

# FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

SEPTEMBER 2015

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## MESSAGE FROM JACK

### Flash Crash II

Corrections involve fear and widespread selling activity, whereas bear markets are more about changes likely to have a lasting negative impact on corporate earnings. Consider the following two explanations for the recent market selloff:



Jack Bowers

1. Rational discounting of weaker corporate earnings due to the dollar's rising strength and slower global growth from China's slowdown.

2. A frenzy of selling activity driven first by moving-average timing signals, followed by millions of stop-loss orders

being executed automatically after stock and ETF prices declined below key selling thresholds.

Considering how many brokerages were overwhelmed by sell orders when the market opened on August 24, option #2 is the best explanation of what happened. If this correction-like behavior follows the pattern of previous short-term panics, it's unlikely to lead to a bear market.

The growing popularity of stop-loss orders (among holders of stocks and ETFs) almost guarantees they will be a defining factor in most future corrections. Many individuals have bought into the illusion of "protecting" their holdings this way, while failing to realize that the more likely outcome is selling at the lowest possible price in any widespread selloff. Fortunately, this near-replay of the 2010 "Flash Crash" did not result in zero-priced securities or canceled trades like the first time around. Still, it is never a good idea to sell into a selling stampede.

It's important to remember that markets reward investors for bearing risk over long periods of time. Any attempt at protection — market-timing, options, or stop loss orders — can only hurt long-term returns. While it's possible to get lucky once or twice, a statistically significant number of protection events will almost always do permanent damage. In other words, no one can perfectly time the next six market cycles, and anyone who tries will seriously dilute their long-term performance.

Time is the only protection an investor needs. A diversified portfolio of stock funds held for 10 years or more will almost always outperform inflation by a wide margin.

*Jack*

## MARKET OUTLOOK

### A Normal (And Overdue) Correction

August was a scary month for investors. With the S&P 500 suffering a decline of 11.1% at one point, the index reached official correction territory before rebounding to close the month with a loss of 6.0%. But, such corrections are a normal part of any bull market.

In fact, they typically occur roughly every 12-18 months (depending on what index you are measuring and whether you use intra-day or closing data). As I had noted in many previous editions of this column, we had gone nearly four years since the last one ended in

the fall of 2011, so we were long overdue. (Though we had a close call last fall with a 9.8% drop.)



John M. Boyd

### Will The Correction Become A Bear Market?

We could well see further declines before this correction has fully run its course, but **we don't believe this will turn into a full-fledged bear market.**

As Jack argues at left, the most likely explanation for the sharp drop was frenzied selling driven by moving-average-timers. And it was exacerbated by automatic stop-loss orders rather than a "rational discounting" of slower Chinese growth. Indeed, the weakening in China's growth story has been evident for some time. The only "new" news was the further collapse of the Chinese stock market. While that is not good for Chinese speculators, it does not pose any additional risk to the U.S. economy other than what has already been discounted owing to slowing growth.

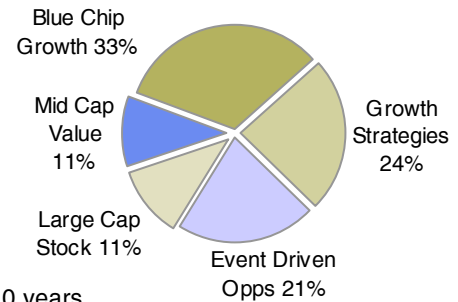
### U.S. Economy Showing Stronger Growth

Yes, China's weakness is a headwind. But as I noted last month, that should exert only a slight drag on our GDP. And on that score, the latest estimate of second quarter GDP growth was just revised up to 3.7% from an initial estimate of 2.3%. Consumer spending, which is the main driver of our economy, was revised up modestly to 3.1% from 2.9%. But perhaps the most encouraging news was that overall business investment rose 3.2% versus an original estimate of a 0.6% drop. And spending on equipment jumped by 10.7%. Business investment is one area that has been notably weak in this recovery to date, so renewed

**Unique Opportunities** Target Risk: 1.20 (Current: 1.09) Foreign Holdings: 9.4% YTD Return: -1.4%

Stocks: 99.7% Bonds: 0.0% Cash: 0.2% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	\$70.40	1,874.44	\$131,961	-6.5%
Growth Strategies	FDEGX	32.97	2,873.22	94,730	-5.6
Event Driven Opps	FARNX	10.29	8,360.34	86,028	-7.4
Large Cap Stock	FLCSX	26.70	1,649.80	44,050	-6.8
Mid Cap Value	FSMVX	23.58	1,861.10	43,885	-5.9



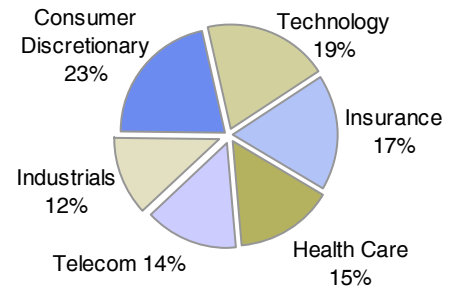
**Current Value (3/31/99 = \$100,000)** \$400,653 -6.4%

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

**Select** Target Risk: 1.20 (Current: 1.05) Foreign Holdings: 15.3% YTD Return: -4.2%

Stocks: 97.4% Bonds: 0.0% Cash: 2.6% Alternatives: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Consumer Discretionary	FSCPX	\$33.63	17,911.25	\$602,355	-6.7%
Technology	FSPTX	111.99	4,792.96	536,763	-7.1
Insurance	FSPCX	67.10	7,151.69	479,878	-6.1
Health Care	FSPHX	225.03	1,818.93	409,313	-8.5
Telecommunications	FSTCX	59.67	6,668.20	397,892	-4.2
Industrials	FCYIX	29.18	11,653.81	340,058	-7.3



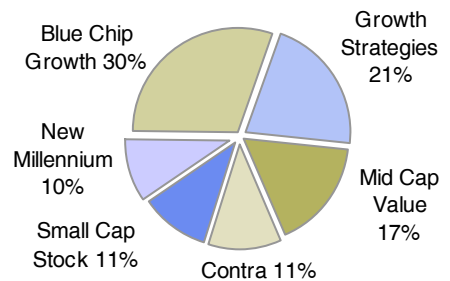
**Current Value (12/31/88 = \$100,000)** \$2,766,260 -6.7%

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

**Growth** Target Risk: 1.00 (Current: 1.07) Foreign Holdings: 9.2% YTD Return: 0.1%

Stocks: 98.4% Bonds: 0.0% Cash: 1.6% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	\$70.40	8,771.74	\$617,530	-6.5%
Growth Strategies	FDEGX	32.97	13,018.47	429,219	-5.6
Mid Cap Value	FSMVX	23.58	14,188.56	334,566	-5.9
Contrafund	FCNTX	99.21	2,305.27	228,706	-6.0
Small Cap Stock	FSLCX	18.08	11,737.25	212,210	-5.2
New Millennium	FMLX	37.82	5,231.02	197,837	-5.6



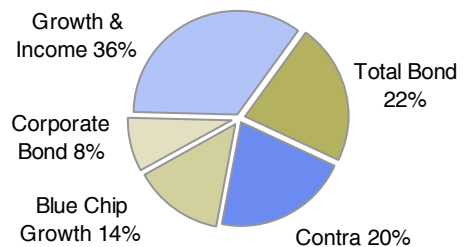
**Current Value (12/31/86 = \$100,000)** \$2,020,068 -5.9%

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: 0.75) Foreign Holdings: 11.2% YTD Return: -0.6%

Stocks: 69.7% Bonds: 23.4% Cash: 2.5% Alternatives: 4.4% Yield: 1.7%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Growth & Income	FGRIX	\$28.73	6,596.69	\$189,523	-6.9%
Total Bond	FTBFX	10.53	10,948.42	115,287	-0.6
Contrafund	FCNTX	99.21	1,098.10	108,942	-6.0
Blue Chip Growth	FBGRX	70.40	1,072.21	75,483	-6.5
Corporate Bond	FCBFX	11.11	3,962.04	44,018	-1.0



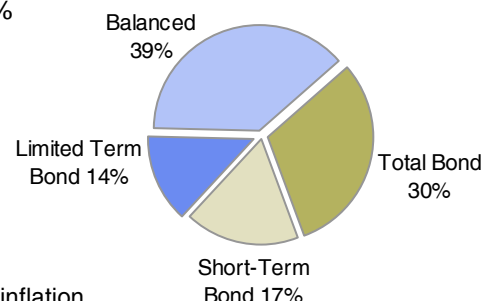
**Current Value (12/31/93 = \$100,000)** \$533,254 -4.8%

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

**Income** Target Risk: 0.33 (Current: 0.33) Foreign Holdings: 10.3% YTD Return: -0.3%

Stocks: 26.0% Bonds: 65.4% Cash: 2.9% Alternatives: 5.7% Yield: 1.9%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Balanced	FBALX	\$22.33	6,230.61	\$139,129	-4.4%
Total Bond	FTBFX	10.53	10,094.77	106,298	-0.6
Short-Term Bond	FSHBX	8.58	7,154.69	61,387	0.0
Limited Term Bond	FJRLX	11.45	4,199.35	48,083	-0.2



**Current Value (12/31/91 = \$100,000)** \$354,897 -2.0%

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

growth there would be very positive. Helping to underpin the improvement in business spending was a snap-back in corporate profits, which rose 2.4% after a decline of 5.8% in the first quarter.

Most economists expect growth to decline a bit in the coming quarter, in part because of China, but also because state and local government spending grew at the fastest pace since 2001. And that is not likely to continue. In addition, business inventories rose more than expected, and that could be a drag on future growth if sales don't rise commensurately.

While we agree that a slowdown from the second quarter's strong pace is likely, almost all the economic data for July has been quite positive.

- Industrial production rose 0.6% in July, after falling each month from January through May and edging just 0.1% higher in June.

- Durable goods orders rose 2.0% in July, and durable goods less defense and aircraft (a proxy for business investment) rose 2.2%, after falling in four of the past five months.

- Retail sales rose 0.6% after being flat in June.

- Existing home sales for July were 11.7% higher than a year ago, while sales of new homes jumped 22.9% — the eighth straight month of double-digit gains for new homes.

- We added 215,000 jobs in July. That's down a bit from June's 231,000, but is still solid. And initial jobless claims remain historically low.

- The Conference Board's index of consumer confidence rose to a seven month high in August, although that survey was taken before the plunge in stock prices. The University of Michigan Consumer Sentiment Index, which was taken later in the month after the correction began, fell slightly.

## FUNDS YOU SHOULD BUY NOW

**Growth:** For large-cap exposure ... **Blue Chip Growth**, **Growth Company** and **Large Cap Stock** take more aggressive approaches to growth, while **Contrafund** is more conservative. **Growth Strategies** and **Mid-Cap Value** provide mid-cap exposure; **Event Driven Opportunities** (see p. 4) and **Small Cap Stock** are smaller-cap options that enhance portfolio diversification.

**Growth & Income:** **Growth & Income** and **Mega Cap Stock** seek growth and yield from large-caps; **Balanced** and **Puritan** use a mix of stocks and bonds to mitigate risk.

**Taxable Bond:** **Short-Term Bond** and **Limited Term Bond** contain 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 yields through well-managed credit risk.

**Muni Bond:** More highly taxed investors should consider muni funds. We prefer the less risky, nationally diversified variety. ■

- Lastly, one of my favorite indicators, the Chicago Fed's National Activity Index (which measures 85 different economic measures) rose to a +0.34 in July — the highest level in eight months. The three month moving average of the series (a popular recession indicator) rose to 0.0, after being negative for the past five months. A fall to -0.70 in the average is needed to signal an impending recession.

While the economy may not be as robust as the second quarter's read would indicate, the overall picture is one of solid, if unspectacular growth — strong enough to withstand any impact from China's slowdown. In short, there is no danger of a recession on the horizon and you don't typically get bear markets without one.

### Fear Reigns

According to Bank of America Merrill Lynch, for the week ending on Wednesday August 26, investors withdrew \$29.5 billion from equity funds, the largest weekly outflow on record going back to 2002. Moreover, on Tuesday the 25th, investors yanked \$19 billion out — the single largest daily outflow in roughly eight years. "Total Risk Surrender," they called it.

That very likely set the stage for

the strong rebound rallies on Wednesday and Thursday.

Mark Hulbert notes that his Nasdaq Newsletter Sentiment Index, which focuses on short-term Nasdaq traders, plunged to -50% on Tuesday the 25th. "This means that the average Nasdaq-oriented timer is allocating half of his equity portfolio to shorting stocks — an aggressive bet that the market will keep falling. As recently as late July, this average stood at close to plus 60%."

As I have noted often in the past, this kind of fear is not typical of stock market tops. Instead it more often serves as a "wall of worry" that bull markets climb.

### Good Litmus Test

The stomach-churning drops during this correction provided a good litmus test for the amount of risk in your portfolio. Stocks offer the best opportunity for long-term returns — but they are inherently risky! If you found yourself on the brink of selling all your stock funds during this correction, you should probably look at reducing your stock exposure. Better to lower the amount of stocks you own, than dump them all when things get rough. ■

— John M. Boyd

### Model Portfolios Key:

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

## FUND UPDATES

### Event Driven Hits Pothole

Even before the August sell-off, **Event Driven Opportunities** (EDO) had been in a performance rut.

While “benchmarked” against the Russell 3000, EDO has few attributes in common with that index. In fact, 98% of EDO’s assets lay outside that mid-cap barometer. And that’s no accident, because Manager Arvind Navaratnam has positioned EDO to have a low correlation to the most widely followed indexes.

The current space for this “go-anywhere” fund: small-cap blend, which is where we expect it to remain while assets are still small. Not only will this positioning keep its returns out-of-step with the S&P 500, Arvind’s strategy includes his buying Wall Street’s lesser-followed stocks. Within this information vacuum, Arvind expects to identify exploitable pricing inefficiencies. And, true to EDO’s name, Arvind’s drawn to “unique” events such as spin-offs or being dropped from an index. His curiosity is also piqued when an outside investor takes a 5%-plus stake in a company.

Still, EDOs 2015 performance suggests that Arvind’s strategy isn’t easily implemented. Not only does it help to have the wind to one’s back (like a favorable environment for small-caps!), quite frankly, he’s also bought some lemons. But, in Arvind’s defense, he’s clearly stated that his investment process may require a full market cycle in order to bear fruit. Patience is a necessity.

With that in mind, we’ve reviewed some of the more troublesome holdings in the fund, and the manager’s reasons for purchasing them makes sense to us. Of course, our patience is not unlimited, and we continue to monitor the *Buy*-rated EDO closely. In the meantime, this unique fund still makes sense for our *Unique Opportunities Model*. ■

## BOND FUNDS

### Taxables & Munis Still Make Sense

Understandably, all eyes have been on the tumultuous stock market. But what about that other, less volatile asset class, bonds?

Early this month, bonds performed as expected (rising in price when stocks declined), but later, taxables surprised by declining right along with stocks (though to a far lesser degree). Munis, however, eeked out small gains.

This, of course, is something of a change from other recent periods. With stocks trending higher through much of the year, and concerns about the first Fed rate hike in six years, **Spartan US Bond Index** (a proxy for the broad Barclays benchmark), was up a scant 0.6% through the end of July, though it was down 0.6% over the prior three-month period (May to July). While August wasn’t a disaster for bonds, the fund did slip 0.3% as **Spartan 500 Index** (a proxy for the S&P) tumbled 6.0%.

So while our bond-oriented income models bowed to the hurricane that was stocks, the *Income* and *Annuity Income Models* fell “just” 2.0% and 2.1%, respectively.

Looking ahead, the 10-year Trea-

sury yield is once again around 2%, meaning that they’re expensive. Moreover, if we get a rate hike in September that may not bode well.

Perhaps, but let’s not get ahead of ourselves. Remember, the devalued yuan was meant to address China’s huge and slowing economy. This suggests that prices on many things, especially commodities like oil, will remain low for a while. If so, global inflation (the hobgoblin of all fixed-income investors) is likely to remain quite tame, too.

As we’ve previously discussed, the Fed has an inflation target of 2%, which hasn’t been met for years, and still seems a distant goal. Reaching that threshold means the economy is growing. But there’s only a small chance that rates will be raised this month, and as we’ve been saying, perhaps not even for the rest of this year.

So, while we’re far from being bond bulls (again, their yields are unattractively low), short-to-intermediate term bond funds are still a decent way for you to diversify your portfolio away from much more volatile stock funds. If they wind up making you what they presently yield, we think that’s okay.

Our taxable and muni bond fund ratings are provided on p. 9. ■

## INTERNATIONAL FUNDS

### Is It Safe To Enter Foreign Waters?

In our part of the world, experts keep telling us that while great white sharks lurk in our waters, it’s statistically safe to have a nice summertime swim. Perhaps. But is it prudent?

We’d never be quite so cavalier with our advice, so here’s our take on international funds: Right now, you want to avoid certain funds.

Let’s begin with the emerging markets. Sure, they’re a lot cheaper than they were just a month ago. But we don’t like them any better now because the risk-reward remains unattractive — especially relative to U.S. stocks. Yes, you might catch an attractive swell.

Then again, the risks are many. (Note our *OK to Sell* ratings on p. 7.)

A better option are the developed foreign markets (though we’re not fans of Japan). Most such funds are rated *OK to Buy* as the worst of the Greek debt crisis appears to have passed.

With that in mind, our model portfolios still don’t hold any foreign stock funds. Over the past three years, that’s been good advice: Whereas **Spartan Int’l Index** fund’s average annual return was 12.3%, **Spartan 500 Index** was 17.6% — with 25% less risk!

With S&P companies making half their sales from abroad, large-cap funds, in particular, are already internationally diversified. For that reason and more, U.S. stock funds remain the smarter and safer choice. ■

FUND COMMENTARY

## Stocks Take Investors On Wild Ride Lower

I could share with you the formula for calculating relative volatility, or I can simply describe risk this way: the Dow Industrials plunged 1,900 points over a six-day period, and then rebounded 600 points in one afternoon. There were some other triple-digit moves higher and lower, but when the global equity rollercoaster finally stopped, it was not in the same place it had begun. For the most part, U.S. stocks lost about 6% of their value, and it didn't matter very much if they were a large-cap, small-cap, value or growth stocks. (The good news? For Fidelity's actively managed stock funds, such periods as this — when “babies” are thrown out with the bath water — are often good buying opportunities!)



John Bonnanzio

### Falling Dominoes

As you know, China's unexpected devaluation of the yuan triggered the August correction. But underlying that move was China's confirmation that its economic growth has been slowing. But China watchers who know the country for its lack of honesty (er, transparency), think growth may be a lot slower than the official statistics, and that may mean less growth elsewhere. While the U.S. isn't immune, China isn't a huge market for America, and the stuff that we do buy is now cheaper. Moreover, our economy has been strengthening (see John Boyd's *Outlook* on pg. 1). However, many other economies are still quite weak, and could be affected far more.

Nonetheless, investors weren't especially discerning. As a consequence, U.S. stocks fell almost as much as Europe's, although China's Pacific-rim neighbors and other commodity-rich emerging markets in Africa and Latin America tumbled a bit more than the others.

### Market Indexes

As noted, there was little to distinguish one stock's performance against another last month. The large-cap Dow Industrials and S&P 500 fell 6.3% and 6.0%, respectively, whereas the small-cap Russell 2000 (down 6.3%) fared no better. The tech and biotech-rich Nasdaq Composite fared a bit worse (down 6.8%), but that's not surprising given its larger gains this year. For the year, in fact, the Nasdaq is alone in managing to stay in positive territory (up 1.6%). The worst of this group is the Dow (down 5.8%), followed by the Russell 2000 (down 3.0%) and the S&P (down 2.9%).

### Model Portfolios

By-and-large, our models performed as expected last month, which is to say, in line with their volatilities.

The *Select Model* (down 6.7%) fared the worst owing, in part, to each fund's smaller-cap orientation. Only **Telecom** (down 4.2%) bettered the S&P 500 for the month. The most volatile portfolio, the *Unique Opportunities Model*, fell 6.4%. **Event Driven Opportunities** (see facing page) was its biggest detractor (down 7.4%). As for the *Growth Model*, it fell 5.9% as its diversified portfolio of stock funds provided little shelter.

As for our more risk averse *Growth & Income* (down 4.8%) and *Income Model* (down 2.0%), their respective bond positions reduced portfolio losses. However (and in spite of expectations for lower inflation), taxable funds experienced fractional declines in August, as some investors kept a wary eye on September's prospective rate hike by the Fed.

### Equity Funds

Let's start with some good news: Despite small-cap stocks falling a bit more than larger caps, all five of Fidelity's offerings in that space bested the Russell 2000. In fact, **Small Cap Value** (down 3.3%) was Fidelity's best-performing stock fund last month.

Apart from that, August was grim. The average stock fund declined in line with the S&P (-6.1%). Not surprisingly, two of the most volatile large-cap growth offerings (**Independence** and **Focused Stock**) fell the most in August, with declines of 8.0% apiece. In both cases, their substantial overweights in health care generally, and biotech in particular, were their prime performance inhibitors. Indeed, more growth-oriented funds tended to lag behind the value-oriented variety in last month's stock-rout.

As for Fidelity's biggest funds, **Contra** (down 6.0%) fared as poorly as the market. **Blue Chip Growth** and **Magellan** both lost 6.5%, and **Growth Company** declined 6.7%. As for **Low-Priced Stock** (down 3.8%), losses were stemmed, in part, owing to its 9% stake in cash. That said, its performance was impressive given its 36% foreign stake, and especially its 7% allocation to the emerging markets.

### International Funds

No surprise here: **China Region** (down 15.1%) was last month's international laggard, followed by **Emerging Asia** (down 9.5%). But not too far behind that was commodity-rich **Latin America** (down 8.6%), whose reliance on exports to China cannot

Fund Commentary *cont'd* on page 8

## SEPTEMBER SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Export & Multi	H	<b>B</b> ↑		Reclassified and upgraded - see p. 12.
Focused Stock	B	H ↓		Balance between risk and reward unattractive.
Sel Broker & Invest	H	B ↑		Fee income from market transactions rising.
Sel Multimedia	H	S ↓		Ad revenues shifting to digital content providers.
Sel Retailing	H	B ↑		Cheaper energy is positive for spending.
<b>B</b> = Buy; <b>B</b> = OK to Buy; <b>H</b> = Hold; <b>S</b> = OK to Sell; <b>S</b> = Sell, <b>NC</b> = No change (↑) Rating upgraded; (↓) Rating downgraded.				

# FIDELITY SCORECARD

AUGUST 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>		
						Aug	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		1972.2		-6.0	-2.9	-5.9	0.5	14.3	15.9	7.2	1.00		
		Nasdaq Composite		4776.5		-6.8	1.6	-5.6	5.4	17.4	19.1	9.4	1.16		
		Dow Jones Industrials		16528.0		-6.3	-5.8	-7.8	-1.1	10.7	13.3	7.4	1.05		
		Russell 2000 (Small Caps)		1159.5		-6.3	-3.0	-6.6	0.1	14.1	15.6	7.1	1.38		
		Barclays Aggregate Bond*				-0.3	0.3	-0.5	1.4	1.3	2.8	4.1	0.32		
Model Portfolios		Unique Opportunities				-6.4	-1.4	-6.4	-1.0	14.1	14.0	6.9	1.09		
		Select				-6.7	-4.2	-8.5	0.4	16.4	16.7	8.8	1.05		
		Growth				-5.9	0.1	-5.4	2.1	12.4	14.4	6.1	1.07		
		Growth & Income				-4.8	-0.6	-4.3	1.0	10.2	10.3	5.8	0.75		
		Income				-2.0	-0.3	-2.4	0.6	4.3	5.5	4.6	0.33		
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>-6.8</b>	<b>0.4</b>	<b>-5.1</b>	<b>2.2</b>	<b>16.1</b>	<b>17.1</b>	<b>1.15</b>
312	FBGRX	Blue Chip Growth		70.40	Buy	-6.5	2.9	-3.8	6.4	18.6	19.2	1.17	\$14,504		
307	FDCAX	Capital Appreciation		35.96	OK to Buy	-6.9	-0.2	-5.7	1.8	15.8	17.0	1.09	5,835		
22	FCNTX	Contrafund		99.21	Buy	-6.0	2.3	-3.0	4.2	15.1	16.0	1.04	74,530		
3	FFIDX	Fidelity Fund		40.93	OK to Sell	-7.0	-0.4	-5.1	3.3	14.0	15.3	1.07	3,903		
500	FFTYX	Fifty				Merged into Focused Stock									
333	FTQGX	Focused Stock		18.60	Hold↓	-8.0	-0.8	-5.9	-1.7	14.3	16.9	1.25	1,901		
25	FDGRX	Growth Company (Closed)		135.29	Buy	-6.7	2.7	-4.6	7.4	17.3	19.2	1.23	22,297		
339	FDSVX	Growth Discovery		24.05	OK to Buy	-6.5	1.9	-3.5	1.4	15.4	18.0	1.13	1,034		
73	FDFFX	Independence		38.20	OK to Sell	-8.0	-0.4	-6.8	-3.1	17.9	16.8	1.30	3,932		
21	FMAGX	Magellan		89.48	OK to Buy	-6.5	-0.2	-4.9	3.4	16.4	14.8	1.07	13,380		
300	FMILX	New Millennium		37.82	Buy	-5.6	-2.4	-6.0	-2.9	14.0	15.9	1.06	3,469		
93	FOCPX	OTC		81.00	OK to Buy	-6.9	1.8	-5.4	6.0	20.0	20.1	1.39	9,025		
320	FDSX	Stock Selector All Cap		34.36	Hold	-6.9	-2.7	-7.8	-1.4	14.4	15.2	1.04	4,723		
5	FTRNX	Trend		84.51	OK to Buy	-6.6	0.0	-4.4	3.4	15.7	17.6	1.11	1,425		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>-6.4</b>	<b>-3.0</b>	<b>-6.8</b>	<b>-0.6</b>	<b>14.1</b>	<b>15.4</b>	<b>1.05</b>
315	FDEQX	Disciplined Equity		32.82	Buy	-5.8	-2.4	-6.3	0.6	15.3	14.8	1.00	1,177		
330	FDGFX	Dividend Growth		32.40	OK to Buy	-6.0	-3.1	-6.2	-0.5	14.1	14.7	1.01	6,050		
332	FEXPX	Export and Multinational	0.75%/30d	21.18	Buy↑	-6.2	-0.6	-5.5	2.7	12.0	13.3	0.98	1,474		
27	FGRIX	Growth & Income		28.73	Buy	-6.9	-4.1	-7.4	-2.0	13.7	16.1	1.07	6,057		
338	FLCSX	Large Cap Stock		26.70	Buy	-6.8	-3.7	-7.8	-2.6	15.7	17.0	1.12	2,967		
361	FGRTX	Mega Cap Stock		15.42	Buy	-7.0	-4.3	-7.2	-1.8	13.8	16.4	1.10	3,056		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>-6.2</b>	<b>-4.4</b>	<b>-7.0</b>	<b>-1.7</b>	<b>13.7</b>	<b>13.8</b>	<b>1.00</b>
1271	FBCVX	Blue Chip Value		15.80	OK to Buy	-6.4	-3.1	-6.5	1.8	16.1	13.2	1.07	437		
319	FEQTX	Equity Dividend Income		25.10	Hold	-6.3	-5.1	-6.6	-1.9	11.8	13.1	0.98	4,699		
23	FEQIX	Equity-Income		53.98	Hold	-6.5	-4.5	-7.3	-4.7	11.2	12.5	0.96	6,329		
708	FSLVX	Stock Sel Large Cap Value		16.35	OK to Buy	-5.7	-4.6	-7.5	-2.7	14.3	14.3	1.00	659		
832	FVDFX	Value Discovery		23.51	OK to Buy	-5.9	-4.6	-7.0	-0.9	15.2	15.8	1.01	1,142		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>-5.3</b>	<b>-0.2</b>	<b>-5.7</b>	<b>2.5</b>	<b>15.7</b>	<b>15.6</b>	<b>1.07</b>
324	FDEGX	Growth Strategies	1.50%/90d	32.97	Buy	-5.6	2.1	-5.2	7.7	18.3	15.7	1.09	2,479		
337	FMCSX	Mid-Cap Stock	0.75%/30d	35.51	OK to Buy	-4.4	-0.1	-5.2	-0.2	14.9	16.5	1.05	5,415		
2412	FSSMX	Stock Selector Mid Cap		32.60	OK to Buy	-5.9	-2.5	-6.8	-0.1	13.7	14.8	1.08	513		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>-7.0</b>	<b>-4.8</b>	<b>-9.6</b>	<b>-6.7</b>	<b>14.9</b>	<b>16.0</b>	<b>1.15</b>
2624	FARNX	Event Driven Opportunities		10.29	Buy	-7.4	-6.3	-9.7	-5.5	--	--	--	190		
122	FLVCX	Leveraged Company Stock	1.50%/90d	43.81	Hold	-6.6	-3.3	-9.4	-7.8	14.9	16.0	1.15	3,464		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>-5.4</b>	<b>-1.7</b>	<b>-7.1</b>	<b>-0.6</b>	<b>16.0</b>	<b>16.0</b>	<b>1.04</b>
316	FLPSX	Low-Priced Stock	1.50%/90d	50.64	OK to Buy	-3.8	0.8	-4.1	1.7	15.3	16.0	0.94	28,836		
762	FSMVX	Mid Cap Value	0.75%/30d	23.58	Buy	-5.9	-3.5	-8.4	1.0	18.1	17.2	1.11	3,068		
39	FDVLX	Value		109.91	Buy	-5.4	-3.0	-8.2	-2.1	16.8	16.1	1.08	7,453		
14	FSLSX	Value Strategies		42.64	OK to Buy	-6.3	-1.2	-7.9	-2.9	13.9	14.9	1.04	635		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>-5.9</b>	<b>8.3</b>	<b>-2.6</b>	<b>13.0</b>	<b>18.1</b>	<b>18.4</b>	<b>1.39</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	19.94	Buy	-5.9	8.3	-2.6	13.0	18.1	18.4	1.39	1,396		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>-4.9</b>	<b>0.3</b>	<b>-4.9</b>	<b>3.3</b>	<b>14.8</b>	<b>15.6</b>	<b>1.25</b>
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	28.17	OK to Buy	-3.6	-1.9	-3.9	2.2	17.2	18.9	1.28	5,617		
340	FSLCX	Small Cap Stock	2.00%/90d	18.08	Buy	-5.2	2.5	-4.9	5.2	13.7	12.2	1.19	2,057		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	24.76	OK to Buy	-5.8	0.3	-6.0	2.5	13.5	15.7	1.29	1,345		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>-3.3</b>	<b>-0.6</b>	<b>-2.1</b>	<b>3.7</b>	<b>16.7</b>	<b>16.0</b>	<b>1.29</b>
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	18.81	OK to Buy	-3.3	-0.6	-2.1	3.7	16.7	16.0	1.29	2,057		

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

# FIDELITY SCORECARD

AUGUST 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Aug	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SPECIALTY</b>															
304	FBALX	Balanced		22.33	Buy	-4.4	-1.2	-4.7	0.9	10.3	11.3	0.70	\$20,177		
308	FCV SX	Convertible Securities		29.86	Hold	-3.6	-6.6	-7.3	-5.9	11.1	10.3	0.87	1,890		
334	FGBLX	Global Balanced	1.00%/30d	22.48	OK to Buy	-4.2	-1.6	-4.3	-5.4	5.5	7.1	0.74	464		
2120	FFGCX	Global Commodity Stock	1.00%/30d	10.48	OK to Sell	-5.5	-15.8	-17.6	-29.8	-7.8	-3.8	1.59	167		
1960	FDYSX	Global Strategies		8.44	Hold	-4.4	-1.4	-5.2	-3.6	4.3	6.0	0.67	101		
1368	FIREX	International Real Estate	1.50%/90d	10.23	Hold	-4.2	1.0	-5.8	-3.2	11.7	9.7	1.22	316		
4	FPURX	Puritan		21.02	Buy	-4.7	-0.9	-4.3	0.9	10.5	11.6	0.72	18,809		
833	FRIFX	Real Estate Income	0.75%/90d	11.50	OK to Buy	-1.8	-0.3	-1.9	1.5	6.8	9.3	0.56	2,481		
303	FRESX	Real Estate Investment	0.75%/90d	38.50	Hold	-5.6	-5.5	-4.3	1.4	7.8	12.5	1.49	4,092		
1329	FSDIX	Strategic Dividend & Income		13.64	OK to Buy	-4.8	-4.4	-5.9	-2.6	9.3	12.2	0.74	2,832		
1505	FSRRX	Strategic Real Return	0.75%/60d	8.66	Hold	-1.5	-3.8	-4.1	-8.0	-1.5	2.8	0.48	549		
311	FIUIX	Telecom & Utilities		22.70	Hold	-4.6	-5.3	-8.3	-5.8	9.6	12.1	1.11	877		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.07	Hold	-1.7	-0.3	-2.3	-0.3	3.4	4.7	0.30	4,768		
1957	FTANX	Asset Manager 30%		10.34	Hold	-2.4	-0.5	-3.2	-0.5	4.6	6.0	0.40	836		
1958	FFANX	Asset Manager 40%		10.56	Hold	-3.1	-0.7	-4.0	-0.9	5.8	7.1	0.49	935		
314	FASMX	Asset Manager 50%		16.73	Hold	-3.9	-1.0	-4.7	-1.3	6.9	8.1	0.59	7,709		
1959	FSANX	Asset Manager 60%		10.93	Hold	-4.5	-1.3	-5.5	-1.7	7.9	9.0	0.67	1,317		
321	FASGX	Asset Manager 70%		19.46	Hold	-5.1	-1.5	-6.2	-2.1	9.0	10.0	0.78	3,863		
347	FAMRX	Asset Manager 85%		16.12	Hold	-6.2	-1.9	-7.3	-2.8	10.6	11.3	0.92	1,397		
<b>EQUITY INDEX</b>															
355	FFNOX	Four-in-One Index		36.45	Hold	-5.5	-1.5	-5.8	-1.5	11.0	11.7	0.86	4,169		
2010	FIENX	International Enhanced Index	1.00%/30d	8.30	Hold	-7.3	1.7	-8.2	-5.7	9.9	8.3	1.19	143		
1827	FLCEX	Large Cap Core Enhanced Index		11.30	OK to Buy	-6.2	-4.3	-7.2	-1.4	14.2	16.1	1.01	379		
1829	FLGEX	Large Cap Growth Enhanced Index		14.43	OK to Buy	-6.1	-0.6	-5.6	2.6	15.1	17.5	1.03	407		
1828	FLVEX	Large Cap Value Enhanced Index		10.54	Hold	-5.6	-5.6	-7.2	-2.8	14.9	15.7	1.03	1,296		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.18	OK to Buy	-4.8	-2.0	-6.5	1.4	17.5	17.5	1.07	777		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	63.29	Hold	-6.7	1.5	-5.5	5.4	17.2	18.9	1.16	1,836		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	12.16	OK to Buy	-6.6	-1.2	-7.1	1.9	15.6	17.2	1.36	538		
650	FUSEX	Spartan 500 Index <sup>4</sup>		69.74	Hold	-6.1	-2.9	-5.9	0.4	14.2	15.8	1.00	7,759		
2341	FPEMX	Spartan Emerging Mkts Index <sup>4</sup>	1.50%/90d	8.23	Hold	-9.4	-12.5	-17.5	-21.8	-2.1	--	1.53	23		
398	FSEMX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	53.66	Buy	-5.9	-1.5	-6.7	-0.4	15.6	16.5	1.20	1,616		
2345	FSGUX	Spartan Global ex U.S. Index <sup>4</sup>	1.00%/90d	11.09	Hold	-7.4	-3.8	-10.6	-12.3	5.1	--	1.20	17		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	37.29	Hold	-7.2	0.2	-8.4	-7.6	8.5	7.1	1.21	2,758		
2349	FSCLX	Spartan Mid Cap Index <sup>4</sup>	0.75%/30d	16.89	OK to Buy	-5.3	-2.5	-6.6	-0.2	15.9	--	1.05	31		
2353	FRXIX	Spartan Real Estate Index <sup>4</sup>	0.75%/90d	13.81	Hold	-5.9	-6.0	-4.7	1.7	7.8	--	1.51	28		
2356	FSSPX	Spartan Small Cap Index <sup>4</sup>	1.50%/90d	16.09	OK to Buy	-6.3	-3.0	-6.6	0.1	14.1	--	1.38	34		
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	58.15	Hold	-6.0	-2.6	-6.1	0.3	14.5	15.9	1.01	1,917		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>-6.6</b>	<b>-1.2</b>	<b>-9.1</b>	<b>-7.6</b>	<b>7.8</b>	<b>7.4</b>	<b>1.31</b>
309	FICDX	Canada	1.50%/90d	46.01	OK to Sell	-4.2	-12.5	-9.1	-19.3	1.0	2.4	1.24	1,358		
352	FHKCX	China Region	1.50%/90d	26.73	OK to Sell	-15.1	-12.8	-30.7	-12.7	10.0	5.4	2.01	1,186		
325	FDIVX	Diversified International	1.00%/30d	35.54	OK to Buy	-7.2	3.2	-6.7	-1.3	10.7	9.1	1.15	13,250		
351	FSEAX	Emerging Asia	1.50%/90d	29.36	Hold	-9.5	-10.1	-19.1	-13.2	4.4	4.0	1.41	962		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	7.47	OK to Sell	-6.2	-6.5	-10.3	-20.5	-2.5	1.2	1.47	68		
322	FEMKX	Emerging Markets	1.50%/90d	21.55	Hold	-8.3	-11.4	-13.2	-17.6	1.4	0.4	1.35	2,563		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	10.72	Hold	-7.0	-7.9	-14.7	-18.0	0.8	--	1.32	61		
301	FIEUX	Europe	1.00%/30d	36.67	OK to Buy	-5.8	4.0	-7.3	-2.5	10.8	9.3	1.27	1,397		
2406	FGILX	Global Equity-Income	1.00%/30d	11.85	OK to Buy	-6.0	-0.1	-6.2	-0.4	11.4	--	0.95	69		
335	FIVFX	International Cap App	1.00%/30d	16.48	Buy	-6.1	0.7	-5.6	-1.1	11.9	11.2	1.12	1,258		
305	FIGRX	International Discovery	1.00%/30d	39.48	Hold	-6.5	3.9	-6.0	-0.7	10.4	9.0	1.17	7,055		
1979	FIGFX	International Growth	1.00%/30d	11.11	OK to Buy	-6.3	2.9	-6.7	-0.6	9.2	10.1	1.08	903		
818	FISMX	International Small Cap	2.00%/90d	22.96	OK to Buy	-4.8	6.1	-5.1	-0.3	14.2	11.5	1.16	797		
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.79	OK to Buy	-4.5	8.1	-3.8	1.6	13.6	13.0	1.02	706		
1597	FIVLX	International Value	1.00%/30d	8.24	OK to Sell	-6.4	2.4	-6.2	-5.4	8.5	6.3	1.24	206		
350	FJPNX	Japan	1.50%/90d	11.73	Hold	-5.4	7.2	-4.9	0.4	9.3	5.8	1.34	483		
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.47	OK to Sell	-5.1	9.4	-2.3	1.5	17.0	13.5	1.95	488		
349	FLATX	Latin America	1.50%/90d	18.46	OK to Sell	-8.6	-22.4	-16.3	-42.3	-16.9	-10.9	2.04	500		
342	FNORX	Nordic	1.50%/90d	44.24	Hold	-3.7	3.9	-4.2	-3.9	16.6	12.8	1.37	403		
94	FOSFX	Overseas	1.00%/30d	40.89	Buy	-5.5	7.2	-5.3	2.8	12.9	10.9	1.11	3,472		
302	FPBFX	Pacific Basin	1.50%/90d	26.07	OK to Buy	-8.0	0.0	-10.3	-6.0	12.3	9.7	1.25	662		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.11	Hold	-4.9	-5.8	-10.4	-15.8	0.9	--	1.21	33		
1978	FTIEX	Total International Equity	1.00%/30d	7.65	Hold	-6.8	0.0	-7.8	-5.8	6.9	6.8	1.13	305		
318	FWWFX	Worldwide	1.00%/30d	22.64	OK to Buy	-7.1	1.5	-5.6	-0.7	12.7	13.2	1.13	1,518		

# FIDELITY SCORECARD

AUGUST 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Aug	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SELECT PORTFOLIOS</b>						<b>Category Averages</b>			<b>-5.6</b>	<b>-3.4</b>	<b>-7.9</b>	<b>-2.0</b>	<b>14.0</b>	<b>14.7</b>	<b>1.45</b>
34	FSAIX	Air Transportation	0.75%/30d	66.40	OK to Buy	-3.9	-10.4	-5.2	2.8	24.6	18.3	1.34	\$360		
502	FSAVX	Automotive	0.75%/30d	42.01	Hold	-6.7	-4.0	-11.3	-6.0	19.3	14.0	1.40	100		
507	FSRBX	Banking	0.75%/30d	26.04	Hold	-6.6	-0.6	-2.3	4.4	14.8	14.6	1.32	671		
42	FBIOX	Biotechnology	0.75%/30d	248.35	OK to Sell	-10.9	15.0	-6.1	28.8	38.2	37.4	2.40	15,552		
68	FSLBX	Brokerage & Investment	0.75%/30d	68.74	OK to Buy↑	-9.1	-8.2	-9.3	-5.3	17.1	11.8	1.51	501		
69	FSCHX	Chemicals	0.75%/30d	127.20	Hold	-7.0	-11.0	-14.8	-14.7	9.5	15.5	1.29	1,127		
518	FSDCX	Communications Equipment	0.75%/30d	28.95	Hold	-7.6	-8.7	-11.1	-4.5	12.7	8.7	1.54	210		
7	FDCPX	Computers	0.75%/30d	72.79	Hold	-5.3	-12.0	-11.6	-8.9	8.3	13.6	1.41	555		
511	FSHOX	Construction & Housing	0.75%/30d	57.42	Buy	-2.2	4.1	-0.6	10.0	18.0	21.1	1.33	479		
517	FSCPX	Consumer Discretionary	0.75%/30d	33.63	Buy	-6.7	2.1	-1.7	9.9	17.9	19.4	1.24	1,226		
98	FVLX	Consumer Finance	0.75%/30d	13.22	OK to Buy	-5.1	-0.9	-4.3	4.3	14.7	16.4	1.15	117		
9	FDFAV	Consumer Staples	0.75%/30d	89.03	OK to Buy	-8.0	-5.8	-6.7	0.0	10.3	13.8	1.23	1,835		
67	FSDAX	Defense & Aerospace	0.75%/30d	111.00	OK to Buy	-5.5	-2.6	-9.2	2.0	16.6	17.0	1.21	811		
8	FSELX	Electronics	0.75%/30d	74.85	Hold	-3.5	-6.6	-15.0	1.3	20.6	19.0	1.53	1,426		
60	FSENX	Energy	0.75%/30d	39.28	OK to Sell	-2.4	-12.2	-14.8	-32.6	-1.1	5.4	1.70	1,938		
43	FSESX	Energy Service	0.75%/30d	48.27	Sell	-0.1	-14.2	-15.6	-43.4	-6.4	1.7	2.24	556		
516	FSLEX	Environment & Alt Energy	0.75%/30d	18.66	Hold	-5.4	-6.5	-9.8	-7.5	11.8	8.4	1.20	75		
66	FIDSX	Financial Services	0.75%/30d	84.41	OK to Buy	-7.3	-5.0	-6.5	-0.8	14.8	11.4	1.19	1,316		
41	FSAGX	Gold	0.75%/30d	13.85	Sell	3.8	-15.8	-20.0	-40.8	-28.8	-20.4	3.79	740		
63	FSPHX	Health Care	0.75%/30d	225.03	Buy	-8.5	7.5	-6.8	16.4	32.4	29.4	1.47	9,977		
510	FSCGX	Industrial Equipment	0.75%/30d	34.13	OK to Buy	-5.6	-5.3	-8.5	-5.9	10.4	13.3	1.28	109		
515	FCYIX	Industrials	0.75%/30d	29.18	Buy	-7.3	-7.2	-8.6	-3.5	13.6	15.1	1.23	1,105		
45	FSPCX	Insurance	0.75%/30d	67.10	Buy	-6.1	0.3	-0.3	5.3	18.9	16.0	1.28	458		
353	FBSOX	IT Services	0.75%/30d	39.04	Hold	-4.8	9.5	-1.4	21.2	23.1	22.5	1.40	1,517		
62	FDLSX	Leisure	0.75%/30d	136.14	Buy	-7.4	4.5	-2.2	11.4	19.4	18.8	1.22	483		
509	FSDPX	Materials	0.75%/30d	71.77	Hold	-5.4	-6.8	-10.2	-13.1	6.8	10.6	1.19	871		
505	FSHCX	Medical Delivery	0.75%/30d	87.80	Hold	-4.9	8.8	-4.1	16.9	22.4	23.0	1.05	996		
354	FSMEX	Medical Equipment	0.75%/30d	36.81	Buy	-5.9	5.0	-5.0	17.4	24.8	21.4	1.35	2,029		
503	FBMPX	Multimedia	0.75%/30d	76.07	OK to Sell↓	-12.1	-3.5	-8.3	0.9	17.9	20.6	1.50	731		
513	FSNGX	Natural Gas	0.75%/30d	25.54	OK to Sell	-3.1	-20.9	-21.8	-42.6	-5.1	0.3	2.06	361		
514	FNARX	Natural Resources	0.75%/30d	26.78	OK to Sell	-2.2	-11.9	-15.6	-33.7	-2.6	3.2	1.74	596		
580	FPHAX	Pharmaceuticals	0.75%/30d	22.81	OK to Buy	-8.5	11.1	-4.7	17.9	25.9	24.2	1.24	2,251		
46	FSRPX	Retailing	0.75%/30d	98.83	OK to Buy↑	-2.2	11.2	6.0	22.2	22.3	24.5	1.37	1,129		
28	FSCSX	Software & Computer Svcs	0.75%/30d	113.57	OK to Buy	-5.3	0.4	-2.1	6.0	18.1	20.4	1.31	2,817		
64	FSPTX	Technology	0.75%/30d	111.99	Buy	-7.1	-0.9	-9.9	-0.6	12.3	14.9	1.22	2,724		
96	FSTCX	Telecommunications	0.75%/30d	59.67	Buy	-4.2	-1.1	-5.6	-1.6	8.8	10.8	1.11	416		
512	FSRFX	Transportation	0.75%/30d	80.62	OK to Buy	-6.3	-15.6	-5.3	-2.8	21.3	16.8	1.37	518		
65	FSUTX	Utilities	0.75%/30d	65.99	OK to Sell	-4.8	-10.5	-8.1	-7.7	10.0	11.3	1.34	688		
963	FWRLX	Wireless	0.75%/30d	8.79	OK to Buy	-5.4	-2.0	-7.8	-1.1	11.3	11.5	1.00	235		
<b>SECTOR ETFs</b>															
	FDIS	MSCI Consumer Discretionary		30.09	Buy	-6.3	3.5	-2.1	9.6	--	--	--	295		
	FSTA	MSCI Consumer Staples		28.60	OK to Buy	-5.6	-1.4	-2.7	7.3	--	--	--	147		
	FENY	MSCI Energy		19.00	OK to Sell	-3.6	-15.7	-15.1	-32.4	--	--	--	356		
	FNCL	MSCI Financials		27.82	OK to Buy	-6.6	-3.6	-4.0	2.6	--	--	--	327		
	FHLC	MSCI Healthcare		34.20	OK to Buy	-8.0	5.4	-5.3	14.0	--	--	--	701		
	FIDU	MSCI Industrials		26.58	Buy	-5.2	-6.9	-7.7	-3.7	--	--	--	155		
	FTEC	MSCI Information Technology		30.83	Buy	-5.8	-2.1	-7.4	2.1	--	--	--	368		
	FMAT	MSCI Materials		24.50	Hold	-5.4	-10.2	-13.6	-13.5	--	--	--	106		
	FREL	MSCI Real Estate		21.28	Hold	-5.7	-11.7p	--	--	--	--	--	24		
	FCOM	MSCI Telecomm Services		25.93	Buy	-3.5	-1.0	-5.3	-0.8	--	--	--	85		
	FUTY	MSCI Utilities		27.13	OK to Sell	-3.4	-9.0	-4.2	0.2	--	--	--	103		

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

be overstated. In addition, the fund's biggest country weight is Brazil (43%), which has been struggling with slow growth and political corruption. A more meaningful barometer of diversified foreign exposure: **Diversified International** (Fidelity's biggest foreign fund) retreated 7.2% in August.

## Fixed-Income

More like stocks funds than bond funds, high-yield (junk) funds all fell in August. **Capital & Income** (which also has a 20% stake in equities) typically fares worst in selloffs, and August was no exception: it declined 2.2%.

Treasury prices showed true resilience early in the correction (yields even briefly dipped below 2%), but eventually these safe harbor securi-

ties bowed to irrational fears. The 10-year T-bill ended August yielding 2.22%, up slightly from 2.18% a month earlier. With bond yields moving in the opposite direction of their price, **Spartan U.S. Bond Index** lost a modest 0.3% for the month. However, with inflation fears abating, **Spartan Inflation-Protected Index** shed 1.0% of its value. ■

— John Bonnanzio

# FIDELITY SCORECARD

AUGUST 31, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>			
						Aug	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>-0.4</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.2</b>	<b>0.5</b>	<b>2.8</b>	<b>1.85</b>	<b>5.1</b>	<b>0.35</b>
2267	FCONX	Conservative Income Bond		10.02	Buy	-0.1	0.1	0.0	0.2	0.4	--	0.41	0.2	0.02			
2208	FCBFX	Corporate Bond		11.11	Buy	-1.0	-1.0	-2.1	-0.6	2.3	5.1	3.46	7.0	0.45			
2423	FGBFX	Global Bond		8.94	OK to Sell	-0.3	-3.2	-1.2	-7.3	-1.9	--	2.46	6.8	0.46			
15	FGMNX	GNMA (Ginnie Mae)		11.60	Hold	-0.1	0.7	-0.2	2.2	1.5	3.0	2.09	3.2	0.29			
54	FGOVX	Government Income		10.48	Hold	-0.2	0.6	-0.1	2.0	1.1	2.4	1.39	5.0	0.29			
794	FINPX	Inflation-Protected Bond <sup>3</sup>		11.86	Hold	-1.0	-0.7	-1.4	-3.2	-1.9	2.3	0.24*	5.8	0.55			
32	FTHRFX	Intermediate Bond		10.86	Buy	-0.2	0.9	-0.5	1.2	1.5	2.8	2.00	3.9	0.23			
452	FSTGX	Intermediate Gov't Income		10.71	Hold	-0.1	1.1	-0.1	1.5	0.8	1.7	1.11	3.6	0.21			
2428	FINUX	International Bond		8.44	OK to Sell	-0.3	-5.7	-1.6	-12.7	-3.7	--	1.96	7.1	0.63			
26	FBNDX	Investment Grade Bond		7.75	Buy	-0.7	-0.4	-1.5	0.3	1.5	3.5	2.75	5.6	0.31			
2622	FJRLX	Limited Term Bond		11.45	Buy	-0.2	0.9	-0.4	0.8	1.2	2.6	1.74	2.8	0.15			
662	FFXSX	Limited Term Government		10.06	OK to Buy	-0.1	0.9	-0.0	1.1	0.6	1.0	0.69	2.5	0.12			
40	FMSFX	Mortgage Securities		11.31	Hold	-0.1	1.1	-0.1	2.7	2.0	3.3	2.11	3.7	0.26			
450	FSHBX	Short-Term Bond		8.58	Buy	-0.0	0.7	-0.1	0.7	0.9	1.3	1.02	1.8	0.07			
2415	FSIQX	Sotn Inflation-Protect Index <sup>4</sup>		9.52	Hold	-1.0	-0.5	-1.5	-3.1	-1.7	--	0.00*	5.8	0.55			
1561	FIBIX	Sotn Interm Treas Index <sup>4</sup>		10.95	Hold	-0.0	1.5	0.0	2.9	0.8	3.0	1.69	6.5	0.47			
1562	FLBIX	Sotn Lng-Term Treas Index <sup>4</sup>		12.85	Hold	-0.7	-1.9	-0.3	4.4	1.2	5.3	2.58	17.3	1.17			
1560	FSBIX	Sotn Sht-Term Treas Index <sup>4</sup>		10.46	Hold	-0.1	0.9	0.0	1.1	0.5	1.0	0.74	2.6	0.13			
651	FBDIX	Sotn U.S. Bond Index		11.59	Hold	-0.3	0.3	-0.5	1.4	1.3	2.8	2.10	5.3	0.32			
820	FTBFX	Total Bond		10.53	Buy	-0.6	0.5	-1.2	0.9	2.0	3.8	3.04	5.2	0.32			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>-1.4</b>	<b>1.1</b>	<b>-2.8</b>	<b>-1.8</b>	<b>3.8</b>	<b>5.7</b>	<b>4.99</b>	<b>3.8</b>	<b>0.47</b>
38	FAGIX	Capital & Income	1.00%/90d	9.54	Hold	-2.2	1.8	-3.7	0.0	7.5	8.6	4.10	4.1	0.53			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.51	Hold	-0.8	1.4	-1.7	-0.3	2.5	3.7	4.06	0.3	0.22			
1366	FHIFX	Focused High Income	1.00%/90d	8.39	Hold	-1.4	1.1	-3.0	-1.0	3.7	5.9	5.16	4.1	0.43			
2297	FGHNX	Global High Income	1.00%/90d	9.18	Hold	-1.6	1.2	-3.1	-2.7	4.8	--	5.49	4.1	0.51			
455	SPHIX	High Income	1.00%/90d	8.61	Hold	-1.6	0.3	-3.4	-2.5	4.1	6.6	6.32	3.4	0.47			
331	FNMIX	New Markets Income	1.00%/90d	14.91	Hold	-1.1	1.1	-2.7	-5.2	1.3	5.1	5.60	7.2	0.76			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.53	Hold	-1.2	1.4	-2.5	-1.3	--	--	5.54	2.5	--			
368	FSICX	Strategic Income		10.48	OK to Buy	-1.1	0.4	-2.3	-1.8	2.6	4.5	3.63	4.7	0.40			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.1</b>	<b>0.8</b>	<b>0.7</b>	<b>2.2</b>	<b>2.6</b>	<b>3.6</b>	<b>1.69</b>	<b>5.8</b>	<b>0.36</b>
434	FSAZX	Arizona Muni Income	0.50%/30d	12.12	OK to Buy	0.2	1.2	0.9	3.3	3.3	4.2	1.88	6.8	0.41			
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.69	Buy	0.2	0.8	0.6	1.0	1.7	2.0	0.91	3.2	0.17			
91	FCTFX	California Muni Income	0.50%/30d	12.96	OK to Buy	0.3	1.2	0.9	3.2	3.8	4.8	1.87	6.5	0.40			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.65	OK to Buy	0.3	1.0	0.8	2.2	2.4	3.4	1.95	6.6	0.38			
2578	FCRDY	Conservative Income Muni		11.04	Buy	0.0	0.2	0.2	0.3	--	--	0.27	0.8	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.40	Buy	-0.1	0.3	0.5	1.3	2.1	3.0	1.54	4.9	0.29			
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.61	Buy	0.0	0.3	0.4	0.4	1.0	1.6	0.88	2.8	0.14			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.40	OK to Buy	0.3	1.1	0.8	2.7	2.3	3.3	1.87	7.1	0.38			
70	FDMMX	Mass Muni Income	0.50%/30d	12.40	OK to Buy	0.4	1.1	1.0	3.0	2.9	4.0	1.97	7.1	0.43			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.23	OK to Buy	0.3	1.3	0.9	3.2	2.9	3.8	1.67	5.5	0.35			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.69	OK to Buy	0.2	1.2	0.9	2.4	2.2	3.2	1.56	5.6	0.31			
37	FHIGX	Municipal Income	0.50%/30d	13.31	Buy	0.0	0.7	0.6	2.6	3.2	4.4	2.05	7.0	0.42			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.63	OK to Buy	-0.6	-1.4	0.0	0.1	1.7	3.2	2.35	7.1	0.41			
71	FTFMX	New York Muni Income	0.50%/30d	13.48	OK to Buy	0.3	1.5	1.0	3.0	3.0	3.8	1.81	6.9	0.41			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.21	OK to Buy	0.3	1.7	1.1	3.5	3.3	4.2	2.10	7.6	0.43			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.23	OK to Buy	0.2	1.3	0.7	2.9	3.1	4.1	1.86	6.6	0.38			
90	FTABX	Tax-Free Bond	0.50%/30d	11.52	Buy	0.0	0.7	0.7	2.6	3.2	4.4	2.12	7.0	0.42			

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. \*12 month distributed yield; SEC yield is fluctuating excessively.

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	0.04	10	FTEXX	Municipal Money Market	0.00	0.01	0.01
2742	FZFX	Treasury Fund	0.00	0.01	0.01	417	FNJXX	New Jersey Muni MM	0.00	0.01	0.01
415	FDLXX	Treasury Only MM	0.00	0.01	0.01	423	FSJXX	New Jersey AMT Tax-Free	0.00	0.01	0.01
50	FGRXX	U.S. Gov't Reserves	0.00	0.01	0.01	92	FNYYX	New York Muni MM	0.00	0.01	0.01
<b>MUNICIPAL MONEY MARKET FUNDS</b>						422	FSNXX	New York AMT Tax-Free	0.00	0.01	0.01
460	FIMXX	AMT Tax-Free (Closed)	(merged see note above)			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, 2015

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Aug	YTD	3 Mo.	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model						-6.8	-1.3	-6.8	0.3	15.2	14.9	1.02
	Annuity Growth Model						-6.5	-1.1	-6.1	0.9	12.4	13.9	1.07
	Annuity Growth & Income Model						-4.9	-1.0	-4.6	1.1	9.3	10.0	0.76
	Annuity Income Model						-2.1	-0.6	-2.5	0.1	3.0	4.8	0.35
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.32	Hold	-4.3	-0.1	-4.5	-2.0	7.8	8.5	0.68
9066	FAEFC	Fid VIP Asset Manager: Growth	Allocation		17.53	Hold	-5.6	-0.3	-5.8	-3.1	10.2	10.4	0.90
9069	FJBAC	Fid VIP Balanced	Allocation		19.22	Buy	-4.4	-1.3	-4.8	0.5	10.0	11.1	0.71
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	22.86	Buy	-6.5	2.1	-1.5	10.0	17.5	19.0	1.25
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	20.90	OK to Buy	-5.8	-0.0	-2.7	7.3	12.6	14.8	1.23
9065	FPDFC	Fid VIP Contrafund	Large Growth		20.27	Hold	-6.3	-2.2	-6.5	0.2	13.5	14.6	0.98
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		16.50	OK to Buy	-6.7	-1.5	-7.3	1.3	15.0	16.5	1.35
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		22.37	Buy	-6.8	-0.5	-5.7	1.1	16.2	17.0	1.12
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.61	Hold	-8.3	-11.4	-13.2	-17.7	1.1	-0.1	1.34
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	13.87	OK to Sell	-2.5	-12.4	-15.0	-32.9	-1.3	5.2	1.70
9061	FLOLC	Fid VIP Equity-Income	Large Value		16.34	Hold	-6.6	-5.1	-7.7	-5.3	10.9	13.5	0.97
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.25	Buy	-7.3	-5.1	-6.5	-0.9	14.7	11.2	1.19
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		10.14	OK to Buy	-0.6	2.1	-1.0	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.96	Hold	-2.0	-0.6	-2.3	-0.2	3.1	4.1	0.31
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.02	Hold	-4.0	-1.0	-4.5	-0.9	6.8	7.6	0.59
9197	FMPPC	Fid VIP FundsManager 60	Allocation		13.95	Hold	-4.7	-1.0	-5.1	-0.9	8.2	8.8	0.69
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.20	Hold	-5.1	-1.0	-5.7	-1.2	9.2	9.8	0.78
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.07	Hold	-6.1	-1.4	-6.7	-1.6	11.0	11.1	0.93
9062	FMNDC	Fid VIP Growth	Large Growth		20.14	OK to Buy	-6.5	1.7	-3.6	1.1	14.9	17.5	1.14
9070	FLFNC	Fid VIP Growth & Income	Large Blend		18.71	Buy	-6.9	-4.2	-7.5	-2.3	13.2	15.7	1.07
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		20.71	Buy	-6.9	0.8	-4.9	5.5	15.7	19.2	1.30
9078	FPVDC	Fid VIP Growth Stock	Merged into VIP Growth Opportunities										
9077	FQBRC	Fid VIP Growth Strategies	Merged into VIP Mid Cap										
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	36.20	Buy	-8.7	7.4	-7.2	16.1	31.9	29.0	1.47
9060	FBBLC	Fid VIP High Income	High-Yield Bond		17.96	Hold	-1.6	1.7	-3.3	-2.0	4.0	6.3	0.47
9064	FXVLT	Fid VIP Index 500	Large Blend		19.18	Hold	-6.0	-3.1	-6.0	0.2	13.9	15.5	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	24.17	Buy	-7.4	-7.4	-8.7	-3.7	13.4	14.9	1.23
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	15.53	Buy	-6.2	0.6	-5.7	-1.3	11.5	10.9	1.11
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.18	Buy	-0.7	-0.3	-1.2	0.4	1.2	3.0	0.32
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	17.01	Hold	-5.4	-7.1	-10.4	-13.3	6.7	10.4	1.19
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		21.79	Buy	-6.1	-0.5	-6.2	-0.7	14.2	12.2	1.18
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.35	--	0.0	-0.2	-0.1	-0.3	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	14.77	OK to Buy	-7.2	2.9	-7.2	-3.5	10.2	8.4	1.22
9072	FFWKC	Fid VIP Real Estate	Sector		19.61	Hold	-6.1	-6.2	-5.3	0.7	7.5	12.3	1.49
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.23	Buy	-1.2	0.0	-2.4	-2.3	2.1	4.0	0.39
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	23.91	Buy	-7.0	-2.0	-10.2	-1.6	11.0	14.0	1.17
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	12.96	Buy	-4.3	-1.2	-5.7	-1.9	8.5	11.2	1.11
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	20.45	OK to Sell	-4.8	-10.6	-8.2	-7.8	9.8	11.1	1.34
9079	FKMSC	Fid VIP Value	Large Value		18.03	Buy	-5.8	-1.3	-6.1	0.3	15.2	15.6	1.00
9080	FUEBC	Fid VIP Value Leaders	Merged into VIP Value										
9073	FRBSC	Fid VIP Value Strategies	Mid Value		19.02	OK to Buy	-6.3	-1.5	-7.8	-3.3	13.7	14.8	1.04
9347	FBMEC	Black Rock Global Allocation	Global Allocation		11.71	Hold	-3.6	-0.9	-5.5	-3.5	6.0	6.3	0.63
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		10.60	OK to Sell	-3.5	-4.5	-5.5	-6.6	1.5	3.3	0.54
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.23	Hold	-0.1	0.3	-0.3	1.0	0.2	1.4	0.21
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.06	Hold	-6.3	-1.2	-7.3	-5.1	9.6	7.4	1.02
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		12.55	Hold	-9.7	-15.4	-16.2	-28.1	-4.1	-1.4	1.65
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.26	Hold	-1.7	-0.4	-4.4	-5.9	-0.8	3.0	0.77
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.47	Hold	-8.4	-8.5	-13.1	-19.5	-1.5	-0.3	1.30
9146	FPRPC	Morgan Stanley Global Strategist <sup>5</sup>	Diversified Int'l		11.70	Hold	-4.3	-5.6	-6.2	-8.2	5.2	7.2	0.71
9346	FPMEC	Pimco Commodity Real Return	Commodities		6.12	OK to Sell	-2.1	-13.4	-11.2	-31.5	-16.6	-6.1	1.47
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.41	Buy	-0.3	0.3	-0.5	-0.2	0.5	1.5	0.17
9277	FPNBC	Pimco VIT Real Return	TIPS		12.37	Hold	-1.4	-1.0	-1.7	-4.7	-2.2	2.2	0.62
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.62	Hold	-0.8	0.5	-0.6	1.0	1.4	2.8	0.38

Annuity Sector	
Fund	Allocation
VIP Cons Discretionary	21%
VIP Technology	20
VIP Telecom	16
VIP Health Care	15
VIP Financial Services	14
VIP Industrials	14
<b>Total Return:</b>	
<b>Aug: -6.8%</b>	<b>YTD: -1.3%</b>

Annuity Growth	
Fund	Allocation
VIP Growth Opps	24%
VIP Mid Cap	24
VIP Growth & Income	20
VIP Value	19
VIP Dynamic Cap App	13
<b>Total Return:</b>	
<b>Aug: -6.5%</b>	<b>YTD: -1.1%</b>

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	31%
VIP Growth Opps	28
VIP Growth & Income	21
VIP Value	20
<b>Total Return:</b>	
<b>Aug: -4.9%</b>	<b>YTD: -1.0%</b>

Annuity Income	
Fund	Allocation
VIP Balanced	39%
VIP Investment Grade	33
Pimco VIT Low Duration	28
<b>Total Return:</b>	
<b>Aug: -2.1%</b>	<b>YTD: -0.6%</b>

PORTFOLIO UPDATE

# Select Model Struggles

Unlike last year, when the *Select Model* was our best-performing portfolio by a considerable margin, 2015 has shaped up to be a struggle. Even with the correct view on global energy and with sector bets that would normally benefit from low oil prices, its

Select Model's Metrics	
Wgt'd Avg Market Cap	\$28.3 Bil
Large Cap Growth	39%
Large Cap Value	27
Mid/Small Growth	22
Mid/Small Value	12
%Foreign	14%

performance this year (down 4.2%) has trailed the S&P 500 (down 2.9%).

The year is not over, and the stockpicking environment should become more favorable after last month's correction. So what follows is a review of our current holdings (along with their returns since purchase versus the S&P 500).

Note: Our latest trades brought the *Select Model* and its annuity counterpart on p. 10 into close alignment; the only significant difference at this point is the substitution of **VIP Financial Services** for **Select Insurance**, a move made necessary by the limited number of sector fund choices on the annuity side.

**Consumer Discretionary** is now the largest position, reflecting my view that low energy prices and a recovering job market will prompt consumers to open

returns since 5/4/15	
Fund:	-2.4%
S&P 500:	-6.0%

their wallets, especially for homes and autos. The former is likely to be driven by the growing ranks of Millennials moving out of the nest; the latter by the high average age of vehicles currently on the road. The fund does carry some risk of technology disruption. The Internet television boom is pulling ad dollars away from traditional content providers, and Amazon is taking mar-

ket share from brick and mortar retailers. But these are not new trends, and most of the top holdings have strong niches that aren't easily eroded.

**Technology** offers the promise of significant growth in a lackluster economy, and many of these firms have a proven ability to do well in a deflationary environment. The shift to mobile computing and cloud computing is producing a few winners and many losers, but this fund seems well-positioned. Veteran manager Charlie Chai is emphasizing firms that make money on content and advertising, and he even has some non-tech companies that are using technology to disrupt the competition, such as Amazon and Tesla Motors. Many of his top stocks performed well during the second-quarter earnings season, suggesting that he is back on track after hitting some speed bumps in 2011 and 2014.

**Insurance** has been the best performing part of the financial sector over the last 12 months, in part, because the industry was spared a lot of the heavy-handed regulations and global credit risk that banking was saddled with, but also because it rebounded from fears of extreme weather becoming the norm. As it turned out, the biggest problem is auto claims — a result of more miles driven, plus an upswing in repair costs. With collision avoidance features becoming more common in new vehicles, that's likely a temporary issue. The main trend here is that consumers are spending more on homes and autos, with insurance companies benefiting indirectly through higher premiums.

On the annuity side we're holding **VIP Financial Services** in place of *Select Insurance*. A lack of options on the annuity side dictates this choice, but at least it is both well-diversified and offers lower risk. It includes some insurance firms, but is mainly a play on the banking industry.

returns since 7/27/15	
Fund:	-6.4%
S&P 500:	-4.4%

significant growth in a lackluster economy, and many of these firms have a proven ability to do well in a deflationary environment. The shift to mobile computing and cloud computing is producing a few winners and many losers, but this fund seems well-positioned. Veteran manager Charlie Chai is emphasizing firms that make money on content and advertising, and he even has some non-tech companies that are using technology to disrupt the competition, such as Amazon and Tesla Motors. Many of his top stocks performed well during the second-quarter earnings season, suggesting that he is back on track after hitting some speed bumps in 2011 and 2014.

returns since 7/29/13	
Fund:	0.0%
S&P 500:	0.0%

the industry was spared a lot of the heavy-handed regulations and global credit risk that banking was saddled with, but also because it rebounded from fears of extreme weather becoming the norm. As it turned out, the biggest problem is auto claims — a result of more miles driven, plus an upswing in repair costs. With collision avoidance features becoming more common in new vehicles, that's likely a temporary issue. The main trend here is that consumers are spending more on homes and autos, with insurance companies benefiting indirectly through higher premiums.

**Health Care's** Eddie Yoon has dialed back biotechnology exposure in the face of rising prices and surging volatility — a move I support. Given the *Select Model's* market weighting in this fund, our biotech exposure is both underweighted and focused more on the value side of the sector. If things turn ugly for Health Care (which is certainly possible with any sector that has more than tripled in five years), we'll look to cut our weighting and possibly move to the more defensive and lower risk **Pharmaceuticals**. But so far, high expectations for health care stocks are more or less being met with robust revenue and earnings growth, making it hard to say when the party might end.

**Telecommunications** is a value technology play of sorts. Companies in this sector are still struggling with the capital equipment costs of keeping up with surging demand for data while intense competition for customers makes it difficult to grow revenue. But there is

returns since 5/4/15	
Fund:	-6.8%
S&P 500:	-6.0%

light at the end of the tunnel; the carriers have worked their way out of subsidizing cell phone purchases while reducing the cost of delivering each byte of data. Sprint, in particular, is saving billions in equipment costs by modernizing its network with an innovative low-cost approach. Over the next decade, the number of wireless connections is likely to expand well beyond cell phone use, becoming common in vehicles, laptops, portable navigation devices, remote monitoring, and in anything else where there's a big benefit to being connected beyond the reach of wi-fi. The wireless carriers should capture most of this new business, in part because they have been investing in mobile data for decades and their networks are both cost effective and well-established. Meanwhile, investors are being paid to wait as Verizon and AT&T (which make up almost a third

Select Model cont'd on page 12

## Select Model *cont'd from page 11*

of this fund) both have a dividend yield of around 5%.

**Industrials** is reasonably well-positioned for the new era of low-cost energy. With a heavy emphasis on aerospace, transportation, shipping, and construction, it stands to benefit even if the global commodities bust continues to reduce demand for mining, agricultural, and energy exploration equipment. Manager Tobias Welo has been running this fund for more than eight years, and ranks highly against his peers. (Unfortunately, we purchased the fund in the midst of a sharp 3-month correction. Since then, the fund is up 88% versus 89% for the S&P 500.) ■

— Jack Bowers

returns since 7/5/11  
Fund: 44.5%  
S&P 500: 60.6%

aerospace, transportation, shipping, and construction,

## 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, MSCI Cons Discret MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Healthcare, MSCI Industrials, MSCI Info Tech, MSCI Materials, MSCI Real Estate, MSCI Telecomm, MSCI Utilities, OTC, Real Estate Inc., Real Estate Investment, Small Cap Growth, Small Cap Value, Sptn Real Estate Indx, Value Discovery.

*The final distributions for August were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Fidelity Fund	8/7	1.849	43.31
Growth Discovery	8/7	0.027	25.30
Mega Cap Stock	8/7	0.390	16.33

## FUND PROFILE

### New Day, Style (And Rating) For Export

Just over a year ago, **Export & Multinational's** beleaguered shareholders finally got some good news in the form of a new manager, Gordon Scott.



Gordon Scott

While Gordon had been doing a good job running **Select Consumer Discretionary**, we didn't have much more to base a new rating upon. Moreover, as a large-cap growth fund, Fidelity continued to have far better options. So we decided to give Gordon some time to refashion his new charge, and see how he fared. He's done just that, and fared well.

### New Day

Today, the fund bears little resemblance to what Gordon inherited. Although its number of portfolio holdings and its concentration in its top-10 stocks are still in the same ballpark (92 and 28%, respectively), sector weights are wholly different.

While tech remains about 20% of assets, financials were increased about five percentage points to another 20% weight, and health care was heightened by as much to today's 15%. Industrials were almost doubled to 13%.

With assets in decline, purchases were made by rotating completely out of telecom services and utilities, and Gordon made a very timely and wise reduction in energy, which at 7%, is in line with the S&P 500.

We took notice, and raised its rating to *Hold* from *Sell*. But we still wanted to see more.

The intrepid new manager slashed the fund's foreign exposure in half to about 5%. Needless-to-say, turnover

spiked. But something more subtle had occurred: owing to the fund's larger stakes in financials, health care (not biotech) and industrials, **Export & Multi** was no longer large-cap growth, but rather a large-cap blend fund whose S&P 500 benchmark now made far more sense.

### New Style

By the time the dust settled in 2014, **Export** still finished the year trailing its benchmark by four percentage points (9.6% vs. 13.7%). But in the final quarter of that year, Gordon had finally managed to catch up with the market: the fund returned 5.1% versus 4.9%.

While it may seem a bit academic for us to reclassify **Export** to Large Cap Blend from Large Cap Growth, it's significant because of the new perspective that exercise provides. Relative to its former "growthier" and far more volatile peers, **Export** was and would still be a laggard. But when matched against its true peers, it's now Fidelity's top-performing large-cap blend offering. And, with a relative volatility of 0.98 versus 1.05 for his peers, its risk-adjusted performance is all-the-more-attractive.

### New Rating

For the reasons above (plus our disappointment with the performances of **Export's** new peer group), we've upgraded **Export** to *Buy* from *Hold*.

Some caveats: We've long complained about the fund's redemption fee (0.75% on shares held 30 or fewer days), which is a vestige to its launch two decades ago when it was imagined to be trading in smaller, less liquid stocks. Also, the fund's name is, at best, a stretch, and should be changed.

With those caveats, we're expecting more good things to come. ■

— John Bonnanzio

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