

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

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MESSAGE FROM JACK

Smaller Caps Have Driven Fidelity's Longer-Term Outperformance

Over the last 10 years (through 6/30/14), more than two-thirds of Fidelity's actively-managed stock funds have finished ahead of the S&P 500, with the average outperforming the index by more than two percentage points per year.



Jack Bowers

So why have returns lagged since mid-2011? Look no further than the Russell 2000. This small-cap index has a heavy influence on Fidelity's performance because their large-cap funds

typically have much smaller market caps than the S&P 500. Just six of its 26 actively managed big-cap funds have median market caps above the S&P 500's \$65.4 billion.

Its heavy exposure to smaller-caps is intentional, and is key to the firm's research-driven approach. Because the market misprices smaller stocks to a much greater degree than blue chips, finding good stories in this universe has a much bigger impact on performance. This market inefficiency can be traced to the fact that most investment firms can afford to cover only a few hundred stocks, so they concentrate on the well-known names.

Fidelity turns the situation into an opportunity by taking a contrarian approach to research with its small army of analysts. Instead of focusing on blue chips like its competitors, it digs deep into thousands of smaller stocks seeking opportunities where others aren't even looking. Turning over a lot of rocks provides insight in other areas, too, such as learning whose market share is under assault, and the degree to which technology is playing a disruptive role.

Fidelity's strategy has tradeoffs. The benefit of good stockpicking can sometimes be masked by weakness in smaller stocks for periods of three years or more. And volatility among mid-caps and small-caps tends to run significantly above that of the S&P 500. But for long-term investors, there's no need to worry about weak Fidelity performance that occurs in tandem with a lagging Russell 2000 index. These situations have occurred before; 1996-'98 was especially brutal. But over 10-plus years, the benefit of Fidelity's stock research isn't likely to disappoint.

Sincerely,

MARKET OUTLOOK

Accelerating Corporate Earnings Backstop Stock Gains

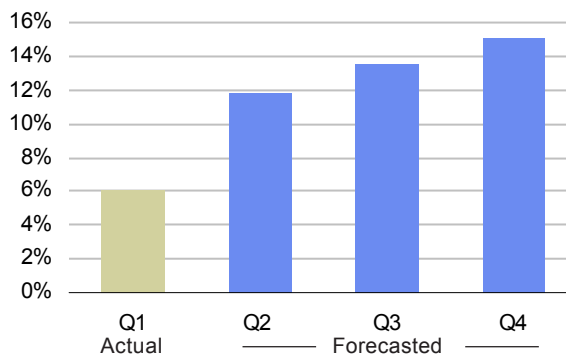
In the January issue I argued that with the P/E ratio close to its long-term average, further gains in the stock market would likely have to come more from earnings growth than P/E expansion.

Indeed, so far this year, the operating P/E ratio of the S&P 500 has risen only modestly from 17.2 to 17.5 (based on trailing 4 quarters, including estimated 2nd quarter earnings, and the S&P value as of 6/30/14), accounting for about 1.7 percentage points of the S&P 500's 5.7% gain so far this year.



John M. Boyd

2014 S&P 500 Operating Earnings Growth



Source: Standard & Poor's

The good news is that after a slow start to the year, earnings are accelerating. They rose a modest 6.0% in the first quarter, but given that the economy contracted by (a revised) 2.1% during the period, that was actually pretty impressive. Now, with GDP bouncing back strongly, rising an estimated 4.0% in the second quarter, earnings have followed suit. With a little less than half of the S&P 500 companies having reported (as of July 24), second-quarter earnings are expected to jump 11.8%. Stock buybacks are playing a significant role in earnings per share growth as 20% of the companies reporting so far have reduced their outstanding shares by at least 4% year-over-year.

And despite chatter from pundits that companies can't continue to grow earnings by cutting costs, they continue to do just that, with the operating margin for the S&P 500 estimated to set a new record high of 10% for the quarter.

Market Outlook *cont'd on page 3*

Unique Opportunities

Target Risk: 1.20 (Current: 1.14)

Foreign Holdings: 6.9%

YTD Return: 1.2%

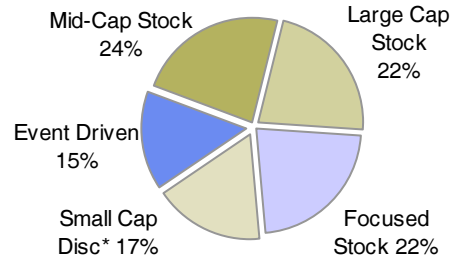
Stocks: 97.8% Bonds: 0.0% Cash: 2.2% Alternatives: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Mid-Cap Stock	FMCSX	\$37.97	2,385.55	\$90,579	-3.7%
Large Cap Stock	FLCSX	27.70	3,158.97	87,503	-1.3
Focused Stock	FTQGX	20.10	4,319.47	86,821	-3.3
Small Cap Discovery*	FSCRX	29.49	2,223.88	65,582	-5.2
Event Driven Opps	FARNX	10.67	5,607.84	59,836	-4.1

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

Current Value (3/31/99 = \$100,000) \$390,322 -3.4%

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



Select

Target Risk: 1.20 (Current: 1.24)

Foreign Holdings: 14.7%

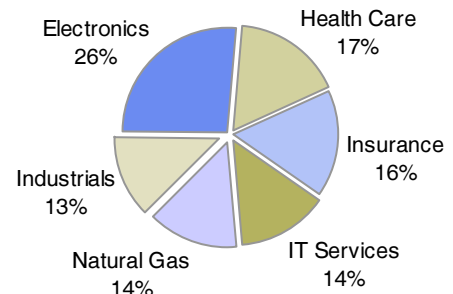
YTD Return: 4.8%

Stocks: 98.0% Bonds: 0.0% Cash: 2.0% Alternatives: 0.0% Yield: 0.0%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Electronics	FSELX	\$76.21	9,187.66	\$700,191	-2.1%
Health Care	FSPHX	206.52	2,143.37	442,648	-0.1
Insurance	FSPCX	64.16	6,731.28	431,879	-3.7
IT Services	FB SOX	35.66	10,241.30	365,205	-2.4
Natural Gas	F SNGX	43.83	8,238.88	361,110	-5.0
Industrials	FCYIX	31.17	10,880.91	339,158	-5.6

Current Value (12/31/88 = \$100,000) \$2,640,192 -2.9%

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: 8.7%

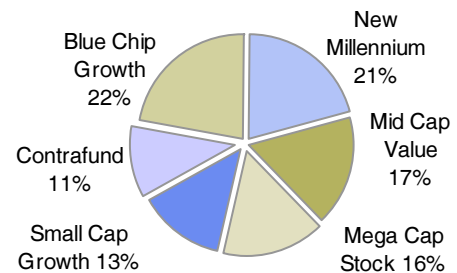
YTD Return: 3.3%

Stocks: 96.7% Bonds: 0.0% Cash: 3.3% Alternatives: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Blue Chip Growth	FBGRX	\$66.71	6,447.76	\$430,130	-1.8%
New Millennium	FMILX	40.75	9,676.29	394,309	-2.9
Mid Cap Value	FSMVX	23.60	13,437.86	317,134	-1.8
Mega Cap Stock	FGRTX	16.30	18,180.68	296,345	-0.9
Small Cap Growth	FCPGX	18.45	13,682.67	252,445	-5.8
Contrafund	FCNTX	97.91	2,145.47	210,063	-1.4

Current Value (12/31/86 = \$100,000) \$1,900,426 -2.4%

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



Growth & Income

Target Risk: 0.66 (Current: 0.78)

Foreign Holdings: 13.5%

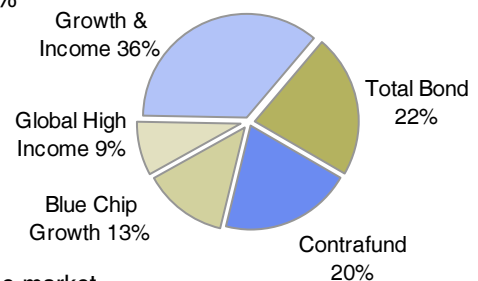
YTD Return: 4.4%

Stocks: 68.8% Bonds: 17.5% Cash: 3.0% Alternatives: 10.8% Yield: 1.7%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Growth & Income	FGRIX	\$29.02	6,479.55	\$188,037	-1.2%
Total Bond	FTBFX	10.68	10,586.60	113,065	-0.3
Contrafund	FCNTX	97.91	1,021.98	100,062	-1.4
Blue Chip Growth	FBGRX	66.71	1,010.13	67,386	-1.8
Global High Income	FGHNX	10.15	4,355.10	44,204	-1.3

Current Value (12/31/93 = \$100,000) \$512,754 -1.1%

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



Income

Target Risk: 0.33 (Current: 0.39)

Foreign Holdings: 10.0%

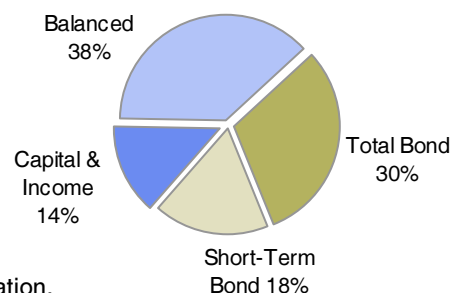
YTD Return: 4.2%

Stocks: 30.6% Bonds: 51.4% Cash: 3.8% Alternatives: 14.3% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Balanced	FBALX	\$23.62	5,653.35	\$133,532	-1.4%
Total Bond	FTBFX	10.68	9,761.16	104,249	-0.3
Short-Term Bond	FSHBX	8.59	7,081.68	60,832	-0.2
Capital & Income	FAGIX	10.05	4,736.88	47,606	-1.4

Current Value (12/31/91 = \$100,000) \$346,219 -0.9%

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



Market Outlook *cont'd from page 1*

The application of technology continues to help the bottom-line with many firms noting “process improvements” in their earnings reports.

Earnings growth is expected to continue to accelerate to 13.5% in the third quarter and 15.1% in the last quarter of the year. Significantly, while estimates for Q1-Q3 of this year have followed a pattern of declining in the months leading up to their actual release, estimates for the fourth quarter have been rising fairly steadily. This is true for the first quarter of 2015, as well.

GDP Rises More Than Expected

As noted, second quarter GDP rose 4.0%, versus expectations of 2.9-3.0% growth. Consumer spending rose a solid 2.5% up from 1.2% in the first quarter. That was largely driven by a 14% jump in big-ticket items (such as cars and trucks), the biggest rise since 2009. Helping to fuel that spending was an impressive 3.8% increase in real disposable income.

Importantly, investment in residential housing rose 7.5% (more on housing in a bit) while business investment on equipment gained 7.0%, compared to negative readings from these two areas in the first quarter.

There were a couple of items of concern in the release, however. One was a \$93 billion increase in inventories, up from \$35 billion in the first quarter, which accounted for 40% of the increase in GDP. This could reduce growth in the coming quarter if sales don't rise commensurately. That said, the current rise was consistent with gains of about \$100 billion in the third and fourth quarters of last year.

Inflation A Worry?

Of more concern to the markets was rising inflation. The PCE (Personal Consumption Expenditures) in-

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.” ■

dex jumped up to 2.3% from 1.4%, while core PCE (ex food and energy), the Fed's preferred inflation gauge, rose 2.0%. While this is within the Fed's target range of 2.0%-2.5%, combined with a stronger-than-expected 0.7% rise in the Employment Cost Index, it raised concerns that the Fed will start raising short-term rates (federal funds rate) sooner than expected. Indeed the market sold off sharply on the last day of the month following those two reports.

However, in their statement after their July meeting, the Fed gave no hint that hikes might occur earlier than currently expected. They noted that “*Inflation has moved somewhat closer to the Committee's longer-run objective,*” but reiterated that “*it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time after the asset purchase program ends.*” On the present course, the asset (bond) purchase program will end in October, with the first rate hike likely around the middle of next year.

Overall Backdrop Supportive

The second quarter recovery in GDP is important in and of itself, of

course. But it is also important in that it lends credence to the notion that the first quarter's decline (revised to a 2.1% drop from 2.9%) was an outlier driven by extreme weather throughout much of the country, rather than a fundamental deterioration in economic conditions. In fact, most of the recent data points on the economy suggest conditions are continuing to improve. We do expect a slowdown in GDP for the next quarter, as a good deal of the second quarter's gains were a snap-back from the weak first quarter. But something on the order of 2.5%-3.0% growth in the second half would be consistent with the gradually improving economy.

If we get that kind of economic growth, the forecasted increase in corporate earnings for the balance of the year should be achievable. That, in turn, would give stocks room for further modest gains with no growth in P/Es. Of course, P/Es could decline — there is not shortage of trouble spots around the world. Should the selloff that began at the end of the month continue, don't panic. As I have frequently noted, a correction is long overdue and would be healthy for the market going forward. ■

— John M. Boyd

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.

LARGE-CAP FUNDS

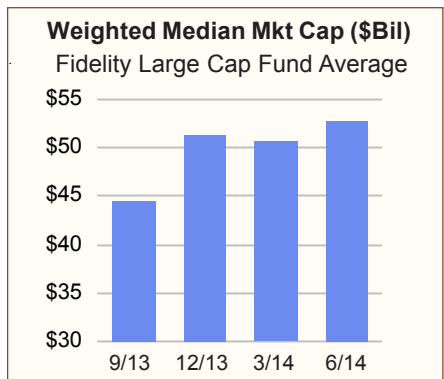
Large-Caps Lighten Smaller-Cap Load

Fidelity's large-cap funds are getting larger. Although most of their increase in market cap occurred as small-cap stock performance started to stumble in last year's fourth quarter, the trend continued through the first six months of 2014, albeit at a much slower pace — see chart.

At the end of the third quarter, 25 actively managed large-cap funds had median market caps averaging \$44.5 billion. (This group excludes index and “Enhanced” index funds that must hew closely to their benchmarks.) One quarter later, that figure jumped 15% to \$51.3 billion. While a few funds posted especially large moves, 23 of them (or 91%) increased their market caps over the that nine-month period; eight were by double-digits.

While this change suggests a certain amount of “group think” going on, a closer examination shows that not everyone got to the same “desti-

nation” the same way. For example, some large-caps made this move up by lightening their exposures to small- and mid-cap stocks (see story below). But **Contrafund's** Will Danoff did so by replacing a number of his large-cap stocks with even larger ones. Indeed, the fund's share of \$50-plus



billion companies rose to 61% of Contra's assets, up from 54% at the start of the process.

Notably, Contra's median market cap as of Sept. 30, 2013, was \$56.6 billion, which was below its S&P 500 benchmark of \$64.9 billion. But entering 2014, it had spiked to \$66 billion. And Will still wasn't done.

Today, Contra's market cap is \$74.8 billion, which is a whopping \$18 billion higher than it was nine months earlier. Among other moves, that meant his purchasing more Berkshire Hathaway and especially Google's new non-voting Class C shares (in addition to Contra's already sizeable stake in Class A shares).

An even more dramatic increase has occurred at **Dividend Growth**. Although a new manager Ramona Persaud officially started in January, her predecessor Larry Rakers was already making the changes she desired (namely, “improving the fund's downside volatility by purchasing higher-quality, lower-risk companies at reasonable valuations”). In part by adding to Google, Microsoft and JP Morgan Chase, the fund's market cap has more than doubled to \$70.9 billion, up from “just” \$33.4 billion at the end of the third quarter.

Of course, this and other market-cap changes at Fidelity are not just about market-cap, it's about risk mitigation, which is a good thing. ■

FUND STRATEGIES

How To Find Your Fund's Small-Cap Exposure

With so much negative attention recently heaped upon small-cap stocks by the media, some readers have expressed their own concerns about this corner of the equity market. Relative to large-caps, it's true that small-caps (companies with market caps of below \$2 billion) are pricier in both historical and in absolute terms. But in today's low interest-rate environment, their premium price is more palatable.

Also, with the economy still struggling to pick up steam (GDP declined 2.1% in the wintry first quarter, but did bounce back nicely in the second), investors still have an appetite for shares of faster-growing companies.

If you remain unconvinced and nervous, the easiest way to avoid small-cap exposure is to simply avoid holding small-cap funds. However, such a move flies directly in the face of prudent portfolio management, which dictates that diversification is central to long-term investment success. So, yes, that may mean owning underperforming

assets. And, even though small-caps (and mid-caps funds, too) can be significantly more volatile than larger-cap funds, when held in the right combination, portfolio risk can actually be reduced.

Moreover (and as Jack points out on page 1), avoiding small-caps is easier said than done, because Fidelity's large-cap funds average 3.9% of small-cap exposure. In fact, while we tend to think of the S&P 500 as a pure large-cap index, about 1.3% is in small-caps with another 4.7% in mid-caps.

Still, let's say you want to “hide” your assets exclusively in large-cap funds, and you want the biggest of the big. In the table, we show all eight funds whose median market caps presently exceed the S&P's \$65.4 billion threshold. But, even in this narrow arena, some small-cap exists, and plenty of mid-cap as well.

You can find your funds' market cap breakdown in the online *Independent Guide*, on our website (www.fmandi.com). Select your fund and then click on “Portfolio Characteristics” from the top menu. ■

— John Bonnanzio

	Mkt Cap (\$bil)	Small-Cap	Mid-Cap
Mega Cap Stock	\$127.1	0.0%	0.0%
Equity Dividend Income	88.4	1.9	9.2
Growth & Income	86.3	0.9	10.7
Large Cap Core Enh Idx	86.3	0.8	8.8
Contrafund	74.8	0.4	4.7
Large Cap Growth Enh Idx	72.8	0.0	17.8
Dividend Growth	70.9	2.5	13.5
Large Cap Stock	70.9	3.1	9.4
Spartan 500 Idx	65.4	1.3	4.7
Avg. Fidelity Large-Cap Fund	54.0		

FUND COMMENTARY

Improving Economy Scares Stock Market

The Dow Jones Industrial Average broke through the 17000 level for the first time in July and set a record high. Then came Thursday July 31.



John Bonnanzio

The blue-chip barometer dropped 317 points (1.9%) that day, and a year's worth of gains vanished.

They did so amid a torrent of fresh economic data. One that investors focused on was a rise in employment costs, which may portend an increase in inflation and, therefore, the possibility that the Fed will be more aggressive in raising interest rates.

What was overlooked? That the US economy is absolutely recovering.

But beyond the positive reality of more people finding work and even getting paid more to do it, have been geopolitical developments that, heretofore, investors have largely chosen to overlook.

For example, while many expected Argentina to default on \$29 billion worth of bonds, that became official that same Thursday. With stocks skidding in that country, **Latin America** fund (down 2.1%) only fell in line with US markets. Meanwhile, **New Markets Income** (which holds no Argentinian bonds, but plenty from the region) also showed resilience: it slipped just 0.4% for the day. So far, that suggests that there's no emergent-market debt contagion.

Elsewhere in the world, problems are potentially far more frightening.

That investors pushed the Dow and other stock indexes further aloft in July even as Vladimir Putin's "fingerprints" were effectively traceable to the downed Malaysian airliner, initially suggested that there's little concern that the crisis in Ukraine would spread; Putin might even capitulate.

Fat chance.

With economic sanctions mounting

against Russia, an already-economically struggling Europe could find their important energy source and trading partner compromised.

July also saw Israel put boots on the ground inside the Gaza Strip. Though it's easy to think of that as a local problem, the conflict has tentacles that extend to many corners of the globe.

Not to be overlooked last month, stock investors had initially shrugged off some unusual comments from Fed Chair Janet Yellen. Although small-caps had already run into trouble, she added fuel to the fire in cautioning that their valuations (along with high-yield bonds and social-media stocks) had grown "substantially stretched." Perhaps. But a mere week later, the king of social media, Facebook, announced that its profits had doubled (see p. 11).

That leads us to another leg of last month's rally and mini-correction.

As John Boyd discusses in his page 1 *Market Outlook*, second-quarter profits look to be pretty darn strong. And over the long term, share prices are ultimately driven by earnings. Indeed, with balance sheets also flashing green investors were eager to buy on most of the dips they encountered — at least until July 31.

So, with the reality that interest rates will, at some point, head higher, plus the prospect that inflation will start to creep up, plus geopolitical tumult that requires some new economic calculus, July 31 seemed the perfect day to take some profits and head out for vacation. Indeed, with a flood of still-more economic news (including

a slight uptick in unemployment) coming the very next day as we went to press (Friday August 1), one headline proclaiming that the economy is neither too hot, nor too cold, may be on the mark.

Market Indexes

As the dust settled on July, both the large-cap Dow and S&P 500 finished the month with comparatively modest declines of 1.4% apiece. I say "comparatively" because the small-cap Russell 2000 fared substantially worse having retreated a full 6.0%. Meanwhile, a valiant stand by some computer and health care companies (though not the once red-hot biotech sector) helped to stem the Nasdaq Composite's decline to only 0.8%.

On a year-to-date basis, the Russell 2000 is down 3.1% while the other major indexes remain in positive territory. Granted, on a price-only basis the Dow is in the red through July, but in adjusting for dividends it's actually up 1.2% for the year. Meanwhile the S&P 500 has gained 5.7% and the low-dividend-yielding Nasdaq is up 5.3%.

Stock Funds

On average, Fidelity's actively managed stock funds fell 2.5% in July, with most of that occurring on a single day. The worst-performer was **Stock Selector Small Cap** (down 6.0%) while the closed **Small Cap Value** (down 5.9%) and **Small Cap Growth** (down 5.8%) didn't fare much better.

Fund Commentary *cont'd on page 8*

AUGUST SCORECARD RATING CHANGES				
Fund	Ratings			Comments
	Old	New		
Canada	H	B	↑	Energy sector helping to lift entire economy.
China Region	H	B	↑	Economic growth in China starting to pick up.
Europe	B	H	↓	Malaise in GDP growth holds back sales/earnings.
MSCI Utilities	S	S	↓	DIY power generation starting to impede on profits.
Small Cap Stock	S	H	↑	Smart stockpicking helping in a tough market.
Utilities	S	S	↓	DIY power generation starting to impede on profits.
VIP Utilities	S	S	↓	DIY power generation starting to impede on profits.

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

FIDELITY SCORECARD

JULY 31, 2014

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹		
						Jul	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		1930.7		-1.4	5.7	3.0	17.0	16.8	16.8	8.0	1.00		
		Nasdaq Composite		4369.8		-0.8	5.3	6.5	22.0	18.1	18.5	9.8	1.16		
		Dow Jones Industrials		16563.3		-1.4	1.2	0.5	9.4	13.8	15.5	7.8	0.94		
		Russell 2000 (Small Caps)		1120.1		-6.0	-3.1	-0.3	8.6	13.6	16.6	8.8	1.42		
		Barclays Aggregate Bond*				-0.3	3.5	0.8	3.6	2.8	4.2	4.5	0.23		
Model Portfolios		Unique Opportunities				-3.4	1.2	1.9	13.3	13.6	15.9	9.4	1.14		
		Select				-2.9	4.8	3.4	21.4	17.3	17.7	10.3	1.24		
		Growth				-2.4	3.3	3.1	13.1	12.6	15.3	7.5	1.13		
		Growth & Income				-1.1	4.4	3.0	13.4	11.0	12.1	7.0	0.78		
		Income				-0.9	4.2	1.7	8.4	6.4	8.0	4.8	0.39		
												Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						Category Averages			-2.2	4.2	3.9	18.1	15.5	17.2	1.19
312	FBGRX	Blue Chip Growth		66.71	Buy	-1.8	5.3	5.4	21.1	16.7	19.2	1.26	\$11,975		
307	FDCAX	Capital Appreciation		37.53	Buy	-0.4	3.7	5.4	17.1	18.2	18.8	1.11	5,815		
22	FCNTX	Contrafund		97.91	Buy	-1.4	2.9	4.3	17.8	15.2	16.7	1.04	74,561		
332	FEXPX	Export and Multinational	0.75%/30d	24.81	Sell	-2.1	1.9	1.0	12.4	12.0	12.9	1.00	1,638		
3	FFIDX	Fidelity Fund		44.42	OK to Sell	-2.2	4.2	3.3	15.9	13.2	14.1	1.05	4,671		
500	FFTYX	Fifty (Closed)		28.39	Buy	-3.5	1.9	2.6	15.8	15.7	16.7	1.13	759		
333	FTQGX	Focused Stock		20.10	Buy	-3.3	1.8	2.8	16.0	15.6	18.4	1.17	1,934		
25	FDGRX	Growth Company (Closed)		123.45	Buy	-2.7	3.6	3.9	17.2	16.1	19.0	1.29	22,302		
339	FDSVX	Growth Discovery		22.53	OK to Buy	-2.3	6.1	4.6	21.8	15.4	18.5	1.20	1,047		
73	FDFFX	Independence		39.06	Hold	-2.8	7.8	4.6	24.7	15.8	18.6	1.57	4,184		
21	FMAGX	Magellan		91.10	OK to Buy	-1.5	5.1	4.2	18.9	13.9	13.3	1.23	13,492		
300	FMILX	New Millennium		40.75	Buy	-2.9	4.0	1.9	17.4	16.9	18.4	1.02	4,180		
93	FOCPX	OTC		81.23	OK to Buy	-1.7	5.0	6.8	18.0	16.5	19.3	1.41	7,875		
320	FDSSX	Stock Selector All Cap		37.46	OK to Buy	-2.5	5.3	3.2	17.7	15.5	16.3	1.16	3,536		
5	FTRNX	Trend		88.12	Buy	-2.0	4.0	4.3	20.4	15.2	18.5	1.17	1,400		
LARGE CAP BLEND						Category Averages			-1.2	5.1	3.2	17.1	17.3	16.8	1.14
315	FDEQX	Disciplined Equity		33.70	Hold	-1.5	4.3	1.8	17.9	15.7	14.3	1.16	1,214		
330	FDGFX	Dividend Growth		37.26	Hold	-1.2	5.3	3.8	17.3	13.9	16.5	1.32	6,480		
27	FGRIX	Growth & Income		29.02	Buy	-1.2	5.1	3.4	15.2	18.3	16.8	1.02	6,551		
338	FLCSX	Large Cap Stock		27.70	Buy	-1.3	5.3	3.3	18.5	19.7	18.9	1.14	2,852		
361	FGRTX	Mega Cap Stock		16.30	Buy	-0.9	5.7	3.8	16.9	18.7	17.4	1.05	2,871		
LARGE CAP VALUE						Category Averages			-1.8	5.8	2.5	15.0	15.4	14.7	1.10
1271	FBCVX	Blue Chip Value		15.22	OK to Buy	-1.7	4.2	2.9	15.0	13.8	12.9	1.20	330		
319	FEQTX	Equity Dividend Income		25.41	OK to Buy	-2.4	4.7	2.2	13.0	14.2	14.1	1.08	5,060		
23	FEQIX	Equity-Income		61.28	OK to Buy	-1.9	5.8	2.4	12.7	14.3	14.6	1.07	7,187		
708	FSLVX	Stock Sel Large Cap Value		16.36	Hold	-1.8	7.3	2.4	15.9	17.1	15.3	1.07	639		
832	FVDFX	Value Discovery		23.32	OK to Buy	-1.0	7.1	2.7	18.5	17.5	16.5	1.10	686		
MID-CAP GROWTH						Category Averages			-3.4	2.9	1.5	14.6	14.0	17.2	1.23
324	FDEGX	Growth Strategies	1.50%/90d	29.31	Hold	-2.9	2.8	2.4	15.9	11.4	16.1	1.37	1,633		
337	FMCSX	Mid-Cap Stock	0.75%/30d	37.97	Buy	-3.7	3.1	1.2	15.5	15.8	18.7	1.14	5,940		
2412	FSSMX	Stock Selector Mid Cap		31.30	Hold	-3.8	2.8	0.8	12.4	14.7	16.8	1.19	307		
MID-CAP BLEND						Category Averages			-2.1	4.6	2.9	15.2	16.1	18.5	1.31
2624	FARNX	Event Driven Opportunities		10.67	Buy	-4.1	5.0	2.5	--	--	--	--	175		
122	FLVCX	Leveraged Company Stock	1.50%/90d	45.82	OK to Buy	-1.1	6.0	3.8	17.0	17.5	19.3	1.48	4,210		
316	FLPSX	Low-Priced Stock	1.50%/90d	51.03	OK to Buy	-1.6	3.2	2.4	14.4	15.7	17.7	1.11	30,584		
14	FSLSX	Value Strategies		42.62	OK to Buy	-1.7	4.1	2.9	14.2	14.9	18.6	1.33	752		
MID-CAP VALUE						Category Averages			-2.4	6.3	2.8	18.1	18.1	19.8	1.22
762	FSMVX	Mid Cap Value	0.75%/30d	23.60	Buy	-1.8	6.7	3.2	18.7	18.6	20.7	1.20	1,610		
39	FDVLX	Value		109.78	Buy	-3.0	6.0	2.4	17.6	17.7	18.9	1.24	7,935		
SMALL CAP GROWTH						Category Averages			-5.8	-4.3	1.3	8.9	12.7	17.0	1.47
1388	FCPGX	Small Cap Growth	1.50%/90d	18.45	Buy	-5.8	-4.3	1.3	8.9	12.7	17.0	1.47	1,071		
SMALL CAP BLEND						Category Averages			-5.2	-1.5	-0.2	9.2	12.8	16.6	1.44
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	29.49	Buy	-5.2	-1.3	0.2	8.8	17.9	20.6	1.39	6,181		
340	FSLCX	Small Cap Stock	2.00%/90d	19.03	Hold↑	-4.4	0.2	0.7	11.4	8.8	12.8	1.54	1,891		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	25.31	OK to Buy	-6.0	-3.3	-1.7	7.4	11.6	16.4	1.39	1,404		
SMALL CAP VALUE						Category Averages			-5.9	-2.4	-0.9	7.1	15.7	17.1	1.34
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	19.57	Buy	-5.9	-2.4	-0.9	7.1	15.7	17.1	1.34	2,062		

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ²Duration is a measure of interest rate sensitivity. ³Stated yield is before any inflation adjustment, your effective yield may be different. ⁴Also available in an Advantage share class with a minimum of \$10,000, but a lower expense ratio. ⁵Formerly California Short-Intermediate Tax-Free Bond. ⁶Formerly Short-Intermediate Tax-Free Bond. ⁷Formerly Short-Intermediate Municipal Income. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

JULY 31, 2014

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jul	YTD	3 Mo.	1 Year	3 Year	5 Year				
SPECIALTY															
304	FBALX	Balanced		23.62	Buy	-1.4	4.7	2.7	13.5	11.6	12.8	0.69	\$18,932		
308	FCV SX	Convertible Securities		32.70	Buy	-1.1	5.9	2.9	15.4	11.5	14.6	1.02	2,304		
334	FGBLX	Global Balanced	1.00%/30d	25.20	OK to Buy	-2.4	1.9	0.6	9.5	6.9	9.5	0.76	599		
2120	FFGCX	Global Commodity Stock	1.00%/30d	15.06	Hold	-1.3	6.6	2.6	17.3	-3.4	4.5	1.77	261		
1960	FDYSX	Global Strategies		9.61	OK to Sell	-1.5	3.0	1.1	8.4	5.1	8.8	0.80	146		
1368	FIREX	International Real Estate	1.50%/90d	10.96	Hold	-0.3	7.8	4.3	13.1	11.1	11.1	1.58	344		
4	FPURX	Puritan		22.11	Buy	-1.3	5.0	3.1	14.1	11.5	12.9	0.73	17,755		
833	FRIFX	Real Estate Income	0.75%/90d	11.91	OK to Sell	-0.3	9.0	2.1	8.8	10.3	14.3	0.50	2,628		
303	FRESX	Real Estate Investment	0.75%/90d	37.56	OK to Sell	0.6	18.1	3.8	12.6	11.0	22.7	1.37	4,048		
1329	FSDIX	Strategic Dividend & Income		14.89	OK to Buy	-1.2	8.2	2.6	12.8	13.4	15.8	0.73	2,754		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.57	OK to Sell	-1.2	5.4	-0.2	5.0	2.6	7.6	0.52	655		
311	FIUIX	Telecom & Utilities		23.68	Hold	-3.5	10.0	2.5	17.3	15.0	16.1	0.88	989		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		13.59	Hold	-0.8	2.8	0.9	5.6	4.7	6.5	0.28	4,931		
1957	FTANX	Asset Manager 30%		10.72	Hold	-1.1	3.3	1.1	7.2	6.0	8.0	0.40	746		
1958	FFANX	Asset Manager 40%		10.95	Hold	-1.2	3.5	1.4	8.8	7.2	9.2	0.51	751		
314	FASMX	Asset Manager 50%		18.04	Hold	-1.5	3.7	1.6	10.2	8.1	10.3	0.62	7,980		
1959	FSANX	Asset Manager 60%		11.58	Hold	-1.7	3.9	1.7	11.5	9.0	11.2	0.74	1,175		
321	FASGX	Asset Manager 70%		21.30	Hold	-1.9	3.8	1.9	12.7	9.9	12.2	0.86	3,738		
347	FAMRX	Asset Manager 85%		17.78	Hold	-2.3	3.9	2.0	14.7	11.3	13.4	1.04	1,420		
EQUITY INDEX															
355	FFNOX	Four-in-One Index		36.97	Hold	-1.9	4.0	1.7	13.7	12.3	13.2	0.94	3,774		
2010	FIENX	International Enhanced Index	1.00%/30d	8.98	Hold	-2.2	4.1	1.1	16.7	8.8	10.1	1.32	72		
1827	FLC EX	Large Cap Core Enhanced Index		11.68	Buy	-0.9	5.4	3.0	17.7	17.4	16.6	0.98	287		
1829	FLG EX	Large Cap Growth Enhanced Index		14.41	OK to Buy	-0.6	5.3	3.7	19.5	16.6	17.1	1.02	268		
1828	FLV EX	Large Cap Value Enhanced Index		10.69	OK to Buy	-1.7	6.6	2.2	16.7	18.3	16.8	1.02	617		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.00	OK to Buy	-3.1	3.8	1.1	17.2	16.7	18.9	1.21	341		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	57.94	Hold	-0.8	5.2	6.5	21.7	17.9	18.3	1.16	887		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	11.94	Buy	-5.0	-2.8	-0.1	9.8	15.1	17.7	1.43	389		
650	FUSEX	Spartan 500 Index ⁴		68.54	Hold	-1.4	5.6	3.0	16.8	16.7	16.7	1.00	5,959		
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	10.36	Hold	1.5	8.4	8.4	14.1	--	--	--	14		
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	53.33	Hold	-4.5	1.5	1.3	13.4	15.4	18.7	1.32	1,849		
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	12.86	Hold	-1.5	4.0	2.1	14.6	--	--	--	14		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	41.35	Hold	-2.4	2.4	0.1	14.3	7.8	9.2	1.34	2,795		
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	16.58	Hold	-3.0	5.3	2.4	16.1	--	--	--	21		
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	13.59	OK to Sell	0.2	18.2	3.5	12.4	--	--	--	13		
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	15.91	Hold	-6.0	-3.0	-0.2	8.6	--	--	--	21		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	56.56	Hold	-2.0	4.8	2.7	16.1	16.5	17.1	1.05	1,731		
INTERNATIONAL						Category Averages			-1.4	2.9	3.5	14.1	7.1	10.4	1.43
309	FICDX	Canada	1.50%/90d	63.85	OK to Buy↑	-0.8	9.5	5.6	16.9	4.0	8.4	1.17	2,219		
352	FHKCX	China Region	1.50%/90d	34.70	OK to Buy↑	2.7	2.8	10.5	20.8	7.5	9.5	1.57	1,378		
325	FDIVX	Diversified International	1.00%/30d	37.15	Hold	-2.3	0.7	1.1	13.7	8.1	9.7	1.36	14,437		
351	FSEAX	Emerging Asia	1.50%/90d	33.57	Hold	2.7	9.6	10.4	19.7	3.4	9.3	1.54	1,131		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.52	Hold	-0.6	3.6	4.9	12.3	1.6	8.8	1.53	106		
322	FEMKX	Emerging Markets	1.50%/90d	25.75	Hold	0.0	6.9	6.8	14.4	-0.2	7.3	1.60	2,415		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.76	Hold	-0.1	5.0	7.4	10.9	--	--	--	84		
301	FIEUX	Europe	1.00%/30d	38.42	Hold↓	-5.0	-1.2	-4.6	11.1	8.4	9.6	1.53	1,422		
2406	FGILX	Global Equity-Income	1.00%/30d	12.79	OK to Buy	-1.6	4.7	2.5	15.0	--	--	--	52		
335	FIVFX	International Cap App	1.00%/30d	17.18	Buy	-1.6	2.6	2.8	15.5	9.9	12.6	1.49	1,049		
305	FIGRX	International Discovery	1.00%/30d	39.98	Hold	-2.9	-1.3	0.7	11.2	7.8	9.7	1.35	8,015		
1979	FIGFX	International Growth	1.00%/30d	11.16	OK to Buy	-2.6	-0.7	0.1	12.0	8.8	12.3	1.24	563		
818	FISM X	International Small Cap	2.00%/90d	26.92	Hold	-2.6	0.5	0.8	15.6	8.8	13.8	1.36	958		
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.50	Buy	-2.8	3.9	0.5	16.1	12.1	16.3	1.19	619		
1597	FIVLX	International Value	1.00%/30d	9.00	Hold	-2.8	-0.6	-1.1	11.1	5.9	7.5	1.39	199		
350	FJPNX	Japan	1.50%/90d	12.01	OK to Sell	-1.3	-0.3	8.4	5.4	5.7	4.9	1.19	440		
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.65	OK to Sell	0.2	1.6	10.4	9.1	14.8	12.1	1.63	467		
349	FLATX	Latin America	1.50%/90d	32.96	Hold	0.2	5.5	4.4	5.4	-7.4	2.4	1.77	1,086		
342	FNORX	Nordic	1.50%/90d	46.46	Buy	-5.1	3.8	-1.8	28.8	14.9	17.0	1.69	616		
94	FOSFX	Overseas	1.00%/30d	40.51	OK to Buy	-3.2	0.6	-0.9	14.4	8.8	9.1	1.52	2,924		
302	FPBFX	Pacific Basin	1.50%/90d	29.14	Hold	0.1	5.4	6.1	17.3	8.7	14.7	1.39	730		
2369	FTEMX	Total Emerging Markets	1.50%/90d	12.05	Hold	0.3	7.1	7.4	16.7	--	--	--	47		
1978	FTIEX	Total International Equity	1.00%/30d	8.21	OK to Buy	-2.2	0.2	0.5	11.0	6.1	9.5	1.31	340		
318	FWWFX	Worldwide	1.00%/30d	24.72	OK to Buy	-3.4	0.4	1.8	13.5	11.9	14.1	1.19	1,576		

FIDELITY SCORECARD

JULY 31, 2014

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jul	YTD	3 Mo.	1 Year	3 Year	5 Year				
SELECT PORTFOLIOS						Category Averages			-2.7	5.3	2.8	17.5	15.2	17.3	1.41
34	FSAIX	Air Transportation	0.75%/30d	63.44	OK to Buy	-3.0	7.6	2.6	27.7	24.7	26.3	1.10	\$371		
502	FSAVX	Automotive	0.75%/30d	52.68	OK to Buy	-2.8	3.0	3.8	14.8	14.6	18.1	1.88	166		
507	FSRBX	Banking	0.75%/30d	25.45	Hold	-3.0	0.4	1.0	10.7	17.2	15.4	1.35	595		
42	FBIOX	Biotechnology	0.75%/30d	193.42	OK to Sell	-3.4	6.4	6.5	17.1	34.5	26.1	1.78	8,219		
68	FSLBX	Brokerage & Investment	0.75%/30d	72.30	OK to Buy	-1.0	-2.3	3.1	13.3	16.8	11.7	1.70	610		
69	FSCHX	Chemicals	0.75%/30d	148.69	Hold	-2.8	4.3	1.4	20.6	17.0	21.6	1.56	1,580		
518	FSDCX	Communications Equipment	0.75%/30d	31.59	Hold	-2.2	7.2	2.7	18.7	9.4	11.9	1.54	261		
7	FDCPX	Computers	0.75%/30d	79.11	OK to Sell	1.1	6.9	5.8	18.3	14.3	18.5	1.49	672		
511	FSHOX	Construction & Housing	0.75%/30d	52.29	OK to Sell	-3.5	0.5	-0.4	6.1	20.4	18.2	1.43	304		
517	FSCPX	Consumer Discretionary	0.75%/30d	30.89	Buy	-3.5	-1.9	-0.3	10.1	16.9	20.3	1.20	779		
98	FSVLX	Consumer Finance	0.75%/30d	15.14	OK to Buy	-3.0	-1.0	1.0	7.4	19.2	15.0	1.08	148		
9	FDFAX	Consumer Staples	0.75%/30d	90.31	Hold	-2.8	3.5	-0.3	8.7	14.5	14.9	0.95	1,405		
67	FSDAX	Defense & Aerospace	0.75%/30d	109.89	OK to Buy	-5.8	-6.3	-6.0	10.8	16.1	20.1	1.13	803		
8	FSELX	Electronics	0.75%/30d	76.21	Buy	-2.1	20.8	9.5	35.7	16.8	17.1	1.59	1,732		
60	FSENX	Energy	0.75%/30d	59.01	OK to Buy	-4.4	10.5	2.0	18.9	6.8	13.8	1.85	2,582		
43	FSESX	Energy Service	0.75%/30d	92.97	Hold	-5.4	13.4	5.2	23.2	3.3	14.6	2.28	1,223		
516	FSLEX	Environment & Alt Energy	0.75%/30d	23.16	Sell	-4.3	1.6	-0.3	14.1	10.9	11.4	1.24	99		
66	FIDSX	Financial Services	0.75%/30d	83.22	OK to Buy	-1.2	1.9	3.0	12.6	15.0	10.2	1.51	1,196		
41	FSAGX	Gold	0.75%/30d	22.83	Sell	-2.8	27.1	8.1	4.6	-22.1	-6.7	2.74	1,250		
63	FSPHX	Health Care	0.75%/30d	206.52	Buy	-0.1	15.8	9.5	35.4	28.4	25.9	1.18	6,562		
510	FSCGX	Industrial Equipment	0.75%/30d	40.56	Hold	-5.5	-3.2	-4.3	10.9	13.5	17.7	1.51	332		
515	FCYIX	Industrials	0.75%/30d	31.17	Buy	-5.6	-2.1	-3.3	12.7	15.8	19.1	1.32	1,169		
45	FSPCX	Insurance	0.75%/30d	64.16	Buy	-3.7	-0.8	-0.1	12.0	18.6	17.2	1.20	381		
353	FBSOX	IT Services	0.75%/30d	35.66	Buy	-2.4	-4.3	2.9	15.6	19.1	21.4	1.39	1,059		
62	FDSLX	Leisure	0.75%/30d	127.76	Buy	-3.7	-0.9	1.5	15.0	15.7	20.8	1.36	411		
509	FSDPX	Materials	0.75%/30d	85.13	Hold	-3.4	3.3	0.7	15.5	10.2	16.2	1.61	1,257		
505	FSHCX	Medical Delivery	0.75%/30d	76.79	Hold	2.2	9.6	9.1	21.2	15.6	20.1	1.18	686		
354	FSMEX	Medical Equipment	0.75%/30d	37.66	Buy	-1.2	11.4	8.4	25.2	17.5	17.6	1.17	1,673		
503	FBMPX	Multimedia	0.75%/30d	80.66	OK to Buy	-1.5	1.5	5.9	16.6	23.6	26.3	1.24	865		
513	FSNGX	Natural Gas	0.75%/30d	43.83	Buy	-5.0	16.2	1.8	28.4	8.6	10.6	1.64	1,141		
514	FNARX	Natural Resources	0.75%/30d	41.43	Hold	-4.5	12.9	3.1	19.8	4.5	12.5	1.88	1,053		
580	FPHAX	Pharmaceuticals	0.75%/30d	20.39	OK to Buy	-2.8	12.2	1.9	28.2	22.0	22.8	0.97	1,517		
46	FSRPX	Retailing	0.75%/30d	79.65	Hold	-1.7	-4.9	0.8	9.1	17.8	21.3	1.24	753		
28	FSCSX	Software & Computer Svcs	0.75%/30d	116.08	Buy	-1.3	0.8	4.9	23.5	20.6	22.2	1.34	3,011		
64	FSPTX	Technology	0.75%/30d	119.67	OK to Buy	-1.3	6.2	7.8	22.6	13.7	18.3	1.38	2,549		
96	FSTCX	Telecommunications	0.75%/30d	61.69	Buy	0.5	4.2	5.6	11.8	12.0	13.8	0.98	415		
512	FSRFX	Transportation	0.75%/30d	81.26	OK to Buy	-2.2	11.7	4.8	29.9	21.6	24.5	1.27	619		
65	FSUTX	Utilities	0.75%/30d	72.57	Sell	-6.7	11.9	-1.3	16.8	14.7	14.7	0.96	957		
963	FWRLX	Wireless	0.75%/30d	9.43	OK to Buy	-0.7	1.3	2.0	19.3	13.2	13.4	0.92	284		
SECTOR ETFs															
	FDIS	MSCI Consumer Discretionary		26.61	Buy	-1.9	-0.9	3.2	--	--	--	--	76		
	FSTA	MSCI Consumer Staples		26.18	Hold	-3.3	1.7	-1.5	--	--	--	--	62		
	FENY	MSCI Energy		27.98	OK to Buy	-3.7	9.4	2.7	--	--	--	--	134		
	FNCL	MSCI Financials		26.66	OK to Buy	-1.6	3.4	2.5	--	--	--	--	121		
	FHLC	MSCI Healthcare		29.08	OK to Buy	-0.2	9.9	5.7	--	--	--	--	168		
	FIDU	MSCI Industrials		26.85	Buy	-4.7	-1.3	-2.3	--	--	--	--	103		
	FTEC	MSCI Information Technology		29.33	OK to Buy	0.6	8.8	7.3	--	--	--	--	168		
	FMAT	MSCI Materials		27.70	Hold	-2.4	5.5	2.4	--	--	--	--	88		
	FCOM	MSCI Telecomm Services		26.98	Buy	0.8	6.3	4.9	--	--	--	--	66		
	FUTY	MSCI Utilities		26.88	Sell	-6.9	9.7	-3.5	--	--	--	--	82		

Fund Commentary *cont'd from page 5*

Among large-caps, growth-oriented offerings fell an average of 2.2% in July versus 1.8% for the value-oriented variety. The latter's modest performance advantage was partly the result of their having a higher market cap generally, and big financials in particular. That said, **Capital Appreciation** (a large-cap growth fund) was

the overall top performer in July as it fell just 0.4%. (Its 30% stake in health care was especially helpful.)

Bond Funds

The specter of rising short-term interest rates pushed the yield on the 10-year Treasury up 8 basis points to 2.56%. As a result, **Spartan US Bond Index** slipped 0.3%. While inflation-adjusted funds were essen-

tially unchanged in July, funds with longer durations (especially tax-free munis) generally gained a bit of ground (as longer-term rates eased a bit), while most short-to-intermediate term funds slipped. As for domestic high-yield funds, they lost about 1% as some investors have joined us in our concern that their valuations have grown a bit stretched. ■

— John Bonnanzio

FIDELITY SCORECARD

JULY 31, 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			
						Jul	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
TAXABLE BOND						Category Averages			-0.3	3.6	0.9	3.5	2.7	4.3	1.52	4.9	0.26
2267	FCONX	Conservative Income Bond		10.04	Buy	0.0	0.2	-0.0	0.4	0.7	--	0.12	0.3	0.02			
2208	FCBFX	Corporate Bond		11.39	Buy	-0.3	6.0	1.5	7.2	6.0	--	2.64	6.8	0.36			
2423	FGBFX	Global Bond		9.85	OK to Sell	-1.0	4.2	0.4	4.8	--	--	1.83	6.2	--			
15	FGMNX	GNMA (Ginnie Mae)		11.49	Hold	-0.5	3.9	0.9	4.6	2.6	4.3	2.09	4.1	0.23			
54	FGOVX	Government Income		10.37	Hold	-0.3	3.1	0.8	2.9	2.4	3.4	1.55	4.7	0.23			
794	FINPX	Inflation-Protected Bond ³		12.47	Hold	-0.1	5.6	2.3	3.1	1.8	5.1	-0.23	5.6	0.42			
32	FTHRXX	Intermediate Bond		10.93	Buy	-0.3	2.4	0.5	3.0	2.8	5.0	1.78	3.8	0.18			
452	FSTGX	Intermediate Gov't Income		10.63	Hold	-0.3	1.6	0.4	1.6	1.5	2.7	1.11	3.5	0.16			
2428	FINUX	International Bond		9.94	OK to Sell	-1.5	4.2	0.1	5.3	--	--	1.77	6.4	--			
26	FBNDX	Investment Grade Bond		7.86	Buy	-0.4	3.9	0.9	4.5	3.7	6.0	2.35	5.1	0.24			
2622	FJRLX	Limited Term Bond		11.52	Buy	-0.3	1.7	0.4	2.6	2.6	4.9	1.40	2.8	--			
662	FFXSX	Limited Term Government		10.03	OK to Buy	-0.2	0.8	0.2	0.9	0.7	1.7	0.71	2.5	0.08			
40	FMSFX	Mortgage Securities		11.19	Hold	-0.4	3.7	1.0	4.3	2.8	4.7	2.57	4.0	0.20			
450	FSHBX	Short-Term Bond		8.59	Buy	-0.2	0.7	0.1	1.3	1.2	2.4	0.72	1.9	0.06			
2415	FSIQX	Sptn Inflation-Protect Index ⁴		9.87	Hold	0.0	5.7	2.3	3.3	--	--	0.01	5.7	--			
1561	FIBIX	Sptn Interm Treas Index ⁴		10.78	OK to Sell	-0.4	3.4	0.8	2.1	2.6	4.5	1.94	6.5	0.38			
1562	FLBIX	Sptn Lng-Term Treas Index ⁴		12.15	OK to Sell	0.6	12.9	3.1	8.5	7.3	7.1	3.01	16.6	1.03			
1560	FSBIX	Sptn Sht-Term Treas Index ⁴		10.42	Hold	-0.2	0.5	-0.0	0.4	0.6	1.7	0.62	2.6	0.08			
651	FBIDX	Sptn US Bond Index		11.60	Hold	-0.3	3.5	0.8	3.6	2.8	4.2	2.02	5.3	0.23			
820	FTBFX	Total Bond		10.68	Buy	-0.3	4.0	1.0	5.0	4.0	6.1	2.47	4.9	0.24			
HIGH-YIELD BOND						Category Averages			-0.9	4.4	1.3	7.7	6.6	9.5	3.89	3.6	0.51
38	FAGIX	Capital & Income	1.00%/90d	10.05	Buy	-1.4	5.8	2.1	11.4	8.1	13.2	3.85	3.9	0.67			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.94	OK to Buy	-0.2	1.8	0.8	3.3	4.2	5.3	2.99	0.3	0.26			
1366	FHIFX	Focused High Income	1.00%/90d	8.94	Buy	-1.2	3.1	0.3	6.2	6.5	9.3	3.78	3.5	0.43			
2297	FGHNX	Global High Income	1.00%/90d	10.15	Buy	-1.3	4.4	1.0	8.6	7.2	--	4.51	3.3	0.62			
455	SPHIX	High Income	1.00%/90d	9.32	Buy	-1.5	2.7	0.1	6.5	7.3	10.9	4.58	3.0	0.57			
331	FNMIX	New Markets Income	1.00%/90d	16.75	Hold	0.0	10.4	4.8	11.0	7.9	10.6	4.83	7.8	0.66			
2580	FSAHX	Short Duration High Income	1.00%/90d	10.01	OK to Buy	-1.1	2.0	-0.0	--	--	--	3.37	2.4	--			
368	FSICX	Strategic Income		11.16	Buy	-0.8	5.1	1.4	6.8	5.1	8.0	3.22	4.7	0.38			
MUNICIPAL BOND						Category Averages			0.2	5.4	1.5	6.8	4.6	4.8	1.78	5.9	0.30
434	FSAZX	Arizona Muni Income	0.50%/30d	11.98	OK to Buy	0.2	6.8	1.7	8.0	5.4	5.5	2.19	6.9	0.34			
1534	FCSTX	Calif Limited Term Tax Free ⁶	0.50%/30d	10.73	Buy	0.3	2.5	0.9	3.4	2.3	2.9	0.91	3.2	0.14			
91	FCTFX	California Muni Income	0.50%/30d	12.85	OK to Buy	0.5	7.0	1.9	8.7	6.3	6.4	2.24	7.0	0.34			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.67	OK to Buy	0.3	5.9	1.5	7.0	4.2	4.6	1.93	6.7	0.31			
2578	FCRDXX	Conservative Income Muni		10.04	Buy	0.0	0.3	0.1	--	--	--	0.05	0.6	--			
36	FLTXX	Interm Municipal Income	0.50%/30d	10.47	Buy	0.2	4.7	1.3	5.6	3.9	4.3	1.60	5.0	0.24			
404	FSTFX	Limited Term Muni Income ⁷	0.50%/30d	10.73	Buy	0.1	1.8	0.5	2.5	1.9	2.4	0.65	2.7	0.12			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.34	OK to Buy	0.3	5.9	1.6	6.8	4.1	4.5	1.80	6.7	0.31			
70	FDMMX	Mass Muni Income	0.50%/30d	12.30	OK to Buy	0.4	6.6	1.9	7.7	5.1	5.3	2.20	7.5	0.36			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.11	OK to Buy	0.2	5.8	1.6	6.6	4.5	4.8	2.12	5.7	0.29			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.70	OK to Buy	0.3	4.6	1.4	5.5	3.9	4.3	1.67	5.8	0.26			
37	FHIGX	Municipal Income	0.50%/30d	13.30	Buy	0.2	7.1	1.9	8.6	5.7	5.9	2.26	7.3	0.34			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.88	OK to Buy	-0.2	5.9	1.3	6.5	4.7	4.9	2.05	6.9	0.33			
71	FTFMX	New York Muni Income	0.50%/30d	13.40	OK to Buy	0.4	6.5	2.0	8.0	4.9	5.2	2.00	7.2	0.34			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.03	OK to Buy	0.2	6.8	1.8	8.2	5.0	5.1	2.32	7.5	0.34			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.20	OK to Buy	0.5	6.4	1.8	7.7	5.2	5.2	1.96	6.6	0.32			
90	FTABX	Tax-Free Bond	0.50%/30d	11.51	Buy	0.3	7.3	2.0	8.8	5.9	6.0	2.34	7.3	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
			Jul	YTD					Jul	YTD	
55	FDRXX	Cash Reserves	0.00	0.01	0.01	457	FSPXX	California AMT Tax-Free	0.00	0.01	0.01
458	SPAXX	Government MM	0.00	0.01	0.01	418	FCMXX	Connecticut Muni MM	0.00	0.01	0.01
454	SPRXX	Money Market	0.00	0.01	0.01	426	FMSXX	Mass AMT Tax-Free	0.00	0.01	0.01
631	FGMXX	Retirement Gov't MM	0.00	0.01	0.01	74	FDMMX	Massachusetts Muni MM	0.00	0.01	0.01
630	FRTXX	Retirement MM	0.00	0.01	0.01	420	FMIXX	Michigan Muni MM	0.00	0.01	0.01
85	FSLXX	Select MM	0.00	0.01	0.01	10	FTEXX	Municipal Money Market	0.00	0.01	0.01
2543	FLTXX	Treasury MM	0.00	0.01	0.01	417	FNJXX	New Jersey Muni MM	0.00	0.01	0.01
415	FDLXX	Treasury Only MM	0.00	0.01	0.01	423	FSJXX	New Jersey AMT Tax-Free	0.00	0.01	0.01
50	FGRXX	U.S. Gov't Reserves	0.00	0.01	0.01	92	FNYYX	New York Muni MM	0.00	0.01	0.01
MUNICIPAL MONEY MARKET FUNDS						422	FSNXX	New York AMT Tax-Free	0.00	0.01	0.01
460	FIMXX	AMT Tax-Free Money Fnd	0.00	0.01	0.01	419	FOMXX	Ohio Muni MM	0.00	0.01	0.01
433	FSAXX	Arizona Muni MM	0.00	0.01	0.01	401	FPTXX	Pennsylvania Muni MM	0.00	0.01	0.01
97	FCFX	California Muni MM	0.00	0.01	0.01	275	FMOXX	Tax-Free Money Market	0.00	0.01	0.01

FIDELITY SCORECARD

JULY 31, 2014

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Jul	YTD	3 Mo.	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model						-2.5	3.8	3.5	17.8	15.2	16.9	1.25
	Annuity Growth Model						-2.3	2.6	2.8	11.9	13.2	15.0	1.13
	Annuity Growth & Income Model						-1.7	3.5	2.0	9.9	9.8	11.2	0.80
	Annuity Income Model						-0.8	3.2	1.0	6.1	5.7	7.0	0.38
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.18	Hold	-1.7	4.6	2.2	12.5	8.1	10.7	0.76
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		17.49	Hold	-2.2	5.0	2.8	15.8	9.8	12.7	1.05
9069	FJBAC	Fid VIP Balanced	Allocation		18.50	Buy	-1.3	4.4	2.6	12.3	10.2	12.8	0.93
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	19.91	Buy	-4.0	-2.7	-0.8	9.0	16.4	19.8	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	18.39	Hold	-3.6	1.4	-0.4	6.5	13.3	13.9	0.94
9065	FPDFC	Fid VIP Contrafund	Large Growth		19.43	Hold	-1.8	4.6	3.2	16.6	14.2	15.5	1.07
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		15.47	Buy	-5.2	-3.1	-0.3	9.3	14.4	16.9	1.42
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		21.11	Buy	-0.5	3.8	5.2	18.7	18.8	19.0	1.13
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	9.05	Hold	0.0	6.5	6.6	13.6	-0.6	6.7	1.59
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	20.08	Buy	-4.3	10.5	1.9	18.7	6.7	13.7	1.85
9061	FLOLC	Fid VIP Equity-Income	Large Value		16.77	OK to Buy	-1.9	5.6	2.2	12.5	15.3	15.7	0.98
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	9.94	Buy	-1.3	1.6	2.8	12.2	14.8	10.1	1.51
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.06	OK to Buy	-0.2	0.6p	0.6	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.82	Hold	-0.8	2.2	0.9	5.1	4.1	5.3	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		14.86	Hold	-1.5	2.7	1.4	9.3	7.5	9.1	0.60
9197	FMPCC	Fid VIP FundsManager 60	Allocation		13.78	Hold	-1.8	2.8	1.6	10.9	8.7	10.4	0.71
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.03	Hold	-2.0	2.7	1.5	11.7	9.6	11.4	0.83
9160	FMPDC	Fid VIP FundsManager 85	Allocation		14.92	Hold	-2.3	2.5	1.8	13.5	10.9	12.8	1.01
9062	FMNDC	Fid VIP Growth	Large Growth		18.91	OK to Buy	-2.4	5.9	4.5	21.5	15.0	18.1	1.23
9070	FIDNC	Fid VIP Growth & Income	Large Blend		18.63	Buy	-1.2	5.0	3.3	15.0	17.8	16.4	1.02
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		18.58	Buy	-3.0	1.1	3.2	12.9	15.9	19.4	1.32
9078	FPVDC	Fid VIP Growth Stock	Large Growth		20.02	Buy	-2.0	3.9	4.2	20.0	15.2	18.4	1.14
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		16.37	Hold	-2.9	2.7	2.2	15.1	10.8	15.4	1.37
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	29.43	Buy	-0.0	15.5	9.6	34.6	27.7	25.5	1.18
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.11	Buy	-1.2	3.5	0.4	7.0	6.9	10.2	0.52
9064	FXLVT	Fid VIP Index 500	Large Blend		18.42	Hold	-1.4	5.4	3.0	16.5	16.4	16.4	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	24.17	Buy	-5.6	-1.9	-3.1	12.7	15.7	18.9	1.31
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	15.39	Buy	-1.7	2.3	2.7	14.9	9.6	12.3	1.49
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.95	Buy	-0.4	3.7	0.8	4.0	3.2	5.1	0.24
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	18.92	Hold	-3.5	3.4	0.7	15.6	10.0	16.0	1.61
9071	FNBSJ	Fid VIP Mid Cap	Mid Growth		21.02	OK to Buy	-3.1	1.6	2.4	15.1	12.4	15.4	1.21
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	15.15	OK to Buy	-2.4	-3.4	0.5	11.4	6.4	9.4	1.49
9072	FFWKC	Fid VIP Real Estate	Sector		19.02	OK to Sell	0.3	18.0	4.2	12.5	11.0	22.3	1.38
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.46	Buy	-0.9	4.7	1.2	6.1	4.5	7.3	0.37
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	23.40	Buy	-0.9	7.0	7.5	23.0	12.6	17.6	1.37
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	13.22	Buy	0.3	4.0	5.5	11.3	13.0	14.0	0.96
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	21.04	Sell↓	-6.8	11.6	-1.5	16.5	14.6	14.6	0.96
9079	FKMSC	Fid VIP Value	Mid Value		17.33	Buy	-1.9	5.3	2.1	14.8	16.9	17.6	1.11
9080	FUEBC	Fid VIP Value Leaders	Large Value		14.04	OK to Buy	-1.7	4.0	2.9	14.5	13.3	12.5	1.20
9073	FBMSC	Fid VIP Value Strategies	Mid Value		18.87	OK to Buy	-1.8	4.0	2.9	14.0	14.9	18.5	1.33
9347	FBMEC	Black Rock Global Allocation	Global Allocation		11.90	OK to Sell	-1.0	2.4	1.6	8.9	6.0	8.1	0.79
9349	FTMEC	Franklin Templeton Gobl Bond	Global Bond		11.25	Buy	-0.2	2.9	2.0	6.1	3.6	7.5	0.74
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.09	Hold	-0.3	2.0	0.5	2.3	1.0	2.5	0.17
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.41	OK to Sell	-2.2	2.4	0.7	12.6	7.8	8.9	1.26
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		17.11	Hold	1.1	10.0	10.1	16.8	3.1	9.2	1.61
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.20	Hold	0.1	8.2	3.7	7.7	5.1	8.4	0.72
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.76	Hold	-0.8	4.6	4.8	8.3	0.6	6.7	1.39
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		12.60	Hold	-1.1	3.5	0.5	10.7	8.0	9.0	0.84
9346	FPMEC	Pimco Commodity Real Return	Commodities		9.03	OK to Sell	-5.3	4.0	-6.0	2.4	-7.0	4.5	1.34
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.39	Buy	-0.4	0.6	-0.1	1.7	1.6	--	0.20
9277	FPNBC	Pimco VIT Real Return	TIPS		12.92	Hold	0.0	6.3	2.7	3.9	2.4	--	0.47
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.38	Buy	-0.5	2.6	0.8	3.1	2.9	--	0.30

Annuity Sector	
Fund	Allocation
VIP Technology	25%
VIP Health Care	17
VIP Energy	15
VIP Industrials	15
VIP Financial Services	14
VIP Cons Discretionary	14
Total Return:	
Jul: -2.5%	YTD: 3.8%

Annuity Growth	
Fund	Allocation
VIP Growth Opps	22%
VIP Growth & Income	21
VIP Value	19
VIP Disciplined Sm Cap	16
VIP Dynamic Cap App	13
VIP Growth Stock	9
Total Return:	
Jul: -2.3%	YTD: 2.6%

Annuity Growth & Income	
Fund	Allocation
VIP Growth Opps	27%
VIP Growth & Income	22
VIP Investment Grade	20
VIP Value	20
VIP High Income	11
Total Return:	
Jul: -1.7%	YTD: 3.5%

Annuity Income	
Fund	Allocation
VIP Investment Grade	33%
VIP Balanced	30
Pimco VIT Low Duration	20
VIP High Income	17
Total Return:	
Jul: -0.8%	YTD: 3.2%

HOW RISKY IS YOUR BOND FUND?

		Credit Risk			
		Lower			Higher
Higher	Sptn Long-Term Treas Idx (3.01%)	With investors concerned about rising interest rates, this chart approximates the interest-rate and credit-risk characteristics of Fidelity's three main types of bond funds. For perspective, Spartan Long-Term Treasury (top left) is actually about 2.5 times more interest-rate-sensitive than Spartan Intermediate Treasury (immediately below it). Conversely, Treasury Only Money Market (bottom left) is essentially risk-free, as are most money market funds (see p. 12). In noting that yields (rounded, and in parentheses) rise as risk increases, muni funds' tax-equivalent yields rise for more highly taxed investors.			
		■ High Yield ■ Taxable ■ Municipal			
Interest-Rate Risk	Sptn Interm Treas Idx (1.94%)	Tax-Free Bond (2.34%) Muni Inc (2.26%)	Corporate Bond (2.64%)		
	Sptn Inflation-Prot Idx (0.01%) Inflation-Prot Bond (-0.23%) Sptn US Bond Idx (2.02%)¹ GNMA (2.09%) Gov't Inc (1.55%) Mtge Secs (2.57%)	Global Bond (1.83%) Investment Grade (2.35%) Intermediate Muni (1.60%) Total Bond (2.47%)	International Bond (1.77%) New Mkts Inc (4.83%) Strategic Inc (3.22%)	Capital & Inc (3.85%) ² Global High Inc (4.51%)	
	Interm Gov't Inc (1.11%) Sptn Short-Term Treas Idx (0.62%) Ltd Term Gov't (0.71%)	Intermediate Bond (1.78%) Limited-Term Muni (0.65%) ³ Limited-Term Bond (1.40%)		High Inc (4.58%) Focused High Inc (3.78%) Short Dur High Inc (3.37%)	
	Treasury Only Money Market (0.01%) ⁴	Short-Term Bond (0.72%) Conservative Inc Muni (0.05%) Conservative Inc (0.12%)		Floating Rate High Inc (2.99%)	
		Lower			Higher

¹Fund is a proxy for the Barclays US Aggregate Index, a broad benchmark of US bond performance; ²With 20% of the fund invested in stocks, equity risk is a subjective consideration; ³Formerly called Short-Intermediate Muni Income; ⁴Not a bond fund. Shown only to illustrate risk relative to bond funds whose NAVs fluctuate daily.

PORTFOLIO STRATEGIES

Fidelity's Facebook Bet Paying Off

In March 2012, we reported that at least a dozen retail Fidelity stock funds were early buyers of Facebook's private Class B shares. Collectively they were thought to have invested their allotted limit of \$200 million. But even before Facebook's Class A common shares made their debut to the public that May, Fidelity's stake was worth about \$300 million. (Class B shares are convertible at any time to the far more liquid Class A shares, which have greater voting rights.)

As you may recall, Facebook's IPO (at \$38 per share) was botched by Morgan Stanley. Among several reasons, the social media giant's \$1 billion in earnings translated into a

Facebook Holdings¹

	Value (\$ mil) ²	% of Fund Assets
Blue Chip Growth	362	2.2%
Capital Apprec	428	5.2
Contrafund	2,445	2.3
Disciplined Equity	13	1.0
Fidelity Fund	98	1.7
Growth Company	934	2.2
Growth Discovery	88	7.3
Independence	83	1.8
Magellan	304	1.9
OTC	289	2.7
Puritan	280	1.2
Sel Software & CS	116	3.7
Sel Technology	107	4.7
Spartan 500 Index³	--	0.6
Stock Sel All Cap	38	0.9
Trend	32	2.3

¹Most reporting periods as of 5/30/14; ²Value of Class A shares rounded; ³Proxy for S&P 500.

price/earnings ratio of over 100! By comparison, an investor could have purchased a dollar's worth of the S&P 500's earnings for just \$13.

If one was willing to overlook Facebook's billion-plus users, its premium could only be rationalized if one believed that its earnings would dramatically grow — and fast!

And have they ever! In fact, in the most recent second quarter they doubled to \$791 million on revenues of \$2.9 billion; some analysts see 2014's earnings topping \$3 billion. And, as of this writing, Facebook shares trade at around \$75. Whereas the company's value at the time of its IPO was \$104 billion, today it's almost double that figure. This makes the company about the twelfth most valuable (by market cap) in the S&P 500, surpassing even IBM.

Two months after the IPO, Facebook's value was almost halved.

Facebook *cont'd on page 12*

Inside Fidelity

International Funds — Goodbye Russia, hello Saudi Arabia?

As the former will become more economically isolated and the latter is poised to open its half-trillion-dollar-lined stock market to foreign investors, MSCI's slate of emerging market indexes — and, therefore, the Fidelity funds that use their benchmarks — may be overhauled.

As with Russia, oil dominates the Saudi economy. However, the kingdom is the largest economy and equity market in the Middle East and North Africa. As such, it could account for as much as 4% of MSCI's broad emerging market index and perhaps two-thirds of its frontier market index. Likewise, Saudi Arabia could displace the 33% stake that Russia presently accounts for in Fidelity's **Emerging Europe, Middle East Africa (EMEA)** fund. We'll keep you posted on any changes. ■

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 August.

Fifty, Fidelity Fund, Growth Discovery, and Mega Cap Stock.

The final distributions for July were as follows:

Fund	Ex-Date	\$ Amt	NAV
Asset Mgr 40%	7/3	0.045	11.12
Asset Mgr 50%	7/3	0.079	18.40
Balanced	7/3	0.086	24.14
Convert Sec	7/3	0.112	33.39
Equity Div Inc	7/3	0.123	26.30
Equity-Inc	7/3	0.326	63.13
Glb Equity Inc	7/3	0.059	13.15
Global Strategies	7/3	0.266	9.81
Growth & Inc	7/3	0.139	29.81
Puritan	7/3	0.085	22.59
Spartan 500 Index	7/3	0.321	70.41
Strat Real Return	7/3	0.070	9.66
Strategic Div & Inc	7/3	0.086	15.15
Telecom and Util	7/3	0.110	24.18

Facebook *cont'd from page 11*

Lessons Learned

While several dozen Fidelity funds (including **Puritan** and **Disciplined Equity**) were Facebook sellers shortly after its IPO implosion, others like **Contra's** Will Danoff and Rob Bertelson of **Independence** appear to have been bargain-shopping during

that troubled period. Some of today's biggest Facebook holders (relative to the S&P 500's 0.6% weight) are shown in the table on p. 11.

While some funds clearly held Facebook for the anticipated early "pop" in IPO shares, the big winners have so far been funds whose managers have been the most patient. ■

— John Bonnanzio

INCOME INVESTING

Money Funds Dodge Regulatory Bullet

The SEC has approved new rules for the way money market funds (MMF) will come to be managed. Happily, the most onerous of the recommendations, a floating rather than today's static \$1.00 NAV, will only be imposed on institutional prime funds — not the retail variety in the *Scorecard*.

"Individual investors shouldn't notice anything," says Peter Crane of Crane Data, whose firm tracks the money market industry. But he adds that "there may be some ... new disclosure items on [fund] websites" including daily market NAVs (which show a MMF actual value to four decimal points). MMF must also post overnight and 1-week liquidity data, plus sales and redemptions. While all this information is meant to provide transparency, we suspect that few will ever look at the information or, quite frankly, know what any of it means.

In addition, all MMF will eventually have emergency "gates and fees." These would limit how much an investor can withdraw from their MMF and discourage redemptions by charging a fee to do so. But such measures, reminds Crane, would be "a last resort."

For Fidelity's part, they acknowledge that, for the time being, there are no changes. And, while there will

be a "multi-year implementation" of the new rules, they say they are "well-prepared."

"Where needed," said Fidelity in a letter to money market shareholders, "we will make changes to our product offerings and fund operations to comply with these rules."

As Fidelity is a low-cost manager of money funds, these new and more costly regulations will make their shareholders relative beneficiaries. That's because fund expenses are spread over a huge base. Notably, Fidelity manages 16% — \$400 billion — of the industry's \$2.6 trillion in MMF assets.

However, more regulations, beefed up safety (in the form of shortened maturities and higher credit standards), limits on liquidity, plus "emergency" redemption fees, will all continue to put downward pressure on MMF yields.

Granted, yields will one day rise from today's historically low levels of almost zero. But recent regs (implemented during the credit crisis) coupled with any changes will inevitably clip the funds' returns. And, of course, whether the new SEC rules will actually make already very-safe MMF even safer, well, that debate will also continue. ■

— John Bonnanzio

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