

FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

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MESSAGE FROM JACK

Global Labor Markets To Tighten

The Boston Consulting Group (BCG) has published a study analyzing the impact of the slowdown in population growth on the world's 25 major economies. It concludes that labor shortages will become a big problem by 2030, depriving the global economy of some \$10 trillion in annual GDP growth — equal to about 10% of today's world GDP.



Jack Bowers

Some countries — such as Switzerland, South Korea and Brazil — are already dealing with labor shortages today. But the BCG study sees the problem engulfing most of the world's major economies, with big effects in Germany, Japan and Russia.

Notably, the US economy is projected to avoid the coming "crisis," thanks to a growing population base and better productivity growth than most. The slack in our labor market will likely disappear, but we won't face labor shortages that constrain GDP.

The study assumed historical rates of productivity growth for each country it analyzed, so the labor shortages are not a forgone conclusion. Heavy automation spending could boost productivity growth, and higher wages could reverse declining labor participation rates. But regardless of how the scenario plays out, I think the US has potential to boost its share of global exports as other trade-oriented economies become increasingly labor constrained.

Likewise, US stocks may also perform better than most other world markets over the next 15 years. Why? Apart from the fact that the US holds an edge with respect to energy production, when a country becomes labor constrained, it forces local wages to climb faster than global wages. This can cause export growth to slow or reverse. The resulting slowdown in GDP then weighs on stocks.

As for the US labor force, unskilled workers have long been on the losing end as global labor rates equalized under free trade. But the future should be a different story. With most foreign competition now being hit by rising wages, the odds are that US wages will climb faster than inflation going forward.

Sincerely,

MARKET OUTLOOK

Don't Fear The Fed

A little over a year ago, everyone was filled with angst over the Fed's impending taper of its bond purchases. That was supposed to cause interest rates to spike and stocks to get whacked.

So much for that theory!

Now that we are nearing the end of tapering, the worry has become that the Federal Reserve will soon start raising short-term interest rates and stocks will crumble. Much as I argued "Don't Fear The Taper" in this column last September, we believe fears of Fed rate hikes are overblown now.

First, we don't see the Fed raising rates for some time yet. Prevailing expectations are for a first hike around mid-2015. While improving labor market conditions and other strengthening economic data have caused some to anticipate an earlier start, we don't subscribe to that view.

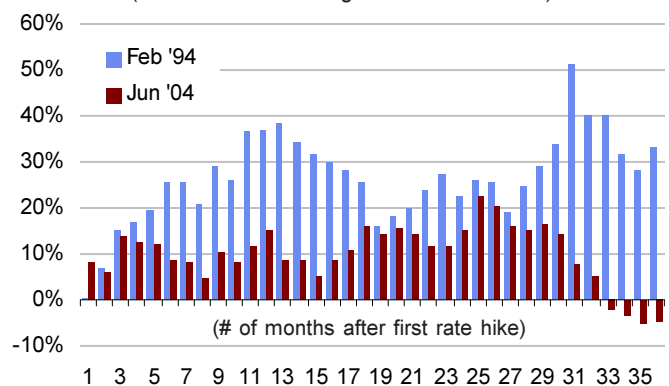
Second, and far more important, **the start of tightening does not mean that good times for stocks are over.** Strategists at Wells Fargo Advisors looked at what



John M. Boyd

S&P 500 Forward 12-Month Returns

(For 36 months starting from initial rate hike)



happened to stock prices the last two times the Fed initiated a series of rate hikes (February 1994 and June 2004). I have replicated their work (with the addition of dividends) in the above chart. As you can see, stocks continued to enjoy strong gains for a long time after the first rate hike.

For example, if you invested in stocks in November 2006, a full 30 months after the first rate hike in June 2004, you would have enjoyed a 14.5% return over the next year.

Unique Opportunities

Target Risk: 1.20 (Current: 1.15)

Foreign Holdings: 6.9%

YTD Return: 4.8%

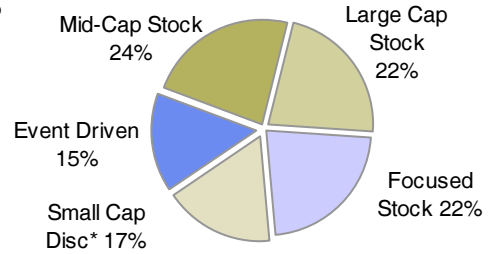
Stocks: 97.8% Bonds: 0.0% Cash: 2.2% Alternatives: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Mid-Cap Stock	FMCSX	\$39.47	2,385.55	\$94,158	4.0%
Large Cap Stock	FLCSX	28.62	3,158.97	90,410	3.3
Focused Stock	FTQGX	20.83	4,319.47	89,974	3.6
Small Cap Discovery*	FSCRX	30.71	2,223.88	68,295	4.1
Event Driven Opps	FARNX	11.00	5,607.84	61,686	3.1

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

Current Value (3/31/99 = \$100,000) \$404,523 3.6%

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



Select

Target Risk: 1.20 (Current: 1.20)

Foreign Holdings: 14.7%

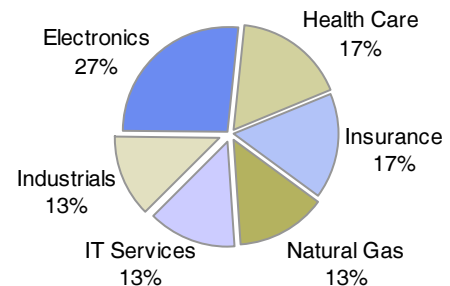
YTD Return: 9.3%

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

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Electronics	FSELX	\$80.47	9,187.66	\$739,331	5.6%
Health Care	FSPHX	218.70	2,143.37	468,754	5.9
Insurance	FSPCX	67.72	6,731.28	455,842	5.6
Natural Gas	FNGX	45.07	8,238.88	371,326	2.8
IT Services	FBSOX	35.77	10,241.30	366,331	0.3
Industrials	FCYIX	32.40	10,880.91	352,542	4.0

Current Value (12/31/88 = \$100,000) \$2,754,127 4.3%

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



Growth

Target Risk: 1.00 (Current: 1.13)

Foreign Holdings: 8.7%

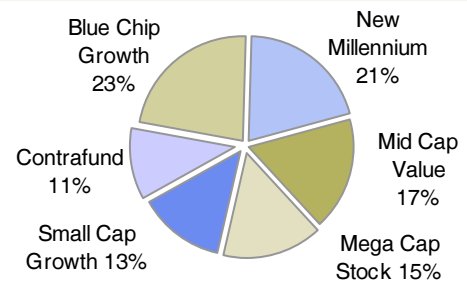
YTD Return: 7.5%

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

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	\$70.22	6,447.76	\$452,762	5.3%
New Millennium	FMILX	42.09	9,676.29	407,275	3.3
Mid Cap Value	FSMVX	24.66	13,437.86	331,378	4.5
Mega Cap Stock	FGRTX	16.32	18,698.14	305,154	3.0
Small Cap Growth	FCPGX	19.18	13,682.67	262,434	4.0
Contrafund	FCNTX	102.26	2,145.47	219,396	4.4

Current Value (12/31/86 = \$100,000) \$1,978,398 4.1%

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



Growth & Income

Target Risk: 0.66 (Current: 0.79)

Foreign Holdings: 13.5%

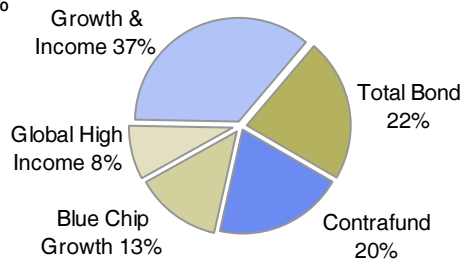
YTD Return: 7.5%

Stocks: 69.3% Bonds: 17.2% Cash: 2.9% Alternatives: 10.6% Yield: 1.7%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Growth & Income	FGRIX	\$29.83	6,479.55	\$193,285	2.8%
Total Bond	FTBFX	10.77	10,610.81	114,278	1.1
Contrafund	FCNTX	102.26	1,021.98	104,508	4.4
Blue Chip Growth	FBGRX	70.22	1,010.13	70,931	5.3
Global High Income	FGHNX	10.23	4,372.88	44,735	1.2

Current Value (12/31/93 = \$100,000) \$527,737 2.9%

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



Income

Target Risk: 0.33 (Current: 0.39)

Foreign Holdings: 10.0%

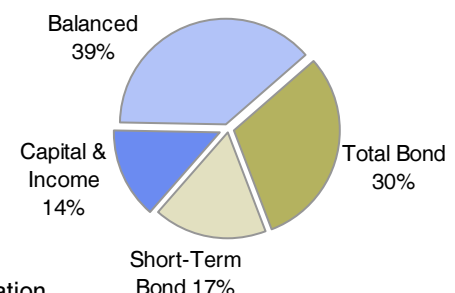
YTD Return: 6.2%

Stocks: 30.9% Bonds: 51.0% Cash: 3.8% Alternatives: 14.3% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Balanced	FBALX	\$24.40	5,653.35	\$137,942	3.3%
Total Bond	FTBFX	10.77	9,783.48	105,368	1.1
Short-Term Bond	FSHBX	8.60	7,086.70	60,946	0.2
Capital & Income	FAGIX	10.23	4,753.57	48,629	2.2

Current Value (12/31/91 = \$100,000) \$352,884 1.9%

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



Of course, the sample is small and the past is an imperfect guide. Also, the present situation is quite unique with its zero-interest-rate policy and unconventional bond buying, which could affect how investors react to the start of rate hikes. In addition, the analysis does not take market valuations into account. But, the results should really not be that surprising.

The Fed does not embark on a tightening cycle unless there are clear signs that economic conditions are improving to such an extent as to threaten a significant acceleration in inflation. And improving economic conditions are supportive of improving earnings and stock prices.

It's true that as rates rise bonds become relatively more attractive versus stocks. In addition, rising rates can lower P/E ratios. But typically, only after multiple hikes, when higher rates start to reduce economic activity and push the economy towards recession, do stocks really feel the pinch.

I mentioned earlier that I do not expect the Fed to move to hike rates sooner-than-expected and the reason is simple. While Yellen is certainly her own woman, she is definitely from the Bernanke school and Bernanke was a keen student of the Great Depression. A key lesson learned was how premature tightening of fiscal and monetary policies in 1937 caused a second downward spiral. As a result, I see her erring on the side of caution longer than many expect.

Recent Economic Data Strong

However, as the Fed is fond of saying, my view is "data-dependent." I could see the Fed raising rates before mid-year 2015 if economic growth really starts to ramp up much faster. On that score there has certainly been a slew of stronger-than-expected data of late. On the labor

FUNDS YOU SHOULD BUY NOW

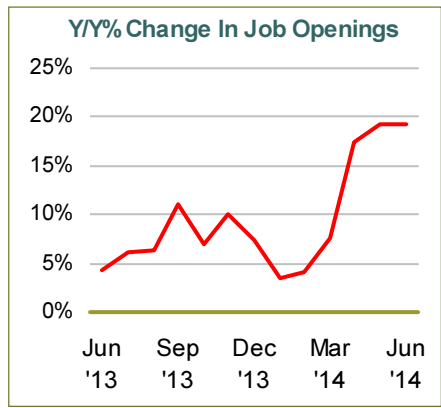
Growth: Blue Chip Growth, Growth Company and the more conservative **Contrafund** for large-cap growth. **Mid-Cap Stock** is our choice for mid-growth. Our favored alternatives to the closed **Small Cap Discovery** are **Small Cap Enhanced Index, Mid Cap Value** and **Small Cap Growth**.

Growth & Income: Growth & Income and **Mega Cap Stock** seek growth and yield from large-caps, while **Balanced** uses stocks and 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.)

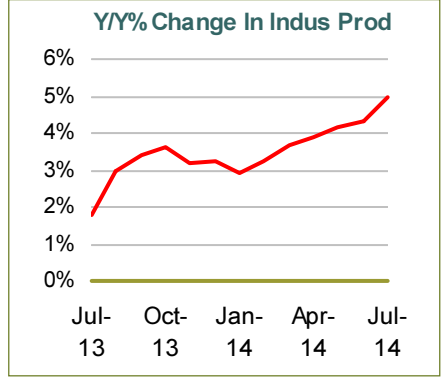
High Yield: More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** boosts portfolio yield even as its secondary objective is growth (it also holds some stocks). Note: High-yield funds now warrant caution as valuations have become "rich." ■

front, job openings have taken a big jump running nearly 20% higher than a year ago for three straight months



now, while initial claims for unemployment remain very low at or slightly below 300,000.

Manufacturing continues to recover with the year-over-year change in industrial production rising from 2.0% to 5.0% over the past year.



The second estimate for GDP growth in the second quarter was revised up to 4.2% from 4.0%, and the "internals" also improved, including a lower increase in inventories and higher business investment.

There are still some areas of concern, notably housing. Sales of new homes have been weak in recent months. But pending home sales have begun to show some improvement. And while traditional banks have been tight with mortgage credit, non-banks are starting to increase their mortgage lending activity to fill-in the gap.

On balance, I still think that the data will not be so strong as to cause the Fed to act sooner. The continuing weakness in Europe's economies remains an outside risk to our own economic health, and they will pay attention to that.

If they do end up moving sooner, there may be a selloff in response, but it should be temporary. This is the most telegraphed rate hike in history so much of the "adjustment" to higher rates has already occurred. And we expect the pace of rate increases to be measured and modest. Remember that rates going up means the economy can finally be taken off life support. ■

— 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.

Fidelity's Stock Fund Managers Navigate Shifting Market

2014 has dealt investors a number of surprises — some welcome, others, not so much. While some expected real estate (REITs), or Treasuries or high-yield bonds to tumble (they haven't), others saw inflation spiking (it hasn't), or anticipated the rally in small-caps would continue. (Wrong again.)

Expectations overseas were for “Abenomics” to lift Japan out of its moribund state, and for the European Central Bank to successfully stimulate its member states onto the glidepath of sustainable growth, in part by depressing the euro's value. Well, neither plan has worked, and new stimuli are being considered.

Atop these “surprises,” professional and do-it-yourself investors have had to consider (but have largely ignored) numerous geopolitical threats which, upon some

reflection, are actually quite frightening, but not at all surprising. Of course, the mantra of Fidelity stock fund managers is to say that geopolitics is merely background noise — it has nothing to do with their fundamental, bottom-up, company-by-company approach to stock picking.

While we'd largely agree with such an assertion (we've heard it made over multiple decades), our interconnected world means that no company is an island. A small example: McDonald's Russian operations are being harassed — a signal to Western business interests that trade and war should be segregated.

With the above in mind, below we discuss the dozen diversified stock funds held in our p. 2 model portfolios. (Each fund's benchmark-index is identified on p. 12.) ■

— John Bonnanzio

Blue Chip Growth

Although this fund's name implies that it only holds America's most well-

YTD Ret. (in %)	
BC Growth Index ¹	10.8
	9.5

known and fastest-growing companies, Manager Sonu Kalra has allocated 15% of its \$12 billion in assets into mid- and small-cap firms. The hope: that they will one day become household names, but in the meantime, provide above-average earnings growth. So, while one might expect to see Google, Apple and Facebook among its top positions on the tech side, and perhaps even Gilead Sciences on the health care side, it may be a while before Azul-*Linhas Aereas Brasileiras* is a household name (at least in the US).

On that score, while Blue Chip Growth's small-cap exposure has been a recent performance drag, its tiny 2% stake in emerging-market companies appears to have helped as Latin America has, of late, been a particularly strong performer.

Contrafund

Though it's been a very long time since this nearly 50-year-old fund has truly

YTD Ret. (in %)	
Contra Index ²	7.5
	9.9

invested in a contrary-to-market fashion, for about half that time Manager Will Danoff has confounded everyone with his ability to identify promising young companies (think

Google and now Facebook) and hold them until they make sense in other funds like Blue Chip Growth. With that in mind, this large-cap growth fund has struggled this year (consumer discretionary and financials — which comprise a third of its assets — have weighed on returns), though it has always been a mistake for investors to grow impatient with Fidelity's largest and most successful stock fund.

Event Driven Opportunities

Free to invest in companies of any market-cap size, this new offering has

YTD Ret. (in %)	
EDO Index ³	8.3
	9.2

had the unfortunate timing to start its life amid a retreat in the small-cap arena. With its second ambition to have a low correlation to “the market,” one way to achieve that is for Manager Arvind Navaratnam to hold plenty of small- and mid-cap stocks. This means its \$3 billion market cap is on the low end of mid-caps, and far below the S&P 500's \$65 billion median market cap. The result has been a sluggish relative performance so far this year. That said, in our June 30, 2014, recommendation to buy Event Driven Opp's for our most risky portfolio (the Unique Opportunities Model), we pointed out the necessity of holding this volatile fund over the long term and through different market cycles. That advice still holds.

Focused Stock & Large Cap Stock

Both these large-cap funds are held in our Unique Opportunities Model. At

YTD Ret. (in %)	
Focused	5.5
LC Stk	8.8
Index ²	9.9

first blush, Focused appears much the same as Large Cap Stock: they are both highly correlated to, and benchmarked against, the S&P 500.

However, Focused is more growth-oriented with about five percentage points more in technology (25%). Moreover, Focused also heavily overweights energy and industrials (the latter being a significant negative so far this year), whereas Large Cap veers little sector-wise from its benchmark. Another important difference is that Focused has a much smaller market cap of \$28 billion versus \$71 billion for Large Cap.

Finally, while Large Cap Stock provides the model with “core” large-cap equity exposure, Focused “explores” more. Holding just 52 stocks (it's essentially a clone of Manager Steve DuFour's other charge, **Fifty** fund, which is closed), 43% of its assets are concentrated into just 10 holdings versus 24% for Large Cap Stock. This concentration and larger sector bets makes it a bit more risky, but very appropriate for this portfolio.

Model Update *cont'd on page 11*

FUND COMMENTARY

S&P 500 Rises 10% As Index Tops 2000

For those who need precision, I'll acknowledge that the S&P 500 is actually up "only" 9.9% through August, not the hysterical 10% that screams from the headline above!



John Bonnanzio

But just as dramatically — though less significantly — for the first time the widely watched and followed gauge of large-cap US stock performance has surpassed the 2000 level.

According to some pundits, this milestone may be just the catalyst to propel stocks even higher. Why?

The theory goes like this: Millions of investors have been sidelined by two major stock-market corrections in this short century. Now with the index at 2003.37, it's safe to jump back in!

Well, maybe.

Granted, investors pulled \$155 billion out of the stock market between 2008 and 2012, while pouring almost \$1.2 trillion into bonds. Even so, US stocks have more than recovered. In fact, if you were fortunate enough to have caught the S&P's intra-day low of 666.79 on March 6, 2009 ... well, just do the math. (Hint: You would have tripled your money!)

Market Indexes

While Jack Bowers and John Boyd set the investment table for you on page 1, let's take stock of where we currently stand:

Last month, investors ignored the geopolitical developments abroad. However, when the outside world in-gloriously intruded on our party (such as when Russia was found to have moved troops into Ukraine and President Obama announced that US air strikes would target ISIS in Iraq and perhaps Syria), stocks hiccuped and Treasuries took flight. But so far, investors have treated these developments all-so-coolly.

As noted, the S&P marched into record territory having gained 4.0% in August while its large-cap peer, the Dow Jones 30 Industrials, rose 3.5%. Better yet, the small-cap Russell 2000 surged 5.0%, which was a welcome development for many a Fidelity stock fund (see facing article). Elsewhere, another stunning month for **Select Biotechnology** (up 13.2%) partly helps to explain the Nasdaq Composite's August return of 4.9% in August, as does **Select Electronics'** 5.6% surge. (The over-the-counter index is dominated by small-cap health care and tech firms.)

For the year, however, the picture is a bit different. The Russell 2000 has struggled and is up only 1.8%. As mentioned, the large-cap S&P has gained 9.9%, versus a none-too-shabby 4.7% for the more narrow Dow Jones Industrials. As for the Nasdaq, it leads this particular field of indexes with its gain of 10.5%.

Stock Funds

All of Fidelity's diversified stock funds were higher in August. Thanks, in part, to their technology exposures and therefore, their broader biases for growth, Fidelity's 15 large-cap growth funds enjoyed an average return of 4.7% (and 9.1% for the year-to-date). This group includes many of their biggest funds by assets including **Blue Chip Growth** (up 5.3%), **Contrafund** (up 4.4%), **Growth Company** (up 5.7%) and **Magellan** (up 4.8%). The

top-performer was **OTC** (up 6.7%) — it benefitted handsomely from its 52% weight in tech and additional 21% position in health care, much of that being biotech.

The relative underperformers were large-cap value funds that averaged returns of 3.3% last month. Among the sectors holding them back a bit were energy and big bank stocks. Both are mainstays of value offerings, and especially those with a yield mandate. Most notably, **Equity-Income** rose "just" 2.9%; a quarter of its assets are in financials.

International Funds

The box below shows a number of foreign funds we've downgraded. It had been our hope that we'd be upgrading Europe and Japan-oriented funds at this point, but as our *Scorecard* demonstrates on p. 7, the attractive investment opportunities we see right now are limited, especially as their risks are manifestly greater than US stock funds. Most notably, the nationally-diversified **Overseas** fell 0.1% in August and we've lowered its rating to *Hold*. This is now in line with the **Diversified Int'l** (also *Hold*) whose talented manager is struggling to move forward against strong and unfavorable headwinds. (Fidelity's largest international fund by assets rose 0.5% in August and is up 1.2% for the year.)

Fund Commentary *cont'd* on page 8

SEPTEMBER SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Low-Priced Stock	B	H	↓	Large foreign exposure (see p.12).
MSCI Telecom Svcs	B	B	↓	Earnings growth below expectations.
Nordic	B	H	↓	Narrow and presently unattractive stock universe.
Overseas	B	H	↓	Japan and Europe exposure are negatives.
Sel Biotechnology	S	H	↑	Long-term growth justifies premium valuations.
Sel Telecom	B	B	↓	Earnings growth below expectations.
Sp Extended Mkt Idx	H	B	↑	Broad equity participation includes hot IPOs.
Stk Sel Lrg Cap Val	H	B	↑	Mgmt team holding its own against peers.
VIP Overseas	B	H	↓	Japan, Europe and emerging mkts are negatives.
VIP Telecom	B	B	↓	Earnings growth below expectations.

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

FIDELITY SCORECARD

AUGUST 31, 2014

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) ¹		
						Aug	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		2003.4		4.0	9.9	4.7	25.3	20.6	16.9	8.4	1.00		
		Nasdaq Composite		4580.3		4.9	10.5	8.2	29.1	22.6	19.2	10.6	1.17		
		Dow Jones Industrials		17098.5		3.5	4.7	2.7	18.0	16.7	15.4	8.1	0.96		
		Russell 2000 (Small Caps)		1174.4		5.0	1.8	3.9	17.7	19.0	17.0	9.4	1.41		
		Barclays Aggregate Bond*				1.1	4.7	0.9	5.6	2.7	4.3	4.4	0.24		
Model Portfolios		Unique Opportunities				3.6	4.8	3.2	20.6	18.4	15.9	9.9	1.15		
		Select				4.3	9.3	5.6	29.0	21.9	17.9	10.9	1.20		
		Growth				4.1	7.5	4.7	20.7	16.9	15.5	8.0	1.13		
		Growth & Income				2.9	7.5	3.7	18.6	13.7	12.2	7.3	0.79		
		Income				1.9	6.2	2.2	12.2	6.8	8.2	4.9	0.39		
											Rel Vol (Risk) ¹	Assets (\$Mil)			
LARGE CAP GROWTH						Category Averages			4.7	9.1	5.7	25.8	20.0	17.7	1.19
312	FBGRX	Blue Chip Growth		70.22	Buy	5.3	10.8	6.9	28.9	21.4	19.4	1.27	\$11,969		
307	FDCAX	Capital Appreciation		39.30	Buy	4.7	8.6	7.2	26.5	22.4	19.0	1.12	5,815		
22	FCNTX	Contrafund		102.26	Buy	4.4	7.5	5.4	24.9	18.9	17.3	1.06	74,561		
332	FEXPX	Export and Multinational	0.75%/30d	25.81	Sell	4.0	6.0	3.8	19.8	15.8	13.4	1.00	1,638		
3	FFIDX	Fidelity Fund		43.17	OK to Sell	4.5	8.8	5.2	24.7	17.4	14.5	1.04	4,671		
500	FFTYX	Fifty (Closed)		29.44	Buy	3.7	5.6	3.0	22.3	19.6	16.8	1.14	759		
333	FTQGX	Focused Stock		20.83	Buy	3.6	5.5	3.1	22.4	19.7	18.4	1.16	1,934		
25	FDGRX	Growth Company (Closed)		130.45	Buy	5.7	9.5	6.4	24.9	21.0	19.8	1.31	22,302		
339	FDSVX	Growth Discovery		23.75	OK to Buy	5.5	11.9	7.5	28.1	20.6	19.4	1.20	1,047		
73	FDFFX	Independence		41.49	Hold	6.2	14.5	7.0	35.1	21.7	19.1	1.59	4,184		
21	FMAGX	Magellan		95.51	OK to Buy	4.8	10.2	6.0	27.0	18.9	13.9	1.22	13,492		
300	FMILX	New Millennium		42.09	Buy	3.3	7.5	3.5	23.5	20.2	18.1	1.03	4,180		
93	FOCPX	OTC		86.63	OK to Buy	6.7	11.9	9.6	26.4	22.4	20.4	1.42	7,875		
320	FDSSX	Stock Selector All Cap		39.02	OK to Buy	4.2	9.6	4.9	25.3	20.1	16.5	1.15	3,536		
5	FTRNX	Trend		92.24	Buy	4.7	8.9	5.9	27.4	20.0	19.0	1.15	1,400		
LARGE CAP BLEND						Category Averages			3.4	8.7	4.4	24.1	21.2	16.6	1.13
315	FDEQX	Disciplined Equity		35.15	Hold	4.3	8.8	4.5	25.9	20.4	14.5	1.14	1,214		
330	FDGFX	Dividend Growth		38.59	Hold	3.6	9.0	4.8	24.7	18.8	16.2	1.30	6,478		
27	FGRIX	Growth & Income		29.83	Buy	2.8	8.0	3.9	21.6	21.5	16.6	1.02	6,551		
338	FLCSX	Large Cap Stock		28.62	Buy	3.3	8.8	4.7	25.1	23.5	18.4	1.14	2,852		
361	FGRTX	Mega Cap Stock		16.32	Buy	3.0	8.9	4.2	23.3	21.9	17.2	1.06	2,871		
LARGE CAP VALUE						Category Averages			3.3	9.3	4.1	22.6	19.8	14.2	1.07
1271	FBCVX	Blue Chip Value		15.74	OK to Buy	3.4	7.7	4.7	22.6	18.3	12.5	1.17	330		
319	FEQTX	Equity Dividend Income		26.23	OK to Buy	3.2	8.1	3.6	21.0	18.7	13.6	1.04	5,060		
23	FEQIX	Equity-Income		63.06	OK to Buy	2.9	8.8	3.9	20.0	18.7	13.9	1.03	7,180		
708	FSLVX	Stock Sel Large Cap Value		16.96	OK to Buy↑	3.7	11.2	4.6	23.3	21.5	14.9	1.04	639		
832	FVDFX	Value Discovery		24.07	OK to Buy	3.2	10.5	3.8	25.9	22.0	16.1	1.06	686		
MID-CAP GROWTH						Category Averages			4.4	7.5	4.0	22.6	18.5	17.1	1.23
324	FDEGX	Growth Strategies	1.50%/90d	30.71	Hold	4.8	7.8	4.5	23.9	16.6	16.3	1.36	1,633		
337	FMCSX	Mid-Cap Stock	0.75%/30d	39.47	Buy	4.0	7.2	3.5	22.5	19.3	18.0	1.16	5,940		
2412	FSSMX	Stock Selector Mid Cap		32.74	Hold	4.6	7.5	4.0	21.4	19.5	16.9	1.18	307		
MID-CAP BLEND						Category Averages			3.8	8.5	4.8	22.9	21.4	18.2	1.27
2624	FARNX	Event Driven Opportunities		11.00	Buy	3.1	8.3	3.5	--	--	--	--	175		
122	FLVCX	Leveraged Company Stock	1.50%/90d	47.89	OK to Buy	4.5	10.8	6.2	25.8	24.0	19.2	1.42	4,210		
316	FLPSX	Low-Priced Stock	1.50%/90d	52.77	Hold↓	3.4	6.7	4.4	20.5	19.6	17.5	1.11	30,584		
14	FSLSX	Value Strategies		44.35	OK to Buy	4.1	8.3	5.1	22.6	20.8	17.8	1.27	752		
MID-CAP VALUE						Category Averages			4.5	11.1	5.5	27.8	23.5	19.1	1.19
762	FSMVX	Mid Cap Value	0.75%/30d	24.66	Buy	4.5	11.5	5.9	29.0	23.8	19.9	1.17	1,610		
39	FDVLX	Value		114.74	Buy	4.5	10.8	5.0	26.7	23.1	18.3	1.21	7,935		
SMALL CAP GROWTH						Category Averages			4.0	-0.5	4.4	15.5	17.7	17.3	1.46
1388	FCPGX	Small Cap Growth	1.50%/90d	19.18	Buy	4.0	-0.5	4.4	15.5	17.7	17.3	1.46	1,071		
SMALL CAP BLEND						Category Averages			4.4	2.8	3.4	17.3	18.1	16.5	1.42
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	30.71	Buy	4.1	2.7	2.5	16.8	22.9	20.4	1.38	6,181		
340	FSLCX	Small Cap Stock	2.00%/90d	19.82	Hold	4.2	4.4	4.4	19.1	14.7	12.5	1.51	1,891		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.52	OK to Buy	4.8	1.3	3.4	16.2	16.8	16.6	1.38	1,404		
SMALL CAP VALUE						Category Averages			4.7	2.2	2.4	16.4	21.0	17.2	1.32
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	20.48	Buy	4.7	2.2	2.4	16.4	21.0	17.2	1.32	2,062		

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

FIDELITY SCORECARD

AUGUST 31, 2014

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						Aug	YTD	3 Mo.	1 Year	3 Year	5 Year		
SPECIALTY													
304	FBALX	Balanced		24.40	Buy	3.3	8.1	3.9	19.5	14.2	12.9	0.70	\$18,932
308	FCV SX	Convertible Securities		33.49	Buy	2.4	8.5	3.1	20.5	15.6	14.2	0.96	2,304
334	FGBLX	Global Balanced	1.00%/30d	25.60	OK to Buy	1.6	3.5	0.7	13.0	9.1	9.3	0.76	599
2120	FFGCX	Global Commodity Stock	1.00%/30d	15.17	Hold	0.7	7.4	3.6	15.7	-0.7	4.4	1.83	261
1960	FDYSX	Global Strategies		9.81	OK to Sell	2.1	5.2	1.8	12.8	7.3	8.9	0.81	146
1368	FIREX	International Real Estate	1.50%/90d	11.05	Hold	0.8	8.7	1.9	16.3	14.7	11.0	1.59	344
4	FPURX	Puritan		22.90	Buy	3.6	8.8	4.4	20.1	14.5	13.1	0.72	17,755
833	FRIFX	Real Estate Income	0.75%/90d	12.08	OK to Sell	1.4	10.5	1.9	13.6	12.1	13.4	0.48	2,628
303	FRESX	Real Estate Investment	0.75%/90d	38.57	OK to Sell	2.7	21.3	4.1	24.0	14.4	19.4	1.40	4,048
1329	FSDIX	Strategic Dividend & Income		15.30	OK to Buy	2.8	11.2	3.6	19.5	15.9	14.9	0.73	2,754
1505	FSRRX	Strategic Real Return	0.75%/60d	9.60	OK to Sell	0.3	5.8	-0.4	5.9	3.3	7.1	0.54	655
311	FIUIX	Telecom & Utilities		24.53	Hold	3.6	13.9	2.2	26.2	17.1	16.9	0.91	989
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		13.74	Hold	1.2	4.1	1.0	7.8	5.6	6.4	0.29	4,931
1957	FTANX	Asset Manager 30%		10.87	Hold	1.5	4.9	1.3	10.1	7.3	7.9	0.40	746
1958	FFANX	Asset Manager 40%		11.14	Hold	1.7	5.3	1.6	12.1	8.9	9.1	0.51	751
314	FASMX	Asset Manager 50%		18.41	Hold	2.1	5.8	1.9	14.1	10.3	10.2	0.62	7,980
1959	FSANX	Asset Manager 60%		11.84	Hold	2.3	6.2	2.1	15.8	11.6	11.1	0.73	1,175
321	FASGX	Asset Manager 70%		21.82	Hold	2.4	6.3	2.3	17.4	13.0	12.1	0.85	3,738
347	FAMRX	Asset Manager 85%		18.28	Hold	2.8	6.8	2.7	20.1	15.0	13.3	1.02	1,420
EQUITY INDEX													
355	FFNOX	Four-in-One Index		37.98	Hold	2.7	6.8	2.6	19.5	15.5	13.1	0.93	3,820
2010	FIENX	International Enhanced Index	1.00%/30d	8.96	Hold	-0.2	3.9	-0.7	18.8	12.2	9.1	1.29	72
1827	FLC EX	Large Cap Core Enhanced Index		12.21	Buy	4.5	10.2	5.0	27.0	21.2	16.8	0.99	287
1829	FLG EX	Large Cap Growth Enhanced Index		15.09	OK to Buy	4.7	10.3	5.5	28.3	20.5	17.7	1.04	268
1828	FLV EX	Large Cap Value Enhanced Index		11.15	OK to Buy	4.3	11.2	4.6	26.5	22.4	16.7	1.02	617
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.69	OK to Buy	5.3	9.3	4.3	26.7	21.5	19.0	1.21	341
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	60.83	Hold	5.0	10.4	8.2	28.9	22.5	19.1	1.17	887
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	12.57	Buy	5.3	2.3	4.3	20.0	20.0	18.3	1.45	389
650	FUSEX	Spartan 500 Index ⁴		71.28	Hold	4.0	9.8	4.7	25.1	20.5	16.8	1.00	5,959
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	10.72	Hold	3.5	12.1	8.3	21.7	--	--	--	14
398	FSEM X	Spartan Extended Mkt Index ⁴	0.75%/90d	55.98	OK to Buy↑	5.0	6.5	4.8	22.4	20.6	19.0	1.32	1,849
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	12.97	Hold	0.9	4.9	1.0	17.5	--	--	--	14
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	41.41	Hold	0.2	2.5	-1.3	16.4	11.4	8.3	1.31	2,795
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	17.37	Hold	4.8	10.4	5.0	25.0	--	--	--	21
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	13.97	OK to Sell	2.8	21.5	3.9	23.9	--	--	--	13
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	16.70	Hold	5.0	1.8	3.9	17.7	--	--	--	21
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	58.92	Hold	4.2	9.2	4.7	24.6	20.5	17.2	1.05	1,731
INTERNATIONAL						Category Averages	1.2	4.2	2.0	18.1	10.6	10.1	1.43
309	FICDX	Canada	1.50%/90d	65.56	OK to Buy	2.7	12.4	7.0	22.6	6.5	9.4	1.21	2,219
352	FHKCX	China Region	1.50%/90d	35.23	OK to Buy	1.5	4.4	8.6	19.8	11.1	11.4	1.59	1,378
325	FDIVX	Diversified International	1.00%/30d	37.35	Hold	0.5	1.2	-0.6	17.5	11.6	9.1	1.34	14,437
351	FSEAX	Emerging Asia	1.50%/90d	34.11	Hold	1.6	11.3	6.8	24.3	7.5	10.3	1.53	1,131
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.63	Hold	1.2	4.8	2.2	16.3	4.7	8.7	1.56	106
322	FEMKX	Emerging Markets	1.50%/90d	26.33	Hold	2.3	9.3	4.9	22.3	3.9	7.8	1.61	2,415
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	13.08	Hold	2.5	7.7	5.1	18.4	--	--	--	84
301	FIEXX	Europe	1.00%/30d	38.55	Hold	0.3	-0.9	-5.1	13.7	13.0	8.7	1.48	1,422
2406	FGILX	Global Equity-Income	1.00%/30d	13.00	OK to Buy	1.6	6.5	1.9	20.3	--	--	--	52
335	FIVFX	International Cap App	1.00%/30d	17.56	Buy	2.2	4.8	2.5	21.7	14.2	12.0	1.49	1,049
305	FIGRX	International Discovery	1.00%/30d	40.03	Hold	0.1	-1.2	-1.3	14.5	11.0	8.9	1.35	8,015
1979	FIGFX	International Growth	1.00%/30d	11.27	OK to Buy	1.0	0.3	-0.6	14.9	11.8	11.9	1.24	563
818	FISM X	International Small Cap	2.00%/90d	26.96	Hold	0.2	0.6	-0.1	15.8	12.5	12.9	1.33	958
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.67	Buy	1.2	5.1	0.0	19.7	15.1	15.3	1.19	619
1597	FIVLX	International Value	1.00%/30d	9.04	Hold	0.4	-0.1	-2.0	15.0	10.4	6.6	1.32	199
350	FJPNX	Japan	1.50%/90d	11.77	OK to Sell	-2.0	-2.2	1.0	7.2	7.9	4.1	1.19	440
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.51	OK to Sell	-1.0	0.5	5.1	12.4	16.0	10.8	1.69	467
349	FLATX	Latin America	1.50%/90d	35.20	Hold	6.8	12.6	10.7	18.0	-4.2	3.8	1.88	1,086
342	FNORX	Nordic	1.50%/90d	46.05	Hold↓	-0.9	2.8	-5.7	27.5	19.3	15.3	1.66	616
94	FOSFX	Overseas	1.00%/30d	40.46	Hold↓	-0.1	0.5	-2.8	16.3	13.2	8.1	1.48	2,924
302	FPBFX	Pacific Basin	1.50%/90d	29.60	Hold	1.6	7.0	4.3	21.6	12.8	14.4	1.37	730
2369	FTEMX	Total Emerging Markets	1.50%/90d	12.25	Hold	1.7	8.9	4.7	21.5	--	--	--	47
1978	FTIEX	Total International Equity	1.00%/30d	8.30	OK to Buy	1.1	1.3	-0.2	15.0	9.8	9.0	1.29	340
318	FWWFX	Worldwide	1.00%/30d	25.28	OK to Buy	2.3	2.7	1.2	18.9	15.4	13.8	1.18	1,576

FIDELITY SCORECARD

AUGUST 31, 2014

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						Aug	YTD	3 Mo.	1 Year	3 Year	5 Year		
SELECT PORTFOLIOS						3.8	9.3	4.4	24.2	19.7	17.3	1.42	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	65.83	OK to Buy	3.8	11.6	1.1	38.4	28.4	24.5	1.11	\$371
502	FSAVX	Automotive	0.75%/30d	53.71	OK to Buy	2.0	5.0	2.6	17.6	22.0	19.0	1.78	172
507	FSRBX	Banking	0.75%/30d	25.95	Hold	2.0	2.4	2.3	17.6	23.0	13.0	1.25	595
42	FBIOX	Biotechnology	0.75%/30d	218.90	Hold↑	13.2	20.5	17.4	36.1	44.3	29.5	1.86	8,219
68	FSLBX	Brokerage & Investment	0.75%/30d	75.49	OK to Buy	4.4	2.0	7.4	23.3	23.2	10.9	1.68	610
69	FSCHX	Chemicals	0.75%/30d	155.48	Hold	4.6	9.1	2.9	27.0	21.9	22.1	1.58	1,580
518	FSDCX	Communications Equipment	0.75%/30d	32.37	Hold	2.5	9.8	1.8	24.3	13.4	12.6	1.56	261
7	FDCPX	Computers	0.75%/30d	82.03	OK to Sell	3.7	10.9	8.4	24.6	20.0	18.1	1.45	672
511	FSHOX	Construction & Housing	0.75%/30d	57.01	OK to Sell	9.0	9.6	7.6	22.4	26.6	18.7	1.50	304
517	FSCPX	Consumer Discretionary	0.75%/30d	32.24	Buy	4.4	2.4	2.2	18.3	21.5	20.5	1.19	779
98	FVLX	Consumer Finance	0.75%/30d	15.57	OK to Buy	2.8	1.8	1.9	14.1	22.0	14.5	1.09	148
9	FDFAX	Consumer Staples	0.75%/30d	94.46	Hold	4.6	8.3	1.9	18.0	16.2	15.5	1.01	1,405
67	FSDAX	Defense & Aerospace	0.75%/30d	115.32	OK to Buy	4.9	-1.6	-2.0	19.2	20.8	19.8	1.13	803
8	FSELX	Electronics	0.75%/30d	80.47	Buy	5.6	27.6	10.5	45.5	23.2	17.4	1.58	1,732
60	FSENX	Energy	0.75%/30d	60.75	OK to Buy	3.0	13.8	3.9	22.5	12.5	14.4	1.84	2,582
43	FSESX	Energy Service	0.75%/30d	94.18	Hold	1.3	14.9	4.0	23.0	10.0	14.1	2.24	1,223
516	FSLEX	Environment & Alt Energy	0.75%/30d	23.47	Sell	1.3	2.9	-0.3	19.3	14.5	11.2	1.23	99
66	FIDSX	Financial Services	0.75%/30d	86.55	OK to Buy	4.0	6.0	5.3	21.9	20.5	9.1	1.49	1,196
41	FSAGX	Gold	0.75%/30d	23.39	Sell	2.5	30.2	17.7	-0.9	-23.4	-6.0	2.85	1,250
63	FSPHX	Health Care	0.75%/30d	218.70	Buy	5.9	22.7	11.3	46.1	34.0	26.5	1.16	6,562
510	FSCGX	Industrial Equipment	0.75%/30d	42.36	Hold	4.4	1.1	-0.1	19.4	18.4	17.7	1.53	332
515	FCYIX	Industrials	0.75%/30d	32.40	Buy	4.0	1.8	-0.3	20.6	20.9	19.0	1.30	1,169
45	FSPCX	Insurance	0.75%/30d	67.72	Buy	5.6	4.7	4.3	22.8	24.1	15.7	1.18	381
353	FBSOX	IT Services	0.75%/30d	35.77	Buy	0.3	-4.0	0.4	16.1	22.4	20.6	1.38	1,059
62	FDSLX	Leisure	0.75%/30d	131.07	Buy	2.6	1.7	2.2	19.3	18.9	20.3	1.39	411
509	FSDPX	Materials	0.75%/30d	88.31	Hold	3.7	7.1	2.6	20.9	14.9	16.4	1.63	1,257
505	FSHCX	Medical Delivery	0.75%/30d	80.69	Hold	5.1	15.1	8.7	30.1	20.8	20.2	1.16	686
354	FSMEX	Medical Equipment	0.75%/30d	38.29	Buy	1.7	13.2	6.5	31.0	20.1	16.9	1.19	1,673
503	FBMPX	Multimedia	0.75%/30d	82.37	OK to Buy	2.1	3.6	3.6	23.1	28.0	25.5	1.21	865
513	FSNGX	Natural Gas	0.75%/30d	45.07	Buy	2.8	19.5	3.7	29.9	13.8	11.1	1.63	1,141
514	FNARX	Natural Resources	0.75%/30d	42.73	Hold	3.1	16.5	5.4	22.1	9.4	13.2	1.91	1,053
580	FPHAX	Pharmaceuticals	0.75%/30d	21.20	OK to Buy	4.0	16.7	5.3	35.6	25.9	23.0	0.96	1,517
46	FSRPX	Retailing	0.75%/30d	85.32	Hold	7.1	1.9	5.5	18.9	22.5	22.2	1.30	753
28	FSCSX	Software & Computer Svcs	0.75%/30d	118.00	Buy	1.7	2.5	3.3	25.0	24.0	21.8	1.35	3,011
64	FSPTX	Technology	0.75%/30d	124.37	OK to Buy	3.9	10.4	7.8	27.1	18.4	18.7	1.38	2,549
96	FSTCX	Telecommunications	0.75%/30d	61.62	OK to Buy↓	-0.1	4.1	0.5	15.6	13.3	14.3	1.01	415
512	FSRFX	Transportation	0.75%/30d	84.66	OK to Buy	4.2	16.4	3.2	40.0	26.1	23.7	1.27	619
65	FSUTX	Utilities	0.75%/30d	76.49	Sell	5.4	17.9	2.0	28.1	17.4	15.3	1.02	957
963	FWRLX	Wireless	0.75%/30d	9.50	OK to Buy	0.7	2.1	-0.8	19.1	14.2	14.3	0.95	284
SECTOR ETFs													
	FDIS	MSCI Consumer Discretionary		27.74	Buy	4.3	3.3	5.0	--	--	--	--	76
	FSTA	MSCI Consumer Staples		27.39	Hold	4.6	6.4	1.0	--	--	--	--	81
	FENY	MSCI Energy		28.72	OK to Buy	2.6	12.3	4.1	--	--	--	--	145
	FNCL	MSCI Financials		27.65	OK to Buy	3.7	7.2	4.9	--	--	--	--	126
	FHLC	MSCI Healthcare		30.59	OK to Buy	5.2	15.6	7.9	--	--	--	--	187
	FIDU	MSCI Industrials		28.04	Buy	4.4	3.1	0.4	--	--	--	--	101
	FTEC	MSCI Information Technology		30.56	OK to Buy	4.2	13.4	8.0	--	--	--	--	182
	FMAT	MSCI Materials		28.84	Hold	4.1	9.9	4.0	--	--	--	--	89
	FCOM	MSCI Telecomm Services		26.93	OK to Buy↓	-0.2	6.1	0.7	--	--	--	--	67
	FUTY	MSCI Utilities		28.25	Sell	5.1	15.3	2.2	--	--	--	--	121

Fund Commentary *cont'd from page 5* **Bond Funds**

There's no question about it: despite all the talk of the Fed hiking interest rates, plenty of investors still crave the relative safety of bonds. The 10-year Treasury yield fell a whopping 22 basis points in August to close the month at 2.34%. **Spartan Long-Term Treasury Index** skyrocketed 4.3% and is now up a

rather unimaginable 17.8% for the year! (Remember, this is a government bond fund yielding only 2.82%, but carries the risk of stocks.) Intermediate-term funds also fared very well: **Corporate Bond** rose 1.5% as did **Spartan Intermediate Treasury Index**. For its part, **Spartan US Bond Index** rose 1.2%.

Nationally diversified munis were also the beneficiaries of falling yields as **Muni Income** and **Tax-Free Bond**

both gained 1.3%. Meanwhile, a handful of state-specific funds rose a tad more (though we prefer those that spread their risk among multiple states).

Finally, high-yield funds gained ground as well with **High Income** rising 1.6%. Better economic news at home (lower default risk) plus institutional inflows pushed prices higher. ■

— John Bonnanzio

FIDELITY SCORECARD

AUGUST 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			
						Aug	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
TAXABLE BOND						Category Averages			0.9	4.5	0.7	5.2	2.5	4.2	1.51	5.0	0.26
2267	FCONX	Conservative Income Bond		10.04	Buy	0.0	0.2	0.1	0.4	0.7	--	0.13	0.3	0.02			
2208	FCBFX	Corporate Bond		11.53	Buy	1.5	7.6	1.5	10.0	6.2	--	2.59	6.6	0.38			
2423	FGBFX	Global Bond		9.88	OK to Sell	0.5	4.7	0.3	6.6	--	--	1.87	6.2	--			
15	FGMNX	GNMA (Ginnie Mae)		11.56	Hold	0.8	4.7	0.5	5.8	2.3	4.3	2.11	4.2	0.23			
54	FGOVX	Government Income		10.45	Hold	0.9	4.0	0.7	4.5	2.0	3.4	1.56	4.7	0.22			
794	FINPX	Inflation-Protected Bond ³		12.53	Hold	0.5	6.1	0.8	5.4	1.7	5.0	-0.25	5.6	0.44			
32	FTHRFX	Intermediate Bond		10.98	Buy	0.6	3.0	0.3	4.2	2.7	4.8	1.74	3.8	0.18			
452	FSTGX	Intermediate Gov't Income		10.68	Hold	0.6	2.2	0.3	2.7	1.2	2.7	1.10	3.5	0.15			
2428	FINUX	International Bond		9.92	OK to Sell	-0.0	4.2	-0.2	6.8	--	--	1.74	6.3	--			
26	FBNDX	Investment Grade Bond		7.94	Buy	1.2	5.2	0.9	6.5	3.8	5.9	2.37	5.1	0.25			
2622	FJRLX	Limited Term Bond		11.55	Buy	0.4	2.1	0.2	3.6	2.4	4.7	1.39	2.8	--			
662	FFXSX	Limited Term Government		10.05	OK to Buy	0.3	1.0	-0.0	1.5	0.6	1.7	0.73	2.5	0.08			
40	FMSFX	Mortgage Securities		11.27	Hold	0.9	4.7	0.7	5.7	2.7	4.7	2.61	4.2	0.21			
450	FSHXB	Short-Term Bond		8.60	Buy	0.2	0.9	0.0	1.5	1.3	2.3	0.73	1.9	0.06			
2415	FSIQX	Sotn Inflation-Protect Index ⁴		9.93	Hold	0.6	6.3	0.9	5.7	--	--	0.00	5.7	--			
1561	FIBIX	Sotn Intermed Treas Index ⁴		10.92	OK to Sell	1.5	4.9	0.9	4.8	1.9	4.6	1.84	6.5	0.37			
1562	FLBIX	Sotn Lnc-Term Treas Index ⁴		12.64	OK to Sell	4.3	17.8	4.7	14.6	5.8	7.6	2.82	16.5	1.02			
1560	FSBIX	Sotn Sht-Term Treas Index ⁴		10.45	Hold	0.4	0.8	-0.0	1.2	0.5	1.6	0.60	2.6	0.08			
651	FBIDX	Sotn US Bond Index		11.71	Hold	1.2	4.7	0.9	5.6	2.7	4.3	2.00	5.3	0.24			
820	FTBFX	Total Bond		10.77	Buy	1.1	5.1	0.9	7.0	4.2	6.1	2.47	4.9	0.25			
HIGH-YIELD BOND						Category Averages			1.2	5.6	1.2	10.1	8.1	9.4	4.16	3.9	0.50
38	FAGIX	Capital & Income	1.00%/90d	10.23	Buy	2.2	8.0	2.5	15.3	10.9	13.0	4.06	4.2	0.64			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.94	OK to Buy	0.3	2.1	0.6	3.7	5.5	5.2	3.45	0.3	0.20			
1366	FHIFX	Focused High Income	1.00%/90d	9.03	Buy	1.4	4.6	0.8	8.4	8.1	9.5	4.07	3.8	0.41			
2297	FGHNX	Global High Income	1.00%/90d	10.23	Buy	1.2	5.7	1.1	11.0	9.0	--	4.57	3.8	0.61			
455	SPHIX	High Income	1.00%/90d	9.43	Buy	1.6	4.4	0.9	9.2	9.6	11.0	4.90	3.4	0.53			
331	FNMIX	New Markets Income	1.00%/90d	16.81	Hold	0.8	11.3	2.2	14.2	8.1	10.0	5.00	7.9	0.69			
2580	FSAHX	Short Duration High Income	1.00%/90d	10.07	OK to Buy	0.9	2.9	0.3	--	--	--	3.88	2.7	--			
368	FSICX	Strategic Income		11.23	Buy	0.9	6.1	1.0	9.1	5.8	7.7	3.37	5.0	0.39			
MUNICIPAL BOND						Category Averages			1.1	6.5	1.4	9.4	4.4	4.8	1.69	5.9	0.31
434	FSAZX	Arizona Muni Income	0.50%/30d	12.11	OK to Buy	1.4	8.2	1.6	11.1	5.2	5.4	2.04	6.9	0.35			
1534	FCSTX	Calif Limited Term Tax Free ⁶	0.50%/30d	10.77	Buy	0.5	3.0	0.8	4.3	2.3	2.9	0.87	3.3	0.14			
91	FCTFX	California Muni Income	0.50%/30d	12.98	OK to Buy	1.3	8.4	1.8	11.5	6.2	6.2	2.07	7.0	0.35			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.79	OK to Buy	1.3	7.3	1.7	9.7	4.0	4.6	1.86	6.6	0.33			
2578	FCRDXX	Conservative Income Muni		10.04	Buy	0.0	0.3	0.0	--	--	--	0.07	0.6	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.54	Buy	0.9	5.6	1.2	7.6	3.8	4.3	1.52	5.1	0.25			
404	FSTFX	Limited Term Muni Income ⁷	0.50%/30d	10.75	Buy	0.3	2.1	0.4	3.2	1.8	2.4	0.60	2.7	0.12			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.44	OK to Buy	1.1	7.1	1.6	9.7	3.9	4.5	1.69	6.7	0.32			
70	FDMMX	Mass Muni Income	0.50%/30d	12.43	OK to Buy	1.3	8.0	1.8	10.8	4.9	5.3	2.12	7.6	0.38			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.24	OK to Buy	1.4	7.2	1.8	9.5	4.4	4.8	2.00	5.7	0.30			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.78	OK to Buy	0.9	5.6	1.3	7.6	3.7	4.3	1.58	5.7	0.27			
37	FHIGX	Municipal Income	0.50%/30d	13.43	Buy	1.3	8.5	1.7	11.6	5.5	5.8	2.15	7.2	0.36			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.01	OK to Buy	1.4	7.4	1.1	9.6	4.6	4.9	2.01	7.0	0.35			
71	FTFMX	New York Muni Income	0.50%/30d	13.53	OK to Buy	1.3	7.8	1.7	10.8	4.7	5.1	1.85	7.1	0.35			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.17	OK to Buy	1.4	8.3	1.7	11.1	5.0	5.1	2.20	7.7	0.36			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.30	OK to Buy	1.2	7.6	1.6	10.6	5.0	5.2	1.92	6.4	0.34			
90	FTABX	Tax-Free Bond	0.50%/30d	11.62	Buy	1.3	8.6	1.7	11.7	5.7	5.8	2.22	7.2	0.36			

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
			Aug	YTD					Aug	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	FDMXX	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	FNXX	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

AUGUST 31, 2014

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Aug	YTD	3 Mo.	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios	Annuity Sector Model						4.2	8.2	5.4	25.8	19.9	17.2	1.22
	Annuity Growth Model						4.4	7.1	5.0	19.8	17.1	15.4	1.13
	Annuity Growth & Income Model						3.2	6.8	3.5	15.5	12.5	11.4	0.81
	Annuity Income Model						1.7	4.9	1.6	9.1	5.7	7.1	0.38
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.67	Hold	2.9	7.5	2.9	17.3	10.7	10.7	0.77
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		18.10	Hold	3.5	8.6	3.5	21.8	13.5	12.7	1.05
9069	FJBAC	Fid VIP Balanced	Allocation		19.13	Buy	3.4	8.0	4.1	18.5	13.6	12.7	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	20.79	Buy	4.4	1.6	1.8	17.3	21.1	20.0	1.20
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	19.47	Hold	5.9	7.3	2.7	16.9	15.5	14.8	1.02
9065	FPDFC	Fid VIP Contrafund	Large Growth		20.22	Hold	4.1	8.8	5.0	24.2	18.4	15.6	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		16.29	Buy	5.3	2.0	4.2	19.4	19.4	17.6	1.44
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		22.12	Buy	4.8	8.8	7.1	28.5	23.1	19.2	1.14
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	9.25	Hold	2.2	8.8	4.8	21.4	3.5	7.2	1.60
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	20.67	Buy	2.9	13.7	3.8	22.4	12.4	14.3	1.84
9061	FLOLC	Fid VIP Equity-Income	Large Value		17.26	OK to Buy	2.9	8.7	3.9	19.7	18.7	15.0	0.97
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.34	Buy	4.0	5.7	5.3	21.6	20.4	9.0	1.48
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.08	OK to Buy	0.2	0.8p	0.4	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.99	Hold	1.2	3.5	1.1	7.5	4.9	5.3	0.28
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.15	Hold	2.0	4.7	1.9	13.1	9.5	9.1	0.59
9197	FMPCC	Fid VIP FundsManager 60	Allocation		14.08	Hold	2.2	5.1	2.0	15.3	11.1	10.3	0.70
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.38	Hold	2.3	5.1	2.1	16.3	12.5	11.3	0.82
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.32	Hold	2.7	5.3	2.5	18.9	14.6	12.7	0.98
9062	FMNDC	Fid VIP Growth	Large Growth		19.93	OK to Buy	5.4	11.6	7.3	27.8	20.2	18.9	1.22
9070	FLFNC	Fid VIP Growth & Income	Large Blend		19.15	Buy	2.8	7.9	3.9	21.4	21.0	16.3	1.02
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		19.63	Buy	5.7	6.8	6.1	20.9	20.8	20.2	1.34
9078	FPVDC	Fid VIP Growth Stock	Large Growth		20.95	Buy	4.6	8.7	5.8	27.0	19.8	18.9	1.14
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		17.14	Hold	4.7	7.5	4.3	23.1	15.9	15.7	1.36
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	31.17	Buy	5.9	22.4	11.5	45.4	33.4	26.1	1.16
9060	FBBLC	Fid VIP High Income	High-Yield Bond		18.32	Buy	1.2	4.7	0.8	9.2	8.9	10.3	0.49
9064	FXLVT	Fid VIP Index 500	Large Blend		19.15	Hold	4.0	9.6	4.6	24.8	20.2	16.5	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	25.11	Buy	3.9	1.9	-0.2	20.4	20.7	18.8	1.29
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	15.73	Buy	2.2	4.6	2.3	21.2	13.9	11.6	1.49
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.12	Buy	1.1	4.9	0.8	6.1	3.3	5.1	0.25
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	19.63	Hold	3.8	7.3	2.7	21.0	14.7	16.2	1.63
9071	FNBSJ	Fid VIP Mid Cap	Mid Growth		21.94	OK to Buy	4.4	6.1	4.7	23.4	15.9	16.0	1.25
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.38	--	0.0	-0.1	0.0	-0.2	-0.2	-0.1	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	15.30	Hold	1.0	-2.4	-0.5	14.4	10.8	8.8	1.46
9072	FFWKC	Fid VIP Real Estate	Sector		19.47	OK to Sell	2.4	20.8	3.8	23.7	14.6	19.0	1.39
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.63	Buy	1.0	5.7	0.9	8.5	5.3	7.1	0.38
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	24.31	Buy	3.9	11.2	7.9	26.4	17.4	18.0	1.37
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	13.21	OK to Buy	-0.1	3.9	0.5	15.3	14.0	14.5	0.99
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	22.17	Sell	5.4	17.6	1.8	27.6	17.3	15.2	1.02
9079	FKMSC	Fid VIP Value	Mid Value		17.98	Buy	3.8	9.3	4.0	22.6	21.5	16.8	1.08
9080	FUEBC	Fid VIP Value Leaders	Large Value		14.51	OK to Buy	3.3	7.5	4.6	22.1	17.7	12.0	1.18
9073	FBNSC	Fid VIP Value Strategies	Mid Value		19.66	OK to Buy	4.2	8.4	5.2	22.6	20.7	17.7	1.28
9347	FBMEC	Black Rock Global Allocation	Global Allocation		12.13	OK to Sell	1.9	4.4	2.1	12.8	8.0	8.1	0.80
9349	FTMEC	Franklin Templeton Gobl Bond	Global Bond		11.35	Buy	0.9	3.8	1.1	9.0	4.2	7.7	0.78
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.13	Hold	0.4	2.4	0.3	3.2	0.8	2.4	0.17
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.66	OK to Sell	2.2	4.7	1.6	17.8	11.6	8.5	1.24
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		17.46	Hold	2.0	12.3	6.6	22.5	6.4	9.4	1.65
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		17.28	Hold	0.5	8.7	1.1	11.8	5.1	7.9	0.76
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		14.24	Hold	3.5	8.3	5.2	16.2	4.4	7.7	1.43
9146	FPRPC	Morgan Stanley Glb Tactical Alloc	Diversified Int'l		12.74	Hold	1.1	4.7	0.8	14.0	10.2	8.6	0.84
9346	FPMEC	Pimco Commodity Real Return	Commodities		8.93	OK to Sell	-1.1	2.9	-5.4	-0.6	-7.5	4.0	1.41
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.43	Buy	0.4	1.0	-0.1	2.5	1.8	--	0.20
9277	FPNBC	Pimco VIT Real Return	TIPS		12.98	Hold	0.5	6.8	0.9	6.6	2.4	--	0.49
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.50	Buy	1.0	3.6	0.5	5.1	3.4	--	0.32

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:	
Aug: 4.2% YTD: 8.2%	

Annuity Growth	
Fund	Allocation
VIP Growth Opps	23%
VIP Growth & Income	20
VIP Value	19
VIP Disciplined Sm Cap	16
VIP Dynamic Cap App	13
VIP Growth Stock	9
Total Return:	
Aug: 4.4% YTD: 7.1%	

Annuity Growth & Income	
Fund	Allocation
VIP Growth Opps	27%
VIP Growth & Income	22
VIP Value	20
VIP Investment Grade	20
VIP High Income	11
Total Return:	
Aug: 3.2% YTD: 6.8%	

Annuity Income	
Fund	Allocation
VIP Investment Grade	33%
VIP Balanced	31
Pimco VIT Low Duration	20
VIP High Income	16
Total Return:	
Aug: 1.7% YTD: 4.9%	

Growth & Income

This is but one of several large-cap funds managed by Matt Fruhan. In terms of market-cap, G&I is the third-highest at Fidelity weighing in at a rather robust \$86 billion — \$22 billion more than the S&P 500's. Naturally, some of the country's biggest stocks dominate the fund, including top positions JP Morgan, Apple, Microsoft, GE and Chevron.

And, true to its income moniker, it sports a 2.4% dividend yield, which is a bit higher than the market's 2.0% (as measured by **Spartan 500 Index** fund). Owing to its large market cap, and Matt's twin pursuits of yield and measured risk, during Matt's tenure (since 2011) the fund has provided risk-adjusted returns that are right in line with its benchmark. As such, it's an appropriate fit for our conservative Growth & Income Model.

With that in mind, performance has recently fallen behind its benchmark: a 12% slug in foreign stocks is one reason, and its overweight in financials (19.0% vs the market's 16.1%) plus an underweight in utilities are two others. Of course, as financials are central to the fund's mandate of yield-generation, it's incumbent upon the manager to keep a healthy stake in that income-rich arena.

Mega Cap Stock

This is another of Manager Matt Fruhan's funds (see above). Just like Growth and Income, Mega Cap yields more than the S&P 500 (2.1%), though it has no income objective. Notably, its benchmark should really be the S&P 100 or Russell Top 200 indexes as the "500" is somewhat arbitrarily designed to reflect the makeup of the US economy — it is not, as many assume, comprised exclusively of the 500 biggest stocks.

So what really distinguishes Mega Cap from its peers is its gargantuan market cap of \$127 billion, which is

YTD Ret. (in %)	
G&I	8.0
Index ²	9.9

terms of market-cap, G&I is the third-highest at Fidelity weighing in at a rather robust \$86 billion — \$22 billion more than the S&P 500's.

almost twice the S&P's!

Until last month, Mega Cap had kept pace with the S&P 500 (both were up 5.7%). But in August, with small- and mid-sized companies staging a comeback (the S&P 500 actually has about 7% in those two areas), and a 10% foreign stake dragging on its return, Mega's relative performance slipped. It gained 3.0% to the S&P 500's 4.0%. That said, despite August's slip, Matt has so far figured a way to beat his bogey over the prior 3- and 5-year periods. So, don't obsess about last month.

Mid-Cap Stock & New Millennium

These two funds are siblings: they share the same investment process and themes, the same growth bias, low turnover, and occasionally the same holdings. And, by the way, they share the same manager, John Roth.

Where do the funds part company? New Millennium has a significantly higher market-cap of \$35 billion versus \$7 billion for Mid-Cap Stock. So, for all their commonality, the manager fishes for stocks in entirely different ponds.

We bought New Millennium for our Growth Model in June. We explained the move by noting that over the prior three years, John had generated almost two percentage points more return each year than his large-cap peers, though with 18% less risk!

Such a feat for Mid-Cap Stock is all but impossible as mid-sized companies can be significantly more volatile. Moreover, the fund's P/E runs higher than its S&P MidCap 400 benchmark, which typically adds to risk. Even so, John's fund is the least volatile of Fidelity's four mid-cap growth offerings, and is 14% less risky than its average mid-cap peer. Still, with its volatility of 1.14, it has a rightful place (and is our largest holding) in the Unique Opp's Model.

As for both funds' modest underperformance this year, their small

YTD Ret. (in %)	
Mid-Cap Stk	7.2
Index ⁴	8.1
New Mill.	7.5
Index ²	9.9

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foreign stakes have probably not helped, while cash positions of 6.5% for Mid-Cap and 11.0% for New Millennium have undoubtedly trimmed returns. The silver lining: cash is a sign of patience, risk-control and opportunism. Put it this way, it's John's way of letting the "fish" come to him.

Mid Cap Value

When Court Dignan took over this fund in April 2013, we knew that his strategy wouldn't be much different from his predecessor's. That has meant sticking closely to his benchmark's sector weights, holding minimal cash, and doing one's darndest to find quality stocks (with the help of computer-driven algorithms) whose prices are, for any number of reasons, trading below their intrinsic value.

So far, so good. In the past 12 months (though not year-to-date) the fund has outpaced its index and, in the process, the majority of its mid-cap peers. This includes Low-Priced Stock, which we presently see as less attractive than this fund (see p. 12).

Small Cap Discovery

Chuck Myers runs this fund and is lead manager at **Small Cap Value**. Because of their huge gains since 2009, both funds are now closed to new investors. Such is the price of success in the small-cap world, where Fidelity's internal limits on stock ownership can be tripped when hordes of performance-chasers crash the party.

Indeed, stress cracks grew noticeable in the fourth quarter of 2013, and have been even more apparent this year. But against the backdrop of the economy improving and investors growing concerned over elevated valuations, the entire small-cap universe has waxed and waned this year. Discovery has been no exception.

With the possibility that the headwinds faced by small-caps will accelerate into a gale, it's entirely possible

YTD Ret. (in %)	
SC Disc.	2.7
Index ⁶	1.8

manager at **Small Cap Value**. Because of their huge gains since 2009, both funds are now closed to new investors.

Inside Fidelity

New Fund — **Freedom 2060** was launched on August 5. Like other of Fidelity's "target date" funds, its current long-term objective is to offer shareholders a high total return. But as the fund nears its target date (which should roughly align with an investor's retirement), its secondary objective of principal preservation grows in importance. Eventually, its assets are transferred to **Freedom Income**.

(Note that Freedom Funds' returns are provided daily in our online *Scorecard*, but not in this report.)

Corrections & Amplifications — In the August report, the *Unique Opportunities* pie chart was mislabelled: **Large Cap Stock** was shown twice, thereby omitting **Focused Stock**. Then (as now) both funds were 22% of the model's assets. (The adjoining table was correct.)

We apologize for any confusion. ■

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds are also expected to pay dividends and/or capital gains in September:

Blue Chip Growth, Blue Chip Value, Dividend Growth, GNMA, Gov't Inc., Growth & Inc., Inter Gov't Inc., Int'l Real Estate, Leveraged Company Stock, Low-Priced Stock, OTC, Real Estate Inc., Real Estate Investment, Small Cap Growth, Small Cap Value, Sptn Real Estate Indx, Ultra-Short Bond, Value Discovery.

The final distributions for August were as follows:

Fund	Ex-Date	\$ Amt	NAV
Fidelity Fund	8/8	3.092	41.35
Growth Discovery	8/8	0.011	22.59
Mega Cap Stock	8/8	0.448	15.74

Model Update *cont'd from page 11*

that some trimming of this position may occur in the future. But as the Unique Opportunities Model seeks additional alpha by taking greater-than-market risks, Discovery makes sense for both its return potential and its ability to diversify away from the large-cap stocks that dominate the model.

Notes: 1. **Small Cap Enhanced Index** and Mid Cap Value are alternatives to the closed Discovery, and; 2. Because of liquidity concerns, Discovery (and Small Cap Value) have 1.5% redemption fees on shares held fewer than 90 days.

Small Cap Growth

Of the 2000-strong universe of stocks from which Patrick Venanzi can pick to build his portfolio, he's selected 142. Moreover, his sector bets are pretty much in line with his benchmark. This results in almost a quarter of fund assets being in technology, followed by health care, industrials and consumer discretionary stocks.

Broadly diversified by industry, the common thread among his 12-dozen holdings is Pat's desire to buy established companies with strong franchises in growing markets. Moreover, they should be enjoying above-average sales and earnings growth.

To get these companies into his portfolio, Pat gladly pays a premium, which is why the portfolio contrasts so markedly from Small Cap Discovery and especially Small Cap Value.

Remember that this is among Fidelity's most volatile stock funds, so short-term performance will have plenty of peaks and troughs. ■

Fund Indexes (Benchmarks): ¹Russell 1000 Growth; ²S&P 500; ³Russell 3000; ⁴S&P MidCap 400; ⁵Russell Midcap Value; ⁶Russell 2000; ⁷Russell 2000 Growth.

FUND UPDATE

Low-Priced Stock Gets Downgrade

This month we've decided to downgrade **Low-Priced Stock** one notch: from *OK* to *Buy* to *Hold*.

That doesn't mean you should sell it; it merely means that if you own Low-Priced, you should continue to hold it, but we don't recommend adding additional money to it.

As for the downgrade itself, we've long been on record stating our belief that Manager Joel Tillinghast is one of the best fund managers ever. If he weren't, he wouldn't be running a fund that has grown from zero dollars since he started it in 1989 to almost \$31 billion today!

Nonetheless, the fund's double-digit stash of cash was an impediment in last year's bull market, and it's been problematic this year, too. That said, we understand that should "smid-caps" flounder again (as they did in July), cash will again mitigate the fund's losses. Notably, while **Spartan Small Cap Index** and **Spartan Mid Cap Index** fell 6.0% and 3.0%, respectively, in July, Low-Priced retreated only 1.6%.

But there's another potential problem: Joel's 28% stake in foreign developed markets and almost another 7% in emerging-market securities. Granted, none of this is new to the fund, and the latter has probably been beneficial of late. But our bias remains with the US markets, and there are some alternative funds (though very different ones) that you'll find in our *Scorecard*.

Finally, as long as Joel's on Low-Priced, shareholders will be in good hands. But that doesn't mean that this is the best fund for every market environment. ■

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