

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

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MESSAGE FROM JACK

Sunny Skies For Solar, Dark Clouds for Utilities

Electric utilities have had a nice run over the last 12 months. Thanks to declining interest rates and the popularity of low-volatility investments, **Select Utilities** has outperformed the S&P 500 by 8 percentage points. Not bad for a heavily-regulated no-growth sector!



Jack Bowers

The power grid still plays a critical role in today's economy, much as the railroads did in the late 1800s. But 20 years from now, most electricity will be produced where it is consumed, at far less cost than today.

Some regulated utilities are already attacking the distributed power revolution. By burdening grid-tied solar systems with higher monthly fees and lower purchase prices, they hope to preserve their monopoly status. Such moves are sure to backfire, because they will send the most profitable customers packing.

Consider Berkshire Hathaway's Mid-American unit, which bought out NV Energy in 2013. After convincing Nevada regulators to change net-metering rules, owners of solar arrays were stripped of their ability to pay back their investments unless they store their excess power or go off-grid. Did that discourage MGM Resorts? Hardly. This year it completed an 8.3 MW solar power plant on the roof of Mandalay Bay's convention center. It then announced it would pay a fee of \$87 million to exit the regulated grid. The loss of MGM shrinks NV Energy's power demand by 5% in one fell swoop. Several other large power users (like Wynn Resorts, Las Vegas Sands and Tesla) are planning to take the same path.

Right now the battle lines are being drawn in the sunniest of states, where the cost of producing solar power is cheapest. But as solar costs fall further, eventually every regulated utility in the country could be facing a significant loss in market share.

Bottom line: Take profits in Select Utilities (which we've downgraded along with others — see p. 5). If your main interest is dividends, consider **Select Telecom**. Phone carriers have moved beyond their "copper grid" and now have a better business model. They also offer better yields.

MARKET OUTLOOK

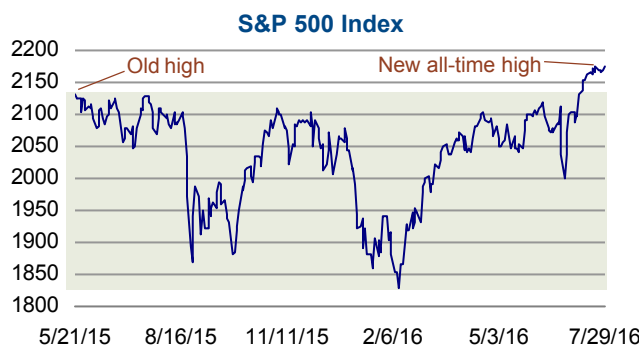
This Market Has Room To Run

In the June issue, I noted that the market had been stuck in a fairly narrow trading range (shaded below) for over a year since it last made a new high. I suggested that meant when the market finally broke out, either up or down, the move could be significant. I further argued that history was on the side of an upside break to new highs.

Last month, we saw just that as the S&P 500 reached a new all-time high of 2175 on July 22 and ended the month at 2174. Reiterating my June stance, I believe the market has room to go



John M. Boyd



significantly higher from here. Both fundamental data and technical/historical patterns support that view.

Economic Fundamentals Improving

The Citigroup Economic Surprise Index measures recent economic data compared to expectations (positive figures mean more surprises to the upside), and in July, it broke out in a big way, as shown below. From the blowout



Source: Bespoke Investment Group

MODEL PORTFOLIOS

See Model Portfolios Key on p. 3

JULY 31, 2016

Unique Opportunities

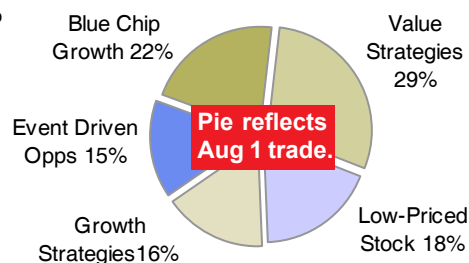
Target Risk: 1.20 (Current: 1.04)

Foreign Holdings: 11.5%

YTD Return: 2.5%

Stocks: 93.9% Bonds: 1.8% Cash: 4.3% Alternatives*: 0.0% Yield: 0.8%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Blue Chip Growth	FBGRX	\$69.46	1,317.53	\$91,516	6.6%
Value Strategies	FSLSX	43.60	1,775.86	77,428	3.3
Low-Priced Stock	FLPSX	49.57	1,536.56	76,167	3.4
Growth Strategies	FDEGX	34.43	1,918.03	66,038	3.0
Event Driven Opps	FARNX	11.66	5,640.98	65,774	4.8
Int'l Sm Cap Opps	FSCOX	15.17	2,957.94	44,872	4.7
Current Value (3/31/99 = \$100,000)				\$421,794	4.3%



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

Select

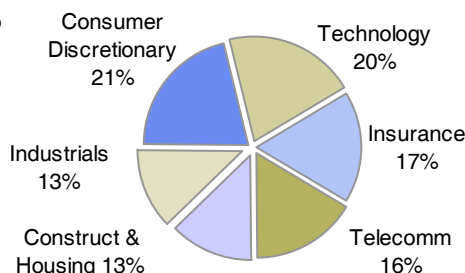
Target Risk: 1.20 (Current: 1.08)

Foreign Holdings: 8.8%

YTD Return: 8.2%

Stocks: 97.0% Bonds: 0.0% Cash: 3.1% Alternatives*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Consumer Discretionary	FSCPX	\$35.66	18,222.82	\$649,826	4.6%
Technology	FSPTX	126.82	4,926.36	624,761	8.4
Insurance	FSPCX	68.84	7,463.14	513,763	1.0
Telecommunications	FSTCX	72.61	6,810.59	494,517	2.9
Construction & Housing	FSHOX	63.22	6,134.36	387,814	5.9
Industrials	FCYIX	31.40	12,295.15	386,068	3.3
Current Value (12/31/88 = \$100,000)				\$3,056,749	4.4%



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

Growth

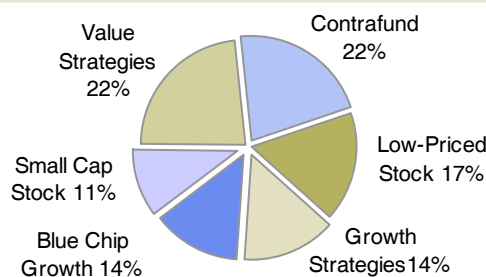
Target Risk: 1.00 (Current: 1.02)

Foreign Holdings: 12.4%

YTD Return: 2.5%

Stocks: 94.2% Bonds: 1.5% Cash: 4.3% Alternatives*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Value Strategies	FSLSX	\$43.60	11,242.67	\$490,181	3.3%
Contrafund	FCNTX	101.38	4,475.56	453,732	4.5
Low-Priced Stock	FLPSX	49.57	7,073.91	350,654	3.4
Growth Strategies	FDEGX	34.43	8,690.56	299,216	3.0
Blue Chip Growth	FBGRX	69.46	4,110.39	285,508	6.6
Small Cap Stock	FSLCX	17.85	12,494.74	223,031	3.5
Current Value (12/31/86 = \$100,000)				\$2,102,321	4.0%



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

Growth & Income

Target Risk: 0.66 (Current: 0.67)

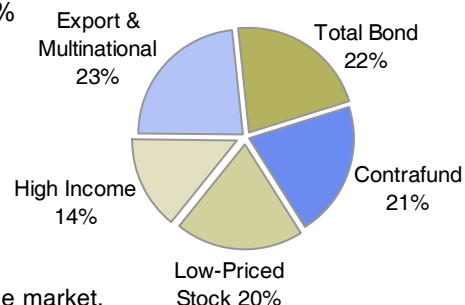
Foreign Holdings: 15.2%

YTD Return: 4.8%

Stocks: 60.6% Bonds: 16.8% Cash: 5.1% Alternatives*: 17.5% Yield: 2.2%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Export & Multinational	FEXPX	\$21.47	6,262.21	\$134,450	2.5%
Total Bond	FTBFX	10.85	11,326.99	122,898	1.3
Contrafund	FCNTX	101.38	1,154.98	117,092	4.5
Low-Priced Stock	FLPSX	49.57	2,233.22	110,701	3.4
High Income	SPHIX	8.48	9,680.60	82,091	2.4

Current Value (12/31/93 = \$100,000) \$567,232 2.8%



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

Income

Target Risk: 0.33 (Current: 0.36)

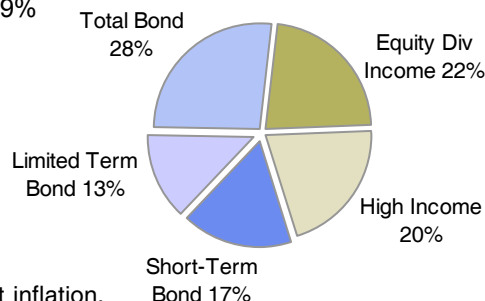
Foreign Holdings: 13.3%

YTD Return: 4.7%

Stocks: 21.2% Bonds: 50.0% Cash: 4.7% Alternatives*: 24.1% Yield: 2.9%

Holdings	Ticker	NAV	Shares	Value	Jul Ret
Total Bond	FTBFX	\$10.85	9,385.47	\$101,832	1.3%
Equity Dividend Income	FEQTX	26.57	3,145.82	83,585	2.6
High Income	SPHIX	8.48	8,890.17	75,389	2.4
Short-Term Bond	FSHBX	8.66	7,217.65	62,505	0.1
Limited Term Bond	FJRLX	11.62	4,270.26	49,620	0.3

Current Value (12/31/91 = \$100,000) \$372,931 1.4%



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

Market Outlook *cont'd from page 1*

employment report at the beginning of the month (287,000 jobs added), through strong reports on retail sales, industrial production, and new and existing home sales, the data were almost uniformly better than expected. However, there was one notable exception: The first estimate of GDP growth for the second quarter came in at 1.2%, well below estimates and barely better than a downwardly revised 0.8% in the first quarter.

Earnings Continue To Improve

So far, second quarter earnings for the S&P 500 are coming in above average in terms of the percentage beating estimates on both revenue and earnings. As of now, the quarter remains on target to mark the first increase in earnings per share after six quarters of declines. Also, the trend I highlighted last month of a moderation in analyst's cuts to future earnings forecasts continues. The fourth quarter of this year is holding up better than the third, which is holding up better than the second, which is holding up better than the first.

Technical/Historical Patterns

Of course, the reaching of a new high last month means that the secular bull market that began in March of 2009 is still intact, which suggests further gains ahead. While it is now the second-longest bull in history, so far it is only the fourth strongest in terms of gains.

Importantly, the advance that led to new highs was very strong. Mark Hulbert notes that over the 10 trading days through July 12, the ratio of advancing stocks to declining stocks exceeded 2-1. This has happened only 13 other times since 1949, according to Dan Sullivan, editor of *The Chartist* advisory service. In those prior 13 instances, the Dow Jones In-

FUNDS YOU SHOULD BUY NOW

Growth: For large-cap exposure ... **Blue Chip Growth** and **Growth Company** are aggressive options. **Contrafund** is more conservative. **Value Strategies** (see box below and p. 11) provides large-cap exposure; **Growth Strategies** adds mid-cap exposure; **Low-Priced Stock** also does, but with less risk. **Event Driven Opportunities** and **Small Cap Stock** are smaller-cap choices that enhance portfolio diversification.

Growth & Income: Equity Dividend Income provides exposure to higher-yielding large-cap value stocks.

High-Yield Bond: High Income's yield compensates for its higher risk. (See "Credit-Challenged Bonds Have Appeal" on p. 4.)

Taxable Bond: Limited Term Bond and especially **Short-Term Bond** limit interest-rate risk. **Investment Grade Bond** limits credit risk but boosts yield via additional interest-rate risk; **Total Bond** provides the greatest bond diversification boosting its yield through well-managed credit risk.

Muni Bond: More highly taxed investors should consider muni funds. We prefer the less risky, nationally diversified **Muni Income** and **Tax-Free Bond**. ■

dustrial Average was, on average, 7% higher after three months, 15% higher after six months and 20% higher after 12 months. Moreover, in all 13 prior occurrences, the Dow was higher at both six and 12 months, and was lower only one time at three months.

Expect Bumps And Bruises

Of course, history does not have to repeat and, as noted, not everything is rosy in the economy. Then there is the specter of the Federal Reserve raising interest rates. In January, when the Fed forecasted four hikes this year, stocks tumbled. The rebound in stocks has coincided with a ratcheting back of those expectations to one or none.

While holding rates steady in July, the Fed noted the improvement in recent economic data, leaving open the possibility of a hike at their next meeting in September. If the Fed staying put in the face of weak data puts a floor under stock prices, their willingness to raise rates if things look better could put a lid on them.

In short, it won't likely be a fast, or a straight up climb from here and you would do well to expect some bumps and bruises along they way. But don't let short-term down-drafts, even sharp ones, deter you from your investment plan. I expect you will be well-rewarded for your patience. ■

— John M. Boyd

MODEL PORTFOLIO TRADES

As announced on our July 29 Hotline, on Monday, August 1, we made the following Model Portfolio trade:

Unique Opportunities Model:

We sold our entire position in **Int'l Small Cap Opportunities** [FSCOX]. With the sale's proceeds, we added to our existing position in **Value Strategies** [FSLSX], raising its stake to approximately 29% of the model's assets.

Trade Rationale: While we believe that the U.K.'s economy and markets will eventually benefit from their decision to leave the European Union, the short-term dislocation caused by this exit will likely mean a continuation of heightened risk. As such, better to stick closer to home. In this particular case, Value Strategies provides exposure to "special" corporate situations that can be exploited by the fund's talented and experienced manager, Tom Soviero (see p. 11).

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.

HIGH-YIELD FUNDS

Credit-Challenged Bonds Have Appeal

On the heels of a disappointing 2015, high-yield (junk) funds are enjoying a resurgence. Most of Fidelity's eight varied offerings have scored equity-like returns (with much less risk than stocks). **High Income** fund (up 10.3%), which we hold in both our *Growth and Income* and *Income Model Portfolios*, has been a homerun.

With junk generally less interest-rate-sensitive than they are economically-sensitive, concerns last year that the U.S. economy was heading toward a recession sapped demand and weighed on their performance. That's because financially troubled companies are more likely to default on their loans when the economy is weak.

Another, less obvious headwind for junk bonds last year were slumping oil prices. With a barrel of crude falling about 50% from its 2015 peak to its 2016 trough, many small-to-mid size oil and gas service providers (as well as large coal mining concerns) suddenly found their balance sheets under severe duress. With about a third of all junk issuance tied to the energy sector, Fidelity's high-yield managers had few options apart from simply hanging on.

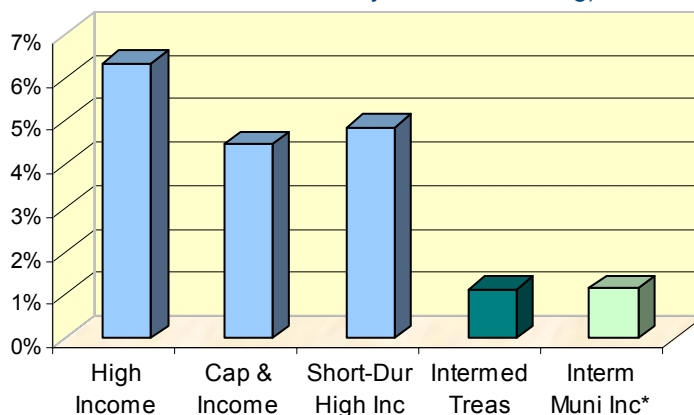
Good thing they did!

In February of this year, a barrel of crude had fallen to below \$30, and high-yield continued to pay the price. But by May they had rebounded to above \$50, thereby providing the energy sector with a lot more breathing room. The risk of defaults in this sec-

cent!), long-term U.S. Treasury bond yields declined.

With Treasury yields reaching all-time lows (the 10-year fell to just 1.32% in July, down almost a full percentage point from earlier in the year), the far-higher yields on junk bonds were looking very attractive indeed.

The Allure of High-Yield Funds
(Comparative yields for 3 "junk" funds vs a taxable Treasury and muni offering)



Despite their somewhat similar interest-rate risk, this sampling of funds provides investors very different yields owing primarily to their varying credit risks. Naturally, the higher yields provided by the three junk funds (in blue) reflect their additional risk relative to "safe" Treasuries and muni bonds. However, with many investors still drawn to "safe-harbor" assets while others desire income, today's yield disparity is striking.

**Income from municipal bonds are federally and sometimes state-tax exempt, thereby increasing their tax-equivalent yields.*

As the chart shows, the allure of High Income's 6.33% yield is obvious in absolute terms. But when contrasted to other classes of fixed-income bonds (such as taxable Treasuries and tax-exempt munis), junk funds look even better!

At the beginning of March, we upgraded **Capital & Income** and **High Income** to *OK to Buy* (and **High Income** subsequently to *Buy*). This month we've upgraded several more junk funds to *OK to Buy* from *Hold*. (This group includes **New Markets Income** which invests in the sovereign and corporate debt of emerging market countries. In that regard, it stands apart from its peers.)

tor started to lessen.

In addition to that, the economy avoided recession and continued to mend, albeit slowly and unevenly, reducing default risk in general.

As junk bonds came under pressure last year, their yields rose. On the other hand, with central banks around the world cutting their interest rates (sometimes to below zero per-

With the above in mind, investors shouldn't ignore the inherent risks of holding any junk bond fund. They are significantly riskier than taxable and muni bond funds (you can compare their relative volatilities in the *Scorecard*). But, with that in mind, their overall risk-to-reward characteristics are presently attractive. ■

— John Bonnanzio

FOREIGN FUNDS

Brexit Vote Dims Outlook For Europe

Britain's vote in June to leave the EU will likely harm the union's member states more than it will impede the UK economy itself. One of the reasons for that is that the UK imports far more from EU countries than it exports. In other words, it's a very good customer, and it's hard to fathom a sce-

nario whereby German, French or Spanish countries would cut off such an important customer over a principle that other European countries (like Norway and Switzerland) do not also embrace. And now that the dust has somewhat settled, it's increasingly clear that multinational financials and others will not likely abandon their major presence in London for a multitude of very practical reasons, including language and geography.

Against that thematic backdrop, we have modestly downgraded three foreign stock funds with especially large European components (see p. 5): **Europe**, **Int'l Small Cap Opportunities** (which we've sold — see p. 3) and **Nordic**. Of the three, Europe is the most heavily exposed to the UK (34%), which is actually a plus, not a negative. Regardless, its EU exposure is large, so we're erring on the side of caution. ■

FUND COMMENTARY

Stocks And Bonds Set New Records

The juxtaposition of last month's Republican and Democratic primaries is not unlike our stock and bond markets: there are two distinct versions of how well America is faring.



John Bonnanzio

In the interest of my personal safety, I won't say anything more politically. But here's my analogy.

In one "corner" of this fight are the optimists. They're looking at a still-improving economy (such as low unemployment), low interest rates, and not-as-terrible corporate earnings, and have so far concluded that it makes sense to pay up for U.S. stocks — especially when things look so much worse overseas and, low-yielding bonds are such a terrible alternative to stocks.

This collective mindset pushed most major U.S. equity benchmarks into record territory last month.

On the other side of this brawl are the pessimists. Yes, they'll acknowledge that they're buying bonds whose yields are at historically low levels (meaning that they are historically expensive). But that's only because they're far less risky than those expensive stocks whose earnings growth leaves much-to-be-desired. And, by the way, this bull market in stocks is long-overdue for a correction. And, even if there's a rate hike down the road, Treasuries have no credit risk, munis don't have much more, and as long as investment-grade corporates are held, you eventually get your money back, and perhaps some interest.

This collective mindset pushed the 10-year Treasury yield to an all-time low of 1.32% at one point last month.

Can stock and bond bulls continue to live in peace and harmony? Well, as the weather reminds us every day, our atmosphere wants to be in perfect balance. But just like politics, the path to getting there is always a stormy fight.

Market Indexes

At some point during the last several days of July, the Dow Jones Industrial Average and the S&P 500 both made their way into record-high territory. And others were in shouting distance.

Among the two most followed, the Dow gained 2.9% last month. While that performance is hardly anything to sneeze at, its energy exposure held its return in check. (More on that in a bit.) As for the far more diversified S&P 500, it rose a more impressive 3.7%. But for the year, they're now faring almost equally well with gains of 7.4% and 7.7%, respectively.

Further down the market-cap scale, investors are enjoying even better returns. Nearing their own records, the Russell Mid Cap rose 4.5% in July, and the (small cap) Russell 2000 jumped 6.0%. Year-to-date, they're up 10.3% and 8.3%, respectively.

As for the tech and biotech-rich Nasdaq Composite, it had trouble finding its sea legs earlier in the year. Now, it's doing just fine, thank you, having soared 6.7% in July (close to its own new record); but it's only up 3.8% for the year to date.

Stock Funds

While all Fidelity stock funds had impressive gains in July (on average, they returned 4.5% and outpaced the S&P 500 by 0.8 percentage points), growth-oriented funds edged out the value variety. This was typically true, regardless of market cap.

With semiconductor and biotech shares often enjoying double-digit gains last month, **OTC** powered ahead of all other funds with its 9.4% return (see p. 12). **Growth Company** (up 7.1%) and **Blue Chip Growth** (up 6.6%) were not far behind.

With that in mind, even Fidelity's large-cap value-leaning funds posted absolute strong gains. Pulling up the rear was **Stock Selector Large Cap Value** (up 2.4%), **Export & Multi-national** (up 2.5%) and **Equity Dividend Income** (up 2.6%).

To varying degrees, their exposures to energy, cyclicals, financials and utilities were their albatrosses. Indeed, these sectors were left in the dust last month as investors' appetites for riskier, faster-growing companies seemed insatiable.

Fund Commentary *cont'd* on page 8

AUGUST SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Reminder: Fidelity has removed the prefix "Spartan" from its funds (Spartan 500 Index is now 500 Index). These changes (and new alpha-order) are reflected throughout the <i>Scorecard</i> .				
Europe	B	H	↓	Short-term Brexit turmoil has raised risk premium.
Float Rate High Inc	H	B	↑	See "Credit-Challenged Opportunities" on p 11.
Focused High Inc	H	B	↑	See "Credit-Challenged Opportunities" on p 11.
Int'l Small Cap Opp's	B	B	↓	Short-term Brexit turmoil has raised risk premium.
MS Emerg Mkt Debt	H	B	↑	See "Credit-Challenged Opportunities" on p 11.
MSCI Utilities	S	S	↓	See "Message From Jack" on page one.
Nasdaq Comp Idx	H	B	↑	Investors are willing to pay premium for growth.
New Markets Inc	H	B	↑	See "Credit-Challenged Opportunities" on p 11.
Nordic	B	H	↓	Short-term Brexit turmoil has raised risk premium.
OTC	H	B	↑	Investors are willing to pay premium for growth.
Sel Automotive	B	B	↑	Low interest rates and cheap gas driving sales.
Sel Chemicals	B	B	↑	Price of feedstock leaves room for profit growth.
Sel Utilities	S	S	↓	See "Message From Jack" on page one.
Short Dur High Inc	H	B	↑	See "Credit-Challenged Opportunities" on p 11.
VIP Floating Rate HI	H	B	↑	See "Credit-Challenged Opportunities" on p 11.
VIP Utilities	S	S	↓	See "Message From Jack" on page one.

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, 2016

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		2173.6		3.7	7.7	5.8	5.6	11.2	13.4	7.7	1.00		
		Nasdaq Composite		5162.1		6.7	3.8	8.5	1.9	13.9	14.8	10.6	1.22		
		Dow Jones Industrials		18432.2		2.9	7.4	4.4	7.0	8.6	11.5	7.9	1.03		
		Russell 2000 (Small Caps)		1219.9		6.0	8.3	8.3	-4.4	6.7	10.4	7.2	1.36		
		Barclays Aggregate Bond*				0.6	6.0	2.4	5.7	4.1	3.4	4.7	0.26		
Model Portfolios		Unique Opportunities				4.3	2.5	4.1	-1.5	7.0	9.7	6.1	1.04		
		Select Growth				4.4	8.2	6.3	3.1	12.0	13.3	9.1	1.08		
		Growth & Income				4.0	2.5	4.0	-2.1	7.7	9.6	5.8	1.02		
		Income				2.8	4.8	3.6	1.2	7.8	8.7	5.7	0.67		
												Rel Vol (Risk) ¹	Assets (\$Mil)		
LARGE CAP GROWTH						<i>Category Averages</i>			5.3	2.8	5.5	-0.8	10.6	12.1	1.16
312	FBGRX	Blue Chip Growth		69.46	Buy	6.6	0.7	5.9	-2.7	12.1	13.1	1.19	\$14,241		
307	FDCAX	Capital Appreciation		32.67	Hold	5.8	0.9	2.8	-4.4	8.7	12.6	1.16	5,186		
22	FCNTX	Contrafund		101.38	Buy	4.5	3.2	4.6	1.1	11.3	12.4	1.01	77,970		
3	FFIDX	Fidelity Fund		43.54	Hold	3.6	3.6	5.2	0.0	10.4	11.0	1.05	3,856		
333	FTQGX	Focused Stock		19.01	Hold	3.8	5.8	4.5	-0.5	8.5	11.3	1.12	1,728		
25	FDGRX	Growth Company (Closed)		139.13	Buy	7.1	1.9	8.3	-0.3	12.5	13.7	1.29	22,674		
339	FDSVX	Growth Discovery		25.69	OK to Buy	5.0	1.7	6.2	-0.0	11.7	12.0	1.10	1,035		
73	FDFFX	Independence		34.81	OK to Sell	5.0	-3.3	3.0	-10.3	7.8	9.3	1.35	3,402		
21	FMAGX	Magellan		90.64	Buy	3.8	2.3	3.4	-0.3	11.1	11.3	1.08	13,138		
300	FMILX	New Millennium		35.87	Hold	4.5	7.7	4.4	0.9	8.0	11.4	1.07	3,012		
93	FOCPX	OTC		85.15	OK to Buy↑	9.4	2.1	11.9	3.6	14.0	14.7	1.46	9,831		
320	FDSSX	Stock Selector All Cap		35.52	Hold	4.1	5.9	5.7	1.3	9.6	11.5	1.06	5,789		
5	FTRNX	Trend		87.16	OK to Buy	5.2	3.6	5.3	1.9	12.4	12.5	1.11	1,493		
LARGE CAP BLEND						<i>Category Averages</i>			4.1	5.5	4.4	0.6	8.8	11.8	1.05
315	FDEQX	Disciplined Equity		32.96	OK to Buy	3.8	3.9	4.0	0.4	9.6	11.6	1.01	1,212		
330	FDGFX	Dividend Growth		31.51	OK to Buy	2.9	4.0	4.4	0.3	8.8	10.2	0.98	5,851		
332	FEXPX	Export and Multinational	0.75%/30d	21.47	Buy	2.5	6.5	3.8	1.3	9.0	10.2	0.94	1,789		
27	FGRIX	Growth & Income		30.48	OK to Buy	4.9	6.3	4.7	0.9	7.9	12.6	1.11	5,531		
338	FLCSX	Large Cap Stock		27.44	OK to Buy	5.6	6.8	4.8	0.0	8.6	13.1	1.17	2,556		
361	FGRTX	Mega Cap Stock		16.43	Hold	4.8	5.2	4.8	0.8	8.6	12.9	1.12	3,115		
LARGE CAP VALUE						<i>Category Averages</i>			3.3	6.8	3.5	1.7	8.2	11.1	0.95
1271	FBCVX	Blue Chip Value		16.19	OK to Buy	3.9	3.2	1.6	-2.3	8.1	10.1	0.99	458		
319	FEQTX	Equity Dividend Income		26.57	Buy	2.6	8.9	4.7	4.8	8.6	11.0	0.95	5,171		
23	FEQIX	Equity-Income		54.46	Buy	3.8	9.1	5.0	3.0	6.8	10.1	0.94	6,417		
708	FSLVX	Stock Sel Large Cap Value		17.62	OK to Buy	2.4	8.2	3.5	3.0	8.5	12.1	0.94	714		
832	FVDFX	Value Discovery		24.16	OK to Buy	3.7	4.6	2.5	0.1	8.8	12.0	0.95	1,713		
14	FSLSX	Value Strategies		43.60	Buy	3.3	5.0	2.3	-2.9	6.1	9.7	1.14	808		
MID-CAP GROWTH						<i>Category Averages</i>			3.6	5.8	4.5	-0.7	8.7	10.6	1.06
324	FDEGX	Growth Strategies	1.50%/90d	34.43	Buy	3.0	3.5	4.5	-1.3	11.0	10.3	1.02	2,246		
337	FMCSX	Mid-Cap Stock	0.75%/30d	33.94	OK to Buy	3.9	9.5	5.2	1.6	8.4	11.3	1.05	5,291		
2412	FSSMX	Stock Selector Mid Cap		33.10	Hold	4.0	4.5	3.7	-2.5	6.8	10.3	1.10	221		
MID-CAP BLEND						<i>Category Averages</i>			4.7	2.1	1.2	-7.3	3.8	9.2	1.28
122	FLVCX	Leveraged Company Stock	1.50%/90d	40.64	OK to Buy	4.7	2.1	1.2	-7.3	3.8	9.2	1.28	2,868		
MID-CAP VALUE						<i>Category Averages</i>			3.9	6.2	3.5	-1.2	8.2	11.9	1.03
316	FLPSX	Low-Priced Stock	1.50%/90d	49.57	Buy	3.4	3.8	3.1	-1.5	7.2	10.8	0.89	28,535		
762	FSMVX	Mid Cap Value	0.75%/30d	23.58	OK to Buy	3.5	5.6	3.1	-1.8	9.3	12.9	1.08	2,447		
39	FDVLX	Value		104.60	Buy	4.7	9.2	4.3	-0.4	8.2	11.9	1.13	7,009		
SMALL CAP GROWTH						<i>Category Averages</i>			5.5	6.0	9.7	-2.6	9.8	11.7	1.31
1388	FCPGX	Small Cap Growth	1.50%/90d	19.82	Buy	5.5	6.0	9.7	-2.6	9.8	11.7	1.31	1,581		
SMALL CAP BLEND						<i>Category Averages</i>			4.3	6.7	5.2	1.4	7.3	10.1	1.18
2624	FARNX	Event Driven Opportunities		11.66	Buy	4.8	6.8	6.4	6.2	--	--	--	178		
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	28.79	OK to Buy	4.4	9.0	3.5	0.5	6.4	12.7	1.18	5,403		
340	FSLCX	Small Cap Stock	2.00%/90d	17.85	Buy	3.5	5.2	4.5	-0.4	8.7	8.2	1.14	2,005		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	24.42	OK to Buy	4.4	5.9	6.4	-0.8	6.7	9.4	1.23	1,414		
SMALL CAP VALUE						<i>Category Averages</i>			3.6	8.8	3.6	4.2	7.8	12.6	1.11
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.22	OK to Buy	3.6	8.8	3.6	4.2	7.8	12.6	1.11	2,461		

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹ Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ² Duration is a measure of interest rate sensitivity. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ Also available in an Advantage share class with a minimum of \$10,000, but a lower expense ratio. ⁵ Formerly Cash Reserves. ⁶ Formerly Retirement Money Market. ⁷ Formerly Select Medical Delivery. ⁸ Formerly Select Software and Computer Services. ⁹ Formerly VIP Money Market. ¹⁰ Formerly Tax-Free MM. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD

JULY 31, 2016

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		22.21	OK to Buy	3.0	5.5	4.2	2.5	8.2	9.2	0.73	\$20,757		
308	FCVSX	Convertible Securities		27.08	Hold	3.2	3.4	4.4	-3.3	3.7	6.1	0.92	1,552		
334	FGBLX	Global Balanced	1.00%/30d	23.36	Hold	2.7	6.2	3.1	2.6	4.1	4.7	0.70	442		
2120	FFGCX	Global Commodity Stock	1.00%/30d	10.58	Hold	3.4	20.4	1.3	-2.0	-4.9	-8.0	1.73	212		
1960	FDYSX	Global Strategies		8.87	Hold	2.8	6.0	3.7	2.3	4.6	4.1	0.65	88		
1368	FIREX	International Real Estate	1.50%/90d	10.58	OK to Sell	4.3	5.6	2.0	1.9	5.5	7.3	1.00	341		
4	FPURX	Puritan		21.00	OK to Buy	3.1	4.2	4.3	2.0	8.5	9.1	0.73	19,806		
833	FRIFX	Real Estate Income	0.75%/90d	12.31	OK to Buy	2.8	11.1	7.3	11.3	8.3	9.4	0.51	2,719		
303	FRESX	Real Estate Investment	0.75%/90d	47.35	Hold	4.2	17.2	14.0	24.0	15.5	13.4	1.39	5,564		
1329	FSDIX	Strategic Dividend & Income		14.98	OK to Buy	2.8	11.5	7.0	9.8	9.2	11.0	0.72	3,330		
1505	FSRRX	Strategic Real Return	0.75%/60d	8.82	Hold	-0.0	8.0	2.9	2.4	0.2	0.7	0.46	513		
311	FIUIX	Telecom & Utilities		26.26	Hold	0.7	21.3	8.1	15.5	11.4	12.4	0.92	1,150		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		13.23	Hold	1.3	5.1	2.5	3.3	3.9	4.0	0.30	4,779		
1957	FTANX	Asset Manager 30%		10.58	Hold	1.7	5.6	2.9	3.3	4.7	5.0	0.39	920		
1958	FFANX	Asset Manager 40%		10.86	Hold	2.1	5.7	3.1	2.8	5.2	5.7	0.49	1,050		
314	FASMX	Asset Manager 50%		16.82	Hold	2.4	5.7	3.4	2.2	5.7	6.2	0.59	7,603		
1959	FSANX	Asset Manager 60%		11.17	Hold	2.8	5.7	3.7	1.7	6.1	6.8	0.68	1,400		
321	FASGX	Asset Manager 70%		19.60	Hold	3.1	5.4	3.9	1.0	6.3	7.2	0.78	4,026		
347	FAMRX	Asset Manager 85%		16.38	Hold	3.6	5.2	4.3	0.0	6.9	8.0	0.92	1,444		
EQUITY INDEX															
650	FUSEX	500 Index ⁴		76.51	Hold	3.7	7.6	5.8	5.5	11.1	13.3	1.00	4,874		
355	FFNOX	Four-in-One Index		38.09	Hold	3.6	5.7	4.3	1.6	7.3	9.0	0.87	4,468		
2010	FIENX	International Enhanced Index	1.00%/30d	8.16	Hold	4.2	0.3	1.2	-7.2	3.2	3.9	1.15	173		
1827	FLCEX	Large Cap Core Enhcd Index		12.20	OK to Buy	4.2	6.5	5.3	3.9	10.3	13.1	1.00	490		
2823	FSUIX	Large Cap Growth Index ⁴		9.89	Hold	4.7	3.5p	--	--	--	--	--	1		
1829	FLGEX	Lrge Cap Growth Enhcd Index		15.40	OK to Buy	5.2	5.8	5.6	3.3	12.2	13.4	1.04	641		
2827	FLCDX	Large Cap Value Index ⁴		9.98	Hold	2.9	2.7p	--	--	--	--	--	1		
1828	FLVEX	Large Cap Value Enhcd Index		11.29	OK to Buy	3.5	7.7	4.9	3.9	9.2	13.1	1.00	1,971		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.54	OK to Buy	5.0	7.6	5.2	1.9	10.3	12.7	1.05	973		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	68.05	OK to Buy↑	6.6	3.8	8.4	1.9	13.7	14.6	1.23	2,471		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	12.50	Buy	5.8	7.2	7.7	-0.6	7.8	11.7	1.28	603		
2341	FPEMX	Emerging Markets Index ⁴	1.50%/90d	8.70	Hold	4.8	12.7	5.3	-2.0	--	--	1.51	18		
398	FSEMX	Extended Market Index ⁴	0.75%/90d	53.73	Buy	5.4	8.0	7.1	-0.3	7.9	11.2	1.22	950		
2345	FSGUX	Global ex U.S. Index ⁴	1.00%/90d	11.06	Hold	4.2	4.1	2.2	-5.5	1.1	--	1.17	29		
399	FSIIX	International Index ⁴	1.00%/90d	36.14	Hold	4.2	0.7	1.3	-7.6	1.8	3.0	1.15	915		
2349	FSCLX	Mid Cap Index ⁴	0.75%/30d	17.87	OK to Buy	4.6	10.2	6.7	4.2	10.2	--	1.06	45		
2353	FRXIX	Real Estate Index ⁴	0.75%/90d	17.26	Hold	4.3	15.4	13.2	20.5	14.6	--	1.39	38		
2356	FSSPX	Small Cap Index ⁴	1.50%/90d	16.59	OK to Buy	5.9	8.4	8.3	0.1	6.8	--	1.36	25		
2831	FTIGX	Total International Index ⁴		9.63	Hold	4.3	0.4p	--	--	--	--	--	2		
397	FSTMX	Total Market Index ⁴	0.50%/90d	62.87	Hold	4.0	7.7	6.0	4.3	10.4	12.9	1.02	700		
INTERNATIONAL						Category Averages			4.3	6.4	4.0	-0.4	4.2	4.0	1.23
309	FICDX	Canada	1.50%/90d	48.51	Hold	3.0	17.3	1.2	2.6	1.2	-0.1	1.25	1,272		
352	FHKCX	China Region	1.50%/90d	24.69	Hold	5.3	-2.9	7.1	-9.6	4.4	3.2	1.97	999		
325	FDIVX	Diversified International	1.00%/30d	34.73	OK to Buy	4.4	-0.9	1.4	-8.1	3.8	4.4	1.12	11,527		
351	FSEAX	Emerging Asia	1.50%/90d	32.47	Hold	5.1	8.2	7.2	0.5	5.5	1.6	1.38	909		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.09	Hold	6.6	22.4	3.5	3.5	-0.1	-1.4	1.59	76		
322	FEMKX	Emerging Markets	1.50%/90d	23.96	Hold	3.5	10.2	6.5	2.4	2.5	-1.3	1.32	3,002		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	11.85	Hold	5.6	12.8	6.7	3.6	1.3	--	1.29	61		
301	FIEUX	Europe	1.00%/30d	35.55	Hold↓	5.1	-1.7	-1.1	-7.3	2.3	4.2	1.24	1,154		
2406	FGILX	Global Equity-Income	1.00%/30d	12.21	OK to Buy	3.3	3.1	2.8	-0.7	7.2	--	0.91	76		
335	FIVFX	International Cap App	1.00%/30d	17.47	Buy	3.5	5.2	4.5	1.1	7.9	7.7	1.05	1,761		
305	FIGRX	International Discovery	1.00%/30d	38.44	OK to Buy	4.0	-2.5	1.2	-8.1	2.8	4.1	1.11	6,723		
1979	FIGFX	International Growth	1.00%/30d	11.45	Buy	3.6	2.8	3.8	-2.7	5.3	6.1	1.04	1,022		
818	FISMX	International Small Cap	2.00%/90d	23.79	Buy	4.6	7.6	4.2	2.7	7.6	6.8	1.04	831		
1504	FSCOX	International Small Cap Opps	2.00%/90d	15.17	OK to Buy↓	4.7	1.7	1.7	-1.1	7.3	8.4	0.98	926		
1597	FIVLX	International Value	1.00%/30d	7.83	OK to Sell	3.7	-2.5	-0.3	-9.8	0.6	1.7	1.13	311		
350	FJPNX	Japan	1.50%/90d	12.13	Hold	3.7	2.7	6.7	-1.6	2.6	3.9	1.19	357		
360	FJSCX	Japan Smaller Companies	1.50%/90d	15.32	Hold	3.7	10.7	8.7	9.5	8.1	11.9	1.16	586		
349	FLATX	Latin America	1.50%/90d	21.07	Hold	4.9	29.0	9.6	6.6	-8.9	-10.6	2.10	551		
342	FNORX	Nordic	1.50%/90d	48.10	Hold↓	4.2	2.6	-1.4	6.1	10.6	9.7	1.18	472		
94	FOSFX	Overseas	1.00%/30d	41.23	Buy	4.3	0.9	1.6	-3.8	6.2	6.1	1.09	4,582		
302	FPBFX	Pacific Basin	1.50%/90d	28.77	Hold	3.8	9.3	8.2	6.6	9.1	7.3	1.11	679		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.97	Hold	4.5	13.1	6.6	6.2	3.7	--	1.12	60		
1978	FTIEX	Total International Equity	1.00%/30d	7.80	Hold	3.9	2.8	3.0	-3.8	2.9	3.3	1.07	286		
318	FWWFX	Worldwide	1.00%/30d	22.54	OK to Buy	3.9	1.5	3.4	-3.9	6.1	8.0	1.06	1,479		

FIDELITY SCORECARD

JULY 31, 2016

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						4.5	8.8	5.1	3.3	8.4	10.6	1.48	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	62.75	Hold	4.1	0.7	-1.1	-1.3	11.9	16.2	1.35	\$290
502	FSAVX	Automotive	0.75%/30d	36.53	Buy↑	9.3	-6.8	-0.4	-9.3	2.3	7.0	1.63	61
507	FSRBX	Banking	0.75%/30d	24.43	OK to Buy	3.5	-4.5	-1.7	-9.7	4.5	10.6	1.44	595
42	FBIOX	Biotechnology	0.75%/30d	188.68	OK to Sell	11.7	-17.3	9.9	-27.2	11.8	23.7	2.65	10,678
68	FSLBX	Brokerage & Investment	0.75%/30d	58.78	Hold	6.7	-8.3	-1.8	-18.0	0.3	7.3	1.62	313
69	FSCHX	Chemicals	0.75%/30d	142.51	Buy↑	2.7	8.9	3.4	8.0	7.7	10.7	1.48	1,297
518	FSDCX	Communications Equipment	0.75%/30d	30.33	Hold	7.6	9.8	10.1	-0.1	7.9	6.7	1.40	184
7	FDCPX	Computers	0.75%/30d	72.37	OK to Sell	8.5	6.3	13.4	-1.5	5.1	8.0	1.48	393
511	FSHOX	Construction & Housing	0.75%/30d	63.22	Buy	5.9	8.9	9.0	9.4	12.5	18.5	1.33	539
517	FSCPX	Consumer Discretionary	0.75%/30d	35.66	Buy	4.6	4.5	3.8	0.7	10.9	14.6	1.20	1,092
98	FVLX	Consumer Finance	0.75%/30d	11.96	OK to Buy	6.0	0.9	0.8	-8.2	3.7	11.9	1.28	91
9	FDFA	Consumer Staples	0.75%/30d	98.12	Hold	-0.5	8.3	3.4	7.8	10.0	12.9	1.05	2,201
67	FSDAX	Defense & Aerospace	0.75%/30d	123.32	OK to Buy	3.5	8.0	6.1	8.5	10.8	14.0	1.17	1,028
8	FSELX	Electronics	0.75%/30d	83.30	OK to Sell	10.0	14.1	17.9	20.4	21.9	16.3	1.56	1,709
60	FSENX	Energy	0.75%/30d	40.42	Hold	-1.0	15.2	-0.2	1.7	-4.9	-2.5	1.89	2,318
43	FSESX	Energy Service	0.75%/30d	43.93	OK to Sell	-1.6	7.1	-6.0	-8.2	-13.4	-10.3	2.25	474
516	FSLEX	Environment & Alt Energy	0.75%/30d	20.80	Hold	5.4	10.1	3.0	6.3	6.3	7.5	1.24	89
66	FIDSX	Financial Services	0.75%/30d	84.15	OK to Buy	2.9	0.2	3.1	-6.1	5.6	9.7	1.15	1,060
41	FSAGX	Gold	0.75%/30d	27.76	Sell	8.8	108.0	19.2	110.5	8.8	-10.3	3.70	1,874
63	FSPHX	Health Care	0.75%/30d	206.17	OK to Sell	7.1	-0.5	8.9	-9.7	18.1	20.8	1.47	7,928
505	FSHCX	Health Care Services ⁷	0.75%/30d	86.98	OK to Buy	1.0	4.1	3.2	-2.7	15.0	14.2	1.04	899
510	FSCGX	Industrial Equipment	0.75%/30d	39.29	Buy	2.8	7.7	2.7	10.1	8.3	10.9	1.21	196
515	FCYIX	Industrials	0.75%/30d	31.40	Buy	3.3	7.5	3.0	5.2	8.7	12.1	1.19	1,107
45	FSPCX	Insurance	0.75%/30d	68.84	Buy	1.0	3.8	2.4	0.5	10.0	14.7	1.21	541
353	FBSOX	IT Services	0.75%/30d	41.18	OK to Buy	5.2	3.0	3.1	1.3	14.4	16.9	1.32	1,869
62	FDLSX	Leisure	0.75%/30d	133.47	OK to Buy	4.1	2.7	4.0	-5.9	10.1	12.4	1.05	404
509	FSDPX	Materials	0.75%/30d	72.43	Hold	3.5	5.5	2.0	-2.2	2.5	4.5	1.46	777
354	FSMEX	Medical Equipment	0.75%/30d	42.58	OK to Buy	6.4	19.7	14.5	15.0	22.2	18.8	1.22	2,803
503	FBMPX	Multimedia	0.75%/30d	72.60	Hold	2.6	1.9	1.8	-9.2	7.5	15.0	1.41	555
513	FSNGX	Natural Gas	0.75%/30d	24.52	Hold	-1.5	22.5	0.1	-5.1	-9.5	-5.9	2.48	383
514	FNARX	Natural Resources	0.75%/30d	27.27	Hold	-0.1	15.8	0.9	0.7	-5.5	-4.3	1.93	817
580	FPHAX	Pharmaceuticals	0.75%/30d	20.09	Hold	5.8	-2.3	7.4	-12.9	14.3	16.2	1.25	1,580
46	FSRPX	Retailing	0.75%/30d	110.84	OK to Buy	5.3	5.4	5.8	9.8	17.0	19.2	1.23	2,100
28	FSCSX	Software & IT Services ⁸	0.75%/30d	130.88	Buy	8.3	8.5	10.7	13.0	16.7	17.7	1.38	3,675
64	FSPTX	Technology	0.75%/30d	126.82	Buy	8.4	7.4	10.8	8.2	13.8	12.1	1.34	3,223
96	FSTCX	Telecommunications	0.75%/30d	72.61	Buy	2.9	20.1	9.2	19.0	10.9	11.4	1.00	987
512	FSRFX	Transportation	0.75%/30d	78.49	Hold	6.5	7.6	2.3	-2.7	10.9	13.6	1.35	403
65	FSUTX	Utilities	0.75%/30d	77.02	Sell↓	-0.9	20.2	7.6	13.9	10.8	11.9	1.06	1,070
963	FWRLX	Wireless	0.75%/30d	8.76	OK to Buy	4.5	7.3	7.8	0.5	8.1	8.9	1.07	217
SECTOR ETFs													
	FDIS	MSCI Consumer Discretionary		32.00	Buy	5.0	5.1	3.6	1.1	--	--	--	223
	FSTA	MSCI Consumer Staples		32.80	OK to Buy	-0.5	9.7	5.5	11.1	--	--	--	277
	FENY	MSCI Energy		19.01	Hold	-2.0	12.8	-0.4	-0.8	--	--	--	439
	FNCL	MSCI Financials		28.61	OK to Buy	4.0	2.4	3.8	-1.5	--	--	--	245
	FHLC	MSCI Healthcare		35.65	OK to Sell	5.4	4.0	8.6	-2.9	--	--	--	606
	FIDU	MSCI Industrials		30.14	Buy	3.9	11.7	4.9	9.6	--	--	--	155
	FTEC	MSCI Information Technology		34.95	Buy	7.9	7.2	10.9	8.4	--	--	--	391
	FMAT	MSCI Materials		27.72	Hold	5.7	15.3	4.9	9.4	--	--	--	104
	FREL	MSCI Real Estate		25.87	Hold	4.1	16.6	13.0	19.3	--	--	--	132
	FCOM	MSCI Telecomm Services		32.13	Buy	2.7	21.6	8.3	22.5	--	--	--	165
	FUTY	MSCI Utilities		33.60	Sell↓	-0.8	22.4	8.6	23.8	--	--	--	250

Fund Commentary *cont'd from page 5*

Select Funds

As mentioned in my article about high-yield funds on p. 4, retreating oil prices were problematic last month, and so Fidelity's energy-related Selects all paid the price. On the other hand, **Consumer Discretionary** and funds that are sub-sectors of it such as **Automotive, Air Transportation**

and **Retailing**, benefited from — among other things — lower fuel costs and continued low interest rates.

Perhaps the most interesting development in July was **Gold's** 8.8% jump. Much of that is attributable to foreign investors who moved out of sovereign debt and equity as they tried to determine the winners and losers in a post-Brexit, terrorist-stricken Europe.

Bond Funds

US Bond Index gained 0.6% in July. While shorter-term funds were mostly flat, as already indicated, safe harbor Treasuries and other bonds have not lost their allure. At the extreme, **Long-Term Treasury Index** (Fidelity's most interest-rate-sensitive fund), jumped 2.0% for the month and is now up 17.8% for the year! ■

— John Bonnanzio

FIDELITY SCORECARD

JULY 31, 2016

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			0.7	5.9	2.2	5.1	3.1	3.1	1.52	5.1	0.29
2267	FCONX	Conservative Income Bond		10.03	Buy	0.1	0.6	0.2	0.7	0.4	0.6	0.72	0.3	0.02			
2208	FCBFX	Corporate Bond		11.70	Buy	1.8	9.0	4.0	7.5	5.5	5.5	2.78	7.0	0.37			
2423	FGBFX	Global Bond		9.40	OK to Sell	1.7	9.6	2.4	7.3	1.6	--	1.14	6.8	0.44			
15	FGMNX	GNMA (Ginnie Mae)		11.70	OK to Buy	0.2	2.9	1.0	3.3	3.7	2.8	1.86	2.4	0.20			
54	FGOVX	Government Income		10.70	Hold	0.2	4.8	2.1	4.5	3.5	3.0	1.21	5.2	0.25			
794	FINPX	Inflation-Protected Bond ³		12.41	Hold	0.7	6.9	2.1	4.3	1.8	1.6	0.20*	5.9	0.40			
32	FTHRX	Intermediate Bond		11.11	Buy	0.5	4.8	1.9	4.5	3.1	2.9	1.49	4.0	0.19			
452	FSTGX	Intermediate Gov't Income		10.85	Hold	0.0	3.4	1.2	3.0	2.2	1.9	0.83	3.8	0.19			
2428	FINUX	International Bond		9.02	OK to Sell	2.0	10.9	1.5	8.8	0.1	--	1.70	7.3	0.62			
26	FBNDX	Investment Grade Bond		8.02	Buy	1.1	7.4	2.9	5.4	4.0	3.7	2.56	5.5	0.27			
2622	FJRLX	Limited Term Bond		11.62	Buy	0.3	3.4	1.2	3.0	2.4	2.5	1.22	2.5	0.13			
662	FFXSX	Limited Term Government		10.14	OK to Buy	-0.1	2.0	0.6	1.5	1.3	1.0	0.61	2.6	0.12			
40	FMSFX	Mortgage Securities		11.49	OK to Buy	0.3	3.5	1.3	3.9	4.0	3.2	2.04	2.7	0.19			
450	FSHBX	Short-Term Bond		8.66	Buy	0.1	1.8	0.7	1.8	1.3	1.3	0.86	1.8	0.07			
2415	FSIQX	Inflation-Protected Index ⁴		10.03	Hold	0.6	7.2	2.3	4.7	2.1	--	0.02*	5.9	0.41			
1561	FIBIX	Intermediate Treasury Index ⁴		11.40	Hold	0.1	6.6	2.6	6.6	4.3	3.8	1.13	6.6	0.40			
1562	FLBIX	Long-Term Treasury Index ⁴		14.82	Hold	2.0	17.8	9.5	17.2	11.7	9.7	1.94	18.2	0.96			
1560	FSBIX	Short-Term Treasury Index ⁴		10.58	Hold	-0.0	2.3	0.8	1.9	1.3	1.0	0.62	2.7	0.13			
651	FBIDX	U.S. Bond Index		12.01	Hold	0.6	6.0	2.4	5.7	4.1	3.4	1.86	5.5	0.26			
820	FTBFX	Total Bond		10.85	Buy	1.3	7.6	2.9	6.0	4.5	4.1	2.84	5.2	0.27			
HIGH-YIELD BOND						Category Averages			2.3	8.7	3.5	3.9	4.2	4.9	4.88	3.7	0.50
38	FAGIX	Capital & Income	1.00%/90d	9.51	OK to Buy	3.5	6.5	4.0	1.3	5.7	6.0	4.46	4.4	0.57			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.45	OK to Buy↑	1.4	5.9	2.0	2.4	2.2	3.2	4.31	0.3	0.28			
1366	FHIFX	Focused High Income	1.00%/90d	8.42	OK to Buy↑	2.6	8.0	3.6	3.4	3.8	4.9	4.52	4.1	0.48			
2297	FGHNX	Global High Income	1.00%/90d	9.26	OK to Buy	2.8	9.6	3.4	4.1	4.2	5.1	5.33	3.9	0.54			
455	SPHIX	High Income	1.00%/90d	8.48	Buy	2.4	10.3	3.5	2.4	3.2	5.0	6.33	3.6	0.56			
331	FNMIX	New Markets Income	1.00%/90d	16.00	OK to Buy↑	1.7	13.9	5.7	11.7	6.2	6.3	5.65	6.4	0.69			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.29	OK to Buy↑	1.7	6.7	2.7	0.6	--	--	4.86	2.2	--			
368	FSICX	Strategic Income		10.78	OK to Buy	2.1	8.4	3.4	5.1	4.0	4.1	3.54	4.8	0.38			
MUNICIPAL BOND						Category Averages			-0.0	4.0	1.8	6.3	5.6	4.7	1.13	5.3	0.23
434	FSAZX	Arizona Muni Income	0.50%/30d	12.53	OK to Buy	0.1	4.7	2.0	7.2	6.6	5.6	1.07	6.1	0.26			
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.83	Buy	0.2	2.0	0.8	3.0	2.6	2.3	0.69	3.0	0.12			
91	FCTFX	California Muni Income	0.50%/30d	13.47	OK to Buy	-0.1	4.6	2.1	7.4	6.8	6.1	1.17	6.0	0.26			
407	FICNX	Connecticut Muni Income	0.50%/30d	12.06	OK to Buy	-0.1	4.3	1.7	7.1	5.7	4.6	1.23	6.0	0.25			
2578	FCRDY	Conservative Income Muni		10.06	Buy	0.1	0.5	0.3	0.7	--	--	0.46	0.6	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.72	Buy	0.0	3.5	1.7	5.4	4.4	3.9	1.17	4.6	0.20			
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.73	Buy	0.2	1.8	0.8	2.7	1.9	1.8	0.66	2.7	0.11			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.75	OK to Buy	0.1	4.7	2.1	7.3	5.8	4.6	1.15	6.3	0.25			
70	FDMMX	Mass Muni Income	0.50%/30d	12.85	OK to Buy	-0.2	4.7	2.2	7.4	6.3	5.3	1.18	6.3	0.27			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.67	OK to Buy	-0.1	4.1	1.9	6.8	5.9	4.9	1.18	5.7	0.23			
82	FIMIX	Minnesota Muni Income	0.50%/30d	12.02	OK to Buy	-0.0	3.9	1.7	6.0	4.8	4.2	1.03	5.5	0.21			
37	FHIGX	Municipal Income	0.50%/30d	13.84	Buy	-0.0	4.9	2.4	7.7	6.7	5.7	1.40	6.5	0.27			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.28	OK to Sell	0.1	5.2	2.3	8.1	5.5	4.8	1.57	6.1	0.29			
71	FTFMX	New York Muni Income	0.50%/30d	13.90	OK to Buy	-0.1	4.7	2.0	7.3	6.4	5.2	1.17	6.3	0.24			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.69	OK to Buy	-0.2	5.0	2.2	8.0	6.9	5.6	1.27	6.8	0.28			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.60	OK to Buy	0.1	4.4	2.1	6.7	6.1	5.2	1.25	5.7	0.24			
90	FTABX	Tax-Free Bond	0.50%/30d	12.03	Buy	-0.1	5.1	2.4	7.8	6.8	5.9	1.50	6.3	0.27			

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 %Yield	STATE MUNICIPAL MONEY MARKETS					Total Return (%)		SEC %Yield
					Jul	YTD							Jul	YTD	
55	FDRXX	Gov't Cash Reserves ⁵			0.01	0.03	0.10	433	FSAXX	Arizona Muni MM			0.00	0.01	0.01
458	SPAXX	Government MM			0.00	0.01	0.03	97	FCFXX	California Muni MM			0.00	0.02	0.01
631	FGMXX	Retirement Gov't MM			0.00	0.01	0.05	457	FSPXX	California AMT Tax-Free			0.01	0.05	0.17
630	FRTXX	Retirement Gov't MM II ⁶			0.00	0.01	0.05	418	FCMXX	Connecticut Muni MM			0.00	0.01	0.01
2742	FZFXX	Treasury MM			0.00	0.01	0.01	426	FMSXX	Mass AMT Tax-Free			0.01	0.09	0.16
415	FDLXX	Treasury Only MM			0.00	0.01	0.01	74	FDMXX	Massachusetts Muni MM			0.00	0.01	0.01
PRIME MONEY MARKETS								420	FMIXX	Michigan Muni MM			0.00	0.01	0.01
454	SPRXX	Money Market			0.03	0.16	0.33	417	FNJXX	New Jersey Muni MM			0.00	0.01	0.01
NATIONAL MUNICIPAL MONEY MARKETS								423	FSJXX	New Jersey AMT Tax-Free			0.01	0.05	0.18
10	FTEXX	Municipal Money Market			0.01	0.02	0.12	92	FNYYX	New York Muni MM			0.00	0.01	0.03
275	FMOXX	Tax-Exempt MM ¹⁰			0.00	0.01	0.04	422	FSNXX	New York AMT Tax-Free			0.01	0.05	0.19
								419	FOMXX	Ohio Muni MM			0.00	0.01	0.01
								401	FPTXX	Pennsylvania Muni MM			0.00	0.01	0.01

FIDELITY SCORECARD

JULY 31, 2016

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (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						4.9	9.3	6.6	4.8	11.5	12.4	1.03
	Annuity Growth Model						4.4	3.7	4.2	-1.7	7.4	9.9	1.09
	Annuity Growth & Income Model						2.8	3.9	3.2	0.2	6.5	7.8	0.72
	Annuity Income Model						1.7	5.2	2.9	3.3	4.5	4.9	0.37
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.72	Hold	2.6	2.4	2.4	-2.0	5.1	5.4	0.68
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		17.70	Hold	3.4	0.9	2.5	-4.7	5.4	6.1	0.90
9069	FJBAC	Fid VIP Balanced	Allocation		20.60	OK to Buy	3.1	5.5	4.2	2.4	7.7	8.3	0.73
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	24.51	Buy	4.6	4.9	3.8	0.2	10.3	14.2	1.18
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	25.15	OK to Buy	0.5	10.2	4.1	13.4	13.3	14.7	1.06
9065	FPDFC	Fid VIP Contrafund	Large Growth		21.76	Buy	4.0	4.6	4.8	0.6	9.3	10.8	1.04
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		17.50	Buy	5.9	6.8	7.6	-1.0	7.3	11.1	1.28
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		22.82	Hold	5.8	0.5	2.7	-5.0	8.7	12.6	1.19
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.47	Hold	3.7	9.9	6.5	2.0	2.0	-1.7	1.32
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.41	Hold	-1.0	14.8	-0.4	1.3	-5.2	-2.7	1.89
9061	FLOLC	Fid VIP Equity-Income	Large Value		17.99	Buy	3.7	9.2	5.0	2.9	6.5	10.5	0.94
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.39	OK to Buy	3.0	0.1	3.1	-6.1	5.5	9.6	1.15
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.44	OK to Buy↑	1.3	5.5	2.1	2.4	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.55	Hold	1.1	3.9	2.2	2.2	3.4	3.5	0.28
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.82	Hold	2.3	4.4	3.3	1.2	5.2	5.8	0.57
9197	FMPPC	Fid VIP FundsManager 60	Allocation		14.76	Hold	2.7	4.5	3.7	0.8	5.9	6.6	0.68
9159	FMPCC	Fid VIP FundsManager 70	Allocation		16.06	Hold	3.0	4.4	3.8	0.2	6.1	7.1	0.77
9160	FMPDC	Fid VIP FundsManager 85	Allocation		16.01	Hold	3.6	4.6	4.4	-0.2	6.8	7.9	0.92
9062	FMNDC	Fid VIP Growth	Large Growth		21.50	OK to Buy	5.0	1.6	6.1	-0.1	11.4	11.6	1.10
9070	FLFNC	Fid VIP Growth & Income	Large Blend		20.22	OK to Buy	4.9	6.2	4.7	0.6	7.7	12.2	1.10
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		21.70	Buy	6.1	0.3	5.0	-2.4	9.7	12.7	1.28
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	35.55	OK to Sell	7.0	-0.6	8.8	-10.4	17.6	20.3	1.47
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.55	Buy	2.6	9.4	3.6	1.6	3.1	4.6	0.55
9064	FXVLT	Fid VIP Index 500	Large Blend		21.49	Hold	3.7	7.5	5.7	5.3	10.8	13.0	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	27.46	Buy	3.3	7.6	3.0	5.2	8.6	12.0	1.19
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	16.70	Buy	3.5	5.2	4.4	0.9	7.6	7.4	1.05
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		16.14	Buy	1.1	7.0	2.8	5.6	3.9	3.5	0.27
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	17.50	Hold	3.5	5.4	2.1	-2.7	2.2	4.3	1.46
9071	FNMSC	Fid VIP Mid Cap	Mid Growth		22.84	Buy	5.0	6.1	5.1	-1.6	7.7	9.1	1.16
9059	FTNJC	Fid VIP Gov't Money Market ⁹	Money Mkt		11.33	--	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	14.44	OK to Buy	4.5	-2.6	0.1	-9.3	2.0	2.8	1.20
9072	FFWKC	Fid VIP Real Estate	Sector		24.72	Hold	3.5	14.4	11.8	18.4	13.5	12.2	1.38
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		18.24	OK to Buy	2.0	7.9	3.1	4.6	3.5	3.6	0.37
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	27.34	Buy	8.6	5.9	10.4	6.3	12.9	10.8	1.32
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	16.05	Buy	2.9	19.9	9.0	18.5	10.5	11.9	1.00
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	24.45	Sell↓	-0.9	20.1	7.6	13.8	10.6	11.8	1.06
9079	FKMSC	Fid VIP Value	Large Value		18.98	Buy	3.2	5.0	2.2	-0.9	7.9	11.9	1.03
9073	FRBSC	Fid VIP Value Strategies	Mid Value		19.30	Buy	3.4	3.4	2.1	-4.9	5.3	9.2	1.16
9347	FBMEC	Black Rock Global Allocation	Global Allocation		12.02	Hold	2.8	2.8	2.3	-1.1	3.2	3.8	0.64
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		10.31	OK to Sell	-0.8	-2.7	-1.4	-6.2	-0.9	0.4	0.50
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.46	Hold	0.1	2.2	0.9	2.1	2.0	1.4	0.14
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.56	Hold	4.8	5.1	3.8	-2.0	4.5	4.9	1.06
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.18	Hold	4.7	19.7	6.5	2.0	-1.1	-1.9	1.66
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		18.06	OK to Buy↑	1.7	12.2	4.7	9.2	4.2	4.0	0.66
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.47	Hold	4.9	11.7	6.8	-0.4	-0.6	-1.6	1.29
9146	FPRPC	Morgan Stanley Global Strategist ⁵	Diversified Int'l		12.21	Hold	3.0	5.4	1.3	-0.2	2.4	4.1	0.73
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.76	OK to Sell	-5.0	9.9	-0.9	-7.8	-13.2	-12.5	1.39
9276	FPMBC	Pimco VIT Low Duration	Sht-Term Bond		11.49	Buy	0.0	0.9	0.3	0.3	0.9	1.1	0.12
9277	FPNBC	Pimco VIT Real Return	TIPS		12.96	Hold	0.9	6.9	2.1	3.3	1.4	1.5	0.46
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		13.22	Hold	1.0	5.1	2.6	3.9	3.3	3.1	0.29

Annuity Sector	
Fund	Allocation
VIP Cons Discretionary	27%
VIP Technology	26
VIP Telecom	26
VIP Industrials	21
Total Return:	
Jul: 4.9%	YTD: 9.3%

Annuity Growth	
Fund	Allocation
VIP Value Strategies	26%
VIP Contrafund	20
VIP Mid Cap	16
VIP Disciplined Sm Cap	14
VIP Growth Opps	12
VIP Value	12
Total Return:	
Jul: 4.4%	YTD: 3.7%

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	23%
VIP Contrafund	21
VIP Value Strategies	20
VIP Value	19
VIP High Income	17
Total Return:	
Jul: 2.8%	YTD: 3.9%

Annuity Income	
Fund	Allocation
VIP Investment Grade	29%
Pimco VIT Low Duration	27
VIP Equity Income	23
VIP High Income	21
Total Return:	
Jul: 1.7%	YTD: 5.2%

PORTFOLIO STRATEGY

Value Strategies: A Unique Opportunity

We first purchased **Value Strategies** in our *Unique Opportunities Model* in November 2015. We then added to



Tom Soviero

it in April, and then grew the position even further this month (see trade box on p. 3).

As a result of these moves, Value Strategies is now the model's largest holding at 29% of assets.

Over the past nine months, the model has deemphasized both mid-cap value and mid-cap growth stocks. Most recently, we've jettisoned international small-cap growth stocks from the portfolio. This begs the question: Why are we so excited to own more of Value Strategies, a large-cap value fund? Hint: It's about the manager, not the fund category.

Let's go back to the model's name: *Unique Opportunities*.

With just one exception (**Blue**

Chip Growth) each fund position is truly distinct (dare we say "unique"?) from their respective peers. Each has a manager who pays little heed to his or her respective benchmark. In the case of Value Strategies and its manager, Tom Soviero, his benchmark is the Russell Midcap Value Index. But that's always been something of an academic point, as he's largely ignored it since taking the fund's reins in 2010. In fact, a look at the fund's top-5 sectors (table at right) shows a big underweight in financials, a traditional value sector, and overweights in growth sectors health care and consumer discretionary!

That's because Tom looks for stocks that are cheap in absolute terms (using metrics such as price-to-earnings or sales), or stocks that may be cheap relative to industry peers. It doesn't matter where he finds them — whether in traditional growth or value sectors. Granted, that may not sound too unique, but the twist with Tom is that many of these firms are distressed credits (as a former high-yield bond manager at Fidelity he uses his credit analysis skills on these firms).

VALUE STRATEGIES

Top 5 Sectors (6/30)

	Fund	Index ¹
Financials	18.4%	32.8%
Health Care	16.9	4.8
Consumer Discret.	16.5	8.4
Materials	11.6	6.1
Industrials	9.1	11.1

¹ Russell Midcap Value

Top 10 Holdings (6/30)

1. Lyondellbasell	6. US Bancorp
2. Citigroup	7. UniversHealth
3. Bank of America	8. GM
4. Boston Scientific	9. St. Jude Med
5. Cott	10. Westrock

He likes the stuff that others are ignoring, especially when a turnaround is not anticipated by Wall Street. That, quite frankly, is when the best bargains are to be had. And as Value Strategies' 9% turnover indicates, Tom patiently waits for the market to recognize the value he sees in a company.

So we are not drawn to this fund because it's currently in the large-cap value space, but to take advantage of Tom's unique skills in identifying cheap stocks in any sector. ■

— John Bonnanzio

FUND PROFILE

New Millennium's 10th Anniversary

In July, John Roth notched his tenth year at **New Millennium**.

Launched in 1992, the fund had been a top-performer under its first manager, Neil Miller. It was somewhat revolutionary at Fidelity for two reasons: 1. Miller was an outsider who was not schooled in the Fidelity way of fundamental (bottom-up) stock-picking, and; 2. The manager was decidedly top-down trying to identify broad social and economic changes (such as aging baby-boomers) that would benefit certain stocks and sectors.

Having amassed almost \$4 billion in assets at the time of his retirement, New Millennium was closed to new investors as Neil of-

ten found his best opportunities in smaller, more thinly traded shares of U.S. companies.

With John Roth taking over, Fidelity had a manager who was most definitely a product of their organization in that he had run five distinct Se-

NEW MILLENNIUM

Top 5 Sectors (6/30)

	Fund	Index ¹
Energy	17.6%	7.4%
Technology	17.5	19.8
Financials	16.9	15.8
Consumer Discretion	12.3	12.3
Health Care	10.5	15.0

¹ Fidelity 500 Index

Top 10 Holdings (6/30)

1. Chevron	6. Amgen
2. Facebook	7. Visa
3. Cisco	8. Bank of America
4. Verizon	9. Eurofins Scien
5. Williams Cos	10. Exelon

lect funds with an eye towards both growth and reasonable valuations. (New Millennium's style wanes between large-cap growth and blend.)

John's first full year (2007) was excellent, having trebled the S&P 500's modest return of 5.5%. However, he could not sidestep 2008's slaughter: his fund plunged 40.2% versus the market's decline of 37.0%. In 2009 he was back on his game (up 40.2% vs. 26.5%), whereas the following years have mostly been a series of hits and misses.

All-in-all, John's 10-year record has yielded a modest outperformance over his benchmark (average annual return is 9.0% vs 7.8%). However, with a somewhat higher volatility than its S&P 500 benchmark, New Millennium's risk-adjusted returns are, at best, middling.

We rate the fund *Hold*. ■

Managers In The News

All eyes are on the consumer these days to help boost the U.S. economy. Fortunately, low interest rates are helping to fuel sales of cars and homes. And, even if the Fed raises rates a bit, today's relatively high rate of employment suggests to us that some Fed tightening will not snuff out retail sales. While choppy, box stores, internet retailers and entertainment companies are faring well.

But faring *really* well would be better because consumer discretionary stocks are pricey relative to their 10-year price-to-earnings ratio. (The sector's P/E is 20 vs. 15 for the prior decade). Moreover, thanks in part to Amazon, **Consumer Discretionary** (the biggest stake in our *Select Model*) is even pricier with its P/E of roughly 25 versus about 20 for the S&P 500.

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.

Fidelity Fund, Growth Discovery, and Mega Cap Stock.

The final distributions for July were as follows:

Fund	Ex-Date	\$ Amt	NAV
500 Index	7/8	0.356	74.94
Asset Mgr 40%	7/8	0.051	10.73
Asset Mgr 50%	7/8	0.076	16.55
Balanced	7/8	0.086	21.83
Convert Sec	7/8	0.100	26.67
Equity Div Inc	7/8	0.058	26.11
Equity-Inc	7/8	0.303	52.88
Glb Equity Inc	7/8	0.068	11.85
Global Strategies	7/15	0.033	8.77
Growth & Inc	7/8	0.096	29.38
Puritan	7/8	0.077	20.64
Strat Real Return	7/8	0.048	8.82
Strategic Div & Inc	7/8	0.075	14.74
Telecom and Util	7/8	0.115	26.21

ON-LINE ACCOUNT SECURITY

If you have an online account with Fidelity, you should have received an email notification regarding their planned rollout of so-called two-factor authentication (or in industry parlance, "2FA"). Their strategy, as Fidelity explains it, is for the new 2FA feature to reduce "the risk of unauthorized transactions from your account."

Without realizing it, it's likely that you've already used 2FA in transactions. (It's already used by Google, Apple and Microsoft, to name but a few.) For example, when you use your credit card, and then you're required to enter your zip code to confirm a charge, that's a form of 2FA in action.

In the future, certain online transactions at Fidelity will require you to retrieve a time-sensitive security code that will be texted to your cell phone or email account. You will then enter that code into your Fidelity account.

While that additional step (layer of security) is a tiny annoyance, it should help to thwart the bad guys from not only learning your identity, but more importantly, stealing your money.

Until such time that 2FA is fully implemented, make certain that your Fidelity account is updated with the appropriate contact information. ■

A 21% position in our *Select Model*, Consumer Discretionary's performance in July (up 4.6%) was just ahead of the S&P 500, though it is trailing for the year (up 4.5% versus 7.7%).

Said fund Manager Peter Dixon to *The Wall Street Journal*, with the improving economy, "We're moving in the right direction and that should be favorable for a lot of companies."

We hope that favoritism extends to shares of Amazon, Home Depot, Disney, and even Starbucks — all top positions in the fund.

"We foresee fruitful synergies between Tesla and any company in search of superior battery technology, and we modestly increased our position [in Tesla] this quarter."

So says OTC manager Gavin Baker regarding Tesla's \$2.8 billion all-stock offer for upstart electric car maker Tesla in acquiring Solar City.

Fidelity growth funds like **Blue Chip Growth**, **Contrafund**, **OTC**, and to a much less of an extent, **Growth Company** and **Select Au-**

tomotive, are collectively the second-largest holders of Tesla shares (11%) behind Musk himself (20%). But as the second-biggest fund investor in Tesla, and as OTC also owns 9% of Solar City, Baker's support (and therefore Fidelity's) is seen as pivotal to the proposed acquisition.

For reasons unrelated to Baker's comments, we've upgraded OTC this month to *OK to Buy* from *Hold*.

Now some disclosures: As we've mentioned in prior reports, Jack Bowers is both a longtime investor in Tesla stock as well an enthusiast of its cars.

Bits & Pieces — The IRS has long allowed individuals to donate their appreciated securities (including shares of mutual funds) for a qualified charitable tax deduction. (This allows a person to mitigate paying taxes on capital gains.) But in a sure sign of how times have changed, now Fidelity's Charitable gift trust can help you to arrange for the donation of your appreciated bitcoins, a digital currency!

For additional information contact:
Fidelitycharitable.org

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