

# FIDELITY MONITOR & INSIGHT

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## MESSAGE FROM JACK

### Stock Funds And Taxes: The Devil Is In The Details

There's no question about it: a lot of investors are frustrated by higher tax bills on their non-retirement accounts and are looking to "fix" the problem. But I



Jack Bowers

would argue that their goal should be to maximize after-tax returns, not minimize current tax liability. Why? Because focusing too much on the latter can lead to poor performance and increased portfolio risk.

Below are a few common tax assumptions by some investors that are not always correct.

- **Long term capital gains distributions cause higher tax bills.** While this can be true if you haven't sold the fund yet, for every dollar of gains you are taxed on, there will be one less dollar of gains to report when you

## Mid-Year Fund Commentary

Begins on p. 5

sell the fund. Thus, the total taxes you pay from purchase through sale are about the same. And if capital gain rates climb over the long run, those payouts may actually save you some tax dollars. Another way of looking at it: distributions let you "pre-pay" tax on your unrealized profits so you can take advantage of today's low rates on long-term capital gains.

- **ETFs aren't taxed as heavily as mutual funds.** It's true that passive ETFs allow you to minimize capital gain distributions. But if you realize a \$10,000 gain from the sale of a passive ETF, the total taxes you pay will be very similar to realizing the same gain from an active mutual fund. The only exception: if the mutual fund distributes a significant share of its profits in the form of short-term capital gains, you'll pay more.

- **Active fund managers cause higher tax bills.** This is sometimes true, but it's the exception rather than the rule at Fidelity, where the vast majority of stock fund profits are distributed in the form of long-term capital gains. And in that situation, the total taxes you pay after selling the fund will be very similar to the taxes you

Message On Taxes *cont'd on page 8*

## MARKET OUTLOOK

### The Market Hit A New All-Time High And Nobody Cared: Perfect!

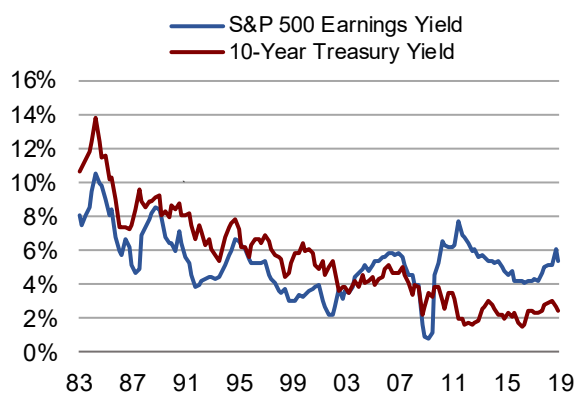
Normally a new all-time high in the S&P 500 would be greeted with much fanfare and optimism for future gains. But you'd be forgiven if you missed all the hoopla over reaching just such a milestone on June 20 ... because there was none. Despite the market's 18.5% gain this year, investors remain skeptical about the health of this market in the face of slowing economic growth and concerns that the trade war with China will tip the U.S. into recession.



John M. Boyd

This is the Rodney Dangerfield of bull markets — it gets no respect. Pundits have been calling for its death almost since its birth! A recent survey of global fund managers showed the largest increase in cash since 2011's debt ceiling crisis and the lowest allocation to equities versus bonds since this bull began. This at a time when stocks are actually far more attractive than bonds using a common measure that compares the earnings yield on the S&P 500 to the yield on the 10-year Treasury.

For example, at the end of the first quarter, the 12-month trailing operating earnings for the S&P 500 were \$153.05 and the S&P 500 stood at 2834.4, for an earnings yield of 5.4% compared to a 10-year Treasury yield of just 2.4%. That 3 percentage point gap is significantly higher than the minus one-half point average that prevailed from 1983 to the recovery that began in 2009 as shown below. And with the 10-year now yielding around 2% that gap has widened.



Market Outlook *cont'd on page 3*

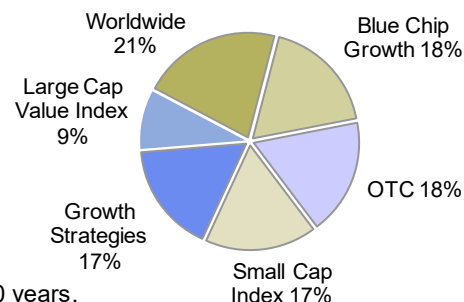
**Unique Opportunities** Target Risk: 1.20 (Current: 1.09) Foreign Holdings: 11.6% **YTD Return: 20.3%**

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

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Worldwide	FWWFX	\$27.40	4,539.80	\$124,391	5.5%
Blue Chip Growth	FBGRX	101.01	1,038.16	104,865	7.2
OTC	FOCPX	12.14	8,601.69	104,425	6.9
Small Cap Index	FSSNX	20.10	4,975.42	100,006	7.1
Growth Strategies	FDEGX	47.56	2,073.63	98,622	7.6
Large Cap Value Index	FLCOX	12.51	4,253.55	53,212	7.2

**Current Value (3/31/99 = \$100,000) \$585,520 6.8%**

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



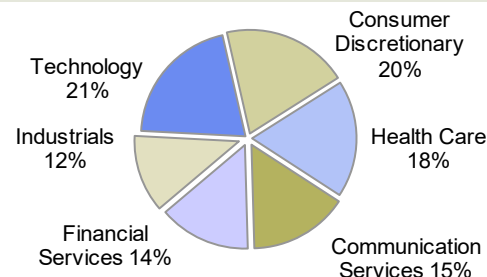
**Select** Target Risk: 1.20 (Current: 1.12) Foreign Holdings: 6.2% **YTD Return: 20.7%**

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

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Technology	FSPTX	\$17.16	53,066.26	\$910,617	8.6%
Consumer Discretionary	FSCPX	46.81	18,391.66	860,914	6.6
Health Care	FSPHX	25.01	32,192.14	805,125	9.0
Communication Services	FBMPX	61.93	10,934.15	677,152	4.2
Financial Services	FIDSX	10.12	62,010.61	627,547	5.9
Industrials	FCYIX	35.60	14,946.14	532,083	6.8

**Current Value (12/31/88 = \$100,000) \$4,413,438 7.0%**

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



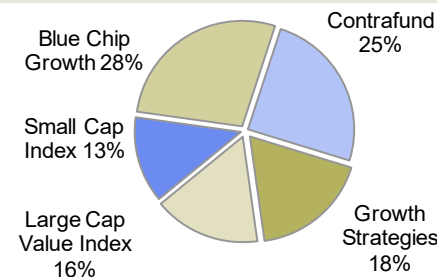
**Growth** Target Risk: 1.00 (Current: 1.07) Foreign Holdings: 4.3% **YTD Return: 19.7%**

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

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Blue Chip Growth	FBGRX	\$101.01	8,356.01	\$844,040	7.2%
Contrafund	FCNTX	13.18	57,128.71	752,956	6.6
Growth Strategies	FDEGX	47.56	11,514.05	547,608	7.6
Large Cap Value Index	FLCOX	12.51	39,416.86	493,105	7.2
Small Cap Index	FSSNX	20.10	19,949.44	400,984	7.1

**Current Value (12/31/86 = \$100,000) \$3,038,694 7.1%**

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



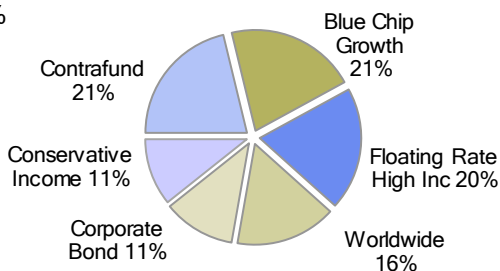
**Growth & Income** Target Risk: 0.66 (Current: 0.69) Foreign Holdings: 21.9% **YTD Return: 13.2%**

Stocks: 57.5% Bonds: 21.9% Cash: 2.1% Alternatives\*: 18.5% Yield: 1.8%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Contrafund	FCNTX	\$13.18	11,908.38	\$156,952	6.6%
Blue Chip Growth	FBGRX	101.01	1,517.94	153,327	7.2
Floating Rate High Inc	FFRHX	9.48	15,352.99	145,546	0.3
Worldwide	FWWFX	27.40	4,329.01	118,615	5.5
Corporate Bond	FCBFX	11.87	7,150.06	84,871	2.3
Conservative Income	FCONX	10.04	7,917.41	79,491	0.2

**Current Value (12/31/93 = \$100,000) \$738,803 4.0%**

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



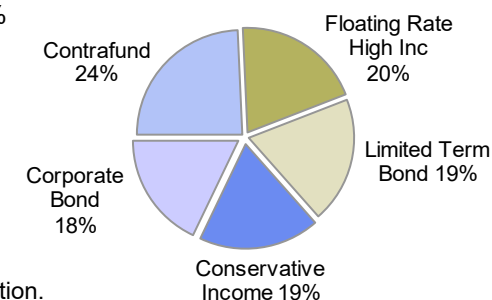
**Income** Target Risk: 0.33 (Current: 0.34) Foreign Holdings: 24.1% **YTD Return: 8.7%**

Stocks: 24.2% Bonds: 53.8% Cash: 2.9% Alternatives\*: 19.2% Yield: 2.5%

Holdings	Ticker	NAV	Shares	Value	Jun Ret
Contrafund	FCNTX	\$13.18	7,731.81	\$101,905	6.6%
Floating Rate High Inc	FFRHX	9.48	8,749.64	82,947	0.3
Limited Term Bond	FJRLX	11.62	7,021.71	81,592	0.9
Conservative Income	FCONX	10.04	7,749.47	77,805	0.2
Corporate Bond	FCBFX	11.87	6,333.65	75,180	2.3

**Current Value (12/31/91 = \$100,000) \$419,429 2.2%**

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



And individual investors are no less pessimistic. Last month I noted the very low (24.8% versus the long-term average of 38.5%) bullish reading in the American Association of Individual Investors weekly survey. This month, Bespoke Investment Group put it into perspective. While bullishness did tick up a bit to 29.5%, a reading that low when the market has just hit a new all-time high has occurred just 8% of the time in the history of the survey!

James Paulsen of the Leuthold Group, a four-decade Wall Street veteran, summed it up neatly: "It's some of the most bearish or cautious attitude around that record high that I can remember." As another investing lion, the late Sir John Templeton famously remarked: "Bull markets are born in pessimism, grow on skepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell." We are a long way from euphoria!

### **Don't Fight The Fed**

Make no mistake, there are reasons to be concerned about the slowdown in the economy which I discussed last month. Since then, however, the Fed has become much more "dovish" suggesting that they are prepared to cut rates to forestall the slowdown from worsening into a recession. In fact, the markets have now priced in a 100% chance of a rate cut this month. This is a powerful backstop for stocks.

### **Economy's Slow Growth Is Key**

As of July 1, the current economic recovery became the longest ever at 121 months, edging out the 120 months of the 1990's expan-

## FUNDS YOU SHOULD BUY NOW

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

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

**International:** **Worldwide** provides mostly (62%) large-cap U.S. exposure. As for the remainder, 37% is foreign equities with most of that in European stocks (23%) plus a sprinkling in the emerging markets (5%).

**High-Yield:** **Floating Rate High Income's** lower-quality bank loans drive its 5.5% yield. (See update on p. 4 and "Ratings" box on p. 5.)

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

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

sion. Yet, in terms of average annual GDP growth, it remains the weakest at a blah 2.3% versus an average of 4.4% for the prior nine expansions. This slow growth (along with the fact that the recession that preceded it was the worst since the Great Depression!) is the key to its longevity. Because growth has been so slow, the usual excesses that build up as the economy "overheats" (and that ultimately end the advance) have not materialized.

Of course, exogenous shocks can also trigger the end of an expansion — the most common has been a spike in oil prices. But even with U.S. sanctions of Iranian oil exports, along with the recent attacks on tankers in the Strait of Hormuz, which would have sent prices soaring in the past, prices remained calm rising just 8.5% in June. Why? U.S. shale producers have stabilized global markets. Today, the U.S. is the largest oil producer in the world.

Could the trade war with China be that exogenous shock? Well, first

it would not be a shock but would play out over time — giving firms some time to make adjustments.

And second, at the G-20 meeting at the end of June, President Trump noted that substantial progress in trade talks has been made. As a result, Trump agreed to postpone (for the time being) the imposition of a 25% tariff on \$300 billion of Chinese goods scheduled to take effect in July.

### **Under The Radar Good News**

You likely didn't hear about this, but Michael Bush of MarketWatch reported that over the past few weeks, insiders at more than a dozen tech firms have purchased significant amounts of their companies' stock. And buying was especially significant at chip firms who are most exposed to the China trade war and also to economic strength. Such insider buying (quite unusual for tech firms) often foreshadows bullish moves. ■

— John M. Boyd

### **Model Portfolios Key:**

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

## INCOME INVESTING

### High Dividend Funds For Low-Rate Times

The Fed may have taken a pass on cutting interest rates in June, but given its chairman's own cautionary words ("the case for somewhat more accommodative policy has strengthened"), coupled with signs of slowing global growth, it seems increasingly likely that a quarter-point cut to 2.25% will come this month.

Lest we forget, a July cut would mark the first such move in almost a decade. And suffice it to say, investors have contrasting opinions about what today's low-rate rate environment portends.

Optimists see a cut as just the right tonic for overcoming weaker growth — exacerbated in no small part by trade barriers and tariffs. But pessimists see any forthcoming cuts, and especially today's inverted yield curve, as precursors to recession.

Notably, the glass-half-empty crowd pushed the 10-year Treasury rate to 2.00% in June. (As a point of reference, the S&P 500 also yields about 2%, with much more upside — and downside — potential.) That's a long fall from the 3.24% yield that the 10-year reached this past November. At present, U.S. T-Bills with maturities of 1- to 6-months yield more than the 10-year (thus today's inversion).

#### Safe Harbor Bonds

While the Nasdaq Composite recovered nicely in June (it's up 21.3% this year), 2018's brief but painful retreat into correction territory has kept many on the sidelines. And while share prices are scaling new heights, there's been a noticeable shift away from stocks and into "safer" asset classes.

Against this backdrop, and amid low bonds yields, some investors are being drawn to funds holding higher-dividend-paying securities, including REITs (real estate investment trusts), and lower-rated convertibles.

Let's examine some areas that are attracting varying levels of investor interest.

#### Value Funds

Sector-wise, consumer stocks, certain financials, telecom and utilities have recently lifted the fortunes of value funds. (They've also gotten help from gold shares, as the underlying "safe harbor" commodity has seen its price appreciate 10% this year.) Notably, **Large Cap Value Index** and **Large Cap Growth Index** had nearly identical returns last month: they rose 7.2% and 6.9%, respectively. Relative valuations are also drawing some to value sectors, but at the end of the day, income investors mostly desire alternatives to stocks.

#### Real Estate

**Real Estate Index** and the actively managed **Real Estate Investment** sport dividend yields of 3.8% and 3.5%, respectively. But with volatilities that are a bit higher than the S&P 500, that actually puts these growth and income offerings at a risk level on par with Fidelity's large-cap blend funds.

#### Convertible Securities

Only **Convertible Securities** commits most of its assets to this narrow area of the market. With that, 77% is in convertible bonds and 14% is allocated to convertible preferred stocks. (The remainder is in "regular" equities.) But there's nothing regular about this fund.

Last year, for example, its actual distributed yield reached 3.49%, making it Fidelity's fourth-highest dividend producer. But again, its yield is the result of a portfolio chock-full-of-companies which have turned away from the traditional bond market because their creditworthiness is far less than pristine. While 2008's Financial Crisis was an outlier, it's instructive to recall that in a year that saw the S&P 500 fall 37.0%, **Convertible Securities** plunged 47.8%!

#### Action Recommendation

While we appreciate the allure of high-yielding securities, investors should tread lightly. While these areas fared very well during the first three weeks of June, the last week

**Income Investing** *cont'd on page 12*

## FLOATING RATE HIGH INCOME

2018's interest-rate hikes by the Fed were the bane of bond funds, especially those with longer maturities. In fact, many funds' total year-end returns were less than their SEC yields, meaning that they experienced a capital loss. For example, **U.S. Bond Index** fund yielded 2.44% at the start of the 2018, but it returned 0.0% for the year. **Long-Term Treasury Index** fared even worse: its yield started at 2.58%, but it returned -1.6% for the year.

One response to this challenging rate environment was to buy **Floating Rate High Income** for our Income Model. Although the move followed a March rate hike, there were three more to come. Whereas that was a headwind for most bond funds, Floating Rate's yield adjusts up and down (with some lag) with interest rates. Of course, the fund has a significantly higher yield than a fund with comparable rate-risk (such as **Conservative Income Bond**) because its portfolio of leveraged floating rate bank loans are of a low quality. That became a problem during the fourth-quarter selloff, and Floating Rate finished 2018 flat. This year, however, Floating Rate has already returned 5.7%. But its opportunities may be limited.

While corporate earnings are holding their own and credit defaults are largely unchanged, the lack of a trade deal increases the odds of a rate cut, or several. As such, we're watching Floating Rate closely. But for now, there's no need to make a change. ■

MID-YEAR COMMENTARY

## Bonds And Stocks Rally In First Half

Suffice it to say, the second quarter didn't look much like the first.

Having hit a recent bottom on December 24, 2018, the first-quarter 2019 recovery had its origins in the waning days of 2018. More precisely, after the markets reopened on December 26 (a day late for the oft-seen Santa Claus rally), and with only the occasional setbacks, share prices soared in January and continued to sprint higher over the next two months.

Comparatively speaking, the second quarter (in particular, May) was more of a struggle. But a June rally came to the rescue.

As the above chart shows, most major stock indexes generated an above-average year's worth of returns in the first quarter alone. For its part, the Nasdaq Composite skyrocketed 16.8%, helping to wipe away its fourth-quarter decline of 17.3%. (2018's selloff wasn't actually erased until April 2019).

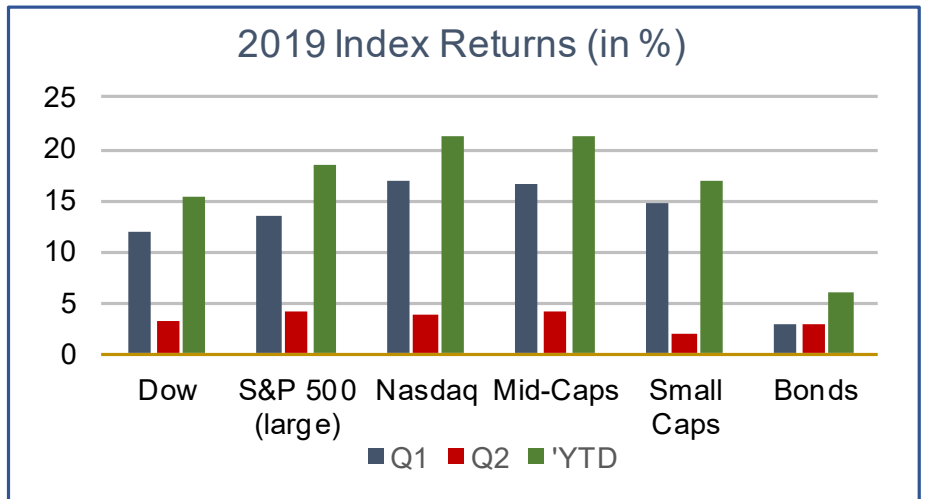
If nothing else, the period was a potent reminder as to the risks of market-timing.

While the fourth-quarter selloff was about trade and mounting concerns that the global economy was slowing, the first quarter recovery was mostly driven by positive corporate earnings expectations and the prospect that President Trump and his Chinese counterpart, President Xi Jinping, would eventually hammer out a new trade deal.

Actually, earnings wound up a bit better than expected, and the latter never materialized. (Though as we went to press, the two presidents had agreed to a detente in trade tensions.) In fact, investor euphoria waned each time a U.S.-Sino trade deal started to feel out of reach, and



John Bonnanzio



a hit to global growth seemed more likely. The converse was also true.

Added to those worries, big tech stocks started to experience downward pressure in the face of growing regulatory concerns. However, share prices found a footing owing to two things: 1. A general agreement that second-quarter earnings should be supportive of now-recovered share prices, and; 2. Signs that the Fed and other central banks had seized on the risks to rising trade tensions, and would be more accommodative — more willing to reverse their monetary policies (i.e., cut interest rates).

As noted elsewhere, the Fed recently took a pass on cutting rates, but made it clear that it stood ready to backstop the economy. While not the best reason to bid up share prices, it was enough to staunch May's sea of red ink and, in the process, put second-quarter gains firmly in the black.

### Market Indexes

During the first quarter, the 30 stocks that comprise the Dow Industrials were relative laggards having managed to gain "only" 11.8%. In

Fund Commentary *cont'd on page 11*

### July Scorecard Rating Changes

Fund	Ratings		Comments
	Old	New	
Disciplined Equity	H	B	↑ A "quant" fund that has found the market's sweet spot.
Sel. Air Transportation	B	H	↓ Amazon now threatens revenue for cargo business.
Sel. Leisure	H	B	↑ Consumer spending continues to creep higher.
Sel. Retailing	B	B	↓ Industry still downsizing even as spending has risen.
Sel. Transportation	B	H	↓ Retailers are threatening to disrupt business models.
<b>High-Yield Bond Funds</b>			
Capital & Income	H	B	↑ Whereas as "regular" bond funds are directly affected by interest rates, high-yield funds are more correlated to the economy's overall health.
Floating Rate HI	B	B	N/C
Focused High Income	B	B	N/C
Global High Income	H	B	↑ Granted, global growth rates are low. But so are defaults. In the meantime, central banks in the developed and emerging markets have already cut rates ahead of the U.S. These actions should spur GDP growth, which would benefit high-yield funds.
High Income	H	B	↑
MS Eng Mkt Debt	H	B	↑
New Markets Income	H	B	↑
Short Duration HI	B	B	N/C
Strategic Income	B	B	N/C
VIP Floating Rate HI	B	B	N/C
VIP High Income	H	B	↑ That said, we've modestly upgraded a handful of high-yield funds as today's narrow "yield spread" of just over 4 percentage points (relative to Treasury bonds) does limit high-yield's upside potential.
VIP Strategic Income	B	B	N/C

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

FIDELITY SCORECARD

JUNE 30, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) <sup>1</sup>
					Jun	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	
Comparative Indexes		S&P 500	2941.8		7.0	18.5	4.3	10.4	14.2	10.7	14.7	8.8	1.00
		Nasdaq Composite	8006.2		7.5	21.3	3.9	7.8	19.6	14.0	17.2	10.6	1.20
		Dow Jones Industrials	26600.0		7.3	15.4	3.2	12.2	16.8	12.3	15.0	9.2	1.02
		Russell 2000 (Small Caps)	1566.6		7.1	17.0	2.1	-3.3	12.3	7.1	13.4	8.2	1.40
		Barclays Aggregate Bond*			1.2	6.0	3.0	7.8	2.2	2.9	3.8	2.5	0.25
Model Portfolios		Unique Opportunities			6.8	20.3	4.4	2.2	13.1	7.7	13.1	8.9	1.09
		Select Growth			7.0	20.7	4.9	7.8	14.7	10.2	15.3	9.9	1.12
		Growth & Income			7.1	19.7	4.5	6.1	14.5	9.3	13.4	7.9	1.07
		Income			4.0	13.2	3.3	4.9	10.2	7.3	10.5	7.0	0.69
					2.2	8.7	2.9	4.6	4.5	3.7	6.4	4.5	0.34
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
<b>LARGE CAP GROWTH</b>					<b>Average</b>	<b>6.6</b>	<b>20.7</b>	<b>4.5</b>	<b>8.1</b>	<b>17.6</b>	<b>11.8</b>	<b>15.7</b>	<b>1.14</b>
312	FBGRX	Blue Chip Growth	101.01	Buy	7.2	20.3	3.3	8.0	21.1	13.8	17.8	1.19	\$21,233
307	FDCAX	Capital Appreciation	35.45	Hold	6.7	19.4	5.2	5.3	15.1	9.5	14.9	1.07	4,525
22	FCNTX	Contrafund	13.18	Buy	6.6	20.8	5.4	7.9	17.8	12.5	15.4	1.13	90,267
3	FFIDX	Fidelity Fund	47.60	Hold	6.7	18.4	4.9	8.3	13.3	9.8	13.1	1.00	3,811
333	FTQGX	Focused Stock	25.19	Buy	5.7	20.6	4.4	14.0	19.1	11.6	16.0	1.14	2,717
25	FDGRX	Growth Company (Closed)	19.60	Buy	7.0	22.4	2.4	5.0	21.2	14.4	17.9	1.34	26,708
339	FDSVX	Growth Discovery	37.74	Buy	6.6	21.5	4.4	10.3	19.3	12.5	16.8	1.11	1,610
73	FDFFX	Independence	37.27	Hold	5.9	20.9	5.4	6.7	15.2	7.3	14.1	1.11	3,282
1829	FLGEX	Lrge Cap Growth Enhcd Index	20.02	OK to Buy	6.6	18.7	4.0	8.6	16.0	11.8	15.3	1.08	1,052
2826	FSPGX	Lrge Cap Growth Index	15.72	Buy	6.9	21.5	4.7	11.5	18.0	--	--	1.10	2,162
21	FMAGX	Magellan	10.67	Hold	6.0	20.3	5.4	7.6	15.3	11.0	13.2	1.07	14,468
1282	FNCMX	Nasdaq Composite Index	104.43	OK to Buy	7.5	21.3	4.0	7.6	19.3	13.8	17.0	1.20	6,258
93	FOCPX	OTC	12.14	Buy	6.9	22.0	4.0	5.1	21.8	15.4	18.3	1.31	12,167
320	FDSX	Stock Selector All Cap	46.02	OK to Sell	7.1	19.8	4.2	4.5	13.9	9.1	13.8	1.09	7,954
5	FTRNX	Trend	106.29	Buy	6.5	22.8	6.2	10.3	17.9	12.5	16.5	1.12	1,816
<b>LARGE CAP BLEND</b>					<b>Average</b>	<b>6.8</b>	<b>17.5</b>	<b>3.9</b>	<b>8.0</b>	<b>12.8</b>	<b>8.7</b>	<b>13.7</b>	<b>1.03</b>
2328	FXAIX	500 Index	102.66	Hold	7.1	18.5	4.3	10.4	14.2	10.7	14.7	1.00	183,845
315	FDEQX	Disciplined Equity	36.53	OK to Buy	6.9	19.8	5.6	7.7	11.6	8.1	12.1	1.01	1,122
330	FDGFX	Dividend Growth	29.32	OK to Buy	7.5	15.8	3.7	9.0	11.3	7.8	13.2	1.01	5,376
332	FEXPX	Export and Multinational	20.86	OK to Buy	7.5	15.3	3.5	8.6	11.0	8.6	11.9	1.03	1,311
3336	FIFNX	Founders Fund	10.93	OK to Buy	6.4	4.7p	4.4	--	--	--	--	--	13
27	FGRIX	Growth & Income	38.64	Hold	6.5	16.1	2.9	5.4	12.3	7.8	13.2	1.08	5,571
1827	FLCEX	Lrge Cap Core Enhcd Index	15.26	OK to Buy	6.7	15.6	3.1	8.5	13.8	9.9	14.1	0.99	786
338	FLCSX	Large Cap Stock	30.83	Hold	6.9	17.1	2.7	5.1	13.2	8.0	14.6	1.14	2,540
361	FGRTX	Mega Cap Stock	15.71	Hold	6.5	16.3	3.4	7.3	12.9	8.3	13.9	1.03	1,410
300	FMLX	New Millennium	36.89	Hold	6.2	18.2	4.8	5.4	13.7	8.0	14.3	0.96	2,907
2361	FSKAX	Total Market Index	83.41	OK to Buy	7.0	18.7	4.1	8.9	14.0	10.2	14.7	1.03	44,268
2941	FITLX	U.S. Sustainability Index	12.62	NA	6.5	18.1	4.0	11.7	--	--	--	--	138
3396	FWOMX	Woman's Leadership	10.14	NA	6.4	1.4p	--	--	--	--	--	--	5
3231	FNILX	Zero Large Cap Index	10.24	OK to Buy	7.0	18.7	4.4	--	--	--	--	--	689
3227	FZROX	Zero Total Market Index	10.42	OK to Buy	7.1	18.7	4.1	--	--	--	--	--	3,123
<b>LARGE CAP VALUE</b>					<b>Average</b>	<b>6.0</b>	<b>14.3</b>	<b>3.2</b>	<b>6.2</b>	<b>9.7</b>	<b>6.7</b>	<b>11.9</b>	<b>0.96</b>
1271	FBCVX	Blue Chip Value	19.38	Hold	4.4	10.4	2.0	2.7	9.1	6.2	10.7	0.93	455
319	FEQTX	Equity Dividend Income	25.10	OK to Buy	5.9	15.0	3.1	5.8	8.9	6.8	11.6	0.97	4,556
23	FEQIX	Equity-Income	58.36	OK to Buy	5.9	16.3	3.7	9.3	10.5	6.6	11.7	0.95	5,003
1828	FLVEX	Lrge Cap Value Enhcd Index	12.98	OK to Buy	6.6	13.8	2.6	6.3	10.9	7.6	13.2	1.00	3,520
2830	FLCOX	Lrge Cap Value Index	12.51	Buy	7.2	16.3	3.8	8.5	10.2	--	--	0.99	2,011
708	FSLVX	Stock Sel Large Cap Value	20.26	Hold	6.6	15.4	4.1	6.8	8.9	6.4	11.8	0.99	780
832	FVDFX	Value Discovery	28.40	OK to Buy	5.1	12.9	2.9	4.4	9.5	6.4	12.6	0.89	2,235
<b>MID-CAP GROWTH</b>					<b>Average</b>	<b>7.6</b>	<b>25.3</b>	<b>7.7</b>	<b>12.0</b>	<b>13.1</b>	<b>10.0</b>	<b>14.1</b>	<b>1.03</b>
324	FDEGX	Growth Strategies	47.56	Buy	7.6	25.3	7.7	12.0	13.1	10.0	14.1	1.03	2,420
<b>MID-CAP BLEND</b>					<b>Average</b>	<b>6.8</b>	<b>19.3</b>	<b>3.5</b>	<b>5.0</b>	<b>12.5</b>	<b>8.0</b>	<b>14.4</b>	<b>1.11</b>
2365	FSMAX	Extended Market Index	62.47	Buy	6.8	19.5	3.0	2.0	13.2	7.8	14.7	1.25	22,577
2012	FMEIX	Mid Cap Enhanced Index	14.88	OK to Buy	7.1	18.6	2.8	4.5	11.2	7.7	14.5	1.12	1,123
2352	FSDMX	Mid Cap Index	22.53	OK to Buy	6.9	21.4	4.1	7.9	12.2	8.6	--	1.10	9,373
337	FMCSX	Mid-Cap Stock	35.23	OK to Buy	5.6	17.5	4.8	6.2	12.5	7.8	14.7	0.91	5,114
2412	FSSMX	Stock Selector Mid Cap	36.35	OK to Buy	7.2	20.6	4.0	4.4	13.4	7.9	13.5	1.17	552
3230	FZIPX	Zero Extended Market Index	9.59	OK to Buy	7.2	18.0	2.4	--	--	--	--	--	357
<b>MID-CAP VALUE</b>					<b>Average</b>	<b>6.9</b>	<b>17.1</b>	<b>2.3</b>	<b>-0.7</b>	<b>8.4</b>	<b>5.3</b>	<b>13.3</b>	<b>1.14</b>
316	FLPSX	Low-Priced Stock <sup>5</sup>	48.59	Buy	5.0	12.0	1.4	-0.9	9.3	6.0	12.8	0.91	23,265
762	FSMVX	Mid Cap Value	21.79	OK to Sell	8.0	14.2	1.1	-3.2	6.1	4.6	13.6	1.18	1,273
39	FDVLX	Value	10.45	OK to Buy	8.3	20.1	3.2	-0.0	8.5	5.0	13.4	1.27	5,772
14	FSLSX	Value Strategies	36.93	Hold	6.5	22.0	3.7	1.5	9.5	5.5	13.3	1.19	313

Notes: \*Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. <sup>1</sup>Relative Volatility (Rel Vol) versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. <sup>2</sup>Duration is a measure of interest rate sensitivity. <sup>3</sup>Stated yield is actual distributed yield over prior 12 months. <sup>4</sup>Almost a Specialty fund with 30%+ typically in foreign stocks. <sup>5</sup>Formerly Multimedia <sup>6</sup>Formerly VIP Telecommunications. <sup>7</sup>Formerly MSCI Telecom Services. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

JUNE 30, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
					Jun	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
<b>SMALL CAP GROWTH</b>					<b>Average</b>	<b>6.4</b>	<b>26.3</b>	<b>5.5</b>	<b>5.7</b>	<b>19.8</b>	<b>13.3</b>	<b>16.8</b>	<b>1.32</b>	
1388	FCPGX	Small Cap Growth (Closed)	26.78	Buy	6.4	26.3	5.5	5.7	19.8	13.3	16.8	1.32	\$2,725	
<b>SMALL CAP BLEND</b>					<b>Average</b>	<b>7.1</b>	<b>18.3</b>	<b>3.2</b>	<b>-0.6</b>	<b>10.5</b>	<b>6.6</b>	<b>13.2</b>	<b>1.33</b>	
384	FSCRX	Small Cap Discovery (Closed)	22.27	OK to Buy	6.5	16.5	1.6	-1.0	7.7	4.7	14.0	1.28	2,699	
2011	FCPEX	Small Cap Enhanced Index	12.42	OK to Buy	8.6	16.4	2.5	-4.8	9.6	6.2	13.3	1.48	613	
2358	FSSNX	Small Cap Index	20.10	Buy	7.1	17.0	2.1	-3.2	12.5	7.3	--	1.40	8,302	
340	FSLCX	Small Cap Stock	17.02	Buy	5.4	21.2	5.9	2.8	10.7	7.6	11.8	1.23	1,435	
336	FDCSX	Stock Selector Small Cap	24.05	Buy	7.8	20.4	3.8	3.1	11.9	7.3	13.7	1.28	1,011	
<b>SMALL CAP VALUE</b>					<b>Average</b>	<b>6.0</b>	<b>12.9</b>	<b>1.9</b>	<b>-4.4</b>	<b>7.5</b>	<b>5.7</b>	<b>12.9</b>	<b>1.18</b>	
1389	FCPVX	Small Cap Value	14.83	OK to Sell	6.0	12.9	1.9	-4.4	7.5	5.7	12.9	1.18	1,524	
<b>SPECIALTY</b>														
308	FCVSV	Convertible Securities	29.55	Hold	5.4	18.1	5.9	11.3	10.5	4.6	10.6	0.70	1,352	
2624	FARNX	Event Driven Opportunities	10.84	Sell	2.8	3.3	-1.9	-19.9	5.2	3.6	--	1.26	167	
2120	FFGCX	Global Commodity Stock	12.61	OK to Sell	10.0	12.6	1.4	-5.7	9.0	-1.9	2.3	1.20	341	
122	FLVCX	Leveraged Company Stock	29.24	OK to Buy	5.4	22.1	2.6	-0.3	10.8	4.2	12.8	1.29	1,858	
1329	FSDIX	Strategic Dividend & Income	15.29	Hold	4.2	14.1	2.6	8.9	8.3	7.1	12.5	0.68	2,920	
1505	FSRRX	Strategic Real Return	8.39	OK to Sell	1.3	7.2	0.9	1.7	2.7	0.5	4.4	0.35	204	
311	FIUIX	Telecom & Utilities	27.44	Hold	5.4	12.3	3.2	12.3	8.1	7.4	12.4	0.77	1,006	
<b>REAL ESTATE</b>														
1368	FIREX	International Real Estate	12.48	Hold	3.3	16.3	3.1	8.9	10.4	6.0	9.5	0.80	250	
833	FRIFX	Real Estate Income	12.35	Hold	1.8	11.6	2.9	10.0	6.7	6.5	10.9	0.44	2,841	
2355	FSRNX	Real Estate Index	16.55	Hold	1.3	16.6	0.8	9.7	3.7	7.6	--	1.07	2,055	
303	FRESX	Real Estate Investment	44.96	Hold	1.6	17.8	1.9	11.2	4.2	8.4	16.4	1.04	4,117	
<b>ASSET ALLOCATION</b>														
328	FASIX	Asset Manager 20%	13.43	Hold	1.9	6.7	2.2	4.9	4.3	3.3	5.4	0.25	4,790	
1957	FTANX	Asset Manager 30%	11.15	Hold	2.6	8.3	2.5	5.1	5.4	4.0	6.5	0.34	1,542	
1958	FFANX	Asset Manager 40%	11.75	Hold	3.3	9.8	2.8	4.9	6.4	4.5	7.5	0.44	1,621	
314	FASMX	Asset Manager 50%	18.23	Hold	3.8	11.2	3.0	4.7	7.4	5.0	8.4	0.54	8,759	
1959	FSANX	Asset Manager 60%	12.65	Hold	4.4	12.6	3.2	4.4	8.3	5.4	9.1	0.63	2,632	
321	FASGX	Asset Manager 70%	22.15	Hold	5.0	13.9	3.3	4.0	9.3	5.8	9.9	0.74	4,739	
347	FAMRX	Asset Manager 85%	19.45	Hold	5.9	15.9	3.5	3.6	10.8	6.5	11.0	0.89	2,224	
304	FBALX	Balanced	23.60	Buy	5.0	14.8	3.7	6.6	10.3	7.5	10.9	0.73	23,912	
355	FFNOX	Four-in-One Index	46.42	Hold	5.8	15.7	3.9	6.9	11.0	7.1	11.1	0.81	5,961	
3083	FMSDX	Multi-Asset Income	10.93	OK to Buy	4.6	13.1	4.8	10.6	6.9	--	--	0.48	19	
4	FPURX	Puritan	22.12	Buy	4.8	13.3	3.3	5.3	10.2	7.5	10.9	0.72	20,656	
<b>INTERNATIONAL</b>					<b>Average</b>	<b>6.0</b>	<b>15.8</b>	<b>4.2</b>	<b>2.8</b>	<b>9.9</b>	<b>4.2</b>	<b>8.4</b>	<b>1.06</b>	
309	FICDX	Canada	52.53	Hold	5.2	20.0	5.8	6.1	7.5	1.2	6.0	0.97	893	
352	FHKCX	China Region	34.56	Hold	8.9	17.3	-1.4	-2.1	14.8	6.8	9.1	1.49	1,053	
325	FDIVX	Diversified International	37.26	OK to Buy	6.3	17.7	5.8	2.5	8.7	3.3	7.6	0.97	8,657	
351	FSEAX	Emerging Asia	43.84	Hold	6.7	18.5	2.1	5.6	14.5	7.5	9.1	1.21	1,015	
2053	FEMEX	Emerg Europe, MidEast, Africa	10.15	Hold	6.0	15.9	8.7	8.4	12.2	3.1	6.4	1.19	92	
322	FEMKX	Emerging Markets	32.17	Hold	6.8	20.8	4.5	5.9	12.4	5.2	7.4	1.18	3,452	
2374	FEDDX	Emerging Mkts Discovery	13.70	Hold	5.3	12.0	1.3	-2.8	8.9	2.7	--	1.09	224	
2344	FPADX	Emerging Markets Index	10.56	Hold	6.5	10.7	0.9	1.4	10.4	2.8	--	1.16	2,434	
301	FIEUX	Europe	36.55	OK to Buy	5.9	16.4	4.9	0.5	8.0	1.9	7.2	1.12	876	
2406	FGILX	Global Equity-Income	14.08	OK to Buy	5.6	16.0	3.4	5.8	9.3	5.9	--	0.84	66	
2348	FSGGX	Global ex U.S. Index	12.90	Hold	6.0	13.6	3.0	1.4	9.2	2.2	--	0.93	5,583	
335	FIVFX	International Cap App	21.95	OK to Buy	5.7	23.1	7.0	8.2	11.7	7.6	11.3	1.02	2,737	
305	FIGRX	International Discovery	42.64	Hold	5.7	16.9	4.6	-0.1	8.7	3.2	7.7	0.97	6,334	
2010	FIENX	International Enhanced Index	9.50	Hold	5.9	12.4	2.8	-1.3	9.0	2.7	7.5	0.93	1,469	
1979	FIGFX	International Growth	14.49	OK to Buy	7.0	20.7	6.9	7.6	10.5	5.7	10.3	0.98	967	
2363	FSPSX	International Index	41.37	Hold	5.9	14.1	3.7	1.2	9.0	2.3	7.0	0.90	25,943	
818	FISMX	International Small Cap	26.61	OK to Buy	4.6	12.3	3.4	-3.3	9.7	5.7	10.8	0.89	1,234	
1504	FSCOX	Int'l Small Cap Opps (Closed)	18.66	OK to Buy	4.7	15.6	4.4	-0.8	11.1	6.3	12.5	0.97	984	
2988	FNIDX	International Sustainability Idx	10.62	NA	5.8	13.2	3.2	1.8	--	--	--	--	52	
1597	FIVLX	International Value	8.11	Hold	5.9	11.6	3.3	-3.1	5.0	-0.1	4.9	0.96	424	
350	FJPNX	Japan	14.84	Hold	4.8	13.2	3.4	-3.1	9.1	4.9	5.6	0.99	377	
360	FJSCX	Japan Smaller Companies	16.51	Hold	3.8	9.1	1.8	-6.2	8.2	7.3	10.2	0.92	639	
349	FLATX	Latin America	26.17	OK to Sell	7.3	22.1	12.2	29.0	11.6	-1.0	1.5	1.84	492	
342	FNORX	Nordic	47.22	OK to Sell	6.5	10.7	5.8	0.6	6.2	2.8	11.4	1.16	262	
94	FOSFX	Overseas	48.71	OK to Buy	6.3	19.2	7.2	3.5	10.4	5.5	8.6	0.96	6,224	
302	FPBFX	Pacific Basin	31.26	OK to Buy	6.5	18.8	4.2	1.0	10.1	7.3	12.1	1.11	828	
2369	FTEMX	Total Emerging Markets	12.91	Hold	5.9	13.7	2.7	5.4	9.5	3.8	--	0.94	199	
1978	FTIEX	Total International Equity	9.20	Hold	6.4	17.7	4.9	3.2	9.3	3.9	7.9	0.98	70	
2834	FTIHX	Total International Index	11.90	Hold	5.9	13.3	2.9	0.4	8.9	--	--	0.94	2,581	
318	FWWFX	Worldwide	27.40	Buy	5.5	18.6	4.1	7.2	14.3	7.9	12.2	1.01	2,314	
3228	FZILX	Zero International Index	9.94	Hold	5.9	13.3	3.0	--	--	--	--	--	987	

# FIDELITY SCORECARD

JUNE 30, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
					Jun	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year			
<b>SELECT PORTFOLIOS</b>					<b>Average</b>	<b>7.6</b>	<b>18.0</b>	<b>3.4</b>	<b>4.3</b>	<b>12.1</b>	<b>7.3</b>	<b>13.4</b>	<b>1.41</b>	
34	FSAIX	Air Transportation	75.22	Hold↓	7.8	15.4	3.0	6.4	15.9	9.7	19.3	1.49	\$272	
502	FSAVX	Automotive	33.31	OK to Sell	10.7	12.0	2.9	-3.5	9.9	1.9	12.7	1.30	32	
507	FSRBX	Banking	25.81	Hold	7.7	18.9	6.3	-2.5	14.6	7.8	12.6	1.75	440	
42	FBIOX	Biotechnology	20.30	Hold	8.9	18.6	-1.2	-2.6	11.7	7.5	17.7	1.99	6,615	
68	FSLBX	Brokerage & Investment	73.03	Hold	4.8	15.8	7.1	-0.1	16.7	5.6	9.7	1.28	305	
69	FSCHX	Chemicals	13.03	OK to Sell	12.3	10.1	0.9	-10.9	7.9	4.3	14.6	1.51	956	
518	FSDCX	Communications Equipment	38.33	OK to Buy	3.3	12.0	-4.1	4.8	15.2	8.0	11.1	1.20	207	
503	FBMPX	Communication Services <sup>6</sup>	61.93	Buy	4.2	20.8	4.6	14.0	13.2	8.2	17.9	1.19	603	
7	FDCPX	Computers	72.88	Hold	8.3	16.5	3.8	3.1	20.1	9.7	15.2	1.35	471	
511	FSHOX	Construction & Housing	58.11	Hold	8.0	26.6	7.2	10.5	11.2	11.0	16.3	1.30	239	
517	FSCPX	Consumer Discretionary	46.81	Buy	6.6	20.2	4.4	8.2	14.9	11.6	17.3	1.22	436	
98	FSVLX	Consumer Finance	16.93	OK to Buy	5.1	26.1	6.6	12.3	18.8	9.7	14.0	1.20	136	
9	FDFAX	Consumer Staples	83.17	Hold	3.9	20.8	3.1	11.7	2.6	5.3	11.1	1.04	833	
67	FSDAX	Defense & Aerospace	17.86	Buy	7.6	26.9	8.3	12.5	21.5	15.0	18.5	1.46	2,624	
60	FSENX	Energy	37.16	OK to Sell	9.1	12.4	-2.7	-21.2	-1.9	-8.0	3.6	1.95	1,010	
43	FSESX	Energy Service	26.68	OK to Sell	10.1	6.5	-12.3	-40.4	-13.3	-19.9	-3.2	2.61	244	
516	FSDX	Environment & Alt Energy	25.56	OK to Sell	9.9	20.3	4.0	11.7	14.7	7.6	10.4	1.30	179	
66	FIDSX	Financial Services	10.12	Buy	5.9	18.5	7.4	3.5	13.7	8.1	10.0	1.29	526	
41	FSAGX	Gold	21.68	Sell	16.1	20.0	13.0	13.6	-4.4	-0.8	-3.1	1.98	973	
63	FSPHX	Health Care	25.01	Buy	9.0	13.4	2.3	7.3	13.2	10.5	18.6	1.39	6,743	
505	FSHCX	Health Care Services	88.59	OK to Buy	5.1	1.0	2.0	2.5	11.3	11.8	16.6	1.45	1,053	
515	FCYIX	Industrials	35.60	Buy	6.8	24.2	5.3	9.1	11.9	7.8	15.4	1.34	605	
45	FSPCX	Insurance	63.10	Hold	5.5	22.9	10.8	17.3	13.1	10.4	15.4	1.00	222	
353	FBSOX	IT Services	71.43	OK to Buy	4.6	32.6	5.7	20.9	25.8	19.1	21.8	1.16	3,294	
62	FDSLX	Leisure	15.96	OK to Buy↑	7.0	23.6	8.2	16.7	16.8	11.4	16.9	1.10	474	
509	FSDPX	Materials	69.95	OK to Sell	12.3	12.4	1.3	-10.2	6.0	0.7	10.2	1.42	531	
354	FSMEX	Medical Tech & Devices (closed)	56.48	Buy	9.5	19.5	5.1	17.8	19.3	18.1	18.3	1.36	6,208	
513	FSNGX	Natural Gas	19.99	OK to Sell	6.2	12.4	-4.8	-21.6	-5.5	-14.0	-1.1	1.97	174	
514	FNARX	Natural Resources	26.25	OK to Sell	8.9	16.7	0.9	-14.8	-0.2	-7.7	3.2	1.70	394	
580	FPHAX	Pharmaceuticals	21.12	OK to Buy	8.8	12.6	1.4	15.1	6.1	5.1	14.5	1.17	670	
46	FSRPX	Retailing	15.84	OK to Buy↓	7.0	18.4	3.2	6.3	17.6	17.4	20.9	1.30	2,966	
8	FSELX	Semiconductors	10.02	Buy	13.5	27.4	4.2	5.5	24.7	18.2	19.7	1.89	2,915	
28	FSCSX	Software & IT Services	18.52	OK to Buy	5.5	25.9	6.2	15.5	26.0	18.6	21.2	1.17	6,888	
64	FSPTX	Technology	17.16	Buy	8.6	27.9	6.0	5.3	25.5	16.7	18.7	1.45	5,206	
96	FSTCX	Telecommunications	58.42	Hold	4.4	11.6	2.6	7.2	3.2	5.6	10.0	0.98	216	
512	FSRFX	Transportation	92.09	Hold↓	5.7	13.3	0.1	4.3	15.4	8.2	17.6	1.53	409	
65	FSUTX	Utilities	90.62	OK to Sell	3.9	13.1	3.0	13.6	10.8	8.4	12.9	0.81	1,150	
963	FWRLX	Wireless	9.70	Hold	6.1	18.0	4.9	12.8	14.0	8.3	11.3	0.99	252	
<b>SECTOR ETFs</b>					<b>Average</b>	<b>6.6</b>	<b>17.4</b>	<b>3.3</b>	<b>8.5</b>	<b>10.5</b>	<b>8.4</b>	<b>1.22</b>		
	FCOM	MSCI Communication Services <sup>8</sup>	33.14	Hold	3.7	16.9	3.9	18.3	6.0	8.0	--	1.16	340	
	FDIS	MSCI Consumer Discretionary	45.71	OK to Buy	7.6	20.0	4.5	8.1	15.9	12.4	--	1.20	697	
	FSTA	MSCI Consumer Staples	34.77	Hold	5.1	15.5	3.3	14.6	4.5	8.0	--	0.96	528	
	FENY	MSCI Energy	17.20	OK to Sell	8.7	11.9	-4.0	-16.5	-1.1	-7.5	--	1.72	478	
	FNCL	MSCI Financials	40.10	Buy	6.4	17.4	7.5	4.7	15.6	10.4	--	1.38	1,100	
	FHLC	MSCI Health Care	45.01	Buy	7.2	9.7	1.5	11.4	11.8	10.9	--	1.16	1,600	
	FIDU	MSCI Industrials	39.74	Buy	8.1	22.4	4.5	9.2	13.1	9.0	--	1.37	453	
	FTEC	MSCI Information Technology	62.28	OK to Buy	8.6	27.3	5.4	14.1	25.8	17.8	--	1.31	2,400	
	FMAT	MSCI Materials	32.80	OK to Sell	11.9	16.7	4.7	-0.7	9.7	4.9	--	1.28	199	
	FREL	MSCI Real Estate	26.18	Hold	1.7	19.2	1.7	12.1	6.0	--	--	1.04	811	
	FUTY	MSCI Utilities	39.27	Sell	3.4	14.3	3.3	18.1	8.4	10.0	--	0.87	727	

## Message On Taxes *cont'd from page 1*

would pay with a passive ETF. It might even be less in a situation where the investment vehicle is held for less than a year.

• **Tax-efficient funds can lower your tax bill.** This is true only if the fund remains tax-efficient and you hold it for the rest of your life. Otherwise, any taxes you defer simply accumulate and become due when

you sell the fund (a more accurate description would be “deferral-efficient” because the tax liability is delayed, not reduced).

I’ve often described our model portfolios as “pay-as-you-go” when it comes to taxes. That’s because other than the *Growth Model’s* objective of trying to hold profitable positions for more than a year, our primary focus is to *build wealth over*

the long run.

In contrast, trying to minimize investment-related taxes for the current year is more about pushing today’s tax obligations into the future (in that respect it’s not much different than taking on zero-interest debt). And I’ve never felt that it makes sense to allow the tax tail to wag the investment dog. ■

— Jack Bowers

# FIDELITY SCORECARD

JUNE 30, 2019

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>
					Jun	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
<b>TAXABLE BOND</b>														
Average					1.0	5.5	2.7	6.8	2.1	2.4	3.5	2.33	4.8	0.23
2267	FCONX	Conservative Income Bond	10.04	Buy	0.2	1.7	0.7	2.6	1.7	1.2	--	2.37	0.2	0.02
2208	FCBFX	Corporate Bond	11.87	Buy	2.3	10.2	4.3	10.5	4.5	4.1	--	3.09	7.0	0.32
2423	FGBFX	Global Credit	9.48	Hold	1.9	9.6	3.9	9.3	3.4	1.5	--	2.26	6.7	0.36
15	FGMNX	GNMA (Ginnie Mae)	11.50	OK to Buy	0.7	4.0	1.8	5.7	1.8	2.2	3.4	2.58	2.8	0.18
54	FGOVX	Government Income	10.43	Hold	0.8	4.9	2.7	6.8	1.4	2.2	2.9	2.06	5.5	0.25
2418	FIPDX	Inflation-Protected Index <sup>3</sup>	10.05	OK to Sell	0.7	6.1	2.8	4.7	2.0	1.7	--	0.34*	5.5	0.25
32	FTHRFX	Intermediate Bond	11.01	Buy	1.0	5.3	2.6	6.9	2.2	2.4	4.0	2.21	3.9	0.18
452	FSTGX	Intermediate Gov't Income	10.63	OK to Buy	0.8	3.9	2.4	6.0	1.2	1.7	2.3	1.76	3.8	0.18
3045	FUAMX	Intermediate Treasury Index	11.06	OK to Buy	1.2	5.9	3.5	9.1	1.3	2.9	3.9	1.95	6.3	0.33
26	FBNDX	Investment Grade Bond	8.09	Buy	1.5	7.0	3.3	8.4	3.2	3.1	4.8	2.53	5.2	0.24
2622	FJRLX	Limited Term Bond	11.62	Buy	0.9	4.3	1.9	5.7	2.1	2.0	3.9	2.31	2.4	0.11
662	FFXSX	Limited Term Government	10.04	OK to Buy	0.6	2.9	1.7	4.5	1.0	1.2	1.5	1.70	2.7	0.12
3047	FNBGX	Long-Term Treasury Index	13.84	Hold	1.0	10.7	5.7	12.2	1.2	5.6	6.4	2.51	17.8	0.81
40	FMSFX	Mortgage Securities	11.30	OK to Buy	0.7	4.4	2.1	6.4	2.1	2.6	3.8	2.62	3.1	0.19
450	FSHBX	Short-Term Bond	8.68	OK to Buy	0.5	2.8	1.3	4.1	1.6	1.5	2.1	2.05	1.7	0.07
3041	FNSOX	Short-Term Bond Index	10.08	OK to Buy	0.8	3.6	1.9	5.2	--	--	--	2.07	2.6	--
3049	FUMBX	Short-Term Treasury Index	10.52	OK to Buy	0.6	3.1	1.8	5.0	1.3	1.5	1.6	1.86	2.6	0.13
3086	FNDSX	Sustainability Bond Index	10.47	NA	1.2	5.9	2.9	--	--	--	--	2.55	5.6	--
820	FTBFX	Total Bond	10.79	Buy	1.4	7.0	3.1	7.8	3.3	3.4	5.1	3.12	5.1	0.23
2326	FXNAX	U.S. Bond Index	11.79	Hold	1.2	6.0	3.0	7.9	2.2	2.9	3.8	2.59	5.5	0.25
<b>HIGH-YIELD BOND</b>														
Average					2.0	9.2	2.4	6.4	6.2	3.9	7.4	4.71	3.5	0.37
38	FAGIX	Capital & Income	10.00	OK to Buy↑	2.8	12.9	2.6	5.7	8.5	5.2	10.2	4.18	3.8	0.55
814	FFRHX	Floating Rate High Income	9.48	Buy	0.3	5.7	1.5	4.0	5.0	3.3	4.7	5.49	0.3	0.23
1366	FHIFX	Focused High Income	8.75	OK to Buy	2.6	11.0	3.1	9.2	6.7	4.2	7.4	4.11	4.1	0.35
2297	FGHNX	Global High Income	9.53	OK to Buy↑	2.4	9.4	2.8	6.9	6.8	4.0	--	5.19	3.4	0.38
455	SPHIX	High Income	8.86	OK to Buy↑	2.4	10.1	2.7	6.7	7.9	4.5	8.5	5.21	3.8	0.39
331	FNMIX	New Markets Income	15.19	OK to Buy↑	2.3	9.1	2.2	7.1	4.3	3.8	7.5	5.32	6.5	0.53
2580	FSAHX	Short Duration High Income	9.43	OK to Buy	1.4	7.0	1.5	5.1	5.3	2.9	--	4.64	1.8	0.26
3082	FADMX	Strategic Income	12.47	OK to Buy	2.0	8.1	2.8	6.3	5.2	3.6	6.3	3.56	4.3	0.28
<b>MUNICIPAL BOND</b>														
Average					0.4	4.7	2.1	6.1	2.1	3.2	4.2	1.66	5.3	0.26
434	FSAZX	Arizona Muni Income	12.27	OK to Buy	0.4	4.9	2.1	6.4	2.1	3.6	4.6	1.49	5.7	0.29
1534	FCSTX	Calif Limited Term Tax Free	10.70	OK to Buy	0.3	2.7	1.2	3.7	1.3	1.7	2.4	1.26	3.0	0.16
91	FCTFX	California Muni Income	13.15	OK to Buy	0.4	5.4	2.3	6.7	2.3	3.8	5.2	1.64	6.2	0.30
407	FICNX	Connecticut Muni Income	11.68	OK to Buy	0.5	5.6	2.5	7.1	1.9	3.3	4.1	1.78	5.6	0.29
2578	FCRDY	Conservative Income Muni	10.05	Buy	0.2	1.1	0.5	1.9	1.1	0.8	--	1.48	0.5	0.04
36	FLTMX	Interm Municipal Income	10.58	Buy	0.4	4.6	2.0	6.1	2.2	2.9	3.7	1.66	4.8	0.24
404	FSTFX	Limited Term Muni Income	10.68	Buy	0.4	2.9	1.3	4.0	1.5	1.5	2.1	1.33	2.7	0.15
429	SMDMX	Maryland Muni Income	11.55	OK to Buy	0.5	4.8	2.1	6.3	2.1	3.4	4.1	1.57	6.0	0.29
70	FDMMX	Mass Muni Income	12.33	OK to Buy	0.5	4.9	2.2	6.0	1.9	3.5	4.5	1.69	5.9	0.29
81	FMHTX	Michigan Muni Income	12.41	OK to Buy	0.5	5.0	2.2	6.7	2.4	3.7	4.3	1.70	5.9	0.28
82	FIMIX	Minnesota Muni Income	11.82	OK to Buy	0.5	5.0	2.1	6.5	2.1	3.1	3.8	1.55	5.9	0.27
37	FHIGX	Municipal Income	13.32	OK to Buy	0.5	6.0	2.7	7.5	2.8	4.0	5.1	1.97	6.7	0.32
416	FNJHX	New Jersey Muni Income	12.22	OK to Buy	0.5	6.0	2.6	7.8	3.2	3.9	4.6	1.78	6.1	0.31
71	FTFMX	New York Muni Income	13.42	OK to Buy	0.4	5.6	2.5	6.9	2.2	3.7	4.5	1.63	6.3	0.30
88	FOHFX	Ohio Muni Income	12.31	OK to Buy	0.5	4.9	2.2	6.3	2.1	3.8	4.6	1.72	6.0	0.30
402	FPXTX	Pennsylvania Muni Income	11.34	OK to Buy	0.4	5.4	2.3	6.8	2.5	3.7	4.5	1.84	6.3	0.27
90	FTABX	Tax-Free Bond	11.81	OK to Buy	0.5	6.0	2.7	7.6	2.8	4.1	5.1	2.08	6.6	0.31

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

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC
			Jun	YTD	%Yield				Jun	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.17	1.04	2.05	433	FSAXX	Arizona Muni MM	0.10	0.60	1.47
458	SPAXX	Government MM	0.17	1.02	2.02	97	FCFXX	California Muni MM	0.10	0.58	1.40
2742	FZFX	Treasury MM	0.17	1.02	2.05	457	FSPXX	California AMT Tax-Free	0.11	0.64	1.46
415	FDLXX	Treasury Only MM	0.16	1.00	1.92	418	FCMXX	Connecticut Muni MM	0.11	0.69	1.49
<b>PRIME MONEY MARKETS</b>						426	FMSXX	Mass AMT Tax-Free	0.12	0.67	1.56
454	SPRXX	Money Market*	0.18	1.11	2.14	74	FDMXX	Massachusetts Muni MM	0.10	0.67	1.38
*Available in premium class shares (FZDXX) with a \$100,000 minimum (\$10,000 for certain Fidelity retirement accounts) and lower expenses.						420	FMIXX	Michigan Muni MM	0.10	0.56	1.41
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						417	FNJXX	New Jersey Muni MM	0.10	0.59	1.40
10	FTEXX	Municipal Money Market	0.11	0.66	1.54	423	FSJXX	New Jersey AMT Tax-Free	0.11	0.66	1.51
275	FMOXX	Tax-Exempt MM	0.11	0.63	1.49	92	FNYYX	New York Muni MM	0.10	0.61	1.47
						422	FSNXX	New York AMT Tax-Free	0.12	0.68	1.63
						419	FOMXX	Ohio Muni MM	0.10	0.68	1.41
						401	FPTXX	Pennsylvania Muni MM	0.10	0.58	1.42

# FIDELITY SCORECARD

JUNE 30, 2019

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Jun	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model					6.9	20.8	4.8	8.2	15.2	10.8	15.1	1.10
	Annuity Growth Model					6.9	20.0	3.5	7.1	14.4	9.2	13.2	1.09
	Annuity Growth & Income Model					4.1	12.6	3.1	5.4	8.4	6.0	9.4	0.65
	Annuity Income Model					2.1	8.2	2.6	5.0	4.5	3.6	5.8	0.32
9067	FLRQC	Fid VIP Asset Manager	Allocation	21.16	Hold	3.8	11.0	2.8	4.3	7.0	3.9	8.1	0.54
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	22.18	Hold	4.9	13.7	3.2	3.6	9.0	4.4	9.5	0.74
9069	FJBAC	Fid VIP Balanced	Allocation	26.51	Buy	5.0	14.6	3.6	6.1	9.9	7.2	10.9	0.74
9461	FBIQC	Fid VIP Bond Index	Bond	10.78	Hold	1.1	5.8	2.8	--	--	--	--	--
9173	FVTAC	Fid VIP Communication Services <sup>7</sup>	Sector	19.03	Buy	4.1	21.0	4.4	19.5	6.8	7.6	11.3	1.10
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	35.33	Buy	6.6	20.1	4.4	7.9	14.6	11.3	16.9	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	27.33	Hold	3.8	20.9	2.9	11.7	3.0	7.5	11.9	1.04
9065	FPDFC	Fid VIP Contrafund	Large Growth	30.47	Buy	6.5	20.1	4.8	8.7	13.4	9.0	13.4	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	21.51	Buy	8.5	16.2	2.4	-5.0	9.2	5.7	12.7	1.48
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	32.47	Hold	6.7	19.3	5.1	5.1	14.6	8.9	14.7	1.06
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	11.41	Hold	6.1	19.8	3.8	5.1	11.8	4.7	6.9	1.17
9085	FJLLC	Fid VIP Energy	Sector	13.74	OK to Sell	9.1	12.3	-2.7	-21.2	-1.9	-8.1	3.5	1.94
9061	FLOLC	Fid VIP Equity-Income	Large Value	23.09	Buy	6.0	15.9	3.7	8.6	10.0	6.2	12.0	0.95
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	9.92	Buy	7.1	17.7	2.2	--	--	--	--	--
9083	FONNC	Fid VIP Financial Services	Sector	14.73	Buy	5.7	18.3	7.3	3.0	13.4	7.9	9.9	1.28
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.72	Buy	0.3	5.6	1.5	3.5	4.4	3.1	--	0.23
9157	FMPAC	Fid VIP FundsManager 20	Allocation	16.07	Hold	1.9	6.5	2.3	4.8	3.8	2.9	4.4	0.25
9158	FMPBC	Fid VIP FundsManager 50	Allocation	18.87	Hold	3.7	11.0	3.1	4.5	6.9	4.6	7.5	0.52
9197	FMPPC	Fid VIP FundsManager 60	Allocation	18.09	Hold	4.4	12.6	3.5	4.5	8.0	5.2	8.6	0.62
9159	FMPCC	Fid VIP FundsManager 70	Allocation	20.12	Hold	4.9	13.8	3.6	4.0	8.9	5.6	9.4	0.72
9160	FMPDC	Fid VIP FundsManager 85	Allocation	20.86	Hold	5.8	15.9	3.9	3.7	10.5	6.4	10.7	0.87
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.64	--	0.1	1.0	0.5	1.8	0.9	0.5	0.2	0.02
9062	FMNDC	Fid VIP Growth	Large Growth	34.63	Buy	6.7	21.5	4.3	10.2	19.1	12.3	16.4	1.12
9070	FLFNC	Fid VIP Growth & Income	Large Blend	26.96	Hold	6.5	15.8	2.9	4.8	11.8	7.4	12.8	1.07
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	40.93	Buy	7.2	25.9	3.7	21.1	26.0	16.4	19.2	1.18
9084	FPDRC	Fid VIP Health Care	Sector	48.16	Buy	9.0	12.7	1.9	6.6	13.2	10.3	18.3	1.40
9060	FBBLC	Fid VIP High Income	High-Yield Bond	22.01	OK to Buy↑	2.4	10.5	2.8	7.1	6.8	3.7	7.6	0.38
9064	FXVLT	Fid VIP Index 500	Large Blend	30.54	Hold	7.0	18.3	4.2	10.0	13.8	10.3	14.3	1.00
9082	FBALC	Fid VIP Industrials	Sector	37.01	Buy	6.8	24.0	5.2	8.8	11.6	7.7	15.2	1.34
9473	FFIQC	Fid VIP International Index	Diversified Int'l	9.78	Hold	5.8	13.2	3.0	--	--	--	--	--
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	22.36	OK to Buy	5.7	23.0	7.0	8.0	11.5	7.4	11.0	1.02
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	17.31	Buy	1.3	6.6	2.9	7.5	2.7	2.9	4.3	0.24
9172	FVMAC	Fid VIP Materials	Sector	19.94	OK to Sell	12.2	12.2	1.1	-10.4	5.6	0.3	9.9	1.42
9071	FNBSC	Fid VIP Mid Cap	Mid Growth	28.95	Buy	6.9	17.2	2.3	-2.9	10.0	5.9	11.8	1.20
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	18.35	OK to Buy	6.2	18.6	6.8	2.8	9.9	3.4	7.6	0.98
9072	FFWKC	Fid VIP Real Estate	Sector	25.87	Hold	1.6	17.2	0.9	7.9	2.7	6.4	15.1	1.08
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	20.57	OK to Buy	2.0	8.0	2.8	6.0	4.8	3.2	5.7	0.28
9086	FYENC	Fid VIP Technology	Sector	50.70	Buy	8.6	27.8	6.0	5.6	26.3	16.5	18.3	1.45
9465	FTMJC	Fid VIP Total Market Index	Large Blend	10.65	OK to Buy	6.9	18.3	3.9	--	--	--	--	--
9087	FXRRC	Fid VIP Utilities	Sector	33.31	OK to Sell	3.8	13.0	3.0	13.4	10.6	8.1	12.7	0.82
9079	FKMSC	Fid VIP Value	Large Value	23.69	OK to Buy	6.4	18.7	3.7	2.4	8.8	6.0	13.2	1.10
9073	FRBSC	Fid VIP Value Strategies	Mid Value	24.30	Hold	6.4	21.5	3.5	1.1	9.2	4.8	12.9	1.19
9347	FBMEC	Black Rock Global Allocation	Global Allocation	14.02	Hold	4.0	10.5	2.9	3.8	6.2	3.1	6.2	0.57
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.59	Hold	1.1	3.0	1.2	5.6	3.7	0.6	4.4	0.44
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.77	Hold	0.7	3.7	1.8	5.0	1.0	1.3	2.0	0.17
9285	FIGXC	Invesco Global Core Eqty	Global Stock	13.97	Hold	6.5	15.1	2.1	0.1	8.2	3.7	7.2	1.08
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	16.45	Hold	5.2	10.3	2.8	2.2	6.7	-0.6	5.2	1.17
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	20.06	OK to Buy↑	3.4	11.3	3.5	10.8	4.2	3.2	6.0	0.52
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	14.50	Hold	5.4	10.0	2.4	0.2	6.8	0.9	5.1	1.11
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	14.66	Hold	4.7	11.3	3.3	5.4	7.3	2.8	7.0	0.58
9346	FPMEC	Pimco Commodity Real Return	Commodities	5.68	Hold	3.0	8.1	-0.7	-7.0	-2.2	-9.9	-2.0	0.77
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	11.98	Buy	0.5	2.7	1.5	3.3	1.4	0.9	--	0.08
9277	FPNBC	Pimco VIT Real Return	TIPS	13.63	OK to Sell	0.6	6.2	2.6	4.1	2.0	1.1	--	0.24
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	14.19	Hold	1.1	6.0	3.0	7.1	2.7	2.7	--	0.23

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	21%	VIP Growth	28%	VIP Contrafund	20%	Pimco VIT Low Duration	34%
VIP Cons Discretionary	19	VIP Growth Opps	28	VIP Floating Rate Hi Inc	20	VIP Contrafund	26
VIP Comm Services	17	VIP Equity-Income	17	VIP Growth Opps	20	VIP Investment Grade	21
VIP Health Care	15	VIP Mid Cap	15	VIP Equity-Income	20	VIP Floating Rate Hi Inc	19
VIP Financial Services	15	VIP Disciplined Sm Cap	12	VIP Investment Grade	10		
VIP Industrials	13			Pimco VIT Low Dur	10		
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>Jun: 6.9% YTD: 20.8%</b>		<b>Jun: 6.9% YTD: 20.0%</b>		<b>Jun: 4.1% YTD: 12.6%</b>		<b>Jun: 2.1% YTD: 8.2%</b>	

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

the second quarter, investor enthusiasm waxed and waned. Still, the index logged its best June since 1938 (up 7.3%), and so it tacked on a second-quarter gain of 3.2%. Six months into the year, the widely watched gauge was up 15.4%.

Avg. Large-Cap Growth Fund  
YTD ↑ 20.7%

For its part, the far more diversified S&P 500 enjoyed its strongest first half of the past two decades. Advancing a robust 18.5%, it gained 13.6% in the first quarter and 4.3% in the second.

As impressive as the performance of large-caps stocks has already been, mid-caps were in even higher demand. Using **Mid-Cap Index** as a proxy for that arena, it gained 4.1% in the second quarter and ended the first-half with a rather impressive 21.4% return. **Small Cap Index** was no slouch either, but it didn't fare quite as well. Thanks to its 7.1% surge in June, its second-quarter return was a miserly 2.1%. But for the year-to-date, its 17.0% gain was far from disappointing.

Avg. Mid-Cap Fund  
YTD ↑ 19.0%

Elsewhere, investors who tuned out all the cautionary rhetoric that growth stocks would be taken down by slowing growth, trade tensions and politicians jawboning over monopolistic business practices, they were rewarded for their derring-do.

In the first quarter, the Nasdaq Composite outperformed other major indexes with its 16.8% return. And while its 3.9% gain in the second-quarter was less impressive, its year-to-date pop of 21.3% made it a chart-topper.

## Stock Funds

Helped in no small part by June's meteoric rise, the average Fidelity stock fund returned 18.4% in the first half.

Among Fidelity's largest actively run funds, its biggest, **Contrafund**, gained 6.6% in June and rose 20.8% over the first two quarters. Other large-cap growth offerings fared roughly as well: **Growth Company** gained 22.4% while **Blue Chip Growth** and **Magellan** both returned 20.3% by the year's mid-point.

Elsewhere, **OTC** fund (up 22.0%) bested its Nasdaq benchmark thanks to several tactics, including Manager Chris Lin's modest overweights in technology and communication services.

## Select Funds

The average Select fund rose 14.2% in the first quarter and 3.4% in the second. That translates into a year-to-date return of 18.0%.

Avg. Select Fund  
YTD ↑ 18.0%

Tech-related funds led the charge with **IT Services** (up 32.6%) atop the pack. The more diversified **Technology** was right behind it (up 27.9%), followed by **Semiconductors** (up 27.4%). Even before President Trump's about-face on U.S. firms selling to China (particularly blacklisted Huawei), shares of volatile chip makers climbed a wall of worry as red flags mounted.

Meanwhile, historically low mortgage interest rates and record-low unemployment provided a 26.6% boost to **Construction & Housing** (though there are signs that the sector is cooling off).

Separately, a combination of M&A activity and military tensions between the U.S. and Iran in the Strait of Hormuz helped propel **Defense & Aerospace** to a 26.9% return in the first half. Geopolitical concerns were also good for "safe harbor" gold — an ounce of bullion rose 10%. In turn, **Select Gold**, which is negatively correlated to most stocks, took flight! In fact, it was the top-performing Select in June (up 16.1%) while rising 20% for the year-to-date.

## International Funds

Funds investing in the developed markets didn't fare as well as ours. Then again, economic growth rates are lower abroad. Still, **International Index** rose 14.1%. And while a number of Fidelity's emerging-market funds fared far better than that, many also outpaced **Emerging Markets Index**, which gained a comparatively tepid 10.7%.

Overseas performance accelerated when central banks in the developing markets scrambled to cut their interest rates; they did so when it became clear that the U.S. Fed was poised to do the same.

Avg. International Fund  
YTD ↑ 15.8%

**International Capital Appreciation** (which has a 21% stake in emerging market stocks) was Fidelity's top-performing foreign stock offering in the first half (it rose 23.1%) while **Latin America** (up 22.1%) was a nearby second.

## High Yield Bonds

Highly correlated to stocks, the eight quite-varied funds in this category gained, on average, 9.2% during the past six months.

With plenty of volatility to scare off the faint-of-heart, **Capital & Income** (which holds stocks along with distressed bonds) was the group's top performer (up 12.9%). For its part, **High Income** (it holds only bonds) gained 10.1%.

Avg. High Yield Bond Fund  
YTD ↑ 9.2%

As for the category's least-risky option, **Floating Rate High Income** (up 5.7%), it also fared well for its shareholders (see p. 4). Likewise, **New Markets Income's** portfolio of mostly sovereign emerging-market bonds benefited to the tune of 9.1% thanks partly to worldwide rate cuts. (See p.12 for the fund's impending manager change.)

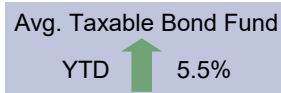
Fund Commentary *cont'd on page 12*

### Fixed Income Funds

Owing to falling interest rates (see p. 4), every single taxable and municipal bond fund in Fidelity's vast arsenal gained ground for the month (June), the second quarter, and for the year-to-date.

While the yield trajectory was not an uninterrupted line lower, short- and long-maturity bonds, as well as high- and lower-credit offerings, each managed to appreciate as the 10-year Treasury yield ended the

first half of 2019 at 2.00% — down 69 basis points from where it started the year. (Naturally, bond prices move in the opposite direction of their yield.) So it was that Fidelity's most interest-sensitive fund, **Long-Term Treasury Index**, gained a whopping 10.7% (with plenty of ups and downs along the way!).



At the other end of the interest-rate spectrum, **Conservative Income Bond** and **Conservative Income Muni** also benefited from falling short-term rates: they gained 1.7% and 1.1%, respectively.

On the other hand, falling rates have recently been shaving money fund yields. At the start of 2019, Fidelity's sole prime option, **Money Market**, yielded 2.25%. By the end of June it was down to 2.14%. Notably, maturing securities will continue to trim money market yields. ■

— John Bonnanzio

of the month saw a sharp reversal in fortune. Most notably, Real Estate Index tumbled 2.5% over four-days.

So what's another option for income investors? Consider **Strategic Dividend & Income**.

Although half its assets are in dividend-paying stocks (much like those found in large-cap value funds), it's 14% in preferred stocks, 18% in convertibles, and 15% in REITs. So it provides a little bit of everything that we've already detailed, but not too much (unless you already hold a lot of large-cap value funds). It also includes some communication services and utilities. Again, not our favorites, but not a lot, either. Notably, this Specialty growth and income fund sports a yield of 3.0%. And while we only rate it a lukewarm *Hold*, it's a reasonable way to spread your bets while reaching for yield. ■

— 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:*

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

*The final distributions for June were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Capital & Inc	6/7	0.032	9.87
Large Cap Stock	6/7	0.748	30.05
Lge Cap Grow Idx	6/7	0.052	15.35
Lge Cap Value Idx	6/7	0.100	12.19
Mid-Cap Stock	6/7	0.586	34.57
Real Estate Idx	6/7	0.129	16.70
Real Estate Inc	6/7	0.136	12.27
Real Estate Invest	6/7	0.276	45.35
Small Cap Dscvry	6/7	0.545	21.64
Small Cap Index	6/7	0.069	19.41
MSCI Comm Svs	6/21	0.077	33.04
MSCI Cons Disc	6/21	0.136	45.24
MSCI Cons Staple	6/21	0.228	35.19
MSCI Energy	6/21	0.153	16.92
MSCI Financials	6/21	0.228	39.21
MSCI Health Care	6/21	0.164	45.11
MSCI Industrials	6/21	0.162	39.19
MSCI Info Tech	6/21	0.194	62.18
MSCI Materials	6/21	0.191	32.36
MSCI Real Estate	6/21	0.233	26.66
MSCI Utilities	6/21	0.289	40.08

### Inside Fidelity

**Manager Changes** — John Carlson, Fidelity's longtime (and quite successful) manager of various emerging market debt portfolios, will retire at the end of the year.



John Carlson

John started his Fidelity career 24 years ago as an experienced outsider hired to run **New Markets Income**. (The move was unusual in those days as Fidelity typically promotes managers from within.) In stepping away from that fund, co-managers Timothy Gill (since 2013) and last year's hire Jonathan Kelly (who is also quite expe-

rienced), will simply take the fund's reins.

John is also relinquishing his roles as lead manager at **Total Emerging Markets** and **Global High Income**. Already team-managed, their reshuffling has already resulted in Mr. Kelly joining the former, while both he and Mr. Gill will add their expertise at the latter.

Separately, the formerly co-managed **Short Duration High Income** now has become team-run as three more experienced hands have been hired to help run the struggling portfolio. (Over the past 1-, 3- and 5-years periods it has modestly trailed Fidelity's own proprietary benchmark.) ■

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