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FIDELITY MONITOR & INSIGHT

SEPTEMBER 2017 PUBLISHED SINCE 1985

MESSAGE FROM JACK

The "Robots" Are Coming!

Some investors worry that automation could lead to widespread job losses. But the machines likely to have the most immediate impact won't even look like robots. You'll see them in the parking lot, in the garage, and on the road. You might even buy one!


Jack Bowers

Self-driving vehicles are poised to have far-reaching impact, and the revolution may begin sooner than most expect. Analysts anticipate the cost of moving people and things will decline significantly on all fronts, perhaps falling by a factor of 10 where shorter distances are involved. This could lead to the creation of large driverless taxi fleets and spawn all kinds of new delivery services.

While the disruptive impact on transportation could be substantial, the aggregate impact on employment may not even move the needle. Trucking firms won't shell out $250k for an autonomous tractor-trailer just to eliminate a driver. Rather, they'll make the investment because they are running short of drivers and losing out on revenue. Even in situations where drivers are displaced, many will take on different roles at the same company. Others will help address the growing shortage of unskilled labor in other industries.

Finally, there will likely be economic benefits.

First, the productivity gains that come from converting commute-time into work-time could lead to higher wages across most industries. Second, the reduction in transportation costs should boost discretionary income across all households. Third, self-driving vehicles may ultimately reduce accidents and deaths by a factor of 10. Crashes currently exact a heavy toll on the economy because they burden the system with large costs on multiple fronts: first responders, medical, legal, disability, insurance, vehicle repair, and lost productivity. By sharply reducing these costs, GDP could see a 2.5% boost. Yes, insurance adjusters and body-shop technicians might be put out of work, but all consumers would benefit from lower insurance rates, leading to increased spending on other services.

Jack

MARKET OUTLOOK

Stocks Remain In Bull Market

I noted last month, that we could see some profit-taking, particularly in the tech sector which has been powering the market higher. Indeed, for most of August we saw just that. Predictably, that brought out a lot of talk about how this market is rolling over and you had better run for cover now! Bearish pundits pointed to the fact that stocks were losing momentum. In mid-July, about 70% of S&P 500 stocks were trading above their 50-day moving averages, but by late August, that figure had fallen to 40% — a sharp drop in a short time.


John M. Boyd

Well, yes, short-term momentum did take a hit, but that's not unusual during a period of profit-taking. And yes, we could see further declines ahead, but we don't expect them to be long-lasting. In fact, by the end of August, stocks had rallied to a gain for the month. With very low inflation and interest rates, accelerating economic growth (second quarter GDP was just revised up to 3.0%), and double-digit earnings growth, the environment for stocks remains very positive. Beyond that solid backdrop, here are three other reasons we continue to favor stocks.

1. The Severity Of The Prior Downturn

At over eight years, the current bull market has been the second-longest on record and the second-strongest in terms of total gains. But what's overlooked is the severity of the 2007-'08 "Great Recession."

Gene Epstein of *Barron's* recently addressed this issue, analyzing the "full-cycle" returns since the 1980s (i.e. measuring from the beginning of each downturn through the subsequent bull phase). He computed the inflation-adjusted total returns of each cycle and found that the 1990-'91 mild recession and recovery generated an average annual return of 15.7%, and the steep recession of 1981-'82 and the expansion that followed came in at 11.1%. But owing to the severity of the Great Recession and its impact on stock prices, even though this bull phase has been quite long and strong, over the current *full cycle* we have averaged just a 5.8% annualized return. So there is ample room for further gains. (Of

Market Outlook *cont'd on page 3*

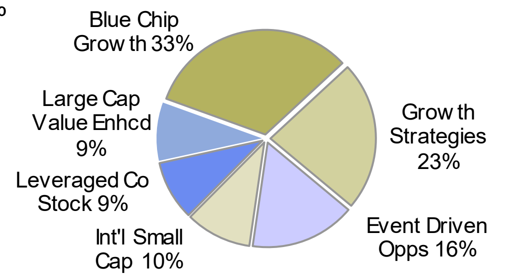
 See Model Portfolios Key on p. 3

Unique Opportunities

Target Risk: 1.20 (Current: 1.07) Foreign Holdings: 16.7% **YTD Return: 13.2%**

Stocks: 98.4% Bonds: 0.0% Cash: 1.6% Alternatives*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	$84.74	1,933.28	$163,826	1.9%
Growth Strategies	FDEGX	37.80	3,073.70	116,186	0.1
Event Driven Opps	FARNX	14.04	5,803.60	81,483	-3.6
International Small Cap	FISMX	28.72	1,774.23	50,956	0.8
Leveraged Co Stock	FLVCX	37.12	1,244.86	46,209	-0.3
Large Cap Value Enhcd	FLVEX	12.50	3,631.57	45,395	-0.4
Current Value (3/31/99 = $100,000)				**$504,054**	**0.0%**



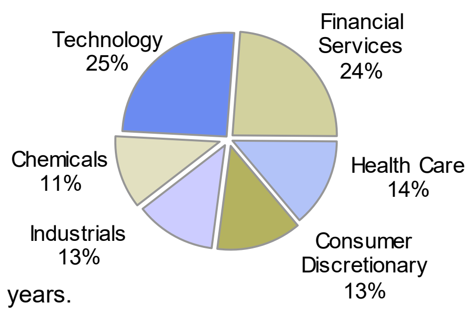
For aggressive members who have no need for income or principal for more than 10 years.

Select

Target Risk: 1.20 (Current: 1.19) Foreign Holdings: 9.8% **YTD Return: 12.8%**

Stocks: 98.9% Bonds: 0.1% Cash: 1.1% Alternatives*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Technology	FSPTX	$175.75	5,171.53	$908,896	3.8%
Financial Services	FIDSX	102.64	8,359.62	858,031	-1.9
Health Care	FSPHX	229.59	2,153.69	494,466	1.6
Consumer Discretionary	FSCPX	38.50	12,244.66	471,419	-1.4
Industrials	FCYIX	33.63	13,270.18	446,276	0.8
Chemicals	FSCHX	166.98	2,434.44	406,504	0.9
Current Value (12/31/88 = $100,000)				**$3,585,593**	**0.8%**



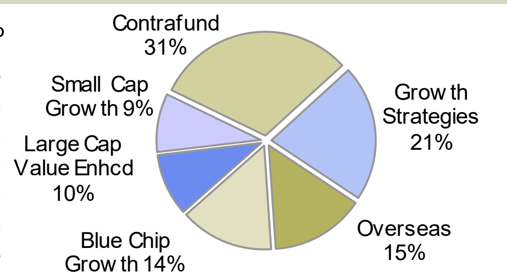
For aggressive members who have no need for income or principal for more than 10 years.

Growth

Target Risk: 1.00 (Current: 0.99) Foreign Holdings: 18.6% **YTD Return: 14.2%**

Stocks: 99.0% Bonds: 0.0% Cash: 1.1% Alternatives*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Contrafund	FCNTX	$120.18	6,439.36	$773,882	1.6%
Growth Strategies	FDEGX	37.80	14,010.10	529,582	0.1
Overseas	FOSFX	48.29	7,538.15	364,017	0.2
Blue Chip Growth	FBGRX	84.74	4,275.41	362,299	1.9
Large Cap Value Enhcd	FLVEX	12.50	19,417.91	242,724	-0.4
Small Cap Growth	FCPGX	24.15	9,415.47	227,384	1.3
Current Value (12/31/86 = $100,000)				**$2,499,887**	**0.9%**



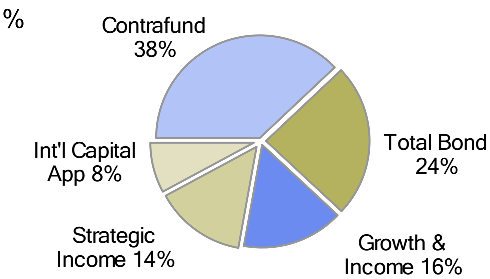
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.

Growth & Income

Target Risk: 0.66 (Current: 0.68) Foreign Holdings: 18.1% **YTD Return: 11.2%**

Stocks: 61.1% Bonds: 24.0% Cash: 0.8% Alternatives*: 14.1% Yield: 1.1%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Contrafund	FCNTX	$120.18	2,053.44	$246,783	1.6%
Total Bond	FTBFX	10.76	14,573.02	156,806	0.8
Growth & Income	FGRIX	34.94	2,950.65	103,096	-1.0
Strategic Income	FSICX	11.16	8,320.38	92,855	0.8
Int'l Capital App	FIVFX	20.29	2,537.29	51,482	2.0
Current Value (12/31/93 = $100,000)				**$651,021**	**0.6%**



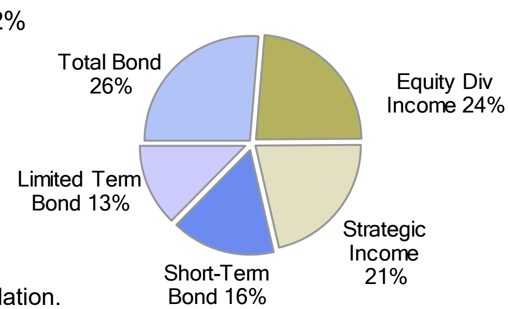
A good choice for members retiring in 5-10 years looking for less volatility than the market.

Income

Target Risk: 0.33 (Current: 0.33) Foreign Holdings: 16.8% **YTD Return: 4.4%**

Stocks: 23.5% Bonds: 55.2% Cash: 1.4% Alternatives*: 19.9% Yield: 2.2%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Total Bond	FTBFX	$10.76	9,690.52	$104,270	0.8%
Equity Dividend Income	FEQTX	27.93	3,349.44	93,550	-1.0
Strategic Income	FSICX	11.16	7,641.02	85,274	0.8
Short-Term Bond	FSHBX	8.64	7,306.49	63,128	0.2
Limited Term Bond	FJRLX	11.56	4,346.90	50,250	0.2
Current Value (12/31/91 = $100,000)				**$396,472**	**0.2%**



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

Market Outlook *cont'd from page 1*

course, that is no guarantee we will get them. During the full cycle of 2001-'07, with only 2% nominal growth and 2.5% inflation, inflation-adjusted returns were actually negative!)

2. Sentiment Is Still Negative

I've written about this before, but it's still true: This is the most distrusted bull market in history, and bull markets don't end when everyone is worried that they will! Bullish sentiment in the weekly survey by the American Assn. of Individual Investors has been below 50% for a record 138 weeks and currently sits at a very low 28.1%. Bearish sentiment, on the other hand is up to 38.3%. And some investors are putting their money where their mouths are. Notably, U.S. mutual funds that attempt to profit in falling markets attracted $413 million in new investments during the second quarter. That's the largest inflow since the height of 2013's "Taper Tantrum."

3. Regulatory Reform

Lost in all the angst over the failure of the Trump Administration to get a health care bill passed and the diminishing chances for tax reform, is the regulatory overhaul going on behind the scenes. Trump has already withdrawn or delayed 860 proposed regulations (which he can do by executive order) and has also overturned (with enough republican votes in Congress) several Obama-era regulations. I'm not passing judgment on whether these rollbacks are good or bad (though they're a factor in our adding to financials — see facing trade box), just that they are likely to provide a "back-door" boost to economic growth. ■

— John M. Boyd

Funds You Should Buy Now

Growth: **Blue Chip Growth** and **Growth Company** are aggressive large-cap options; **Contrafund** is more conservatively positioned. **Large Cap Value Enhanced** offers financial exposure; **Growth Strategies** and **Small Cap Growth** lower market-cap exposure. Style-agnostic, **Event Driven Opportunities** provides smaller-cap portfolio diversification.

Growth & Income: **Growth & Income** and **Equity Dividend Income** hold higher-yielding large-cap value stocks.

International: **Overseas, Int'l Cap App** and **Int'l Small Cap** are lower-risk approaches to developed (and some developing) equity markets.

High-Yield: **Strategic Income** limits high-yield bond risk; **Leveraged Co. Stock** is a Specialty fund playing high-yield via a company's equity.

Taxable Bond: **Limited Term Bond** and especially **Short-Term Bond** limit interest-rate risk. **Investment Grade Bond** limits credit risk, boosting yield with more rate-risk; **Total Bond** provides the broadest diversification boosting its yield through well-managed credit risk (see p.11).

Muni Bond: More highly taxed investors should consider muni funds. We prefer the short-maturity **Conservative Income Muni**. ■

Model Portfolio Trades

As announced on our Hotline update of Friday, August 25, on Monday, August 28, we made trades in several model portfolios:

Select Model:
We sold 1/3 of our position in **Select Industrials** [FCYIX], bringing it down to about 12% of the model, and added the proceeds to **Select Financial Services** [FIDSX], bringing it up to about 24%.

Growth & Income Model:
We sold 1/3 of our position in **Growth & Income** [FGRIX], bringing it down to about 16% of the model, and used the proceeds to establish a roughly 8% stake in **International Capital Appreciation** [FIVFX].

Annuity Sector Model:
We sold 1/5 of our position in **VIP Technology** [FYENC], bringing it down to about 26% of the model, and we sold 1/3 of our position in **VIP Industrials** [FBALC], bringing it down to around 13%. We added the proceeds of those sales to **VIP Financial Services** [FONNC], bringing it up to about 25% of the model. *Note: VIP Technology and VIP Industrials have 1% redemption fees for 60 days so, if needed, you may wish to delay the trade until that short-term trading fee no longer applies.*

Annuity Growth Model:
We sold our entire position in **VIP Disciplined Small Cap** [FPRGC], and used the proceeds to establish a roughly 8% position in **VIP Growth** [FMNDC].

Annuity Growth & Income Model:
We sold 1/2 of our position in **VIP Growth & Income** [FLFNC], bringing it down to about 10% of the model, and used the proceeds to establish a 10% position in **VIP International Capital Appreciation** [FVJIC].

Trade Rationale:
In our sector-based models, we added to financials as they are cheap, and regulatory reform should provide a boost. In both our growth & income models, we wanted more international exposure. Lastly, we lowered our ratings on several small-cap funds this month, including **VIP Disciplined Small Cap** held in the *VIP Growth Model*. We own, and like, **Small Cap Growth** in our regular *Growth Model*, but there is no VIP equivalent, so we went up in market-cap and added **VIP Growth**. ■

Model Portfolios Key:
[1]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.

EMERGING MARKETS

Is Communist Party China Region's Ally?

Don't look now, but **China Region's** next new co-manager may be a Communist Party official!

In a certain sense, China has always been the unseen partner in any Mainland Chinese investment. But if you're a shareholder in China Region and other developing-market funds, the Chinese entity that oversees state-owned enterprises (known as SASAC) has been tightening its grip on Hong Kong-listed firms.

Some history.

Fidelity launched Hong Kong & China fund (now China Region) in 1995. It did so in response to China's eighth five-year plan (1991-1995) to modernize its economy, which it has.

At first, the fund mostly invested in Hong Kong-based companies with deep ties to Britain. But as Mainland China was seeking double-digit economic growth, it needed western capital. This was partly accomplished by issuing speculative H-shares, which were traded on the Hong Kong Stock Exchange. (Only less-liquid A-shares remain available to Mainland Chinese investors.)

Fast-forward a few decades, and while the West has been anxiously watching China flex its economic and now military muscle, President Xi Jinping has also been backtracking on the "One China, Two Systems" policy. Until recently, this approach allowed Hong Kong (and Macau) to maintain their capitalist systems, though Hong Kong's democratic institutions are clearly being squeezed. And, now, state firms listed in Hong Kong are getting squeezed, too.

Last year, President Xi issued an edict that has corporate boards of state enterprises looking over their shoulders. While not involved in direct oversight, their new overlords are unelected and unaccountable communist party officials from SASAC. Their charge is to make certain that major business decisions are consistent with the government's socialist ideals and agenda.

The new arrangement is already raising alarms. A recent analysis of the 32 companies that have so far adopted language to install Communist Party officials are valued some 24% below the average stock in the Hang Seng Index. (For the record, China Region fund is benchmarked against the MSCI Golden Dragon index.) Viewed another way, these 32 H-shares account for nearly a third of the Hong Kong exchange's $30 trillion market capitalization — a figure that will grow.

With Chinese share prices surging, few have likely noticed (or have cared) about the recent divergence in values, or even Beijing's consolidation of corporate power.

Bouncing back from crashes in 2015 and 2016, China Region fund has piggybacked on a rally begun in March 2016. In fact, it's up 29.6% over the past 12 months, and 37.4% this year.

Action Recommendation

Shareholders have never been able to sidestep Beijing's reach if they've invested in China Region or its earlier incarnation. Today, Manager Robert Bao (who runs the fund from Hong Kong) has purchased 16 different H-shares of the nearly 200 that are listed; they account for about 20% of the fund's $1.2 billion in assets.

How much influence Communist Party officials may come to exert over China's state-run enterprises is still unclear. Certainly, China has demonstrated a level of patience on many such fronts that is unseen in the West. However, if recent moves by Beijing in Hong Kong and the South China Sea are bellwethers, funds with significant exposures to Hong Kong may see their already-high risk levels rise even higher.

So even as we monitor Premier Xi's latest moves to exert state power, for now, our fund ratings (see table) are unchanged. ■

— John Bonnanzio

Major Players In Greater China Region

	China[1]	Hong Kong	Taiwan	Rel Vol (Risk[3])	Rating
China Region	39.7	4.7	15.2	2.19	H
Emerging Asia	13.9	8.8	13.5	1.51	B
Emerging Markets	5.3	2.3	5.4	1.40	B
Emerging Mkts Disc	4.8	1.0	7.2	1.36	H
Emerging Mkts Index	9.8	3.6	11.9	1.60	H
International Index	0.0	2.4	0.0	1.16	H
Pacific Basin	8.2	5.8	6.3	1.16	B
Total Emerging Mkts[2]	4.7	3.1	5.5	1.15	B

[1]Includes A- and H-shares; [2]Excludes bond positions;

FOREIGN STRATEGIES

Int'l Cap App

In absolute terms, 2016 wasn't an especially good year for Manager Sammy Simnegar and his **Int'l Capital Appreciation** fund, although he did far better than his average industry peer. So far, 2017 has been a much better story. Indeed, the fund has been firing on all cylinders, with sectors bets, country weights and individual stock picks all contributing to a stellar 27.0% year-to-date return.

Beside the benefits of diversifying abroad, the reasons for our adding his fund to our *Growth & Income Model* (and its VIP clone to our *Annuity G&I Model*) are its low risk (even as Sammy overweights technology), his strong track record, and his top-down bias for industry disruptors.

While we still believe U.S. stocks offer the best long-term opportunities, this fund makes sense. ■

FUND COMMENTARY

Stocks Recover From Early Slump

Share prices were modestly pared in August but recovered as political discord in the U.S., coupled with North Korean nuclear ambitions, rattled investors' nerves.

John Bonnanzio

Closer to home, President Trump's continued political missteps have further isolated him politically. And with more members of Congress distancing themselves from him, his tax code overhaul preferences seem less likely to occur. (See *Market Outlook* on p. 1.)

Elsewhere last month, the market struggled to digest the president's firing of his chief strategist, his tweet to scrap the North American Free Trade Agreement, and his threat to shut down the federal government unless Congress funds his border wall.

As for North Korea, as one might expect, its threatening the U.S. and lobbing a missile over Japan initially rattled investors, but the Nikkei 225 "only" retreated 1.7% for the month, and was starting to recover as August was ending.

Nevertheless, with Supreme Leader Kim Jong-un snubbing his nose at the world generally, and the U.S. in particular, market volatility perked up. In addition, the euphoria that had driven **International Index** fund up nearly 18% in the first seven months of this year, suddenly stopped: the fund was flat in August.

Market Indexes

Still August was no disaster, as still-favorable economic conditions, coupled with optimism over the rollback of Obama-era regulations (particularly in the area of financial services) provided a sufficient counterweight to the doom-and-gloomers who, by-the-way, helped to push gold prices up more than 4% for the month and 15% for the year. At the same time, a U.S. dollar index was down almost 8% this year. (It was mostly unchanged for the month.)

Turning to the U.S. equity benchmarks, several moved only fractionally in August. The large-cap Dow Jones Industrials and S&P 500 crept up 0.6% and 0.3%, respectively. But a late-month recovery in tech pushed the Nasdaq Composite well into positive territory: gaining 1.4% for the month, it's now up 20.3% for the year.

Unfortunately, investors grew fickle over smaller-cap issues, but they also trimmed their losses in their final sprint towards month-end. In the case of the Russell Mid Cap, it lost 1.0% last month whereas the small-cap Russell 2000 retreated 1.3%. On a happier note, all five of the aforementioned barometers remain in positive territory for the year-to-date.

Stock Funds

Reflecting the indices above, Fidelity's large-cap growth funds were the top performers in August. On average, they gained 1.5%. **Focused Stock** maintained its recent momentum having risen 2.8%, but the similarly tech-rich **OTC** fund was a close second with its monthly gain of 2.4%.

As for large-cap blend funds, on average, they were flat in August with returns ranging from -1.0% for **Growth & Income** to +2.3% for **U.S. Sustainability Index**.

On the other hand, sinking energy shares and, to less of an extent, financials, weighed on value-oriented funds regardless of their market-caps. For example, **Blue Chip Value's** reliance on big-cap oil and gas firms, as well as banks, contributed mightily to its August decline of 2.5%, whereas **Small Cap Value** was set back 1.8%.

International Funds

As mentioned earlier, investors largely shrugged off threats on nuclear incineration by North Korea. While **Japan** fund was flat in August, **Japan Smaller Companies** jumped 1.8%. And in Europe, political discord over newly elected president Marcon's economic reforms initially rattled France, but losses were eventually trimmed. Even so, the Stoxx Europe 600 fell 1% in August, but gains in London and elsewhere limited further losses in Europe.

On the fund level, **Europe** did slip 0.7%, but the more broadly diversified **International Cap App** (see facing page) gained some traction: it rose 2.0% for the month. Still better were the world's emerging markets: **China Region** jumped 2.3% and **Latin America** soared 4.7%.

Fund Commentary *cont'd on page 8*

September Scorecard Rating Changes

Fund	Ratings: Old	Ratings: New		Comments
Growth Discovery	B	***B***	↑	Fund benefiting from tech without excessive risk.
Extend Mkt Index	***B***	B	↓	Prefer growth stocks over smaller-cap stocks.
International Cap App	B	***B***	↑	Good portfolio diversifier; well-managed risk.
Small Cap Discovery	B	H	↓	Upside potential limited relative to small-caps' higher risk.
Small Cap Enh'd Idx	B	H	↓	Upside potential limited relative to small-caps' higher risk.
Small Cap Index	B	H	↓	Upside potential limited relative to small-caps' higher risk.
Stk Sel Small Cap	B	H	↓	Upside potential limited relative to small-caps' higher risk.
VIP Disc Small Cap	***B***	H	↓	Upside potential limited relative to small-cap's higher risk.
VIP Growth	B	***B***	↑	Fund benefiting from tech without excessive risk.
VIP Int'l Capital App	B	***B***	↑	Good portfolio diversifier; well-managed risk.

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, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Aug	YTD	3 Mo.	Avg Annual (%) 1 Yr	3 Yr	5 Yr	10 Yr	Rel Vol (Risk)[1]
Comparative Indexes		S&P 500		2471.7		0.3	11.9	3.0	16.2	9.5	14.3	7.6	1.00
		Nasdaq Composite		6428.7		1.4	20.3	4.0	24.7	13.3	17.4	10.7	1.25
		Dow Jones Industrials		21948.1		0.6	13.0	5.1	22.3	11.5	13.7	7.9	1.06
		Russell 2000 (Small Caps)		1405.3		-1.3	4.4	2.9	14.9	7.7	13.2	7.4	1.45
		Barclays Aggregate Bond*				0.8	3.5	1.2	0.3	2.5	2.0	4.1	0.30
Model Portfolios		Unique Opportunities				0.0	13.2	3.2	18.5	7.6	13.3	6.6	1.07
		Select				0.8	12.8	1.8	16.8	9.2	15.4	8.6	1.19
		Growth				0.9	14.2	3.5	17.9	8.1	12.0	5.9	0.99
		Growth & Income				0.6	11.2	2.9	14.1	7.2	10.3	5.7	0.68
		Income				0.2	4.4	1.4	5.6	4.0	4.8	4.6	0.33
												Rel Vol (Risk)[1]	Assets ($Mil)
LARGE CAP GROWTH					***Category Averages***	***1.5***	***19.5***	***4.9***	***21.2***	***10.0***	***15.3***	***1.15***	
312	FBGRX	Blue Chip Growth		84.74	Buy	1.9	25.8	4.7	25.9	12.0	17.1	1.20	$16,381
307	FDCAX	Capital Appreciation		36.41	Hold	1.4	14.9	4.9	17.9	7.1	13.4	1.18	5,064
22	FCNTX	Contrafund		120.18	Buy	1.6	22.9	4.8	22.7	11.3	15.1	0.99	85,187
3	FFIDX	Fidelity Fund		42.54	OK to Sell	1.9	13.7	4.5	15.5	8.5	12.9	1.00	3,950
333	FTQGX	Focused Stock		22.18	Hold	2.8	20.8	7.7	18.3	7.8	13.7	1.09	1,650
25	FDGRX	Growth Company (Closed)		172.51	Buy	1.9	26.1	6.8	30.9	14.7	17.7	1.32	23,904
339	FDSVX	Growth Discovery		31.49	Buy ↑	2.1	26.9	5.4	25.3	10.9	15.6	1.08	1,223
73	FDFFX	Independence		39.00	OK to Sell	1.2	16.5	5.2	17.7	4.0	13.7	1.30	3,403
1829	FLGEX	Lrge Cap Growth Enhcd Index		17.61	OK to Buy	1.4	14.2	3.5	17.5	9.6	14.4	1.03	925
2823	FSUIX	Lrge Cap Growth Index[4]		12.36	Hold	1.8	19.0	4.2	20.6	--	--	--	9
21	FMAGX	Magellan		99.74	Hold	1.2	15.6	4.9	18.3	9.4	14.8	1.08	14,122
1282	FNCMX	Nasdaq Composite Index		84.89	OK to Buy	1.4	20.2	3.9	24.5	13.2	17.2	1.25	4,511
300	FMILX	New Millennium		39.37	OK to Sell	-0.4	9.2	2.8	14.4	6.6	13.1	1.06	3,153
93	FOCPX	OTC		108.21	OK to Buy	2.4	29.9	5.8	30.3	15.6	20.3	1.49	12,528
320	FDSSX	Stock Selector All Cap		42.11	Hold	0.6	15.7	3.6	18.6	8.7	14.3	1.06	6,952
5	FTRNX	Trend		99.82	OK to Buy	1.6	20.4	5.6	21.3	11.1	15.5	1.10	1,687
LARGE CAP BLEND					***Category Averages***	***0.0***	***9.6***	***2.9***	***14.8***	***7.7***	***13.3***	***1.05***	
650	FUSEX	500 Index[4]		86.71	Hold	0.3	11.9	3.0	16.1	9.4	14.2	1.00	3,801
315	FDEQX	Disciplined Equity		37.33	Hold	0.9	12.4	4.0	15.2	7.2	13.4	1.00	1,228
330	FDGFX	Dividend Growth		35.13	Hold	0.2	9.1	2.1	12.6	6.3	12.4	0.96	5,909
332	FEXPX	Export and Multinational		22.84	OK to Sell	0.4	9.5	2.4	12.9	7.9	11.4	0.94	1,489
27	FGRIX	Growth & Income		34.94	Buy	-1.0	6.5	2.2	14.4	7.3	13.1	1.16	6,185
1827	FLCEX	Lrge Cap Core Enhcd Index		13.74	OK to Buy	0.7	10.0	3.0	14.7	7.7	13.6	0.99	534
338	FLCSX	Large Cap Stock		31.24	Buy	-0.8	7.8	3.1	16.0	7.2	14.4	1.23	5,018
361	FGRTX	Mega Cap Stock		16.58	Buy	-0.4	8.3	3.2	15.7	7.6	13.3	1.15	1,548
397	FSTMX	Total Market Index[4]		71.44	Hold	0.2	11.2	3.0	16.0	9.0	14.1	1.02	751
2939	FENSX	U.S. Sustainability Index		10.41	NA	-0.2	--	--	--	--	--	--	2
LARGE CAP VALUE					***Category Averages***	***-1.2***	***6.2***	***2.4***	***12.4***	***6.5***	***12.7***	***1.03***	
1271	FBCVX	Blue Chip Value		18.37	OK to Buy	-2.5	6.4	2.7	11.9	6.8	13.3	1.07	401
319	FEQTX	Equity Dividend Income		27.93	Buy	-1.0	5.2	1.9	11.5	7.1	11.8	0.94	5,180
23	FEQIX	Equity-Income		59.24	Buy	-1.2	5.1	1.6	11.7	6.0	11.4	0.98	5,345
1828	FLVEX	Lrge Cap Value Enhcd Index		12.50	Buy	-0.4	5.2	2.6	13.1	6.7	13.7	1.03	3,063
2827	FLCDX	Lrge Cap Value Index[4]		11.42	Hold	-1.1	4.8	1.7	11.5	--	--	--	3
708	FSLVX	Stock Sel Large Cap Value		19.56	Hold	-0.6	4.9	2.0	11.5	6.1	12.9	0.99	1,044
832	FVDFX	Value Discovery		27.49	Buy	-2.2	6.3	2.2	13.4	6.6	13.3	0.99	3,179
14	FSLSX	Value Strategies		42.42	OK to Buy	-0.9	11.2	4.2	14.9	5.8	12.5	1.21	425
MID-CAP GROWTH					***Category Averages***	***0.1***	***11.2***	***0.7***	***10.7***	***7.5***	***13.9***	***0.99***	
324	FDEGX	Growth Strategies		37.80	Buy	0.1	11.2	0.7	10.7	7.5	13.9	0.99	2,305
MID-CAP BLEND					***Category Averages***	***-0.4***	***8.9***	***2.4***	***13.9***	***7.0***	***13.5***	***1.10***	
398	FSEMX	Extended Market Index[4]		59.32	OK to Buy ↓	-0.4	8.1	3.0	15.2	7.0	13.7	1.25	771
2012	FMEIX	Mid Cap Enhanced Index		14.93	OK to Buy	-0.9	6.5	1.3	12.7	6.9	14.3	1.04	1,184
2349	FSCLX	Mid Cap Index[4]		19.59	OK to Buy	-0.8	8.6	1.6	12.2	7.1	13.9	1.06	68
337	FMCSX	Mid-Cap Stock		37.08	Hold	-0.4	9.7	3.0	13.1	6.9	13.2	1.01	5,528
2412	FSSMX	Stock Selector Mid Cap		38.83	OK to Buy	0.4	11.6	3.2	16.4	7.0	12.5	1.15	520
MID-CAP VALUE					`	***-0.5***	***8.0***	***2.1***	***13.8***	***6.0***	***13.6***	***1.04***	
316	FLPSX	Low-Priced Stock[5]		54.48	OK to Buy	0.2	10.1	2.8	15.0	6.3	12.6	0.89	28,203
762	FSMVX	Mid Cap Value		26.19	OK to Buy	-0.5	5.7	1.4	12.3	5.9	14.1	1.06	2,274
39	FDVLX	Value		118.64	OK to Buy	-1.3	8.1	2.1	14.1	5.8	14.0	1.16	7,276

Notes: *Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. [1]Relative Volatility (Rel Vol) 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 actual distributed yield over prior 12 months. [4]Also available in a Premium share class with a minimum of $10,000, but a lower expense ratio. [5]Almost an Asset Allocation fund with 30%+ typically in foreign stocks. [6]Formerly Global Bond. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

FIDELITY SCORECARD — AUGUST 31, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Aug	YTD	3 Mo.	Avg Annual (%) 1 Year	3 Year	5 Year	Rel Vol (Risk)[1]	Assets ($Mil)
SMALL CAP GROWTH			***Category Averages***			***1.3***	***17.3***	***6.3***	***21.0***	***12.8***	***15.9***	***1.25***	
1388	FCPGX	Small Cap Growth	1.50%/90d	24.15	Buy	1.3	17.3	6.3	21.0	12.8	15.9	1.25	$2,393
SMALL CAP BLEND					***Category Averages***	***-1.8***	***1.4***	***1.3***	***11.2***	***6.6***	***12.4***	***1.33***	
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	30.21	Hold↓	-2.4	-0.6	-0.1	9.3	5.3	13.0	1.32	5,082
2011	FCPEX	Small Cap Enhanced Index		13.56	Hold↓	-3.1	-2.0	0.2	11.4	6.8	13.1	1.45	821
2356	FSSPX	Small Cap Index[4]		18.96	Hold↓	-1.3	4.5	2.9	14.9	7.8	13.2	1.45	42
340	FSLCX	Small Cap Stock	2.00%/90d	18.77	Hold	-1.7	2.8	1.3	9.6	6.9	11.3	1.17	1,636
336	FDSCX	Stock Selector Small Cap	1.50%/90d	26.78	Hold↓	-0.5	2.3	2.0	10.9	6.3	11.4	1.25	1,433
SMALL CAP VALUE					***Category Averages***	***-1.8***	***1.4***	***1.7***	***12.2***	***8.1***	***14.1***	***1.12***	
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	19.07	OK to Buy	-1.8	1.4	1.7	12.2	8.1	14.1	1.12	2,603
SPECIALTY													
2624	FARNX	Event Driven Opportunities		14.04	Buy	-3.6	10.3	2.4	24.5	10.3	--	1.51	409
308	FCVSX	Convertible Securities		28.00	Hold	-0.1	6.4	1.6	8.2	1.0	8.5	0.94	1,443
2120	FFGCX	Global Commodity Stock	1.00%/30d	11.97	OK to Sell	0.3	6.0	7.1	14.5	-5.8	-1.4	1.88	258
122	FLVCX	Leveraged Company Stock		37.12	Buy	-0.3	11.5	2.8	15.1	2.3	12.0	1.36	2,595
1329	FSDIX	Strategic Dividend & Income		15.44	OK to Buy	0.2	7.0	1.6	8.7	6.7	10.2	0.73	3,238
1505	FSRRX	Strategic Real Return		8.86	OK to Sell	0.6	2.1	1.7	3.7	-0.5	0.5	0.48	480
311	FIUIX	Telecom & Utilities		27.21	Hold	1.2	11.4	3.5	13.4	7.0	11.4	0.99	1,023
REAL ESTATE													
1368	FIREX	International Real Estate	1.50%/90d	11.28	OK to Sell	1.0	18.9	4.8	11.5	4.5	10.4	1.07	229
833	FRIFX	Real Estate Income	0.75%/90d	12.42	OK to Buy	0.3	6.8	2.4	5.9	6.8	7.9	0.51	2,641
2353	FRXIX	Real Estate Index[4]	0.75%/90d	15.56	Hold	-0.8	1.4	2.5	-3.3	6.8	8.4	1.49	33
303	FRESX	Real Estate Investment		42.89	Hold	-0.1	3.3	3.0	-1.7	8.2	9.3	1.48	4,261
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%		13.57	Hold	0.6	5.2	1.5	4.5	3.2	4.0	0.30	4,873
1957	FTANX	Asset Manager 30%		11.08	Hold	0.6	6.8	1.9	6.3	4.0	5.3	0.39	1,116
1958	FFANX	Asset Manager 40%		11.60	Hold	0.7	8.2	2.2	8.0	4.5	6.4	0.48	1,325
314	FASMX	Asset Manager 50%		18.22	Hold	0.7	9.7	2.6	9.8	5.0	7.5	0.58	8,214
1959	FSANX	Asset Manager 60%		12.34	Hold	0.7	11.1	2.8	11.5	5.5	8.5	0.67	1,798
321	FASGX	Asset Manager 70%		22.04	Hold	0.7	12.4	3.1	13.4	5.9	9.5	0.77	4,610
347	FAMRX	Asset Manager 85%		18.90	Hold	0.7	14.5	3.6	16.1	6.6	11.0	0.91	1,800
304	FBALX	Balanced		24.27	OK to Buy	0.6	11.1	2.5	12.1	6.8	10.1	0.72	22,915
355	FFNOX	Four-in-One Index		42.42	Hold	0.2	11.6	2.7	14.0	6.5	10.9	0.86	5,276
334	FGBLX	Global Balanced		25.31	Hold	1.2	14.5	4.0	9.2	3.3	6.5	0.74	387
1960	FDYSX	Global Strategies		9.57	Hold	0.9	12.9	3.8	12.3	5.2	6.5	0.67	81
4	FPURX	Puritan		22.89	OK to Buy	1.1	12.1	3.6	12.5	6.8	10.3	0.72	20,127
INTERNATIONAL					***Category Averages***	***1.1***	***22.3***	***5.5***	***19.1***	***5.0***	***9.4***	***1.28***	
309	FICDX	Canada	1.50%/90d	52.69	Hold	0.4	7.8	7.0	10.5	-1.6	4.0	1.31	1,184
352	FHKCX	China Region	1.50%/90d	32.67	Hold	2.3	37.4	11.4	29.6	7.6	13.7	2.19	1,210
325	FDIVX	Diversified International		39.98	OK to Buy	-0.1	20.1	2.8	15.5	4.5	9.4	1.15	11,090
351	FSEAX	Emerging Asia	1.50%/90d	41.22	OK to Buy	1.5	32.8	8.6	24.4	7.4	10.2	1.51	1,190
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.55	Hold	4.3	13.6	7.5	23.6	1.6	4.1	1.70	84
322	FEMKX	Emerging Markets	1.50%/90d	30.08	OK to Buy	2.7	34.8	9.9	25.3	5.2	8.1	1.40	3,810
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	14.75	Hold	2.8	29.2	7.5	23.5	4.8	7.6	1.36	240
2341	FPEMX	Emerging Markets Index[4]	1.50%/90d	10.88	Hold	2.4	28.6	9.3	24.2	2.4	5.2	1.60	32
301	FIEUX	Europe		40.26	Buy	-0.7	19.8	1.0	12.7	3.4	9.0	1.34	1,285
2406	FGILX	Global Equity-Income	1.00%/30d	13.62	Hold	0.2	12.6	2.7	12.9	5.9	--	0.88	77
2345	FSGUX	Global ex U.S. Index[4]		13.00	OK to Buy	0.5	19.5	4.8	18.9	2.4	7.3	1.19	45
335	FIVFX	International Cap App		20.29	Buy↑	2.0	27.0	5.1	17.9	7.6	12.0	1.12	1,958
305	FIGRX	International Discovery		45.10	OK to Buy	0.7	23.6	4.7	19.2	5.3	9.6	1.14	7,121
2010	FIENX	International Enhanced Index	1.00%/30d	9.73	OK to Buy	1.0	20.4	4.4	21.6	4.9	10.2	1.16	575
1979	FIGFX	International Growth		12.98	OK to Buy	0.3	22.0	2.0	15.5	5.8	9.2	1.08	932
399	FSIIX	International Index[4]		41.58	Hold	-0.0	17.8	2.9	17.7	2.9	8.5	1.16	708
818	FISMX	International Small Cap	2.00%/90d	28.72	Buy	0.8	23.3	5.9	22.3	10.1	14.8	1.05	1,339
1504	FSCOX	International Small Cap Opps	2.00%/90d	18.02	OK to Buy	0.0	23.8	3.2	19.4	8.2	12.8	1.06	895
2986	FNIYX	International Sustainability Idx		10.55	NA	0.6	--	--	--	--	--	--	3
1597	FIVLX	International Value	1.00%/30d	8.76	Hold	-0.8	13.8	2.0	14.0	1.6	7.2	1.08	346
350	FJPNX	Japan	1.50%/90d	14.10	OK to Buy	0.0	17.7	3.5	16.9	7.1	9.9	1.15	234
360	FJSCX	Japan Smaller Companies	1.50%/90d	17.81	OK to Buy	1.8	21.6	6.8	25.2	11.9	17.2	1.00	697
349	FLATX	Latin America	1.50%/90d	24.95	OK to Sell	4.7	31.0	15.0	20.7	-6.5	-4.1	2.36	598
342	FNORX	Nordic	1.50%/90d	52.61	Hold	-0.7	17.1	1.2	10.3	5.6	14.2	1.22	373
94	FOSFX	Overseas		48.29	Buy	0.2	22.1	2.6	18.9	7.7	11.9	1.14	6,509
302	FPBFX	Pacific Basin	1.50%/90d	33.25	OK to Buy	1.5	25.7	7.1	18.6	8.8	14.2	1.16	919
2369	FTEMX	Total Emerging Markets	1.50%/90d	13.23	OK to Buy	2.6	23.2	7.0	19.6	4.7	7.0	1.15	265
1978	FTIEX	Total International Equity	1.00%/30d	9.06	OK to Buy	0.8	21.8	4.1	17.2	4.6	8.3	1.09	79
2831	FTIGX	Total International Index[4]	1.00%/90d	11.94	Hold	0.6	19.4	4.7	18.5	--	--	--	12
318	FWWFX	Worldwide		26.36	OK to Buy	1.7	20.9	5.6	18.6	6.8	11.9	1.05	1,581

FIDELITY SCORECARD — AUGUST 31, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol	Assets
						Aug	YTD	3 Mo.	1 Year	3 Year	5 Year	(Risk)[1]	($Mil)
SELECT PORTFOLIOS		***Category Averages***				***0.0***	***10.6***	***2.7***	***15.4***	***6.6***	***12.9***	***1.60***	
34	FSAIX	Air Transportation	0.75%/30d	80.81	Hold	2.6	10.2	4.5	29.8	11.5	21.2	1.41	$412
502	FSAVX	Automotive	0.75%/30d	36.14	OK to Sell	2.0	10.6	3.1	11.0	0.7	13.0	1.72	47
507	FSRBX	Banking	0.75%/30d	31.70	OK to Buy	-3.3	-1.5	3.2	22.5	9.7	13.8	1.86	941
42	FBIOX	Biotechnology		228.26	Hold↑	5.3	31.1	19.9	25.0	8.4	21.2	2.84	9,882
68	FSLBX	Brokerage & Investment	0.75%/30d	74.97	OK to Buy	-1.8	13.0	7.4	25.2	4.0	13.7	1.86	453
69	FSCHX	Chemicals		166.98	Buy	0.9	17.8	7.6	24.8	8.1	14.3	1.61	1,799
518	FSDCX	Communications Equipment	0.75%/30d	34.05	Hold	-1.5	4.4	-0.7	11.3	5.6	12.0	1.54	185
7	FDCPX	Computers	0.75%/30d	89.28	Hold	1.8	22.8	2.1	30.6	8.3	12.1	1.66	523
511	FSHOX	Construction & Housing	0.75%/30d	62.08	Hold	-0.7	8.8	0.4	8.5	8.9	14.0	1.31	328
517	FSCPX	Consumer Discretionary		38.50	Buy	-1.4	8.9	-2.0	8.7	8.9	14.0	1.14	677
98	FSVLX	Consumer Finance	0.75%/30d	14.48	OK to Buy	-0.4	8.4	7.3	19.4	7.5	12.4	1.43	94
9	FDFAX	Consumer Staples		96.66	Hold	-2.3	9.2	-4.5	4.8	6.8	10.3	1.01	1,551
67	FSDAX	Defense & Aerospace		154.58	Buy	4.5	20.5	8.2	31.0	15.5	19.1	1.27	2,121
60	FSENX	Energy		37.25	Hold	-6.6	-20.2	-5.8	-11.7	-13.3	-1.3	2.17	1,770
43	FSESX	Energy Service	0.75%/30d	41.33	Hold	-9.0	-25.9	-9.8	-8.0	-21.1	-6.6	2.57	464
516	FSLEX	Environment & Alt Energy	0.75%/30d	24.48	OK to Buy	-0.6	12.1	-0.2	20.5	8.5	14.0	1.27	172
66	FIDSX	Financial Services		102.64	Buy	-1.9	5.5	6.3	21.9	7.9	13.9	1.36	1,070
41	FSAGX	Gold		22.16	Sell	7.2	15.9	9.0	-4.1	-0.5	-9.7	3.97	1,274
63	FSPHX	Health Care		229.59	Buy	1.6	24.2	9.0	14.3	8.6	20.6	1.58	6,953
505	FSHCX	Health Care Services	0.75%/30d	91.63	Hold	0.4	16.8	4.8	19.8	11.1	16.6	1.29	822
510	FSCGX	Industrial Equipment	0.75%/30d	40.56	Buy	0.9	7.8	1.3	11.3	7.3	12.1	1.26	158
515	FCYIX	Industrials		33.63	Buy	0.8	6.0	0.4	13.1	7.6	13.7	1.27	825
45	FSPCX	Insurance	0.75%/30d	83.01	OK to Buy	-3.0	7.6	2.3	18.1	11.4	17.1	1.19	489
353	FBSOX	IT Services		50.15	OK to Buy	1.4	20.6	5.5	23.3	16.7	19.6	1.29	1,822
62	FDLSX	Leisure	0.75%/30d	159.97	Hold	2.1	17.0	-0.9	21.0	11.1	15.9	1.10	524
509	FSDPX	Materials		85.69	Buy	1.1	14.0	5.8	17.3	2.8	8.8	1.57	882
354	FSMEX	Medical Equipment		46.26	OK to Buy	1.5	26.2	5.3	13.8	18.0	22.2	1.43	4,065
503	FBMPX	Multimedia	0.75%/30d	83.15	Hold	-2.0	13.0	1.6	22.2	8.2	15.5	1.48	646
513	FSNGX	Natural Gas	0.75%/30d	22.17	Hold	-6.9	-24.8	-7.3	-12.6	-20.0	-5.3	2.80	288
514	FNARX	Natural Resources	0.75%/30d	25.32	Hold	-5.6	-17.1	-4.7	-10.4	-14.0	-2.4	2.13	843
580	FPHAX	Pharmaceuticals		19.08	OK to Buy	0.4	12.1	2.0	0.8	2.5	12.8	1.36	902
46	FSRPX	Retailing		117.64	OK to Buy	-2.1	7.2	-3.4	7.6	13.4	16.9	1.10	1,746
8	FSELX	Semiconductors	0.75%/30d	107.24	OK to Buy	2.4	16.3	0.9	27.7	19.5	24.2	1.68	2,983
28	FSCSX	Software & IT Services		158.15	Buy	2.1	26.0	4.5	25.9	17.5	20.3	1.41	4,533
64	FSPTX	Technology		175.75	Buy	3.8	39.6	7.0	41.0	18.9	19.1	1.47	5,988
96	FSTCX	Telecommunications		69.36	Hold	0.8	1.7	2.1	7.8	8.3	10.7	1.09	370
512	FSRFX	Transportation	0.75%/30d	94.27	OK to Sell	1.9	5.6	2.4	22.2	7.7	18.0	1.55	515
65	FSUTX	Utilities		85.31	OK to Sell	2.8	19.7	6.1	20.2	7.9	12.6	1.13	770
963	FWRLX	Wireless	0.75%/30d	10.09	Hold	1.9	20.7	2.7	24.2	9.1	12.6	1.21	282
SECTOR ETFs													
	FDIS	MSCI Consumer Discretionary		35.43	Buy	-1.8	10.8	-0.5	13.6	9.9	--	1.17	289
	FSTA	MSCI Consumer Staples		32.78	Hold	-1.4	6.4	-3.1	2.9	9.0	--	0.95	309
	FENY	MSCI Energy		17.39	Hold	-5.5	-16.8	-3.8	-7.7	-13.3	--	1.90	396
	FNCL	MSCI Financials		36.17	Buy	-2.0	5.5	5.7	24.5	11.6	--	1.45	927
	FHLC	MSCI Health Care		39.17	Buy	2.0	19.9	7.4	14.9	10.3	--	1.34	815
	FIDU	MSCI Industrials		35.01	Buy	0.2	9.6	2.3	17.0	9.6	--	1.22	354
	FTEC	MSCI Information Technology		45.86	Buy	3.1	24.9	4.5	29.9	15.9	--	1.42	1,060
	FMAT	MSCI Materials		31.85	Buy	0.7	11.4	4.5	16.8	5.3	--	1.66	220
	FREL	MSCI Real Estate		24.65	Hold	0.5	6.8	4.0	2.3	--	--	--	401
	FCOM	MSCI Telecomm Services		32.71	Hold	0.2	3.6	0.6	11.5	9.7	--	1.26	115
	FUTY	MSCI Utilities		35.67	OK to Sell	2.9	14.6	3.1	16.1	12.1	--	1.26	298
FACTOR ETFs													
	FDVV	Core Dividend		26.75	OK to Buy	-1.0	4.2	0.9	--	--	--	--	59
	FDRR	Dividend for Rising Rates		28.53	OK to Buy	-0.1	9.3	2.4	--	--	--	--	155
	FDLO	Low Volatility Factor		28.21	Hold	-0.1	10.1	1.9	--	--	--	--	32
	FDMO	Momentum Factor		28.52	Hold	-0.4	12.4	2.6	--	--	--	--	36
	FQAL	Quality Factor		29.41	Hold	0.8	12.8	4.2	--	--	--	--	32
	FVAL	Value Factor		29.84	OK to Buy	0.2	10.2	4.6	--	--	--	--	40

Fund Commentary *cont'd from page 5*

Bond Funds

With the yield on the 10-year Treasury falling 16 basis points in August to 2.13%, bond funds gained ground. **U.S. Bond Index** rose a solid 0.8%, **Short-Term Bond** enjoyed a modest gain of 0.2%, and **Long-Term Treasury Index** soared 3.3%! (It's now up 8.5% for the year.) Likewise, munis all moved higher.

Among high-yield funds, emerging market bonds rose in tandem with their equity counterparts. **New Markets Income** gained 2.0%, but the domestic-oriented **High Income** was flat for the month. ■

— John Bonnanzio

FIDELITY SCORECARD — AUGUST 31, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Aug	YTD	3 Mo.	Avg Annual (%) 1 Yr	3 Yr	5 Yr	SEC %Yield	Dur[2] (Yrs)	Rel Vol (Risk)[1]
TAXABLE BOND					***Category Averages***	***0.8***	***3.2***	***1.0***	***0.4***	***1.9***	***1.5***	***1.88***	***5.1***	***0.31***
2267	FCONX	Conservative Income Bond		10.04	Buy	0.1	0.8	0.3	1.2	0.7	0.6	1.12	0.1	0.02
2208	FCBFX	Corporate Bond		11.68	Buy	0.8	5.8	1.9	2.8	3.7	3.7	2.74	7.1	0.41
2423	FGBFX	Global Credit[6]		9.21	Hold	0.5	7.9	1.6	1.2	0.3	0.5	2.08	6.8	0.54
15	FGMNX	GNMA (Ginnie Mae)		11.50	OK to Buy	0.6	2.0	0.7	0.7	2.1	1.8	2.10	3.6	0.16
54	FGOVX	Government Income		10.35	Hold	0.9	3.0	1.0	-0.4	2.0	1.4	1.71	5.6	0.29
794	FINPX	Inflation-Prot Bond (closed)[3]		12.09	OK to Sell	0.9	2.2	0.6	0.2	0.6	-0.2	0.18*	5.6	0.39
2415	FSIQX	Inflation-Protected Index[3,4]		9.90	OK to Sell	1.0	2.3	0.6	0.4	0.8	0.1	0.01*	5.6	0.41
32	FTHRX	Intermediate Bond		10.95	Buy	0.6	3.0	0.9	1.1	2.2	2.0	1.81	4.0	0.21
452	FSTGX	Intermediate Gov't Income		10.57	Hold	0.6	2.1	0.6	0.1	1.4	1.0	1.48	3.8	0.22
1561	FIBIX	Intermediate Treasury Index[4]		10.91	Hold	1.2	3.8	1.1	-0.8	2.5	1.4	1.85	6.5	0.45
26	FBNDX	Investment Grade Bond		7.98	Buy	0.8	3.8	1.3	1.4	2.7	2.5	2.15	5.7	0.30
2622	FJRLX	Limited Term Bond		11.56	Buy	0.2	2.1	0.6	1.4	1.8	1.6	1.63	2.6	0.14
662	FFXSX	Limited Term Government		9.99	OK to Buy	0.4	1.4	0.5	0.3	0.9	0.7	1.22	2.7	0.14
1562	FLBIX	Long-Term Treasury Index[4]		13.40	Hold	3.3	8.5	3.4	-6.0	4.7	2.6	2.54	17.6	1.12
40	FMSFX	Mortgage Securities		11.33	OK to Buy	0.7	2.5	0.9	0.9	2.5	2.2	2.22	4.2	0.18
450	FSHBX	Short-Term Bond		8.64	Buy	0.2	1.3	0.4	1.0	1.2	1.1	1.27	1.7	0.07
1560	FSBIX	Short-Term Treasury Index[4]		10.44	Hold	0.3	1.3	0.4	0.2	1.0	0.7	1.32	2.7	0.15
820	FTBFX	Total Bond		10.76	Buy	0.8	4.0	1.2	2.1	3.3	3.0	2.44	5.5	0.30
651	FBIDX	U.S. Bond Index		11.71	Hold	0.8	3.5	1.2	0.3	2.5	2.0	2.22	5.8	0.30
HIGH-YIELD BOND					***Category Averages***	***0.5***	***6.5***	***1.6***	***7.6***	***4.2***	***5.3***	***3.91***	***3.4***	***0.53***
38	FAGIX	Capital & Income	1.00%/90d	10.17	OK to Buy	0.2	8.6	2.2	10.8	5.4	7.7	3.64	3.3	0.59
814	FFRHX	Floating Rate High Income	1.00%/60d	9.63	OK to Buy	-0.3	2.4	0.6	5.1	3.1	3.4	3.34	0.2	0.31
1366	FHIFX	Focused High Income	1.00%/90d	8.71	OK to Buy	0.1	5.5	1.3	6.8	4.0	4.8	3.77	3.5	0.52
2297	FGHNX	Global High Income	1.00%/90d	9.78	OK to Buy	0.7	8.7	2.6	8.5	4.6	6.2	3.86	3.0	0.59
455	SPHIX	High Income	1.00%/90d	8.96	Buy	-0.0	6.4	0.9	9.0	4.3	5.6	5.18	3.2	0.61
331	FNMIX	New Markets Income	1.00%/90d	16.52	OK to Buy	2.0	9.6	2.3	8.5	5.7	5.4	4.80	7.0	0.73
2580	FSAHX	Short Duration High Income	1.00%/90d	9.56	OK to Buy	0.1	3.7	0.6	5.9	2.6	--	3.86	2.1	0.48
368	FSICX	Strategic Income		11.16	Buy	0.8	6.9	2.2	6.1	3.8	4.2	2.85	4.8	0.41
MUNICIPAL BOND					***Category Averages***	***0.8***	***4.5***	***1.2***	***0.4***	***2.9***	***3.0***	***1.67***	***5.9***	***0.30***
434	FSAZX	Arizona Muni Income		12.21	Hold	0.8	5.1	1.2	0.4	3.5	3.4	1.66	6.9	0.34
1534	FCSTX	Calif Limited Term Tax Free		10.70	OK to Buy	0.4	3.1	0.7	0.6	1.5	1.7	0.85	2.8	0.18
91	FCTFX	California Muni Income		13.07	Hold	0.9	5.2	1.3	0.3	3.5	3.8	1.73	6.6	0.35
407	FICNX	Connecticut Muni Income		11.51	Hold	0.7	4.0	0.8	-0.9	2.7	2.6	1.99	6.7	0.36
2578	FCRDX	Conservative Income Muni		10.05	Buy	0.2	1.1	0.3	0.7	0.6	--	0.79	0.7	0.05
36	FLTMX	Interm Municipal Income		10.47	Hold	0.8	4.4	1.2	0.7	2.5	2.5	1.61	4.8	0.27
404	FSTFX	Limited Term Muni Income		10.64	OK to Buy	0.5	3.0	0.8	0.8	1.3	1.3	0.99	2.6	0.16
429	SMDMX	Maryland Muni Income		11.47	Hold	0.6	5.2	0.9	0.3	3.3	2.8	1.68	6.9	0.34
70	FDMMX	Mass Muni Income		12.28	Hold	0.7	4.7	1.2	-0.3	3.2	3.1	1.90	7.3	0.35
81	FMHTX	Michigan Muni Income		12.28	Hold	0.8	4.8	1.1	0.5	3.4	3.1	1.79	6.5	0.32
82	FIMIX	Minnesota Muni Income		11.72	Hold	0.8	4.4	1.0	0.6	2.9	2.6	1.50	5.9	0.29
37	FHIGX	Municipal Income		13.31	Hold	1.2	5.9	1.8	0.7	3.7	3.6	2.06	7.1	0.37
416	FNJHX	New Jersey Muni Income		11.94	Hold	1.9	5.9	2.4	0.9	3.3	3.0	2.19	6.6	0.38
71	FTFMX	New York Muni Income		13.39	Hold	0.8	5.0	1.2	0.3	3.4	3.2	1.70	6.9	0.33
88	FOHFX	Ohio Muni Income		12.27	Hold	0.7	5.2	1.1	0.2	3.8	3.6	1.89	7.4	0.37
402	FPXTX	Pennsylvania Muni Income		11.24	Hold	0.7	4.8	1.2	0.5	3.3	3.3	1.85	6.7	0.31
90	FTABX	Tax-Free Bond		11.63	Hold	1.0	5.6	1.6	0.7	3.7	3.6	2.13	7.1	0.36

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

TAXABLE GOV'T MONEY MARKETS			Total Return (%) Aug	YTD	SEC %Yield
55	FDRXX	Gov't Cash Reserves	0.06	0.30	0.71
458	SPAXX	Government MM	0.05	0.26	0.65
631	FGMXX	Retirement Gov't MM	0.06	0.27	0.66
630	FRTXX	Retirement Gov't MM II	0.05	0.27	0.66
2742	FZFXX	Treasury MM	0.05	0.26	0.65
415	FDLXX	Treasury Only MM	0.05	0.23	0.63
PRIME MONEY MARKETS					
454	SPRXX	Money Market	0.08	0.54	0.97
NATIONAL MUNICIPAL MONEY MARKETS					
10	FTEXX	Municipal Money Market	0.04	0.30	0.49
275	FMOXX	Tax-Exempt MM	0.03	0.26	0.42

STATE MUNICIPAL MONEY MARKETS			Total Return (%) Aug	YTD	SEC %Yield
433	FSAXX	Arizona Muni MM	0.12	0.32	0.38
97	FCFXX	California Muni MM	0.03	0.23	0.38
457	FSPXX	California AMT Tax-Free	0.04	0.33	0.53
418	FCMXX	Connecticut Muni MM	0.03	0.24	0.39
426	FMSXX	Mass AMT Tax-Free	0.04	0.33	0.51
74	FDMXX	Massachusetts Muni MM	0.03	0.30	0.37
420	FMIXX	Michigan Muni MM	0.03	0.20	0.33
417	FNJXX	New Jersey Muni MM	0.03	0.24	0.40
423	FSJXX	New Jersey AMT Tax-Free	0.05	0.35	0.56
92	FNYXX	New York Muni MM	0.03	0.29	0.39
422	FSNXX	New York AMT Tax-Free	0.05	0.35	0.54
419	FOMXX	Ohio Muni MM	0.03	0.24	0.39
401	FPTXX	Pennsylvania Muni MM	0.03	0.22	0.35

FIDELITY SCORECARD — AUGUST 31, 2017

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	$Price (NAV)	Advice	Total Return (%) Aug	YTD	3 Mo.	Avg Annual (%) 1 Year	3 Year	5 Year	Rel Vol (Risk)[1]
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios		Annuity Sector Model					1.0	14.4	2.0	18.1	10.1	15.2	1.19
Model Portfolios		Annuity Growth Model					-0.0	11.1	3.1	16.9	7.8	12.0	1.08
Model Portfolios		Annuity Growth & Income Model					-0.1	7.1	2.0	9.5	5.7	8.8	0.68
Model Portfolios		Annuity Income Model					0.2	4.0	1.4	5.3	3.9	4.1	0.35
9067	FLRQC	Fid VIP Asset Manager	Allocation		19.46	Hold	0.7	9.5	2.5	9.3	3.3	7.1	0.64
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		20.10	Hold	0.7	12.2	3.1	12.8	3.6	9.0	0.86
9069	FJBAC	Fid VIP Balanced	Allocation		23.11	OK to Buy	0.5	10.7	2.3	11.7	6.5	9.8	0.72
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	26.64	Buy	-1.4	8.7	-2.0	8.6	8.6	13.6	1.12
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	25.98	Hold	-1.9	10.1	-2.6	3.4	10.1	12.2	1.01
9065	FPDFC	Fid VIP Contrafund	Large Growth		25.56	Buy	0.4	14.2	2.9	16.9	8.1	13.0	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		19.55	Hold↓	-3.1	-2.3	0.2	10.9	6.3	12.5	1.44
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		26.73	Hold	1.4	14.8	4.9	17.5	6.5	13.4	1.19
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts		10.64	OK to Buy	2.7	34.3	9.8	24.6	4.8	7.6	1.40
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	13.34	Hold	-6.6	-20.3	-5.9	-11.8	-13.6	-1.6	2.17
9061	FLOLC	Fid VIP Equity-Income	Large Value		20.25	Buy	-1.2	4.5	1.6	11.1	5.5	11.1	0.98
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	12.95	Buy	-1.9	5.5	6.3	21.6	7.8	13.8	1.36
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		11.01	OK to Buy	-0.2	2.1	0.5	4.8	3.0	--	0.28
9157	FMPAC	Fid VIP FundsManager 20	Allocation		15.12	Hold	0.5	5.3	1.4	3.8	2.6	3.5	0.28
9158	FMPBC	Fid VIP FundsManager 50	Allocation		17.28	Hold	0.6	9.7	2.3	8.9	4.5	7.0	0.56
9197	FMPPC	Fid VIP FundsManager 60	Allocation		16.42	Hold	0.6	11.2	2.6	10.9	5.3	8.3	0.66
9159	FMPCC	Fid VIP FundsManager 70	Allocation		18.14	Hold	0.5	12.6	2.8	12.5	5.7	9.2	0.75
9160	FMPDC	Fid VIP FundsManager 85	Allocation		18.54	Hold	0.5	14.9	3.3	15.2	6.6	11.0	0.91
9062	FMNDC	Fid VIP Growth	Large Growth		26.96	Buy↑	2.0	26.8	5.4	25.0	10.6	15.2	1.08
9070	FLFNC	Fid VIP Growth & Income	Large Blend		23.42	Buy	-1.0	6.4	2.2	14.0	6.9	12.7	1.15
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		27.17	Buy	1.8	25.6	6.1	25.7	11.4	15.2	1.27
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	39.73	Buy	1.7	24.5	9.3	14.3	8.4	20.3	1.58
9060	FBBLC	Fid VIP High Income	High-Yield Bond		20.42	Buy	0.0	5.3	1.0	7.7	3.7	5.1	0.60
9064	FXVLT	Fid VIP Index 500	Large Blend		24.92	Hold	0.3	11.6	2.9	15.8	9.2	14.0	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	31.17	Buy	0.8	5.8	0.3	12.7	7.5	13.5	1.26
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l		19.48	Buy↑	2.0	26.7	5.0	17.6	7.4	11.7	1.11
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		16.38	Buy	0.9	3.9	1.4	1.3	2.7	2.3	0.30
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	21.11	Buy	1.1	13.7	5.7	17.0	2.5	8.6	1.57
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		26.19	Buy	-1.2	8.8	2.3	13.9	6.1	12.4	1.17
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt		11.35	--	0.0	0.2	0.1	0.2	-0.1	-0.1	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l		17.13	Buy	0.2	22.1	2.5	18.0	3.8	9.2	1.23
9072	FFWKC	Fid VIP Real Estate	Sector		23.33	Hold	-0.2	2.5	2.2	-2.4	6.2	8.1	1.47
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		19.48	Buy	0.7	6.8	2.2	5.6	3.4	3.8	0.40
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	40.08	Buy	3.7	39.7	6.9	42.0	18.1	18.1	1.47
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	16.68	Hold	0.7	1.8	2.1	7.8	8.1	10.4	1.09
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	27.62	OK to Sell	2.9	19.4	6.0	19.8	7.6	12.3	1.13
9079	FKMSC	Fid VIP Value	Large Value		21.67	OK to Buy	-1.1	7.4	2.9	13.5	6.4	12.9	1.08
9073	FRBSC	Fid VIP Value Strategies	Mid Value		22.67	OK to Buy	-0.9	11.2	4.1	14.6	4.9	11.9	1.22
9347	FBMEC	Black Rock Global Allocation	Global Allocation		13.35	Hold	0.5	10.1	2.6	10.6	3.2	6.3	0.64
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		11.10	OK to Sell	-0.2	2.0	-0.3	6.9	-0.7	1.8	0.56
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.42	Hold	0.5	1.5	0.4	-0.3	0.9	0.5	0.15
9285	FIGXC	Invesco Global Core Eqty	Global Stock		13.32	Hold	-0.8	13.7	4.2	13.9	4.5	9.7	1.08
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		17.39	Hold	2.0	21.4	6.9	21.0	-0.1	4.1	1.69
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		19.30	OK to Buy	1.6	8.7	2.2	4.8	3.8	3.0	0.68
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		15.24	OK to Buy	1.8	28.3	7.9	20.0	2.3	4.9	1.43
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l		13.46	Hold	0.1	10.4	2.3	10.0	1.8	6.0	0.74
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.86	OK to Sell	0.7	-2.6	2.4	3.8	-13.1	-11.1	1.47
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.67	Buy	0.4	1.3	0.8	1.5	0.7	0.8	0.12
9277	FPNBC	Pimco VIT Real Return	TIPS		13.06	OK to Sell	0.9	2.7	0.5	1.2	0.2	-0.2	0.44
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		13.54	Hold	1.2	5.0	1.9	2.6	2.7	2.2	0.32

Annuity Sector

Fund	Allocation
VIP Technology	26%
VIP Financial Services	25
VIP Industrials	13
VIP Materials	13
VIP Cons Discretionary	12
VIP Health Care	11
Total Return:	
Aug: 1.0%	**YTD: 14.4%**

Annuity Growth

Fund	Allocation
VIP Contrafund	26%
VIP Growth Opps	25
VIP Mid Cap	15
VIP Overseas	15
VIP Equity-Income	11
VIP Growth	8
Total Return:	
Aug: 0.0%	**YTD: 11.1%**

Annuity Growth & Income

Fund	Allocation
VIP Contrafund	22%
VIP Investment Grade	21
VIP Equity-Income	19
VIP Strategic Income	18
VIP Growth & Income	10
VIP Int'l Cap App	10
Total Return:	
Aug: -0.1%	**YTD: 7.1%**

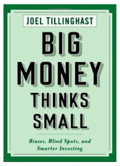
Annuity Income

Fund	Allocation
VIP Investment Grade	28%
Pimco VIT Low Duration	25
VIP Equity Income	24
VIP Strategic Income	23
Total Return:	
Aug: 0.2%	**YTD: 4.0%**

Fund Update

Low-Priced Stock Broadens Strategy, But Manager's New Book Still Thinks Small

A new how-to book *("Big Money Thinks Small")* on small-cap stock-



picking by one of the country's best-ever fund managers has hit the bookshelves (and Amazon) at a somewhat uncomfortable time.

Laying out five broad steps for choosing stocks, fund manager extraordinaire and now author, Joel Tillinghast's **Low-Priced Stock** has been in need of a makeover for a while now. (More on that in a bit.)

By prospectus, the now-gigantic fund has always been benchmarked against the small-cap Russell 2000. In the fund's early days (see box), it made mincemeat of that benchmark by targeting inexpensive (value) stocks that were initially priced below \$15 a share (and later \$25 and as of 1997, \$35). Billions of dollars eventually poured into Low-Priced, and it went through a series of five separate closings to keep it from being overrun with cash from performance-chasing investors.

Ah, for the good-ol' days!

In 2007, retail assets topped \$40 billion (they're now \$28.2 billion, with another \$10 billion invested in separate share classes).

Along the way, Joel needed to broaden the fund's investible universe, so a few key things occurred.

The number of individual stocks it held swelled to almost 1,200 (it now has 938), more of the fund's assets were diverted into better-scrutinized large-cap companies (forcing him to buy more small-cap names), and Joel had to go full-bore abroad in search of small-to-mid cap issues. More recently, a dedicated team of analysts have been promoted to co-manager status.

These strategies worked better in some years than in others. When stocks were rebounding in 2009, Low-Priced soared 39.1% versus 27.2% for the Russell.

On the other hand, 2016 was the worst-ever for Low-Priced: it gained just 8.8% versus 21.3% for the Russell 2000.

Because of last year's performance (which was undermined by a large overweight in consumer discretionary stocks, foreign holdings and, quite frankly, poor security selection), Low-Priced Stock's 3–year record is now poor, even as the fund has modestly rebounded this year.

How To Measure?

While Low-Priced remains tethered to its all-U.S. small-cap benchmark, for many years now, the Russell 2000 has been a less-than-ideal way to evaluate the fund's merits. Indeed, we've had numerous discussions as to how it should be categorized in our *Scorecard*.

While its \$7.4 billion weighted median market cap and low price-to-earnings ratio of 15.4 puts it in the mid-cap value camp (see *Scorecard* on p. 6), with a third of the fund's assets actually in large-caps, and another third (38%) invested internationally, any particular categorizations are far less meaningful.

Granted, the fund maintains its high correlations to the Russell 2000 and even the S&P 500. But one expects that from any stock fund.

What's less obvious, and quite important, is how much risk Joel Tillinghast actually assumes in his quest for adding alpha (returns in excess of his fund's benchmark).

For starters, the Russell 2000 small-cap gauge is 44% riskier than the large-cap S&P 500 (it's relative volatility is 1.44 vs. 1.00). As for Low-Priced, its rel. vol. is only 0.89. That means it's 11% less risky than the S&P and only 60% as volatile as its Russell benchmark! But as one can't spend risk-adjusted returns, a change has been needed.

Changes Afoot

While Joel and his investment team will continue to scour the planet for low-priced stocks (with at least 80% of the fund's assets), there's a new twist: its universe has expanded to include stocks with an earnings yield at or above the median for the Russell 2000 (so it's deemphasizing value just a bit).

In making this tweak, Fidelity is facing the reality that U.S. stocks have risen considerably, while fewer companies are doing stock splits (lowering their per-share price). They are also waiting longer to go public. (IPOs have been important to the fund's performance.)

Whenever a fund alters its investment process, we're on high alert. In this case, however, we suspect that our *OK to Buy* rating will stand for some time to come. ■

— *John Bonnanzio*

In 1987, Joel Tillinghast created the idea for his **Low-Priced Stock** fund while just an analyst at Fidelity. After back-testing and the support of his famous mentor Peter Lynch of **Magellan** (who's written the book's forward), in December 1989 Joel's fund was launched.

Its first full year was inauspicious: In 1990 Low-Priced slipped 0.1% as the S&P 500 dipped 3.1%. But 1991 was a watershed: With the help of value stocks priced under \$15, Low-Priced shot up 46.3%!

Through the years, the fund's absolute and risk-adjusted gains have made Joel yet another Fidelity star stock-picker.

Interestingly, Joel has played a role in the career of another young manager who may well be Fidelity's next big star manager.

With the backing of Joel (and **Contrafund's** Will Danoff), Arvind Navaratnam has been building an impressive record at the eclectic **Event Driven Opportunities**. Launched almost four years ago after extensive back-testing, this specialty offering is up an impressive 24.5% in the past 12 months. Granted, August was tough (down 3.6%) for Event-Driven and other small-caps. But just like Joel, Arvind believes in his stories and hangs on until they're fully valued. Surely it's no coincidence that Arvind made it to the acknowledgments in Joel's new book; we hope Arvind doesn't wait 30 years to write his own. ■

Inside Fidelity

Name Change Proposal — As is so often the case, a modest change to a fund's name can reflect something more import occurring below the surface — meaning its investment process. In the case of **Core Dividend ETF**, its new name will be **High Dividend ETF**. The change not only better reflects the fund's investment mission (buying higher-yielding stocks), its switch to a different proprietary benchmark (one designed by Fidelity for this particular product) suggests that the fund may also be tweaking its holdings around the edges.

With that in mind, we believe the new name will better communicate the ETF's existing investment strategy and positioning in the marketplace.

If approved, the name change will become effective in early November.

New Factor-based Funds — Though not yet launched, Fidelity plans to add to its fleet of six existing factor-based ETF funds.

International High Dividend ETF will invest at least 80% of assets in securities included in Fidelity's proprietary International High Dividend Index.

Much like its domestic counterpart (see Core Dividend ETF) The index fund is designed to reflect the performance of high-dividend-paying foreign stocks in the developed markets. Moreover, they are expected to continue to pay and grow their dividends.

For its part, **International Value Factor ETF** will invest at least 80% of assets in stocks included in its proprietary International Value Factor Index, plus depository receipts that represent securities included in the index.

As its name suggests, the index fund is designed to reflect the performance of stocks of large- and mid-capitalization developed international companies that have attractive valuations.

Moreover, the index consists of stocks with traditional value characteristics, including high free-cash-flow yield, low enterprise value to EBITDA (earnings before interest, taxes, depreciation and amortization), low price to tangible book value and low price to future earnings.

Fund Restructurings — All five of Fidelity's "Enhanced Index" funds are being internally reconfigured. While that sounds dramatic, as a practical matter, very little is actually changing.

Currently, the Enhanced Index-funds are no different from most other stock funds: they hold their securities directly.

As of October 9, however, these same securities will reside in a "master portfolio" structure that is directly aligned to each fund's investment objective. In a sense, the Enhanced funds will become so-called funds-of-funds.

The five affected Enhanced Index funds are: **International**, **Large Cap Core**, **Large Cap Growth**, **Large Cap Value** (held in two of our model portfolios) and **Mid Cap**.

In addition, each fund will pay dividends quarterly instead of annually, and capital gains will be distributed once a year instead of twice annually. ■

Dividend Update

In addition to regular monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds may make a dividend or cap gain distribution in September:

Blue Chip Growth, Blue Chip Value, Core Dividend, Dividend For Rising Rates, Dividend Growth, GNMA, Gov't Inc, Interm Gov't Inc, Int'l Real Estate, Leveraged Company Stock, Low-Priced Stock, Low Volatility Factor, Momentum Factor, 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, Quality Factor, Real Estate Inc, Real Estate Index, Real Estate Investment, Small Cap Growth, Small Cap Value, Value Discovery, Value Factor.

The final distributions for August were as follows:

Fund	Ex-Date	$ Amt	NAV
AZ Muni MMkt	8/11	0.001	1.00
Fidelity Fund	8/11	4.146	41.63
Growth Discovery	8/11	0.750	30.70
Mega Cap Stock	8/11	2.248	16.43

Hotline

On August 17, the Dow Industrials fell 274 points. Triple-digit drops can, of course, be scary. But with the blue-chip barometer crossing the 22,000 threshold for the first time ever last month, the decline was actually a very modest -1.2%.

In case you haven't noticed, market volatility has been very low, even as the Dow has marched steadily higher. But after an extended period of calm, a pick-up in volatility should surprise no one.

So, should the Dow rise or fall by 500 points or more in a single day (or about 2.5%), a Special Hotline update will be emailed and posted on our website later that day.

If you are not currently receiving Hotline messages via email, you can sign up in the "Hotline Opt-in" section on our homepage:

www.fmandi.com

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