

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

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MESSAGE FROM JACK

Health Care: Diversified Bet Makes More Sense

Over the past three years, my chosen segment of the health care sector has been **Select Pharmaceuticals**, which tilts more toward value than other segments of the group. Why? Valuations have been running below historical averages, and dividends have been robust. I've also liked its lower volatility (0.95 vs. 1.00 for the S&P 500). Plus my thinking was that the drugmakers would keep up with health care stocks over any long period of time. Recently my thinking has shifted.



Jack Bowers

Over the last 12 months **Select Health Care** has performed unusually well on the strength of Manager Eddie Yoon's stockpicking abilities, having outperformed all other sub-sectors including **Biotechnology**. Health Care does take on 20-25% more risk than Pharmaceuticals, but clearly delivered on the performance side. While I doubt the health care group will continue to dramatically outperform the S&P 500 (as it has in recent years), it does seem plausible that Health Care will continue to outperform Pharmaceuticals on a risk-adjusted basis.

One thing that doesn't thrill me about Health Care is its roughly 30% stake in biotech stocks, which are somewhat expensive due to their popularity. But that weighting is down over the past year because Yoon has been shedding some of the fund's more pricey small-cap names. And, he feels that biotech fundamentals are still strong in the large-cap space.

From a Select Portfolio standpoint, it's not a bad time to make the jump to the higher-risk health care play. (See trade box on p. 3.) Pharmaceuticals — which was almost a quarter of the model earlier this year — was recently trimmed to boost our **Electronics** position, and now represents only a slight overweight compared with the S&P 500's health care weighting. In addition, the model's new positions in Electronics and **Natural Gas** have relatively low correlations with health care stocks. This makes it possible to swallow a 20-25% increase in volatility (moving from Pharma to Health Care) while only boosting the Select Portfolio's overall risk score by 2-3% to 1.23.

MARKET OUTLOOK

Risk/Return On High-Yield Bonds Looking Less Attractive

High-yield bonds have been a part of our Growth & Income and Income Models for some time. In these more income-oriented portfolios, they offered an attractive risk/return profile. Yields on investment-grade bonds were historically low and high-yield bonds offered yields that were about 4 percentage points higher. While riskier than investment-grade (relative volatilities can be nearly three times higher), most of that extra volatility is due to default risk, and with the economy recovering, that risk was low.



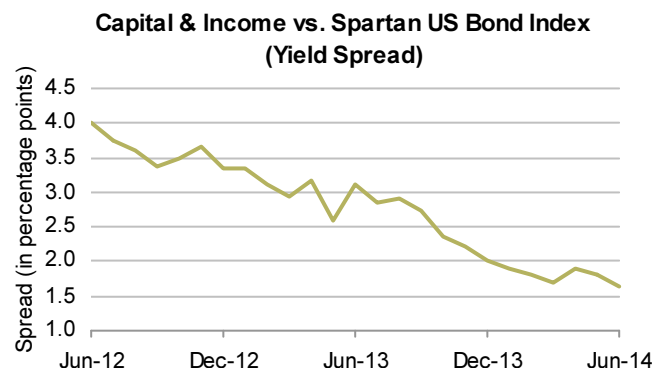
John M. Boyd

They have performed extremely well. **Global High Income**, which we have owned since December of 2011, has returned 32.9% through June, versus 6.7% for **Spartan US Bond Index**. And **Capital & Income**, which we have owned since August of 2012, has risen 25.1% compared to 1.7% for Spartan US Bond Index.

Model Portfolio Trades

However, at the end of June, we cut our exposure to these two funds in half (see trade box on p. 3). We have not changed our ratings on these funds, but feel they should be a smaller part of your portfolio, as the risk/return equation is less attractive today. As shown in the chart below, the yield advantage (spread) of Capital & Income over Spartan US Bond Index has fallen from 4.0 percentage points two years ago, to 1.7 points at the end of June.

High-yield has also become a "crowded trade" with \$6.1 billion flowing into high-yield funds this year alone.



MODEL PORTFOLIOS

See Model Portfolios Key on p. 3

JUNE 30, 2014

Unique Opportunities

Target Risk: 1.20 (Current: 1.14)

Foreign Holdings: 7.2%

YTD Return: 4.7%

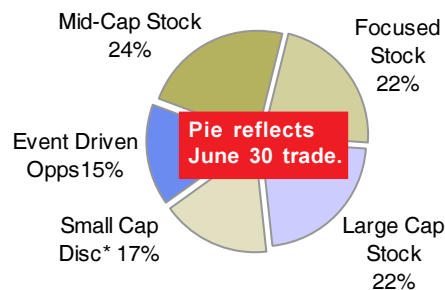
Stocks: 97.9% Bonds: 0.0% Cash: 2.1% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Mid-Cap Stock	FMCSX	\$39.41	2,385.55	\$94,014	3.3%
Focused Stock	FTQGX	20.78	4,319.47	89,759	2.9
Large Cap Stock	FLCSX	28.05	3,158.97	88,609	2.6
Small Cap Discovery*	FSCRX	31.10	2,223.88	69,163	3.8
Capital Appreciation	FDCAX	37.68	1,654.97	62,359	2.8

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

Current Value (3/31/99 = \$100,000) **\$403,904** **3.1%**

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



Select

Target Risk: 1.20 (Current: 1.23)

Foreign Holdings: 14.2%

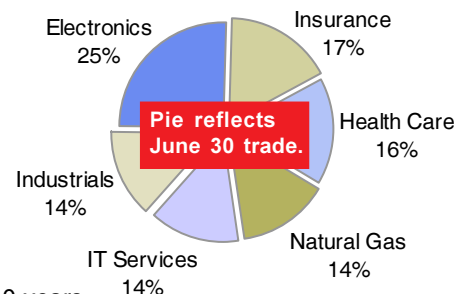
YTD Return: 8.0%

Stocks: 97.7% Bonds: 0.0% Cash: 2.3% Alternatives: 0.0% Yield: 0.0%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Electronics	FSELX	\$77.86	9,187.66	\$715,351	6.9%
Insurance	FSPCX	66.62	6,731.28	448,438	2.6
Pharmaceuticals	FPHAX	20.97	21,123.98	442,970	4.1
Natural Gas	FSNGX	46.14	8,238.88	380,142	6.1
IT Services	FBSOX	36.52	10,241.30	374,012	2.5
Industrials	FCYIX	33.03	10,880.91	359,397	1.6

Current Value (12/31/88 = \$100,000) **\$2,720,310** **4.3%**

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



Growth

Target Risk: 1.00 (Current: 1.13)

Foreign Holdings: 8.2%

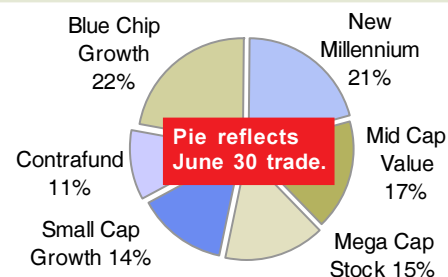
YTD Return: 5.8%

Stocks: 96.2% Bonds: 0.0% Cash: 3.8% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Blue Chip Growth	FBGRX	\$67.91	6,447.76	\$437,867	3.4%
Lg Cap Core Enhanced	FLCEX	11.78	34,466.64	406,017	1.3
Mid Cap Value	FSMVX	24.03	13,437.86	322,912	3.2
Mega Cap Stock	FGRTX	16.44	18,180.68	298,890	2.1
Small Cap Growth	FCPGX	19.58	13,682.67	267,907	6.5
Contrafund	FCNTX	99.34	2,145.47	213,131	2.4

Current Value (12/31/86 = \$100,000) **\$1,946,724** **3.0%**

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



Growth & Income

Target Risk: 0.66 (Current: 0.78)

Foreign Holdings: 15.0%

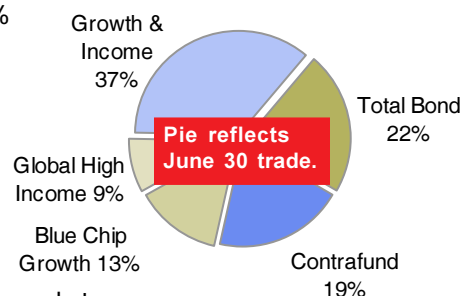
YTD Return: 5.6%

Stocks: 66.0% Bonds: 18.4% Cash: 3.2% Alternatives: 12.4% Yield: 1.7%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Growth & Income	FGRIX	\$29.51	5,696.32	\$168,099	2.3%
Contrafund	FCNTX	99.34	1,021.98	101,524	2.4
Total Bond	FTBFX	10.74	8,492.62	91,211	0.1
Global High Income	FGHNX	10.33	8,639.11	89,242	1.2
Blue Chip Growth	FBGRX	67.91	1,010.13	68,598	3.4

Current Value (12/31/93 = \$100,000) **\$518,673** **1.9%**

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



Income

Target Risk: 0.33 (Current: 0.38)

Foreign Holdings: 9.9%

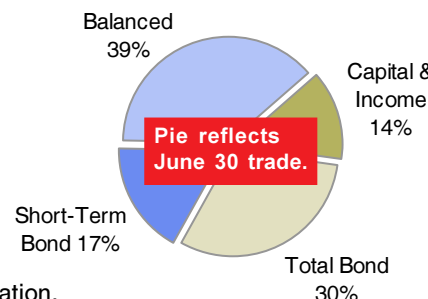
YTD Return: 5.1%

Stocks: 30.4% Bonds: 55.5% Cash: 3.5% Alternatives: 10.7% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Balanced	FBALX	\$24.05	4,636.36	\$111,505	2.1%
Capital & Income	FAGIX	10.23	9,407.23	96,236	1.7
Total Bond	FTBFX	10.74	7,506.13	80,616	0.1
Short-Term Bond	FSHBX	8.61	7,076.48	60,928	0.0

Current Value (12/31/91 = \$100,000) **\$349,285** **1.2%**

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



Market Outlook *cont'd from page 1*

High-yield bonds are also less “liquid” (it is harder to buy and sell them without disproportionately affecting their prices) than investment-grade bonds. When investors start selling, this lack of liquidity can trigger a sharp drop in prices. While we expect the economy to bounce back from the dismal first quarter (more on that in a bit), and default risk thus remains low, given the other factors, high-yield bonds are now more vulnerable to a negative event.

We are replacing the reduced high-yield exposure with a mix of equities and (largely) investment-grade bonds (**Total Bond** has about 10% in high-yield), which we believe now offers a better risk/return profile. The relative volatility of the Growth & Income Model remains roughly the same, but decreases in the Income Model, as more is going into bonds there (**Balanced** holds about 30% in bonds).

Q1 Growth Sharply Lower

Last month I argued that the 1.0% decline in first quarter GDP was no cause for alarm — that it didn’t indicate we were on the cusp of a recession. Late in June, that figure was revised to a 2.9% decline, the largest drop since WWII that wasn’t part of a recession!

So do we still feel the same way? Yes, but with a caveat. As I noted last month, most of the current economic data still suggest that the economy will rebound in the second quarter. However, one of the bright spots in the prior GDP estimate was strong consumer spending (up 3.1%), but that was revised down to a weak 1.0%. Coupled with a disappointing 0.2% rise in spending in May, this suggests that the rebound in the second quarter may not be as strong as originally expected. ■

— John M. Boyd

FUNDS YOU SHOULD BUY NOW

Growth: Blue Chip Growth, Growth Company and the more conservative **Contrafund** for large-cap growth. **Mid-Cap Stock** is our choice for mid-growth. Our favored alternatives to the closed **Small Cap Discovery** are **Small Cap Growth, Small Cap Enhanced Index** and **Mid Cap Value**.

Growth & Income: Growth & Income and **Mega Cap Stock** seek growth and yield from large-caps, while **Balanced** also owns bonds.

Bond: Short-Term Bond and **Intermediate Bond** limit interest-rate risk. **Total Bond** provides the greatest bond diversification holding US government debt, corporates, mortgages, high-yield and foreign debt, too. (More highly taxed investors should consider muni funds.)

High Yield: More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** boosts portfolio yield even as its secondary objective is growth (it also holds some stocks). Note: High-yield funds now warrant caution as valuations have become “rich.” ■

MODEL PORTFOLIO TRADES

As announced on our June 27 Hotline, on Monday June 30, we made trades in several Model Portfolios.

Unique Opportunities Model:

We sold all of **Capital Appreciation** [FDCA] for **Event Driven Opportunities** [FARNX] (See *Fund Profile* on p. 4.)

Select Model:

We sold all of **Select Pharmaceuticals** [FPHAX] for **Health Care** [FSPHX]. (See *Message From Jack* on page 1.)

Growth Model:

We sold all of **Large Cap Core Enhanced Index** [FLCEX] for **New Millennium** [FMILX]. (See *New Millennium* profile on p. 11.)

Growth & Income Model:

We sold half of **Global High Income** [FGHNX] bringing it down to about 9% of the model and added half of the proceeds to **Total Bond** [FTBFX], bringing it up to about 22% of the model, and half to **Growth & Income** [FGRIX], raising it to about 37%.

Income Model:

We sold half of **Capital & Income** [FAGIX], reducing it to about 14% of the model, and added half the proceeds to **Total Bond** [FTBFX] increasing it to about 30% of the model. We added the other half to **Balanced** [FBALX], bringing it up to about 39%.

Annuity Growth & Income Model:

We sold half of **VIP High Income** [FBBLC], bringing it down to about 11% of the model, and added half the proceeds to **VIP Growth & Income** [FLFNC], raising it to about 22% of the model. We added the other half to **VIP Investment Grade** [FTLKC], bringing it up to about 20%.

Annuity Income Model:

We sold half of **VIP High Income** [FBBLC], bringing it down to about 16% of the model, and added half the proceeds to **VIP Balanced** [FJBAC], raising it to about 31%. We added the other half to **VIP Investment Grade** [FTLKC], bringing it up to about 33%.

Several of the funds above have short-term trading fees, so you may wish to delay your trade(s) until the redemption fee no longer applies. Also, see *Market Outlook* for a further discussion of the high-yield trades and model portfolios. ■

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.

FUND PROFILE

An Event-Driven Opportunity

This is not a story about how new Fidelity funds “have more fun” — an investment concept that once had some merit, but not any more.

Instead, this is a profile about a fund that was launched late last year, but which we believe holds great long-term promise.

Event Driven Opportunities [ticker: FARNX] is unique among Fidelity’s vast selection of stock funds, and unique throughout the fund industry, too. As its name indicates, this “special situations” fund seeks to capitalize on specific corporate events.

Managed by Arvind Navaratnam, the 31-year-old special situations analyst never had (like most Fidelity managers do) a sector-focus, and never ran a Select fund. Instead, he’s always worked on special sits, so it was only natural that he’d bring this fund concept to his bosses.

Armed with several years of academic research (some done as an MBA student at Harvard), Arvind won the support of folks like **Contrafund’s** Will Danoff (a former special sits investor himself) and Joel Tillinghast. Joel’s support was likely crucial, too, because 25-years ago he pitched his own unique investment concept, and **Low-Priced Stock** (one of the most successful funds ever) was born.

So, two years ago, Arvind’s pilot fund was launched. While such funds have no public track record to analyze, it’s safe to say that had its trial not been successful, it wouldn’t have been launched publicly.

On Dec. 12, 2013, Event Driven made its debut, rising 3.2% through the rest of the year. This year has also been strong, with an impressive 9.5% return through June.

But this short-term performance is not the reason we’ve decided to pur-

chase the fund in our *Unique Opportunities Model* (see Trades on p. 3).

Event Driven is a good choice for several reasons:

1. Over the short-term, we expect it to be volatile. But as investors who follow this model know, with the model’s 10-year investment horizon, the fund’s risk will be manageable;

2. Event Driven is an excellent way to diversify your portfolio away from other stock funds. Whereas macro-economic events typically drive the returns of most equity funds, that will be much less true for this corporate-event-driven portfolio;

3. Correlation should be low relative to the S&P 500 and other indexes;

4. Between 1987 and 2013, an index of event-driven hedge fund strategies returned 1,261% versus 767% for the Russell 3000 Index. Though there are certainly no guarantees that the next 27 years will show the same kind of outperformance — or any out-performance at all — it’s certainly reassuring to see that the fund’s investment process has had merit.

The Process

So how precisely will Arvind invest his shareholders’ money?

If you examine the fund’s top holdings, you may notice three things: The stocks he owns are not “household”

names; few of his positions appear in any other Fidelity funds and, his stocks often have “baggage.”

For example, while many growth fund managers try to identify well-researched companies for a hint of something others may have missed (such as consensus revenue and earnings projections that may be off), Arvind actually prefers to research companies that have fallen off Wall Street’s radar screen. So, there may not be any “street” consensus to surprise on the upside or disappoint.

Of course, such companies may be disadvantaged in that fewer sell-side analysts are touting those stocks to the firm’s brokers or even fund managers. However, when companies are busily fixing their problems owing to a negative event, and no one is watching the fix, they sometimes blossom into attractive opportunities.

Arvind’s list of “investable events” include a stock’s deletion and/or addition to an index, M&A activity, restructurings and management changes, bankruptcies, increases and/or decreases to dividend payments and share buybacks.

During a phone conversation last week, Arvind told us that his investment ideas come from many sources.

Event Driven *cont’d on page 5*



Arvind Navaratnam

QUESTION & ANSWERS

New Game Plan Needed for Expat Investors

Q: *It seems that Fidelity has enacted a new policy restricting all purchases for anyone without a U.S. address, regardless of whether they are a U.S. citizen or not. I have until August 1 to put my portfolio in a permanent position, after which I can only do redemptions into cash. What would you suggest, and do you know what Fidelity is reacting to?*

R.I. – via email

A: Fidelity isn’t saying much, but we think that new regulations (possibly FATCA, which mandates new reporting requirements for foreign accounts) may have prompted the firm to enforce its existing policies more rigidly.

Perhaps the easiest “solution” in this situation is to put your account in a single broad fund that’s unlikely to disappoint in the years ahead. For a stock-oriented approach, consider **Spartan Total Market Index** (despite lagging the S&P 500 this year, it’s likely to finish a little ahead of the index over any 10-15 year period). For a growth and income approach, **Balanced** is a solid bet. For income, **Total Bond** should do the trick. ■

He pores through 13D filings which indicate when an individual or entity has acquired more than 5% of a company. And he examines "Form 4" which tells him whether corporate insiders are buying or selling their stock. (His mission is to figure out why they're doing either.)

Arvind also says that his job is made easier owing to Fidelity's 200 fund managers and analysts who generate high-quality, independent research reports on thousands of companies. Suffice it to say, there is never a shortage of investment ideas.

To that end, Arvind currently holds about 80 stocks that are "post-event" survivors, and have also passed his scrutiny. (He says that investing in troubled companies with no clear path to recovery is simply too risky.)

This "go-anywhere" fund is benchmarked to the Russell 3000 merely because the index represents 98% of the US market. Importantly, Event Driven is completely style agnostic: its sector allocations, market cap and other metrics like price-to-earnings are not concerns for him. Its current market cap is about \$3 billion, which places it in the low-end of mid-cap funds. Over time, he says, his fund may skew towards value.

Action Recommendation

With no track record, we can only approximate that its addition to our Unique Opportunities Model will modestly decrease that model's long-term risk — but only time will tell. Then again, given Unique Opp's investment objective, the more important outcome is our expectation that Event Driven will produce plenty of alpha, meaning excess return.

We have upgraded it to *Buy*.

Note: Although the fund has a temporary expense cap of 1.30% until June 30, 2015 (when it's set to rise to 1.42%), by Fidelity standards, that is high. We hope they'll will consider reducing it as assets grow. ■

— *John Bonnanzio*

FUND COMMENTARY

Stocks Shrug Off Concerns And Rally

Investors are clearly enjoying themselves.

Having briefly feigned concern over ISIS trying to form a new country across Iraq, Syria and Iran (which even has al Qaeda worried), and having ever-so-slightly furled their brows upon learning that first quarter GDP cratered almost 3%, let the record show that in June, US stocks posted multiple new highs. And, lest one think this is just a local phenomenon, the FTSE all-world stock index is now 150% above its March 2009 low.

With the S&P 500 up 1.8% in the first quarter and another 5.2% in the second, continued corporate earnings growth has justified these gains.

On the other hand, with bond yields starting the year at historic low levels — especially the 30-year Treasury — this most recent leg of the bond rally has been, well, a trifle baffling. Nonetheless, the so-called Vix "fear index" is at a seven-year low. So if there are any budding concerns on Main Street about Wall Street (or vice versa), it's certainly not yet evident.

Market Indexes

In June, the S&P 500 rose 2.1%, bringing its year-to-date gain to 7.1%. The Dow Jones Industrials rose a

more modest 0.8% and is now up 2.7% for the year. As for the Nasdaq Composite, it's been playing catch-up: while up "only" 6.2% this year, it surged 4.0% in June. Small-cap stocks also have trailed their big-cap siblings this year, but not in June: up a mere 3.1% for the year, last month the Russell 2000 skyrocketed 5.2%.

Given the above, Fidelity's fleet of small-cap funds generally were June's performance leaders. **Small Cap Growth** (up 6.5%) led all its funds higher, while **Large Cap Core Enhanced Index** (up 1.3%) was the equity group's laggard. (See Trades on p. 3) Then again, all of Fidelity's diversified US stock funds were higher in June, as were all but two of their 39 Selects.

While the mood among investors has been positive, there are plenty seeking "safe-harbor" investments. **Select Gold**, for example, skyrocketed 18.2% amid a 6% rise in the precious metal. But if some investors are uneasy with the world's geopolitical tumult, it's not apparent from **Defense & Aerospace**, which declined 0.9%. (Its airline component is adversely affected by energy prices.) Still, Selects rose an average of 3.4% in June. All four energy-related funds gained in excess of 5%, and four health-related funds advanced in excess of 4%.

Separately, our Select Model gained 4.3% in June and is now up 8.0% for the year.

Fund Commentary *cont'd on page 8*



John Bonnanzio

JULY SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Event Driven Opp's	B	B	↑	See fund profile on p. 4 and Model Trades on p. 3.
Inflation-Prot Bond	S	H	↑	Bond market inflation expectations are realistic.
Latin America	S	H	↑	Mexico showing signs of "opening" energy market.
Pimco VIT Real Ret	S	H	↑	Bond market inflation expectations are realistic.
Select Health Care	B	B	↑	See "Message From Jack" on p. 1.
Select Pharma	B	B	↓	See "Message From Jack" on p. 1.
Sptn Infl-Prot Idx	S	H	↑	Bond market inflation expectations are realistic.
Ultra-Short Bond				Fund liquidated.

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, 2014

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		1960.2		2.1	7.1	5.2	24.6	16.6	18.8	7.8	1.00		
		Nasdaq Composite		4408.2		4.0	6.2	5.3	31.1	18.2	20.5	9.0	1.16		
		Dow Jones Industrials		16826.6		0.8	2.7	2.9	15.6	13.6	17.8	7.6	0.94		
		Russell 2000 (Small Caps)		1193.0		5.2	3.1	1.9	23.5	14.5	20.2	8.7	1.38		
		Barclays Aggregate Bond*				0.0	3.9	2.0	4.2	3.5	4.6	4.6	0.23		
Model Portfolios		Unique Opportunities				3.1	4.7	3.4	25.1	13.9	18.7	9.4	1.14		
		Select				4.3	8.0	5.9	31.5	17.5	20.6	9.8	1.23		
		Growth				3.0	5.8	4.3	21.6	12.9	17.7	7.3	1.12		
		Growth & Income				1.9	5.6	4.0	19.3	11.2	13.7	6.9	0.76		
		Income				1.2	5.1	3.0	11.1	7.1	9.1	4.9	0.38		
												Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						Category Averages			3.2	6.5	4.1	28.9	15.8	19.5	1.18
312	FBGRX	Blue Chip Growth		67.91	Buy	3.4	7.2	5.2	32.0	17.3	21.9	1.25	\$11,832		
307	FDCAX	Capital Appreciation		37.68	Buy	2.8	4.2	3.4	25.6	17.0	20.6	1.13	5,876		
22	FCNTX	Contrafund		99.34	Buy	2.4	4.4	3.9	25.7	15.9	18.4	1.03	75,259		
332	FEXPX	Export and Multinational	0.75%/30d	25.33	Sell	1.9	4.1	3.6	19.1	12.2	15.4	0.99	1,683		
3	FFIDX	Fidelity Fund		45.42	OK to Sell	3.0	6.5	4.4	23.7	13.5	16.5	1.04	4,718		
500	FFTYX	Fifty (Closed)		29.43	Buy	3.0	5.6	3.7	28.0	16.0	18.9	1.12	776		
333	FTQGX	Focused Stock		20.78	Buy	2.9	5.3	3.5	29.4	15.9	20.5	1.16	1,975		
25	FDGRX	Growth Company (Closed)		126.89	Buy	3.5	6.5	3.8	30.0	16.6	21.4	1.28	23,373		
339	FDSVX	Growth Discovery		23.07	OK to Buy	4.3	8.7	4.5	32.4	16.2	21.1	1.19	1,031		
73	FDFFX	Independence		40.17	Hold	3.6	10.9	5.5	37.9	16.4	21.3	1.56	4,143		
21	FMAGX	Magellan		92.48	OK to Buy	2.6	6.7	4.6	28.6	13.9	15.6	1.22	13,537		
300	FMLX	New Millennium		41.96	Buy	3.2	7.1	2.7	27.9	17.7	21.1	1.00	3,644		
93	FOCPX	OTC		82.62	OK to Buy	4.5	6.8	3.5	34.4	16.8	21.3	1.40	7,786		
320	FDSSX	Stock Selector All Cap		38.41	OK to Buy	3.2	7.9	5.1	28.0	15.6	18.6	1.16	3,535		
5	FTRNX	Trend		89.85	Buy	3.2	6.1	4.4	30.2	15.9	20.7	1.15	1,399		
LARGE CAP BLEND						Category Averages			2.2	6.4	4.5	25.5	16.9	19.1	1.14
315	FDEQX	Disciplined Equity		34.21	Hold	1.7	5.9	3.6	26.6	15.3	16.3	1.16	1,249		
330	FDGFX	Dividend Growth		37.71	Hold	2.4	6.6	5.0	26.0	13.5	18.9	1.32	6,650		
27	FGRIX	Growth & Income		29.51	Buy	2.3	6.4	5.1	22.8	17.9	18.9	1.03	6,569		
338	FLCSX	Large Cap Stock		28.05	Buy	2.6	6.7	3.9	27.8	19.2	21.6	1.15	2,950		
361	FGRTX	Mega Cap Stock		16.44	Buy	2.1	6.6	4.9	24.2	18.5	19.7	1.05	2,772		
LARGE CAP VALUE						Category Averages			2.6	7.7	5.1	23.1	14.6	17.2	1.11
1271	FBCVX	Blue Chip Value		15.48	OK to Buy	2.9	6.0	4.3	23.4	12.6	15.5	1.21	370		
319	FEQTX	Equity Dividend Income		26.16	OK to Buy	2.9	7.3	5.8	21.1	13.8	16.6	1.09	5,110		
23	FEQIX	Equity-Income		62.78	OK to Buy	2.9	7.8	5.4	20.4	13.7	17.0	1.08	7,270		
708	FSLVX	Stock Sel Large Cap Value		16.66	Hold	2.7	9.3	5.6	24.3	16.5	17.5	1.08	601		
832	FVDFX	Value Discovery		23.56	OK to Buy	1.6	8.2	4.4	26.6	16.6	19.2	1.11	608		
MID-CAP GROWTH						Category Averages			3.1	6.6	3.7	26.0	14.4	20.0	1.22
324	FDEGX	Growth Strategies	1.50%/90d	30.17	Hold	2.6	5.9	4.7	25.9	12.2	18.4	1.36	1,663		
337	FMCSX	Mid-Cap Stock	0.75%/30d	39.41	Buy	3.3	7.0	2.9	27.9	16.1	22.1	1.12	6,044		
2412	FSSMX	Stock Selector Mid Cap		32.54	Hold	3.3	6.9	3.6	24.4	14.8	19.5	1.18	232		
MID-CAP BLEND						Category Averages			3.2	6.9	4.3	23.4	15.4	21.4	1.31
2624	FARNX	Event Driven Opportunities		11.12	Buy↑	4.6	9.5	4.0	--	--	--	--	62		
122	FLVCX	Leveraged Company Stock	1.50%/90d	46.34	OK to Buy	2.7	7.2	5.5	24.9	16.4	22.2	1.49	4,183		
316	FLPSX	Low-Priced Stock	1.50%/90d	51.88	OK to Buy	2.6	4.9	2.8	22.2	15.4	20.1	1.11	31,061		
14	FSLSX	Value Strategies		43.37	OK to Buy	2.8	5.9	4.9	23.0	14.4	21.7	1.33	734		
MID-CAP VALUE						Category Averages			3.4	9.0	5.2	27.6	17.6	22.9	1.23
762	FSMVX	Mid Cap Value	0.75%/30d	24.03	Buy	3.2	8.6	5.1	27.1	17.6	23.3	1.21	1,559		
39	FDVLX	Value		113.20	Buy	3.6	9.3	5.3	28.1	17.5	22.5	1.24	7,843		
SMALL CAP GROWTH						Category Averages			6.5	1.6	0.9	23.9	14.0	20.4	1.43
1388	FCPGX	Small Cap Growth	1.50%/90d	19.58	Buy	6.5	1.6	0.9	23.9	14.0	20.4	1.43	1,103		
SMALL CAP BLEND						Category Averages			4.5	3.9	3.2	23.3	12.9	20.3	1.43
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	31.10	Buy	3.8	4.1	3.5	23.3	18.6	24.1	1.36	6,499		
340	FSLCX	Small Cap Stock	2.00%/90d	19.91	OK to Sell	4.8	4.8	4.3	24.0	7.7	16.2	1.57	2,037		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.93	OK to Buy	5.0	2.9	1.7	22.6	12.5	20.4	1.36	1,458		
SMALL CAP VALUE						Category Averages			4.0	3.8	3.5	22.4	17.1	20.7	1.30
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	20.80	Buy	4.0	3.8	3.5	22.4	17.1	20.7	1.30	2,153		

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹ Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ² Duration is a measure of interest rate sensitivity. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ Also available in an Advantage share class with a minimum of \$10,000, but a lower expense ratio. ⁵ Formerly California Short-Intermediate Tax-Free Bond. ⁶ Formerly Short-Intermediate Municipal Income. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

JUNE 30, 2014

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		
SPECIALTY													
304	FBALX	Balanced		24.05	Buy	2.1	6.2	4.1	19.7	12.0	14.5	0.68	\$18,802
308	FCV SX	Convertible Securities		33.18	Buy	1.8	7.1	4.8	20.5	10.9	17.0	1.02	2,279
334	FGBLX	Global Balanced	1.00%/30d	25.83	OK to Buy	1.6	4.4	3.0	17.6	7.8	11.5	0.74	601
2120	FFGCX	Global Commodity Stock	1.00%/30d	15.25	Hold	4.1	7.9	7.0	25.6	-2.9	6.7	1.77	261
1960	FDYSX	Global Strategies		10.02	OK to Sell	1.2	4.6	3.6	13.1	5.7	10.2	0.79	165
1368	FIREX	International Real Estate	1.50%/90d	10.99	Hold	1.4	8.1	6.4	16.8	11.1	13.2	1.57	338
4	FPURX	Puritan		22.49	Buy	2.1	6.4	4.0	20.4	11.8	14.5	0.72	17,853
833	FRIFX	Real Estate Income	0.75%/90d	11.95	OK to Sell	0.8	9.4	3.8	9.8	10.5	15.5	0.50	2,661
303	FRESX	Real Estate Investment	0.75%/90d	37.33	OK to Sell	0.8	17.4	7.3	12.7	11.5	25.0	1.36	3,938
1329	FSDIX	Strategic Dividend & Income		15.15	OK to Buy	2.0	9.5	5.7	17.7	13.4	18.2	0.73	2,681
1505	FSRRX	Strategic Real Return	0.75%/60d	9.76	OK to Sell	0.5	6.7	2.4	7.4	3.7	8.6	0.52	653
311	FIUIX	Telecom & Utilities		24.64	Hold	2.2	13.9	7.4	26.4	15.5	17.7	0.86	995
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		13.71	Hold	0.6	3.6	2.0	8.1	5.2	7.4	0.27	4,898
1957	FTANX	Asset Manager 30%		10.85	Hold	0.9	4.4	2.6	10.8	6.5	9.1	0.39	731
1958	FFANX	Asset Manager 40%		11.13	Hold	1.1	4.8	2.9	13.1	7.7	10.5	0.50	706
314	FASM X	Asset Manager 50%		18.39	Hold	1.4	5.3	3.2	15.5	8.6	11.9	0.61	8,021
1959	FSANX	Asset Manager 60%		11.78	Hold	1.6	5.7	3.5	17.7	9.4	12.9	0.73	1,149
321	FASGX	Asset Manager 70%		21.72	Hold	1.8	5.9	3.8	20.0	10.3	14.2	0.85	3,729
347	FAMRX	Asset Manager 85%		18.20	Hold	2.3	6.4	4.2	23.5	11.6	15.7	1.03	1,411
EQUITY INDEX													
355	FFNOX	Four-in-One Index		37.68	Hold	1.8	6.0	4.2	21.3	12.4	15.3	0.93	3,774
2010	FIENX	International Enhanced Index	1.00%/30d	9.18	Hold	1.8	6.4	5.0	25.5	8.9	12.5	1.31	56
1827	FLCEX	Large Cap Core Enhanced Index		11.78	Buy	1.3	6.3	4.7	24.8	16.9	18.5	0.99	485
1829	FLGEX	Large Cap Growth Enhanced Index		14.50	OK to Buy	1.3	6.0	4.9	26.6	16.3	19.0	1.02	258
1828	FLVEX	Large Cap Value Enhanced Index		10.87	OK to Buy	2.0	8.4	4.9	25.2	17.6	19.0	1.03	339
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.42	OK to Buy	2.2	7.1	4.1	28.6	16.4	21.8	1.21	296
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	58.43	Hold	4.0	6.1	5.3	30.9	18.0	20.3	1.15	827
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	12.57	Buy	4.3	2.3	1.6	24.1	15.6	21.0	1.41	404
650	FUSEX	Spartan 500 Index ⁴		69.82	Hold	2.1	7.1	5.2	24.5	16.5	18.7	1.00	5,923
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	10.21	Hold	3.1	6.8	7.4	13.3	--	--	--	13
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	55.82	Hold	4.5	6.2	3.3	26.8	15.9	21.9	1.31	1,810
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	13.05	Hold	1.6	5.5	5.1	21.4	--	--	--	14
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	42.38	Hold	1.0	4.9	4.2	23.4	8.1	11.8	1.33	2,778
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/90d	17.09	Hold	3.3	8.6	4.9	26.6	--	--	--	17
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	13.56	OK to Sell	0.9	17.9	7.1	13.0	--	--	--	13
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	16.93	Hold	5.3	3.2	2.0	23.6	--	--	--	23
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	57.70	Hold	2.5	6.9	4.8	24.9	16.4	19.3	1.05	1,735
INTERNATIONAL						Category Averages	2.2	4.4	5.1	20.6	7.6	12.7	1.42
309	FICDX	Canada	1.50%/90d	64.34	Hold	5.0	10.3	9.2	24.8	3.8	11.0	1.16	2,152
352	FHKCX	China Region	1.50%/90d	33.80	Hold	4.2	0.1	3.6	20.7	6.9	11.5	1.56	1,314
325	FDIVX	Diversified International	1.00%/30d	38.04	Hold	1.3	3.1	3.9	23.0	8.8	12.1	1.34	15,053
351	FSEAX	Emerging Asia	1.50%/90d	32.68	Hold	2.3	6.7	7.3	18.2	3.1	10.8	1.53	1,079
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.58	Hold	1.7	4.2	4.6	16.2	2.0	9.8	1.52	106
322	FEMKX	Emerging Markets	1.50%/90d	25.74	Hold	2.6	6.9	6.7	16.0	0.2	9.6	1.59	2,273
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.77	Hold	2.6	5.1	8.0	12.0	--	--	--	81
301	FIEUX	Europe	1.00%/30d	40.42	OK to Buy	-0.5	3.9	1.9	25.3	9.3	12.9	1.50	1,547
2406	FGILX	Global Equity-Income	1.00%/30d	13.05	OK to Buy	1.8	6.4	3.6	23.2	--	--	--	48
335	FIVFX	International Cap App	1.00%/30d	17.46	Buy	1.9	4.2	3.9	22.7	10.3	15.1	1.48	1,038
305	FIGRX	International Discovery	1.00%/30d	41.18	Hold	1.5	1.7	3.1	21.1	8.6	12.4	1.34	8,209
1979	FIGFX	International Growth	1.00%/30d	11.46	OK to Buy	1.1	2.0	3.2	19.4	9.3	15.1	1.23	556
818	FISM X	International Small Cap	2.00%/90d	27.65	Hold	2.5	3.2	3.2	25.4	10.0	16.1	1.34	992
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.91	Buy	1.6	6.8	2.0	24.8	12.7	19.0	1.17	628
1597	FIVLX	International Value	1.00%/30d	9.26	Hold	0.4	2.3	3.2	20.5	6.1	10.1	1.38	199
350	FJPNX	Japan	1.50%/90d	12.17	OK to Sell	4.5	1.1	7.3	8.2	7.1	6.3	1.19	428
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.62	OK to Sell	6.0	1.3	8.8	13.9	16.4	13.1	1.63	449
349	FLATX	Latin America	1.50%/90d	32.91	Hold	3.5	5.3	7.3	3.7	-8.5	4.1	1.76	1,075
342	FNORX	Nordic	1.50%/90d	48.93	Buy	0.2	9.3	6.1	47.9	15.1	20.8	1.68	629
94	FOSFX	Overseas	1.00%/30d	41.86	OK to Buy	0.6	4.0	3.2	24.5	9.8	11.8	1.50	3,039
302	FPBFX	Pacific Basin	1.50%/90d	29.12	Hold	2.6	5.3	6.1	21.0	9.9	17.0	1.39	713
2369	FTEMX	Total Emerging Markets	1.50%/90d	12.02	Hold	2.7	6.8	8.0	18.7	--	--	--	43
1978	FTIEX	Total International Equity	1.00%/30d	8.39	OK to Buy	0.8	2.4	3.5	17.9	6.4	12.0	1.30	346
318	FWWFX	Worldwide	1.00%/30d	25.58	OK to Buy	2.4	3.9	3.6	25.6	12.6	16.8	1.17	1,613

FIDELITY SCORECARD

JUNE 30, 2014

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		
SELECT PORTFOLIOS						3.4	8.3	4.9	28.2	15.2	20.0	1.42	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	65.39	OK to Buy	0.4	10.9	7.2	40.4	22.3	29.8	1.18	\$426
502	FSAVX	Automotive	0.75%/30d	54.20	OK to Buy	3.5	5.9	5.8	26.2	13.2	24.6	1.90	166
507	FSRBX	Banking	0.75%/30d	26.23	Hold	3.4	3.5	-0.5	21.8	17.4	17.7	1.34	696
42	FBIOX	Biotechnology	0.75%/30d	200.28	OK to Sell	7.4	10.2	2.8	41.6	35.5	28.9	1.76	8,112
68	FSLBX	Brokerage & Investment	0.75%/30d	73.06	OK to Buy	4.0	-1.3	1.1	21.8	16.1	13.9	1.70	635
69	FSCHX	Chemicals	0.75%/30d	152.89	Hold	1.2	7.3	4.5	31.1	17.4	26.0	1.55	1,652
518	FSDCX	Communications Equipment	0.75%/30d	32.30	Hold	1.6	9.6	3.9	29.1	6.2	14.2	1.62	289
7	FDCPX	Computers	0.75%/30d	78.23	OK to Sell	3.4	5.7	1.8	24.3	12.8	20.9	1.49	640
511	FSHOX	Construction & Housing	0.75%/30d	54.21	OK to Sell	2.3	4.2	1.0	12.7	20.5	21.9	1.42	336
517	FSCPX	Consumer Discretionary	0.75%/30d	32.02	Buy	1.5	1.7	1.9	20.2	17.9	23.2	1.18	886
98	FSVLX	Consumer Finance	0.75%/30d	15.61	OK to Buy	2.2	2.1	2.1	16.8	18.9	18.4	1.08	182
9	FDFAX	Consumer Staples	0.75%/30d	92.88	Hold	0.2	6.5	5.7	16.5	15.1	17.2	0.93	1,420
67	FSDAX	Defense & Aerospace	0.75%/30d	116.61	OK to Buy	-0.9	-0.5	-0.1	25.2	16.6	22.2	1.11	897
8	FSELX	Electronics	0.75%/30d	77.86	Buy	6.9	23.4	10.3	45.9	16.2	21.3	1.59	1,556
60	FSENX	Energy	0.75%/30d	61.70	OK to Buy	5.5	15.6	12.7	30.8	8.9	16.7	1.83	2,573
43	FSESX	Energy Service	0.75%/30d	98.22	Hold	8.5	19.8	14.9	35.2	7.3	17.0	2.27	1,152
516	FSLEX	Environment & Alt Energy	0.75%/30d	24.19	Sell	2.8	6.1	3.2	27.8	8.8	13.4	1.32	108
66	FIDSX	Financial Services	0.75%/30d	84.26	OK to Buy	2.5	3.2	2.1	20.9	14.0	12.0	1.52	1,185
41	FSAGX	Gold	0.75%/30d	23.48	Sell	18.2	30.7	14.2	22.2	-20.2	-5.2	2.74	1,084
63	FSPHX	Health Care	0.75%/30d	206.67	Buy↑	5.2	15.9	5.5	49.8	27.2	27.2	1.19	5,864
510	FSCGX	Industrial Equipment	0.75%/30d	42.90	Hold	1.2	2.4	2.1	24.9	13.0	21.9	1.52	426
515	FCYIX	Industrials	0.75%/30d	33.03	Buy	1.6	3.8	3.7	27.1	15.6	23.4	1.32	1,479
45	FSPCX	Insurance	0.75%/30d	66.62	Buy	2.6	3.0	5.0	20.9	18.4	20.6	1.20	411
353	FBSOX	IT Services	0.75%/30d	36.52	Buy	2.5	-2.0	0.9	25.9	19.1	24.5	1.38	1,194
62	FDSLX	Leisure	0.75%/30d	132.68	Buy	3.5	2.9	1.8	24.7	17.3	22.7	1.33	540
509	FSDPX	Materials	0.75%/30d	88.15	Hold	2.5	6.9	3.9	26.7	10.9	20.5	1.60	1,275
505	FSHCX	Medical Delivery	0.75%/30d	75.16	Hold	1.3	7.2	1.9	25.1	13.8	21.6	1.19	672
354	FSMEX	Medical Equipment	0.75%/30d	38.13	Buy	6.0	12.8	5.1	35.3	16.3	18.5	1.18	1,616
503	FBMPX	Multimedia	0.75%/30d	81.90	OK to Buy	3.0	3.0	5.6	24.3	22.1	28.6	1.27	866
513	FSNGX	Natural Gas	0.75%/30d	46.14	Buy	6.1	22.3	14.8	43.0	11.6	13.7	1.61	1,146
514	FNARX	Natural Resources	0.75%/30d	43.39	Hold	7.0	18.3	13.6	32.9	6.6	15.5	1.86	1,033
580	FPHAX	Pharmaceuticals	0.75%/30d	20.97	OK to Buy↓	4.1	15.4	6.5	39.3	22.8	24.7	0.95	1,660
46	FSRPX	Retailing	0.75%/30d	81.01	Hold	0.1	-3.3	-0.4	18.3	18.8	24.4	1.23	855
28	FSCSX	Software & Computer Svcs	0.75%/30d	117.55	Buy	2.9	2.1	1.0	31.3	20.5	23.8	1.34	3,150
64	FSPTX	Technology	0.75%/30d	121.21	OK to Buy	5.1	7.6	5.5	31.5	13.4	20.8	1.38	2,295
96	FSTCX	Telecommunications	0.75%/30d	61.41	Buy	0.2	3.8	3.6	14.0	9.6	14.7	1.02	416
512	FSRFX	Transportation	0.75%/30d	83.12	OK to Buy	1.3	14.3	7.7	40.4	19.6	27.8	1.31	598
65	FSUTX	Utilities	0.75%/30d	77.76	OK to Sell	3.6	19.9	8.7	30.7	17.1	17.6	0.88	925
963	FWRLX	Wireless	0.75%/30d	9.50	OK to Buy	-0.8	2.1	2.0	22.8	12.4	14.3	0.93	289
SECTOR ETFs													
	FDIS	MSCI Consumer Discretionary		27.11	Buy	2.6	0.9	3.2	--	--	--	--	72
	FSTA	MSCI Consumer Staples		27.08	Hold	-0.6	4.9	4.3	--	--	--	--	31
	FENY	MSCI Energy		29.06	OK to Buy	5.3	13.6	12.2	--	--	--	--	114
	FNCL	MSCI Financials		27.08	OK to Buy	2.5	4.7	1.9	--	--	--	--	124
	FHLC	MSCI Healthcare		29.13	OK to Buy	2.8	10.1	4.4	--	--	--	--	128
	FIDU	MSCI Industrials		28.17	Buy	0.9	3.6	3.5	--	--	--	--	97
	FTEC	MSCI Information Technology		29.17	OK to Buy	3.1	8.2	5.7	--	--	--	--	163
	FMAT	MSCI Materials		28.38	Hold	2.3	8.1	5.0	--	--	--	--	92
	FCOM	MSCI Telecomm Services		26.76	Buy	0.1	5.4	3.7	--	--	--	--	63
	FUTY	MSCI Utilities		28.88	OK to Sell	4.5	17.8	7.8	--	--	--	--	46

Fund Commentary *cont'd from page 5*

International Funds

All foreign stock funds, save **Europe** (down 0.5%), rose in June. While **Canada** (up 5.0%) benefited from higher energy prices, **Japan** and especially **Japan Smaller Companies** (up 4.5% and 6.0%, respectively) have been beneficiaries of their government's stimulative policies.

Bond Funds

The 10-year Treasury yield ended June basically unchanged from a month earlier, at 2.48%. Not surprisingly, **Spartan US Bond Index** was also unchanged in June. Meanwhile, many longer-duration funds slipped: The **Intermediate-** and **Long-term Treasury Index** funds both fell 0.2%. However, Fidelity's three TIPS funds (which also have long average maturities) con-

tinued to gain some ground. Why? Whereas TIPS retreated last year because interest rates rose and inflation did not, amid today's modestly higher inflation expectations, demand for the inflation-linked securities has grown. (We've upgraded all inflation-linked funds to *Hold*.) Elsewhere, muni bond funds were a mixed bag of fractional losses and gains. ■

— John Bonnanzio

FIDELITY SCORECARD

JUNE 30, 2014

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						<i>Category Averages</i>			0.2	3.9	2.0	4.1	3.3	4.6	1.52	5.0	0.26
2267	FCONX	Conservative Income Bond		10.04	Buy	0.0	0.1	0.1	0.5	0.7	--	0.09	0.3	0.02			
2208	FCBFX	Corporate Bond		11.45	Buy	0.3	6.3	2.9	8.5	6.9	--	2.61	6.9	0.37			
2423	FGBFX	Global Bond		9.96	OK to Sell	0.8	5.2	2.8	7.2	--	--	1.75	6.2	--			
15	FGMNX	GNMA (Ginnie Mae)		11.57	Hold	0.3	4.4	2.4	5.1	3.2	4.7	2.24	4.0	0.23			
54	FGOVX	Government Income		10.41	Hold	0.0	3.4	1.7	3.0	2.9	3.6	1.57	4.6	0.23			
794	FINPX	Inflation-Protected Bond ³		12.48	Hold \uparrow	0.3	5.7	3.7	4.0	3.1	5.1	-0.20	5.7	0.46			
32	FTHRFX	Intermediate Bond		10.98	Buy	-0.1	2.6	1.3	3.6	3.4	5.6	1.81	3.9	0.18			
452	FSTGX	Intermediate Gov't Income		10.67	Hold	0.0	1.9	1.1	2.0	2.1	2.9	1.07	3.4	0.16			
2428	FINUX	International Bond		10.10	OK to Sell	1.3	5.7	3.1	9.0	--	--	1.68	6.4	--			
26	FBNDX	Investment Grade Bond		7.91	Buy	0.1	4.3	2.2	5.3	4.4	6.6	2.35	5.0	0.24			
2622	FJRLX	Limited Term Bond		11.57	Buy	0.0	2.0	1.1	3.3	3.2	5.6	1.56	2.9	--			
662	FFXSX	Limited Term Government		10.06	OK to Buy	-0.1	1.0	0.6	1.3	1.0	1.8	0.64	2.5	0.08			
40	FMSFX	Mortgage Securities		11.26	Hold	0.2	4.1	2.3	4.7	3.3	5.1	2.51	4.0	0.20			
450	FSHBX	Short-Term Bond		8.61	Buy	-0.0	0.8	0.5	1.6	1.4	2.7	0.73	2.0	0.06			
2415	FSIQX	Sptn Inflation-Protect Index ⁴		9.87	Hold \uparrow	0.3	5.7	3.7	4.2	--	--	0.04	5.7	--			
1561	FIBIX	Sptn Interm Treas Index ⁴		10.84	OK to Sell	-0.2	3.8	1.9	2.3	3.7	4.7	1.93	6.5	0.40			
1562	FLBIX	Sptn Lng-Term Treas Index ⁴		12.11	OK to Sell	-0.2	12.2	4.4	5.7	8.5	7.1	3.06	16.5	1.04			
1560	FSBIX	Sptn Sht-Term Treas Index ⁴		10.45	Hold	-0.1	0.7	0.4	0.9	0.9	1.7	0.56	2.5	0.09			
651	FBIDX	Sptn US Bond Index		11.66	Hold	0.0	3.9	2.0	4.2	3.5	4.6	2.01	5.3	0.23			
820	FTBFX	Total Bond		10.74	Buy	0.1	4.3	2.1	5.7	4.6	6.9	2.45	5.1	0.24			
812	FUSFX	Ultra-Short Bond															
HIGH-YIELD BOND						<i>Category Averages</i>			0.9	5.4	2.9	10.3	7.3	10.9	3.62	3.6	0.51
38	FAGIX	Capital & Income	1.00%/90d	10.23	Buy	1.7	7.3	4.0	15.3	8.6	15.5	3.66	4.1	0.67			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.99	OK to Buy	0.5	2.0	1.1	4.7	4.3	6.0	2.93	0.2	0.26			
1366	FHIFX	Focused High Income	1.00%/90d	9.08	Buy	0.7	4.4	2.0	9.2	7.4	10.6	3.45	3.4	0.42			
2297	FGHNX	Global High Income	1.00%/90d	10.33	Buy	1.2	5.8	3.1	12.0	7.9	--	3.93	3.4	0.61			
455	SPHIX	High Income	1.00%/90d	9.50	Buy	0.7	4.3	1.8	10.4	8.2	12.6	4.21	2.9	0.56			
331	FNMIX	New Markets Income	1.00%/90d	16.81	Hold	1.4	10.4	6.5	12.2	8.6	11.4	4.76	7.4	0.66			
2580	FSAHX	Short Duration High Income	1.00%/90d	10.15	OK to Buy	0.5	3.1	1.4	--	--	--	2.95	2.2	--			
368	FSICX	Strategic Income		11.28	Buy	0.8	5.9	3.1	8.7	5.7	9.1	3.10	4.8	0.37			
MUNICIPAL BOND						<i>Category Averages</i>			0.1	5.1	2.3	5.8	4.8	5.1	1.80	5.9	0.30
434	FSAZX	Arizona Muni Income	0.50%/30d	11.99	OK to Buy	0.0	6.6	2.9	6.9	5.6	5.7	2.18	6.8	0.34			
1534	FCSTX	Calif Limited Term Tax Free ⁶	0.50%/30d	10.72	Buy	-0.0	2.2	1.2	3.4	2.4	3.2	1.01	3.0	0.14			
91	FCTFX	California Muni Income	0.50%/30d	12.83	OK to Buy	-0.0	6.5	2.7	7.0	6.5	6.7	2.27	7.0	0.34			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.67	OK to Buy	0.2	5.7	2.7	6.2	4.4	4.8	1.93	6.5	0.31			
2578	FCRDY	Conservative Income Muni		10.04	Buy	0.0	0.3	0.1	--	--	--	0.08	0.6	--			
36	FLTXX	Interm Municipal Income	0.50%/30d	10.47	Buy	0.0	4.5	2.0	4.8	4.1	4.5	1.61	5.0	0.24			
404	FSTFX	Limited Term Muni Income ⁷	0.50%/30d	10.74	Buy	0.1	1.7	0.9	2.6	2.1	2.7	0.64	2.6	0.12			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.33	OK to Buy	0.1	5.6	2.6	5.8	4.3	4.7	1.86	6.8	0.31			
70	FDMMX	Mass Muni Income	0.50%/30d	12.29	OK to Buy	0.1	6.2	2.9	6.0	5.3	5.6	2.23	7.5	0.36			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.12	OK to Buy	0.2	5.6	2.8	5.2	4.8	5.0	2.22	5.8	0.29			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.69	OK to Buy	0.1	4.3	2.1	4.7	4.1	4.5	1.66	5.6	0.26			
37	FHIGX	New Jersey Muni Income	0.50%/30d	13.31	Buy	0.2	6.9	3.1	7.0	5.9	6.2	2.20	7.3	0.34			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.93	OK to Buy	-0.2	6.1	2.6	5.8	5.2	5.3	1.99	7.0	0.33			
71	FTFMX	New York Muni Income	0.50%/30d	13.38	OK to Buy	0.1	6.1	2.8	6.8	5.0	5.3	2.05	7.2	0.34			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.04	OK to Buy	0.1	6.6	3.0	6.8	5.3	5.4	2.32	7.5	0.34			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.18	OK to Buy	0.0	5.9	2.4	6.3	5.4	5.3	1.99	6.5	0.32			
90	FTABX	Tax-Free Bond	0.50%/30d	11.51	Buy	0.1	6.9	3.0	7.2	6.1	6.2	2.32	7.2	0.35			

Note: Yields on municipal bond and money market funds are not directly comparable to yields on taxable funds. In muni funds your effective yield will be higher as your tax-bracket increases.

TAXABLE MONEY MARKET FUNDS			Total Return (%)		SEC %Yield	MUNICIPAL MONEY MARKET FUNDS			Total Return (%)		SEC %Yield
			Jun	YTD					Jun	YTD	
55	FDRXX	Cash Reserves	0.00	0.00	0.01	457	FSPXX	California AMT Tax-Free	0.00	0.00	0.01
458	SPAXX	Government MM	0.00	0.00	0.01	418	FCMXX	Connecticut Muni MM	0.00	0.00	0.01
454	SPRXX	Money Market	0.00	0.01	0.01	426	FMSXX	Mass AMT Tax-Free	0.00	0.00	0.01
631	FGMXX	Retirement Gov't MM	0.00	0.01	0.01	74	FDMXX	Massachusetts Muni MM	0.00	0.00	0.01
630	FRTXX	Retirement MM	0.00	0.01	0.01	420	FMIXX	Michigan Muni MM	0.00	0.00	0.01
85	FSLXX	Select MM	0.00	0.01	0.01	10	FTEXX	Municipal Money Market	0.00	0.00	0.01
2543	FLTXX	Treasury MM	0.00	0.00	0.01	417	FNJXX	New Jersey Muni MM	0.00	0.00	0.01
415	FDLXX	Treasury Only MM	0.00	0.01	0.01	423	FSJXX	New Jersey AMT Tax-Free	0.00	0.00	0.01
50	FGRXX	U.S. Gov't Reserves	0.00	0.01	0.01	92	FNXXX	New York Muni MM	0.00	0.00	0.01
MUNICIPAL MONEY MARKET FUNDS						422	FSNXX	New York AMT Tax-Free	0.00	0.00	0.01
460	FIMXX	AMT Tax-Free Money Fnd	0.00	0.00	0.01	419	FOMXX	Ohio Muni MM	0.00	0.00	0.01
433	FSAXX	Arizona Muni MM	0.00	0.00	0.01	401	FPTXX	Pennsylvania Muni MM	0.00	0.00	0.01
97	FCFXX	California Muni MM	0.00	0.00	0.01	275	FMOXX	Tax-Free Money Market	0.00	0.00	0.01

FIDELITY SCORECARD

JUNE 30, 2014

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						3.8	6.5	4.3	28.8	14.9	19.6	1.24
	Annuity Growth Model						3.0	5.0	3.5	20.9	13.6	17.4	1.12
	Annuity Growth & Income Model						1.9	5.3	3.2	16.3	10.2	12.9	0.79
	Annuity Income Model						0.7	4.1	2.2	8.5	6.5	8.0	0.37
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.47	Hold	1.7	6.3	3.6	18.8	8.7	12.3	0.75
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation		17.88	Hold	2.2	7.3	4.3	24.4	10.5	14.7	1.04
9069	FJBAC	Fid VIP Balanced	Allocation		18.75	Buy	2.1	5.8	3.9	18.6	10.2	14.7	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	20.73	Buy	1.5	1.3	1.8	19.6	17.6	22.8	1.18
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	19.07	Hold	0.6	5.1	5.8	14.9	14.2	16.4	0.92
9065	FPDFC	Fid VIP Contrafund	Large Growth		19.79	Hold	2.8	6.5	4.6	25.3	14.4	18.0	1.06
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		16.31	Buy	4.4	2.1	1.6	23.5	15.0	20.2	1.40
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		21.21	Buy	2.7	4.3	3.0	27.4	17.5	20.8	1.15
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	9.05	Hold	2.5	6.5	6.5	15.1	-0.2	9.1	1.58
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	20.99	Buy	5.4	15.5	12.6	30.5	8.7	16.5	1.83
9061	FLOLC	Fid VIP Equity-Income	Large Value		17.10	OK to Buy	2.9	7.7	5.3	20.2	15.0	18.2	0.98
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.07	Buy	2.5	3.0	2.0	20.3	13.9	12.0	1.51
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.08	OK to Buy	0.4	0.8p	0.8	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.93	Hold	0.7	3.0	1.9	7.6	4.5	6.0	0.26
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.09	Hold	1.5	4.3	3.0	14.4	8.0	10.5	0.59
9197	FMPPC	Fid VIP FundsManager 60	Allocation		14.03	Hold	1.7	4.7	3.3	17.0	9.1	12.0	0.70
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.34	Hold	1.9	4.8	3.4	18.9	10.1	13.2	0.82
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.27	Hold	2.1	4.9	3.7	22.2	11.3	15.0	0.99
9062	FMNDC	Fid VIP Growth	Large Growth		19.38	OK to Buy	4.4	8.5	4.4	32.5	15.8	20.6	1.21
9070	FLFNC	Fid VIP Growth & Income	Large Blend		18.86	Buy	2.3	6.3	5.1	22.5	17.5	18.4	1.02
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		19.16	Buy	3.6	4.2	2.4	25.4	16.5	22.0	1.30
9078	FPVDC	Fid VIP Growth Stock	Large Growth		20.42	Buy	3.1	6.0	4.3	29.9	15.9	20.6	1.13
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		16.86	Hold	2.6	5.8	4.6	25.1	11.6	17.8	1.35
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	29.44	Buy	5.3	15.6	5.4	48.7	26.6	26.8	1.19
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.33	Buy	0.8	4.7	2.1	10.2	7.8	11.7	0.51
9064	FXVLT	Fid VIP Index 500	Large Blend		18.68	Hold	2.0	6.9	5.1	24.2	16.2	18.5	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	25.60	Buy	1.7	3.9	3.9	26.8	15.4	23.2	1.31
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	15.65	Buy	1.8	4.1	3.8	22.2	10.0	14.8	1.48
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.01	Buy	0.1	4.1	2.1	4.7	3.8	5.8	0.24
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	19.61	Hold	2.6	7.2	4.2	26.8	10.7	20.3	1.59
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		21.70	OK to Buy	3.6	4.9	3.5	27.3	13.0	17.9	1.20
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.38	--	0.0	-0.1	-0.1	-0.3	-0.2	-0.1	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	15.52	OK to Buy	0.9	-1.0	2.2	21.9	6.7	12.0	1.48
9072	FFWKC	Fid VIP Real Estate	Sector		18.96	OK to Sell	1.1	17.6	7.3	13.3	11.2	24.5	1.37
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.61	Buy	0.8	5.6	3.0	8.2	5.3	8.4	0.36
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	23.62	Buy	4.8	8.0	4.7	31.0	12.1	20.1	1.37
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	13.18	Buy	0.3	3.7	3.6	13.7	10.8	14.9	1.00
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	22.58	OK to Sell	3.7	19.8	8.7	30.6	17.0	17.5	0.88
9079	FKMSC	Fid VIP Value	Mid Value		17.66	Buy	2.1	7.4	4.7	23.6	16.5	20.8	1.11
9080	FUEBC	Fid VIP Value Leaders	Large Value		14.28	OK to Buy	3.0	5.8	4.2	22.7	12.2	15.1	1.22
9073	FRBSC	Fid VIP Value Strategies	Mid Value		19.22	OK to Buy	2.8	6.0	5.0	22.8	14.4	21.6	1.33
9347	FBMEC	Black Rock Global Allocation	Global Allocation		12.02	OK to Sell	1.2	3.4	2.9	13.4	6.5	9.3	0.78
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		11.27	Buy	0.4	3.1	2.4	6.4	4.1	8.4	0.74
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.12	Hold	0.2	2.3	1.3	2.4	1.5	2.7	0.17
9285	FIGXC	Invesco Global Core Eqty	Global Gov't		11.67	OK to Sell	1.7	4.8	3.3	20.6	7.5	10.9	1.25
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		16.93	Hold	3.4	8.9	9.5	17.6	2.6	11.3	1.60
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.19	Hold	0.6	8.2	4.9	8.5	5.7	9.0	0.72
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.87	Hold	2.5	5.5	6.0	10.5	0.9	9.4	1.39
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		12.74	Hold	0.8	4.7	2.6	16.0	8.2	11.3	0.84
9346	FPMEC	Pimco Commodity Real Return	Commodities		9.54	OK to Sell	1.1	9.9	2.1	10.8	-3.7	6.5	1.34
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.44	Buy	0.0	1.1	0.6	2.4	1.8	--	0.21
9277	FPNBC	Pimco VIT Real Return	TIPS		12.92	Hold↑	0.4	6.3	4.2	5.0	3.5	--	0.49
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.44	Buy	0.0	3.1	1.9	3.9	3.5	--	0.30

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	24%	VIP Growth Opps	23%	VIP Growth Opps	27%	VIP Investment Grade	33%
VIP Health Care	17	VIP Growth & Income	20	VIP Growth & Income	22	VIP Balanced	31
VIP Energy	16	VIP Value	19	VIP Value	20	Pimco VIT Low Duration	20
VIP Industrials	15	VIP Disciplined Sm Cap	16	VIP Investment Grade	20	VIP High Income	16
VIP Financial Services	14	VIP Dynamic Cap App	13	VIP High Income	11		
VIP Cons Discretionary	14	VIP Growth Stock	9				
Total Return:		Total Return:		Total Return:		Total Return:	
Jun: 3.8% YTD: 6.5%		Jun: 3.0% YTD: 5.0%		Jun: 1.9% YTD: 5.3%		Jun: 0.7% YTD: 4.1%	

GROWTH MODEL UPDATE

New Millennium: For Large Cap Growth

This month's Growth Model Portfolio trade (see p. 3) entails a swap out of **Large Cap Core Enhanced Index** and into the actively and very capably managed (by John Roth) **New Millennium** fund.

While we won't dwell on the former, the quasi-index fund actually sported a surprisingly active turnover of 125%, as Geode Capital (Fidelity's quantitative division) continuously works its algorithms to produce S&P 500-like returns but with a bit less risk.

While that's appealing (and thus our continued *Buy* rating), over the longer-term, we believe that New Millennium will continue to outpace the same benchmark while also keeping



John Roth

risk reigned in. Indeed, over the past three years, John's fund has been 18% less risky than his large-cap growth peers, while generating an average annual return of 17.7% versus 15.8%.

To achieve this, John looks for companies that stand to benefit over the long-term from secular changes driven by technology or even government policies. In so doing, he hopes to identify those actors whose earning potential he forecasts to be underestimated.

Of course, this approach requires some patience. To that end, New Millennium's turnover is a tepid 49%, even as John actively navigates this growth fund in search of undervalued opportunities.

Finally, John also runs **Mid-Cap Stock** (held in our Unique Opp's Model) in much the same thematic (and successful!) fashion, but buys smaller and often less-liquid companies. As a consequence, Mid-Cap has a short-term trading fee. ■

INCOME INVESTING

Better Days Ahead For Money Markets?

Here's the good news about your money market funds (MMF): yield-wise, things can't get much worse. In fact, with the Fed likely to start raising



Nancy Prior

short-term interest rates later next year, those 0.01% yields you're trying to tolerate could rise dramatically to, say, 0.1%! Of course, with inflation running at 2%.

MMF are actually losing you money, And now for the bad news...

The SEC will soon hand down its final rules directing how MMF will come to be managed. Predicting "significant structural changes," Nancy Prior, the head of Fidelity's money market and fixed income groups, further predicted that "many investors will not be happy" with the new rules.

So why are MMF under attack?

When Lehman Brothers collapsed on September 15, 2008, the nation's first and oldest MMF, The Reserve Fund, "broke the buck." That means its share price fell below its sacrosanct \$1.00 NAV.

With a credit crisis looming, regulators grew concerned that other funds would soon follow suit. Though there was little evidence that that would happen (the troubled fund had an inordinately large investment in Lehman), the Treasury moved quickly and, some argue, too hastily.

And, against the backdrop of the Fed slashing short-term interest rates to nearly zero, on September 19 the Treasury announced a one year "guar-

antee program" (like FDIC insured bank deposits) to enhance market confidence in MMF.

Concurrent to this, MMF were required to reduce their interest-rate risk and they had to enhance their credit quality and further diversify. And, when funds sought European securities to lift yields, the Euro credit crisis unfolded. (While some funds addressed credit quality by purchasing even more US securities, a Treasury downgrade became an unprecedented problem!)

Even before the funds' management fees were taken into account, MMF yields had collapsed to just hundredths of a percentage point.

Fortunately, large fund complexes like Fidelity have had the size and scale to keep their funds operational throughout this traumatic period. In fact, fees have been quietly waived simply to keep yields in barely positive territory. Still, some funds have closed their doors or merged. At a June conference of MMF executives, Ms. Prior acknowledged the obvious: "The past few years have not been fun."

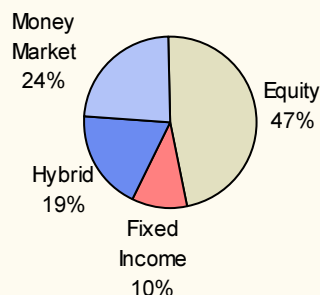
More "Fun" Coming

As for those "significant" structural changes that Fidelity anticipates, Prior was not specific. But she is obviously most concerned with the

SEC's near-obsessive desire to alter the very essence of MMF by forcing their NAVs to "float" like any other mutual fund, rather than remain at a constant \$1.00. While some believe that only institutional funds will be affected and not the retail offerings that are most familiar to individual Fidelity investors (such as the giant **Cash Re-**

Big Business

Fidelity Fund Asset Mix



Fidelity manages 16% (\$413 billion) of the industry's \$2.6 trillion in MMF assets. Of its overall \$1.7 trillion in fund assets (see pie), 24% is held by 40 taxable and muni MMF.

At \$116 billion, Cash Reserves is their single largest fund, accounting for 28% of their MMF assets.

MMF cont'd on page 12

services), other industry watchers are less optimistic.

At the same time, there's a possibility that government-only MMF will be excluded from the new regs, such as Fidelity's **Treasury-Only MMF**, or perhaps municipal funds that meet certain credit standards.

But if Ms. Prior is less-than-optimistic, she has good reasons.

In recent times, US regulators have earned a reputation for leaning especially hard on financial institutions — even those that have had little or nothing to do with the financial meltdown. For example, the federal Financial Stability Oversight Council wants

to regulate mutual fund companies like Fidelity, Black Rock, Vanguard and Pimco, in much the same way that banks are regulated. Their reasoning: they're "too-big-to-fail." Or, in Washington-speak, they're "systemically important financial institutions."

While on some level that may be flattering, it's safe to assume that none of the nation's fund companies want to be in this particular club.

Never mind that they are directed to invest their customers' assets in a specific fashion with absolutely no guarantees to return it all, whereas banks lend out and leverage their depositor's money while promising to give it all back. And the list of differences go on from there.

The risk for mutual fund investors? More costly regulation and lower returns.

Fidelity invented money market checkwriting 40 years ago. It transformed a cash management vehicle that had only been available on Wall Street, making it convenient to Main Street. So if Fidelity is a tad indignant about regulatory over-zealousness (and they're hardly alone), it's worth remembering that not a single penny has ever been lost by one of their many millions of MMF investors.

"The industry will survive," said Prior. And regardless of the new regs, she declared that "safety, liquidity and returns" will remain priorities. ■

— John Bonnanzio

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
Capital & Inc	6/6	0.120	10.15
Event Driven Opp	6/6	0.162	10.83
Focused High Inc	6/6	0.107	9.06
Global High Inc	6/6	0.037	10.28
High Inc	6/6	0.019	9.49
Large Cap Stock	6/6	0.985	27.80
Mid-Cap Stock	6/6	2.836	38.87
Real Estate Inc	6/6	0.123	11.90
Real Estate Invest	6/6	0.155	37.66
Small Cap Dscvry	6/6	1.410	30.77
Small Cap Stock	6/6	2.006	19.54
Sptn Mid Cap Indx	6/6	0.075	16.88
Spt R Estate Indx	6/6	0.057	13.68
Sptn Sm Cap Indx	6/6	0.115	16.52
Ultra-Short Bond	6/11	0.028	8.24

Inside Fidelity

Manager Changes — Gordon Scott is the new manager of **Export & Multinational**. Frankly, this is welcome development for its shareholders who have endured its former manager's four-plus-year reign of chronic underperformance.

Scott had been running **Select Consumer Discretionary** as well as the sector sleeves of **Stock Selector All Cap** and **Stock Selector Mid Cap**. But no more, as he'll devote his full attention to Export. (Given that fund's wide investment latitude, new manager and our current *Sell* rating, it may be some time before a new rating is provided.)

Because of this change, new managers have also been tasked at **Consumer Discretionary, Retailing, and Software & Computer**.

Elsewhere, **Emerging Markets Discovery** is now being run by a team. On June 20, Doug Chow, Tim Gannon, Jim Hayes, Per Johansson, Gregory Lee and Sam Polyak succeeded Ashish Swarup, who had run

the fund since its launch in November 2011. This development is a bit concerning as Ashish showed promise on the fund. As for his departure, Fidelity will only say that he left "to pursue another professional opportunity."

His departure has also triggered a change at **Total Int'l Equity** where Ashish ran the fund's emerging market sleeve. Now that job belongs to Sammy Simnagar who runs **Emerging Markets** while also leading **International Cap App**.

For now, all of our *Hold* ratings on these funds remain in place.

Fund Closing — Effective June 27, the **Municipal Income 2015** was closed to new investors. This is the first of the so-called Defined Maturity Funds in the series to approach its maturity date, targeted for June 30, 2015. [Note: We do not cover this fund in our *Scorecard*, but are merely reporting this development for readers who may have owned the fund.]

Fund Liquidation — **Ultra-Short Bond** has now been liquidated. ■

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