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# FIDELITY MONITOR & INSIGHT

Incorporating Fidelity Monitor and Fidelity Insight

DECEMBER 2015

PUBLISHED SINCE 1985

## MESSAGE FROM JACK

### Energy Market's New Landscape

A decade ago, on my way home from a Houston conference on oil, I gazed out the window while flying over the oil and gas-rich Permian Basin. If you're not familiar with this geological term, it stretches some 300 miles from central Texas into New Mexico. There wasn't much to see at 39,000 feet. But last month, on a similar flight, the scenery was very different: thousands of shale drilling pads, as far as the eye could see!



Jack Bowers

The Permian Basin is the new hot spot for drillers. It has stacked layers of rock that allows for drilling multiple horizontal wells from a single pad. That means a drilling rig that operates there can produce more oil than with previous techniques. Some operators claim a 30% return on investment is possible even at today's prices. Because the basin is relatively new to the world of shale drilling, its output is still rising, in contrast to older fields where a big reduction in drilling rigs has led to a decline in output.

An epic battle is underway in the world of energy. OPEC is betting they can drive shale producers out of business, but the economics of the basin suggest otherwise.

Welcome to the new era for oil, where \$50 per barrel is the long-term ceiling and shale producers drive that threshold lower with each passing year. (Oil prices have fallen 21% this year to \$42 a barrel.) This is technology disruption at its finest, creating abundance out of scarcity. Today the shale drillers — tomorrow the producers of solar and batteries. Our ancestors worried about the cost of candlelight. Our descendants will be able to drive across the country and pay only for food, lodging and tire wear.

For 2016, low-cost energy will continue to impact the investment landscape (see p. 11), putting downward pressure on most commodities while boosting spendable income. Lower inflation will help keep interest rates low. In turn, this will help to make growth-oriented companies more valuable. Granted, this will slow economic growth in many parts of the world. But it will help in the U.S. where some 70% of GDP is consumer-driven.

Sincerely,

## MARKET OUTLOOK

### Will They (Fed) Or Won't They?

All eyes will be on the Federal Reserve meeting later this month (Dec 15-16) to see if they will finally begin to raise interest rates. For most of this year the Fed has been saying that they expected to begin hiking rates by the end of the year — and now we've arrived.

Last month I said that I did not expect a hike in December *unless* we see an improvement in job gains. Well, we got that in spades on November 6 with a gain in nonfarm payrolls of 271,000! There is another jobs report coming on Dec. 4, which could change things once again, but for now the markets see the likelihood of a December lift-off in rates as being extremely high. The futures market recently pegged the odds at 74% (up from just 30% in mid-October before the jobs report). I am inclined to agree. I think we would need to see a bad jobs report on the 4th plus some other weak data to deter them now, especially as their credibility is somewhat at stake given their consistent forecast of a hike this year.



John M. Boyd

### What Does It Mean For Stocks And Bonds?

As far as bonds are concerned, the market has already moved in anticipation of a rate hike. Back in mid-October the yield on the five-year Treasury was 1.27%. Today it yields 1.65% for a 38 basis point jump, suggesting the market is already discounting the first hike and then some. The 10-year Treasury has moved up 23 basis points. So from the standpoint of bonds, the hike should not have a major impact. However, what will likely have a greater impact is the guidance the Fed gives regarding the amount and pace of future hikes. As long as they signal that the path of higher interest rates will be modest and gradual, bonds should weather the announcement without much damage.

Stocks are a little harder to handicap. Unlike bonds, we don't have an easy metric to gauge the degree to which a rate hike may have already been built-in to prices. But stocks have slowed to a crawl this month after October's strong gains, and stock investors can read the bond market, too, so it's likely a hike has been at least partially discounted. As with bonds, the guidance will be important. Here in addition to expectations that future hikes would be

Market Outlook *cont'd on page 3*

**MODEL PORTFOLIOS**

See Model Portfolios Key on p. 3

**NOVEMBER 30, 2015**

**Unique Opportunities**

Target Risk: 1.20 (Current: 1.04)

Foreign Holdings: 8.1%

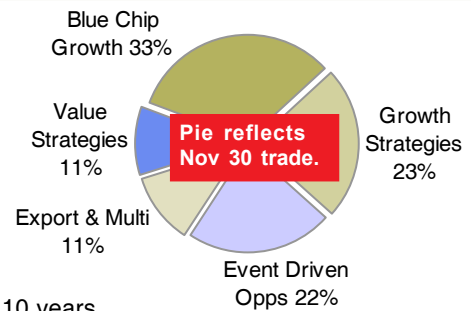
**YTD Return: 2.9%**

Stocks: 99.2% Bonds: 0.0% Cash: 0.8% Alternatives: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Nov Ret
Blue Chip Growth	FBGRX	\$69.63	1,970.85	\$137,230	1.0%
Growth Strategies	FDEGX	33.91	2,873.22	97,431	0.7
Event Driven Opps	FARNX	11.24	8,360.34	93,970	0.5
Export & Multinational	FEXPX	20.74	2,152.89	44,651	-0.4
Mid Cap Value	FSMVX	23.97	1,861.10	44,610	-0.1

**Current Value (3/31/99 = \$100,000) \$417,892 0.5%**

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



**Select**

Target Risk: 1.20 (Current: 1.03)

Foreign Holdings: 11.7%

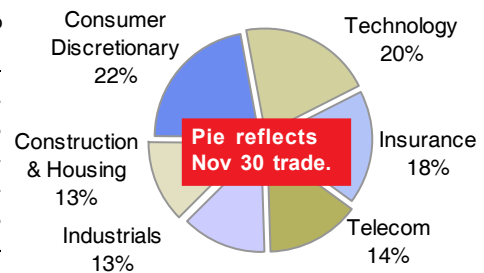
**YTD Return: 0.2%**

Stocks: 97.9% Bonds: 0.0% Cash: 2.1% Alternatives: 0.0% Yield: 0.5%

Holdings	Ticker	NAV	Shares	Value	Nov Ret
Consumer Discretionary	FSCPX	\$35.84	17,911.25	\$641,939	0.1%
Technology	FSPTX	123.51	4,792.96	591,978	1.5
Insurance	FSPCX	71.23	7,151.69	509,415	1.7
Telecommunications	FSTCX	61.66	6,668.20	411,161	-1.2
Industrials	FCYIX	31.74	11,653.81	369,892	2.2
Medical Delivery	FSHCX	84.25	4,356.83	367,063	-0.7

**Current Value (12/31/88 = \$100,000) \$2,891,448 0.6%**

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



**Growth**

Target Risk: 1.00 (Current: 1.02)

Foreign Holdings: 9.6%

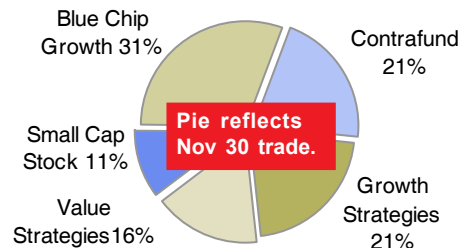
**YTD Return: 3.5%**

Stocks: 98.2% Bonds: 0.0% Cash: 1.7% Alternatives: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Nov Ret
Blue Chip Growth	FBGRX	\$69.63	9,222.87	\$642,188	1.0%
Contrafund	FCNTX	104.72	4,255.13	445,597	0.6
Growth Strategies	FDEGX	33.91	13,018.47	441,456	0.7
Mid Cap Value	FSMVX	23.97	14,188.56	340,100	-0.1
Small Cap Stock	FSLCX	18.76	11,737.25	220,191	1.1

**Current Value (12/31/86 = \$100,000) \$2,089,533 0.7%**

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: 0.73)

Foreign Holdings: 8.1%

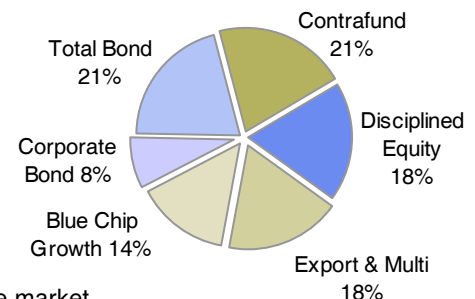
**YTD Return: 2.3%**

Stocks: 69.3% Bonds: 23.6% Cash: 2.7% Alternatives: 4.4% Yield: 1.4%

Holdings	Ticker	NAV	Shares	Value	Nov Ret
Total Bond	FTBFX	\$10.41	11,091.85	\$115,466	-0.3%
Contrafund	FCNTX	104.72	1,098.10	114,993	0.6
Disciplined Equity	FDEQX	34.40	2,874.39	98,879	0.6
Export & Multinational	FEXPX	20.74	4,659.79	96,644	-0.4
Blue Chip Growth	FBGRX	69.63	1,127.35	78,497	1.0
Corporate Bond	FCBFX	11.13	3,995.10	44,465	-0.2

**Current Value (12/31/93 = \$100,000) \$548,945 0.2%**

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



**Income**

Target Risk: 0.33 (Current: 0.33)

Foreign Holdings: 10.3%

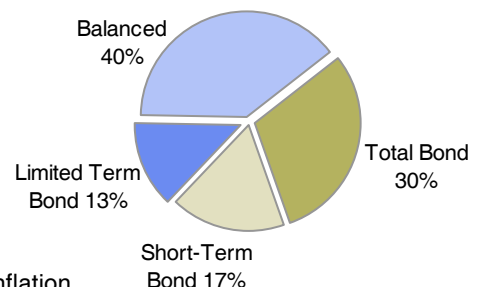
**YTD Return: 1.1%**

Stocks: 25.9% Bonds: 66.3% Cash: 1.9% Alternatives: 5.8% Yield: 2.0%

Holdings	Ticker	NAV	Shares	Value	Nov Ret
Balanced	FBALX	\$21.69	6,619.21	\$143,571	0.5%
Total Bond	FTBFX	10.41	10,227.01	106,463	-0.3
Short-Term Bond	FSHBX	8.58	7,170.55	61,523	-0.1
Limited Term Bond	FJRLX	11.44	4,217.36	48,247	-0.1

**Current Value (12/31/91 = \$100,000) \$359,804 0.1%**

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



## Market Outlook *cont'd from page 1*

moderate and gradual we hope to see that future hikes would be data dependent (which I expect). It's one thing for rates to be raised because the economy is strengthening (not so bad), and quite another if they are going up simply because the Fed sees the need to "normalize" unusually low rates, even though the economy is not that healthy.

### Still Sluggish Growth

On that score, the economy remains stuck in the slow-growth, 2.0-2.5% per year track it's been on since the recovery began. This month, third quarter GDP was revised up to 2.1% from an initial estimate of 1.5%. But this was not all good news as the main reason for the increase was a large upward revision to inventories which could weigh on the fourth quarter's results. But it is still growth. And, as I have noted before, this slow growth trajectory is one reason the recovery has been able to continue so long without a recession. So long as the Fed keeps any further hikes "in-line" with signs of improvement in the economy, stocks should be fine. It's worth noting that on the day of the last Fed meeting, when they made it clear that a December hike was likely, stocks rallied on the news. (In fact, if the Fed doesn't hike this month stocks could sell off on fears that the Fed must think the economy isn't strong enough to tolerate it!)

That said, stocks typically react negatively in the short-run to the start of a new tightening cycle. So it wouldn't come as a shock if stocks struggle out of the gate next year. But the good news is that over the last seven tightening cycles (since 1983), a year after the first hike, the S&P 500 was higher all seven times with an average gain of 6.4%. ■

— John M. Boyd

## FUNDS YOU SHOULD BUY NOW

**Growth:** For large-cap exposure ... **Blue Chip Growth** and **Growth Company** take aggressive approaches to growth. **Contrafund** and **Disciplined Equity** are more conservative, whereas **Export & Multinational** takes risk even lower. **Growth Strategies** and **Value Strategies** (p. 11) provide mid-cap exposure; **Event Driven Opportunities** and **Small Cap Stock** are smaller-cap options that enhance portfolio diversification.

**Growth & Income:** **Balanced** and **Puritan** use a mix of stocks and bonds to mitigate risk.

**Taxable Bond:** **Short-Term Bond** and **Limited Term Bond** contain interest-rate risk. **Investment Grade Bond** limits credit risk but boosts yield via additional interest-rate risk; **Total Bond** provides the greatest bond diversification boosting its yield through well-managed credit risk.

**Muni Bond:** More highly taxed investors should consider muni funds. We prefer the less risky, nationally diversified variety (see p. 4). ■

## MODEL PORTFOLIO TRADES

*As announced on our November 27 Hotline, on Monday November 30, we made the following Model Portfolio trades:*

### Unique Opportunities Model:

We sold our entire position in **Mid Cap Value** [ticker: FSMVX]. With the proceeds we bought **Value Strategies** [ticker: FSLSX].

### Select Model:

We sold all of **Medical Delivery** [ticker: FSHCX]. With the proceeds we bought **Construction & Housing** [ticker: FSHOX].

### Growth Model:

We sold our entire position in **Mid Cap Value** [ticker: FSMVX]. With the proceeds we bought **Value Strategies** [ticker: FSLSX].

### Annuity Sector:

We sold our entire position in **VIP Financial Services** [ticker: FONNC]. We used 1/2 of the proceeds to add to **VIP Technology** [ticker: FYENC], making it about 27% of the model. With the other 1/2 we added to **VIP Telecommunications** [ticker: FVTAC], making it about 23% of the model.

We sold our entire position in **VIP Health Care** [ticker: FPDRC]. We used 1/2 of the proceeds to add to **VIP Industrials** [ticker: FBALC], making it about 22% of the model. With the other 1/2 we added to **VIP Consumer Discretionary** [ticker: FVHAC], making it about 28% of the model.

### Annuity Growth Model:

We sold all of **VIP Value** [ticker: FKMSC]. With the proceeds we bought **VIP Value Strategies** [ticker: FRBSC].

### Annuity Growth & Income Model:

We sold all of **VIP Value** [ticker: FKMSC]. With the proceeds we bought **VIP Value Strategies** [ticker: FRBSC].

**Note:** Please note that Mid Cap Value, Select funds, and Sector Annuity funds, all have short-term trading fees ranging from 0.75% to 1.00% on shares held fewer than 30 days to as many as 60. As such, you may wish to delay your trades until the fee no longer applies.

**Trade rationales:** A discussion about the models' newly purchased funds and those we have sold begins on page 11.

### 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.

**TAX-FREE INCOME**

**Munis: More Gain, Less Tax Pain?**

All things considered, it's been better to own a muni fund this year than either a corporate or a Treasury fund. While their absolute returns haven't been great, they've generally provided returns that are in line with their year-ago yields. In other words, muni funds have paid their coupons, but there was little capital appreciation or depreciation.

The same cannot be said of taxable bond funds. Though there are exceptions, this one is telling: **Spartan U.S. Bond Index** reported a 30-day yield of 2.08% as of Dec. 31, 2014. But its year-to-date return is just 0.8%.

During the same period, **Intermediate Muni Income** (which has a similar rate-risk) had been yielding 1.37%, but has so far returned 1.7%. Again, just relatively better. But here's the kicker for this and all muni funds: their income can be free of federal and state income taxes (though the AMT may apply). On that basis, munis have been a better bet, and we think that will be the case again in 2016.

First, let's discuss the risks to munis.

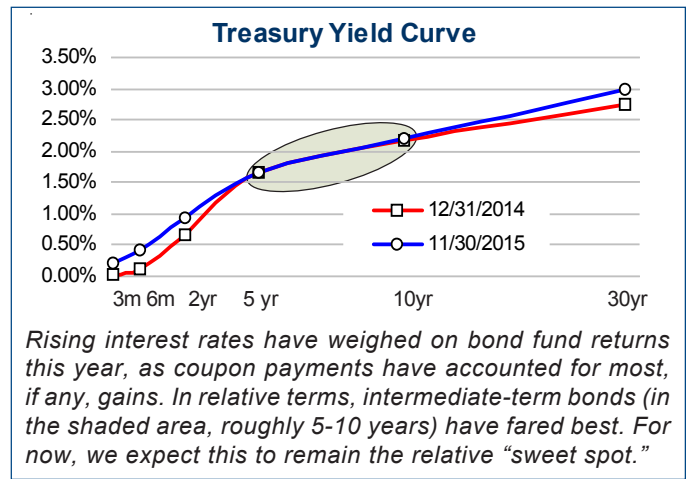
**The Risks**

If the recent past is prologue, Detroit's and Puerto Rico's failures caused a fair amount of unease — but it was fleeting. Now there are concerns over Chicago and Illinois (which did sting **Tax-Free Bond**), but steps to protect against default will likely be addressed by hiking fees and taxes.

We won't argue the merits of this approach versus, say, spending cuts. But the salient point is this: when towns, counties, agencies and states run into trouble, they merely squeeze the citizenry a little more. Problem gone!

TAX-EQUIVALENT MUNI YIELDS						
	SEC	Federal Tax Bracket				
	% Yield	25%	28%	33%	35%	39.6%
Arizona Muni Inc	1.78	2.37	2.47	2.66	2.91	3.29
Calif Ltd-Term T-F	0.83	0.83	0.83	0.83	0.83	1.69
California Muni Inc	1.74	2.32	2.42	2.60	2.84	3.55
Connecticut Muni Inc	1.95	2.60	2.71	2.91	3.19	3.69
Conservative Inc	0.32	0.43	0.44	0.48	0.52	0.57
Interm Municipal Inc	1.57	2.09	2.18	2.34	2.57	2.77
Limited-Term Muni Inc	0.85	1.13	1.18	1.27	1.39	1.50
Maryland Muni Inc	1.82	2.43	2.53	2.72	2.97	3.41
Mass Muni Inc	1.85	2.47	2.57	2.76	3.02	3.46
Michigan Muni Inc	1.60	2.13	2.22	2.39	2.61	2.95
Minnesota Muni Inc	1.55	2.07	2.15	2.31	2.53	3.04
Municipal Inc	1.99	2.65	2.76	2.97	3.25	3.52
New Jersey Muni Inc	2.49	3.32	3.46	3.72	4.07	4.83
New York Muni Inc	1.86	2.48	2.58	2.78	3.04	3.60
Ohio Muni Inc	2.00	2.67	2.78	2.99	3.27	3.73
Pennsylvania Muni Inc	1.98	2.64	2.75	2.96	3.24	3.61
Tax-Free Bond	2.20	2.93	3.06	3.28	3.59	3.89

Though not shown, the top-two brackets add 3.8% for "Affordable Care" tax; highest bracket also accounts for each state's top income rate.



While that may not sit well with tollpayers and taxpayers, the ease by which government entities can do this make muni bond funds manifestly safer than their corporate counterparts (though not as safe as Treasuries, which many taxable funds also hold).

As for interest-rate-risk — we're not losing much sleep.

Yes, the Fed will end its six-year-long policy of keeping short-term rates near zero. But we certainly don't expect them to hike at every meeting. The overall health of the U.S. economy will obviously drive those decisions. And, as we're hardly an island economy, we're unlikely to enjoy a pickup in GDP growth until China picks up steam which, in turn, will also help Europe and Japan. Yes, unemployment is at 5.0% here. But the Fed also wants to see some wage growth and inflation above 2%. Those are sure signs of economic growth.

Apart from limited rate-risk, muni investors may have to weather the quadrennial rite of politicians calling for the elimination of muni bonds' tax-free income. While this always spooks investors, mayors and others always come to munis' defense as even they understand that muni bonds are their community's lifeblood to infrastructure improvements and, well, votes. They wouldn't want to slay this golden goose! Another potential positive for the year ahead: the supply of new issuance will be met with strong demand.

**Action Recommendation**

So, what should you own?

First, here's what we'd avoid: **Conservative Income Muni**. For our money, the short end of the yield is especially vulnerable to rising rates, so the risk-reward isn't attractive. (And, by-the-way, the fund is not an alternative to the taxable **Conservative Income Bond**, which we do recommend as a higher-risk/higher-yielding alternative to money markets.)

If there's a "sweet spot" for munis (and taxables) for the foreseeable future, it will remain in the "middle" of the yield chart. This means a *Buy* rating for the

FUND COMMENTARY

## Small-caps Shine As Moods Grow Somber

Every day, month and year carries the weight of some horrific strife. But almost by definition, investors must look past that day's heart-wrenching news and optimistically wager on sanity.



John Bonnanzio

So it was last month, when ISIS-linked terrorists struck Paris, downed a Russian airliner over Egypt and bombed an open-air market in Beirut.

Not surprisingly, pacifist Parisians now applaud French air strikes in Syria, while more of their neighbors are appreciating that an Islamic caliphate is every civilized person's problem.

Against this horrific backdrop, the markets tried to make sense of the more mundane and, actually, more relevant investment considerations at hand. This includes a second take on U.S. GDP showing an economy growing faster than previously thought; that the pace of home construction/housing prices has slowed; that there's an awful lot of inventory sitting around, and; excepting autos, manufacturing output is moribund.

Of course, things are worse in Europe and Japan, which is why the U.S. is on track for the Fed to raise interest rates this month whereas other central banks will be "easing" to further stimulate growth.

Oh, and one other thing: third-quarters profits for U.S. firms were nothing great. This was especially true for health care companies who are now realizing that providing more services for less money is a prescription for hemorrhaging red. So M&A activity continued to be brisk in that sector, as were tax-driven "inversions." Most notably, Pfizer's \$155 billion acquisition of Ireland's Allergan is an easy (though politically unpopular) strategy to lower their corporate taxes and boost the combined firm's bottom line.

## Market Indexes

The large-cap Dow Jones Industrials and S&P 500 eked out respective gains of 0.6% and 0.3% last month, whereas the tech- and biotech-rich Nasdaq Composite gained 1.2% and Russell 2000 jumped 3.3%. The latter was enough to put the small-cap barometer back into the black on a year-to-date basis (up 0.7%), though barely so. In fact, small caps have, heretofore, been the equity market's Achilles heel this year. Then again, with the S&P 500 up just 3.0% with a month left to the year, it's been all-but-impossible for many stock fund managers to drive their NAVs significantly higher.

## Equity Funds

A notable exception to that have been growth-oriented managers who have capitalized on the Nasdaq Composite's 11-month return of 9.0%.

Whereas the average actively run stock fund at Fidelity is up 2.5% this

year, large-cap growth offerings are ahead by 5.1%. Within that arena **OTC** leads the pack (up 9.3%) followed closely by **Growth Company** (up 9.0%), **Contrafund** (up 7.9%) and **Blue Chip Growth** (up 7.0%). Notably, their average tech exposure of 40% is almost twice as great as their stock-fund peers.

As for **Small Cap Growth**, it surged 3.4% in November and is now up 9.4% for the year. Now Fidelity's top-performing fund for the year, its 28% stake in health care and another 23% in tech have driven its gains.

## Bond Funds

The expectation of higher interest rates drove all but one taxable bond fund (**Conservative Income**, up 0.1%) lower in November. The yield on the 10-year Treasury rose 6 basis points to finish the month at 2.21%. Most muni funds fared far better as demand for tax-free income rarely goes out of fashion! (See p. 4). ■

## DECEMBER SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Magellan	B	<b>B</b>	↑	Nice combo of low risk and strong stockpicking.
Mid Cap Value	<b>B</b>	B	↓	Exposure to financials is too large (see p. 11).
MSCI Financials	B	H	↓	Sector being pinched from many sides (see p. 11).
MSCI Healthcare	B	H	↓	Full valuations/cost containment will hurt (see p. 11).
Sel Broker & Invest	B	H	↓	Downward pressure on fees and commissions.
Sel Cons Finance	B	H	↓	Credit card processing exposure unattractive.
Sel Cons Staples	B	H	↓	Stock selection has been weak for a while.
Sel Financial Svcs	B	H	↓	Sector being pinched from many sides (see p. 11).
Sel Health Care	B	H	↓	Full valuations/cost containment will hurt (see p. 11).
Sel Leisure	<b>B</b>	B	↓	Rising payroll costs for unskilled workers a negative.
Sel Medical Delivery	<b>B</b>	B	↓	Competition & gov't funding will hurt (see p. 11).
Sel Medical Equip	<b>B</b>	B	↓	Pricing pressures by gov't will hurt (see p. 11).
Sel Natural Gas	S	<b>S</b>	↓	Abundant shale driving down oil & gas (see p. 11).
Sel Pharmaceuticals	B	H	↓	Pricing pressures by gov't will hurt (see p. 11).
Sel Transportation	B	H	↓	Railroads will be hurt by falling commodity prices.
Select MM		NA		Merged; de-listed from <i>Scorecard</i> .
U.S. Gov't Reserves		NA		Merged; de-listed from <i>Scorecard</i> .
Value	<b>B</b>	B	↓	Exposure to financials is too large.
Value Strategies	B	<b>B</b>	↑	See "A Different Approach To Value" on p. 11.
VIP Financial Svcs	<b>B</b>	H	↓	Sector being pinched from many sides (see p. 11).
VIP Health Care	<b>B</b>	H	↓	Full valuations/cost containment will hurt (see p. 11).
VIP Value	<b>B</b>	B	↓	Exposure to financials is too large.
VIP Value Strategies	B	<b>B</b>	↑	See "A Different Approach To Value" on p. 11.

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

# FIDELITY SCORECARD

NOVEMBER 30, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>		
						Nov	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr			
Comparative Indexes		S&P 500		2080.4		0.3	3.0	6.1	2.8	16.1	14.4	7.5	1.00		
		Nasdaq Composite		5108.7		1.2	9.0	7.2	7.8	20.8	16.7	9.8	1.13		
		Dow Jones Industrials		17719.9		0.6	1.6	7.7	1.7	13.5	12.8	7.8	1.03		
		Russell 2000 (Small Caps)		1198.1		3.3	0.7	3.7	3.5	14.9	12.0	7.3	1.31		
		Barclays Aggregate Bond*				-0.2	0.8	0.5	0.9	1.3	2.9	4.3	0.29		
Model Portfolios		Unique Opportunities				0.5	2.9	4.3	2.5	14.6	11.7	7.1	1.04		
		Select				0.6	0.2	4.5	1.9	17.2	15.0	8.8	1.03		
		Growth				0.7	3.5	3.4	3.2	13.1	11.9	6.2	1.02		
		Growth & Income				0.2	2.3	2.9	1.7	10.7	9.5	5.9	0.73		
		Income				0.1	1.1	1.4	0.8	3.9	5.5	4.6	0.33		
											Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>1.1</b>	<b>5.1</b>	<b>4.7</b>	<b>4.5</b>	<b>17.4</b>	<b>14.2</b>	<b>1.11</b>
312	FBGRX	Blue Chip Growth		69.63	Buy	1.0	7.0	4.0	6.4	19.7	15.7	1.11	\$15,479		
307	FDCAX	Capital Appreciation		36.87	OK to Buy	-0.4	2.3	2.5	1.2	16.0	13.9	1.11	5,821		
22	FCNTX	Contrafund		104.72	Buy	0.6	7.9	5.6	7.4	16.7	13.9	0.98	79,066		
3	FFIDX	Fidelity Fund		42.93	Hold	1.1	4.5	4.9	4.8	15.3	13.3	1.05	3,986		
500	FFTYX	Fifty				Merged into Focused Stock									
333	FTQGX	Focused Stock		19.32	Hold	1.3	3.1	3.9	1.4	14.5	13.3	1.18	1,898		
25	FDGRX	Growth Company (Closed)		143.56	Buy	2.1	9.0	6.1	9.0	19.8	16.5	1.17	23,544		
339	FDSVX	Growth Discovery		25.31	OK to Buy	1.1	7.3	5.2	6.0	17.5	14.8	1.08	1,080		
73	FDFFX	Independence		39.08	OK to Sell	1.1	1.9	2.3	0.6	17.6	12.2	1.27	3,913		
21	FMAGX	Magellan		94.92	Buy↑	1.3	5.9	6.1	5.8	18.1	12.7	1.07	13,898		
300	FMILX	New Millennium		38.99	Hold	0.4	0.6	3.1	0.1	14.5	13.4	1.03	3,317		
93	FOCPX	OTC		82.83	OK to Buy	2.2	9.3	7.3	8.6	23.5	17.2	1.31	9,669		
320	FDSSX	Stock Selector All Cap		35.98	Hold	1.0	1.9	4.7	1.6	15.3	13.0	1.04	5,240		
5	FTRNX	Trend		89.61	OK to Buy	1.5	6.1	6.0	5.3	17.2	14.9	1.08	1,494		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>0.3</b>	<b>1.1</b>	<b>4.2</b>	<b>0.5</b>	<b>14.9</b>	<b>13.2</b>	<b>1.04</b>
315	FDEQX	Disciplined Equity		34.40	Buy	0.6	2.3	4.8	2.2	16.6	13.3	1.00	1,403		
330	FDGFX	Dividend Growth		31.04	OK to Buy	-0.2	0.6	3.8	-0.1	14.6	11.8	1.02	6,117		
332	FEXPX	Export and Multinational	0.75%/30d	20.74	Buy	-0.4	2.8	3.4	2.6	12.7	11.2	0.95	1,742		
27	FGRIX	Growth & Income		29.84	Hold	0.6	0.2	4.4	-0.7	14.5	13.8	1.07	5,779		
338	FLCSX	Large Cap Stock		27.65	Hold	0.7	-0.3	3.6	-1.1	16.0	14.7	1.11	2,877		
361	FGRTX	Mega Cap Stock		16.24	Hold	0.2	0.8	5.3	0.1	15.0	14.6	1.09	3,236		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>0.0</b>	<b>-1.3</b>	<b>3.2</b>	<b>-1.0</b>	<b>14.1</b>	<b>12.1</b>	<b>0.98</b>
1271	FBCVX	Blue Chip Value		16.16	OK to Buy	0.3	0.3	3.4	1.6	16.5	12.0	1.02	495		
319	FEQTX	Equity Dividend Income		26.01	Hold	-0.3	-1.0	4.2	-1.1	12.7	11.6	0.98	4,826		
23	FEQIX	Equity-Income		54.88	Hold	-0.1	-2.3	2.3	-3.0	11.1	10.5	0.95	6,318		
708	FSLVX	Stock Sel Large Cap Value		16.82	Hold	0.1	-1.9	2.9	-1.8	14.7	12.9	0.98	707		
832	FVDFX	Value Discovery		23.66	OK to Buy	0.2	-1.5	3.3	-0.6	15.7	13.7	0.98	1,417		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>0.7</b>	<b>2.1</b>	<b>2.2</b>	<b>2.5</b>	<b>15.9</b>	<b>12.3</b>	<b>1.04</b>
324	FDEGX	Growth Strategies	1.50%/90d	33.91	Buy	0.7	5.0	2.9	4.9	18.5	12.5	1.03	2,534		
337	FMCSX	Mid-Cap Stock	0.75%/30d	36.08	OK to Buy	0.8	1.5	1.6	1.6	15.5	13.0	1.01	5,394		
2412	FSSMX	Stock Selector Mid Cap		33.34	OK to Buy	0.5	-0.3	2.3	0.9	13.6	11.3	1.07	486		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>0.8</b>	<b>-0.9</b>	<b>2.5</b>	<b>0.2</b>	<b>13.7</b>	<b>12.4</b>	<b>1.15</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	42.98	Hold	0.8	-0.9	2.5	0.2	13.7	12.4	1.15	3,425		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>0.1</b>	<b>-0.3</b>	<b>1.5</b>	<b>0.3</b>	<b>15.3</b>	<b>13.1</b>	<b>1.03</b>
316	FLPSX	Low-Priced Stock	1.50%/90d	49.45	Buy	0.4	2.1	1.4	2.5	15.0	13.3	0.89	28,962		
762	FSMVX	Mid Cap Value	0.75%/30d	23.97	OK to Buy↓	-0.1	-1.9	1.7	-0.7	17.6	14.2	1.09	3,097		
39	FDVLX	Value		110.40	OK to Buy↓	-0.3	-2.5	0.5	-2.0	15.5	12.9	1.09	7,373		
14	FSLSX	Value Strategies		43.72	Buy↑	0.2	1.3	2.5	1.4	13.2	11.9	1.07	589		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>3.4</b>	<b>9.4</b>	<b>1.0</b>	<b>12.8</b>	<b>18.4</b>	<b>14.1</b>	<b>1.28</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	19.36	Buy	3.4	9.4	1.0	12.8	18.4	14.1	1.28	1,542		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>1.6</b>	<b>3.1</b>	<b>4.6</b>	<b>5.4</b>	<b>15.0</b>	<b>11.8</b>	<b>1.19</b>
2624	FARNX	Event Driven Opportunities		11.24	Buy	0.5	2.4	9.2	4.6	--	--	--	207		
384	FSCRX	Small Cap Discovery (Closed)	1.50%/90d	28.63	OK to Buy	1.5	-0.3	1.6	2.4	15.6	14.9	1.21	5,641		
340	FSLCX	Small Cap Stock	2.00%/90d	18.76	Buy	1.1	6.3	3.8	8.0	14.8	8.9	1.14	2,123		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	25.72	OK to Buy	3.3	4.2	3.9	6.6	14.7	11.8	1.22	1,429		
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>1.6</b>	<b>3.5</b>	<b>4.1</b>	<b>6.5</b>	<b>16.4</b>	<b>13.7</b>	<b>1.22</b>
1389	FCPVX	Small Cap Value (Closed)	1.50%/90d	17.90	OK to Buy	1.6	3.5	4.1	6.5	16.4	13.7	1.22	2,121		

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

# FIDELITY SCORECARD

NOVEMBER 30, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Nov	YTD	3 Mo.	1 Year	3 Year	5 Year				
<b>SPECIALTY</b>															
304	FBALX	Balanced		21.69	Buy	0.5	2.0	3.2	1.7	10.8	10.2	0.70	\$20,699		
308	FCV SX	Convertible Securities		29.66	Hold	-0.5	-6.4	0.1	-6.4	9.6	7.8	0.87	1,824		
334	FGBLX	Global Balanced	1.00%/30d	22.75	OK to Buy	-0.2	-0.4	1.2	-1.9	4.9	5.6	0.70	451		
2120	FFGCX	Global Commodity Stock	1.00%/30d	9.69	Sell	-4.0	-22.2	-7.5	-24.1	-11.1	-8.1	1.62	148		
1960	FDYSX	Global Strategies		8.62	Hold	-0.5	0.7	2.1	-0.7	4.6	4.7	0.67	97		
1368	FIREX	International Real Estate	1.50%/90d	10.03	Hold	-2.7	1.5	0.5	0.9	8.0	7.7	1.11	332		
4	FPURX	Puritan		20.66	Buy	0.9	3.0	4.0	2.8	11.4	10.4	0.72	19,431		
833	FRIFX	Real Estate Income	0.75%/90d	11.51	OK to Buy	0.3	1.9	2.1	2.1	6.5	8.7	0.51	2,523		
303	FRESX	Real Estate Investment	0.75%/90d	40.46	Hold	-0.4	3.7	9.7	4.9	12.4	13.0	1.39	4,445		
1329	FSDIX	Strategic Dividend & Income		14.12	OK to Buy	-0.3	-0.4	4.2	-0.7	10.3	11.2	0.73	2,835		
1505	FSRRX	Strategic Real Return	0.75%/60d	8.37	Hold	-2.2	-6.2	-2.6	-8.4	-2.5	1.1	0.45	520		
311	FIUIX	Telecom & Utilities		22.29	Hold	-1.5	-6.3	-1.0	-7.8	8.8	10.9	1.05	843		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.14	Hold	-0.1	0.6	1.0	0.3	3.4	4.2	0.30	4,720		
1957	FTANX	Asset Manager 30%		10.43	Hold	-0.0	0.8	1.3	0.4	4.7	5.3	0.39	843		
1958	FFANX	Asset Manager 40%		10.70	Hold	0.1	1.0	1.8	0.4	5.9	6.2	0.48	960		
314	FASMX	Asset Manager 50%		17.00	Hold	0.1	1.0	2.1	0.3	7.0	6.9	0.58	7,771		
1959	FSANX	Asset Manager 60%		11.19	Hold	0.3	1.1	2.4	0.3	8.1	7.6	0.67	1,342		
321	FASGX	Asset Manager 70%		19.98	Hold	0.3	1.2	2.7	0.2	9.1	8.3	0.77	3,961		
347	FAMRX	Asset Manager 85%		16.64	Hold	0.4	1.3	3.2	0.2	10.9	9.4	0.91	1,433		
<b>EQUITY INDEX</b>															
355	FFNOX	Four-in-One Index		37.71	Hold	0.0	1.9	3.5	1.0	11.3	10.3	0.86	4,315		
2010	FIENX	International Enhanced Index	1.00%/30d	8.43	Hold	-0.8	3.3	1.6	-0.1	8.3	6.8	1.18	153		
1827	FLC EX	Large Cap Core Enhanced Index		11.92	OK to Buy	0.1	0.9	5.5	0.4	15.9	14.5	0.99	415		
1829	FLG EX	Large Cap Growth Enhanced Index		15.31	OK to Buy	0.1	5.5	6.1	4.3	17.4	15.1	1.01	459		
1828	FLV EX	Large Cap Value Enhanced Index		10.97	Hold	0.0	-1.8	4.1	-1.6	15.3	14.2	1.01	1,503		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	13.48	OK to Buy	0.4	0.3	2.3	0.5	17.2	14.1	1.03	837		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	67.89	Hold	1.3	8.9	7.3	7.7	20.6	16.6	1.13	2,071		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	12.74	OK to Buy	2.7	3.5	4.8	5.8	16.0	14.1	1.28	581		
650	FUSEX	Spartan 500 Index <sup>4</sup>		73.58	Hold	0.3	2.9	6.1	2.7	16.0	14.3	1.00	7,701		
2341	FPEMX	Spartan Emerging Mkts Index <sup>4</sup>	1.50%/90d	8.13	Hold	-3.3	-13.6	-1.2	-17.8	-4.3	--	1.42	23		
398	FSEMX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	54.80	Buy	1.7	0.6	2.1	1.6	15.4	12.8	1.16	1,557		
2345	FSGUX	Spartan Global ex U.S. Index <sup>4</sup>	1.00%/90d	11.13	Hold	-1.7	-3.5	0.4	-7.2	3.2	--	1.17	18		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	37.61	Hold	-1.0	1.1	0.9	-2.7	6.5	5.6	1.19	2,833		
2349	FSCLX	Spartan Mid Cap Index <sup>4</sup>	0.75%/30d	17.33	OK to Buy	0.2	0.1	2.6	0.3	15.9	--	1.03	34		
2353	FRXIX	Spartan Real Estate Index <sup>4</sup>	0.75%/90d	14.91	Hold	-0.5	2.1	8.7	3.9	12.1	--	1.40	31		
2356	FSSPX	Spartan Small Cap Index <sup>4</sup>	1.50%/90d	16.69	OK to Buy	3.2	0.7	3.7	3.5	14.9	--	1.31	37		
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	61.21	Hold	0.6	2.5	5.3	2.5	15.9	14.0	1.01	2,032		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>-0.6</b>	<b>0.5</b>	<b>1.7</b>	<b>-2.0</b>	<b>6.5</b>	<b>5.2</b>	<b>1.24</b>
309	FICDX	Canada	1.50%/90d	44.58	OK to Sell	-2.1	-15.3	-3.1	-16.8	-0.8	-0.4	1.17	1,224		
352	FHKCX	China Region	1.50%/90d	29.07	OK to Sell	-2.2	-5.2	8.8	-4.4	8.0	4.0	1.87	1,221		
325	FDIVX	Diversified International	1.00%/30d	35.98	OK to Buy	-0.3	4.4	1.2	1.7	9.0	7.0	1.12	12,950		
351	FSEAX	Emerging Asia	1.50%/90d	30.45	Hold	-2.4	-6.7	3.7	-7.1	2.6	2.2	1.32	976		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	7.22	OK to Sell	-3.7	-9.6	-3.4	-16.4	-4.2	-1.8	1.38	65		
322	FEMKX	Emerging Markets	1.50%/90d	22.17	Hold	-1.7	-8.8	2.9	-12.5	0.2	-1.6	1.28	2,737		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	10.74	Hold	-2.2	-7.7	0.2	-11.0	-2.3	--	1.17	60		
301	FIEXX	Europe	1.00%/30d	36.95	OK to Buy	-0.7	4.8	0.8	1.6	8.3	6.9	1.20	1,364		
2406	FGILX	Global Equity-Income	1.00%/90d	12.18	OK to Buy	0.5	2.9	3.0	1.7	11.6	--	0.94	69		
335	FIVFX	International Cap App	1.00%/30d	17.02	Buy	0.2	4.0	3.3	2.3	10.3	8.9	1.06	1,389		
305	FIGRX	International Discovery	1.00%/30d	40.05	Hold	-0.2	5.4	1.4	2.3	8.6	6.8	1.12	7,202		
1979	FIGFX	International Growth	1.00%/30d	11.34	OK to Buy	-0.4	5.0	2.1	2.0	8.4	7.8	1.05	944		
818	FISMX	International Small Cap	2.00%/90d	22.88	OK to Buy	-0.8	5.7	-0.4	5.8	12.1	8.0	1.05	804		
1504	FSCOX	International Small Cap Opps	2.00%/90d	14.97	OK to Buy	0.4	9.4	1.2	9.8	11.9	10.6	0.96	779		
1597	FIVLX	International Value	1.00%/30d	8.26	OK to Sell	-0.4	2.6	0.2	-1.3	6.2	4.7	1.20	279		
350	FJPNX	Japan	1.50%/90d	11.96	OK to Sell	0.4	9.3	2.0	5.9	9.3	4.4	1.36	491		
360	FJSCX	Japan Smaller Companies	1.50%/90d	13.89	OK to Sell	0.9	12.8	3.1	13.6	18.2	12.7	1.78	513		
349	FLATX	Latin America	1.50%/90d	17.59	OK to Sell	-2.7	-26.1	-4.7	-32.8	-18.4	-13.8	1.90	462		
342	FNORX	Nordic	1.50%/90d	46.62	OK to Buy	3.6	9.5	5.4	6.6	17.2	11.0	1.26	420		
94	FOSFX	Overseas	1.00%/30d	41.76	Buy	0.5	9.5	2.1	7.2	11.3	8.8	1.07	4,028		
302	FPBFX	Pacific Basin	1.50%/90d	27.16	Hold	0.6	4.2	4.2	2.5	11.0	7.3	1.18	656		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.28	Hold	-1.0	-4.2	1.7	-8.4	-0.4	--	1.12	41		
1978	FTIEX	Total International Equity	1.00%/30d	7.77	Hold	-0.6	1.6	1.6	-1.8	5.2	4.9	1.09	302		
318	FWWFX	Worldwide	1.00%/30d	23.30	OK to Buy	0.7	4.5	2.9	2.5	12.0	10.4	1.08	1,553		

# FIDELITY SCORECARD

NOVEMBER 30, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
						Nov	YTD	3 Mo.	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>0.6</b>	<b>0.2</b>	<b>3.7</b>	<b>0.4</b>	<b>14.4</b>	<b>12.1</b>	<b>1.40</b>	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	69.69	OK to Buy	-1.8	-6.0	5.0	-4.2	23.7	15.5	1.29	\$382
502	FSAVX	Automotive	0.75%/30d	45.03	OK to Buy	2.4	2.9	7.2	2.3	19.1	9.8	1.33	100
507	FSRBX	Banking	0.75%/30d	27.65	Hold	4.3	5.5	6.2	7.8	17.3	14.2	1.22	723
42	FBIOX	Biotechnology	0.75%/30d	247.25	OK to Sell	6.7	14.5	-0.4	17.1	36.5	34.7	2.31	15,087
68	FSLBX	Brokerage & Investment	0.75%/30d	71.86	Hold	4.1	-4.1	4.5	-2.2	16.3	10.8	1.47	438
69	FSDCHX	Chemicals	0.75%/30d	139.44	Hold	1.8	-2.5	9.6	-2.7	11.7	13.3	1.42	1,201
518	FSDCX	Communications Equipment	0.75%/30d	28.89	Hold	-4.8	-8.9	-0.2	-7.8	11.5	5.1	1.36	183
7	FDCPX	Computers	0.75%/30d	74.11	Hold	-2.0	-10.4	1.8	-10.3	11.3	9.1	1.29	486
511	FSHOX	Construction & Housing	0.75%/30d	60.80	Buy	3.9	10.2	5.9	11.8	16.4	19.8	1.22	545
517	FSCPX	Consumer Discretionary	0.75%/30d	35.84	Buy	0.1	8.8	6.6	10.2	18.8	15.9	1.21	1,279
98	FSVLX	Consumer Finance	0.75%/30d	13.23	Hold	0.8	-0.8	0.1	-2.0	12.8	15.2	1.07	110
9	FDFAX	Consumer Staples	0.75%/30d	92.93	Hold	-0.9	-1.6	4.4	-3.6	10.5	12.7	1.14	1,834
67	FSDAX	Defense & Aerospace	0.75%/30d	119.22	OK to Buy	1.7	4.7	7.4	4.6	17.9	15.2	1.21	925
8	FSELX	Electronics	0.75%/30d	83.96	Hold	4.5	4.8	12.2	9.1	28.0	15.9	1.37	1,574
60	FSENX	Energy	0.75%/30d	40.21	OK to Sell	-0.4	-10.1	2.4	-10.8	-0.3	1.3	1.73	2,005
43	FSESX	Energy Service	0.75%/30d	46.93	Sell	1.8	-16.6	-2.8	-21.9	-6.3	-4.6	2.17	540
516	FSLEX	Environment & Alt Energy	0.75%/30d	19.97	Hold	1.8	0.1	7.0	-0.1	12.8	7.5	1.23	81
66	FIDSX	Financial Services	0.75%/30d	87.56	Hold	1.8	-1.5	3.7	-1.3	14.8	11.4	1.14	1,292
41	FSAGX	Gold	0.75%/30d	13.29	Sell	-8.2	-19.2	-4.0	-18.9	-29.7	-22.8	3.39	703
63	FSPHX	Health Care	0.75%/30d	220.05	Hold	2.8	5.1	-2.3	5.5	29.5	25.0	1.47	8,995
510	FSCGX	Industrial Equipment	0.75%/30d	37.47	Buy	2.0	4.0	9.8	4.0	12.5	11.2	1.29	156
515	FCYIX	Industrials	0.75%/30d	31.74	Buy	2.2	1.0	8.8	1.4	15.3	13.0	1.22	1,191
45	FSPCX	Insurance	0.75%/30d	71.23	Buy	1.7	6.5	6.2	7.9	19.3	15.4	1.21	501
353	FBSOX	IT Services	0.75%/30d	41.76	OK to Buy	0.2	17.1	7.0	18.6	24.5	19.8	1.31	2,094
62	FDLSX	Leisure	0.75%/30d	136.69	OK to Buy	-2.4	4.9	0.4	4.9	18.6	14.0	1.10	478
509	FSDPX	Materials	0.75%/30d	73.80	Hold	0.9	-4.2	2.8	-4.8	6.4	7.2	1.32	881
505	FSHCX	Medical Delivery	0.75%/30d	84.25	OK to Buy	-0.7	4.4	-4.0	6.2	20.8	17.7	1.00	989
354	FSMEX	Medical Equipment	0.75%/30d	37.19	OK to Buy	2.7	6.0	1.0	7.7	23.8	18.0	1.26	2,015
503	FBMPX	Multimedia	0.75%/30d	80.70	Hold	-1.4	2.4	6.1	2.6	18.3	18.4	1.44	707
513	FSNGX	Natural Gas	0.75%/30d	24.80	Sell	-1.1	-23.2	-2.9	-26.5	-5.5	-3.1	2.05	341
514	FNARX	Natural Resources	0.75%/30d	26.95	OK to Sell	-0.7	-11.4	0.6	-12.3	-2.5	-1.1	1.77	585
580	FPHAX	Pharmaceuticals	0.75%/30d	21.95	Hold	0.7	6.9	-3.8	4.8	23.4	20.8	1.24	2,032
46	FSRPX	Retailing	0.75%/30d	107.13	OK to Buy	0.8	20.5	8.4	23.6	23.5	20.9	1.28	1,894
28	FSCSX	Software & Computer Svcs	0.75%/30d	126.47	OK to Buy	1.5	11.8	11.4	12.7	23.0	18.6	1.29	3,278
64	FSPTX	Technology	0.75%/30d	123.51	Buy	1.5	9.3	10.3	7.9	17.0	12.3	1.19	3,117
96	FSTCX	Telecommunications	0.75%/30d	61.66	Buy	-1.2	2.2	3.3	-0.5	9.4	9.3	1.11	535
512	FSRFX	Transportation	0.75%/30d	82.63	Hold	-0.9	-13.5	2.5	-12.4	21.1	13.4	1.26	477
65	FSUTX	Utilities	0.75%/30d	65.35	OK to Sell	-2.3	-11.4	-1.0	-10.7	9.4	10.4	1.22	672
963	FWRLX	Wireless	0.75%/30d	9.04	OK to Buy	0.1	0.8	2.8	-1.1	10.7	10.3	1.01	235
<b>SECTOR ETFs</b>													
	FDIS	MSCI Consumer Discretionary		31.63	Buy	-0.6	9.2	5.5	10.1	--	--	--	286
	FSTA	MSCI Consumer Staples		29.71	OK to Buy	-1.1	3.2	4.7	2.4	--	--	--	254
	FENY	MSCI Energy		19.36	OK to Sell	-0.1	-13.5	2.7	-13.9	--	--	--	282
	FNCL	MSCI Financials		29.16	Hold	2.1	1.8	5.6	3.8	--	--	--	221
	FHLC	MSCI Healthcare		34.17	Hold	0.4	5.6	0.2	4.8	--	--	--	673
	FIDU	MSCI Industrials		28.17	Buy	1.4	-0.7	6.6	-0.6	--	--	--	93
	FTEC	MSCI Information Technology		33.86	Buy	1.0	7.9	10.3	6.7	--	--	--	348
	FMAT	MSCI Materials		25.52	Hold	0.9	-5.8	4.9	-6.0	--	--	--	67
	FREL	MSCI Real Estate		22.64	Hold	-0.1	-4.9p	7.4	--	--	--	--	32
	FCOM	MSCI Telecomm Services		26.85	Buy	-0.7	3.6	4.6	0.5	--	--	--	57
	FUTY	MSCI Utilities		27.51	OK to Sell	-2.2	-6.9	2.3	-3.5	--	--	--	145

## Muni Funds *cont'd from page 4*

nationally diversified **Limited Term Muni Income** and its more rate-sensitive (higher duration) cousin **Intermediate Muni**.

This is where things get tricky.

Longer duration munis have us a bit nervous, simply because they're so interest-rate-sensitive. But their tax-equivalent yields are, relative to tax-

ables, attractive. And, for the most highly taxed investor, **California Muni Income** delivers a tax-equivalent yield of over 3.5%. (That's based on marginal combined tax rate of 46% for top earners in that state.) At the same time, the geographically diversified **Tax-Free Bond** gets you 3.89%.

To get close to that with a taxable fund you'd have to own **Corporate Bond**. While the funds' durations are

similar, Corporate Bond has more credit risk. All things being equal, munis remain the better bet for higher-income investors as they historically outperform other types of bonds in a rising rate environment. This doesn't mean they'll return what they did in 2014, or even 2015. But they remain an essential and promising way for income-oriented investors to invest. ■

— John Bonnanzio

# FIDELITY SCORECARD

NOVEMBER 30, 2015

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>			
						Nov	YTD	3 Mo.	1 Yr	3 Yr	5 Yr						
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>-0.4</b>	<b>-0.1</b>	<b>0.1</b>	<b>-0.3</b>	<b>0.3</b>	<b>2.9</b>	<b>1.99</b>	<b>5.0</b>	<b>0.32</b>
2267	FCONX	Conservative Income Bond		10.02	Buy	0.1	0.3	0.1	0.2	0.4	--	0.58	0.2	0.02			
2208	FCBFX	Corporate Bond		11.13	Buy	-0.2	-0.0	1.0	-0.1	2.0	5.3	3.29	6.7	0.41			
2423	FGBFX	Global Bond		8.74	OK to Sell	-1.8	-4.8	-1.6	-5.8	-2.7	--	2.84	6.8	0.43			
15	FGMNX	GNMA (Ginnie Mae)		11.54	OK to Buy	-0.1	1.2	0.5	1.2	1.7	3.0	2.13	3.0	0.26			
54	FGOVX	Government Income		10.38	Hold	-0.3	0.8	0.2	0.9	1.1	2.5	1.45	5.0	0.27			
794	FINPX	Inflation-Protected Bond <sup>3</sup>		11.81	Hold	-0.2	-1.1	-0.4	-2.2	-2.6	2.0	0.22*	5.7	0.49			
32	FTHRX	Intermediate Bond		10.84	Buy	-0.2	1.3	0.5	0.9	1.3	2.7	2.06	3.8	0.21			
452	FSTGX	Intermediate Gov't Income		10.64	Hold	-0.3	1.2	0.1	0.8	0.7	1.7	1.02	3.6	0.19			
2428	FINUX	International Bond		8.24	OK to Sell	-2.4	-7.4	-1.8	-9.1	-4.7	--	2.51	7.3	0.58			
26	FBNDX	Investment Grade Bond		7.68	Buy	-0.7	-0.5	-0.2	-0.5	1.1	3.4	2.97	5.6	0.29			
2622	FJRLX	Limited Term Bond		11.44	Buy	-0.1	1.2	0.3	0.8	1.0	2.6	1.87	2.6	0.14			
662	FFXSX	Limited Term Government		10.04	OK to Buy	-0.2	0.8	-0.0	0.5	0.6	1.0	0.82	2.5	0.11			
40	FMSFX	Mortgage Securities		11.31	OK to Buy	-0.2	1.6	0.6	1.8	2.1	3.2	2.34	3.4	0.24			
450	FSHBX	Short-Term Bond		8.58	Buy	-0.1	0.9	0.2	0.6	0.8	1.3	1.07	1.7	0.06			
2415	FSIQX	Sotn Inflation-Protect Index <sup>4</sup>		9.49	Hold	-0.2	-0.8	-0.3	-2.1	-2.4	--	0.00*	5.7	0.50			
1561	FIBIX	Sotn Inter Term Treas Index <sup>4</sup>		10.94	Hold	-0.5	1.9	0.4	1.8	0.8	3.1	1.80	6.5	0.43			
1562	FLBIX	Sotn Lng-Term Treas Index <sup>4</sup>		12.84	Hold	-0.9	-1.3	0.6	1.6	1.8	6.8	2.70	17.4	1.06			
1560	FSBIX	Sotn Sht-Term Treas Index <sup>4</sup>		10.44	Hold	-0.3	0.9	0.0	0.6	0.5	1.0	0.92	2.6	0.12			
651	FBIDX	Sotn U.S. Bond Index		11.57	Hold	-0.2	0.8	0.5	0.9	1.3	2.9	2.30	5.3	0.29			
820	FTBFX	Total Bond		10.41	Buy	-0.3	0.6	0.2	0.3	1.7	3.7	3.07	5.3	0.29			
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>-1.2</b>	<b>0.1</b>	<b>-1.0</b>	<b>-1.5</b>	<b>2.6</b>	<b>4.8</b>	<b>5.47</b>	<b>3.8</b>	<b>0.48</b>
38	FAGIX	Capital & Income	1.00%/90d	9.38	Hold	-1.0	1.1	-0.7	0.2	6.2	6.8	4.26	4.2	0.54			
814	FFRHX	Floating Rate High Income	1.00%/60d	9.27	Hold	-1.1	-0.2	-1.6	-1.6	1.6	2.7	4.87	0.3	0.21			
1366	FHIFX	Focused High Income	1.00%/90d	8.25	Hold	-1.3	0.6	-0.5	-0.6	2.9	5.1	5.52	4.0	0.47			
2297	FGHNX	Global High Income	1.00%/90d	8.93	Hold	-1.6	-0.2	-1.4	-2.0	3.0	--	5.78	4.0	0.51			
455	SPHIX	High Income	1.00%/90d	8.22	Hold	-2.4	-2.8	-3.1	-4.3	2.2	5.0	7.16	3.5	0.50			
331	FNMIX	New Markets Income	1.00%/90d	14.99	Hold	0.6	3.0	1.9	-0.6	0.6	5.5	6.00	7.5	0.71			
2580	FSAHX	Short Duration High Income	1.00%/90d	9.22	Hold	-2.0	-0.7	-2.1	-1.7	--	--	6.32	2.4	--			
368	FSICX	Strategic Income		10.32	OK to Buy	-1.1	-0.3	-0.7	-1.5	1.6	4.0	3.84	4.7	0.38			
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>0.3</b>	<b>2.2</b>	<b>1.4</b>	<b>2.7</b>	<b>2.3</b>	<b>4.3</b>	<b>1.67</b>	<b>5.8</b>	<b>0.32</b>
434	FSAZX	Arizona Muni Income	0.50%/30d	12.12	OK to Buy	0.3	2.8	1.6	3.6	2.8	5.0	1.78	6.7	0.37			
1534	FCSTX	Calif Limited Term Tax Free	0.50%/30d	10.71	Buy	-0.1	1.5	0.6	1.4	1.5	2.3	0.83	3.0	0.15			
91	FCTFX	California Muni Income	0.50%/30d	13.04	OK to Buy	0.4	2.7	1.5	3.3	3.3	5.7	1.74	6.3	0.35			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.75	OK to Buy	0.5	2.6	1.6	3.1	2.2	4.2	1.95	6.5	0.34			
2578	FCRDX	Conservative Income Muni		10.04	Buy	-0.1	0.3	0.1	0.2	--	--	0.32	0.8	--			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.48	Buy	0.3	1.7	1.4	2.1	1.9	3.7	1.57	4.9	0.26			
404	FSTFX	Limited Term Muni Income	0.50%/30d	10.64	Buy	-0.1	1.0	0.7	0.8	1.0	1.8	0.85	2.7	0.13			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.34	OK to Buy	0.3	2.6	1.4	3.2	2.2	4.1	1.82	7.0	0.35			
70	FDMMX	Mass Muni Income	0.50%/30d	12.49	OK to Buy	0.5	2.7	1.5	3.4	2.4	4.8	1.85	7.0	0.37			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.33	OK to Buy	0.3	2.9	1.6	3.6	2.7	4.5	1.60	5.7	0.31			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.75	OK to Buy	0.2	2.4	1.2	2.9	2.0	3.9	1.55	5.7	0.28			
37	FHIGX	Municipal Income	0.50%/30d	13.45	Buy	0.5	2.6	1.9	3.3	2.8	5.2	1.99	6.8	0.37			
416	FNJHX	New Jersey Muni Income	0.50%/30d	11.79	OK to Sell	0.5	0.8	2.2	1.6	1.7	4.1	2.49	7.0	0.37			
71	FTFMX	New York Muni Income	0.50%/30d	13.57	OK to Buy	0.4	3.0	1.4	3.4	2.5	4.7	1.86	6.8	0.36			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.32	OK to Buy	0.5	3.3	1.6	4.2	2.9	4.9	2.00	7.4	0.38			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.29	OK to Buy	0.4	2.7	1.3	3.2	2.6	4.8	1.98	6.6	0.34			
90	FTABX	Tax-Free Bond	0.50%/30d	11.63	Buy	0.6	2.5	1.8	3.2	2.9	5.3	2.20	7.1	0.37			

Note: 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. (Note: Merged into funds with a \$100,000 minimum which will not be covered. \*12 month distributed yield)

TAXABLE MONEY MARKET FUNDS			Total Return (%)		SEC %Yield	MUNICIPAL MONEY MARKET FUNDS			Total Return (%)		SEC %Yield
			Nov	YTD					Nov	YTD	
55	FDRXX	Cash Reserves	0.00	0.01	0.01	418	FCMXX	Connecticut Muni MM	0.00	0.01	0.01
458	SPAXX	Government MM	0.00	0.01	0.01	426	FMSXX	Mass AMT Tax-Free	0.05	0.06	0.01
454	SPRXX	Money Market	0.00	0.01	0.01	74	FDMXX	Massachusetts Muni MM	0.01	0.01	0.01
631	FGMXX	Retirement Gov't MM	0.00	0.01	0.01	420	FMIXX	Michigan Muni MM	0.00	0.01	0.01
630	FRTXX	Retirement MM	0.01	0.01	0.01	10	FTEXX	Municipal Money Market	0.00	0.01	0.01
85	FSLXX	Select MM	(merged see note above)			417	FNJXX	New Jersey Muni MM	0.00	0.01	0.01
2742	FZFX	Treasury Fund	0.00	0.01	0.01	423	FSJXX	New Jersey AMT Tax-Free	0.00	0.01	0.01
415	FDLXX	Treasury Only MM	0.00	0.01	0.01	92	FSNXX	New York Muni MM	0.00	0.01	0.01
50	FGRXX	U.S. Gov't Reserves	(merged see note above)			422	FSNXX	New York AMT Tax-Free	0.03	0.04	0.01
<b>MUNICIPAL MONEY MARKET FUNDS</b>						419	FOMXX	Ohio Muni MM	0.00	0.01	0.01
433	FSAXX	Arizona Muni MM	0.00	0.01	0.01	401	FPTXX	Pennsylvania Muni MM	0.00	0.01	0.01
97	FCFX	California Muni MM	0.00	0.01	0.01	275	FMOXX	Tax-Free Money Market	0.00	0.01	0.01
457	FSPXX	California AMT Tax-Free	0.00	0.01	0.01						

FIDELITY SCORECARD							NOVEMBER 30, 2015						
Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	SPrice (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Nov	YTD	3 Mo.	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
Model Portfolios	Annuity Sector Model						1.0	3.6	5.0	3.5	16.4	13.0	1.00
	Annuity Growth Model						0.9	2.8	4.0	2.3	13.1	11.6	1.06
	Annuity Growth & Income Model						0.6	2.3	3.4	2.0	9.9	9.1	0.77
	Annuity Income Model						0.1	0.9	1.4	0.5	2.8	4.9	0.35
9067	FLRQC	Fid VIP Asset Manager	Allocation		17.52	Hold	0.1	1.1	1.2	0.1	7.6	6.6	0.67
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		17.81	Hold	0.3	1.3	1.6	-0.1	9.9	7.8	0.88
9069	FJBAC	Fid VIP Balanced	Allocation		19.84	Buy	0.6	1.8	3.2	1.5	10.5	9.3	0.71
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	24.07	Buy	-0.5	7.6	5.3	9.0	17.9	15.3	1.21
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	21.79	OK to Buy	-0.4	4.2	4.3	2.7	12.7	13.7	1.14
9065	FPDFC	Fid VIP Contrafund	Large Growth		21.21	Buy	0.9	2.3	4.6	1.9	14.5	12.6	0.99
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		17.26	OK to Buy	2.5	3.0	4.6	5.1	15.3	13.4	1.27
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		22.92	Buy	-0.3	2.0	2.5	0.8	16.3	14.0	1.13
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.82	Hold	-1.8	-9.0	2.8	-12.6	-0.2	-2.0	1.27
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.19	OK to Sell	-0.4	-10.4	2.3	-11.2	-0.5	1.0	1.73
9061	FLOLC	Fid VIP Equity-Income	Large Value		16.72	Hold	-0.1	-2.8	2.3	-3.5	10.8	11.5	0.95
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	10.64	Hold	1.8	-1.5	3.8	-1.4	14.6	11.3	1.14
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond		9.97	OK to Buy	-1.0	0.4	-1.7	--	--	--	--
9157	FMPAC	Fid VIP FundsManager 20	Allocation		14.10	Hold	0.0	0.4	1.0	0.3	3.3	3.7	0.30
9158	FMPBC	Fid VIP FundsManager 50	Allocation		15.31	Hold	0.1	0.9	1.9	0.5	6.9	6.5	0.58
9197	FMPCC	Fid VIP FundsManager 60	Allocation		14.30	Hold	0.4	1.5	2.5	1.0	8.4	7.5	0.67
9159	FMPCC	Fid VIP FundsManager 70	Allocation		15.61	Hold	0.5	1.7	2.7	0.9	9.5	8.3	0.77
9160	FMPDC	Fid VIP FundsManager 85	Allocation		15.56	Hold	0.6	1.8	3.3	1.0	11.4	9.3	0.91
9062	FMNDC	Fid VIP Growth	Large Growth		21.18	OK to Buy	1.1	6.9	5.2	5.6	17.1	14.4	1.08
9070	FLFNC	Fid VIP Growth & Income	Large Blend		19.52	Hold	0.6	-0.1	4.3	-1.0	14.0	13.4	1.07
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		21.84	Buy	1.3	6.3	5.5	5.9	17.8	15.9	1.23
9078	FPVDC	Fid VIP Growth Stock	Merged into VIP Growth Opportunities										
9077	FQBRC	Fid VIP Growth Strategies	Merged into VIP Mid Cap										
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	35.30	Hold	2.4	4.7	-2.5	5.0	29.0	24.6	1.46
9060	FBBLC	Fid VIP High Income	High-Yield Bond		17.53	Hold	-2.0	-0.7	-2.4	-2.7	2.4	4.9	0.49
9064	FXVLT	Fid VIP Index 500	Large Blend		20.33	Hold	0.3	2.7	6.0	2.5	15.7	14.0	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	26.26	Buy	2.1	0.6	8.6	1.0	15.1	12.8	1.22
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	16.05	Buy	0.2	4.0	3.3	2.2	10.0	8.6	1.06
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		15.23	Buy	-0.3	0.0	0.3	-0.1	1.1	3.0	0.29
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	17.43	Hold	0.8	-4.8	2.5	-5.3	6.2	6.9	1.31
9071	FNBSCL	Fid VIP Mid Cap	Mid Growth		22.44	Buy	1.5	2.5	3.0	2.7	14.5	9.2	1.13
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.34	--	0.0	-0.3	-0.1	-0.3	-0.2	-0.2	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	14.98	OK to Buy	-0.3	4.3	1.4	0.9	8.7	5.8	1.18
9072	FFWKC	Fid VIP Real Estate	Sector		21.29	Hold	0.2	1.9	8.6	3.4	11.6	12.4	1.37
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		17.12	Buy	-1.1	-0.6	-0.6	-1.8	1.2	3.6	0.38
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	26.34	Buy	1.9	8.0	10.2	6.3	15.5	11.4	1.15
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	13.39	Buy	-1.2	2.1	3.3	-0.7	9.1	9.7	1.12
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	20.24	OK to Sell	-2.3	-11.5	-1.0	-10.8	9.3	10.3	1.22
9079	FKMSC	Fid VIP Value	Large Value		18.67	OK to Buy	0.4	2.2	3.5	2.7	15.3	13.7	1.01
9080	FUEBC	Fid VIP Value Leaders	Merged into VIP Value										
9073	FRBSC	Fid VIP Value Strategies	Mid Value		19.50	Buy	0.2	1.0	2.5	1.0	13.0	11.8	1.06
9347	FBMEC	Black Rock Global Allocation	Global Allocation		11.80	Hold	-0.6	-0.2	0.8	-1.7	5.6	5.1	0.64
9349	FTMEC	Franklin Templeton Global Bond	Global Bond		10.86	OK to Sell	1.5	-2.2	2.5	-3.9	0.7	3.2	0.51
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't		10.25	Hold	-0.1	0.5	0.2	0.4	0.3	1.4	0.19
9285	FIGXC	Invesco Global Core Eqty	Global Stock		11.24	Hold	-1.7	0.4	1.6	-1.7	8.6	5.9	1.03
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		12.41	Hold	-2.4	-16.3	-1.1	-22.7	-5.4	-3.4	1.56
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.42	Hold	-0.2	0.6	1.0	-2.3	-1.6	3.3	0.73
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.44	Hold	-2.5	-8.7	-0.3	-13.3	-3.6	-2.4	1.18
9146	FPRPC	Morgan Stanley Global Strategist <sup>5</sup>	Diversified Int'l		11.77	Hold	-1.1	-5.1	0.6	-6.7	4.6	5.0	0.71
9346	FPMEC	Pimco Commodity Real Return	Commodities		5.43	Sell	-7.5	-23.2	-11.3	-30.7	-19.7	-10.8	1.36
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.43	Buy	0.0	0.4	0.2	-0.3	0.2	1.4	0.16
9277	FPNBC	Pimco VIT Real Return	TIPS		12.27	Hold	-0.3	-1.8	-0.8	-3.8	-3.1	1.6	0.57
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.64	Hold	-0.2	0.6	0.2	0.1	0.8	2.9	0.34

Annuity Sector	
Fund	Allocation
VIP Cons Discretionary	28%
VIP Technology	27
VIP Telecom	23
VIP Industrials	22
<b>Total Return:</b>	
Nov: 1.0%	YTD: 3.6%

Annuity Growth	
Fund	Allocation
VIP Growth Opps	24%
VIP Mid Cap	24
VIP Contrafund	20
VIP Value Strategies	19
VIP Dynamic Cap App	13
<b>Total Return:</b>	
Nov: 0.9%	YTD: 2.8%

Annuity Growth & Income	
Fund	Allocation
VIP Investment Grade	30%
VIP Growth Opps	29
VIP Contrafund	21
VIP Value Strategies	20
<b>Total Return:</b>	
Nov: 0.6%	YTD: 2.3%

Annuity Income	
Fund	Allocation
VIP Balanced	40%
VIP Investment Grade	33
Pimco VIT Low Duration	27
<b>Total Return:</b>	
Nov: 0.1%	YTD: 0.9%

## SECTOR UPDATES

### Sector Downgrades Trigger Trades

It's been a challenging year in the sector universe. Our Select Model's performance appears likely to finish the year a few points behind the S&P 500, hindered by several negative surprises and a weak market for smaller stocks.

When the year started, I thought I had a full appreciation for the energy bust and how it would play out. But I was caught by surprise when low fuel prices prompted airlines to fight harder for market share, and chemical producers failed to benefit from lower feedstock costs. Later on, a slump in PC sales hammered the chipmakers. And, more recently, volatility picked up in the health care segment as earnings growth began to slow. I tried to sidestep the latter problem by selling **Select Health Care** and buying **Medical Delivery**, which had lower valuations and little exposure to foreign sales. But as major medical providers turned pessimistic about the profitability of new customers they were signing up under ObamaCare, that group cratered too, prompting my decision to exit the health care group.

For 2016, I am placing as much emphasis on avoiding losers and negative surprises, as I am on the usual strategy — finding winners. In the meantime, we have downgraded 13 sector funds (see p. 5) in three different sectors; this has triggered trades in several models (see p. 3). In our expanded January 2016 Outlook, we'll talk more about the sectors we favor.

#### Energy

Today's new era of cheap energy, which I discuss on page 1, is going to be rough on traditional oil and gas producers. They're now running on less than half the revenue they used to enjoy, and most of their exploration and development expertise is now of limited use, because smaller and more nimble competitors are leading the shale revolution. Cheap and plentiful oil has

delivered a knockout punch to the global LNG market, which may be even more painful for the big energy companies, because natural gas accounts for a large share of earnings. And it's even uglier for traditional energy service firms. They have fleets of deep water drilling ships they used to lease out for millions of dollars per week. With most new oil projects now centered around shale, a large and lucrative source of revenue may have disappeared forever.

All these assumptions could be wrong if oil prices return to "normal" levels, but I find that highly unlikely.

Shale producers are so lean and responsive that if oil jumps even a little bit, they will start selling more contracts into the futures market, and within months complete the necessary wells to deliver that oil.

The world also has a huge amount of oil in storage as a result of investors betting on higher prices. It will be quickly sold whenever a profit can be locked in. For those reasons, oil is unlikely to spike above \$50 for any length of time, even if a war in the Mideast eliminates a large supply.

#### Health Care

Our month-end trades will take the Select Model and the VIP Sector Model completely out of this group — something I should have done earlier this year.

Thanks to innovation, an aging population, and higher prices for drugs, health care stocks have rallied for several years. Some sub-groups, such as biotech, have become very expensive due to their popularity among individual investors. But at this stage the entire sector is seeing an earnings slowdown. Prescription drug prices have become very expensive in some cases, and the risk of a regulatory backlash is growing. The AMA recently decided to push for an advertising ban, and politicians are boosting their popularity with promises to challenge the pharmaceutical industry. Finally, the Obama Administration is trying to restrict inversion takeovers that offer tax benefits (see *Fund Commentary*).

Not surprisingly, volatility has picked up due to all these factors. The last time stock prices in this sector

Sectors *cont'd on page 12*

## A DIFFERENT APPROACH TO VALUE

Manager Tom Soviero is no stranger to these pages, as we have intermittently owned his expertly run



Tom Soviero

**Leveraged Company Stock** and **Convertible Securities** funds.

Now we have bought his **Value Strategies** and **VIP Value Strategies** funds. Like their siblings, Tom's funds invest in special situations, and they tend to be value plays as he sees a disconnect between a stock's (or bond's) intrinsic value and its actual market price.

Thematically, his funds overlap. For example, whereas he owns Bank of America stock in both **Leveraged Co. Stock** and **Value Strategies**, he owns its preferred bonds in **Convert-**

ible Securities. And, because capitalizing on a value stock's turnaround requires patience, his funds are notable for their exceptionally low turnover rates. In the case of **Value Strategies**, just 4% versus an average of about 70% for its peers.

Sector-wise, **Value Strategies** parts company from its peers in that financials are only 15% of its assets versus 34% for **Mid Cap Value**, which we are selling largely for that reason. But as we describe elsewhere on this page, our outlook for most financials has dimmed. And so while we recognize that **Mid Cap Value's** manager, Court Dignan, has actually been doing a good job relative to his benchmark, Soviero's big bet against the **Russell Midcap Value Index's** 34% weight in financials is much more to our liking. ■

went to excess in similar fashion was late 1991. After that, the health care group lagged the market for about three years. My best guess for this time around is that something similar will play out.

**Financial Services**

The sale of **VIP Financial Services** in the *Annuity Sector Model* eliminates this exposure. (The sale of **VIP Value** and of **Mid Cap Value** in other models also reduces financial exposures — see p. 12).

Normally, financials are a good place to invest when consumers are spending more on homes and autos. But Congress has saddled the banking industry with a lot of heavy-handed regulations, and the regulators themselves have boosted capital requirements after the financial crisis. This has limited the group’s ability to grow and earn money.

More worrisome, the collapse in

commodity prices has threatened banks’ energy and mining loans, and in some regions this is now weighing on the prices of residential housing and office buildings.

As for the brokerage industry, reduced trading revenue, the commodity bust (which has hurt alternative investment strategies), and downward pressure on management fees are all weighing on earnings. The consumer finance sector would seem to be a good place, but it is dominated by credit card companies, whose stocks are expensive and volatile, and possibly threatened by disruptive new payment systems pushed by technology giants.

One subsector I actually like is **Select Insurance**. As consumers continue to spend on homes and autos, these firms will benefit indirectly from higher premiums. Granted, low interest rates have made it harder to

With over a third of **Select Construction & Housing’s** assets in Home Depot and Lowe’s, “hardware” stores play a major role in this fund’s performance. Reduced energy and materials costs should help home builders, while an improving job market is setting the stage for Millennials to take the home ownership plunge. At the same time, rising rents are benefiting apartment developers. The scope of this fund is narrow, so it can behave very differently compared with the *Select Model’s* stake in **Consumer Discretionary**, even though its volatility is not much higher. ■

sell financial products and life insurance, but so far that has been a manageable problem.

In the *Select Model* we will be keeping Insurance to maintain some financial exposure, hopefully without any negative surprises. Since this isn’t possible on the annuity side, we’ve eliminated our financial weighting in favor of technology and telecommunications. The latter is a value play that pays much higher dividends than do financials. ■

— Jack Bowers

**DIVIDEND UPDATE**

*All funds are eligible for year-end dividends and/or capital gains in December. If you hold funds in a tax-deferred account this is of no concern. If you hold them in a taxable account, see “Year-End Distributions” note opposite.*

*The final distributions for November were as follows:*

Fund	Ex-Date	\$ Amt	NAV
AZ Muni MMkt	11/27	0.00003	1.00
CA AMT Tx-F MM	11/27	0.00004	1.00
CA Muni MMkt	11/27	0.00001	1.00
MA AMT Tx-F MM	11/27	0.00050	1.00
MA Muni MM	11/27	0.00005	1.00
Muni MM	11/27	0.00001	1.00
NY AMT Tx-F MM	11/27	0.00030	1.00
NY Muni MMkt	11/27	0.00003	1.00
OH Muni MMkt	11/27	0.00003	1.00
PA Muni MMkt	11/27	0.00004	1.00
Retirement MMkt	11/27	0.00005	1.00
Tax-Free MM	11/27	0.00003	1.00

**YEAR-END DISTRIBUTIONS**

As we mentioned last month, year-end fund distributions are set to begin this week. (The “season” gets under way on Friday December 4.)

Owing to multiple years of accumulated gains but few capital losses to offset them tax-wise, investors holding funds in taxable accounts need to be especially mindful not to buy a fund that’s poised to go “ex-dividend.” This will only result in a tax bill, but no actual gain (or profit) for you.

On our website we provide a list of funds that are scheduled to go “ex,” their estimated total distribution (cap gains and income), the fund’s ex date, pay date, and the distribution amount expressed as a percentage of its Oct. 29 NAV. (Simply click on the “2015 Estimated Year-End Distributions” button on our home page.)

Whenever a fund goes ex, its NAV (share price) falls by the exact same amount as the distribution itself. As this is not always evident, the large percent decline you may see in your account statement is a pre-adjustment distortion of the fund’s actual performance. However, the value of that fund position will not decline because those monies automatically purchase additional shares, with this caveat: some investors have previously elected to have distribution monies moved into their core account. But again, this leaves the total value of the account unaffected by the distribution. ■

*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, Teri Weir **Webmaster:** Wayne Foster. 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 © 2015. 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.

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