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Years

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# FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

NOVEMBER 2013

PUBLISHED SINCE 1985

## MESSAGE FROM JACK

### Stocks: Long-Term Expectations

It's been five years since the financial crisis hit, which means 5-year performance figures now measure from the depths of the plunge. The S&P 500's 15.2% annual return is more a reflection of the market's return to normal valuation levels than an indication of its sustainable long-term return. Over longer periods of time, valuation effects wash out, and stock market returns reflect the combined impact of inflation, corporate earnings, and shareholder compensation. For example, since the end of WWII inflation rose 4% per year, earnings growth exceeded inflation by just under three percentage points, and reinvested dividends added a little over four points on top of that. That's an average annual return of 11% for the S&P since the end of 1945. So what are reasonable long-term expectations going forward?



Jack Bowers

- **Inflation.** Technology advances allow productivity to run higher (we can produce more with less labor), and we are seeing the beginnings of a surge in technology-driven efficiency (which should allow us to produce more using less energy). Together these factors should allow long-term inflation to run at just 2% per year. So far the Fed's bond-buying programs have diluted the dollar about 1% per year, but I see little chance for any long-term impact.

- **Earnings.** Margins are at record levels (due to low interest rates) and competition may limit growth. On the flip side, technology makes it easier to cut costs and outsource non-critical functions. I think earnings will have the potential to outpace inflation by two percentage points.

- **Shareholder compensation.** The current S&P 500 dividend yield is a little over 2%, while stock buybacks could boost earnings per share growth (net of dilution) by nearly 2% per year. I think four percentage points is still a reasonable long term assumption for this factor.

Put it all together, and my estimate for a sustainable S&P 500 return is 8% per year, or 6 percentage points better than inflation. Fidelity's actively managed stock funds have the potential to do better, but that's a topic for a future issue.

Sincerely,

## MARKET OUTLOOK

### Is The Market Getting Frothy?

There were some wobbles during the government shutdown, but the debt ceiling crisis was averted (at least temporarily) and the market ended October just off record highs. Nothing it seems, not even a Congress bent on self-destruction, can stand in its way. In fact, the whole mess in Washington may have helped stocks in that it featured prominently in the Fed's decision not to taper its bond-buying program. And since we may face a similar situation a few months down the road, tapering may be off the table until sometime in 2014.



John M. Boyd

With each new high in the markets (the S&P 500 has hit 33 so far this year!), more pundits come out of the

*Year-end Distribution Estimates are on page 4.*

woodwork to warn of imminent doom. The market is just another Fed-induced bubble ready to burst, they say. The fundamentals just don't support the level of stock prices. After all, if the economy is only growing at a snail's pace, why should the market be up over 25% so far this year?

While I do have some concerns here, particularly around investor sentiment, I think the fundamental case for stocks actually remains quite positive. Let's take a look at some of the key drivers of stock prices.

### Economic Growth

The economy is far from robust, but the recession many called for has not materialized and the economy continues to grind slowly higher. The government shutdown will likely reduce growth in the fourth quarter, but that effect should be temporary (assuming we don't have another shutdown in early 2014!). While the long-awaited acceleration in the economy has not materialized either, the current modest growth is still positive for stocks. In fact, one could argue that such modest growth is actually a "Goldilocks" scenario — strong enough to help corporate earnings, but weak enough to keep interest rates and inflation in check and the Fed in full support mode.

### Interest Rates

Interest rates have been rising this year and the trend

**Market Outlook** *cont'd on page 3*

**Unique Opportunities** Target Risk: 1.20 (Current: 1.16) Foreign Holdings: 7.8% YTD Return: 28.3%

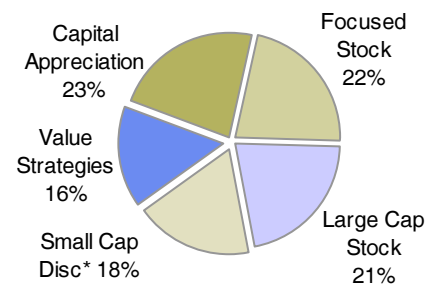
Stocks: 97.1% Bonds: 0.1% Cash: 2.9% Alternatives: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Oct Ret
Capital Appreciation	FDCAX	\$37.29	2,248.54	\$83,848	3.6%
Focused Stock	FTQGX	19.61	4,075.82	79,927	2.9
Large Cap Stock	FLCSX	26.03	2,989.36	77,813	4.1
Small Cap Discovery*	FSCRX	30.87	2,069.16	63,875	4.1
Value Strategies	FSLSX	38.95	1,483.28	57,774	3.3

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

**Current Value (3/31/99 = \$100,000) \$363,237 3.6%**

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



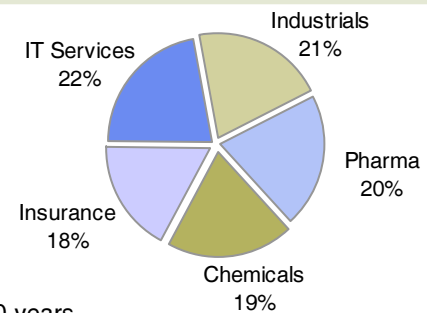
**Select** Target Risk: 1.20 (Current: 1.16) Foreign Holdings: 19.7% YTD Return: 27.5%

Stocks: 98.7% Bonds: 0.1% Cash: 1.3% Alternatives: 0.0% Yield: 0.3%

Holdings	Ticker	NAV	Shares	Value	Oct Ret
IT Services	FBSOX	\$34.76	14,909.73	\$518,262	3.1%
Industrials	FCYIX	32.45	14,887.17	483,089	3.9
Pharmaceuticals	FPHAX	19.32	24,472.56	472,810	3.8
Chemicals	FSCHX	142.90	3,157.01	451,137	3.7
Insurance	FSPCX	68.30	6,004.48	410,106	4.4

**Current Value (12/31/88 = \$100,000) \$2,335,404 3.8%**

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



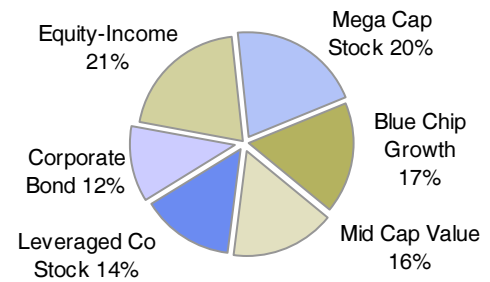
**Growth** Target Risk: 1.00 (Current: 1.04) Foreign Holdings: 7.6% YTD Return: 20.7%

Stocks: 85.0% Bonds: 11.9% Cash: 3.1% Alternatives: 0.0% Yield: 1.1%

Holdings	Ticker	NAV	Shares	Value	Oct Ret
Equity-Income	FEQIX	\$56.70	6,449.15	\$365,667	2.8%
Mega Cap Stock	FGRTX	14.89	23,748.62	353,617	4.4
Blue Chip Growth	FBGRX	60.92	4,931.36	300,418	4.3
Mid Cap Value	FSMVX	23.30	12,017.19	280,000	3.9
Leveraged Co Stock	FLVCX	41.30	6,096.40	251,781	3.4
Corporate Bond	FCBFX	11.06	18,442.43	203,973	1.6

**Current Value (12/31/86 = \$100,000) \$1,755,457 3.5%**

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



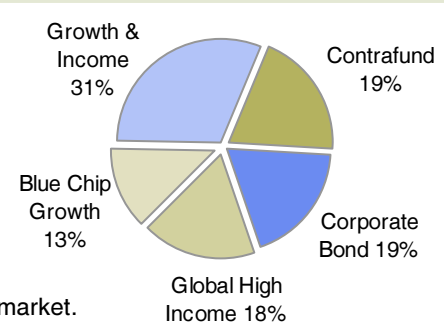
**Growth & Income** Target Risk: 0.66 (Current: 0.75) Foreign Holdings: 15.2% YTD Return: 16.2%

Stocks: 63.3% Bonds: 17.9% Cash: 2.2% Alternatives: 16.6% Yield: 2.1%

Holdings	Ticker	NAV	Shares	Value	Oct Ret
Growth & Income	FGRIX	\$26.66	5,645.98	\$150,522	4.1%
Contrafund	FCNTX	97.83	943.15	92,268	4.9
Corporate Bond	FCBFX	11.06	7,943.32	87,853	1.6
Global High Income	FGHNX	10.11	8,247.74	83,385	2.6
Blue Chip Growth	FBGRX	60.92	987.68	60,169	4.3

**Current Value (12/31/93 = \$100,000) \$474,197 3.5%**

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



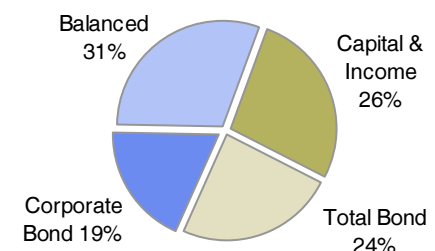
**Income** Target Risk: 0.33 (Current: 0.43) Foreign Holdings: 10.2% YTD Return: 1.3%

Stocks: 25.9% Bonds: 50.2% Cash: 2.9% Alternatives: 20.9% Yield: 2.9%

Holdings	Ticker	NAV	Shares	Value	Oct Ret
Balanced	FBALX	\$22.24	4,540.87	\$100,989	3.2%
Capital & Income	FAGIX	9.78	8,970.02	87,727	2.9
Total Bond	FTBFX	10.56	7,364.35	77,768	1.1
Corporate Bond	FCBFX	11.06	5,485.75	60,672	1.6

**Current Value (12/31/91 = \$100,000) \$327,156 2.3%**

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

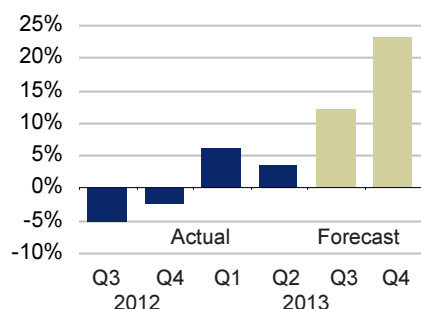


is higher — although rates on the 10-year Treasury are now down about 50 basis points from their high of almost 3% reached in September. Nevertheless, rates remain extremely low by historical standards and we expect the rate of increase to be modest — in line with the economy. This is especially true with the Fed continuing to keep short rates near zero and with tapering seemingly now off the table for some time. At these low rates, bonds offer less competition for stocks, and corporations benefit from low borrowing costs.

### Corporate Earnings

Earnings growth for the S&P 500 in the first half of this year was modest and the trend was poor with the second quarter only 3.7% ahead of the prior year's quarter. But with about half of the S&P 500 reporting to date, the 3rd quarter is running 12% higher

**S&P 500 Quarterly Earnings  
(Year over Year Growth)**



than a year ago. While the estimate for the fourth quarter of 23% growth is probably still too high, the trend should remain positive.

### Valuations

The P/E of the S&P 500 based on trailing 12 months earnings (using estimates for the 3rd quarter) is 17.2. That is less attractive than the 16.9 of last July, and a lot less attractive than the 14.7 at the beginning of the year. However, it is still less than the average of 18.7 since 1988. Moreover, compared to bonds, stocks remain very attractive. At 5.4%, the earnings

## FUNDS YOU SHOULD BUY NOW

**Growth:** **Blue Chip Growth**, **Cap App** and **Growth Company** for large-cap growth; **Contrafund** is a more conservative approach to equities. **Leveraged Company Stock** and **Value Strategies** are, admittedly, higher-risk plays on financially distressed but improving mid-caps. Our favored alternatives to the closed **Small Cap Discovery** fund are **Small Cap Enhanced Index** and **Mid Cap Value**.

**Growth & Income:** **Equity-Income**, **Growth & Income**, **Mega Cap Stock** all seek growth and yield from larger-cap stocks (see box on p. 12).

**Bond:** **Short-Term Bond** limits interest-rate risk. **Corporate Bond** holds investment-grade (though interest-rate-sensitive) bonds. **Total Bond** provides the greatest bond diversification as it holds (mostly) US government debt, followed by corporates, mortgages and foreign debt, too.

**High Yield:** More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** will boost portfolio yield, though its goal includes capital appreciation. ■

yield on the S&P 500 is more than twice the 10-year Treasury's yield of 2.53%. Historically, the two yields tend to be the same.

### Investor Sentiment

This is an area that is getting a lot of attention of late and one that does concern me, too. A recent AAI Survey showed that 49% of individual investors were bullish while just 18% were bearish. This compares to long term averages of 39% bullish and 30% bearish. There are a number of signs of excessive optimism on the part of professionals as well such as the number buying puts (the right to sell a stock at a fixed price) versus calls (the right to buy a stock). While this much bullishness is worrisome, it typically is only a short-term indicator rather than a harbinger of a long-term shift in market direction. And, the AAI survey data has been extremely volatile this year. It does suggest, however, that investors should at least be prepared for some potential short-term weakness.

As an aside, one argument for excessive bullishness — large inflows to stock funds — is misplaced. While the ICI reports that over \$100 billion has flowed into stock funds this year, only \$5 billion of that went to US stock funds, the rest went to international funds. In fact, since January, which

saw inflows of \$18 billion, investors have pulled \$13 billion out of domestic stock funds with \$8 billion of that in October alone. That does not look to me like a group of over-exuberant stock investors.

### Long-Legged Bull

The current bull market has now reached 1,697 days — a bit longer than the average of 1,639 days since 1947, but less than the average of 2,118 days for the last five bulls. In short, this bull is certainly no spring chicken, but it's not necessarily an octogenarian either. What about a correction? We have now gone over 520 days without a 10% pullback. That seems like a lot, but over the past 25 years there have been two correctionless periods over twice as long as that.

### On Balance Still Positive

Looking at everything, as long as the economy continues to make modest progress and interest rates stay well-behaved, corporate profits should continue to grow modestly as well. We are likely to see more modest returns from the stock market going forward unless the economy starts to pick up speed. While elevated bullish sentiment may lead to a short-term pullback, a reversal in the favorable long-term trend seems unlikely. ■

— John M. Boyd

## YEAR-END DISTRIBUTIONS

### Time To Pay Taxes On Bull-Market Gains

While you're likely applauding the fifth consecutive year of stock market gains, so is Uncle Sam!

A year ago, we cautioned members that if 2013's financial markets provide "another strong year of returns," year-end distributions would become "a far more significant matter." Well, with the S&P 500 in record territory, our forecast was correct: Stock funds are poised to pay significant year-end distributions.

In 2012, many funds exhausted their prior bear-market (2008) tax-loss carry-forwards. And while most Fidelity stock funds still paid distributions (**a non-issue in tax-deferred retirement accounts**), they were

mostly very small — generally less than one percent of their net asset values, or NAV.

This year is a different matter. With both small- and large-cap stock funds producing big returns, the tax man (the IRS and most state governments) will be sharing more of your windfall. Less we forget, the country's highest earners (joint filers with incomes above \$450,001 and single filers above \$400,001) will now pay long-term capital gains of 20%, up from 15%. As well, ordinary income and short-term capital gains are now taxed at 39.6%, up from 35%. And, a new Medicare tax (3.8%) goes on top of that.

If there is a silver lining, it's that most of the expected payout will be in the form of long-term capital gains which, for most investors, are taxed

at a federal rate of 15%. If you are carrying forward losses from prior tax years you may not pay much at all.

Our analysis makes it clear that many stock funds' forthcoming distributions will be considerable. As such, in non-retirement accounts you should probably avoid buying a fund that's about to go "ex-dividend" with a large percentage distribution. Consider postponing your purchase or purchases until after the "Ex. Date." **Remember, you can never make money buying a fund distribution!**

Below are the funds that are expected to distribute 2% or more in December; many funds will distribute significantly more!

If you check our website ([www.fmandi.com](http://www.fmandi.com)), you'll find a complete list of Fidelity's estimated year-end distributions. ■

Fund	Est Total \$ Per Share	Ex. Date	% of NAV as of 28-Oct
Asset Manager 40%	0.23	12/13	2.2%
Asset Manager 50%	0.70	12/13	3.8%
Asset Manager 60%	0.53	12/13	4.6%
Asset Manager 85%	0.36	12/13	2.1%
Capital Appreciation	3.34	12/06	9.0%
China Region	3.81	12/06	10.7%
Contrafund	5.95	12/13	6.1%
Disciplined Equity	1.42	12/06	4.5%
Fidelity	0.92	12/13	2.2%
Focused High Income	0.20	12/06	2.2%
Focused Stock	1.09	12/06	5.5%
Global Balanced	2.09	12/13	7.9%
Global Equity-Income	0.27	12/06	2.2%
Growth Company	7.08	12/06	5.8%
International Value	0.21	12/06	2.3%
Japan Smaller Companies	0.37	12/06	2.6%
Large Cap Core Enhanced	0.65	12/13	5.4%
Large Cap Growth Enhanced	0.63	12/13	4.6%
Large Cap Value Enhanced	0.49	12/13	4.8%
Latin America	6.76	12/06	16.4%
Magellan	4.91	12/06	5.2%
Mid Cap Enhanced Index	0.47	12/13	3.6%
Mid Cap Value	1.78	12/13	7.6%
New Millennium	2.03	12/13	5.2%
Nordic	1.45	12/06	3.3%
OTC	2.79	12/13	3.6%
Pacific Basin	1.41	12/06	4.5%
Select Air Transportation	1.50	12/20	2.7%
Select Banking	0.81	12/20	3.2%
Select Chemicals	5.94	12/20	4.2%

Fund	Est Total \$ Per Share	Ex. Date	% of NAV as of 28-Oct
Select Cons Discretionary	2.51	12/20	7.4%
Select Construction & Hous	4.46	12/20	7.8%
Select Consumer Finance	1.08	12/20	6.2%
Select Consumer Staples	3.60	12/20	3.8%
Select Defense & Aero	4.57	12/20	3.9%
Select Energy	5.32	12/20	8.3%
Select Health Care	12.05	12/20	6.4%
Select Industrial Equipment	2.96	12/20	6.4%
Select Industrials	1.12	12/20	3.4%
Select Insurance	3.87	12/20	5.6%
Select IT Services	1.07	12/20	3.0%
Select Leisure	5.84	12/20	4.5%
Select Materials	2.04	12/20	2.5%
Select Medical Delivery	1.81	12/20	2.6%
Select Medical Equip & Sys	3.02	12/20	8.2%
Select Multimedia	2.06	12/20	2.6%
Select Pharmaceuticals	1.62	12/20	8.3%
Select Software & Computer	6.45	12/20	5.8%
Select Technology	7.82	12/06	6.4%
Select Transportation	2.03	12/20	2.9%
Small Cap Enhanced Index	0.49	12/13	3.9%
Small Cap Growth	0.74	12/06	3.8%
Small Cap Stock	0.72	12/06	3.4%
Spartan Extended Mkt Index	1.12	12/13	2.1%
Stock Selector All Cap	2.22	12/13	6.2%
Stock Selector Small Cap	0.76	12/06	2.9%
Total International Equity	0.24	12/06	2.9%
Trend	10.13	12/20	10.9%
Worldwide	1.88	12/06	7.4%

FUND COMMENTARY

## Stocks, Bonds Rally Amid Dysfunction

So, it turns out that sometimes stock investors do like uncertainty. In fact, investors the world-over appeared to savor the debt-ceiling imbroglio as share prices rose not just in the US,



John Bonnanzio

but in the developed and developing markets alike. Granted, after the Oct. 17 deadline for a debt deal passed, gains were tepid. And, in fact, after the Fed signalled that the economic recovery was still too weak to allow its bond-purchasing program to slow (taper), what would have rattled investors just a month earlier, now seemed barely newsworthy.

But between Oct. 1 and 16, when the federal government had closed a piece of itself down, sizeable gains were scored as corporate earnings reports were more than decent (see *Market Outlook*). As well, the “smart money” understood that Congress and the president would not allow the economy and government to fall into complete disarray — just its more natural state of partial disarray.

### Market Indexes

Through October, the Dow Jones Industrials and S&P 500 continued to blaze paths deeper into record territory. Even though the Dow had been hampered by a few stocks (think IBM) that were just recently jettisoned from the popular index, even Caterpillar and Oracle’s poor performances were not enough to hold it fully back: it rose 2.9% in October and has risen 21.0% for the year. For its part, the S&P 500 gained 4.6% last month and is now 25.3% higher for the year.

Turning to small-caps, the Russell 2000 returned a more modest 2.5% last month, and is up 30.9% for the year, while the tech-rich Nasdaq Composite rose 4.0% in October and has soared 31.2% since January’s start.

### Stock Funds

As the aforementioned indexes suggest, last month investors favored large-cap stocks over riskier small-cap options. That said, none of Fidelity’s small- or large-cap funds declined in value in October, while the division between growth and value was inconsequential.

Among Fidelity’s top-performing stock funds were **Contrafund** (up 4.9%) and all three large cap “Enhanced” index offerings with gains ranging from 4.7% to 5.1%. But the very-best performer in October was **Disciplined Equity** (up 5.3%). While one might expect its modest overweight in tech and underweight in cyclicals would have been injurious, overall, stock picking appears to be the primary performance driver.

Conversely, small- and mid-cap funds were laggards in October, though as already noted, both groups gained plenty of ground. For example, **Stock Selector Small Cap** was at the bottom of the performance pack with its October gain of “only” 1.3%.

### Select Funds

A look at Fidelity’s Select funds suggests that investors have become more discerning. For example, not all health-care-related funds were winners in October: **Medical Equipment** rose 5.7% whereas **Biotech** bled 3.1% of its value. And whereas cyclicals like **Transportation** popped 5.7%, **Automotive** advanced just 1.9%. Overall, Fidelity’s 39 Select funds had an average gain of 3.4% in October and 27.7% for the year.

### International Funds

Investors continued to pour money into foreign equities as nascent signs of economic recovery can be found throughout Europe (see p. 11). **Nordic** (up 5.6%) continues to outpace its peers on the continent. But the further south one travels, the less robust the recoveries seem to be. **Europe** gained 4.2%. But the real action was in the riskier emerging markets where funds posted returns of about 4-5 percentage points in October. (Even struggling **Latin America** gained 3.3%.) On the other hand, profit-taking in Japanese equities was apparent as a jacked-up national sales tax seemed to sap investors’ appetites for stocks (though it came with stimulative moves designed to keep the economy growing). Fidelity’s biggest foreign stock fund, **Diversified Int’l**, gained a solid 3.7% for the month.

### Fixed Income Funds

Despite US debt coming to within a hair’s-breadth of a downgrade and perhaps even default, Treasuries of all durations rallied in October. Oh, and so did corporate bonds and most other fixed-income securities — both at home and abroad. The scope of this rally is evidenced by **Total Bond** and **Global Bond** jumping 1.1% and 1.0%, respectively. October’s two biggest winners were **Corporate Bond** (up 1.6%) and Fidelity’s most interest-rate sensitive offering, **Spartan Long-Term US Treasury**, which gained (1.3%). High-yield funds also surged: **Capital & Income** spiked 2.9%. ■

— John Bonnanzio

## NOVEMBER SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Conserv Inc Muni	NA	B		Fund just launched -- see p. 12.
Global Commod Stk	S	H	↑	Emerging mkt demand will help support prices.
Select Natural Res	S	H	↑	Emerging mkt demand will help support prices.
Select Utilities	H	S	↓	Traditional business model threatened (see p. 12).
Stock Select All Cap	H	B	↑	Better stockpicking, especially in tech and health.
Telecom & Utilities	H	S	↓	Traditional business model threatened (see p. 12).
VIP Utilities	H	S	↓	Traditional business model threatened (see p. 12).

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

# FIDELITY SCORECARD

OCTOBER 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Oct	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	
Comparative Indexes		S&P 500		1756.5		4.6	25.3	4.7	27.2	16.6	15.2	7.5	1.00
		Nasdaq Composite		3919.7		4.0	31.2	8.4	33.9	17.6	19.3	8.4	1.12
		Dow Jones Industrials		15545.8		2.9	21.0	0.9	21.8	14.8	13.9	7.4	0.91
		Russell 2000 (Small Caps)		1100.2		2.5	30.9	5.6	36.3	17.7	17.0	9.0	1.37
		Barclays Aggregate Bond*				0.7	-1.3	1.2	-1.4	2.8	5.8	4.5	0.23
Model Portfolios		Unique Opportunities				3.6	28.3	5.5	32.6	14.9	17.7	9.9	1.16
		Select				3.8	27.5	7.4	31.8	17.2	16.2	8.9	1.16
		Growth				3.5	20.7	4.4	22.6	13.9	14.5	7.4	1.04
		Growth & Income				3.5	16.2	4.9	18.5	10.5	12.7	6.8	0.75
	Income				2.3	1.3	2.5	2.9	5.7	9.1	4.5	0.43	

												Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>3.4</b>	<b>28.3</b>	<b>6.8</b>	<b>31.3</b>	<b>16.4</b>	<b>17.2</b>	<b>1.14</b>	
312	FBGRX	Blue Chip Growth		60.92	Buy	4.3	31.5	8.1	35.1	17.6	19.3	1.19	\$13,916			
307	FDCAX	Capital Appreciation		37.29	Buy	3.6	26.9	5.4	31.0	16.9	18.4	1.07	5,921			
22	FCNTX	Contrafund		97.83	Buy	4.9	27.3	8.6	29.9	15.8	16.1	0.98	71,862			
332	FEXPX	Export and Multinational	0.75%/30d	23.51	OK to Sell	4.0	19.7	4.7	21.9	12.9	13.5	1.00	1,736			
3	FFIDX	Fidelity Fund		41.38	OK to Sell	4.0	21.7	5.0	23.6	14.7	13.5	1.05	4,722			
500	FFTYX	Fifty (Closed)		26.22	Buy	3.1	29.9	6.9	32.6	16.4	17.4	1.03	736			
333	FTQGX	Focused Stock		19.61	Buy	2.9	29.4	6.8	32.3	18.7	16.4	1.11	1,571			
25	FDGRX	Growth Company (Closed)		121.73	Buy	2.5	30.6	7.3	34.0	18.7	19.6	1.22	26,516			
339	FDSVX	Growth Discovery		20.07	OK to Buy	2.2	29.0	8.5	30.6	17.3	16.4	1.13	910			
73	FDFFX	Independence		33.74	OK to Sell	3.6	30.2	7.4	35.2	14.5	17.1	1.49	3,653			
763	FSLGX	Large Cap Growth				Merged into Stock Selector All Cap on June 21										
21	FMAGX	Magellan		93.06	OK to Buy	4.3	27.6	6.6	29.8	12.9	14.5	1.23	13,032			
300	FMLX	New Millennium		38.94	Buy	2.6	28.5	5.7	30.8	18.0	19.6	1.00	2,708			
93	FOCPX	OTC		76.80	Hold	2.0	38.3	6.1	43.9	18.4	22.2	1.33	7,229			
320	FSSX	Stock Selector All Cap		35.85	OK to Buy↑	3.2	26.6	5.6	29.4	15.7	14.8	1.17	3,039			
5	FTRNX	Trend		92.86	Hold	4.6	27.1	9.0	29.5	17.2	19.5	1.12	1,327			
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>4.2</b>	<b>27.1</b>	<b>4.9</b>	<b>29.7</b>	<b>17.0</b>	<b>1.15</b>		
315	FDEQX	Disciplined Equity		31.30	Hold	5.3	28.4	6.2	30.8	14.8	12.4	1.17	1,156			
330	FDGFX	Dividend Growth		34.52	Hold	4.0	24.8	5.7	28.0	14.3	18.4	1.34	6,801			
27	FGRIX	Growth & Income		26.66	Buy	4.1	27.0	4.4	29.7	18.5	14.1	1.03	6,222			
338	FLCSX	Large Cap Stock		26.03	Buy	4.1	30.4	5.3	33.8	19.6	20.4	1.18	2,027			
361	FGRTX	Mega Cap Stock		14.89	Buy	4.4	26.0	4.6	28.0	18.6	16.2	1.06	2,394			
343	FTXMX	Tax Managed Stock				Merged into Stock Selector All Cap on June 21										
832	FVDFX	Value Discovery		20.36	OK to Buy	3.3	26.0	2.9	27.8	16.1	14.2	1.13	459			

## Scorecard Key:

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

## 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.

MODEL PORTFOLIO HISTORICAL RETURNS (FIDELITY MONITOR)																									
	88	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12
<b>Regular Models</b>																									
Un Opp												33.8	-20.5	1.6	-2.1	43.2	20.6	18.8	16.6	11.6	-47.6	45.8	19.3	-5.8	16.8
Select		23.4	31.3	35.3	20.4	25.9	-0.9	39.0	5.2	29.3	21.7	44.9	-14.9	-7.3	-14.7	38.4	7.4	15.0	13.6	15.6	-39.3	35.4	11.6	1.2	19.2
Growth	26.0	30.4	-4.4	40.6	15.7	31.9	-2.1	27.2	19.2	25.5	9.9	29.0	-10.8	-6.4	-17.1	46.1	12.4	11.2	15.7	7.3	-42.7	31.8	17.7	-1.7	16.0
G&I							-3.7	21.6	15.8	18.7	11.1	12.2	2.7	1.3	-6.4	33.0	11.5	8.2	13.7	6.1	-33.5	28.1	12.2	-0.3	13.4
Income					10.1	11.3	-2.1	14.8	9.0	10.5	3.5	3.0	0.3	5.6	5.4	8.4	4.2	3.6	6.9	4.0	-18.2	20.0	9.1	6.3	10.7
<b>Annuity (VIP) Models</b>																									
Sector																57.5	6.3	14.0	17.7	11.2	-41.4	50.2	15.0	-5.0	18.1
Growth					20.6	4.6	36.1	16.1	23.5	22.6	22.1	-10.3	-14.0	-21.7	30.0	7.0	10.1	14.5	9.3	-45.5	25.1	17.7	-2.2	17.8	
G&I							26.4	12.8	21.4	15.1	6.1	-4.9	3.1	-9.4	20.8	6.3	4.5	11.6	7.7	-31.0	27.1	12.0	-1.0	13.9	
Income					12.3	-3.8	16.9	6.9	10.9	0.4	0.8	-2.4	-3.4	7.3	9.9	5.1	1.8	6.1	6.2	-18.3	22.9	7.3	7.4	10.0	

# FIDELITY SCORECARD

OCTOBER 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Oct	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>3.5</b>	<b>24.7</b>	<b>3.0</b>	<b>26.7</b>	<b>14.2</b>	<b>12.5</b>	<b>1.15</b>
1271	FBCVX	Blue Chip Value		13.76	OK to Buy	4.1	27.1	3.5	30.1	12.6	11.7	1.24	\$338		
319	FEQTX	Equity Dividend Income		23.53	OK to Buy	3.7	22.6	2.5	23.1	14.1	12.6	1.12	4,903		
23	FEQIX	Equity-Income		56.70	Buy	2.8	22.4	2.2	23.7	14.1	13.8	1.12	7,234		
708	FSLVX	Stock Sel Large Cap Value		14.86	Hold	3.3	26.9	3.7	29.9	16.1	11.9	1.10	521		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>2.8</b>	<b>28.8</b>	<b>5.5</b>	<b>34.3</b>	<b>15.7</b>	<b>19.2</b>	<b>1.24</b>
324	FDEGX	Growth Strategies	1.50%/90d	26.81	Hold	3.1	29.5	5.8	34.4	13.6	16.9	1.34	1,600		
337	FMCSX	Mid-Cap Stock	0.75%/30d	38.21	Buy	2.3	31.2	5.8	34.3	17.9	21.5	1.14	5,327		
2412	FSSMX	Stock Selector Mid Cap		29.28	Hold	3.1	25.8	4.9	--	--	--	--	218		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>3.4</b>	<b>26.9</b>	<b>5.0</b>	<b>33.3</b>	<b>17.5</b>	<b>20.7</b>	<b>1.33</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	41.30	Buy	3.4	28.7	5.1	36.4	18.8	20.2	1.53	4,327		
316	FLPSX	Low-Priced Stock	1.50%/90d	48.52	OK to Buy	3.6	29.0	6.5	34.5	17.7	20.5	1.11	29,754		
14	FSLSX	Value Strategies		38.95	Buy	3.3	23.0	3.5	29.2	15.9	21.3	1.35	649		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>3.9</b>	<b>30.6</b>	<b>5.2</b>	<b>35.7</b>	<b>17.4</b>	<b>19.1</b>	<b>1.24</b>
762	FSMVX	Mid Cap Value	0.75%/30d	23.30	Buy	3.9	30.9	4.8	35.3	17.6	19.2	1.21	1,338		
39	FDVLX	Value		99.54	Buy	4.0	30.4	5.6	36.1	17.2	19.1	1.26	7,152		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>1.6</b>	<b>35.0</b>	<b>6.2</b>	<b>37.6</b>	<b>18.0</b>	<b>20.5</b>	<b>1.39</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	19.00	OK to Buy	1.6	35.0	6.2	37.6	18.0	20.5	1.39	1,412		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>2.4</b>	<b>27.7</b>	<b>4.9</b>	<b>32.9</b>	<b>16.3</b>	<b>20.3</b>	<b>1.44</b>
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	30.87	Buy	4.1	32.8	5.9	40.4	23.3	25.3	1.36	6,752		
340	FSLCX	Small Cap Stock	2.00%/90d	20.91	OK to Sell	1.7	22.6	5.1	27.0	8.9	17.3	1.58	2,357		
336	FDCSX	Stock Selector Small Cap	1.50%/90d	25.64	OK to Buy	1.3	27.6	3.6	31.2	16.6	18.2	1.37	1,487		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>4.3</b>	<b>30.7</b>	<b>4.6</b>	<b>37.1</b>	<b>19.1</b>	<b>20.1</b>	<b>1.30</b>
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	19.80	Buy	4.3	30.7	4.6	37.1	19.1	20.1	1.30	2,743		
<b>SPECIALTY</b>						Merged into Stock Selector All Cap on June 21									
2063	FOTTX	130/30 Large Cap													
304	FBALX	Balanced		22.24	Buy	3.2	15.9	4.3	17.3	11.5	13.5	0.68	17,267		
308	FCVSX	Convertible Securities		30.00	Buy	1.5	18.2	3.8	25.0	11.2	18.7	1.05	2,037		
334	FGBLX	Global Balanced	1.00%/30d	26.38	OK to Buy	2.1	12.7	4.9	14.5	8.2	11.6	0.78	540		
2120	FFGCX	Global Commodity Stock	1.00%/30d	14.24	Hold↑	3.0	-3.9	9.3	-1.8	-2.1	--	1.78	274		
1960	FDYSX	Global Strategies		9.89	Sell	2.4	7.2	3.6	9.6	6.2	10.3	0.82	194		
1368	FIREX	International Real Estate	1.50%/90d	10.51	OK to Buy	1.4	14.1	6.4	24.0	9.6	13.8	1.61	372		
4	FPURX	Puritan		20.87	Buy	3.0	15.8	4.5	17.2	11.5	13.2	0.72	16,813		
833	FRIFX	Real Estate Income	0.75%/90d	11.48	Hold	2.0	5.0	0.7	6.6	10.1	15.5	0.49	2,558		
303	FRESX	Real Estate Investment	0.75%/90d	33.82	Hold	4.1	6.5	-0.0	9.9	12.0	16.1	1.35	3,695		
1329	FSDIX	Strategic Dividend & Income		13.95	OK to Buy	3.1	15.3	2.0	16.1	13.6	15.9	0.75	2,568		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.37	OK to Sell	0.7	-1.2	0.5	-1.1	3.8	8.6	0.54	674		
311	FIUIX	Telecom & Utilities		21.95	OK to Sell↓	5.8	19.6	5.8	18.1	15.3	15.0	0.88	1,067		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.57	Hold	1.1	4.4	1.9	5.1	5.0	8.2	0.28	4,725		
1957	FTANX	Asset Manager 30%		10.57	Hold	1.5	6.7	2.6	7.7	6.3	9.8	0.40	585		
1958	FFANX	Asset Manager 40%		10.79	Hold	1.7	9.1	3.2	10.5	7.5	10.9	0.51	521		
314	FASMX	Asset Manager 50%		18.13	Hold	2.0	11.4	3.8	13.1	8.5	12.4	0.62	7,525		
1959	FSANX	Asset Manager 60%		11.47	Hold	2.2	13.7	4.4	15.8	9.3	13.2	0.74	890		
321	FASGX	Asset Manager 70%		20.14	Hold	2.4	16.2	4.9	18.7	10.4	14.2	0.87	3,346		
347	FAMRX	Asset Manager 85%		16.99	Hold	2.9	20.0	5.8	23.1	11.6	15.3	1.05	1,147		
<b>EQUITY INDEX</b>															
355	FFNOX	Four-in-One Index		35.04	Hold	3.5	20.0	5.4	23.4	12.6	13.3	0.94	3,239		
2010	FIENX	International Enhanced Index	1.00%/30d	8.65	Hold	4.0	20.5	9.8	27.5	9.2	11.8	1.37	39		
1827	FLCEX	Large Cap Core Enhcd Index		11.94	Hold	5.1	26.1	4.8	27.9	17.2	14.7	0.98	145		
1829	FLGEX	Lrge Cap Growth Enhcd Index		13.82	Hold	4.9	26.9	6.6	28.0	16.9	16.9	1.00	224		
1828	FLVEX	Large Cap Value Enhcd Index		10.10	OK to Buy	4.7	25.7	3.0	28.4	17.6	13.3	1.04	144		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.00	Hold	3.9	31.7	6.4	36.8	17.9	19.2	1.19	273		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	52.48	Hold	4.0	30.9	8.4	33.3	17.3	19.0	1.12	648		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	12.50	Buy	3.3	30.4	6.3	36.9	19.6	17.3	1.40	356		
650	FUSEX	Spartan 500 Index <sup>4</sup>		62.32	Hold	4.6	25.2	4.7	27.1	16.5	15.1	1.00	5,479		
2341	FPEMX	Spartan Emerging Mkts Index <sup>4</sup>	1.50%/90d	10.03	Hold	4.6	-2.1	8.3	4.7	--	--	--	10		
398	FSEMXX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	51.93	Hold	2.9	31.0	6.0	36.5	18.0	19.4	1.29	1,422		
2345	FSGUX	Spartan Global ex U.S. Index <sup>4</sup>	1.00%/90d	12.44	Hold	3.5	12.8	8.9	19.8	--	--	--	10		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	40.77	Hold	3.3	18.9	9.1	26.6	8.4	11.8	1.39	2,443		
2349	FSCLX	Spartan Mid Cap Index <sup>4</sup>	0.75%/30d	15.31	Hold	3.5	28.5	5.4	33.6	--	--	--	7		
2353	FRXIX	Spartan Real Estate Index <sup>4</sup>	0.75%/90d	12.31	Hold	4.1	6.5	0.1	9.9	--	--	--	8		
2356	FSSPX	Spartan Small Cap Index <sup>4</sup>	1.50%/90d	15.80	Hold	2.5	30.9	5.6	36.3	--	--	--	17		
397	FSTMXX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	51.92	Hold	4.2	26.3	5.0	28.8	16.8	15.9	1.05	1,576		

# FIDELITY SCORECARD

OCTOBER 31, 2013

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Oct	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>3.5</b>	<b>17.3</b>	<b>8.4</b>	<b>23.5</b>	<b>8.2</b>	<b>14.7</b>	<b>1.45</b>
309	FICDX	Canada	1.50%/90d	57.73	OK to Sell	3.4	7.9	4.7	8.3	3.7	9.8	1.19	\$2,264		
352	FHKCX	China Region	1.50%/90d	35.83	OK to Buy	4.6	16.9	12.5	26.5	5.8	18.2	1.53	1,426		
325	FDIVX	Diversified International	1.00%/30d	35.89	Hold	3.7	19.9	8.1	25.7	8.7	12.2	1.37	14,433		
351	FSEAX	Emerging Asia	1.50%/90d	30.91	Hold	4.6	3.4	8.8	10.2	3.3	13.1	1.54	1,173		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	9.52	Hold	4.7	3.5	10.7	11.9	4.0	16.7	1.60	110		
322	FEMKX	Emerging Markets	1.50%/90d	24.43	Hold	5.2	5.3	8.4	11.8	-0.3	13.9	1.57	2,242		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	12.53	Hold	4.5	0.3	5.6	7.5	--	--	--	97		
301	FIEUX	Europe	1.00%/30d	37.92	OK to Buy	4.2	21.4	8.1	28.7	9.6	12.7	1.56	957		
341	FECAX	Europe Capital App (Closed)	1.00%/30d	23.00	Hold	4.3	20.9	8.2	28.5	9.4	12.6	1.58	360		
2406	FGILX	Global Equity-Income	1.00%/30d	12.20	OK to Buy	3.7	20.3	5.3	22.7	--	--	--	42		
335	FIVFX	International Cap App	1.00%/30d	16.28	Buy	4.3	17.4	8.6	25.2	10.3	18.5	1.48	940		
305	FIGRX	International Discovery	1.00%/30d	39.82	Hold	3.7	20.4	8.6	27.0	9.0	12.6	1.38	7,799		
1979	FIGFX	International Growth	1.00%/30d	10.84	OK to Buy	2.8	17.2	8.2	22.5	10.0	15.9	1.25	430		
818	FISMX	International Small Cap	2.00%/90d	26.67	Buy	2.4	31.1	11.5	36.6	11.9	19.8	1.37	1,029		
1504	FSCOX	International Small Cap Opps	2.00%/90d	13.82	Buy	3.1	22.1	9.3	28.2	13.3	18.6	1.24	518		
1597	FIVLX	International Value	1.00%/30d	8.97	Hold	3.7	18.5	8.1	25.6	6.5	11.7	1.45	182		
350	FJPNX	Japan	1.50%/90d	12.03	OK to Buy	-0.3	22.4	4.6	31.9	7.4	8.4	1.30	481		
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.86	OK to Buy	-1.8	52.8	8.1	55.8	21.1	16.5	1.70	661		
349	FLATX	Latin America	1.50%/90d	40.80	Sell	3.3	-11.9	6.4	-8.6	-7.2	11.1	1.66	1,326		
342	FNORX	Nordic	1.50%/90d	43.91	OK to Buy	5.6	37.7	14.6	46.4	12.7	19.1	1.76	438		
94	FOSFX	Overseas	1.00%/30d	39.22	OK to Buy	3.7	21.4	8.8	28.2	10.0	11.3	1.54	1,875		
302	FPBFX	Pacific Basin	1.50%/90d	31.47	OK to Buy	2.7	26.1	10.1	30.6	10.5	22.6	1.39	719		
2369	FTEMX	Total Emerging Markets	1.50%/90d	11.40	Hold	4.4	0.5	8.5	6.4	--	--	--	50		
1978	FTIEX	Total International Equity	1.00%/30d	8.29	OK to Buy	3.2	13.1	7.9	19.5	7.0	13.9	1.33	325		
318	FWWFX	Worldwide	1.00%/30d	25.41	Hold	3.3	24.9	7.3	29.5	14.0	14.7	1.17	1,464		
<b>SELECT PORTFOLIOS</b>						<b>Category Averages</b>			<b>3.4</b>	<b>27.7</b>	<b>6.4</b>	<b>32.2</b>	<b>15.8</b>	<b>18.8</b>	<b>1.40</b>
34	FSAIX	Air Transportation	0.75%/30d	56.74	Hold	8.0	41.9	11.8	53.0	17.0	20.6	1.15	262		
502	FSAVX	Automotive	0.75%/30d	55.34	OK to Buy	1.9	41.8	7.8	63.3	15.6	30.9	1.91	356		
507	FSRBX	Banking	0.75%/30d	24.92	OK to Buy	3.9	29.3	2.3	29.8	16.6	8.2	1.45	681		
42	FBIOX	Biotechnology	0.75%/30d	169.99	OK to Sell	-3.1	54.6	2.7	59.7	37.5	25.1	1.51	7,393		
68	FSLBX	Brokerage & Investment	0.75%/30d	67.99	OK to Buy	5.7	35.6	5.6	41.4	13.8	15.8	1.75	706		
69	FSCHX	Chemicals	0.75%/30d	142.90	Buy	3.7	22.0	8.6	31.4	20.6	23.5	1.53	1,328		
518	FSDCX	Communications Equipment	0.75%/30d	27.75	Hold	0.2	19.7	3.4	35.4	4.5	17.0	1.70	253		
7	FDCPX	Computers	0.75%/30d	68.86	Sell	2.3	21.0	2.1	25.6	12.1	20.7	1.46	607		
511	FSHOX	Construction & Housing	0.75%/30d	56.58	OK to Buy	2.0	16.7	1.6	22.5	24.5	20.3	1.46	446		
517	FSCPX	Consumer Discretionary	0.75%/30d	33.80	OK to Buy	3.0	33.1	5.9	35.7	19.6	22.2	1.10	571		
98	FVLX	Consumer Finance	0.75%/30d	17.14	OK to Buy	2.2	26.0	3.1	27.5	21.8	11.0	1.07	314		
9	FDFA	Consumer Staples	0.75%/30d	93.58	Hold	5.1	20.0	3.6	21.5	16.0	16.6	0.87	1,464		
67	FSDAX	Defense & Aerospace	0.75%/30d	117.95	OK to Buy	4.2	36.6	9.0	43.9	19.8	19.2	1.09	870		
8	FSELX	Electronics	0.75%/30d	58.93	Hold	1.0	29.1	4.2	39.3	11.1	18.5	1.66	989		
60	FSENX	Energy	0.75%/30d	63.39	OK to Buy	4.0	25.0	8.2	25.0	13.5	13.6	1.86	2,157		
43	FSESX	Energy Service	0.75%/30d	86.69	OK to Sell	4.3	30.0	10.8	34.1	11.9	13.2	2.28	1,261		
516	FSLEX	Environment & Alt Energy	0.75%/30d	21.76	OK to Sell	3.5	27.8	6.4	37.5	9.5	11.2	1.32	88		
66	FIDSX	Financial Services	0.75%/30d	76.38	OK to Buy	3.1	23.8	2.3	27.8	12.2	8.2	1.65	690		
41	FSAGX	Gold	0.75%/30d	21.20	Sell	-0.7	-42.7	-2.8	-49.4	-23.4	4.3	2.44	1,139		
63	FSPHX	Health Care	0.75%/30d	187.78	OK to Buy	3.8	43.3	7.2	45.1	26.7	23.5	1.05	4,182		
510	FSCGX	Industrial Equipment	0.75%/30d	45.89	OK to Buy	4.5	24.5	7.4	30.9	16.5	20.0	1.56	418		
515	FCYIX	Industrials	0.75%/30d	32.45	Buy	3.9	30.1	7.1	36.8	18.1	21.3	1.34	1,159		
45	FSPCX	Insurance	0.75%/30d	68.30	Buy	4.4	35.5	6.3	37.1	17.5	19.2	1.20	595		
353	FBSOX	IT Services	0.75%/30d	34.76	Buy	3.1	38.7	9.3	42.1	21.2	25.5	1.28	1,099		
62	FDSLX	Leisure	0.75%/30d	130.54	OK to Buy	4.8	32.9	8.8	41.8	18.2	22.9	1.25	447		
509	FSDPX	Materials	0.75%/30d	82.32	Hold	2.7	15.4	5.9	20.5	12.5	22.5	1.60	1,176		
505	FSHCX	Medical Delivery	0.75%/30d	71.06	Hold	3.0	26.2	3.1	25.2	19.3	21.7	1.17	707		
354	FSMEX	Medical Equipment	0.75%/30d	36.92	OK to Buy	5.7	34.1	6.7	36.8	18.3	15.3	1.18	1,572		
503	FBMPX	Multimedia	0.75%/30d	78.15	OK to Buy	3.7	36.3	7.5	40.5	24.4	28.1	1.28	1,093		
513	FSNGX	Natural Gas	0.75%/30d	38.74	OK to Buy	5.1	25.6	11.4	26.3	9.7	10.2	1.60	711		
514	FNARX	Natural Resources	0.75%/30d	39.12	Hold	4.2	21.3	9.5	20.3	10.3	14.3	1.89	1,081		
580	FPHAX	Pharmaceuticals	0.75%/30d	19.32	Buy	3.8	30.6	5.6	32.0	20.5	20.4	0.90	1,119		
46	FSRPX	Retailing	0.75%/30d	85.07	Hold	4.5	36.9	9.0	40.7	24.4	28.0	1.12	990		
28	FSCSX	Software & Computer Svcs	0.75%/30d	111.74	OK to Buy	2.5	35.8	10.0	39.4	19.5	24.1	1.26	2,840		
64	FSPTX	Technology	0.75%/30d	122.04	Hold	0.6	21.5	6.5	24.6	11.3	23.1	1.33	2,128		
96	FSTCX	Telecommunications	0.75%/30d	60.86	OK to Buy	5.2	20.1	6.0	21.5	12.7	20.8	1.04	448		
512	FSRFX	Transportation	0.75%/30d	70.42	Hold	5.7	38.0	8.1	44.6	15.1	17.5	1.28	331		
65	FSUTX	Utilities	0.75%/30d	67.77	OK to Sell	4.4	19.6	3.6	17.7	13.3	13.4	0.88	592		
963	FWRLX	Wireless	0.75%/30d	10.17	OK to Buy	4.9	22.7	12.6	27.6	13.3	20.0	0.99	332		

**FIDELITY SCORECARD**

**OCTOBER 31, 2013**

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>			
						Oct	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>0.7</b>	<b>-1.7</b>	<b>1.1</b>	<b>-1.7</b>	<b>2.8</b>	<b>5.2</b>	<b>1.60</b>	<b>4.9</b>	<b>0.27</b>
2267	FCONX	Conservative Income Bond		10.04	Buy	0.1	0.6	0.1	0.6	--	--	0.19	0.4	--			
2208	FCBFX	Corporate Bond		11.06	Buy	1.6	-1.1	1.8	-1.1	6.1	--	2.92	6.7	0.37			
2423	FGBFX	Global Bond		9.74	OK to Sell	1.0	-2.2	1.9	-2.3	--	--	2.77	5.7	--			
15	FGMNX	GNMA (Ginnie Mae)		11.41	Hold	0.7	-0.8	2.1	-0.8	3.0	5.8	2.33	5.0	0.21			
54	FGOVX	Government Income		10.31	Hold	0.5	-1.5	0.9	-1.5	2.3	4.6	1.52	4.9	0.23			
794	FINPX	Inflation-Protected Bond <sup>3</sup>		12.47	OK to Sell	0.4	-6.6	0.3	-6.8	2.8	6.8	-0.13	5.7	0.45			
32	FTHRFX	Intermediate Bond		10.93	OK to Buy	0.7	-0.1	1.1	0.1	3.0	7.4	2.04	3.9	0.20			
452	FSTGX	Intermediate Gov't Income		10.64	Hold	0.4	-0.6	0.7	-0.6	1.7	3.7	0.98	3.5	0.18			
2428	FINUX	International Bond		9.82	OK to Sell	0.9	-2.0	2.6	-1.7	--	--	2.46	5.9	--			
26	FBNDX	Investment Grade Bond		7.77	Buy	1.0	-1.0	1.3	-0.9	3.9	7.8	2.48	5.6	0.24			
662	FFXSX	Limited Term Government		10.06	Hold	0.2	-0.1	0.4	-0.0	0.9	2.5	0.48	2.6	0.09			
40	FMSFX	Mortgage Securities		11.13	Hold	0.6	-0.6	1.8	-0.3	3.1	5.9	2.44	4.6	0.19			
450	FSHBX	Short-Term Bond		8.59	Buy	0.2	0.5	0.6	0.7	1.4	2.9	0.72	1.9	0.07			
2415	FSIQX	Sptn Inflation-Protect Index <sup>4</sup>		9.64	OK to Sell	0.5	-6.3	0.4	-6.4	--	--	0.10	5.7	--			
1561	FIBIX	Sotn Interm Treas Index <sup>4</sup>		10.87	Hold	0.7	-2.5	1.1	-2.3	3.0	5.5	1.78	6.6	0.41			
1562	FLBIX	Sotn Lng-Term Treas Index <sup>4</sup>		11.58	Hold	1.3	-8.5	0.8	-9.2	5.1	7.2	3.33	16.4	1.01			
1560	FSBIX	Sotn Sht-Term Treas Index <sup>4</sup>		10.51	Hold	0.3	0.1	0.4	0.2	0.9	2.1	0.40	2.6	0.10			
651	FBIDX	Sptn US Bond Index		11.53	Hold	0.7	-1.3	1.2	-1.4	2.8	5.8	2.03	5.2	0.23			
820	FTBFX	Total Bond		10.56	Buy	1.1	-0.3	1.6	0.0	4.1	8.8	2.97	5.3	0.24			
812	FUSFX	Ultra-Short Bond (Closed)	0.25%/60d	8.25	Hold	0.0	0.4	0.2	0.4	0.7	0.7	0.13	0.4	0.04			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>2.2</b>	<b>2.9</b>	<b>2.3</b>	<b>5.1</b>	<b>6.4</b>	<b>13.9</b>	<b>4.24</b>	<b>3.7</b>	<b>0.49</b>
38	FAGIX	Capital & Income	1.00%/90d	9.78	Buy	2.9	7.3	3.0	10.4	7.8	17.7	4.38	4.3	0.68			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.98	Buy	0.9	3.2	0.8	4.2	4.3	8.4	2.86	0.3	0.26			
1366	FHIFX	Focused High Income	1.00%/90d	9.23	Buy	2.3	3.9	2.4	5.4	6.9	13.2	4.06	3.6	0.43			
2297	FGHNX	Global High Income	1.00%/90d	10.11	Buy	2.6	4.4	2.8	7.8	--	--	4.99	3.8	--			
455	SPHIX	High Income	1.00%/90d	9.42	Buy	2.4	5.6	2.6	7.6	8.1	15.8	4.85	3.3	0.56			
331	FNMIX	New Markets Income	1.00%/90d	16.21	Hold	2.3	-4.8	2.3	-1.9	6.1	16.5	5.03	5.8	0.62			
368	FSICX	Strategic Income		11.10	Buy	1.9	0.7	1.9	2.5	5.0	11.7	3.52	5.1	0.39			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.7</b>	<b>-1.8</b>	<b>1.5</b>	<b>-1.6</b>	<b>3.2</b>	<b>5.5</b>	<b>2.59</b>	<b>7.0</b>	<b>0.32</b>
434	FSAZX	Arizona Muni Income	0.50%/30d	11.60	Hold	0.7	-2.6	1.7	-2.0	3.5	6.2	3.04	8.2	0.37			
1534	FCSTX	Calif Limited Term Tax Free <sup>5</sup>	0.50%/30d	10.67	OK to Buy	0.6	0.5	1.1	0.6	2.1	3.7	1.23	3.2	0.14			
91	FCTFX	California Muni Income	0.50%/30d	12.41	Hold	0.9	-1.3	2.1	-0.5	4.4	6.4	3.08	8.0	0.38			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.45	Hold	0.7	-2.1	1.5	-2.2	2.9	5.3	2.75	7.4	0.34			
2578	FCRDXX	Conservative Income Muni		10.01	OK to Buy	0.1	0.1	--	--	--	--	--	--	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.28	OK to Buy	0.6	-1.1	1.2	-0.8	3.0	5.0	2.07	5.5	0.25			
404	FSTFX	Limited Term Muni Income <sup>7</sup>	0.50%/30d	10.71	OK to Buy	0.4	0.2	0.7	0.3	1.9	3.2	0.89	2.8	0.12			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.00	Hold	0.8	-2.7	1.2	-2.7	2.7	5.5	2.70	7.7	0.33			
70	FDMMX	Mass Muni Income	0.50%/30d	11.93	Hold	0.7	-3.0	1.5	-2.6	3.4	6.0	2.89	8.3	0.33			
81	FMHTX	Michigan Muni Income	0.50%/30d	11.88	Hold	0.7	-2.3	1.2	-1.8	3.1	5.3	3.00	7.0	0.31			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.53	Hold	0.6	-1.3	1.5	-1.2	3.1	5.3	2.07	6.2	0.29			
37	FHIGX	Municipal Income	0.50%/30d	12.82	OK to Buy	0.7	-2.6	1.7	-2.0	3.7	6.3	3.15	8.4	0.37			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.63	Hold	0.7	-2.4	1.1	-2.5	3.2	5.6	2.66	7.6	0.36			
71	FTFMX	New York Muni Income	0.50%/30d	12.95	Hold	0.8	-2.7	1.7	-2.4	3.0	5.8	2.97	8.4	0.37			
88	FOHFX	Ohio Muni Income	0.50%/30d	11.74	Hold	0.7	-2.5	2.0	-1.8	3.4	5.9	3.00	8.4	0.36			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	10.91	Hold	0.8	-2.2	1.6	-1.6	3.6	5.5	2.85	7.5	0.35			
90	FTABX	Tax-Free Bond	0.50%/30d	11.08	OK to Buy	0.7	-2.5	1.7	-1.8	3.9	6.5	3.16	8.4	0.38			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.01</b>		
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	0.00	0.0	0.0	0.2	0.01	na	0.00			
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
630	FRTXX	Retirement MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.2	0.01	na	0.00			
458	SPAXX	Government MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
454	SPRXX	Money Market		1.00	--	0.00	0.01	0.00	0.0	0.0	0.2	0.01	na	0.00			
85	FSLXX	Select MM		1.00	--	0.00	0.01	0.00	0.0	0.1	0.3	0.01	na	0.00			
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
415	FDLXX	Treasury Only MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.01</b>			
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
97	FCFXX	California Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
418	FCMXX	Connecticut Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
74	FDMXX	Massachusetts Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			
10	FTEXTX	Municipal Money Market		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
417	FNJXX	New Jersey Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
92	FNYYX	New York Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
401	FPTXX	Pennsylvania Muni MM		1.00	--	0.00	0.01	0.00	0.0	0.0	0.1	0.01	na	0.00			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.01	0.00	0.0	0.0	0.0	0.01	na	0.00			

# FIDELITY SCORECARD

OCTOBER 31, 2013

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Oct	YTD	3 Mo.	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model						3.3	27.0	5.8	30.9	14.8	18.7	1.21
	Annuity Growth Model						2.6	21.4	4.0	24.7	14.1	13.8	1.01
	Annuity Growth & Income Model						2.0	14.7	3.3	16.7	10.4	12.1	0.74
	Annuity Income Model						2.0	0.7	2.3	2.1	5.5	9.3	0.42
9067	FLRQC	Fid VIP Asset Manager	Allocation		15.98	Hold	2.2	12.1	4.6	14.6	8.0	11.8	0.73
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		15.99	Hold	2.7	17.1	5.8	20.6	9.6	13.2	1.01
9069	FJBAC	Fid VIP Balanced	Allocation		17.14	Buy	3.0	15.3	4.1	17.2	10.7	14.8	0.94
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	19.33	Buy	3.0	32.9	5.9	35.5	19.4	21.9	1.10
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	17.90	Hold	5.1	19.8	3.6	21.5	15.5	16.1	0.86
9065	FDPFC	Fid VIP Contrafund	Large Growth		17.57	Hold	4.0	23.7	5.4	25.8	14.6	15.7	1.07
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		15.04	Buy	3.3	29.8	6.2	36.2	19.0	16.3	1.39
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		18.92	Buy	4.3	28.5	6.4	32.7	17.2	18.4	1.08
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.62	Hold	5.1	5.0	8.2	11.5	-0.8	13.4	1.56
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	18.31	OK to Buy	4.0	24.9	8.3	25.0	13.2	13.4	1.86
9061	FLOLC	Fid VIP Equity-Income	Large Value		15.21	Buy	2.7	22.3	2.0	23.7	16.1	14.8	1.02
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	9.05	Buy	3.0	23.5	2.1	27.5	12.0	8.2	1.65
9157	FMPAC	Fid VIP FundsManager 20	Allocation		13.42	Hold	1.2	4.6	2.1	5.2	4.3	6.2	0.27
9158	FMPBC	Fid VIP FundsManager 50	Allocation		14.14	Hold	2.1	12.0	4.0	13.7	8.1	10.1	0.59
9197	FMPPC	Fid VIP FundsManager 60	Allocation		13.00	Hold	2.4	14.7	4.6	16.7	9.1	11.5	0.70
9159	FMPCC	Fid VIP FundsManager 70	Allocation		14.16	Hold	2.7	17.5	5.2	20.1	10.4	12.2	0.83
9160	FMPDC	Fid VIP FundsManager 85	Allocation		13.96	Hold	3.1	22.2	6.2	25.2	11.7	13.5	1.00
9062	FMNDC	Fid VIP Growth	Large Growth		16.88	OK to Buy	2.2	28.5	8.4	29.9	16.8	15.8	1.15
9070	FLFNC	Fid VIP Growth & Income	Large Blend		16.92	Buy	4.2	26.9	4.4	28.8	18.0	15.1	1.02
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		17.45	Buy	1.2	30.5	6.0	34.3	19.7	20.5	1.24
9078	FPVDC	Fid VIP Growth Stock	Large Growth		18.16	Hold	4.5	26.6	8.9	28.9	17.3	19.3	1.10
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		15.00	Hold	3.0	28.5	5.5	33.3	13.0	16.3	1.34
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	23.39	Buy	3.7	42.9	7.0	44.6	26.2	23.3	1.05
9060	FBBLC	Fid VIP High Income	High-Yield Bond		17.37	Buy	2.5	4.9	2.6	7.0	7.6	14.1	0.52
9064	FXVLT	Fid VIP Index 500	Large Blend		16.54	Hold	4.6	24.9	4.6	26.7	16.2	14.9	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	22.94	Buy	3.9	29.8	6.9	36.4	17.8	21.3	1.33
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	14.52	Buy	4.2	17.0	8.4	24.6	10.0	18.2	1.48
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.56	Buy	0.9	-1.1	1.3	-1.0	3.3	7.4	0.24
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	17.33	Buy	2.7	15.3	5.9	20.3	12.2	22.1	1.60
9071	FNBSC	Fid VIP Mid Cap	Mid Growth		19.46	OK to Buy	3.6	27.8	6.5	32.2	10.7	17.8	1.16
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.40	--	0.0	-0.2	-0.1	-0.2	-0.1	0.1	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	14.86	OK to Buy	2.9	23.3	9.3	30.8	8.4	11.5	1.50
9072	FFWKC	Fid VIP Real Estate	Sector		16.92	Hold	4.4	6.6	0.1	9.9	11.8	16.9	1.37
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.74	Buy	1.8	0.4	1.8	2.0	4.5	11.0	0.38
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	20.33	Hold	0.8	18.5	6.9	21.4	10.3	23.2	1.33
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	12.57	OK to Buy	5.2	19.7	5.8	21.7	13.7	20.6	1.01
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	18.72	OK to Sell	4.4	19.8	3.7	17.7	13.3	13.5	0.88
9079	FKMSC	Fid VIP Value	Mid Value		15.75	Buy	3.6	26.5	4.3	29.6	17.1	17.7	1.14
9080	FUEBC	Fid VIP Value Leaders	Large Value		12.65	OK to Buy	4.0	26.2	3.2	29.2	12.1	11.3	1.25
9073	FRBSC	Fid VIP Value Strategies	Mid Value		17.12	Buy	3.3	22.8	3.4	29.0	15.8	20.8	1.35
9347	FBMEC	Black Rock Global Allocation	Global Allocation		11.31	OK to Sell	2.2	11.2	3.5	13.6	6.6	9.9	0.81
9349	FTMEC	Franklin Templeton Gobl Bond	Global Bond		10.85	Buy	1.6	0.6	2.4	3.4	4.8	10.3	0.73
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		9.99	Hold	0.5	-1.6	1.3	-1.6	1.4	3.8	0.17
9285	FIGXC	Invesco Global Core Eqty	Global Stock		10.76	OK to Sell	4.0	18.0	6.2	25.4	7.4	8.0	1.27
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		16.12	Hold	5.2	2.3	10.0	9.1	1.9	15.8	1.56
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.27	Hold	2.8	-6.8	1.9	-4.1	3.9	12.4	0.70
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		13.48	Hold	4.3	1.2	6.1	6.6	0.5	14.3	1.39
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		11.97	Hold	3.4	13.8	5.2	16.8	8.1	12.0	0.87
9346	FPMEC	Pimco Commodity Real Return	Commodities		8.80	OK to Sell	-1.0	-13.7	-0.2	-15.6	-3.3	5.7	1.42
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.31	OK to Buy	0.4	-0.4	1.0	-0.2	1.8	--	0.21
9277	FPNBC	Pimco VIT Real Return	TIPS		12.48	Hold	0.4	-7.0	0.3	-6.9	2.6	--	0.48
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.19	Buy	0.9	-1.3	1.5	-0.7	3.1	--	0.30

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Industrials	23%	VIP Growth Opps	23%	VIP Growth Opps	27%	VIP Strategic Income	31%
VIP Cons Discretionary	23	VIP Equity-Income	20	VIP Strategic Inc	23	VIP Investment Grade	25
VIP Health Care	22	VIP Value	19	VIP Value	19	VIP High Income	23
VIP Materials	17	VIP Value Strategies	16	VIP Equity-Income	16	VIP Balanced	21
VIP Financial Services	15	VIP Dynamic Cap App	13	VIP Investment Grade	15		
		VIP Investment Grade	9				
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>Oct: 3.3% YTD: 27.0%</b>		<b>Oct: 2.6% YTD: 21.4%</b>		<b>Oct: 2.0% YTD: 14.7%</b>		<b>Oct: 2.0% YTD: 0.7%</b>	

## Europe Fund Mergers

For years, we've been advising that **Europe Capital Appreciation** (which was closed in June) should merge into its on-again/off-again clone called **Europe** fund. Now that appears to be happening.

While Fidelity has hemmed and hawed over this obvious move even after assigning one manager to run both funds (London-based Richard Hogan, already at the helm of Europe, replaced Boston-based Melissa Reilly on Europe Cap App), shareholders will finally be asked to weigh in on their funds' respective futures. (Advisor share classes would also merge.) Proxies will be in shareholders' hands in December and the matter should be settled at the February 12, 2014 meeting.

**We encourage shareholders to support the mergers.**

As for our outlook, Europe is recovering. But GDP growth is looking much like our own: arduous and tepid. As such, it often appears that the equity markets have raced ahead of the eurozone's fundamentals. Indeed, while Germany and the Nordic region are getting back on their feet faster than most expected, southern Europe still struggles. That said, a eurozone meltdown now seems far less likely.

Moreover, euro stocks are a bit cheaper than their US counterparts: at the end of the third quarter, they sold at 13-times next year's earnings versus 14.2 for US companies.

While Europe historically sells at a discount to the US, their earnings are more leveraged to sales. This means a smaller pickup in sales could have a bigger impact on the bottom line.

In September, we upgraded Europe fund's rating to *OK to Buy*, where it remains. However, we left its closed clone Europe Cap App at *Hold*. That's because its expense ratio is a comparatively high 0.95% versus Europe fund's more attractive 0.83%. ■

## INSIDE FIDELITY

### Stock Fund To Launch; Sector ETFs Arrive

Fidelity will soon introduce its **Event Driven Opportunities** (EDO) fund. It will be a "specialized" capital appreciation fund that Fidelity says will employ investment "themes" and special situations in much the same manner as **Low-Priced Stock** and **Leveraged Company Stock**. EDO will also have a value-stock bias.

Notably, EDO will be Fidelity's only fund that's benchmarked to the broadly diversified Russell 3000, which consists of growth and value stocks, plus small- to large-caps, this provides the biggest opportunity set for finding these specialized stocks.

As for Low-Priced Stock, it has long been a mid-cap fund, though it's benchmarked to the small-cap Russell 2000. Leveraged Co. hews to the blended large-cap S&P 500.

Like any stock fund, EDO's primary objective is capital appreciation. However, Fidelity says it will also attempt to provide diversification away from the broader market, which suggests that EDO will likely deviate substantially from its benchmark's sector weightings. In addition, and as its name suggests, the individual holdings should be driven more by unique company factors (events) than general market direction, which would provide diversification as well.

Another difference between EDO and most other Fidelity funds is that Arvind Navaratnam, its manager, has no track record to examine. That's a definite negative for us.

However, Arvind represents a relatively new breed of Fidelity manager in that he hasn't been "schooled" in the traditional "Fidelity way," moving from MBA grad to analyst to Select fund manager to diversified equity fund manager. Instead, he has outside experience as a special situations investor and, Arvind is something of an academic.

He's currently an adjunct professor at Boston College's Carroll School

of Management, where he lectures on value and special situations investing. He has a BA in economics and philosophy, a BS in industrial engineering-operations from Columbia, and like many Fidelity managers, holds a Harvard MBA.

As for Arvind's "event-driven" mandate on EDO, this may include corporate reorganizations, changes in beneficial ownership, stocks removed from an index, material changes in management or corporate strategy, and changes to a company's capital structure. In these ways, the fund may actually wind up being the most similar to the large-cap **Value Strategies** (Tom Soviero manages that fund and Leveraged Co.).

EDO is an especially interesting fund — one that reminds us of **New Millennium's** launch 20 years ago by an "outsider" (Neal Miller) who quietly built a great record via thematic investing. We're looking forward to EDO's launch and the opportunity to examine its holdings. Until that time, there are many other *Buy*-rated options worthy of your consideration (see *Scorecard*).

### Sector ETFs Arrive

Separately, Fidelity has finally launched its pallet of passive sector ETFs in the following 10 broad areas: Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Technology, Materials, Telecommunications and Utilities.

Like Fidelity's Select funds, their ETFs are pegged to MSCI indexes. Unlike the Selects, they are run as index funds with low expense ratios. The new ETFs are subadvised by BlackRock, whose iShares dominate the ETF market. In partnering with BlackRock, Fidelity is leveraging that company's expertise and pricing efficiencies. This ultimately enables Fidelity to offer the industry's least-expensive sector ETFs: their expense ratios are only 0.12%, or 12 basis points (bps) versus 15 bps for

**Inside Fidelity** *cont'd on page 12*

Vanguard's offerings and an average of 58 bps industry-wide.

As we've said on other occasions, we're not big fans of passively managed funds, as we believe that Fidelity's ability to add value through active security selection has served their shareholders very well.

Case in point: The average expense ratio for Fidelity's 39 Selects is 0.84%, which is 72 basis points higher than their ETFs. However, in a side-by-side performance comparison, nine of Fidelity's 10 major Select funds would have beaten their "cheaper" ETF sector counterparts last year by an average of 2.1 percentage points! It's not the expense ratio that matters, it's what you get out of it.

## DIVIDEND UPDATE

*Other than monthly dividends on bond and money market funds, and Asset Mgr: 20%/30%, no funds are expected to pay dividends and/or capital gains in November. (Please see p. 4, however, for year-end distributions.)*

*The final distributions for October were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Asset Mgr 40%	10/4	0.047	10.64
Asset Mgr 50%	10/4	0.062	17.84
AZ Muni Inc	10/4	0.001	11.56
Balanced	10/11	0.959	21.78
Conservative Inc	10/11	0.003	10.04
Convertible Secs	10/4	0.215	29.86
Equity Div Inc	10/4	0.102	22.75
Equity-Income	10/4	0.299	55.34
Export and Multi	10/4	2.600	22.67
Global Equity Inc	10/4	0.027	11.73
Growth & Income	10/4	0.119	25.74
Intmd Gov't Inc	10/4	0.050	10.60
MD Muni Inc	10/4	0.055	10.94
Puritan	10/11	1.391	20.45
Spartan 500 Index	10/4	0.298	59.92
Strategic Div & Inc	10/4	0.100	13.56
Strategic Real Ret	10/4	0.056	9.30
Telecom and Util	10/4	0.086	20.77
Total Bond	10/11	0.109	10.47

## New Bond Funds

**Conservative Income Muni** [ticker: FCRDX] has been launched. It joins Fidelity's existing lineup of 16 federally tax-free bond fund offerings. It mimics the taxable **Conservative Income Bond** in that its interest-rate-risk falls between a bond and money market fund and, in this case, between **Limited Term Muni Income** and **Muni Money Market**. Its NAV will also fluctuate and so checkwriting is unavailable. We rate the fund *OK to Buy*.

FYI: There are also five actively managed fixed-income ETFs that are

still in the offing. They are **Corporate Bond ETF**, **Limited Term Bond ETF**, **Mortgage-Backed Securities ETF**, **Total Bond ETF** and **Investment Grade Bond ETF**. We'll keep you posted.

## Manager Changes

Longtime Fidelity veteran Robin Foley now co-manages **Intermediate Bond** alongside Rob Galusza. The pairing is not new, as they have been running **Short-Term Bond** together since 2008. She replaces Ford O'Neil who continues to work on related fixed-income portfolios. ■

## Outlook For Electric Utilities Dims

Don't look now, but those enticing dividends paid by electric utilities (and the Fidelity funds that invest in them) will likely start to dim. That's not because of the potential carbon restrictions placed on coal plants, or issues with nuclear power. The threat is actually simpler, and even welcome: It's getting cheaper and easier for businesses and households to make their own electricity.

In some cases, natural gas is used with a fuel cell or generator to avoid hooking up to the local utility. In other cases, solar panels or wind generators can offset power that runs through the utility meter. Put this together with efficiency gains for office buildings, factories and schools, and domestic utility power consumption has grown only 2% year-over-year. At some point, demand for utility power may slip into permanent decline.

While utilities can always raise rates, monopoly pricing won't fly in the long run because do-it-yourself electricity is getting cheaper with each passing year. Even after a recent rate reduction, California's investor-owned utilities (including PG&E) still charge three times the national average for their top household tier, a situation that creates a bonanza for solar panel installers. If solar offsetting is ultimately restricted, customers with big bills will simply go off grid when the technology allows.

In the past, these deteriorating fundamentals may not have mattered because electric utilities have always found a way to boost their dividends. But with utility payout ratios close to 100% of earnings, those days may be gone.

## Action Recommendation

Some utilities are seeing growth in shale-boom regions, and others are fighting back with "time-of-use pricing." But the long-term risks still outweigh the potential reward. As such, we have downgraded **Select Utilities**, **VIP Utilities** and **Telecom & Utilities** to *OK to Sell* from *Hold* (see p. 5). So if you're looking to buy a dividend-paying stock fund, consider instead the yields offered by the admittedly more volatile **Equity-Income** (3.2%), **Growth & Income** (2.6%) and **Mega Cap Stock** (2.3%). ■ — Jack Bowers

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