

# FIDELITY MONITOR & INSIGHT

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## MESSAGE FROM JACK

### Thoughts on Cryptocurrencies

In an SNL advertising parody from the 1970s, Dan Aykroyd and Gilda Radner are seen arguing about whether a new aerosol product is a floor wax or a dessert topping. Eventually Chevy Chase steps in, assuring the couple that “new Shimmer is both!”



Jack Bowers

That skit came to mind while I was pondering Bitcoin, Ethereum, Litecoin, and the new Bitcoin Cash. Are these cryptocurrencies becoming a new asset class, or do they simply provide an alternative way to process transactions?

Both, it turns out. But so far they have enjoyed more success as an alternative to gold than as a replacement for credit or debit cards.

On the asset class side, robust digital “vaults” are addressing security weaknesses at exchanges, and a “spinoff” currency (Bitcoin Cash) appears to have solved the capacity limit on transactions that was holding back Bitcoin. These solutions have allowed the total value of cryptocurrencies to approach 2% of the value of the world’s gold supply. Even with resistance from financial regulators in China, it’s within the realm of possibilities (though anything but certain) that today’s most popular cryptocurrencies may someday attain a market cap on par with gold. And after that, most could deliver long-term performance that’s superior to gold, because of limits placed on total issuance.

For example, there will never be more than 21 million Bitcoins in circulation, because “mining” activity will ramp down to zero as that limit is approached near the year 2040. That suggests that even after Bitcoin is fully valued, it has potential to keep climbing over the long run, perhaps outperforming inflation by 2-3 percentage points per year.

The transaction side of cryptocurrencies doesn’t look as promising at this stage. Merchants accepting cryptocurrencies are hard to find. (See box on p. 4.) Most vendors are scared off by extreme price volatility, which may improve, but is unlikely to get any better than gold. Most cryptocurrencies use a blockchain approach for clearing transactions, which is sort of like having every VISA merchant validate every VISA

Message From Jack *cont’d on page 4*

## MARKET OUTLOOK

### Focus On Fundamentals

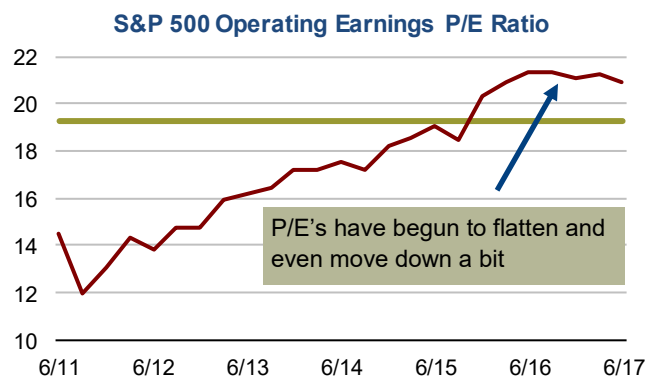
Historically, October has been the most volatile month of the year for the stock market — about 40% more volatile than the average month. And, of course, the crashes of 1929, 1987, and the worst of the 2008 plunge all occurred in October. No doubt you will be reminded of that fact by pundits *ad nauseam* should the market start to sell off this month! So as we enter one of the “scariest” months of the year (no Halloween pun intended) it is especially important to keep your focus on the fundamental forces driving stocks and not panic should we see some sharp moves to the downside, because the fundamentals are solidly in stocks’ favor.



John M. Boyd

### Earnings, Earnings, Earnings

Playing off the old cliché about location in real estate, the three most important things for stocks are earnings, earnings, earnings. With all the talk about inflating bubbles and extreme overvaluation, you might think that price/earnings ratios were continuing to head relentlessly higher. In fact, they have begun to flatten and even decline slightly thanks to sharply rising earnings.



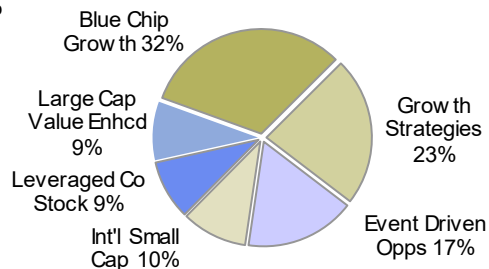
Over the past four quarters (ended June 2017 — the latest quarter for which earnings are available), the S&P 500 price index (ex-dividends) rose 15.4%, while earnings grew a faster 18.1%. The result is that the P/E of the S&P 500 fell from 21.4 to 20.9. In other words, over the past year, stock gains were driven solely by earnings

Market Outlook *cont’d on page 3*

**Unique Opportunities** Target Risk: 1.20 (Current: 1.06) Foreign Holdings: 17.7% **YTD Return: 15.5%**

Stocks: 99.1% Bonds: 0.0% Cash: 1.6% Alternatives\*: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Blue Chip Growth	FBGRX	\$83.82	1,973.23	\$165,396	1.0%
Growth Strategies	FDEGX	38.70	3,073.70	118,952	2.4
Event Driven Opps	FARNX	14.42	5,803.60	83,688	2.7
International Small Cap	FISMX	29.34	1,774.23	52,056	2.2
Leveraged Co Stock	FLVCX	32.83	1,444.29	47,416	2.6
Large Cap Value Enhcd	FLVEX	12.91	3,631.57	46,884	3.3
<b>Current Value (3/31/99 = \$100,000)</b>				<b>\$514,392</b>	<b>2.1%</b>

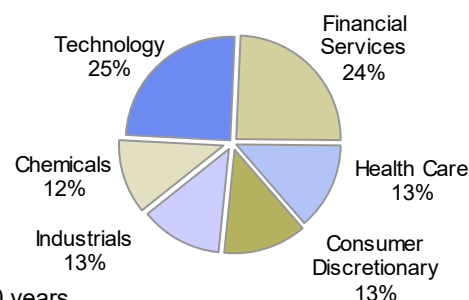


For aggressive members who have no need for income or principal for more than 10 years.

**Select** Target Risk: 1.20 (Current: 1.19) Foreign Holdings: 9.8% **YTD Return: 16.2%**

Stocks: 98.4% Bonds: 0.0% Cash: 1.7% Alternatives\*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Technology	FSPTX	\$177.53	5,171.53	\$918,101	1.0%
Financial Services	FIDSX	108.24	8,359.62	904,845	5.5
Health Care	FSPHX	232.58	2,153.69	500,906	1.3
Consumer Discretionary	FSCPX	38.86	12,244.66	475,827	0.9
Industrials	FCYIX	35.24	13,270.18	467,641	4.8
Chemicals	FSCHX	176.07	2,434.44	428,633	5.4
<b>Current Value (12/31/88 = \$100,000)</b>				<b>\$3,695,954</b>	<b>3.1%</b>

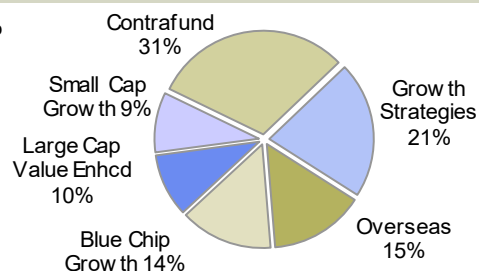


For aggressive members who have no need for income or principal for more than 10 years.

**Growth** Target Risk: 1.00 (Current: 0.99) Foreign Holdings: 18.5% **YTD Return: 16.6%**

Stocks: 98.6% Bonds: 0.0% Cash: 1.4% Alternatives\*: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Contrafund	FCNTX	\$121.20	6,439.36	\$780,450	0.9%
Growth Strategies	FDEGX	38.70	14,010.10	542,191	2.4
Overseas	FOSFX	49.60	7,538.15	373,892	2.7
Blue Chip Growth	FBGRX	83.82	4,363.78	365,772	1.0
Large Cap Value Enhcd	FLVEX	12.91	19,417.91	250,685	3.3
Small Cap Growth	FCPGX	23.97	9,935.50	238,154	4.7
<b>Current Value (12/31/86 = \$100,000)</b>				<b>\$2,551,144</b>	<b>2.1%</b>

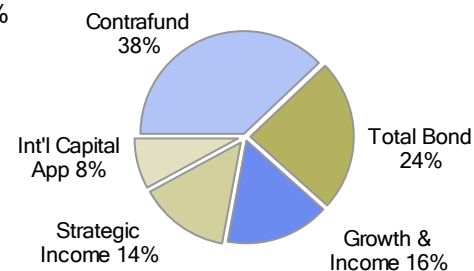


For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years.

**Growth & Income** Target Risk: 0.66 (Current: 0.68) Foreign Holdings: 18.4% **YTD Return: 12.2%**

Stocks: 61.3% Bonds: 24.3% Cash: 1.4% Alternatives\*: 13.0% Yield: 1.3%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Contrafund	FCNTX	\$121.20	2,053.44	\$248,877	0.9%
Total Bond	FTBFX	10.71	14,602.45	156,392	-0.3
Growth & Income	FGRIX	36.13	2,950.65	106,607	3.4
Strategic Income	FSICX	11.15	8,340.43	92,996	0.2
Int'l Capital App	FIVFX	20.57	2,537.29	52,192	1.4
<b>Current Value (12/31/93 = \$100,000)</b>				<b>\$657,064</b>	<b>0.9%</b>

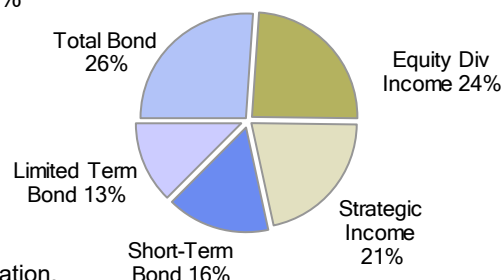


A good choice for members retiring in 5-10 years looking for less volatility than the market.

**Income** Target Risk: 0.33 (Current: 0.33) Foreign Holdings: 16.4% **YTD Return: 5.0%**

Stocks: 24.0% Bonds: 55.5% Cash: 1.8% Alternatives\*: 18.7% Yield: 2.1%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Total Bond	FTBFX	\$10.71	9,710.09	\$103,995	-0.3%
Equity Dividend Income	FEQTX	28.74	3,349.44	96,263	2.9
Strategic Income	FSICX	11.15	7,659.43	85,403	0.2
Short-Term Bond	FSHBX	8.62	7,313.92	63,046	-0.1
Limited Term Bond	FJRLX	11.53	4,353.29	50,193	-0.1
<b>Current Value (12/31/91 = \$100,000)</b>				<b>\$398,900</b>	<b>0.6%</b>



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

growth not P/E expansion — there is no inflating bubble.

Looking ahead, earnings forecasts for the next four quarters are currently projecting another 18% jump. Importantly, those projections do not appear overly rosy. FactSet recently reported that companies announcing positive guidance for 3rd Quarter earnings is at the third highest level since they started tracking such guidance in 2006. That, in turn, is driven by the fact that the number of firms issuing positive revenue guidance is currently the highest on record.

I've mentioned in the past how analysts are typically overly optimistic in their initial earnings forecasts, only to steadily reduce them as we get closer to their release. In that context, I noted that starting in the second quarter of 2016, the pace of reductions began to slow significantly, which argued for the stronger earnings growth that we have seen since. Well this trend continues. The reductions in the forecasts of earnings for both the 3rd and 4th quarters of this year are the lowest since I began tracking. In fact, during the past month, their forecasted earnings actually *increased* slightly.

### **Inflation To Remain Low ...**

There are three main reasons why inflation should remain low.

Tech disruption is the biggie. Amazon, Uber, and Airbnb are just a few examples of firms that have put price pressures on their “traditional” competitors. And the Internet itself is a very powerful downward force on prices as consumers can quickly compare prices on almost anything they want to buy.

Globalization is another powerful force. Global trade flows in-

## 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.

**Muni Bond:** More highly taxed investors should consider muni funds (see p. 4). We prefer the short-maturity **Conservative Income Muni**. ■

creased from \$1.8 trillion in 1990 to over \$15 trillion in 2016. Much of that is due to the rise of low-wage exporters such as China, which made up just 1% of exports in 1980, but commands 14% today. Not only does this lower inflation via cheap imports, it also puts pressure on prices and wages here in the U.S.

The third reason is low wage growth. Workers' bargaining power has diminished in the face of the aforementioned cheap labor abroad, as well as tech substitution in the form of robots and algorithms. And worker productivity has declined so firms are less likely to raise wages.

### **... So Interest Rates Will, Too**

While the Fed has said it plans to raise rates once more this year and three more times in 2018, they are still data-dependent. If inflation remains below their 2% target, we probably won't see all those increases. This means that bonds are likely to remain a relatively unattractive alternative to stocks. Over

the past 30 years, the yield on the 10-year Treasury has, on average, been a bit higher than the earnings yield (the inverse of the P/E) of the S&P 500. Today with a yield of just 2.33%, the 10-year Treasury offers less than half as much as the 4.78% earnings yield on the S&P 500.

### **Ignore The Noise**

I don't know what October will bring. I do know that economic data will be distorted and hard to read owing to the severe hurricane damage. And if volatility does spike, especially to the downside, my advice is to ignore the noise and focus on the fundamentals.

Let me leave you with this interesting fact: Since 1950, the S&P 500 (price only without dividends) has advanced for five straight months 25 times, including from April to August of this year. In the previous 24 instances, 23 times the market was higher one year later with an average gain of 13.2%. ■

— 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.

transaction. As you might imagine, this wins no awards for speed or energy efficiency, and it also makes it hard to achieve low transaction costs. There are nearly 1,000 Bitcoin ATMs in the U.S. at this point. But to use them you must pay relatively high fees that make the cryptocurrency impractical for routine purchases. Some of the problem is the cost of currency conversion — going from Bitcoin to dollars or vice versa. But most of it relates to power consumption, which is surprising for a currency that doesn't exist in physical form.

### Energy Hog

The Bitcoin network currently consumes as much electricity as the city of Las Vegas (roughly 0.1% of global electricity production), which means a single transaction takes 190 kWh — enough energy to power a typical U.S. household for a week.

The planet can only come out ahead if cryptocurrencies ultimately reduce gold's role to little more than that of a jewelry commodity, at which point the precious metal's price could drop far enough that most physical mining activity would grind to a halt. Even then, the Bitcoin network must increase its transaction capacity by four orders

### Fidelity Dips Toe Into Cryptocurrencies

- Fidelity Labs (their R&D unit) has launched an "experiment" with digital wallet provider Coinbase. The collaboration allows most Fidelity investors the ability to view their digital assets online along with their other non-Fidelity portfolio holdings.
- Using the Coinbase app on their smartphones, a Fidelity cafeteria now allows its employees to pay for their meals with a digital currency.
- As with other assets, bitcoins can be donated directly to Fidelity Charitable (its donor-advised fund program). In so doing, long-term capital gains may be avoided, thereby increasing the size of one's charitable gift.
- "I love this stuff ... all that the future might hold." So said Fidelity Chair Abigail Johnson at a cryptocurrency convention in May. Johnson stands apart from other industry players by nudging the 72-year-old firm into the world of digital currency. To date, the family business has invested in Bitcoin startups, has partnered with colleges, and has even set up a bank of computers to "mine" for bitcoins. Still, she implored the industry to continue working on cryptocurrency's many shortcomings. ■

John Bonnanzio

of magnitude, without growing electricity consumption more than one order of magnitude, if energy-related transaction costs are to be brought in line with that of credit card companies.

### Action Recommendation

Should early adopters invest in

cryptocurrencies?

The risks remain high because no one can be sure whether blockchains will pave the way to a major global financial system free of regulation and fraud, or if high transaction costs will limit their usefulness to narrow niches. (eBay, for example, greatly expanded the auction market — but auctions remain a small fraction of total buy/sell transactions.)

Other outcomes are possible, too. The Chinese government might nationalize all Bitcoin mining activity within its borders, effecting a hostile takeover of Bitcoin. That might cause most Bitcoin owners to flee to other cryptocurrencies, making Bitcoin practically worthless (and casting a pall over other cryptocurrencies).

All things considered, I don't think anyone should risk more than one-half of one percent of their portfolio on this segment, because price volatility alone suggests that the odds of a 90% loss are not small. If you already own gold (or shares of gold ETFs or mining companies), converting some gold exposure into a basket of cryptocurrencies might make sense, because gold could lose out if the cryptocurrency "revolution" succeeds in creating a major new asset class. ■

— Jack Bowers

### QUESTIONS & ANSWERS

## Munis Could Suffer From Tax Scheme

If "reform and repeal" of Obamacare is a window into how Congress may next deal with an overhaul of the federal tax code, then it may be a while before an outlook for muni bond funds is completely clear. While Washington's tax-writers have outlined their ideas, last month the Fed signaled that higher interest rates are coming. Below is a Question & Answer with Jack Bowers on Fidelity's bond funds, generally, and muni funds, in particular.

**Q: The Fed has signaled that it will likely raise rates in December, and perhaps thereafter. Won't this be bad for bonds?**

**A:** Not really. The Fed also reduced (to 2.75%) the level at which it believes the Federal Funds rate would have a neutral

impact on monetary policy, so this tightening cycle is already looking to be mild and slow-moving compared with those of the past. Likewise, the "unwinding" of its balance sheet does not involve any asset sales, just a lower replacement rate for maturing bonds. Said Janet Yellen, it will be "like watching paint dry."

**Q: The GOP tax plan would eliminate some deductions — perhaps even the state tax deduction — in exchange for lower marginal tax rates on all earners. What are the potential implications to my muni bond fund?**

**A:** If Congress is able to agree on a tax package, reform measures will probably include the elimination of Alternative Minimum Tax, a higher threshold for deductions (limiting deductibility of mortgage interest and muni bond income), and the establishment of lower tax rates for pass-through entities (such as S-corps and

LLCs) to lighten the burden of small business owners. If all these things happen, long-term muni bond values might have to fall 4-8% for their yields to regain a competitive footing with taxable bonds.

**Q: I know that you prefer nationally diversified muni funds over less-diversified state funds. So why is Intermediate Muni Income only rated Hold?**

**A:** Starting next year, state and local municipalities must include the impact of retiree and health care benefits on their financial statements, which could make for some negative surprises impacting the valuation of state-specific muni bonds and the funds that hold them.

While Intermediate Muni's *Hold* rating is mostly driven by the potential for tax reform (which could hurt longer-duration funds), it has some 25% in bonds issued by Florida and Illinois, making it somewhat susceptible to state-related factors, too. ■

FUND COMMENTARY

## Small Caps & Value Surge As Tech Takes A Breather

Last month, traditional growth stocks within technology and health care, took a back seat to value. The latter includes energy shares, a variety of economically sensitive cyclicals (such as transportation) and certain financials (especially banks). September's sudden rotation away from the market's fastest-growing companies to the slower-growing variety was partly instigated by the Fed's Janet Yellen. Her upbeat outlook for the U.S. economy prompted the central bank to all but declare a December interest-rate hike. At the same time, the sharp rebound in the dollar, plus the specter of new taxes in Europe, could slow the earnings tailwind that U.S. tech firms have been enjoying.

As for small caps, they've been trailing large-caps for most of 2017, so it's not especially surprising that some "catch-up" occurred.

On the other hand, as small-caps tend to be more indebted than large-caps, rising interest rates would ordinarily be a negative. But while the Fed is inclined to raise short-term borrowing costs, there's not much concern that intermediate-term rates are headed significantly higher. Add to that a modest upward revision last month to second-quarter GDP growth, and the table was set for a small-cap bounce.

### Market Indexes

While the most widely watched (large cap) stock barometers all ended the third quarter in record territory, they were not last month's dominant performers. As already suggested, that distinction goes to the small-cap Russell 2000: it surged 6.2% in September! For its part, the Russell Mid Cap jumped 2.8%.



John Bonnanzio

While the aforementioned "smid-cap" indexes ended the month and quarter at record-high levels, so did their big-cap counterparts.

The Dow Jones 30 Industrials gained a robust 2.2% in September. That was followed closely by the S&P 500's 2.1% return. (Those indexes are now up 15.5% and 14.2%, respectively, for the year.) As for the tech-saturated Nasdaq Composite, it managed "only" a 1.1% return for the month, but its year-to-date return of 21.7% still places it far ahead of its equity-index peers.

### Stock Funds

Fidelity's small-cap offerings dominated last month's performance charts: within that group, gains ranged from 4.1% for **Small Cap Value** to 6.3% for **Small Cap Enhanced Index**.

In contrast to those performances were Fidelity's large-cap growth funds. On average, they gained 1.5% in September. The large-cap laggard was the concentrated **Focused Stock** (up 0.3%). Meanwhile, fractional gains were more common than not in that arena. **Blue Chip Growth**, for example, managed only a 1.0% gain last month, **Growth Discovery** ground out a 0.9% return, and **OTC** ended up 0.7% for the month (see p. 11). **Contrafund** rose just 0.9%.

Overall, September was still a good month to own stock funds: on average, 49 Fidelity offerings returned 2.7% versus 2.1% for the S&P 500. Third-quarter fund returns averaged 4.8% versus 4.5% for the S&P 500.

### Select Funds

Hurricane Harvey wreaked havoc with millions of lives along Gulf states last month. It also drove crude prices higher by almost 10%. Fidelity's energy-related funds were clear beneficiaries. **Energy** rose 10.9%, but the bigger winner was **Energy Service** (up 15.3%) whose holdings stand to benefit the most from reconstruction. In turn, significant exposures to energy helped to lift the performances of more diversified value- and blend-oriented funds. For example, **Growth & Income** rose 3.4% and **Large Cap Value Enhanced Index** gained 3.3% in September, but both were also helped by 23% stakes in financial services. Notably, **Banking** jumped 7.6% last month.

As noted, cyclicals were top performers last month: **Transportation** surged 7.5% and **Chemicals** gained 5.4%. Another strong area was **Construction & Housing**. That fund rose 4.8% in anticipation of all the rebuilding that will occur in the aftermath of multiple hurricanes, especially Harvey and Irma. And, perhaps somewhat surprisingly, even **Insurance** gained 2.9%. While many such stocks were down considerably late in August and into September, the sector rebounded as it became clear that damage to Florida would be less than initially anticipated. Moreover, after several years of relative quiet on the hurricane front, property insurers actually have healthy financial reserves.

As for the worst-performing Select, that was **Gold**: it dropped 6.4% as bullion prices fell 3.3%.

Fund Commentary *cont'd* on page 8

October Scorecard Rating Changes				
Fund	Ratings			Comments
	Old	New		
Blue Chip Value	B	H	↓	Overweight in Health Care weighing on performance.
Independence	S	H	↑	New manager reducing risk.
Mid-Cap Stock	H	B	↑	Improved performance relative to benchmark.
Small Cap Value	B	H	↓	Missed the pop in financials; prefer other options.
<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

SEPTEMBER 30, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>		
						Sep	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		2519.4		2.1	14.2	4.5	18.6	10.8	14.2	7.4	1.00		
		Nasdaq Composite		6496.0		1.1	21.7	6.1	23.7	14.4	17.3	9.9	1.25		
		Dow Jones Industrials		22405.1		2.2	15.5	5.6	25.4	12.3	13.6	7.7	1.07		
		Russell 2000 (Small Caps)		1490.9		6.2	10.9	5.7	20.7	12.2	13.8	7.8	1.44		
		Barclays Aggregate Bond*				-0.5	2.9	0.7	-0.2	2.5	1.8	3.9	0.30		
Model Portfolios		Unique Opportunities				2.1	15.5	4.7	20.6	9.7	13.1	6.2	1.06		
		Select				3.1	16.2	5.3	20.3	11.2	15.4	8.3	1.19		
		Growth				2.1	16.6	5.5	20.1	9.7	11.9	5.7	0.99		
		Growth & Income				0.9	12.2	3.6	14.4	8.0	10.1	5.5	0.68		
		Income				0.6	5.0	1.7	6.1	4.5	4.8	4.5	0.33		
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>1.5</b>	<b>21.3</b>	<b>6.3</b>	<b>21.9</b>	<b>11.3</b>	<b>15.0</b>	<b>1.14</b>
312	FBGRX	Blue Chip Growth		83.82	Buy	1.0	27.0	6.4	25.0	13.1	16.8	1.19	\$16,381		
307	FDCAX	Capital Appreciation		37.09	Hold	1.9	17.1	6.8	18.9	8.3	13.4	1.18	5,064		
22	FCNTX	Contrafund		121.20	Buy	0.9	23.9	6.1	23.2	12.0	14.6	0.98	85,187		
3	FFIDX	Fidelity Fund		43.38	OK to Sell	2.0	15.9	6.2	17.8	9.8	12.7	1.00	3,950		
333	FTQGX	Focused Stock		22.24	Hold	0.3	21.1	7.8	16.5	8.9	13.0	1.08	1,650		
25	FDGRX	Growth Company (Closed)		175.00	Buy	1.4	27.9	7.6	30.4	16.0	17.6	1.31	23,904		
339	FDSVX	Growth Discovery		31.78	Buy	0.9	28.1	6.5	26.1	11.9	15.3	1.08	1,223		
73	FDFFX	Independence		39.76	Hold↑	2.0	18.8	6.2	19.4	6.2	13.4	1.29	3,403		
1829	FLGEX	Lrge Cap Growth Enhcd Index		18.02	OK to Buy	2.3	16.9	6.2	19.8	11.0	14.6	1.03	925		
2823	FSUIX	Lrge Cap Growth Index <sup>4</sup>		12.52	Hold	1.3	20.5	5.8	21.7	--	--	--	9		
21	FMAGX	Magellan		102.13	Hold	2.4	18.4	6.7	20.8	10.9	14.7	1.08	14,122		
1282	FNCMX	Nasdaq Composite Index		85.80	OK to Buy	1.1	21.5	6.0	23.4	14.3	17.1	1.25	4,511		
300	FMILX	New Millennium		40.77	OK to Sell	3.6	13.1	5.6	17.5	8.7	13.0	1.06	3,153		
93	FOCPX	OTC		104.16	OK to Buy	0.7	30.7	5.8	29.1	16.5	20.3	1.49	12,528		
320	FDSSX	Stock Selector All Cap		43.08	Hold	2.3	18.4	5.3	20.8	10.4	14.2	1.06	6,952		
5	FTRNX	Trend		100.45	OK to Buy	0.6	21.1	6.1	20.6	11.9	15.0	1.10	1,687		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>2.6</b>	<b>12.5</b>	<b>4.4</b>	<b>17.6</b>	<b>9.2</b>	<b>13.3</b>	<b>1.05</b>
650	FUSEX	500 Index <sup>4</sup>		88.50	Hold	2.1	14.2	4.5	18.5	10.7	14.1	1.00	3,801		
315	FDEQX	Disciplined Equity		37.89	Hold	1.5	14.1	4.7	16.9	8.4	13.2	1.00	1,228		
330	FDGFX	Dividend Growth		33.89	Hold	2.4	11.7	4.0	15.4	7.6	12.3	0.96	5,909		
332	FEXPX	Export and Multinational		23.41	OK to Sell	2.5	12.3	3.7	15.4	9.4	11.3	0.94	1,489		
27	FGRIX	Growth & Income		36.13	Buy	3.4	10.1	4.0	17.8	8.9	13.2	1.17	6,185		
1827	FLCEX	Lrge Cap Core Enhcd Index		14.11	OK to Buy	2.7	13.0	5.2	17.9	9.1	13.6	1.00	534		
338	FLCSX	Large Cap Stock		32.32	Buy	3.5	11.5	4.6	19.2	9.0	14.3	1.24	5,018		
361	FGRTX	Mega Cap Stock		17.04	Buy	2.8	11.3	4.3	18.4	8.9	13.2	1.16	1,548		
397	FSTMX	Total Market Index <sup>4</sup>		73.19	Hold	2.5	13.9	4.6	18.6	10.7	14.1	1.02	751		
2939	FENSX	U.S. Sustainability Index		10.64	NA	2.4	--	4.5	--	--	--	--	2		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>2.6</b>	<b>8.9</b>	<b>3.3</b>	<b>15.9</b>	<b>8.2</b>	<b>12.7</b>	<b>1.03</b>
1271	FBCVX	Blue Chip Value		18.66	Hold↓	2.1	8.7	2.3	15.4	8.5	13.0	1.06	401		
319	FEQTX	Equity Dividend Income		28.74	Buy	2.9	8.3	3.6	15.0	8.7	11.9	0.95	5,180		
23	FEQIX	Equity-Income		60.77	Buy	2.6	7.9	3.0	14.7	7.6	11.3	0.98	5,345		
1828	FLVEX	Lrge Cap Value Enhcd Index		12.91	Buy	3.3	8.7	4.4	17.4	8.5	13.8	1.04	3,063		
2827	FLCDX	Lrge Cap Value Index <sup>4</sup>		11.75	Hold	2.9	7.8	3.1	14.9	--	--	--	3		
708	FSLVX	Stock Sel Large Cap Value		20.09	Hold	2.7	7.8	3.8	14.7	8.0	12.8	0.98	1,044		
832	FVDFX	Value Discovery		27.74	Buy	2.3	8.8	2.3	16.7	8.4	13.3	0.98	3,179		
14	FSLSX	Value Strategies		43.26	OK to Buy	2.0	13.4	3.7	18.7	7.8	12.5	1.19	425		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>2.4</b>	<b>13.9</b>	<b>3.1</b>	<b>13.6</b>	<b>9.2</b>	<b>14.0</b>	<b>0.98</b>
324	FDEGX	Growth Strategies		38.70	Buy	2.4	13.9	3.1	13.6	9.2	14.0	0.98	2,305		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>3.2</b>	<b>12.3</b>	<b>4.2</b>	<b>17.4</b>	<b>9.5</b>	<b>13.8</b>	<b>1.08</b>
398	FSEMEX	Extended Market Index <sup>4</sup>		61.84	OK to Buy	4.3	12.7	5.0	19.0	10.4	14.1	1.23	771		
2012	FMEIX	Mid Cap Enhanced Index		15.43	OK to Buy	3.3	10.0	3.5	16.4	9.0	14.7	1.04	1,184		
2349	FSLCX	Mid Cap Index <sup>4</sup>		20.13	OK to Buy	2.8	11.6	3.4	15.1	9.4	14.1	1.05	68		
337	FMCSX	Mid-Cap Stock		38.19	OK to Buy↑	3.0	13.0	4.6	16.8	9.4	13.3	0.98	5,528		
2412	FSSMX	Stock Selector Mid Cap		39.82	OK to Buy	2.5	14.4	4.6	19.7	9.3	12.7	1.13	520		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>2.5</b>	<b>10.7</b>	<b>3.6</b>	<b>16.3</b>	<b>8.2</b>	<b>13.6</b>	<b>1.02</b>
316	FLPSX	Low-Priced Stock <sup>5</sup>		51.86	OK to Buy	2.8	13.2	5.0	16.9	8.4	12.8	0.88	28,203		
762	FSMVX	Mid Cap Value		26.83	OK to Buy	2.4	8.3	2.6	15.5	7.9	14.2	1.05	2,274		
39	FDVLX	Value		121.44	OK to Buy	2.4	10.6	3.1	16.5	8.2	13.9	1.13	7,276		

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

# FIDELITY SCORECARD

SEPTEMBER 30, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Sep	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>4.7</b>	<b>22.9</b>	<b>8.7</b>	<b>25.0</b>	<b>16.5</b>	<b>16.3</b>	<b>1.23</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	23.97	Buy	4.7	22.9	8.7	25.0	16.5	16.3	1.23	\$2,393		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>5.4</b>	<b>6.9</b>	<b>4.0</b>	<b>16.3</b>	<b>10.6</b>	<b>12.9</b>	<b>1.31</b>
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	31.49	Hold	4.2	3.6	1.5	13.7	9.0	13.2	1.29	5,082		
2011	FCPEX	Small Cap Enhanced Index		14.41	Hold	6.3	4.2	3.6	16.5	11.1	13.8	1.44	821		
2356	FSSPX	Small Cap Index <sup>4</sup>		20.14	Hold	6.2	11.0	5.7	20.8	12.3	13.8	1.44	42		
340	FSLCX	Small Cap Stock	2.00%/90d	19.71	Hold	5.0	7.9	3.8	15.5	10.3	11.8	1.16	1,636		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	28.16	Hold	5.2	7.6	5.5	14.9	10.4	11.9	1.22	1,433		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>4.1</b>	<b>5.5</b>	<b>2.8</b>	<b>16.8</b>	<b>12.0</b>	<b>14.4</b>	<b>1.07</b>
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	19.39	Hold	4.1	5.5	2.8	16.8	12.0	14.4	1.07	2,603		
<b>SPECIALTY</b>															
2624	FARNX	Event Driven Opportunities		14.42	Buy	2.7	13.3	2.2	27.2	13.6	--	1.46	409		
308	FCVSX	Convertible Securities		28.19	Hold	0.7	7.1	2.0	7.6	2.2	8.1	0.92	1,443		
2120	FFGCX	Global Commodity Stock	1.00%/30d	12.41	OK to Sell	3.7	9.9	11.0	16.1	-2.1	-1.8	1.86	258		
122	FLVCX	Leveraged Company Stock		32.83	Buy	2.6	14.4	5.6	19.2	5.1	11.8	1.33	2,595		
1329	FSDIX	Strategic Dividend & Income		15.57	OK to Buy	0.8	7.9	2.5	9.6	7.9	10.1	0.71	3,238		
1505	FSTRX	Strategic Real Return		8.84	OK to Sell	-0.2	1.9	1.5	2.5	0.5	0.3	0.45	480		
311	FIUIX	Telecom & Utilities		26.88	Hold	-1.2	10.1	4.4	11.4	7.3	10.5	0.99	1,023		
<b>REAL ESTATE</b>															
1368	FIREX	International Real Estate	1.50%/90d	11.07	OK to Sell	0.3	19.3	3.8	11.2	6.6	9.3	1.02	229		
833	FRIFX	Real Estate Income	0.75%/90d	12.23	OK to Buy	0.0	6.8	1.3	5.9	7.7	7.6	0.49	2,641		
2353	FRXIX	Real Estate Index <sup>4</sup>	0.75%/90d	15.42	Hold	0.2	1.6	0.3	-1.0	9.0	8.9	1.43	33		
303	FRESX	Real Estate Investment		41.86	Hold	-0.3	3.0	0.8	0.0	10.2	9.7	1.42	4,261		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.57	Hold	0.2	5.3	1.6	4.4	3.6	3.9	0.30	4,873		
1957	FTANX	Asset Manager 30%		11.11	Hold	0.4	7.2	2.2	6.3	4.6	5.2	0.38	1,116		
1958	FFANX	Asset Manager 40%		11.67	Hold	0.6	8.9	2.6	8.4	5.3	6.3	0.47	1,325		
314	FASMX	Asset Manager 50%		18.37	Hold	0.8	10.6	3.1	10.3	6.0	7.3	0.57	8,214		
1959	FSANX	Asset Manager 60%		12.47	Hold	1.0	12.2	3.6	12.2	6.6	8.3	0.66	1,798		
321	FASGX	Asset Manager 70%		22.33	Hold	1.3	13.9	4.1	14.3	7.3	9.3	0.76	4,610		
347	FAMRX	Asset Manager 85%		19.20	Hold	1.6	16.4	4.7	17.2	8.2	10.8	0.90	1,800		
304	FBALX	Balanced		24.57	OK to Buy	1.2	12.4	3.5	13.3	7.6	10.0	0.72	22,915		
355	FFNOX	Four-in-One Index		43.26	Hold	2.0	13.8	4.1	15.8	8.1	10.8	0.85	5,276		
334	FGBLX	Global Balanced		25.36	Hold	0.2	14.8	4.2	8.2	4.5	6.0	0.71	387		
1960	FDYSX	Global Strategies		9.66	Hold	0.9	14.0	3.7	12.5	6.6	6.6	0.65	81		
4	FPURX	Puritan		23.19	OK to Buy	1.3	13.5	4.4	13.9	7.7	10.1	0.71	20,132		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>1.7</b>	<b>24.4</b>	<b>6.5</b>	<b>18.8</b>	<b>7.2</b>	<b>9.0</b>	<b>1.25</b>
309	FICDX	Canada	1.50%/90d	54.47	Hold	3.4	11.4	8.0	12.9	1.5	4.1	1.29	1,184		
352	FHKCX	China Region	1.50%/90d	32.85	Hold	0.6	38.1	9.3	25.7	9.7	12.2	2.18	1,210		
325	FDIVX	Diversified International		40.68	OK to Buy	1.8	22.2	5.1	16.4	6.3	9.1	1.13	11,090		
351	FSEAX	Emerging Asia	1.50%/90d	41.20	OK to Buy	-0.1	32.7	5.9	21.5	9.3	8.9	1.47	1,190		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.30	Hold	-2.6	10.6	6.5	15.9	2.6	3.0	1.67	84		
322	FEMKX	Emerging Markets	1.50%/90d	30.39	OK to Buy	1.0	36.2	9.1	24.1	7.7	7.2	1.36	3,810		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	14.76	Hold	0.1	29.3	6.7	21.3	6.4	6.3	1.34	240		
2341	FPEMX	Emerging Markets Index <sup>4</sup>	1.50%/90d	10.83	Hold	-0.5	28.0	7.9	21.4	4.8	4.0	1.55	32		
301	FIEUX	Europe		41.81	Buy	3.8	24.4	5.1	16.4	6.0	9.1	1.34	1,285		
2406	FGILX	Global Equity-Income	1.00%/30d	13.94	Hold	2.3	15.2	4.5	14.4	7.6	10.5	0.87	77		
2345	FSGUX	Global ex U.S. Index <sup>4</sup>		13.22	OK to Buy	1.7	21.5	6.0	19.1	4.7	6.9	1.16	45		
335	FIVFX	International Cap App		20.57	Buy	1.4	28.7	6.5	17.6	9.6	11.5	1.09	1,958		
305	FIGRX	International Discovery		46.20	OK to Buy	2.4	26.6	7.3	19.6	7.3	9.4	1.14	7,121		
2010	FIENX	International Enhanced Index	1.00%/30d	9.95	OK to Buy	2.3	23.1	6.8	22.8	7.1	10.1	1.14	575		
1979	FIGFX	International Growth		13.20	OK to Buy	1.7	24.1	3.9	16.4	7.4	9.0	1.07	932		
399	FSIIX	International Index <sup>4</sup>		42.54	Hold	2.3	20.5	5.2	18.8	5.1	8.4	1.14	708		
818	FISMX	International Small Cap	2.00%/90d	29.34	Buy	2.2	25.9	6.3	21.0	12.6	14.1	1.02	1,339		
1504	FSCOX	International Small Cap Opps	2.00%/90d	18.47	OK to Buy	2.5	26.9	5.4	20.4	11.0	12.7	1.01	895		
2986	FNIYX	International Sustainability Idx		10.77	NA	1.5	--	5.7	--	--	--	--	3		
1597	FIVLX	International Value	1.00%/30d	9.02	Hold	3.0	17.1	4.6	16.2	3.7	7.2	1.07	346		
350	FJPNX	Japan	1.50%/90d	14.31	OK to Buy	1.5	19.5	3.3	14.1	8.1	10.0	1.16	234		
360	FJSCX	Japan Smaller Companies	1.50%/90d	18.20	OK to Buy	2.2	24.2	7.6	21.0	13.7	16.8	0.98	697		
349	FLATX	Latin America	1.50%/90d	26.02	OK to Sell	4.3	36.6	19.6	26.5	-0.9	-3.9	2.27	598		
342	FNORX	Nordic	1.50%/90d	53.92	Hold	2.5	20.1	1.1	13.1	7.9	14.2	1.21	373		
94	FOSFX	Overseas		49.60	Buy	2.7	25.4	5.8	20.0	10.0	11.8	1.13	6,509		
302	FPBFX	Pacific Basin	1.50%/90d	33.66	OK to Buy	1.2	27.2	6.1	16.5	11.1	12.9	1.12	919		
2369	FTEMX	Total Emerging Markets	1.50%/90d	13.23	OK to Buy	0.0	23.2	6.9	17.7	6.7	6.1	1.11	265		
1978	FTIEX	Total International Equity	1.00%/30d	9.24	OK to Buy	2.0	24.2	5.7	18.2	6.7	7.9	1.07	79		
2831	FTIGX	Total International Index <sup>4</sup>	1.00%/90d	12.15	Hold	1.8	21.5	6.0	18.7	--	--	--	12		
318	FWWFX	Worldwide		26.63	OK to Buy	1.0	22.1	6.8	17.7	8.2	11.4	1.03	1,581		

# FIDELITY SCORECARD

SEPTEMBER 30, 2017

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
						Sep	YTD	3 Mo.	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>3.2</b>	<b>13.7</b>	<b>5.0</b>	<b>17.9</b>	<b>8.8</b>	<b>13.0</b>	<b>1.61</b>	
<b>Category Averages</b>													
34	FSAIX	Air Transportation	0.75%/30d	84.55	Hold	4.6	15.3	6.3	34.3	13.9	22.1	1.43	\$412
502	FSAVX	Automotive	0.75%/30d	38.79	OK to Sell	7.3	18.7	10.6	22.1	5.9	14.6	1.71	47
507	FSRBX	Banking	0.75%/30d	34.10	OK to Buy	7.6	5.9	4.2	34.8	12.7	14.8	1.90	941
42	FBIOX	Biotechnology		232.77	Hold ↑	2.0	33.7	10.3	21.3	9.6	20.3	2.86	9,882
68	FSLBX	Brokerage & Investment	0.75%/30d	78.98	OK to Buy	5.3	19.0	6.5	33.5	6.4	13.8	1.89	453
69	FSCHX	Chemicals		176.07	Buy	5.4	24.3	10.6	33.6	10.2	15.1	1.64	1,799
518	FSDCX	Communications Equipment	0.75%/30d	34.58	Hold	1.6	6.1	1.1	8.9	6.7	12.2	1.55	185
7	FDCPX	Computers	0.75%/30d	89.45	Hold	0.2	23.0	5.6	24.1	9.4	11.9	1.66	523
511	FSHOX	Construction & Housing	0.75%/30d	65.04	Hold	4.8	14.0	3.5	17.3	12.2	14.1	1.31	328
517	FSCPX	Consumer Discretionary		38.86	Buy	0.9	10.0	0.8	10.3	10.0	13.7	1.14	677
98	FSVLX	Consumer Finance	0.75%/30d	15.17	OK to Buy	4.8	13.5	7.1	25.8	9.7	12.7	1.45	94
9	FDFAX	Consumer Staples		95.69	Hold	-1.0	8.1	-3.3	5.3	6.5	9.8	1.02	1,551
67	FSDAX	Defense & Aerospace		161.61	Buy	4.5	26.0	13.8	37.9	17.7	20.1	1.28	2,122
60	FSENX	Energy		41.30	Hold	10.9	-11.5	7.1	-5.9	-7.6	0.0	2.24	1,770
43	FSESX	Energy Service	0.75%/30d	47.65	Hold	15.3	-14.6	8.1	0.6	-14.4	-4.2	2.72	463
516	FSLEX	Environment & Alt Energy	0.75%/30d	25.43	OK to Buy	3.9	16.5	2.5	23.3	11.6	14.8	1.25	172
66	FIDSX	Financial Services		108.24	Buy	5.5	11.3	5.4	30.5	10.4	14.6	1.39	1,070
41	FSAGX	Gold		20.75	Sell	-6.4	8.5	2.5	-13.1	4.3	-13.0	3.85	1,274
63	FSPHX	Health Care		232.58	Buy	1.3	25.9	3.6	15.3	9.0	19.7	1.59	6,953
505	FSHCX	Health Care Services	0.75%/30d	91.30	Hold	-0.4	16.4	-1.2	19.1	11.9	16.0	1.28	822
510	FSCGX	Industrial Equipment	0.75%/30d	42.32	Buy	4.3	12.5	6.3	16.6	10.6	12.5	1.24	158
515	FCYIX	Industrials		35.24	Buy	4.8	11.0	5.0	19.9	10.5	14.3	1.28	825
45	FSPCX	Insurance	0.75%/30d	85.41	OK to Buy	2.9	10.8	3.0	21.6	13.2	17.2	1.19	489
353	FBSOX	IT Services		51.40	OK to Buy	2.5	23.6	8.6	24.7	18.0	18.9	1.29	1,822
62	FDLSX	Leisure	0.75%/30d	160.69	Hold	0.4	17.5	1.6	23.0	11.4	15.0	1.10	524
509	FSDPX	Materials		88.75	Buy	3.6	18.0	7.3	23.2	5.4	8.7	1.57	882
354	FSMEX	Medical Equipment		45.87	OK to Buy	-0.8	25.2	-0.9	12.1	18.6	20.4	1.43	4,065
503	FBMPX	Multimedia	0.75%/30d	80.88	Hold	-2.7	9.9	0.9	17.4	7.8	13.8	1.50	646
513	FSNGX	Natural Gas	0.75%/30d	24.43	Hold	10.2	-17.1	5.1	-8.6	-15.0	-3.7	2.87	288
514	FNARX	Natural Resources	0.75%/30d	27.75	Hold	9.6	-9.2	6.7	-5.5	-8.2	-1.4	2.17	843
580	FPHAX	Pharmaceuticals		19.27	OK to Buy	1.0	13.2	0.8	3.0	2.0	12.1	1.37	902
46	FSRPX	Retailing		122.05	OK to Buy	3.8	11.2	2.3	11.3	15.7	17.4	1.10	1,746
8	FSELX	Semiconductors	0.75%/30d	111.76	OK to Buy	4.2	21.1	9.6	26.4	21.9	26.3	1.69	2,983
28	FSCSX	Software & IT Services		159.13	Buy	0.6	26.8	6.9	24.9	18.0	19.6	1.42	4,533
64	FSPTX	Technology		177.53	Buy	1.0	41.0	10.3	38.0	20.1	19.1	1.47	5,988
96	FSTCX	Telecommunications		68.57	Hold	-1.1	0.6	2.7	6.3	8.6	9.5	1.09	370
512	FSRFX	Transportation	0.75%/30d	101.37	OK to Sell	7.5	13.6	6.2	29.0	10.4	20.2	1.60	515
65	FSUTX	Utilities		83.45	OK to Sell	-2.2	17.1	4.8	16.2	8.0	11.7	1.13	770
963	FWRLX	Wireless	0.75%/30d	9.91	Hold	-1.8	18.5	4.7	18.8	9.0	11.3	1.22	282
<b>SECTOR ETFs</b>													
	FDIS	MSCI Consumer Discretionary		35.86	Buy	1.6	12.5	1.4	15.7	11.5	--	1.15	282
	FSTA	MSCI Consumer Staples		32.41	Hold	-0.5	5.8	-1.2	4.1	8.6	--	0.95	303
	FENY	MSCI Energy		18.95	Hold	10.3	-8.3	6.6	-1.5	-8.0	--	1.98	440
	FNCL	MSCI Financials		37.97	Buy	5.5	11.3	5.0	34.3	14.1	--	1.47	952
	FHLC	MSCI Health Care		39.52	Buy	1.2	21.4	3.6	16.3	10.8	--	1.34	862
	FIDU	MSCI Industrials		36.54	Buy	5.0	15.0	5.6	23.0	12.2	--	1.24	369
	FTEC	MSCI Information Technology		46.16	Buy	0.9	26.1	8.3	27.7	16.8	--	1.42	1,100
	FMAT	MSCI Materials		33.00	Buy	4.0	15.9	6.1	22.4	7.8	--	1.67	244
	FREL	MSCI Real Estate		24.27	Hold	-0.7	6.1	1.1	2.7	--	--	--	418
	FCOM	MSCI Telecomm Services		32.29	Hold	-0.2	3.3	2.2	10.3	9.9	--	1.27	115
	FUTY	MSCI Utilities		34.53	OK to Sell	-2.5	11.7	3.0	12.6	12.1	--	1.27	299
<b>FACTOR ETFs</b>													
	FDVV	Core Dividend		27.10	OK to Buy	2.3	6.5	2.1	10.4	--	--	--	60
	FDRR	Dividend for Rising Rates		29.08	OK to Buy	2.7	12.2	3.6	16.7	--	--	--	177
	FDLO	Low Volatility Factor		28.70	Hold	2.2	12.5	3.8	15.7	--	--	--	29
	FDMO	Momentum Factor		28.92	Hold	1.7	14.3	4.0	15.1	--	--	--	36
	FQAL	Quality Factor		29.87	Hold	2.1	15.1	4.8	18.9	--	--	--	34
	FVAL	Value Factor		30.32	OK to Buy	2.1	12.5	4.5	21.2	--	--	--	41

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

### Fixed Income Funds

Concerns over rising interest rates forced the yield on the 10-year Treasury to rise last month to 2.33%, up from 2.13% a month ear-

lier. (The 30-year Treasury fared better, rising only 13 basis points to 2.86%. As bond yields move in the opposite direction of their price, all but one bond fund (among investment-grade taxables and munis) bled red for the month. **U.S. Bond Index**

fund slipped 0.5%, but **Long-Term Treasury Index** fund dropped 2.3%. For its part, **Conservative Income Bond** (which has little rate sensitivity, and is more like a money market) eked out a 0.1% gain. ■

— John Bonnanzio

# FIDELITY SCORECARD

SEPTEMBER 30, 2017

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>			
						Sep	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>-0.5</b>	<b>2.7</b>	<b>0.6</b>	<b>-0.2</b>	<b>2.1</b>	<b>1.4</b>	<b>1.88</b>	<b>5.1</b>	<b>0.30</b>
2267	FCONX	Conservative Income Bond		10.04	Buy	0.1	1.0	0.3	1.2	0.8	0.6	1.14	0.1	0.04			
2208	FCBFX	Corporate Bond		11.63	Buy	-0.2	5.6	1.3	2.8	4.1	3.5	2.74	7.1	0.40			
2423	FGBFX	Global Credit <sup>6</sup>		9.18	Hold	-0.3	7.6	1.0	0.7	1.2	0.3	2.05	6.8	0.52			
15	FGMNX	GNMA (Ginnie Mae)		11.45	OK to Buy	-0.3	1.8	0.8	0.2	2.0	1.6	2.19	3.3	0.17			
54	FGOVX	Government Income		10.25	Hold	-0.8	2.1	0.3	-1.3	1.8	1.2	1.72	5.5	0.30			
794	FINPX	Inflation-Prot Bond (closed) <sup>3</sup>		12.00	OK to Sell	-0.7	1.4	0.7	-1.3	1.1	-0.4	0.17*	5.7	0.37			
2415	FSIQX	Inflation-Protected Index <sup>3,4</sup>		9.83	OK to Sell	-0.7	1.6	0.8	-1.1	1.4	-0.2	0.01*	5.7	0.38			
32	FTHRFX	Intermediate Bond		10.88	Buy	-0.5	2.5	0.6	0.4	2.2	1.8	1.83	4.0	0.22			
452	FSTGX	Intermediate Gov't Income		10.49	Hold	-0.6	1.4	0.3	-0.7	1.3	0.9	1.46	3.8	0.22			
1561	FIBIX	Intermediate Treasury Index <sup>4</sup>		10.76	Hold	-1.2	2.6	0.4	-2.4	2.4	1.2	1.86	6.4	0.45			
26	FBNDX	Investment Grade Bond		7.94	Buy	-0.3	3.5	1.0	1.0	2.9	2.3	1.95	5.6	0.30			
2622	FJRLX	Limited Term Bond		11.53	Buy	-0.1	2.0	0.5	1.2	1.9	1.5	1.66	2.6	0.14			
662	FFXSX	Limited Term Government		9.94	OK to Buy	-0.4	1.0	0.2	-0.3	0.8	0.6	1.25	2.6	0.14			
1562	FLBIX	Long-Term Treasury Index <sup>4</sup>		13.07	Hold	-2.3	6.0	0.4	-6.8	4.6	2.6	2.58	17.7	1.13			
40	FMSFX	Mortgage Securities		11.28	OK to Buy	-0.3	2.3	0.9	0.4	2.5	2.0	2.32	3.9	0.19			
450	FSHBX	Short-Term Bond		8.62	Buy	-0.1	1.2	0.3	0.8	1.1	1.0	1.31	1.7	0.08			
1560	FSBIX	Short-Term Treasury Index <sup>4</sup>		10.39	Hold	-0.4	0.9	0.2	-0.3	0.9	0.6	1.35	2.7	0.15			
820	FTBFX	Total Bond		10.71	Buy	-0.3	3.8	1.1	1.6	3.5	2.8	2.26	5.4	0.30			
651	FBIDX	U.S. Bond Index		11.63	Hold	-0.5	2.9	0.8	-0.2	2.5	1.8	2.26	5.8	0.30			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>0.6</b>	<b>7.1</b>	<b>2.2</b>	<b>7.6</b>	<b>5.1</b>	<b>5.2</b>	<b>3.77</b>	<b>3.4</b>	<b>0.51</b>
38	FAGIX	Capital & Income	1.00%/90d	10.24	OK to Buy	1.0	9.7	3.2	11.3	6.5	7.7	3.51	3.3	0.57			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.63	OK to Buy	0.3	2.8	0.9	4.7	3.5	3.3	3.45	0.2	0.31			
1366	FHIFX	Focused High Income	1.00%/90d	8.76	OK to Buy	0.9	6.5	2.1	7.5	5.1	4.8	3.53	3.5	0.50			
2297	FGHNX	Global High Income	1.00%/90d	9.80	OK to Buy	0.6	9.3	2.8	8.7	5.5	6.0	3.60	2.9	0.57			
455	SPHIX	High Income	1.00%/90d	9.02	Buy	1.1	7.5	2.4	9.5	5.5	5.6	4.99	3.3	0.59			
331	FNMIX	New Markets Income	1.00%/90d	16.45	OK to Buy	-0.0	9.6	2.7	7.1	6.8	5.0	4.74	7.1	0.70			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.60	OK to Buy	0.7	4.4	1.5	6.0	3.4	--	3.64	2.0	0.47			
368	FSICX	Strategic Income		11.15	Buy	0.2	7.1	2.2	5.7	4.5	4.0	2.73	4.5	0.39			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.4</b>	<b>4.1</b>	<b>1.0</b>	<b>0.4</b>	<b>2.8</b>	<b>2.8</b>	<b>1.64</b>	<b>5.9</b>	<b>0.31</b>
434	FSAZX	Arizona Muni Income		12.13	Hold	-0.4	4.6	1.0	0.4	3.3	3.2	1.64	7.0	0.35			
1534	FCSTX	Calif Limited Term Tax Free		10.65	OK to Buy	-0.3	2.7	0.5	0.6	1.4	1.5	0.90	3.0	0.18			
91	FCTFX	California Muni Income		12.99	Hold	-0.4	4.9	1.1	0.3	3.3	3.6	1.69	6.7	0.36			
407	FICNX	Connecticut Muni Income		11.43	Hold	-0.5	3.5	0.8	-1.0	2.6	2.4	1.98	6.7	0.36			
2578	FCRDY	Conservative Income Muni		10.04	Buy	-0.0	1.0	0.3	0.7	0.5	--	0.82	0.6	0.05			
36	FLTMX	Interm Municipal Income		10.42	Hold	-0.3	4.1	1.3	0.8	2.4	2.4	1.60	5.0	0.28			
404	FSTFX	Limited Term Muni Income		10.59	OK to Buy	-0.3	2.7	0.7	0.6	1.2	1.2	1.01	2.7	0.17			
429	SMDMX	Maryland Muni Income		11.40	Hold	-0.4	4.7	0.8	0.1	3.2	2.7	1.65	6.9	0.34			
70	FDMMX	Mass Muni Income		12.20	Hold	-0.4	4.2	0.9	-0.1	3.0	2.9	1.86	7.3	0.36			
81	FMHTX	Michigan Muni Income		12.21	Hold	-0.3	4.4	1.0	0.6	3.2	3.0	1.76	6.5	0.33			
82	FIMIX	Minnesota Muni Income		11.63	Hold	-0.6	3.8	0.8	0.4	2.7	2.4	1.47	5.9	0.30			
37	FHIGX	Municipal Income		13.23	Hold	-0.4	5.5	1.8	0.8	3.5	3.4	2.00	7.3	0.37			
416	FNJHX	New Jersey Muni Income		11.89	Hold	-0.2	5.7	2.4	0.8	3.2	2.8	2.05	6.6	0.39			
71	FTFMX	New York Muni Income		13.29	Hold	-0.5	4.4	1.0	0.3	3.2	3.0	1.70	7.0	0.34			
88	FOHFX	Ohio Muni Income		12.18	Hold	-0.5	4.6	0.8	0.3	3.6	3.4	1.86	7.5	0.37			
402	FPXTX	Pennsylvania Muni Income		11.17	Hold	-0.4	4.4	1.0	0.6	3.2	3.1	1.86	6.6	0.31			
90	FTABX	Tax-Free Bond		11.56	Hold	-0.4	5.3	1.6	0.8	3.5	3.4	2.11	7.2	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 GOVT MONEY MARKETS			Total Return (%)		SEC	STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC
			Sep	YTD	%Yield				Sep	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.06	0.36	0.71	433	FSAXX	Arizona Muni MM	0.03	0.36	0.47
458	SPAXX	Government MM	0.05	0.32	0.67	97	FCFXX	California Muni MM	0.03	0.27	0.45
631	FGMXX	Retirement Gov't MM	Merged into SPAXX (see p. 12)			457	FSPXX	California AMT Tax-Free	0.05	0.38	0.60
630	FRTXX	Retirement Gov't MM II				418	FCMXX	Connecticut Muni MM	0.04	0.27	0.48
2742	FZFXX	Treasury MM	0.05	0.31	0.67	426	FMSXX	Mass AMT Tax-Free	0.05	0.38	0.61
415	FDLXX	Treasury Only MM	0.05	0.28	0.65	74	FDMXX	Massachusetts Muni MM	0.03	0.34	0.46
<b>PRIME MONEY MARKETS</b>						420	FMIXX	Michigan Muni MM	0.03	0.23	0.41
454	SPRXX	Money Market	0.08	0.62	0.98	417	FNJXX	New Jersey Muni MM	0.03	0.27	0.45
<b>NATIONAL MUNICIPAL MONEY MARKETS</b>						423	FSJXX	New Jersey AMT Tax-Free	0.05	0.40	0.65
10	FTEXX	Municipal Money Market	0.04	0.35	0.57	92	FNYYX	New York Muni MM	0.03	0.32	0.48
275	FMOXX	Tax-Exempt MM	0.04	0.30	0.52	422	FSNXX	New York AMT Tax-Free	0.05	0.40	0.64
						419	FOMXX	Ohio Muni MM	0.04	0.28	0.48
						401	FPTXX	Pennsylvania Muni MM	0.03	0.25	0.44

# FIDELITY SCORECARD

SEPTEMBER 30, 2017

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Sep	YTD	3 Mo.	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model						3.0	17.8	5.7	20.9	12.1	15.3	1.19
	Annuity Growth Model						2.0	13.3	4.1	19.2	9.4	11.9	1.08
	Annuity Growth & Income Model						1.3	8.5	2.7	11.0	6.8	8.6	0.68
	Annuity Income Model						0.6	4.6	1.7	5.7	4.5	4.1	0.35
9067	FLRQC	Fid VIP Asset Manager	Allocation		19.61	Hold	0.8	10.4	3.0	9.9	4.4	6.9	0.62
9066	FAECC	Fid VIP Asset Manager: Growth	Allocation		20.35	Hold	1.2	13.6	4.0	13.9	5.2	8.7	0.83
9069	FJBAC	Fid VIP Balanced	Allocation		23.40	OK to Buy	1.3	12.1	3.5	12.9	7.3	9.7	0.72
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	26.89	Buy	0.9	9.8	0.7	10.1	9.8	13.3	1.11
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	25.70	Hold	-1.1	8.9	-1.6	3.8	9.7	11.6	1.02
9065	FPDFC	Fid VIP Contrafund	Large Growth		26.00	Buy	1.7	16.1	4.3	18.6	9.2	12.8	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend		20.77	Hold	6.2	3.7	3.5	16.0	10.5	13.2	1.44
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		27.22	Hold	1.8	16.9	6.8	18.5	7.7	13.4	1.19
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts		10.75	OK to Buy	1.0	35.7	9.0	23.4	7.3	6.8	1.36
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.79	Hold	10.9	-11.6	7.0	-6.1	-7.9	-0.2	2.24
9061	FLOLC	Fid VIP Equity-Income	Large Value		20.82	Buy	2.8	7.5	3.3	14.5	7.2	11.0	0.98
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	13.66	Buy	5.5	11.3	5.4	30.2	10.3	14.4	1.39
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		11.04	OK to Buy	0.3	2.4	0.7	4.2	3.3	--	0.27
9157	FMPAC	Fid VIP FundsManager 20	Allocation		15.17	Hold	0.3	5.6	1.7	4.0	3.1	3.5	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		17.48	Hold	1.2	11.0	3.2	9.7	5.5	6.9	0.55
9197	FMPPC	Fid VIP FundsManager 60	Allocation		16.66	Hold	1.5	12.9	3.7	11.9	6.5	8.2	0.66
9159	FMPCC	Fid VIP FundsManager 70	Allocation		18.46	Hold	1.8	14.6	4.2	13.7	7.0	9.2	0.75
9160	FMPDC	Fid VIP FundsManager 85	Allocation		18.95	Hold	2.2	17.5	4.9	16.8	8.2	10.9	0.90
9062	FMNDC	Fid VIP Growth	Large Growth		27.21	Buy ↑	0.9	28.0	6.5	25.9	11.6	15.0	1.08
9070	FLFNC	Fid VIP Growth & Income	Large Blend		24.22	Buy	3.4	10.0	4.0	17.5	8.5	12.7	1.16
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		27.25	Buy	0.3	26.0	5.2	24.7	12.4	14.7	1.26
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	40.22	Buy	1.2	26.0	3.6	15.5	8.9	19.3	1.59
9060	FBBLC	Fid VIP High Income	High-Yield Bond		20.63	Buy	1.0	6.3	1.9	8.2	4.8	5.0	0.59
9064	FXVLT	Fid VIP Index 500	Large Blend		25.43	Hold	2.0	13.9	4.4	18.2	10.5	13.8	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	32.67	Buy	4.8	10.9	5.0	19.6	10.4	14.1	1.27
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l		19.74	Buy	1.3	28.4	6.4	17.4	9.4	11.2	1.08
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		16.31	Buy	-0.4	3.5	1.0	0.8	2.8	2.1	0.30
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	21.84	Buy	3.5	17.7	7.1	22.8	5.0	8.4	1.57
9071	FNBSB	Fid VIP Mid Cap	Mid Growth		27.31	Buy	4.3	13.4	4.3	18.7	9.1	12.9	1.16
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt		11.36	--	0.1	0.3	0.2	0.3	-0.0	-0.1	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l		17.61	Buy	2.8	25.5	5.6	19.1	6.1	9.1	1.23
9072	FFWKC	Fid VIP Real Estate	Sector		23.23	Hold	-0.4	2.0	0.0	-0.7	8.3	8.4	1.43
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		19.48	Buy	0.0	6.8	2.0	5.1	4.1	3.5	0.38
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	40.51	Buy	1.1	41.2	10.4	38.9	19.0	18.0	1.47
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	16.49	Hold	-1.1	0.6	2.8	6.3	8.4	9.3	1.09
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	27.02	OK to Sell	-2.2	16.8	4.8	15.7	7.8	11.5	1.13
9079	FKMSC	Fid VIP Value	Large Value		22.21	OK to Buy	2.5	10.1	3.3	16.4	8.4	12.8	1.07
9073	FRBSC	Fid VIP Value Strategies	Mid Value		23.10	OK to Buy	1.9	13.3	3.5	18.5	6.7	11.8	1.21
9347	FBMEC	Black Rock Global Allocation	Global Allocation		13.42	Hold	0.5	10.7	2.9	10.6	4.1	6.0	0.63
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		11.27	OK to Sell	1.5	3.6	0.7	9.8	0.0	1.7	0.57
9348	FMFEC	Franklin Templeton US Gov't	Intermed Gov't		10.40	Hold	-0.2	1.3	0.7	-0.7	0.9	0.4	0.15
9285	FIGXC	Invesco Global Core Eqty	Global Stock		13.70	Hold	2.9	16.9	5.3	16.7	6.6	9.7	1.08
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		17.24	Hold	-0.9	20.4	6.6	17.0	2.7	2.9	1.62
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		19.34	OK to Buy	0.2	9.0	2.8	4.5	4.7	2.7	0.66
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		15.20	OK to Buy	-0.3	27.9	6.9	17.6	4.4	3.7	1.39
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l		13.65	Hold	1.4	12.0	3.3	11.2	2.6	5.8	0.74
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.84	OK to Sell	-0.3	-2.8	3.0	-0.5	-10.9	-11.6	1.43
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.67	Buy	0.0	1.3	0.8	1.1	0.8	0.6	0.11
9277	FPNBC	Pimco VIT Real Return	TIPS		12.99	OK to Sell	-0.5	2.1	0.9	-0.3	1.0	-0.5	0.41
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		13.49	Hold	-0.4	4.7	1.4	2.0	2.9	2.0	0.32

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	26%	VIP Contrafund	26%	VIP Contrafund	22%	VIP Investment Grade	28%
VIP Financial Services	25	VIP Growth Opps	25	VIP Investment Grade	21	Pimco VIT Low Duration	25
VIP Industrials	14	VIP Mid Cap	15	VIP Equity-Income	20	VIP Equity Income	25
VIP Materials	12	VIP Overseas	15	VIP Strategic Income	17	VIP Strategic Income	22
VIP Cons Discretionary	12	VIP Equity-Income	11	VIP Growth & Income	10		
VIP Health Care	11	VIP Growth	8	VIP Int'l Cap App	10		
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>Sep: 3.0% YTD: 17.8%</b>		<b>Sep: 2.0% YTD: 13.3%</b>		<b>Sep: 1.3% YTD: 8.5%</b>		<b>Sep: 0.6% YTD: 4.6%</b>	

## FUND UPDATE

# Event Driven Opportunities Invests Outside The Box

It's virtually impossible to categorize **Event Driven Opportunities**.

A "go-anywhere" fund with thousands of stocks from which to choose (it's benchmarked against the extremely broad Russell 3000 index), Manager Arvind Navaratnam pays scant attention to the benchmark; he allocates almost nothing of the fund's \$409 million in assets to stocks outside the R3000. Indeed, the fund holds only 41 stocks. So, comparing its sector breakout against the R3000 reveals nothing about the manager's investment strategy, nor the fund's true character.

Likewise, the table above amply demonstrates that the fund's most basic investment characteristics deviate dramatically from the R3000 and the much-followed S&P 500. (Its active share score of 99% indicates that there's essentially no overlap with its benchmark.)

## Special Situations

As the name "Event Driven" makes clear, Arvind hunts for special situations that materially affect a company's business model and/or balance sheet. These include reorganizations and restructurings such as mergers, spinoffs and bankruptcies. Even a stock's removal from an index will trigger Arvind's deep-dive, academically-driven research. (For the past seven years, Arvind, a 34-year-old Harvard Business School graduate, has taught a class on value

investing at nearby Boston College.)

While all actively run funds have managers who employ fundamental analysis, a more typical approach is to identify, for example, stocks whose earnings or sales may beat "the street's" expectations. But that's just one of hundreds of data points that would

11% of assets, and #2 holding Brinks, was 9%.) Not even **Focused Stock** (which has 44% of assets in its top-10) is as concentrated!

## Action Recommendation

With its relative volatility of 1.46, Event Driven is 46% more risky than the S&P 500, and is similarly more risky than its own benchmark. However, this uniquely managed Specialty fund is less correlated to the S&P than most of its peers in the *Unique Opportunities Model*. As such, it actually helps to limit the Model's overall risk (which is just 6% higher than the S&P). Ultimately, however, the reason for owning any stock fund is for its potential to appreciate in value.

Over the past three years (through August), its 10.3% average annual return places it among the top 10% of all small-cap funds, and over the past year it ranks #1 among 64 of its "alternative event" peers.

To that end, it's our longer-term view that the index mania that has enthralled investors for so many years will ultimately meet a lackluster end, whereas fund managers who turn over a lot of rocks in the pursuit of intrinsic share value will prevail.

With its high risk and low correlation to other stocks funds, an investor must be comfortable that Event Driven moves to the beat of its own drummer. So while not for everyone, we believe that Arvind's eclectic portfolio will continue to reward the patient investor; we rate the fund *Buy*. ■

— John Bonnanzio

	Fund	R3000	S&P 500
Med Mkt Cap <sup>1</sup>	\$2.2	\$1.7	\$20.8
Price/Earnings <sup>2</sup>	34.3	22.5	20.9
Price/Book	2.4	3.0	3.1
Dividend Yield	1.0%	1.9%	2.0%
# of Holdings	41	2,980	505
% Top-10	53.4	15.8	18.8
Current Style	Mid Blend	Large Blend	Large Blend

<sup>1</sup>Weighted in \$bil; <sup>2</sup>Trailing P/E

interest Arvind. In fact, he prefers to shop for smaller stocks that are more likely to be overlooked by other institutional investors. Ultimately, Arvind wants stocks with unrecognized asset values. But unless others come to recognize the value he's found, his inexpensive stock could be in a "value trap," meaning that its valuation will remain cheap.

So here's where Arvind's event-driven approach may part ways from deep-value investors: post-event, the company's improved fundamentals, especially earnings growth, will be the catalyst for its share price to outperform expectations. This strategy, which can sometimes take years to play out, drives him to make large, more meaningful bets in his fund.

Notably, more than half the fund's assets (53%) are in its top-10 stocks. (As of July 31, top holding Madison Square Garden was almost

## OTC Gets New Manager

One of Fidelity's top managers, Gavin Baker, has left **OTC** after eight years at its helm. Given his stellar record throughout his career, his departure appears abrupt.

Stepping in for Baker at OTC is Sonu Kalra, who has a proven track record in tech and other growth sectors. Sonu took over **Blue Chip Growth (BCG)** at the same time Baker joined OTC (July 2009). In most years, Gavin outpaced his colleague Sonu. However, he

did so by taking substantially more risk. For example, OTC's relative volatility is higher than the fund's Nasdaq benchmark, and it's also higher than BCG's volatility (1.49 vs. 1.19). Because of its elevated risk, we've favored Sonu's comparatively tamer BCG, which we hold in both our *Unique Opportunities* and *Growth Models* (see p. 2).

Joining Sonu as OTC's co-manager is tech analyst Christopher Lin. Pending review, we still rate OTC fund *OK to Buy*. ■

## Inside Fidelity

**Manager Changes** — In addition to Gavin Baker stepping down from OTC fund (see p. 11), several asset

### 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 October:*

500 Index, Asset Mgr 40%, Asset Mgr 50%, AZ Muni, Balanced, Conservative Inc, Convertible Secs, Corporate Bond, Equity Div Inc, Equity-Inc, Export and Multi, Global Equity Inc, Growth & Inc, Interm Bond, Invest Grade Bond, Lmted Term Bond, MD Muni Inc, Mortgage Securities, Puritan, Short-Term Bond, Strategic Div & Inc, Strategic Real Return, Telecom & Utilities, Total Bond and U.S. Bond Index.

Fund	Ex-Date	\$ Amt	NAV
Blue Chip Growth	9/15	1.736	83.99
Blue Chip Value	9/8	0.098	18.19
Core Dividend	9/15	0.256	27.01
Div for Ris Rates	9/15	0.214	29.00
Dividend Growth	9/15	2.068	33.54
Int'l Real Estate	9/15	0.248	11.12
Leveraged Co Stk	9/15	5.152	32.16
Low Vol Factor	9/15	0.131	28.54
Low-Priced Stock	9/15	4.091	51.35
Momentum Factor	9/15	0.095	28.93
MSCI Cons Disc	9/15	0.119	35.47
MSCI Cons Staples	9/15	0.211	33.03
MSCI Energy	9/15	0.216	18.33
MSCI Financials	9/15	0.177	36.90
MSCI Healthcare	9/15	0.132	39.54
MSCI Industrials	9/15	0.204	35.82
MSCI Info Tech	9/15	0.123	46.14
MSCI Materials	9/15	0.123	32.73
MSCI Real Estate	9/15	0.212	24.44
MSCI Telecomm	9/15	0.337	32.14
MSCI Utilities	9/15	0.257	35.18
OTC Portfolio	9/15	4.759	104.16
Quality Factor	9/15	0.147	29.74
Real Estate Inc	9/8	0.194	12.25
Real Estate Index	9/8	0.176	15.57
Real Estate Invest	9/8	0.893	42.41
Small Cap Growth	9/8	1.267	22.94
Small Cap Value	9/8	0.432	18.20
Value Discovery	9/8	0.375	26.95
Value Factor	9/15	0.147	30.15

allocation funds will see manager changes effective December 31, 2017. These changes are a continuation of those we previously detailed. It was mid-June when Fidelity's longtime asset allocation chieftains, Joanna Bewick and Chris Sharpe, abruptly left their positions as lead managers of **Strategic Dividend & Income** and **Strategic Real Return**. Now there are changes within several "sleeves" of Strategic Dividend & Income (SD&I).

The first is the selection of Brian Chang to oversee the fund's preferred securities; he's currently a telecom and cable analyst, and has followed several other sectors including aerospace and tech.

Another change was triggered a few months ago with the retirement of Scott Offen. Although he's better known as **Equity Dividend Income's** manager, he has also been running an equity sleeve of SD&I. But with his departure at year-end, Fidelity has now decided to appoint Ramona Persaud of **Dividend Growth** to replace Scott on SD&I. (By way of interest, John Sheehy, becomes Equity Dividend Income's sole manager at year-end.)

While there's plenty of change afoot at SD&I, Adam Kramer will continue to be the fund's lead manager and Sam Wald still runs the fund's sleeve of REITs.

Beyond the earlier announcement that Adam Kramer had assumed the role of lead manager at Strategic Real Return, that fund's four co-managers are unchanged.

**Name Change** — Fidelity plans to change the name of the \$4 billion **Select Medical Equipment and Systems** to **Select Medical Technology and Devices** on January 1, 2018. The modified name is part of

an ongoing review of Fidelity's non-diversified sector funds, whose names must accurately reflect their investment universe.

**Investment Policy Change** — Industry consolidation has narrowed **Select Brokerage and Investment Management's** investment options, causing this small fund to become more concentrated. In response, benchmark provider MSCI has broadened the fund's sector benchmark to include financial exchanges, data providers and other support firms. Pending shareholder approval, the fund's investment policy will expand to include those additional areas on January 1, 2018.

**Fund Mergers** — Three money market funds have been merged: **Retirement Gov't MM** (AUM \$2.8 billion) and **Retirement Gov't MM II** (AUM \$9.0 billion) have been folded into the retail class of **Gov't MM**. The combined assets of the latter rose by about \$12 billion to over \$100 billion.

These moves are yet another step in a series of changes that Fidelity (and others) have had to take since the Financial Meltdown of a decade ago. (Overall, fund maturities have been shortened and quality increased.) But this particular step simply streamlines their offerings.

Separately, plans are underway to merge **Global Strategies** and **Global Balanced** into **Asset Manager 60%**. With shareholder approval, the funds will merge in April 2018. ■

**Correction** — In the September *Fund Commentary*, we incorrectly reported the August return of **U.S. Sustainability Index** fund: the correct return was -0.2%.

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