2415	FSIQX	Sptn Inflation-Protect Index ⁴		9.52	OK to Sell	-3.8	-7.5	-7.2	-5.1	--	--	0.01	5.3	--			
1561	FIBIX	Sptn Interm Treas Index ⁴		10.83	Hold↑	-2.3	-3.4	-3.7	-2.8	4.1	5.6	1.50	6.6	0.39			
1562	FLBIX	Sptn Lng-Term Treas Index ⁴		11.85	Hold↑	-3.2	-7.5	-5.7	-8.5	6.0	7.4	3.05	16.4	0.98			
1560	FSBIX	Sptn Sht-Term Treas Index ⁴		10.47	Hold↑	-0.4	-0.6	-0.7	-0.3	1.3	2.6	0.34	2.6	0.09			
651	FBIDX	Sptn US Bond Index		11.46	Hold	-1.6	-2.6	-2.6	-1.1	3.3	4.9	1.69	5.1	0.21			
820	FTBFX	Total Bond		10.57	Buy	-2.0	-2.2	-2.5	0.7	4.8	6.5	2.40	5.2	0.22			
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.23	OK to Buy	-0.2	0.0	-0.2	0.7	0.7	0.5	0.12	0.4	0.03			
HIGH-YIELD BOND						Category Averages			-2.8	-0.9	-2.3	6.3	8.1	8.1	4.33	3.7	0.47
38	FAGIX	Capital & Income	1.00%/90d	9.46	Buy	-2.9	2.1	-1.5	10.5	10.2	10.1	4.81	4.0	0.66			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.89	Buy	-0.9	1.2	-0.3	4.8	5.4	4.8	2.59	0.3	0.25			
1366	FHIFX	Focused High Income	1.00%/90d	9.02	Buy	-2.7	-0.2	-1.9	5.4	8.5	7.6	4.18	3.4	0.41			
2297	FGHNX	Global High Income	1.00%/90d	9.83	Buy	-2.9	-0.2	-1.7	9.3	--	--	5.06	3.5	--			
455	SPHIX	High Income	1.00%/90d	9.16	Buy	-2.7	0.8	-2.1	8.2	9.7	9.4	5.19	3.2	0.54			
331	FNMXI	New Markets Income	1.00%/90d	15.93	Hold↓	-4.9	-7.9	-6.2	2.3	8.2	9.4	4.93	6.1	0.58			
368	FSICX	Strategic Income		10.92	Buy	-2.5	-2.2	-2.5	3.8	6.7	7.7	3.53	5.0	0.37			
MUNICIPAL BOND						Category Averages			-2.7	-2.6	-2.9	-0.1	3.9	4.6	2.09	6.4	0.28
434	FSAZX	Arizona Muni Income	0.50%/30d	11.64	Hold	-3.2	-3.4	-3.5	-0.1	4.3	5.0	2.34	7.2	0.33			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.60	OK to Buy	-1.2	-0.8	-1.2	0.2	2.2	3.5	1.37	2.9	0.14			
91	FCTFX	California Muni Income	0.50%/30d	12.45	Hold	-2.7	-2.2	-2.8	1.4	5.3	5.2	2.53	7.1	0.34			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.46	Hold	-2.8	-3.1	-3.3	-1.1	3.5	4.6	2.13	6.6	0.31			
36	FLTXX	Interm Municipal Income	0.50%/30d	10.31	OK to Buy	-2.0	-1.8	-2.2	0.3	3.6	4.5	1.76	5.0	0.23			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.09	Hold	-3.3	-3.4	-3.7	-1.4	3.3	4.4	1.86	6.7	0.29			
70	FDMMX	Mass Muni Income	0.50%/30d	12.03	Hold	-2.9	-3.3	-3.2	-0.3	4.3	5.0	2.29	7.7	0.29			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.02	Hold	-2.7	-2.4	-2.8	0.2	4.1	4.8	2.28	6.2	0.28			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.53	Hold	-2.3	-2.3	-2.5	-0.4	3.7	4.6	1.67	5.8	0.26			
37	FHIGX	Municipal Income	0.50%/30d	12.93	Hold	-3.1	-3.0	-3.3	0.4	4.7	5.2	2.52	7.5	0.33			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.73	Hold	-3.0	-2.7	-3.2	-0.3	4.1	4.7	2.09	7.0	0.32			
71	FTFMX	New York Muni Income	0.50%/30d	12.98	Hold	-3.4	-3.7	-3.7	-0.8	3.6	4.7	2.46	7.4	0.33			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.77	Hold	-3.0	-3.4	-3.3	-0.0	4.1	4.8	2.47	7.7	0.31			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	10.96	Hold	-2.7	-2.9	-2.8	0.2	4.3	4.9	2.32	6.9	0.30			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.68	OK to Buy	-1.0	-0.7	-1.0	0.2	2.1	3.1	0.77	2.7	0.12			
90	FTABX	Tax-Free Bond	0.50%/30d	11.16	Hold	-3.2	-3.1	-3.4	0.4	4.7	5.4	2.63	7.5	0.34			
TAXABLE MONEY MARKET						Category Averages			0.0	0.0	0.0	0.0	0.0	0.3	0.01		
55	FDRXX	Cash Reserves		1.00	--	0.00	0.00	0.00	0.0	0.0	0.4	0.01	na	0.00			
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.3	0.01	na	0.00			
630	FRTXX	Retirement MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.4	0.01	na	0.00			
458	SPAXX	Government MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.3	0.01	na	0.00			
454	SPRXX	Money Market		1.00	--	0.00	0.01	0.00	0.0	0.0	0.4	0.01	na	0.00			
85	FSLXX	Select MM		1.00	--	0.00	0.01	0.00	0.0	0.1	0.5	0.01	na	0.00			
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.01	0.00	0.0	0.0	0.3	0.01	na	0.00			
415	FDLXX	Treasury Only MM ⁷		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
MUNICIPAL MONEY MARKET						Category Averages			0.0	0.0	0.0	0.0	0.2	0.01			
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
97	FCFX	California Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
418	FCMXX	Connecticut Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
74	FDMXX	Massachusetts Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
10	FTEXT	Municipal Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
417	FNJXX	New Jersey Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
92	FNXX	New York Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
401	FPTXX	Pennsylvania Muni MM		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.00	0.00	0.0	0.0	0.2	0.01	na	0.00			

FIDELITY SCORECARD

JUNE 30, 2013

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Jun	YTD	3 Mo.	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model						-1.1	12.5	3.2	21.0	15.9	6.0	1.19
	Annuity Growth Model						-1.9	10.6	2.0	19.1	16.4	2.9	1.06
	Annuity Growth & Income Model						-1.9	6.7	1.1	13.2	11.5	4.4	0.73
	Annuity Income Model						-2.8	-2.9	-3.1	1.9	5.8	5.1	0.30
9067	FLRQC	Fid VIP Asset Manager	Allocation		14.71	Hold	-2.5	3.2	-0.8	9.4	9.4	2.7	0.73
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		14.37	Hold	-3.0	5.2	-0.3	13.2	11.5	1.7	1.01
9069	FJBAC	Fid VIP Balanced	Allocation		15.81	Buy↑	-2.0	6.4	0.4	13.7	12.4	6.1	0.93
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	17.34	Buy	0.8	19.2	6.9	26.8	23.2	14.6	1.15
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	16.59	Hold	-1.8	11.0	-0.9	17.0	18.7	10.6	0.85
9065	FDPFC	Fid VIP Contrafund	Large Growth		15.79	Hold	-1.4	11.2	2.4	18.1	16.2	5.3	1.08
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		13.21	Buy	-0.7	14.0	1.9	25.3	19.7	8.3	1.37
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		16.65	Buy	-1.9	13.1	2.5	20.1	17.8	7.0	1.12
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.86	Hold	-6.0	-4.3	-6.0	7.4	3.2	-3.5	1.51
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	16.08	Hold	-1.7	9.7	-1.0	20.8	15.2	-5.6	1.80
9061	FLOLC	Fid VIP Equity-Income	Large Value		14.23	Buy	-0.6	14.4	3.2	23.6	18.6	6.1	1.05
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	8.37	OK to Buy↑	-2.0	14.2	6.4	26.8	9.9	1.7	1.63
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.95	Hold	-1.4	0.9	-1.0	3.4	4.9	3.5	0.25
9158	FMPBC	Fid VIP FundsManager 50	Allocation		13.19	Hold	-1.6	4.5	0.0	9.4	9.1	4.4	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		11.99	Hold	-1.6	5.8	0.4	11.6	10.3	4.6	0.69
9159	FMPCC	Fid VIP FundsManager 70	Allocation		12.90	Hold	-1.8	7.1	0.8	13.8	11.7	4.4	0.82
9160	FMPDC	Fid VIP FundsManager 85	Allocation		12.50	Hold	-1.7	9.5	1.5	16.9	13.1	4.0	0.99
9062	FMNDC	Fid VIP Growth	Large Growth		14.63	Hold	-1.7	11.3	2.9	15.3	18.4	3.4	1.19
9070	FLFNC	Fid VIP Growth & Income	Large Blend		15.39	Buy	-1.3	15.5	4.5	24.4	19.8	5.8	1.05
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		15.28	Buy	-2.2	14.3	4.9	19.9	22.0	4.0	1.23
9078	FPVDC	Fid VIP Growth Stock	Large Growth		15.72	Hold	-2.1	9.6	2.1	16.9	18.8	7.2	1.10
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		13.48	Hold	-0.1	15.5	3.6	22.9	14.8	4.0	1.33
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	19.80	Buy	-1.2	21.0	5.6	28.9	24.0	13.8	0.98
9060	FBBLC	Fid VIP High Income	High-Yield Bond		16.64	Buy	-2.7	0.5	-1.8	7.0	9.3	7.8	0.49
9064	FXLVT	Fid VIP Index 500	Large Blend		15.04	Hold	-1.4	13.6	2.8	20.1	18.1	6.7	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	20.19	Buy	-1.4	14.2	1.5	25.4	19.5	9.5	1.38
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	12.81	Buy	-3.4	3.2	-2.7	18.0	13.9	2.1	1.47
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.34	Buy	-1.8	-2.6	-2.6	-0.3	3.9	5.7	0.21
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	15.47	Buy	-3.9	2.9	-2.7	15.2	17.8	5.1	1.60
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		17.04	OK to Buy	-2.2	11.9	0.9	20.0	13.1	5.8	1.12
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.41	--	0.0	-0.1	-0.1	-0.2	-0.1	0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	12.73	OK to Buy	-1.9	5.6	0.8	19.3	11.1	-1.4	1.49
9072	FFWKC	Fid VIP Real Estate	Sector		16.73	Hold	-2.1	5.4	-2.0	8.6	18.1	8.2	1.29
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.28	Buy	-2.5	-2.4	-2.6	3.2	6.1	7.2	0.36
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	18.03	Hold	-1.3	5.1	1.3	8.9	14.8	10.0	1.39
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	11.59	OK to Buy	1.2	10.4	4.8	20.5	17.5	8.4	1.02
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	17.29	Hold	0.6	10.7	-3.1	10.8	16.2	2.4	0.81
9079	FKMSC	Fid VIP Value	Mid Value		14.29	Buy	-1.2	14.8	3.6	27.1	18.2	6.2	1.14
9080	FUEBC	Fid VIP Value Leaders	Large Value		11.64	OK to Buy	-0.8	16.2	3.4	25.6	13.1	2.0	1.23
9073	FRBSC	Fid VIP Value Strategies	Mid Value		15.65	Buy	-1.5	12.3	2.0	27.1	18.6	7.9	1.34
9347	FBMEC	Black Rock Global Allocation	Global Allocation		10.60	OK to Sell	-1.9	4.2	0.0	10.6	8.2	3.6	0.77
9349	FTMEC	Franklin Templeton Gobl Bond	Global Bond		10.59	Buy	-2.6	-1.8	-3.2	7.0	6.9	9.6	0.70
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		9.88	Hold	-1.2	-2.7	-2.4	-2.1	1.6	3.6	0.16
9285	FIGXC	Invesco Global Core Eqty	Global Stock		9.68	OK to Sell	-2.5	6.1	1.1	19.2	9.4	-0.6	1.25
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.40	Hold	-5.8	-8.6	-7.5	3.3	5.2	1.3	1.53
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		15.85	Hold↓	-5.4	-9.2	-7.0	0.0	6.3	6.8	0.64
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.55	Hold	-6.5	-5.8	-6.4	6.6	5.3	-1.0	1.38
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		10.98	Hold	-1.6	4.4	1.1	12.8	12.2	-0.4	0.98
9346	FPMEC	Pimco Commodity Real Return	Commodities		8.61	OK to Sell	-8.3	-15.6	-15.4	-11.0	2.7	-9.4	1.42
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.17	OK to Buy↓	-1.4	-1.7	-1.9	0.9	2.3	--	0.19
9277	FPNBC	Pimco VIT Real Return	TIPS		12.31	Hold	-4.7	-8.3	-8.5	-5.2	4.3	--	0.44
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.97	Buy	-2.5	-3.1	-3.5	0.8	3.9	--	0.27

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Industrials	31%	VIP Value Strategies	24%	VIP Growth Opps	25%	VIP Investment Grade	32%
VIP Cons Discretionary	31	VIP Growth Opps	22	VIP Strategic Inc	24	VIP Strategic Income	31
VIP Health Care	21	VIP Equity-Income	21	VIP Value	19	VIP High Income	23
VIP Materials	17	VIP Dynamic Cap App	12	VIP Equity-Income	16	VIP Balanced	14
		VIP Value	11	VIP Investment Grade	16		
		VIP Investment Grade	10				
Total Return:		Total Return:		Total Return:		Total Return:	
Jun: -1.1% YTD: 12.5%		Jun: -1.9% YTD: 10.6%		Jun: -1.9% YTD: 6.7%		Jun: -2.8% YTD: -2.9%	

FUND PROFILES

New And Existing Portfolio Holdings

Given this month's portfolio trades (see p. 3), some of our new portfolio positions and, for that matter, some existing ones, may not be familiar to you. As such, here's an overview.

Equity-Income

This is our only fund addition that's almost entirely invested in stocks. Currently it yields 2.3%, about on par with the S&P 500. (A sprinkling of high-yield bonds provides some lift.) Although closely related to **Equity Dividend Income** and **Growth & Income**, this classic growth and income fund also has a big market cap (\$58 billion) that's right in line with the S&P, though that's considerably lower than its aforementioned cousins, and less than half as great as **Mega Cap Stock** (\$105 billion). Benchmarked against the Russell 3000 Value Index, its sector composition actually hews closer to the S&P. For example, while financials (a staple of all value funds) are underweight its benchmark by eight percentage points (21% vs 29%), they are 16% of the S&P.

After a couple of less-than-stellar years, Fidelity put a new multi-manager team in place in October 2011, led by Jamie Morrow. It is a little early to judge their performance, but so far the results are solid.

Balanced (and VIP Balanced)

Because of its hefty 30%-plus stake in bonds, it's not unreasonable to call this a growth and income fund. However, we call it a Specialty fund (along with the similar **Puritan**) because its performance and risk profile should not be confused with more volatile stock funds. To that end, its relative volatility (0.66) is only two-thirds as great as the S&P 500, and almost half as much as the average Fidelity stock fund.

Credit the fund's bonds for much of that, but some help is also garnered from its owning large-cap dividend-

paying stocks. Together, they provide a yield of 1.5%, which places it in the midst of Fidelity's mid-cap value funds, such as **Value** and **Value Strategies** (though its market cap is significantly higher).

Team-managed since late 2008, this fund is hardly immune to market selloffs. Indeed, the crushing blow to financials that year were almost fully felt here. But with its new team in place, shareholders have been getting above-average performance.

Note: **VIP Balanced** does not have the same management team as **Balanced**, and it's run a bit more aggressively (its relative volatility is 0.93). Still, it's a good way to introduce some conservative equity exposure to the Annuity Income Model.

Corporate Bond

There's little guesswork as to what this fund buys: almost 90% of its assets are in investment grade bonds (46% are rated A, 42% BBB), with the remainder sprinkled among Treasuries (2%), other governments (5%) and cash (3%). So, arguably, its risk comes less from the credit side than from the interest-rate side: duration is a "longish" 6.9 years.

But being further out on the yield curve has its benefits, too. Yields are higher and there's more opportunity for capital gains in situations where credit is improving.

In our case, the heightened interest-rate sensitivity also becomes an advantage of sorts, because it helps reduce risk in portfolios with stock exposure. This happens because longer-duration funds are more negatively correlated with stocks: they typically zig when stocks zag. That makes for a lower risk score.

While it's possible that long-term interest rates will surge from here, we think the odds are against it. We've already seen a substantial move up as the market discounted the end of QE3. And, inflationary pressures are poised to ease thanks to the continuing impact of the global commodities bust and slow growth abroad. ■

Inside Fidelity

New Fund— The recently rebranded **Limited Term Government Bond** will soon be available to retail investors (see box on p. 12).

Fund Mergers — On June 21, **130/30 Large Cap, Tax Managed Stock**, FA Strategic Growth and **Large Cap Growth** all merged into **Stock Selector All Cap** [ticker: FDSSX].

Although Stock Selector's style leans towards large-cap growth, about 35% of its assets are in mid- and small-caps. Sector-wise, it hews closely to its S&P 500 benchmark, but its 11-person manager team invests in 1,100 stocks (typically through Fidelity's proprietary industry-specific Central Funds), which includes a sizeable stake (15%) outside the US.

This fund's three-year record is slightly above average. Still, we see no compelling reason at this time to choose it over other, better-run, large-cap growth funds offered by Fidelity. We continue to rate it *Hold*.

Fund Repositioning — Effective June 30, the focus of **Global High Income's** emerging markets debt (EM) subportfolio will change from sovereign to corporate debt.



John Carlson

In addition, while John Carlson will hand over management of this subportfolio to his longtime analyst Lisa Roche, he remains the fund's lead manager. In this role (he has also run **New Markets Income** since 1995), he directs the fund's asset allocation among its four sleeves: US high yield (60%), European high yield (15%), Asian high yield (5%), and EM debt (20%).

Fidelity says that this change is to gain greater investment opportunities: since the fund was launched in May

Inside Fidelity *cont'd on page 12*

2011, the corporate debt market has grown twice as fast as the sovereign debt market. We should also add that as the emerging markets have matured (there are now more investment-grade securities than ever before), Fidelity has been forced to look elsewhere for comparatively higher-yielding bonds. Indeed, EM corporate debt typically offers a higher yield potential beyond sovereign.

On that score, this announcement actually follows a change that's already been made: sovereign bonds have already fallen in the fund to about 3% of assets, down from about 10% at the start of the year.

While its investment objectives

won't change (high current income plus some growth of capital), one of the four "sleeves" of Global High Income's proprietary benchmark will change to include a more appropriate index of corporate emerging market debt from JP Morgan.

With these forthcoming changes, we continue to rate Global High Income *Buy*. Although the fixed-income markets have become riskier everywhere around the world (we don't provide a relative volatility figure for the fund in the *Scorecard* as it lacks a three-year record), when used in moderation, this fund is still an appropriate yield-booster for income-oriented investors. (We hold it in our Growth & Income Model.)

Fund Closing — Europe Cap App

NEW HOTLINE #

We are changing our toll-free Hotline number to 800-520-4630. (Our prior number will be phased out.)

As always, whenever the Dow Jones Industrials rises or falls by 300 or more points in a day (presently, a move of about 2%), a Special Hotline update is provided. If you are not already receiving Hotline updates by e-mail, please click on the "Hotline Opt-in" button under "Member Services" on the bottom of our homepage: www.fmandi.com

will close to new investors on July 19. While Fidelity is trying to figure out what next to do with it, our suggestion for existing shareholders is to move your assets into the similar **Europe** fund. (Both are rated *Hold*.) ■

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 July:

Asset Mgr 40%, Asset Mgr 50%, Balanced, Convertible Secs, Equity Dividend Inc, Equity-Inc, Fidelity Fund, Global Equity Inc, Growth & Inc, Puritan, Spartan 500 Index, Strategic Dividend & Inc, Strategic Real Ret, Telecom & Utilities

The final distributions for June were as follows:

Fund	Ex-Date	\$ Amt	NAV
Real Estate Inv	6/7	0.117	34.43
Mid-Cap Stock	6/7	0.312	34.09
Large Cap Stock	6/7	0.632	23.71
Small Cap Stock	6/7	1.155	18.96
Small Cap Discov	6/7	0.984	27.64
Real Estate Inc	6/7	0.137	11.84
Focused High Inc	6/7	0.128	9.22
Global High Incom	6/7	0.141	10.07
Sp Mid Cap Indx	6/7	0.044	13.95
Sp Real Estate Idx	6/7	0.055	12.54
Sp Sm Cp Indx	6/7	0.078	14.10
Tax Managed Stoc	6/19	0.053	16.14
Large Cap Gro	6/19	1.515	11.19
130/30 Large Cap	6/19	0.004	9.35

NAME CHANGES AND NEW FUND

Fidelity is changing the names of three bond funds, and has now made one of them available to retail investors. (See table below.) With the latter, the number of its taxable bond funds rises to 20.

In each case, the moniker "Short-Intermediate" will be changed to Limited Term. Fidelity says that these moves "will better reflect [the funds'] investment strategy and position within our bond fund lineup," adding that it "will also help investors more easily identify those Fidelity funds that are managed as short term bond funds, particularly as *limited term* is a typical naming convention used by many competitors ..."

We agree. But most importantly, these changes do not in any way alter the three funds' management.

They will continue to be run with dollar-weighted average maturities of between two and five years. (Below we show their durations.)

In addition, **Limited Term Gov't Bond** will soon be available to retail investors with an investment minimum of \$2,500 (down from the institutional level of \$100,000), while all other features will align with similar retail funds.

The name changes should take effect on or about August 1.

As for ratings, both of these tax-free (muni) income funds are still *OK to Buy*. The "new" taxable Limited Term Gov't Bond (which is about 60% weighted in US Treasures with another 28% in mortgage-related debt), will likely be rated *OK to Buy* upon its debut in the *Scorecard*. ■

Old Name	New Name (Aug. 1)	Duration (yrs)
Short-Intermediate Municipal Inc	Limited Term Muni Inc	2.7
Cal. Short-Intermed T-F Bond	Cal. Limited Term T-F Bond	2.9
Instit'l Short-Intermed Gov't	Limited Term Gov't Bond	2.6

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Editorial Questions: editorial@mfia.com **Subscription Questions:** memberservices@mfia.com or 1-800-444-6342 **Hotline:** 800-520-4630