

# FIDELITY MONITOR & INSIGHT

OCTOBER 2019

PUBLISHED SINCE 1985

MESSAGE FROM JACK

## A Better Version Of The S&P 500

What do ServiceNow, Workday, Tesla, and Square have in common? 1. They are well-established firms with disruptive potential; 2. They are large-cap stocks, and; 3. They have been excluded from the S&P 500 Index for reasons that have little to do with long-term investment potential.



Jack Bowers

Given the enormous amount of money following the S&P 500 (some \$3-4 trillion), you would expect that the index would be a close approximation of the 500 largest U.S. stocks. But because of Standard & Poor's index committee's priorities and rules, there are significant deviations. And therein lies the opportunity.

Enter **ZERO Large Cap Index** [FNILX]. Unlike the S&P 500 (and its proxy **500 Index** fund), it only tries to hold the 500 largest U.S. stocks, as ranked by float-adjusted market cap. This simplified approach is more passive, helping to hold down turnover and expenses (an important consideration for a fund that charges ZERO!).

The differences between ZERO Large Cap Index and the 500 Index are small but significant. About 50 large-cap stocks excluded from the 500 Index are included here, and collectively they are growing faster than the 50 or so mid- to large-caps held by the 500 Index.

This potentially-better version of the 500 Index comes with very little added risk. There is a slightly higher tech weighting (22.6% vs. 21.8% as of 7/31), and a slightly higher P/E ratio (19.8 versus 19.3). But based on the last 11 months, ZERO's volatility appears likely to come in at 1.00 once there's a full 36 months of data.

So how well could ZERO Large Cap Index do over the long run? Eliminating the S&P 500's turnover drag (from stock additions and deletions) could be worth 30 basis points, and the improved mix of stocks might be worth another 20. So it would not be out of the question to see ZERO Large Cap Index beat 500 Index by 0.5 percentage points per year (it's ahead by 0.2% on a year-to-date basis). Of course, there's no guarantee the fund will always come out ahead. In a rough year for growth stocks, the fund might actually lag (though not by much).

MARKET OUTLOOK

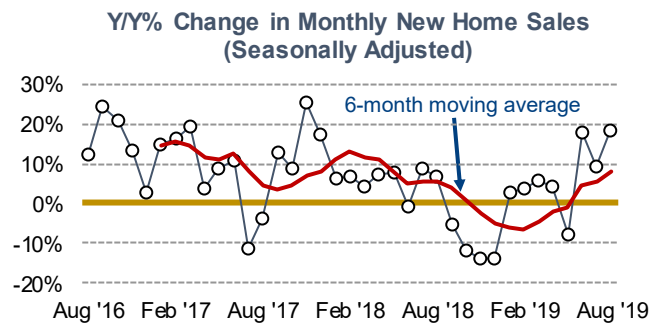
## A Funny Thing Happened On The Way To A Recession ...

Amid all the clamor of pundits blaring "a recession is coming," the economy likely got a bit better in the third-quarter! The Citibank Economic Surprise Index indicates that recent economic data have been coming in better-than-expected. As a result the average forecast for third-quarter GDP growth is now 2.2% versus the second-quarter's 2.0%.

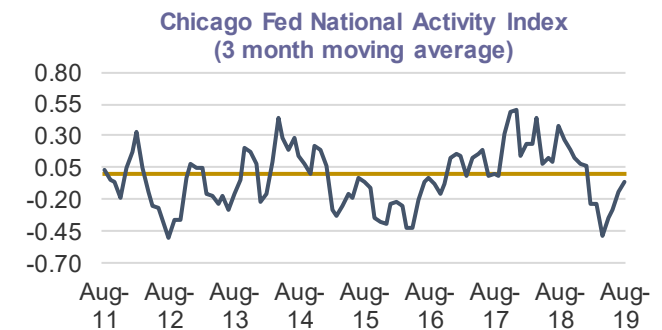


John M. Boyd

One example is the rebound in the housing sector. Helped by low mortgage rates, in August, new home sales jumped 18% from a year ago. And it's not just a one-month blip. So far this year, sales are running 6.6% higher than last year and are 15.1% higher over the last three months. In addition, housing starts were up 6.6% in August versus a year ago and new permits rose 7.4%.



The three-month moving average of the Chicago Fed National Activity index continues to trend higher. The latest reading is now -0.06 or close to normal growth (0.0 indicates that the economy is expanding at its historical trend rate of growth).



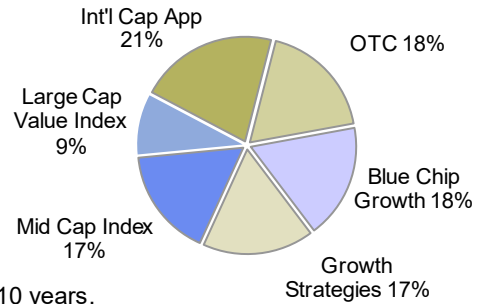
**Unique Opportunities** Target Risk: 1.20 (Current: 1.04) Foreign Holdings: 21.8% **YTD Return: 19.1%**

Stocks: 98.8% Bonds: 0.0% Cash: 1.2% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Int'l Cap App	FIVFX	\$21.91	5,602.75	\$122,756	0.0%
OTC	FOCPX	11.40	9,219.69	105,104	0.0
Blue Chip Growth	FBGRX	95.01	1,076.19	102,249	-2.3
Growth Strategies	FDEGX	47.50	2,076.30	98,624	-1.4
Mid Cap Index	FSMDX	22.63	4,275.61	96,757	1.9
Large Cap Value Index	FLCOX	12.68	4,253.55	53,935	3.6

**Current Value (3/31/99 = \$100,000) \$579,426 -0.4%**

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



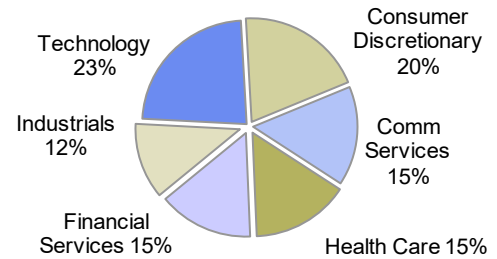
**Select** Target Risk: 1.20 (Current: 1.12) Foreign Holdings: 5.9% **YTD Return: 20.7%**

Stocks: 99.7% Bonds: 0.0% Cash: 0.4% Alternatives\*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Technology	FSPTX	\$17.57	58,501.09	\$1,027,864	0.6%
Consumer Discretionary	FSCPX	47.12	18,391.66	866,615	1.0
Communication Services	FBMPX	62.45	10,934.15	682,838	-1.1
Health Care	FSPHX	23.73	28,168.13	668,430	-3.3
Financial Services	FIDSX	10.44	62,010.61	647,391	4.5
Industrials	FCYIX	34.91	14,946.14	521,770	0.9

**Current Value (12/31/88 = \$100,000) \$4,414,907 0.3%**

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



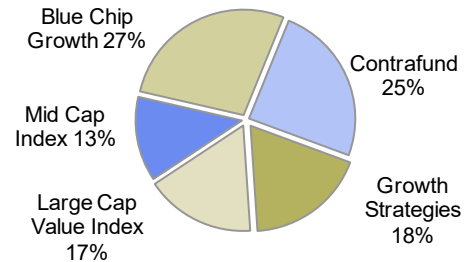
**Growth** Target Risk: 1.00 (Current: 1.06) Foreign Holdings: 5.0% **YTD Return: 17.9%**

Stocks: 99.2% Bonds: 0.0% Cash: 0.8% Alternatives\*: 0.0% Yield: 0.7%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Blue Chip Growth	FBGRX	\$95.01	8,662.10	\$822,986	-2.3%
Contrafund	FCNTX	12.86	57,128.71	734,675	-1.5
Growth Strategies	FDEGX	47.50	11,528.85	547,620	-1.4
Large Cap Value Index	FLCOX	12.68	39,416.86	499,806	3.6
Mid Cap Index	FSMDX	22.63	17,143.48	387,957	1.9

**Current Value (12/31/86 = \$100,000) \$2,993,045 -0.5%**

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



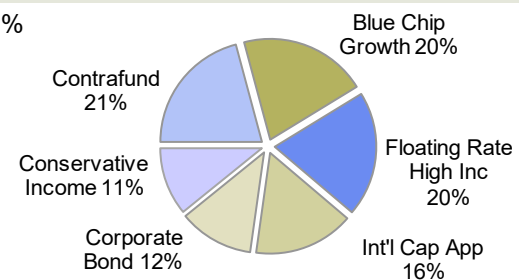
**Growth & Income** Target Risk: 0.66 (Current: 0.66) Foreign Holdings: 28.4% **YTD Return: 12.5%**

Stocks: 56.5% Bonds: 22.2% Cash: 2.2% Alternatives\*: 19.1% Yield: 1.6%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Contrafund	FCNTX	\$12.86	11,908.38	\$153,142	-1.5%
Blue Chip Growth	FBGRX	95.01	1,573.54	149,502	-2.3
Floating Rate High Inc	FFRHX	9.47	15,549.75	147,256	0.7
Int'l Cap App	FIVFX	21.91	5,342.60	117,056	0.0
Corporate Bond	FCBFX	12.13	7,208.56	87,440	-0.6
Conservative Income	FCONX	10.04	7,963.59	79,954	0.2

**Current Value (12/31/93 = \$100,000) \$734,351 -0.9%**

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



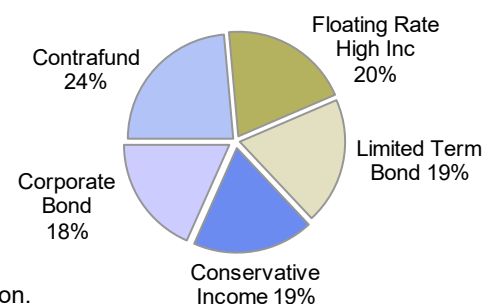
**Income** Target Risk: 0.33 (Current: 0.33) Foreign Holdings: 22.6% **YTD Return: 9.2%**

Stocks: 23.4% Bonds: 53.9% Cash: 3.2% Alternatives\*: 19.4% Yield: 2.3%

Holdings	Ticker	NAV	Shares	Value	Sep Ret
Contrafund	FCNTX	\$12.86	7,731.81	\$99,431	-1.5%
Floating Rate High Inc	FFRHX	9.47	8,861.78	83,921	0.7
Limited Term Bond	FJRLX	11.67	7,065.29	82,452	-0.1
Conservative Income	FCONX	10.04	7,794.67	78,259	0.2
Corporate Bond	FCBFX	12.13	6,385.47	77,456	-0.6

**Current Value (12/31/91 = \$100,000) \$421,518 -0.3%**

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



Other positive surprises include the beleaguered manufacturing sector which saw industrial production rise 0.6% in August, the biggest jump in a year and the third increase in the past four months.

### Many Indicators Are Not Forecasting A Recession

We have heard ad-nauseum about how the inverted yield curve is forecasting a recession. But according to ANG Traders, many other leading indicators are not signaling a downturn.

Returning to the housing data, as I noted, starts are moving higher. Before every recession since 1960, they have declined, typically quite sharply.

Initial claims for unemployment start to rise, again often sharply, about a year before recessions. Today they are still declining.

Delinquency rates on commercial loans are another leading indicator as they begin to rise well prior to the onset of a recession. Currently they are falling. Relatedly, banks typically start tightening lending standards prior to recessions. As you might guess by now, they are currently being loosened.

Lastly, since 1990, recessions have been preceded by a drop in the labor participation rate. Instead, the participation rate has been rising fairly steadily for several years.

Of course, not all areas of the economy are doing well. Manufacturing remains a key weak spot. And we continue to take modest steps to reduce risk in our portfolios (see trade box). But the preponderance of evidence suggests that a recession is not imminent and we believe stocks will eventually move higher. ■

— John M. Boyd

## FUNDS YOU SHOULD BUY NOW

**Growth: Blue Chip Growth, Growth Co.** and **OTC** are aggressive large-cap options; **Contrafund** is more conservatively positioned. **Growth Strategies** provides active mid-cap exposure while **Mid Cap Index** is a lower-cost way to hold companies with market caps of \$2-10 billion.

**Growth & Income: Large Cap Value Index** holds attractively valued stocks such as financials and health care, which also help to boost its yield (2.6%) above the S&P 500 (2.0%).

**International: International Cap App** invests 66% of its assets in developed foreign markets; most of the balance is in emerging market (15%) and U.S. (16%) stocks.

**High-Yield: Floating Rate High Income's** lower-quality bank loans drive its 5.21% yield — see p. 11.

**Taxable Bond: Conservative Income Bond** limits interest-rate risk with its extremely short duration; **Limited-Term Bond** reaches a bit further for yield with more rate-risk, while **Corporate Bond** boosts its yield with lower-credit and more interest-rate-sensitive bonds.

**Muni Funds:** Tax-equivalent yields are currently attractive. ■

## MODEL PORTFOLIO TRADES

As announced on our Hotline message of Friday September 27, on Monday September 30 we made the following model portfolio trades:

### Unique Opportunities Model:

We sold our entire position in **Worldwide** [FWWFX] and with the proceeds established a 21% stake in **Int'l Capital Appreciation** [FIVFX].

### Select Model:

We sold 1/8th of our position in **Select Health Care** [FSPHX] bringing it down to 15% of the model (from 17%) and added the proceeds to **Select Technology** [FSPTX] increasing its weight to 23%, up from 21%.

### Growth & Income Model:

We sold our entire position in **Worldwide** [FWWFX] and with the proceeds established a 16% stake in **Int'l Capital Appreciation** [FIVFX].

### Annuity Growth & Income Model:

We sold our entire position in **VIP Equity-Income** [FLOLC] and with the proceeds established a 20% stake in **VIP Int'l Capital Appreciation** [FVJIC].

Remember that fund tickers differ among versions of Fidelity's annuity offerings, so the above VIP tickers may not match yours, but the underlying funds are the same.

**Trade Rationales:** These trades very modestly reduce portfolio volatility (risk). Where we purchased Int'l Cap App, this fund is fully invested in large-cap, growth-oriented foreign stocks (whereas Worldwide is only about 40% invested outside the U.S.). While that means significant foreign currency exposure, over the longer-term, that should help to decrease risk. (Int'l Cap App is profiled in the August 2019 report.)

Elsewhere, the slight addition to Select Technology at the expense of Select Health Care is actually a wash risk-wise, as their volatilities are similar. However, Technology actually has ample exposure to relatively less-pricy tech stocks (such as top-holding Microsoft), and especially business service providers such as Visa. ■

### 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. 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 regularly scheduled Friday evening Hotline updates via e-mail, and web. **Annuity Model Portfolios** are on p. 10.

## FUND COMPARISONS

### Balanced vs. Puritan: Two Peas In A Pod?

Here are two questions we've answered for about as long as we've been publishing this newsletter (which is now almost 35 years!): "What are the differences between **Balanced** [FBALX] and **Puritan** [FPURX], and which of these asset allocation funds should I own?"

Let's start with the easiest stuff first: At 0.99 these growth and income funds are very highly correlated. (1.00 would be perfectly correlated.) And, despite their both holding large dollops of bonds (nearly a third of assets), they are also highly correlated to the S&P 500. However, their bonds greatly reduce portfolio risk to roughly 30% below that stock index.

Of course, there are important differences.

Starting with their equity portfolios (which morph over time), Balanced presently has a larger stock allocation relative to Puritan (72%

versus 67%, respectively). That difference suggests that Balanced is the riskier of the two. In addition, it has a bit more in bonds and a bit less in cash, which also adds to risk. But reducing its risk relative to Puritan is how Balanced allocates its stocks: there's a significantly smaller tech weight (19% versus 25%) which, in turn, results in the fund's lower price-earnings (P/E) ratio.

Balanced vs. Puritan <sup>1</sup>		
	Balanced	Puritan
<b>Equity Style</b>	Large Blend	Large Growth
Stocks (incl. foreign)	72%	67%
Top Sector	Tech (19%)	Tech (25%)
P/E (trailing)	21.6	26.6
<b>Bonds (all varieties)</b>	31%	28%
US Treasury	29%	20%
Investment Grade	23%	26%
High Yield	8%	16%
Duration (years)	4.7	4.7
30-day yield	1.54%	1.37%
<b>Cash</b>	2%	5%
Relative Volatility	0.73	0.72

<sup>1</sup>As of 7/31/19; figures rounded.

That, by-the-way, is emblematic of its large-cap blend focus, whereas Puritan's is large-cap growth.

And, on the bond side, Balanced

holds only half as much in high-yield (junk) bonds (8% vs. 16%).

Given the above, we might reasonably assume that Balanced is the less risky of the two, right?

Well, not so fast!

Despite all the extra risk-baggage seemingly carried by Puritan, it turns out that both funds' 3-year relative volatilities are practically identical (0.73 and 0.72).

With a bit more digging it turns out that Puritan's investment team favors much bigger stocks: its weighted median market cap is an enormous \$109 billion versus Balanced fund's \$78 billion. In addition, Puritan holds no volatile small-caps (versus nearly 3% for Puritan) and just 4% in mid-caps (versus 12% for Balanced). Of course, Puritan's 5% stake in cash also helps to taper its risk.

As to which of these funds we prefer, this is where we punt: both are rated *Buy* as Balanced and Puritan have long delivered attractive risk-adjusted returns. ■

— John Bonnanzio

## INVESTMENT STRATEGIES

### Higher Yields May Mask Credit Risk

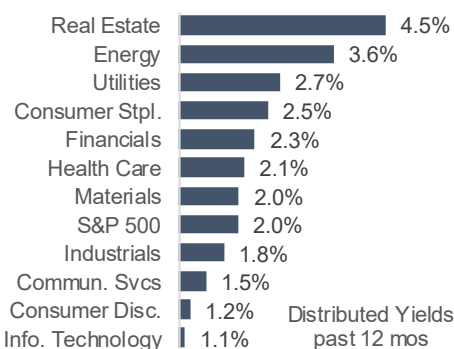
Last month the Fed cut its "overnight" rate for the second time this year; another may soon follow. At the other end of the yield curve, the 10-year Treasury has seen its yield fall this year by almost a full percentage point (to 1.68%), and the 30-year has done much the same.

As anyone who's dependent on the income from bank deposits to bonds knows, today's low rates make it more difficult to balance budgets. After all, inflation is low, but it isn't non-existent. In fact, at the current rate of inflation (1.7% through August), Social Security's COLA adjustment next year could be only modest, down significantly from 2019's adjustment of 2.8%.

Given this environment, yield-

hungry investors continue to buy high-yield bonds (see p. 11) as well as high-yielding stocks. That, and concerns over growth-stock valuations, are contributing to the performance of some of the market's highest-yielding value stocks.

Shown below are the actual distributed yields of Fidelity's MSCI sector ETFs over the past 12 months. Owing to price appreciation (+28.0%), the current 30-day SEC yield on **Real Estate ETF** is down,



but still a robust 2.96%. **Utilities ETF** sports a similar yield, and is up 24.5% this year.

Why not dive in? Yields for a stock or even an entire sector may be rich because of their credit risk.

In a recent discussion with a reader, I noted that "the market might be deceiving itself: utility dividend yields are rising just like GE's did a few years ago. But instead of realizing that this may be due to declining credit quality, stock investors are chasing it on the belief that utility monopolies will always be on firm ground." Disruption in the energy sector has created an overabundance of natural gas while driving down crude prices. That's helping utilities now, but only until their biggest customers put in solar and batteries, greatly reducing what they draw from the grid. ■

— Jack Bowers

FUND COMMENTARY

## Bonds Outpace Stocks In Third Quarter; Year-to-Date Gains Strong For Both

In a first for 2019, small- and mid-cap stock funds edged out large-caps in September, while value funds enjoyed a larger performance edge over pricier growth funds. (This is illustrated by the adjacent table.)



John Bonnanzio

This market rotation occurred amid stepped up volatility caused — at least in some part — by unrelated events both at home and abroad. They include a drone attack on Saudi oil facilities (and a jump in crude prices), a second cut in interest rates by the Fed, a brief but significant back-up in bond yields, increased scrutiny of “big tech” by Uncle Sam, and a soured IPO market.

And, at least initially, stock investors showed more concern about U.S. trade talks with China than they did with Congress’s impeachment inquiry over President Trump.

### Market Indexes

While the last full week of September saw share prices slip, stocks managed to climb a “wall of worry” for the month as the S&P 500 gained 1.9%. For the latest quarter that gauge rose 1.7%, but for the year-to-date it’s up 20.6%. Similarly, the Dow Industrials gained 2.1% last month, 1.8% for the quarter and 17.5% for the year.

As for the Nasdaq Composite, the undertow from biotech and certain areas of tech helped to submerge its performance, though the over-the-counter barometer managed to gain 0.5% last month, 0.2% for the quarter and 21.5% for the year-to-date.

### Stock Funds

Viewing stock funds from the

perspective of investment style, value funds glistened last month. The group had a few things working in its favor. The first was jittery investors who shied away from shares of pricier growth stocks, preferring less expensive value fare. For example, while **Large Cap Growth Index** fund has a trailing P/E of 24.4, **Small Cap**

Equity Style*	2019 Returns (in %)	
	1st Half	Sept.
Large Growth	21.5	0.0
Large Blend	18.8	1.7
Large Value	16.2	3.6
Mid Growth	26.1	-1.1
Mid Blend	21.4	2.0
Mid Value	18.0	4.1
Small Growth	20.4	-0.8
Small Blend	17.0	2.1
Small Value	13.5	5.1

\* Returns based on Russell indices.

**Value Index** fund’s trailing P/E is only 15.9.

Another big help were the underlying sectors that figure prominently in value funds. For example, energy funds benefited from resurgent oil prices (**Select Energy Service** popped 4.2% last month). Else-

where, low interest rates spurred lending activity thereby lifting **Banking** (up 6.7%) and **Construction & Housing** (up 3.4%).

Market-cap-wise, investors honed in on the fact that smaller-cap issues have trailed bigger-caps for well over a decade. More recently (the past 12 months), the Russell 2000 has a trailing return of -8.9% versus 4.3% for the S&P 500.

With small caps and value both in favor, **Small Cap Value Index** gained 5.1% in September while the mid-cap oriented **Value** returned 4.7%. For its part, **Stock Selector Large Cap Value** gained 3.9%.

Bringing up the rear in September were many of this year’s top-performers. With 42% in tech, the large-cap **Focused Stock** retreated 2.0%; declines of 2.3% and 1.5% weighed on **Blue Chip Growth** and **Contrafund**, respectively. And with setbacks in health care and tech, **Small Cap Growth** (down 3.4%) didn’t get any traction.

Among some of the biggest actively managed funds last month, **Growth Company** retreated 1.7% and **Magellan** was off 0.7%, although the mid-cap value-oriented **Low-Priced Stock** gained 3.6%.

*Fund Commentary cont’d on page 12*

### October Scorecard Rating Changes

Fund	Ratings			Comments
	Old	New		
Inflation-Protected Idx	S	H	↑	Core inflation has ticked up (see p. 11).
Long-Term Treas Idx	H	S	↓	Core inflation has ticked up (see p. 11).
Pimco VIT Real Ret	S	H	↑	Core inflation has ticked up (see p. 11).
Socially Conscious Funds				
U.S. Sustainability Idx	NA	B		Our ratings on these funds (and Fidelity’s other environmental, social and corporate governance funds) are not statements on their respective ESG investment goals. Rather they reflect our view as to how a particular offering may fare over the long-term relative to its peers. Fewer (and more disruptive) holdings in U.S. Sustainability may provide a slight performance edge over 500 Index fund, whereas Int’l Sustainability and Sustainability Bond should fare about as well as the Int’l Index and U.S. Bond Index funds, respectively.
Int’l Sustainability Idx	NA	H		
Sustainability Bnd Idx	NA	H		
<p><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>N/C</b> = No Change; <b>NR</b> = No Rating                      (↑) Rating upgraded; (↓) Rating downgraded.</p>				

FIDELITY SCORECARD

SEPTEMBER 30, 2019

Fund No.	Fund Ticker	Fund Name	\$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	15 Yr	
Comparative Indexes		S&P 500	2976.7		1.9	20.6	1.7	4.3	13.4	10.8	13.2	9.0	1.00
		Nasdaq Composite	7999.3		0.5	21.5	0.2	0.5	15.9	13.5	15.5	11.2	1.19
		Dow Jones Industrials	26916.8		2.1	17.5	1.8	4.2	16.4	12.3	13.6	9.5	1.02
		Russell 2000 (Small Caps)	1523.4		2.1	14.2	-2.4	-8.9	8.2	8.2	11.2	8.2	1.41
		Barclays Aggregate Bond*			-0.6	8.4	2.3	10.3	2.9	3.3	3.7	2.6	0.28
Model Portfolios		Unique Opportunities			-0.4	19.1	-1.0	-1.7	10.8	8.3	11.0	8.8	1.04
		Select Growth			0.3	20.7	0.0	0.8	12.9	10.4	13.3	10.3	1.12
		Growth & Income			-0.5	17.9	-1.5	-0.7	12.1	9.2	11.4	8.0	1.06
		Income			-0.9	12.5	-0.6	0.7	8.5	7.1	9.1	7.0	0.66
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)	
<b>LARGE CAP GROWTH</b>					<b>Average</b>	<b>-0.6</b>	<b>20.7</b>	<b>-0.0</b>	<b>0.4</b>	<b>15.1</b>	<b>11.5</b>	<b>13.9</b>	<b>1.13</b>
312	FBGRX	Blue Chip Growth	95.01	Buy	-2.3	17.3	-2.5	-1.5	16.6	12.9	15.3	1.20	\$21,761
307	FDCAX	Capital Appreciation	35.20	Hold	-0.4	18.6	-0.7	-1.0	12.4	8.7	12.7	1.05	4,588
22	FCNTX	Contrafund	12.86	Buy	-1.5	17.8	-2.4	-1.3	14.9	11.6	13.7	1.14	90,985
3	FFIDX	Fidelity Fund	47.23	Hold	0.4	21.7	2.8	3.4	13.2	10.3	11.8	1.00	4,023
333	FTQGX	Focused Stock	24.89	Buy	-2.0	19.2	-1.2	1.8	16.6	11.9	14.4	1.16	2,938
25	FDGRX	Growth Company (Closed)	19.34	Buy	-1.7	20.7	-1.3	-4.5	17.1	14.0	15.9	1.33	27,815
339	FDSVX	Growth Discovery	36.19	Buy	-0.7	20.4	-0.9	1.8	16.8	12.1	14.9	1.11	1,659
73	FDFFX	Independence	37.93	Hold	-0.7	23.0	1.8	1.8	13.4	7.9	12.0	1.10	3,430
1829	FLGEX	Lrge Cap Growth Enhcd Index	20.12	OK to Buy	-0.6	19.3	0.5	0.8	14.3	11.3	13.8	1.07	1,090
2826	FSPGX	Lrge Cap Growth Index	15.95	Buy	0.0	23.3	1.5	3.6	16.8	--	--	1.09	2,633
21	FMAGX	Magellan	10.85	Hold	-0.7	22.3	1.7	1.8	14.2	11.0	11.7	1.07	15,191
1282	FNCMX	Nasdaq Composite Index	104.72	OK to Buy	0.6	21.7	0.3	0.6	15.6	13.3	15.3	1.19	6,617
93	FOCPX	OTC	11.40	Buy	-0.0	22.8	0.7	-1.6	17.6	14.8	16.6	1.27	12,637
320	FDSSX	Stock Selector All Cap	46.11	OK to Sell	1.1	20.0	0.2	-1.0	11.9	9.3	12.2	1.10	7,670
5	FTRNX	Trend	105.81	Buy	-1.2	22.2	-0.5	1.0	15.2	12.2	14.6	1.12	1,913
<b>LARGE CAP BLEND</b>					<b>Average</b>	<b>1.6</b>	<b>18.2</b>	<b>0.4</b>	<b>1.9</b>	<b>11.1</b>	<b>8.7</b>	<b>11.9</b>	<b>1.04</b>
2328	FXAIX	500 Index	103.92	Hold	1.9	20.6	1.7	4.2	13.4	10.8	13.2	1.00	208,111
315	FDEQX	Disciplined Equity	36.66	OK to Buy	-0.2	20.2	0.4	1.1	10.4	8.0	10.5	1.01	1,172
330	FDGFX	Dividend Growth	27.94	Hold	3.6	14.4	-1.3	1.1	9.6	7.3	10.8	1.06	5,425
332	FEXPX	Export and Multinational	20.58	Hold	3.6	13.8	-1.3	0.6	9.4	8.3	10.1	1.08	1,326
3336	FIFNX	Founders Fund	10.61	OK to Buy	-2.9	6.1p	-2.9	--	--	--	--	--	17
27	FGRIX	Growth & Income	38.59	Hold	2.9	17.3	1.0	-0.4	10.1	7.9	11.7	1.08	5,829
1827	FLCEX	Lrge Cap Core Enhcd Index	15.43	OK to Buy	1.5	16.9	1.1	1.7	12.8	9.6	12.6	0.99	844
338	FLCSX	Large Cap Stock	30.94	Hold	2.8	17.5	0.4	-1.6	10.5	8.0	12.4	1.14	2,634
361	FGRTX	Mega Cap Stock	14.55	Hold	2.3	17.4	0.9	0.8	10.9	8.2	12.2	1.03	1,410
300	FMLX	New Millennium	36.54	Hold	2.0	17.1	-1.0	-0.3	10.7	8.2	12.1	0.97	2,904
2361	FSKAX	Total Market Index	84.37	OK to Buy	1.7	20.1	1.2	2.8	12.8	10.4	13.1	1.03	47,384
2941	FITLX	U.S. Sustainability Index	12.94	OK to Buy	1.7	21.1	2.5	6.9	--	--	--	--	189
3396	FWOMX	Women's Leadership	10.20	OK to Buy	0.1	2.0p	0.6	--	--	--	--	--	14
3231	FNILX	Zero Large Cap Index	10.42	OK to Buy	1.9	20.7	1.8	4.3	--	--	--	--	1,031
3227	FZROX	Zero Total Market Index	10.55	OK to Buy	1.8	20.2	1.3	3.0	--	--	--	--	3,948
<b>LARGE CAP VALUE</b>					<b>Average</b>	<b>3.0</b>	<b>15.9</b>	<b>1.4</b>	<b>2.4</b>	<b>8.8</b>	<b>7.1</b>	<b>10.2</b>	<b>0.97</b>
1271	FBCVX	Blue Chip Value	19.21	Hold	1.6	10.6	0.2	-1.8	7.2	6.4	8.7	0.93	467
319	FEQTX	Equity Dividend Income	25.41	OK to Buy	3.6	17.2	1.9	2.7	8.7	7.4	10.0	0.99	4,754
23	FEQIX	Equity-Income	59.44	OK to Buy	2.7	18.9	2.3	5.6	9.5	7.4	10.0	0.95	5,269
1828	FLVEX	Lrge Cap Value Enhcd Index	13.20	OK to Buy	3.0	15.7	1.7	2.2	10.2	7.8	11.6	1.01	3,973
2830	FLCOX	Lrge Cap Value Index	12.68	Buy	3.6	17.8	1.4	4.0	9.5	--	--	1.01	2,528
708	FSLVX	Stock Sel Large Cap Value	20.48	Hold	3.9	16.6	1.1	2.8	8.2	6.8	10.0	1.01	809
832	FVDFX	Value Discovery	28.39	OK to Buy	2.8	14.4	1.4	1.5	8.3	6.7	10.7	0.91	2,431
<b>MID-CAP GROWTH</b>					<b>Average</b>	<b>-1.3</b>	<b>25.3</b>	<b>0.0</b>	<b>6.9</b>	<b>12.2</b>	<b>10.1</b>	<b>12.3</b>	<b>1.04</b>
324	FDEGX	Growth Strategies	47.50	Buy	-1.4	25.3	0.0	6.9	12.2	10.1	12.3	1.04	2,687
3403	FMDGX	Mid Cap Growth Index	19.43	Buy	-1.2	-2.9p	--	--	--	--	--	--	7
<b>MID-CAP BLEND</b>					<b>Average</b>	<b>1.9</b>	<b>18.7</b>	<b>-0.4</b>	<b>-0.4</b>	<b>10.4</b>	<b>8.5</b>	<b>12.1</b>	<b>1.12</b>
2365	FSMAX	Extended Market Index	61.47	Buy	1.0	17.6	-1.6	-3.8	10.0	8.6	12.4	1.26	23,470
2012	FMEIX	Mid Cap Enhanced Index	14.85	OK to Buy	1.8	18.3	-0.2	0.6	9.4	7.8	12.4	1.12	1,289
2352	FSMDX	Mid Cap Index	22.63	Buy	1.9	21.9	0.4	3.2	10.7	9.1	--	1.10	11,255
337	FMCSX	Mid-Cap Stock	35.31	OK to Buy	1.6	17.8	0.2	1.3	10.6	8.7	12.1	0.91	5,244
2412	FSSMX	Stock Selector Mid Cap	36.25	OK to Buy	2.6	20.3	-0.3	0.0	11.4	8.5	11.6	1.18	349
3230	FZIPX	Zero Extended Market Index	9.47	Hold	2.2	16.5	-1.3	-4.0	--	--	--	--	432

**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>Almost a Specialty fund with 30%+ typically in foreign stocks. <sup>5</sup>Formerly Multimedia <sup>6</sup>Formerly VIP Telecommunications. <sup>7</sup>Formerly MSCI Telecom Services. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

# FIDELITY SCORECARD

SEPTEMBER 30, 2019

Fund No.	Fund Ticker	Fund Name	\$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	10Year			
<b>MID-CAP VALUE</b>					<b>Average</b>	<b>4.3</b>	<b>17.3</b>	<b>0.2</b>	<b>-2.4</b>	<b>6.8</b>	<b>5.6</b>	<b>10.8</b>	<b>1.17</b>	
316	FLPSX	Low-Priced Stock <sup>5</sup>	44.87	OK to Buy	3.6	11.7	-0.2	-3.4	7.5	6.3	11.0	0.95	\$23,029	
762	FSMVX	Mid Cap Value	21.88	OK to Sell	5.1	14.7	0.4	-3.8	5.1	4.8	11.0	1.22	1,260	
3404	FIMVX	Mid Cap Value Index	20.09	OK to Sell	4.0	0.4p	--	--	--	--	--	--	5	
39	FDVLX	Value	10.43	OK to Buy	4.7	19.9	-0.2	-2.9	6.5	5.6	10.7	1.31	6,095	
14	FSLSX	Value Strategies	37.19	Hold	3.9	22.8	0.7	0.4	8.1	5.9	10.7	1.22	320	
<b>SMALL CAP GROWTH</b>					<b>Average</b>	<b>-2.1</b>	<b>23.0</b>	<b>-2.6</b>	<b>-5.0</b>	<b>15.5</b>	<b>14.3</b>	<b>14.6</b>	<b>1.33</b>	
1388	FCPGX	Small Cap Growth (Closed)	24.92	Buy	-3.4	23.0	-2.6	-5.0	15.5	14.3	14.6	1.33	2,689	
3405	FECCX	Small Cap Growth Index	19.21	OK to Buy	-0.8	-3.9p	--	--	--	--	--	--	11	
<b>SMALL CAP BLEND</b>					<b>Average</b>	<b>1.9</b>	<b>17.3</b>	<b>-0.8</b>	<b>-4.4</b>	<b>7.8</b>	<b>7.9</b>	<b>11.0</b>	<b>1.34</b>	
384	FSCRX	Small Cap Discovery (Closed)	22.70	Hold	3.5	18.8	1.9	0.3	6.7	6.7	12.2	1.28	2,817	
2011	FCPEX	Small Cap Enhanced Index	12.22	Hold	2.4	14.5	-1.6	-8.5	6.1	7.1	11.3	1.49	606	
2358	FSSNX	Small Cap Index	19.63	Hold	2.1	14.3	-2.3	-8.8	8.4	8.4	--	1.41	9,326	
340	FSLCX	Small Cap Stock	16.91	OK to Buy	1.1	20.4	-0.7	-1.6	9.1	8.5	9.2	1.23	1,448	
336	FDSCX	Stock Selector Small Cap	23.68	OK to Buy	0.3	18.5	-1.5	-3.3	9.0	8.6	11.3	1.28	1,058	
<b>SMALL CAP VALUE</b>					<b>Average</b>	<b>5.0</b>	<b>14.4</b>	<b>1.4</b>	<b>-5.0</b>	<b>6.5</b>	<b>7.7</b>	<b>11.0</b>	<b>1.22</b>	
1389	FCPVX	Small Cap Value	14.72	OK to Sell	4.9	14.4	1.4	-5.0	6.5	7.7	11.0	1.22	1,542	
3406	FISVX	Small Cap Value Index	20.05	OK to Sell	5.1	0.2p	--	--	--	--	--	--	18	
<b>REAL ESTATE</b>														
1368	FIREX	International Real Estate	12.17	Hold	1.3	18.0	1.5	11.7	9.4	7.3	8.0	0.79	242	
833	FRIFX	Real Estate Income	12.60	Hold	1.5	16.2	4.1	12.7	7.1	7.7	9.8	0.43	2,512	
2355	FSRNX	Real Estate Index	17.41	Hold	2.7	24.6	6.8	16.3	6.5	9.6	--	1.05	2,383	
303	FRESX	Real Estate Investment	46.83	Hold	2.4	26.5	7.4	18.5	7.2	10.5	13.2	1.02	4,463	
<b>ASSET ALLOCATION</b>														
328	FASIX	Asset Manager 20%	13.53	Hold	0.0	8.1	1.3	5.2	4.1	3.7	4.7	0.25	4,985	
1957	FTANX	Asset Manager 30%	11.24	Hold	0.2	9.8	1.4	4.9	5.0	4.5	5.7	0.34	1,659	
1958	FFANX	Asset Manager 40%	11.81	Hold	0.3	11.0	1.1	4.2	5.8	5.0	6.5	0.43	1,701	
314	FASMX	Asset Manager 50%	18.30	Hold	0.6	12.3	1.0	3.4	6.5	5.5	7.2	0.53	9,027	
1959	FSANX	Asset Manager 60%	12.75	Hold	0.7	13.5	0.8	2.6	7.3	5.9	7.8	0.63	2,727	
321	FASGX	Asset Manager 70%	22.27	Hold	1.0	14.5	0.5	1.5	8.0	6.3	8.4	0.73	4,895	
347	FAMRX	Asset Manager 85%	19.50	Hold	1.2	16.2	0.3	0.2	9.1	7.0	9.3	0.88	2,284	
304	FBALX	Balanced	23.75	Buy	0.9	16.0	1.1	3.7	9.3	7.5	9.7	0.73	25,126	
355	FFNOX	Four-in-One Index	46.76	Hold	1.7	16.5	0.7	3.0	9.7	7.6	9.6	0.81	6,366	
3083	FMSDX	Multi-Asset Income	11.08	OK to Buy	0.3	15.5	2.2	10.5	5.9	--	--	0.50	39	
4	FPURX	Puritan	22.11	Buy	-0.3	13.7	0.4	0.9	9.1	7.3	9.7	0.72	21,133	
<b>INTERNATIONAL</b>					<b>Average</b>	<b>2.1</b>	<b>14.5</b>	<b>-1.1</b>	<b>1.6</b>	<b>7.1</b>	<b>5.0</b>	<b>6.6</b>	<b>1.06</b>	
309	FICDX	Canada	53.16	Hold	2.7	21.4	1.2	5.4	6.5	2.2	4.6	0.97	892	
352	FHKCX	China Region	34.57	Hold	0.7	17.3	0.0	4.1	10.2	7.0	7.8	1.48	1,057	
325	FDIVX	Diversified International	37.31	OK to Buy	1.9	17.9	0.1	1.2	6.4	4.4	5.9	0.96	9,049	
351	FSEAX	Emerging Asia	43.07	Hold	1.8	16.4	-1.8	8.8	9.9	7.4	7.5	1.21	1,011	
2053	FEMEX	Emerg Europe, MidEast, Africa	9.61	Hold	1.2	9.7	-5.3	3.4	7.7	3.0	4.6	1.18	71	
322	FEMKX	Emerging Markets	31.77	Hold	1.3	19.3	-1.2	8.5	9.6	5.8	5.1	1.19	3,717	
2374	FEDDX	Emerging Mkts Discovery	13.39	Hold	1.5	9.5	-2.3	3.0	4.7	2.6	--	1.08	206	
2344	FPADX	Emerging Markets Index	10.09	Hold	2.0	5.8	-4.5	-2.1	5.7	2.3	--	1.17	2,771	
301	FIEUX	Europe	34.91	OK to Buy	2.5	11.2	-4.5	-5.7	3.7	2.7	4.8	1.14	813	
2406	FGILX	Global Equity Income	14.26	OK to Buy	2.4	18.2	2.0	4.5	8.5	6.8	--	0.83	66	
2348	FSGGX	Global ex U.S. Index	12.68	Hold	2.8	11.6	-1.7	-1.0	6.3	3.0	--	0.94	5,989	
335	FIVFX	International Cap App	21.91	Buy	0.0	22.9	-0.2	7.7	10.1	8.3	9.2	1.02	3,146	
305	FIGRX	International Discovery	42.11	Hold	0.9	15.5	-1.2	-1.6	6.0	4.2	5.7	0.96	6,511	
2010	FIENX	International Enhanced Index	9.23	Hold	2.8	9.2	-2.8	-5.2	5.8	3.5	5.4	0.95	1,519	
1979	FIGFX	International Growth	14.54	OK to Buy	1.2	21.1	0.4	6.3	9.2	6.8	8.4	0.98	968	
2363	FSPSX	International Index	40.99	Hold	3.0	13.0	-0.9	-1.0	6.5	3.4	5.0	0.91	27,516	
818	FISMX	International Small Cap	25.98	Hold	2.8	9.7	-2.4	-4.2	5.6	6.7	8.7	0.90	1,220	
1504	FSCOX	Int'l Small Cap Opps (Closed)	18.57	OK to Buy	2.5	15.1	-0.5	-0.3	8.4	7.6	10.2	0.97	996	
2988	FNIDX	International Sustainability Idx	10.51	Hold	2.8	12.1	-1.0	-0.3	--	--	--	--	63	
1597	FIVLX	International Value	7.98	Hold	3.8	9.8	-1.6	-6.9	2.6	0.7	2.8	0.98	429	
350	FJPNX	Japan	15.28	Hold	3.2	16.6	3.0	-2.8	7.3	6.4	5.5	0.98	386	
360	FJSCX	Japan Smaller Companies	16.96	Hold	3.7	12.0	2.7	-2.3	7.6	8.6	9.5	0.85	663	
349	FLATX	Latin America	26.54	OK to Sell	3.8	23.9	1.4	28.3	10.3	0.6	-0.3	1.86	488	
342	FNORX	Nordic	45.37	OK to Sell	2.1	6.3	-3.9	-6.8	3.1	4.0	8.7	1.19	253	
94	FOSFX	Overseas	48.15	OK to Buy	1.7	17.8	-1.2	0.4	7.6	6.7	6.7	0.96	6,576	
302	FPBFX	Pacific Basin	31.49	OK to Buy	2.4	19.6	0.7	4.9	8.0	8.2	10.2	1.11	868	
2369	FTEMX	Total Emerging Markets	12.48	Hold	1.8	10.0	-3.3	4.1	5.3	3.8	--	0.95	196	
1978	FTIEX	Total International Equity	9.10	Hold	2.4	16.4	-1.1	1.8	7.0	4.7	5.8	0.98	68	
2834	FTIHX	Total International Index	11.70	Hold	2.6	11.4	-1.7	-1.6	5.9	--	--	0.94	3,070	
318	FWWFX	Worldwide	27.04	Buy	-1.2	17.0	-1.3	-0.9	11.8	8.5	10.3	1.02	2,202	
3228	FZILX	Zero International Index	9.81	Hold	2.8	11.9	-1.3	-0.7	--	--	--	--	1,172	

**FIDELITY SCORECARD**

**SEPTEMBER 30, 2019**

Fund No.	Fund Ticker	Fund Name	\$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	10Year		
<b>SPECIALTY</b>													
308	FCV SX	Convertible Securities	29.44	OK to Buy	-1.1	18.1	0.0	8.7	8.6	4.9	8.6	0.70	\$1,396
2624	FARNX	Event Driven Opportunities	10.04	Sell	-1.8	-4.3	-7.4	-24.7	1.0	3.5	--	1.28	129
2120	FFGCX	Global Commodity Stock	12.01	OK to Sell	2.6	7.2	-4.8	-10.3	5.2	-1.2	0.3	1.24	268
122	FLVCX	Leveraged Company Stock	28.95	OK to Buy	0.5	20.9	-1.0	-2.0	8.4	4.4	10.2	1.30	1,836
1329	FSDIX	Strategic Dividend & Income	15.54	Hold	1.2	16.6	2.1	7.3	8.3	7.8	10.6	0.67	3,044
1505	FSRRX	Strategic Real Return	8.43	OK to Sell	0.5	8.7	1.4	3.1	3.0	1.6	3.6	0.34	197
311	FIUIX	Telecom & Utilities	29.36	Hold	4.3	21.0	7.7	16.0	12.3	9.5	12.6	0.74	1,135
<b>SELECT PORTFOLIOS</b>					<b>Average</b>	<b>1.2</b>	<b>17.6</b>	<b>-0.6</b>	<b>-0.6</b>	<b>9.7</b>	<b>7.6</b>	<b>11.3</b>	<b>1.41</b>
34	FSAIX	Air Transportation	76.61	Hold	0.5	17.5	1.9	-2.5	14.2	10.4	16.0	1.50	285
502	FSAVX	Automotive	34.20	OK to Sell	4.2	15.0	2.7	4.7	8.2	4.3	10.2	1.25	35
507	FSRBX	Banking	26.24	Hold	6.7	20.8	1.7	-1.8	12.3	8.5	10.5	1.78	428
42	FBIOX	Biotechnology	18.39	Hold	-5.0	7.4	-9.4	-16.6	3.6	3.9	15.5	1.93	6,036
68	FSLBX	Brokerage & Investment	74.46	Hold	1.6	18.1	2.0	5.3	13.5	5.7	7.6	1.25	312
69	FSCHX	Chemicals	12.16	OK to Sell	3.3	2.8	-6.7	-14.5	4.2	2.5	11.3	1.56	894
518	FSDCX	Communications Equipment	36.60	OK to Buy	2.8	7.0	-4.5	-7.2	8.4	7.3	8.7	1.26	183
503	FBMPX	Communication Services <sup>6</sup>	62.45	Buy	-1.1	21.8	0.8	9.3	12.3	8.6	15.6	1.20	595
7	FDCPX	Computers	76.01	Hold	5.9	21.5	4.3	-1.6	15.6	10.2	12.9	1.32	492
511	FSHOX	Construction & Housing	63.12	Hold	3.4	37.5	8.6	16.9	14.6	12.7	15.1	1.26	333
517	FSCPX	Consumer Discretionary	47.12	Buy	1.0	21.0	0.7	1.8	13.6	12.1	15.4	1.21	443
98	FSVLX	Consumer Finance	17.01	OK to Buy	2.0	26.7	0.5	7.4	15.7	10.2	12.0	1.21	158
9	FDFAX	Consumer Staples	86.04	Hold	1.9	25.0	3.5	11.8	4.7	5.7	10.0	1.04	847
67	FSDAX	Defense & Aerospace	18.60	Buy	0.6	32.2	4.1	6.2	21.9	16.4	17.4	1.46	3,030
60	FSENX	Energy	34.03	OK to Sell	3.2	3.0	-8.4	-28.2	-7.2	-7.7	0.8	1.98	914
43	FSEX	Energy Service	22.00	OK to Sell	4.2	-12.2	-17.5	-50.7	-20.4	-20.7	-6.8	2.74	199
516	FSLEX	Environment & Alt Energy	24.78	OK to Sell	3.9	16.6	-3.1	1.5	10.2	8.6	9.0	1.33	166
66	FID SX	Financial Services	10.44	Buy	4.5	22.3	3.2	4.9	13.4	8.5	8.4	1.31	515
41	FSAGX	Gold	22.22	Sell	-9.9	23.0	2.5	38.1	-2.4	4.0	-4.2	1.94	1,417
63	FSPHX	Health Care	23.73	Buy	-3.3	7.6	-5.1	-8.5	9.5	8.1	16.5	1.38	6,575
505	FSHCX	Health Care Services	83.30	OK to Buy	-4.2	-5.0	-6.0	-16.9	10.1	9.4	14.3	1.50	927
515	FCYIX	Industrials	34.91	Buy	0.9	21.8	-1.9	-2.2	10.2	8.5	12.8	1.34	584
45	FSPCX	Insurance	64.76	Hold	3.6	26.1	2.6	12.8	12.4	11.1	12.8	1.02	261
353	FBSOX	IT Services	71.33	OK to Buy	-2.9	32.4	-0.1	9.9	23.2	19.7	19.2	1.19	4,002
62	FDLSX	Leisure	15.95	OK to Buy	-3.4	23.5	-0.1	11.6	15.7	11.7	15.4	1.12	528
509	FSDPX	Materials	67.00	OK to Sell	2.5	7.6	-4.2	-10.1	2.7	0.6	7.1	1.44	518
354	FSMEX	Medical Tech & Devices (closed)	55.12	Buy	-1.6	16.6	-2.4	0.5	15.4	18.0	16.8	1.35	6,328
513	FSNGX	Natural Gas	17.37	OK to Sell	2.5	-2.4	-13.1	-32.4	-12.2	-14.5	-4.5	2.01	155
514	FNARX	Natural Resources	24.97	OK to Sell	2.1	11.0	-4.9	-16.8	-4.4	-6.5	0.8	1.70	389
580	FPHAX	Pharmaceuticals	21.06	OK to Buy	0.4	12.2	-0.3	1.6	6.2	4.3	13.2	1.11	687
46	FSRPX	Retailing	16.29	OK to Buy	1.4	21.8	2.8	0.3	17.1	17.4	19.0	1.29	3,074
8	FSELX	Semiconductors	10.72	Buy	4.5	36.3	7.0	13.4	19.2	19.4	17.8	1.87	3,349
28	FSCSX	Software & IT Services	18.62	OK to Buy	-0.4	26.6	0.5	8.0	21.6	18.8	19.5	1.15	7,235
64	FSPTX	Technology	17.57	Buy	0.6	30.9	2.4	1.5	20.5	17.1	16.7	1.42	5,478
96	FSTCX	Telecommunications	59.93	Hold	0.8	14.5	2.6	0.5	4.2	6.4	9.4	0.96	229
512	FSRFX	Transportation	91.28	Hold	1.4	12.3	-0.9	-7.2	11.6	7.7	15.2	1.55	396
65	FSUTX	Utilities	97.75	OK to Sell	4.7	22.0	7.9	19.6	15.8	11.0	12.7	0.77	1,331
963	FWRLX	Wireless	10.21	Hold	2.2	24.2	5.3	8.5	13.4	9.7	11.1	0.98	278
<b>SECTOR ETFs</b>					<b>Average</b>	<b>2.2</b>	<b>19.2</b>	<b>1.5</b>	<b>4.6</b>	<b>10.2</b>	<b>8.7</b>	<b>1.22</b>	
	FCOM	MSCI Communication Services <sup>8</sup>	33.07	OK to Buy	-0.4	16.9	-0.0	5.9	7.0	8.0	--	1.14	435
	FDIS	MSCI Consumer Discretionary	45.75	Buy	1.0	20.5	0.4	1.9	14.7	12.6	--	1.19	721
	FSTA	MSCI Consumer Staples	36.61	Hold	1.8	22.4	6.0	15.6	7.5	8.9	--	0.96	635
	FENY	MSCI Energy	15.74	OK to Sell	3.9	3.4	-7.6	-23.5	-4.7	-7.3	--	1.78	422
	FNCL	MSCI Financials	40.66	Buy	4.7	19.8	2.1	3.4	14.5	10.7	--	1.41	989
	FHLC	MSCI Health Care	43.37	OK to Buy	-0.9	6.1	-3.3	-5.2	9.8	9.1	--	1.14	1,400
	FIDU	MSCI Industrials	39.86	Buy	3.0	23.3	0.8	1.0	11.6	9.8	--	1.38	437
	FTEC	MSCI Information Technology	63.77	Buy	1.4	30.7	2.7	7.2	21.7	17.6	--	1.30	2,600
	FMAT	MSCI Materials	32.33	Hold	3.5	15.6	-0.9	-1.7	7.6	5.0	--	1.29	192
	FREL	MSCI Real Estate	27.90	Hold	1.9	28.0	7.4	20.0	8.9	--	--	1.02	958
	FUTY	MSCI Utilities	42.49	Sell	4.0	24.5	8.9	25.6	13.8	13.1	--	0.84	902

**Portfolio Trades & Other Housekeeping**

To help you follow our model portfolios using your particular dollar amounts, beneath “Fidelity Fund Tools” on our website’s homepage, you’ll find our “Portfolio Calculator.” Separately, while we are eliminating recorded telephone Hotline messages at the end of this year, they will still be available to members by email and on our website: [www.fmandi.com](http://www.fmandi.com). For questions, call Member Services at 800-444-6342.

# FIDELITY SCORECARD

SEPTEMBER 30, 2019

Fund No.	Fund Ticker	Fund Name	\$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	10 Yr				
<b>TAXABLE BOND</b>					<b>Average</b>	<b>-0.5</b>	<b>7.5</b>	<b>1.9</b>	<b>9.0</b>	<b>2.6</b>	<b>2.9</b>	<b>3.4</b>	<b>2.07</b>	<b>4.8</b>	<b>0.26</b>
2267	FCONX	Conservative Income Bond	10.04	Buy	0.2	2.3	0.6	2.5	1.9	1.3	--	2.07	0.3	0.02	
2208	FCBFX	Corporate Bond	12.13	Buy	-0.6	13.5	3.0	12.7	4.8	4.8	--	2.64	7.4	0.34	
2423	FGBFX	Global Credit	9.78	Hold	-0.2	13.5	3.6	12.3	4.0	3.0	--	1.91	6.9	0.37	
15	FGMNX	GNMA (Ginnie Mae)	11.55	OK to Buy	0.1	5.1	1.0	6.9	1.9	2.4	3.2	2.36	1.9	0.18	
54	FGOVX	Government Income	10.60	Hold	-0.6	7.1	2.2	9.6	2.1	2.6	2.9	1.76	5.3	0.28	
2418	FIPDX	Inflation-Protected Index <sup>3</sup>	10.19	Hold↑	-1.1	7.7	1.5	7.2	2.1	2.4	--	0.40*	5.6	0.27	
32	FTHRXX	Intermediate Bond	11.10	Buy	-0.3	6.8	1.5	8.1	2.5	2.7	3.5	1.97	4.0	0.19	
452	FSTGX	Intermediate Gov't Income	10.70	OK to Buy	-0.5	5.1	1.1	7.2	1.7	1.9	2.2	1.46	3.7	0.20	
3045	FUAMX	Intermediate Treasury Index	11.24	OK to Buy	-0.9	8.2	2.2	12.0	2.2	3.3	3.8	1.60	6.3	0.36	
26	FBNDX	Investment Grade Bond	8.21	Buy	-0.4	9.3	2.2	10.5	3.4	3.6	4.4	2.18	5.4	0.26	
2622	FJRLX	Limited Term Bond	11.67	Buy	-0.1	5.4	1.1	6.1	2.4	2.3	3.3	2.02	2.5	0.12	
662	FFXSX	Limited Term Government	10.07	OK to Buy	-0.3	3.7	0.8	5.4	1.4	1.4	1.5	1.45	2.6	0.13	
3047	FNBGX	Long-Term Treasury Index	14.87	OK to Sell↓	-2.6	19.7	8.1	25.0	4.0	6.7	6.8	2.08	18.3	0.95	
40	FMSFX	Mortgage Securities	11.38	OK to Buy	0.0	5.7	1.2	7.8	2.3	2.8	3.6	2.37	1.8	0.20	
450	FSHBX	Short-Term Bond	8.70	OK to Buy	-0.1	3.6	0.8	4.4	1.8	1.6	1.9	1.77	1.8	0.07	
3041	FNSOX	Short-Term Bond Index	10.11	OK to Buy	-0.2	4.5	0.9	6.0	--	--	--	1.81	2.6	--	
3049	FUMBX	Short-Term Treasury Index	10.55	OK to Buy	-0.2	3.9	0.8	5.7	1.6	1.6	1.6	1.63	2.6	0.13	
3086	FNDX	Sustainability Bond Index	10.63	Hold	-0.5	8.2	2.2	10.1	--	--	--	2.24	5.4	--	
820	FTBFX	Total Bond	10.93	Buy	-0.4	9.2	2.0	9.6	3.4	3.8	4.7	2.59	5.2	0.24	
2326	FXNAX	U.S. Bond Index	11.98	Hold	-0.6	8.4	2.3	10.3	2.8	3.3	3.7	2.29	5.5	0.28	
<b>HIGH-YIELD BOND</b>					<b>Average</b>	<b>0.4</b>	<b>10.0</b>	<b>0.8</b>	<b>5.4</b>	<b>4.9</b>	<b>4.5</b>	<b>6.3</b>	<b>4.17</b>	<b>3.0</b>	<b>0.36</b>
38	FAGIX	Capital & Income	10.02	OK to Buy	0.4	14.3	1.2	5.2	6.9	5.8	8.3	3.86	3.3	0.54	
814	FFRHXX	Floating Rate High Income	9.47	Buy	0.7	7.0	1.2	3.4	4.3	3.7	4.2	5.21	0.2	0.22	
1366	FHIFX	Focused High Income	8.82	OK to Buy	0.3	13.1	1.9	8.9	5.9	5.0	6.6	3.49	2.9	0.33	
2297	FGHNX	Global High Income	9.44	OK to Buy	0.5	9.6	0.3	4.8	5.0	4.6	--	4.62	2.8	0.36	
455	SPHIX	High Income	8.88	OK to Buy	0.6	11.7	1.5	5.7	6.4	5.2	7.3	4.51	2.8	0.37	
331	FNMIX	New Markets Income	14.78	OK to Buy	0.2	7.4	-1.5	4.4	2.2	3.9	6.0	5.08	6.1	0.54	
2580	FSAHX	Short Duration High Income	9.44	OK to Buy	0.2	8.2	1.1	4.5	4.4	3.5	--	3.40	1.8	0.24	
3082	FADMXX	Strategic Income	12.49	OK to Buy	-0.0	9.0	0.8	6.2	4.2	4.1	5.3	3.21	4.2	0.27	
<b>MUNICIPAL BOND</b>					<b>Average</b>	<b>-0.7</b>	<b>6.3</b>	<b>1.5</b>	<b>7.9</b>	<b>2.7</b>	<b>3.2</b>	<b>3.8</b>	<b>1.40</b>	<b>5.1</b>	<b>0.27</b>
434	FSAZX	Arizona Muni Income	12.40	OK to Buy	-0.8	6.6	1.6	8.4	2.8	3.6	4.1	1.21	5.6	0.30	
1534	FCSTX	Calif Limited Term Tax Free	10.73	OK to Buy	-0.5	3.4	0.7	4.5	1.6	1.7	2.2	1.06	3.0	0.16	
91	FCTFX	California Muni Income	13.29	OK to Buy	-0.8	7.2	1.7	8.9	3.0	3.7	4.6	1.38	6.1	0.31	
407	FICNX	Connecticut Muni Income	11.80	OK to Buy	-0.7	7.4	1.7	8.9	2.6	3.3	3.7	1.48	5.4	0.30	
2578	FCRDXX	Conservative Income Muni	10.05	Buy	0.0	1.5	0.4	2.0	1.2	0.9	--	1.25	0.6	0.04	
36	FLTMXX	Interm Municipal Income	10.65	Buy	-0.7	5.9	1.3	7.6	2.7	2.9	3.4	1.41	4.6	0.25	
404	FSTFX	Limited Term Muni Income	10.69	Buy	-0.6	3.4	0.5	4.5	1.7	1.6	1.9	1.12	2.8	0.15	
429	SMDMXX	Maryland Muni Income	11.67	OK to Buy	-0.8	6.5	1.6	8.3	2.6	3.5	3.6	1.26	5.7	0.30	
70	FDMMXX	Mass Muni Income	12.44	OK to Buy	-0.8	6.5	1.5	8.1	2.6	3.4	4.0	1.40	5.7	0.30	
81	FMHTX	Michigan Muni Income	12.53	OK to Buy	-0.8	6.7	1.6	8.6	3.1	3.6	3.9	1.42	5.7	0.29	
82	FIMIX	Minnesota Muni Income	11.94	OK to Buy	-0.7	6.7	1.6	8.5	2.8	3.2	3.5	1.27	5.7	0.28	
3469	FMBIX	Municipal Bond Index	20.07	OK to Buy	-0.9	0.7p	--	--	--	--	--	1.70	--	--	
37	FHIGX	Municipal Income	13.46	OK to Buy	-0.8	7.9	1.8	9.6	3.5	4.0	4.5	1.67	6.3	0.33	
416	FNJHXX	New Jersey Muni Income	12.36	OK to Buy	-0.9	7.9	1.8	9.8	3.7	4.0	4.1	1.46	5.8	0.32	
71	FTFMXX	New York Muni Income	13.56	OK to Buy	-1.0	7.3	1.7	9.2	2.9	3.6	4.0	1.34	6.1	0.31	
88	FOHFX	Ohio Muni Income	12.42	OK to Buy	-0.8	6.5	1.6	8.4	2.8	3.8	4.2	1.47	5.8	0.31	
402	FPXTX	Pennsylvania Muni Income	11.48	OK to Buy	-0.7	7.4	1.9	9.2	3.2	3.7	4.2	1.54	6.3	0.28	
90	FTABX	Tax-Free Bond	11.94	OK to Buy	-0.9	7.9	1.8	9.8	3.5	4.1	4.6	1.79	6.3	0.32	

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

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC
			Sep	YTD	%Yield
55	FDRXX	Gov't Cash Reserves	0.15	1.53	1.68
458	SPAXX	Government MM	0.14	1.49	1.63
2742	FZFX	Treasury MM	0.15	1.49	1.62
415	FDLXX	Treasury Only MM	0.14	1.45	1.62
PRIME MONEY MARKETS					
454	SPRXX	Money Market*	0.15	1.61	1.75
*Available in premium class shares (FZDXX) with a \$100,000 minimum (\$10,000 for certain Fidelity retirement accounts) and lower expenses.					
NATIONAL MUNICIPAL MONEY MARKETS					
10	FTEXX	Municipal Money Market	0.09	0.94	1.19
275	FMOXX	Tax-Exempt MM	0.08	0.89	1.16

STATE MUNICIPAL MONEY MARKETS			Total Return (%)		SEC
			Sep	YTD	%Yield
433	FSAXX	Arizona Muni MM	0.08	0.84	1.10
97	FCFX	California Muni MM	0.08	0.82	1.08
457	FSPXX	California AMT Tax-Free	0.09	0.91	1.14
418	FCMXX	Connecticut Muni MM	0.08	0.95	1.12
426	FMSXX	Mass AMT Tax-Free	0.09	0.95	1.25
74	FDMXX	Massachusetts Muni MM	0.08	0.92	1.08
420	FMIXX	Michigan Muni MM	0.07	0.79	1.06
417	FNJXX	New Jersey Muni MM	0.08	0.88	1.03
423	FSJXX	New Jersey AMT Tax-Free	0.09	0.94	1.15
92	FNYXX	New York Muni MM	0.08	0.86	1.11
422	FSNXX	New York AMT Tax-Free	0.09	0.96	1.25
419	FOMXX	Ohio Muni MM	0.08	0.94	1.07
401	FPTXX	Pennsylvania Muni MM	0.08	0.82	1.10

**FIDELITY SCORECARD**

**SEPTEMBER 30, 2019**

Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Sep	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model					0.4	20.8	-0.0	0.9	13.1	11.0	13.0	1.09
	Annuity Growth Model					-0.4	18.1	-1.6	-0.1	11.8	9.0	11.2	1.07
	Annuity Growth & Income Model					-0.3	12.8	0.3	1.6	7.1	6.2	8.1	0.65
	Annuity Income Model					-0.3	9.0	0.8	3.7	3.8	3.8	5.0	0.31
9067	FLRQC	Fid VIP Asset Manager	Allocation	21.33	Hold	0.5	11.9	0.8	3.0	6.1	4.4	6.7	0.53
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	22.28	Hold	0.9	14.2	0.4	1.1	7.6	4.9	7.8	0.73
9069	FJBAC	Fid VIP Balanced	Allocation	26.75	Buy	0.8	15.7	0.9	3.1	8.9	7.1	9.3	0.74
9461	FBIQC	Fid VIP Bond Index	Bond	11.02	Hold	-0.6	8.1	2.2	9.9	--	--	--	--
9173	FVTAC	Fid VIP Communication Services <sup>7</sup>	Sector	19.16	Buy	-1.0	21.9	0.7	10.1	7.3	8.1	10.4	1.09
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	35.53	Buy	1.0	20.8	0.6	1.5	13.3	11.8	15.0	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	28.23	Hold	1.8	24.9	3.3	11.7	4.5	7.7	10.8	1.04
9065	FPDFC	Fid VIP Contrafund	Large Growth	30.26	Buy	-1.3	19.2	-0.7	-0.1	11.3	8.7	11.4	1.05
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	21.14	Hold	2.4	14.2	-1.7	-8.8	5.7	6.6	10.7	1.49
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	32.24	Hold	-0.4	18.4	-0.7	-1.2	12.0	8.1	12.5	1.05
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	11.11	Hold	2.5	16.6	-2.7	6.2	8.5	5.0	4.5	1.19
9085	FJLLC	Fid VIP Energy	Sector	12.58	OK to Sell	3.2	2.9	-8.4	-28.1	-7.2	-7.8	0.6	1.97
9061	FLOLC	Fid VIP Equity-Income	Large Value	23.60	Buy	2.6	18.4	2.2	5.1	9.1	6.9	10.3	0.95
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	9.76	Buy	1.9	15.8	-1.6	-4.6	--	--	--	--
9083	FONNC	Fid VIP Financial Services	Sector	15.19	Buy	4.5	22.0	3.1	4.5	13.1	8.3	8.3	1.31
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	11.87	Buy	0.7	6.9	1.2	3.3	3.8	3.5	--	0.22
9157	FMPAC	Fid VIP FundsManager 20	Allocation	16.26	Hold	-0.2	7.8	1.2	5.1	3.7	3.3	4.0	0.25
9158	FMPBC	Fid VIP FundsManager 50	Allocation	19.02	Hold	0.1	11.8	0.8	3.1	6.1	5.0	6.5	0.52
9197	FMPCC	Fid VIP FundsManager 60	Allocation	18.19	Hold	0.3	13.2	0.5	2.4	6.9	5.7	7.4	0.62
9159	FMPDC	Fid VIP FundsManager 70	Allocation	20.20	Hold	0.5	14.2	0.4	1.3	7.6	6.1	8.0	0.71
9160	FMPDC	Fid VIP FundsManager 85	Allocation	20.88	Hold	0.9	16.0	0.1	0.2	8.8	6.9	9.0	0.86
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	11.70	--	0.1	1.4	0.4	1.9	1.0	0.6	0.3	0.02
9062	FMNDC	Fid VIP Growth	Large Growth	34.26	Buy	-0.8	20.3	-1.1	1.5	16.6	11.9	14.6	1.12
9070	FLFNC	Fid VIP Growth & Income	Large Blend	27.19	Hold	2.8	16.8	0.8	-0.9	9.7	7.5	11.3	1.08
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	39.74	Buy	-3.4	22.2	-2.9	7.9	22.1	15.7	16.9	1.20
9084	FPDRC	Fid VIP Health Care	Sector	45.13	Buy	-3.8	5.6	-6.3	-10.3	9.0	7.7	16.1	1.39
9060	FBBLC	Fid VIP High Income	High-Yield Bond	22.33	OK to Buy	0.5	12.1	1.4	6.3	5.4	4.5	6.7	0.36
9064	FXVLT	Fid VIP Index 500	Large Blend	31.04	Hold	1.8	20.2	1.6	3.9	13.0	10.5	12.9	1.00
9082	FBALC	Fid VIP Industrials	Sector	36.30	Buy	0.9	21.6	-1.9	-2.4	9.9	8.4	12.7	1.34
9473	FFIQC	Fid VIP International Index	Diversified Int'l	9.64	Hold	2.8	11.6	-1.4	-1.1	--	--	--	--
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	22.32	Buy	-0.0	22.8	-0.2	7.5	9.9	8.1	8.9	1.01
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	17.67	Buy	-0.5	8.8	2.1	9.6	3.0	3.3	4.0	0.26
9172	FVMAC	Fid VIP Materials	Sector	19.09	OK to Sell	2.5	7.4	-4.2	-10.3	2.4	0.2	6.9	1.43
9071	FNBSJ	Fid VIP Mid Cap	Mid Blend	28.29	Buy	2.7	14.5	-2.3	-8.0	7.1	6.1	9.8	1.22
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	18.09	OK to Buy	1.7	16.9	-1.4	-0.3	7.0	4.2	5.7	0.97
9072	FFWKC	Fid VIP Real Estate	Sector	27.68	Hold	2.2	25.4	7.0	15.2	5.8	8.6	12.2	1.06
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	20.73	OK to Buy	-0.0	8.9	0.8	6.0	3.8	3.7	4.8	0.27
9086	FYENC	Fid VIP Technology	Sector	51.90	Buy	0.6	30.8	2.4	1.7	21.2	16.7	16.3	1.42
9465	FTMJC	Fid VIP Total Market Index	Large Blend	10.78	OK to Buy	1.8	19.7	1.2	2.6	--	--	--	--
9087	FXRRC	Fid VIP Utilities	Sector	35.98	OK to Sell	4.6	22.0	8.0	19.5	15.5	10.8	12.5	0.78
9079	FKMSC	Fid VIP Value	Large Value	23.85	OK to Buy	4.1	19.5	0.7	-0.6	7.7	6.4	10.6	1.13
9073	FRBSC	Fid VIP Value Strategies	Mid Value	24.45	Hold	3.9	22.3	0.6	-0.0	7.8	5.2	10.2	1.21
9347	FBMEC	Black Rock Global Allocation	Global Allocation	14.08	Hold	0.8	10.9	0.4	2.6	5.1	3.4	5.2	0.56
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	11.30	Hold	0.6	0.4	-2.5	1.9	3.3	0.0	3.4	0.50
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.91	Hold	-0.1	5.0	1.3	6.7	1.4	1.5	1.9	0.18
9285	FIGXC	Invesco Global Core Eqty	Global Stock	13.78	Hold	1.5	13.5	-1.4	-3.7	5.5	4.1	5.6	1.07
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	15.81	Hold	3.6	6.0	-3.9	-0.1	2.4	-0.1	2.7	1.20
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	20.11	OK to Buy	-0.7	11.5	0.2	9.3	2.8	3.6	4.9	0.52
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	14.17	Hold	2.0	7.5	-2.3	0.6	3.1	1.2	2.9	1.11
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	14.57	Hold	1.0	10.7	-0.6	3.2	5.9	2.9	5.2	0.58
9346	FPMEC	Pimco Commodity Real Return	Commodities	5.53	Hold	0.6	5.3	-2.6	-7.3	-2.0	-7.7	-3.1	0.71
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	12.08	Buy	0.1	3.6	0.9	4.0	1.5	1.2	--	0.09
9277	FPNBC	Pimco VIT Real Return	TIPS	13.77	Hold	-1.0	7.3	1.0	6.0	1.9	1.8	--	0.25
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	14.50	Hold	-0.4	8.4	2.2	9.5	3.1	3.2	--	0.26

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	22%	VIP Contrafund	28%	VIP Floating Rate Hi Inc	21%	Pimco VIT Low Duration	34%
VIP Cons Discretionary	19	VIP Growth Opps	28	VIP Int'l Cap App	20	VIP Contrafund	26
VIP Comm Services	17	VIP Extended Market	26	VIP Contrafund	20	VIP Investment Grade	21
VIP Financial Services	15	VIP Equity-Income	18	VIP Growth Opps	19	VIP Floating Rate Hi Inc	19
VIP Health Care	14			VIP Investment Grade	10		
VIP Industrials	13			Pimco VIT Low Dur	10		
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>Sep: 0.4% YTD: 20.8%</b>		<b>Sep: -0.4% YTD: 18.1%</b>		<b>Sep: -0.3% YTD: 12.8%</b>		<b>Sep: -0.3% YTD: 9.0%</b>	

## FIXED INCOME

### Floating Is In High Yield's Sweet Spot

Relatively speaking, last year **Floating Rate High Income** [FFRHX] was a superstar! While high-yield bonds fell about 2%, and the funds' high-yield peers retreated from -2.4% to -7.8%, Floating Rate eked out a gain of 0.1%!

So far this year, the fund is faring significantly better — at least in absolute terms. Up 7.0%, a generally healthy appetite for risk assets combined with investors' desire for higher yields (see p. 4) have made Floating Rate a laggard versus its riskier peers. Notably, **Capital & Income** (whose return has been turbocharged by its 21% stake in stocks) is up 14.3% this year.

So why not trade Floating Rate for that or another high-yield fund?

The answer comes down to risk.

Keeping in mind that all bond funds expose investors to varying degrees of credit- and interest-rate-risk, Floating Rate is the most conservative on both counts — especially interest-rate-risk.

And, relatively speaking, there's not exorbitant credit risk there, either. Granted, high-quality investment-grade bonds are non-existent. (which is what you'd expect from a high-yield fund). Still, almost 90%

of Floating Rate's assets are rated BB and B (which is not much different from its cohorts) and just 6% are rated CCC and below.

**T**he key to Floating Rate's performance is that the interest rates paid on its high-yield bank loans are not fixed, but rather float with the benchmark to which a particular note is linked (such as the Fed Funds rate or LIBOR). So while many bond funds saw their returns suffer in 2018 amid rising rates, Floating Rate offered some relief because its interest payments were continuously reset higher.

This year, of course, interest rates have fallen, sending most conventional bond prices higher. But the super-short-term bank notes held in this fund were reset lower. While this diminished the fund's yield and ultimately weighed on its total return (dividends plus capital appreciation), the fund's co-managers are conservative in that they maintain a below-benchmark weighting in lower-rated (CCC) leveraged loans. That, coupled with excellent high-yield credit analysis has provided strong risk-adjusted returns for the fund's shareholders. ■

Of course, that credit risk is what drives its current yield of 5.21%. And if it were only holding high-credit-quality securities, its yield would resemble **Conservative Income Bond's**, which was a far more modest 2.07% at month-end.

None of this is meant to suggest that Floating Rate is magically risk-resistant. It's not. Indeed, when investors have been worried that the economy is slowing and that credit quality might deteriorate as a result, this fund suffered. In fact, the asset class has experienced outflows during the first half of 2019 (though this has been somewhat countered by reduced supply). Falling interest rates have also weighed on its yield and ultimately its returns (see box).

#### Action Recommendation

Floating Rate is our only *Buy*-rated high-yield fund (the rest are rated one notch below). With the U.S. economy healthy, loan defaults remain low: just over 1% versus a long-term average of roughly 3%. Within this investment landscape the fund provides the best balance between downside risk and potential reward. Bottom line: It's still a good fit for our income-oriented model portfolios. ■

— John Bonnanzio

**Note:** See p. 12 for manager changes at several high-yield funds.

## BOND RATINGS

### Inflation And Bonds

If you have gray hair, you likely recall when double-digit inflation (and double-digit unemployment and soaring oil prices) came to convulse the U.S. economy. In response, President Ford rolled out his Whip Inflation Now buttons, and later President Carter donned a heavy sweater. Eventually, the Fed raised interest rates to above 10% and oil prices receded.

While last month's drone strike on Saudi Arabia briefly spiked oil

prices, put your mind at ease: The 1970s haven't returned!

The Fed cut rates last month because of fears of slowing U.S. growth amid trade woes and slowing growth abroad. Foreign central banks are trying to stimulate bank lending via negative interest rates. Global inflation is also being checked by technology (notice that iPhones have gotten cheaper?) which is helping to create abundance out of scarcity.

Granted, a tight labor market and states raising their minimum wages are exerting small upward pressures on prices. And, eventual-

ly, U.S. tariffs on imports may push prices higher on things sold by Walmart and Amazon alike. Notably, for the 12 months through August, producer prices advanced 1.8%. Similarly, rising health care costs and rents have pushed prices at the consumer level higher, too.

While there's no reason for alarm, we're nonetheless motivated to modestly upgrade **Inflation-Protected Index** fund to *Hold*. Conversely, we've downgraded Fidelity's most interest-rate-sensitive bond fund, **Long-Term Treasury Index**, to *OK to Sell*. ■

— John Bonnanzio



## Inside Fidelity

**Manager Changes** — Perhaps triggered by the end-of-year retirement of Manager John Carlson of **New Markets Income**, a reshuffling of

### DIVIDEND UPDATE

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

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

*The final distributions for September were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Blue Chip Growth	9/13	3.595	98.14
Blue Chip Value	9/6	0.207	19.20
Dividend Growth	9/13	1.033	28.71
Growth & Inc	9/6	0.297	38.27
Growth Strategies	9/6	0.063	49.00
Int'l Real Estate	9/13	0.486	12.05
Low-Priced Stock	9/13	3.657	45.39
OTC	9/13	0.837	11.65
Real Estate Idx	9/6	0.264	17.21
Real Estate Inc	9/6	0.256	12.51
Real Estate Invest	9/6	1.428	46.38
Small Cap Growth	9/13	1.191	25.74
Small Cap Value	9/6	0.303	14.30
Value Discovery	9/6	0.389	28.13
MSCI Comm Svcs	9/20	0.072	33.55
MSCI Cons Disc	9/20	0.138	45.78
MSCI Cons Staple	9/20	0.231	36.30
MSCI Energy	9/20	0.149	16.13
MSCI Financials	9/20	0.265	40.77
MSCI Health Care	9/20	0.169	44.12
MSCI Industrials	9/20	0.186	39.80
MSCI Info Tech	9/20	0.185	63.84
MSCI Materials	9/20	0.162	32.28
MSCI Real Estate	9/20	0.225	27.76
MSCI Utilities	9/20	0.289	42.36

managerial responsibilities continues to unfold within Fidelity's high-yield research group.

For starters, Alex Karam joins Harley Lank as co-portfolio manager on the High Income Central Fund. Though it's not a retail offering, it is the U.S. high yield sub-portfolio of **Global High Income** (where Carlson is relinquishing his lead manager role).

Elsewhere, Brian Chang joins Mark Notkin as co-portfolio manager on **Capital & Income, Leveraged Company Stock**, and the high-yield sub-portfolio of the team-run **VIP Strategic Income**. (For the record, we categorize Leveraged Co. as a Specialty fund — not as a high-yield bond fund — because it holds the equity of companies with distressed balance sheets.)

**Cash Sweep** — In an era of miniscule interest rates, Fidelity has stepped in front of its competitors by automatically directing new customers' cash into higher-yielding options. (Existing clients can already choose such options for them-

selves.) For example, customers with brokerage and certain retirement accounts may now opt to have their cash swept into **Gov't Money Market** [SPAXX] which yielded 1.63% at the end of September. Typical default sweeps at Schwab and elsewhere yield a mere fraction of that as cash is deposited into affiliated banks that pay very little interest.

**Legal Settlement** — MIT has settled a class-action lawsuit that alleged a quid pro-quo between Fidelity's record-keeping division and the university's retirement program. The challenge stems from Fidelity's \$5 million donation to MIT in 2015. It allegedly followed the school's decision to disallow competitive bids for Fidelity's record-keeping services. (Fidelity funds are not part of MIT's retirement plan.) Further complicating matters is that Fidelity chairman, Abigail Johnson, is a "life member" on MIT's board of trustees. In settling the case out of court, MIT avoids the thorny matter of having Johnson testify in court. ■

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

#### Fixed Income Funds

High yield funds benefited modestly from confidence in the economy — most funds posted fractional gains. But with bond yields backing up last month (the yield on the 10-year Treasury jumped 18 basis points to 1.68%), **U.S. Bond Index** fell 0.6%. For its part, **Long-Term Treasury Index** retreated 2.6% last month, trimming the fund's gargantuan year-to-date gain to 19.7%.

Municipal bond funds also struggled with **Municipal Bond Index** declining 0.9%. Most state muni funds also fell fractionally.

As for Fidelity's shortest-term bond funds and money market offerings, the Fed's two easings continue to pare their yields. The ultra-short-term **Conservative Income** and **Conservative Income Muni**, which are only a bit more risky than money funds, were flat for the month (up 0.2% and 0.0%, respectively). But their yields are now only 2.07% and 1.25% apiece. Meanwhile, ultra-safe **Treasury Only Money Market's** yield has fallen to 1.62%, down from 1.99% at the start of 2019. For its part, the prime **Money Market** fund's yield is now 1.75%, down from 2.25% nine months ago. ■

— John Bonnanzio

*Fidelity Monitor & Insight* (ISSN 0892-2934) is published monthly for \$249 per year by **Independent Fidelity Investors Inc (IFI)**.

**Executive Editor:** Jack Bowers **Editors:** John Boyd, John Bonnanzio **Production & Design:** Kim Dowgos, Sherraden Marston **Webmaster:** Kim Dowgos. All material presented is compiled from sources believed reliable, but accuracy cannot be guaranteed. Before buying any mutual fund, you should read its prospectus carefully. IFI does not render legal, accounting or tax advice. Copyright ©2019. Reproductions in whole or in part are prohibited except by permission. Send address changes to *Fidelity Monitor & Insight* P.O. Box 19189 Reno, NV 89511.

**Editorial Questions:** editorial@fmandi.com **Subscription Questions:** memberservices@fmandi.com or 800-444-6342