

# FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

APRIL 2012

VOLUME 28, NUMBER 4

**MARKET OUTLOOK**

## US Stocks World's Sweet Spot

I have been cautioning members not to expect the market's strong start to the year to continue unabated. The market, however, has kept on climbing, scaling my own "wall of worry." Nevertheless, I remain somewhat concerned for the months ahead for reasons I outlined last month. And nothing has transpired since to change my views.



John M. Boyd

While April has historically been a strong month for stocks, what follows is May, of "Sell In May And Go Away" fame. You may remember that the S&P

500 peaked on the final day of April last year then endured a sharp correction before rebounding in the fourth

Fidelity Managers Take Big Bite Out Of Apple  
(see page 11).

quarter and finally surpassing the April high this February. I'm not suggesting a repeat of last year, which was triggered, in large part, by a worsening of the European debt crisis, but it would be foolish to think that couldn't happen again. (Though this time it won't likely be Greece, but Spain or Italy that is the cause.)

Despite our concerns, we advise staying with your stock funds as we expect further gains from stocks for the year as a whole. With the S&P 500 already up 12.6% so far

### INSIDE INSIGHT

Model Portfolios .....	2
Which Funds Should You Buy Now! .....	3
Sonu Kalra Discusses Blue Chip Growth .....	4
4 Funds For Income .....	4
Fund Commentary .....	5
April Scorecard Rating Changes .....	5
Scorecard .....	6
Select Model Portfolio .....	8
Annuity Model Portfolios .....	10
Fidelity Managers Take Big Bite Out Of Apple .....	11
Contra's "Other" Tech Play .....	11
Inside Fidelity .....	12
Dividend Update .....	12
Message To Members .....	12

## STRONG STARTS BODE WELL

Best 1st Quarters For S&P 500 Since 1928

Year	1st Quarter Return	Rest of Year	Year	1st Quarter Return	Rest of Year
1975	21.6%	8.2%	1961	12.0%	10.0%
1987	20.5%	-15.3%	1936	11.1%	15.1%
1943	18.5%	0.8%	1995	9.7%	25.4%
1930	17.2%	-39.0%	1928	9.2%	26.3%
1991	14.5%	13.9%	1971	8.9%	1.8%
1998	14.0%	13.0%	1931	8.8%	-51.3%
1976	13.9%	4.6%	1983	8.8%	7.8%
1986	13.1%	1.4%	1954	8.6%	33.6%
1967	12.3%	7.0%	1985	8.0%	16.9%

2012	12.6%	?
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Historically, a strong first quarter of the year has been a harbinger of good things for the months to come. Since 1928, there have been 18 first quarters with gains of 8% or more in the S&P 500 (excluding this year). In 15 of those years, the market went on to record further gains over the balance of the year with a median gain of 8.0%. Of course, the 3 "misses" were pretty severe, though two occurred during the Great Depression.

this year, you might wonder if there is "room" for more gains over the balance of the year. But as the table above shows, a strong start to the first quarter has historically been a good indicator of positive returns for the remainder of the year. One way to look at this year's robust start is that it represents a "catch-up" from last year. With investors so focused on the macro story out of Europe, they ignored the fact that corporate profits surged 16% and most economic fundamentals improved.

Just be prepared for some potential rough patches along the way. If we do run into trouble, we are in much better shape to handle a setback than we were a year ago. On that note, I thought it would be instructive to look back a year and compare where we are today versus this time in 2011 on a few critical areas.

### Housing

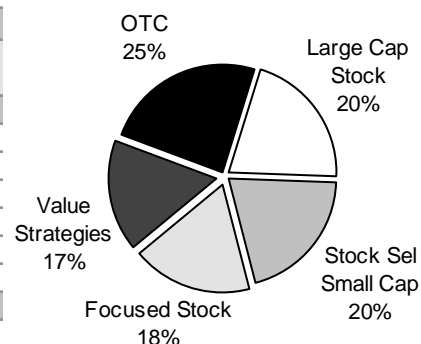
Over the 12 months ending in February of 2011, actual sales of existing homes totaled 4.19 million units. This February, sales over the past year were 4.31 million.

# FIDELITY INSIGHT MODEL PORTFOLIOS - MARCH 31, 2012

Aggressive Growth Model		Rel Vol: 1.31	Est. Yield: 0.4%	YTD Return: 14.2%		
Current Asset Allocation		Stocks 98.3%	Bonds 0.0%	Cash 1.7%	Alternative <sup>1</sup> 0.0%	Foreign 8.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
OTC	FOCPX	25%	\$64.11	681.20	\$43,672	2.1%
Large Cap Stock	FLCSX	20	19.83	1,805.82	35,809	3.6
Stock Sel Small Cap	FDSCX	20	20.21	1,746.10	35,289	2.2
Focused Stock	FTQGX	18	15.53	2,010.96	31,230	3.5
Value Strategies	FSLSX	17	28.87	1,035.02	29,881	1.0

Current Value (4/7/99 = \$100,000) \$175,881 1.7%

For aggressive members who have no need for income or principal for more than 10 years. Target volatility range: 0.50-1.50.

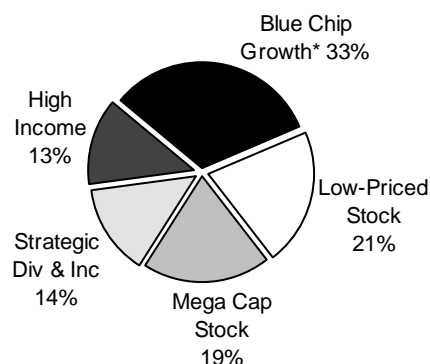


Growth Model		Rel Vol: 1.02	Est. Yield: 1.7%	YTD Return: 13.2%		
Current Asset Allocation		Stocks 81.1%	Bonds 0.0%	Cash 3.2%	Alternative <sup>1</sup> 15.7%	Foreign 11.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
Blue Chip Growth*	FBGRX	33%	\$50.38	7,936.94	\$399,863	3.6%
Low-Priced Stock	FLPSX	21	40.72	6,246.15	254,343	2.2
Mega Cap Stock	FGRTX	19	11.59	20,076.27	232,684	3.8
Strategic Div & Inc	FSDIX	14	11.92	14,431.11	172,019	1.9
High Income	SPHIX	13	9.00	18,320.19	164,882	0.0

Current Value (1/1/87 = \$100,000) \$1,223,791 2.1%

\*Longtime members may own Growth Company

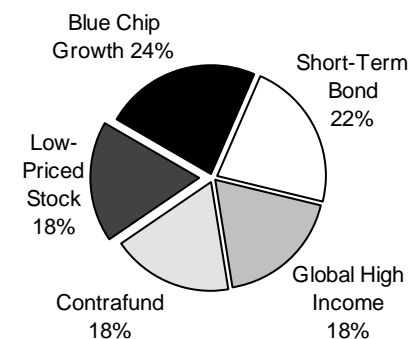
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.



Growth & Income Model		Rel Vol: 0.73	Est. Yield: 1.4%	YTD Return: 10.4%		
Current Asset Allocation		Stocks 58.2%	Bonds 22.3%	Cash 2.4%	Alternative <sup>1</sup> 17.0%	Foreign 18.2%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
Blue Chip Growth	FBGRX	24%	\$50.38	4,578.43	\$230,661	3.6%
Short-Term Bond	FSHBX	22	8.53	26,076.04	222,429	0.1
Global High Income	FGHNX	18	9.68	18,648.92	180,522	-0.1
Contrafund	FCNTX	18	77.54	2,320.60	179,939	3.8
Low-Priced Stock	FLPSX	18	40.72	4,403.02	179,291	2.2

Current Value (1/1/87 = \$100,000) \$992,842 1.9%

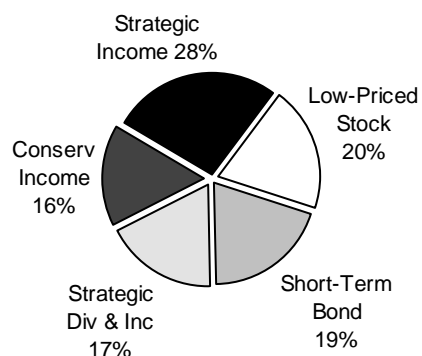
A good choice for members retiring in five-10 years looking for less volatility than the market. Seeks a yield in excess of the S&P 500. Target volatility range: 0.25-0.75.



Income & Preservation Model		Rel Vol: 0.48	Est. Yield: 2.0%	YTD Return: 5.1%		
Current Asset Allocation		Stocks 30.8%	Bonds 42.6%	Cash 2.6%	Alternative <sup>1</sup> 24.0%	Foreign 16.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Mar Ret
Strategic Income	FSICX	28%	\$11.06	14,088.75	\$155,822	-0.2%
Low-Priced Stock	FLPSX	20	40.72	2,776.83	113,072	2.2
Short-Term Bond	FSHBX	19	8.53	12,903.44	110,066	0.1
Strategic Div & Inc	FSDIX	17	11.92	8,422.80	100,400	1.9
Conservative Income	FCONX	16	10.01	9,453.64	94,631	0.2

Current Value (1/1/87 = \$100,000) \$573,991 0.7%

For members needing income and protection of their purchasing power against inflation. Seeks a yield in excess of the S&P 500. Target volatility range: 0.10-0.50.



<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.

A modest 3% gain. But even more important, the inventory of unsold homes has fallen 20%, from 3.0 million units to 2.4 million. At current sales rates that represents 6.4 months of sales today versus 8.6 months a year ago. A figure of 6 months is considered “healthy.” The one unsettling negative is that the median sales price is 4% lower. New home sales were essentially the same both in terms of units and price. We can debate whether or not housing is ready to improve significantly, but on balance, the sector is clearly stronger now.

**Employment**

Weekly initial claims for unemployment over the 52 weeks ending March 2011 averaged 416,206. Through March of this year that figure has fallen to 395,226, a drop of 10.7%. While claims have stalled recently at around 360,000 per week, once again, we are better off than a year ago.

**Stock Market Valuation**

At the end of March last year, the S&P 500 stood at 1325.83, while S&P 500 earnings over the trailing 12 months (Jan-Dec 2010) were \$83.76. The resulting P/E ratio was 15.8. The S&P closed this March at 1408.47 while trailing 12 months earnings were \$96.44 for a P/E of 14.6. Stocks are more attractively valued today.

With the US economy improving, our corporate balance sheets strengthening, and share prices still reasonable (and natural gas prices falling — see p. 8), this is still a good time to invest in domestic stock funds. Conversely, as the US economy veers from those abroad, it’s time to reconsider our models’ asset allocations.

**Model Trades**

As shown in the trade box at right, this month we have eliminated our positions in emerging market funds and moved the proceeds into a mix of large-cap US growth and blend

**WHICH FUNDS SHOULD YOU BUY NOW!**

**Equity Funds:** **Blue Chip Growth, Focused Stock, Growth Co.** and **OTC** are our top large-cap growth picks. **Strategic Dividend & Income** (listed among Specialty funds in our *Scorecard*) is our large-cap value option. **Low-Priced Stock** and **Stock Selector Small Cap** ply mostly the mid- and small-cap arenas, respectively; **Contrafund** (see p. 11) is a more conservative “all-cap” approach to growth.

**Bond Funds:** **Short-Term Bond** affords limited interest-rate risk. **Conservative Income** gets you a bit more yield than a money market fund.

**International Funds:** We favor domestic over foreign stock exposure (see box below); see *Scorecard* for preferred diversified options.

**High Yield Funds:** **Capital & Income** is an aggressive play on improving company balance sheets, with a bit of stocks added in. **High Income** is a less risky alternative with no stock exposure. **Strategic Income** and **Global High Income** are diversified bond funds with US high-yield, emerging market, developed foreign and US gov’t debt obligations. ■

funds (large growth and mid-value on the annuity side).

In February, China, whose economy is driven by exports, actually recorded a \$31.5 billion trade deficit! This was accompanied by weak car sales, industrial production and retail sales, and the continuation of a steep fall in property sales. Taken together this suggests that China’s growth may be slowing faster than expected and a “hard” landing is more likely than previously thought. And as China goes, so goes many of her neighbors, while the fortunes of commodity exporters everywhere fade.

While our emerging market positions had solid gains this year, they have added only modest diversification; their heightened risk of a hard landing has us moving that money back home. As such, we have downgraded most emerging market funds to *Hold* (see p. 5).

Note that we are not going “naked” on international, as the foreign holdings of our domestic funds (**Low-Priced Stock**, for example, is 34% “foreign”) still give the Aggressive Model a 9% foreign exposure and our Growth Model a 12% stake. ■

— *John M. Boyd*

**MODEL PORTFOLIO TRADES**

As announced on our March 23 Hotline, on Monday March 26, we made trades in the three Model Portfolios as detailed below (percentages rounded).

Action:	Fund (ticker)	Shares	Price	Value	Old %	New %
<b>Aggressive Growth Model</b>						
Sold:	Emerging Asia (FSEAX)	637.55	\$28.34	\$18,068.25	10%	0%
Added:	1/2 to OTC (FOCPX)	138.26	\$65.34	\$9,034.13	20%	25%
Added:	1/2 to Large Cap Stk (FLCSX)	451.93	\$19.99	\$9,034.13	15%	20%
<b>Growth Model</b>						
Sold:	Emerging Mkts (FEMKX)	3,865.53	\$23.11	\$89,332.32	7%	0%
Added:	1/2 to Blue Chip Gr (FBGRX)*	878.39	\$50.85	\$44,666.16	29%	33%
Added:	1/2 to Mega Cap (FGRTX)	3,834.01	\$11.65	\$44,666.16	15%	19%
<b>*Longtime members may own Growth Co. instead of Blue Chip Growth.</b>						
<b>Annuity Growth Model</b>						
Sold:	Lazard Ret Emg Mkt (FPRLC)	833.66	\$15.16	\$12,638.27	9%	0%
Added:	1/2 to VIP Growth Opps (FIDPC)	461.59	\$13.69	\$6,319.13	29%	33%
Added:	1/2 to Value Strat (FRBSC)	494.07	\$12.79	\$6,319.13	19%	24%

Note: Emerging Asia and Emerging Markets charge a 1.5% short-term “redemption” fee on shares held fewer than 90 days.

## FUND FOCUS

### Sonu Kalra Discusses Blue Chip Growth

Last year, *Blue Chip Growth* (which is a centerpiece of our *Growth and Growth & Income Models*), came up a bit short relative to its benchmarks.



Sonu Kalra

Weighing on its performance during downdrafts was its big commitment to tech stocks, while consumer discretionary and

cyclicals also hurt. Of course, when stocks raced ahead, these same exposures boosted performance.

Since mid-2009, Sonu Kalra has been at the fund's helm. Below, we share his thoughts about a variety of matters, including the \$11 billion in mostly multinational, large-cap growth stocks he oversees.

#### The Economy

Kalra described himself as "cautiously optimistic":

- The US employment picture is improving (weekly and monthly employment trends usually correlate well with stock market behavior).
- The housing market is firming, regardless of the mild winter.
- The Euro-debt crisis still requires close attention.
- Emerging markets are somewhat uncertain — these countries must engineer a soft landing, which could be tricky in the current environment. (See our *Market Outlook* on p. 1 and *Model Portfolio* trades on p. 3.)

#### The Market

Sonu told us he's encouraged that growth companies are delivering on earnings, but he thinks they will also need to generate revenue growth at some point. Fortunately, valuations are modest, and the interest rate environment is "positive," meaning low.

#### The Fund

Kalra says he tries to own stocks

that can do well regardless of what plays out in the global economy, especially in cases where emerging market demand is a factor.

- Technology (33% of the fund's holdings): Slowing GDP growth is a threat, but tech spending by business may hold up to improve productivity. Other positives: cloud computing, mobile devices, the fragmentation of media, demand for tablets and Windows 8. Also, large-cap technology companies have great balance sheets and sport below-market multiples.

- Consumer staples (11%): Kalra tries to own recession-resistant stocks, especially in cases where emerging market demand is a factor.

He cites Coca-Cola. Beverages are a staple, so demand is relatively steady. Coke also offers a nice dividend yield, and may do okay even if the emerging markets make a hard landing.

- Energy (10%): The energy resource mix in the US is changing fast, as natural gas supplies have grown. Sonu prefers companies that are more oil-exposed than gas-exposed, partly because prices of the latter have tumbled.

- Financials (3%): Actually prefers value plays, meaning cheap companies with improving fundamentals.

#### Action Recommendation

While diversified across sectors, technology is a critical component of growth stock investing generally, and this fund in particular. As such, Sonu's extensive experience in tech suits him very well for this fund.

During periods of market stress, particularly when triggered by expectation of slowing GDP growth, higher-priced growth stocks are especially vulnerable. But as many of the companies in this fund enjoy globally dominant franchises and healthy balance sheets, they tend to recover more quickly after an initial panic.

We rate *Blue Chip Growth Buy*, and favor it as a core holding for our models. ■

— John Bonnanzio

## NEW FUNDS

### 4 Funds For Income

Fidelity plans to launch four new funds in May. The lineup is consistent with their plan to offer more income-oriented and index-oriented funds, though two are remakes of funds offered in the early 1990s. Back from the abyss, they reflect the market's renewed appetite for income.

**Global Bond:** Just like its namesake from years ago, this fund will invest in bonds from around the world (including the US), though in its latest incarnation will likely hold fewer US securities. We also anticipate its yield getting a boost from riskier emerging market debt. While overall credit-quality will be investment grade, it may also invest up to 20% of its assets in junk bonds.

**Global Equity Income:** This will be an international version of **Equity-Income**. (It is actually much like the former Int'l Growth & Income fund.) Since Nov. 2011, Ramona Persaud has run **Equity-Income's** global high-yield stock portfolio (foreign stocks are almost 18% of its assets), as well as a pilot of this fund. Now field tested, she'll try her hand at this conservative foreign stock fund.

**International Bond:** Think of this fund as **Global Bond** less the US fixed-income piece. That means it will also hold some emerging market debt and junk bonds, too. Fidelity has hired a European from outside Fidelity to run this fund, though he'll be assisted by longtime Fidelity bond fund guru, Curt Hollingsworth.

**Spartan Inflation-Protected Bond Index:** Just like the actively run **Inflation-Protected Bond** it will hold mostly Treasury Inflation-Protected Securities (TIPS). But as this is an index fund, its expense ratio will be lower (0.20% vs. 0.45%), though require a higher initial minimum (\$10K vs. \$2,500). ■

FUND COMMENTARY

## 1st Quarter Gains Break Records

By most measures, the strong performance posted by US stocks in the first quarter was record-worthy. The Dow



John Bonnanzio

Jones Industrial's gain of 8.9% was its best ever. And, the S&P 500's 12.6% quarterly return warrants a top-10 ranking (see p. 1). Even more impressive

was the performance of the tech-rich Nasdaq Composite which sprinted 19.0% higher. It's worth noting that that stock barometer is dominated by the performance of Apple Computer, which gained about 50% last month, and is almost 10% of the Nasdaq's weight (see p. 11).

Even with Apple pacing tech last quarter, tech stocks performed quite well: **Select Technology** gained 22.2%, while the more narrow **Computers** (again, dominated by Apple) soared 25.3%, **Electronics** surged 23.6%, followed by **Software** (up 20.4%) and **IT Services** (up 18.5%).

Big sector gains, however, were not restricted to tech. With the US economy getting healthier, most banks passing their "stress tests" and the Euro debt crisis moving to the back burner (it's hardly resolved, but less critical), **Financial Services** rallied 23.1%, **Brokerage & Investment** was up 22.0%, **Consumer Finance** rocketed 21.4%, and **Banking** was a relative laggard gaining a more "modest" 19.2%.

Against the backdrop of America's economy improving (see John Boyd's page 1 article), consumer-related stocks were also on a tear over the past three months. Helped by low mortgage interest rates, **Construction & Housing** gained 18.4%. Meanwhile, consumers were also replacing their vehicles at a healthier clip thereby pushing **Automotive** up 23.4%, while US

malls were getting busier again: **Retailing** gained 20.2%.

All-in-all, Fidelity's 39 Select funds gained an average of 1.9% in March, and were up 14.1% through the first quarter. Please see the top of page 6 for March's index returns.

### Equity Funds

With tech stocks leading the first-quarter rally, Fidelity's growth-oriented equity funds were performance leaders. And, as America's largest company by market-cap (Apple) posted exceptional gains, larger-cap funds with exposure to that stock often saw their performances supercharged. Taken together, large-cap growth funds (up 16.1% on average) were the first-quarter's performance leaders: **Growth Co.** led the pack gaining 21.2%, followed by **Blue Chip Growth** (up 18.7%), **Independence** (up 18.5%), **Capital Appreciation** (up 17.3%) and **OTC** (up 17.2%).

While other equity fund groups fared very well, more value-oriented and especially smaller-cap funds were

relative laggards.

In the case of value funds, they did get a performance boost from financials. On the other hand, they were held back a bit by the comparatively lackluster performances of more defensive positions in health care, energy, materials and especially utilities. Point of interest: **Select Gold**, a subset of materials, fell 11.3% last month and is down 3.5% for the quarter.

### Fixed Income Funds

While the so-called "risk trade" was on last quarter, trading volume was low, suggesting that the retail investor is still on the sidelines. At the same time, investors lost their interest in bonds. Notably, Fidelity's three Treasury Index funds all fell last quarter (its **Long-Term** product declined 5.9%) while **Corporate Bond** gained a modest 2.0%. And, with the economy improving, high-yield funds posted strong gains: **Capital & Income** soared 7.8%. ■

— John Bonnanzio

## APRIL SCORECARD RATING CHANGES

Fund	Ratings			Comments
	Old	New		
Canada	H	S	↓	Slowing global demand for materials may hurt.
Emerging Asia	B	H	↓	Slowing growth in China will weigh on region.
Emerging Markets	B	H	↓	We see slower growth in Asia and elsewhere.
Japan	B	H	↓	Pace of recovery hampered declining exports.
Large Cap Growth	H	B	↑	Stock valuations are attractive in this area.
Lazard Ret Emg Mkts	B	H	↓	We see slower growth in Asia and elsewhere.
Lg Cap Core Enh IDX	S	H	↑	Performance has been improving.
Magellan	H	B	↑	We like Jeff Feingold's repositioning.
Morgan S Emg Equity	B	H	↓	We see slower growth in Asia and elsewhere.
Pacific Basin	B	B	↓	Slower growth in China and especially Japan.
Sel Consumer Discret	H	B	↑	We see better economic conditions in the US.
Sel Consum Finance	H	B	↑	Consumers and lenders are getting healthier.
Sel Utilities	B	B	↓	Defensive stocks yielding to growthier ones.
Small Cap Discovery	B	B	↑	Smaller financial stocks looking more attractive.
Small Cap Growth	B	B	↓	Smaller growth stocks looking more expensive.
Small Cap Value	H	B	↑	Smaller financial stocks looking more attractive.
Telecom & Utilities	B	B	↓	Defensive stocks yielding to growthier ones.
Total Emerging Mkts	B	H	↓	We see slower growth in Asia and elsewhere.
Total Int'l Equity	B	B	↓	30% stake in emerging markets unattractive.
VIP Consumer Discret	H	B	↑	We see better economic conditions in the US.
VIP Emg Mkts	B	H	↓	We see slower growth in Asia and elsewhere.
VIP Utilities	B	B	↓	Defensive stocks yielding to growthier ones.

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

## FIDELITY SCORECARD - MARCH 31, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Mar	YTD	2011	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500		1408.47		3.3	12.6	2.1	8.5	23.4	2.0	1.00			
		Nasdaq		3091.57		4.3	19.0	-0.8	12.4	27.8	6.0	1.17			
		Dow Jones Industrials		13212.04		2.2	8.9	8.4	10.2	23.6	4.2	0.89			
		Russell 2000 (Small Caps)		830.30		2.5	12.4	-4.3	-0.2	26.9	2.1	1.39			
		Barclays Aggregate Bond*				-0.6	0.3	7.7	7.7	6.7	5.7	0.17			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>3.2</b>	<b>16.1</b>	<b>-2.3</b>	<b>6.1</b>	<b>25.3</b>	<b>4.1</b>	<b>1.16</b>
312	FBGRX	Blue Chip Growth		50.38	Buy	3.6	18.7	-2.7	9.3	28.3	6.7	1.22	\$11,590		
307	FDCAX	Capital Appreciation		28.89	OK to Buy	3.7	17.3	-2.7	9.0	26.1	2.8	1.22	4,451		
22	FCNTX	Contrafund		77.54	Buy	3.8	15.0	-0.1	9.4	22.9	5.2	0.91	60,968		
332	FEXPX	Export and Multinational	0.75%/30d	23.45	OK to Sell	3.2	13.4	-3.7	4.0	20.7	1.3	1.07	1,892		
500	FFTYX	Fifty		19.73	OK to Buy	3.5	13.1	-0.8	5.9	24.4	-0.2	1.07	715		
333	FTQGX	Focused Stock		15.53	Buy	3.5	13.3	0.6	5.3	25.3	6.1	1.09	517		
25	FDGRX	Growth Company (closed)		98.01	Buy	4.5	21.2	0.7	12.7	28.7	8.1	1.13	27,014		
339	FDSVX	Growth Discovery		15.90	Buy	3.8	16.4	0.5	8.1	26.6	4.8	1.16	917		
73	FDFFX	Independence		25.65	Hold	1.8	18.5	-10.9	-1.0	25.7	3.5	1.47	3,385		
763	FSLGX	Large Cap Growth		11.29	OK to Buy↑	3.0	16.8	-0.7	7.8	24.0	1.7	1.11	144		
21	FMAGX	Magellan		73.28	OK to Buy↑	3.6	16.4	-11.6	-2.4	18.8	-0.8	1.24	13,800		
300	FMLX	New Millennium		32.64	OK to Buy	2.4	13.1	2.5	7.5	27.9	5.6	1.13	2,060		
93	FOCPX	OTC		64.11	Buy	2.1	17.2	-0.4	6.4	30.1	8.8	1.31	6,663		
320	FDSSX	Stock Selector All Cap		27.82	Hold	2.3	14.6	-5.1	2.6	22.0	1.4	1.13	2,441		
5	FTRNX	Trend		77.95	Hold	3.0	16.6	-0.8	7.6	27.6	5.8	1.13	1,195		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>2.9</b>	<b>13.8</b>	<b>-2.6</b>	<b>4.3</b>	<b>23.1</b>	<b>0.3</b>	<b>1.18</b>
315	FDEQX	Disciplined Equity		24.24	Sell	2.8	12.7	-3.1	2.4	17.5	-1.5	1.08	5,833		
330	FDGFX	Dividend Growth		30.10	Hold	2.1	16.4	-8.5	0.1	28.6	2.3	1.41	7,305		
3	FFIDX	Fidelity Fund		35.57	Hold	3.6	14.2	-2.4	4.1	21.1	2.1	1.07	4,595		
27	FGRIX	Growth & Income		20.69	OK to Buy	3.5	13.4	1.4	10.0	22.6	-4.2	1.05	5,063		
338	FLCSX	Large Cap Stock		19.83	Buy	3.6	15.6	-1.6	7.8	29.1	3.5	1.28	952		
361	FGRTX	Mega Cap Stock		11.59	Buy	3.8	14.8	2.3	11.7	25.3	2.8	1.09	1,293		
343	FTXMX	Tax Managed Stock		12.80	Sell	1.0	10.9	-7.0	-5.4	17.2	-2.2	1.20	59		
832	FVDFX	Value Discovery		15.95	Hold	3.2	12.7	-2.3	3.3	23.3	-0.1	1.23	449		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>2.5</b>	<b>10.6</b>	<b>-3.9</b>	<b>0.1</b>	<b>20.3</b>	<b>-2.6</b>	<b>1.17</b>
1271	FBCVX	Blue Chip Value		10.98	Sell	2.5	12.3	-8.0	-2.9	18.9	-4.0	1.22	326		
319	FEQTX	Equity Dividend Income <sup>6</sup>		19.06	Buy	2.8	9.5	-2.8	0.2	21.0	-1.5	1.18	4,356		
23	FEQIX	Equity-Income		45.55	Buy	2.5	10.3	-4.7	-1.3	21.8	-1.7	1.19	6,960		
708	FSLVX	Stock Sel Large Cap Value		11.37	OK to Sell	2.2	10.5	-0.3	4.2	19.3	-3.3	1.08	489		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>1.2</b>	<b>13.9</b>	<b>-6.6</b>	<b>0.3</b>	<b>26.1</b>	<b>1.1</b>	<b>1.32</b>
324	FDEGX	Growth Strategies	1.50%/90d	21.24	Hold	1.1	14.1	-9.0	-1.4	22.9	1.4	1.30	1,621		
793	FMSGX	Mid Cap Growth	0.75%/30d	13.00	Hold	1.3	14.0	-8.4	-1.0	25.8	-0.4	1.32	266		
337	FMC SX	Mid-Cap Stock	0.75%/30d	30.23	Hold	1.1	13.4	-2.4	3.4	29.5	2.4	1.32	5,312		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>1.7</b>	<b>15.5</b>	<b>-5.3</b>	<b>2.1</b>	<b>30.4</b>	<b>2.5</b>	<b>1.40</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	29.40	Buy	1.2	17.1	-10.6	-3.1	33.3	0.8	1.70	3,324		
316	FLPSX	Low-Priced Stock	1.50%/90d	40.72	Buy	2.2	14.0	-0.1	7.3	27.6	4.2	1.10	25,976		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>1.8</b>	<b>14.1</b>	<b>-6.7</b>	<b>-0.6</b>	<b>30.7</b>	<b>0.3</b>	<b>1.44</b>
762	FSMVX	Mid Cap Value	0.75%/30d	17.11	Hold	2.2	12.9	-4.2	0.4	29.2	1.0	1.27	583		
39	FDVLX	Value		72.52	Hold	2.3	14.3	-6.7	-0.8	29.9	-0.4	1.49	6,051		
14	FSLSX	Value Strategies		28.87	Buy	1.0	15.2	-9.3	-1.5	33.1	0.2	1.58	319		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>1.9</b>	<b>12.2</b>	<b>-2.7</b>	<b>0.7</b>	<b>29.7</b>	<b>2.3</b>	<b>1.42</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	16.75	OK to Buy↓	1.6	12.3	-2.8	1.2	28.4	3.7	1.36	1,256		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	20.21	Buy	2.2	12.1	-2.6	0.3	30.9	0.9	1.48	1,664		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>2.2</b>	<b>13.6</b>	<b>-7.6</b>	<b>-2.5</b>	<b>31.2</b>	<b>5.9</b>	<b>1.54</b>
384	FSCRX	Small Cap Discovery	1.50%/90d	22.66	Buy↑	2.4	13.1	0.4	4.8	36.2	9.3	1.47	2,751		
340	FSLCX	Small Cap Stock	2.00%/90d	18.85	Buy	2.0	14.0	-15.6	-9.8	26.3	2.6	1.62	3,327		

**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 \$100,000, but a lower expense ratio. <sup>5</sup>Formerly Equity-Income II. <sup>6</sup>Distributed yield is calculated by taking a fund's actual distributions over the past year divided by its current NAV. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

### ANNUAL MODEL PORTFOLIO RETURNS (%)

	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11
AG													31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5	-42.0	28.6	10.8	-4.1
G	20.8	18.9	34.3	1.0	24.7	13.0	18.0	-0.1	23.9	13.8	17.2	3.3	30.7	-2.1	-2.7	-14.0	33.0	14.4	11.1	11.8	7.8	-38.2	32.2	11.5	-1.5
G&I	5.8	14.8	29.1	-1.3	24.6	14.2	18.2	-0.1	23.1	18.7	20.9	6.3	22.6	-2.1	-4.0	-9.7	27.1	11.5	5.2	10.2	7.3	-26.5	25.3	9.9	-0.8
I&P	1.3	10.2	17.7	0.8	20.9	11.4	16.7	-2.8	21.1	19.0	18.0	5.2	13.4	-1.4	-5.6	-6.8	18.9	7.0	3.5	7.2	5.2	-18.4	19.2	6.4	-0.5
SEL																									-2.8

## FIDELITY SCORECARD - MARCH 31, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)		
						Mar	YTD	2011	1 Year	3 Year	5 Year				
<b>SMALL CAP VALUE</b>						<b>Category Averages</b>			<b>2.5</b>	<b>12.0</b>	<b>-3.6</b>	<b>1.8</b>	<b>28.1</b>	<b>4.7</b>	<b>1.36</b>
1389	FCPVX	Small Cap Value	1.50%/90d	15.65	OK to Buy↑	2.5	12.0	-3.6	1.8	28.1	4.7	1.36	\$1,789		
<b>SPECIALTY</b>															
2063	FOTTX	130/30 Large Cap		7.51	Sell	0.8	7.9	-3.8	-5.1	11.3	--	1.10	18		
304	FBALX	Balanced		19.85	OK to Buy	1.8	9.1	1.7	6.5	19.1	3.3	0.69	15,395		
308	FCVSX	Convertible Securities		25.54	Buy	0.4	11.9	-7.3	-2.9	27.7	3.6	1.12	2,068		
334	FGBLX	Global Balanced	1.00%/30d	22.99	Hold	1.0	7.3	-2.5	0.9	16.3	4.1	0.81	480		
2120	FFGCX	Global Commodity Stock	1.00%/30d	15.05	Hold	-4.6	8.0	-18.1	-16.4	17.3	--	1.64	484		
1960	FDYSX	Global Strategies		9.30	Hold	0.3	8.0	-5.3	-1.2	16.7	--	0.82	221		
1368	FIREX	International Real Estate	1.50%/90d	8.16	Sell	-0.9	17.4	-22.2	-7.2	18.9	-9.2	1.52	254		
4	FPURX	Puritan		19.52	OK to Buy	2.0	10.3	0.7	6.1	18.9	3.6	0.71	16,020		
833	FRIFX	Real Estate Income	0.75%/90d	10.88	OK to Buy	1.5	6.7	4.7	7.3	25.0	4.3	0.57	2,038		
303	FRESX	Real Estate Investment	0.75%/90d	30.81	OK to Buy	5.6	11.8	8.3	13.8	47.6	-0.4	1.74	3,723		
1329	FSDIX	Strategic Dividend & Income		11.92	Buy	1.9	8.2	7.3	9.1	27.5	1.3	0.99	1,763		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.50	Hold	-0.4	3.2	1.7	1.3	15.9	3.5	0.52	608		
311	FUIX	Telecom & Utilities		17.43	OK to Buy↓	1.3	0.5	11.9	6.6	17.5	-0.3	0.73	878		
<b>ASSET ALLOCATION</b>															
328	FASIX	Asset Manager 20%		13.13	Hold	0.1	3.4	2.6	4.3	11.4	4.1	0.30	4,202		
1957	FTANX	Asset Manager 30%		9.95	Hold	0.2	4.8	1.7	4.3	13.7	--	0.42	311		
1958	FFANX	Asset Manager 40%		9.91	Hold	0.5	6.2	0.5	4.0	15.5	--	0.53	271		
314	FASMX	Asset Manager 50%		16.11	Hold	0.6	7.3	-0.7	3.4	17.5	3.5	0.66	6,777		
1959	FSANX	Asset Manager 60%		9.95	Hold	0.7	8.6	-2.2	2.6	18.8	--	0.78	497		
321	FASGX	Asset Manager 70%		16.98	Hold	1.0	10.0	-3.8	1.9	20.3	2.5	0.90	2,749		
347	FAMRX	Asset Manager 85%		13.86	Hold	1.2	11.9	-6.1	0.5	21.9	1.9	1.08	701		
<b>EQUITY INDEX</b>															
355	FFNOX	Four-in-One Index		28.71	Hold	1.8	10.6	-1.4	4.2	19.7	1.7	0.92	2,390		
2010	FIENX	International Enhanced Index	1.00%/30d	6.95	OK to Sell	0.0	11.2	-12.0	-5.5	16.9	--	1.29	26		
1827	FLCEX	Large Cap Core Enhanced Index		10.01	Hold↑	3.4	12.1	4.7	9.8	22.4	--	0.97	262		
1829	FLGEX	Large Cap Growth Enhanced Index		11.30	OK to Buy	3.4	13.8	4.4	11.2	24.4	--	1.01	154		
1828	FLVEX	Large Cap Value Enhanced Index		8.03	OK to Sell	3.2	11.2	2.5	6.0	21.2	--	1.01	76		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.98	Hold	1.9	12.4	-1.6	1.9	27.0	--	1.19	80		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	41.16	OK to Buy	4.3	19.0	-1.0	12.3	27.5	5.8	1.17	402		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	10.10	Hold	3.0	13.7	-1.1	3.8	27.2	--	1.35	128		
650	FUSEX	Spartan 500 Index <sup>4</sup>		50.08	Hold	3.3	12.6	2.0	8.4	23.3	2.0	1.00	11,881		
2341	FPEMX	Spartan Emerging Mkts Index <sup>4</sup>	1.50%/90d	10.05	Hold	-3.8	12.9	-10.7p	--	--	--	--	53		
398	FSEMX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	40.57	Hold	2.3	14.4	-3.8	2.0	28.9	3.8	1.29	2,339		
2345	FSGUX	Spartan Global ex U.S. Index <sup>4</sup>	1.00%/90d	10.61	Hold	-0.8	11.5	-4.5p	--	--	--	--	11		
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	33.10	Hold	0.1	11.3	-12.2	-5.4	17.2	-3.4	1.32	3,236		
2349	FSCIX	Spartan Mid Cap Index <sup>4</sup>	0.75%/30d	11.72	Hold	2.2	12.8	4.4p	--	--	--	--	6		
2353	FRXIX	Spartan Real Estate Index <sup>4</sup>	0.75%/90d	11.36	Hold	5.2	10.8	-3.4p	--	--	--	--	10		
2356	FSSPX	Spartan Small Cap Index <sup>4</sup>	1.50%/90d	11.97	Hold	2.5	12.3	7.0p	--	--	--	--	10		
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	40.78	Hold	3.1	12.9	1.0	7.2	24.4	2.4	1.05	3,277		
<b>INTERNATIONAL</b>						<b>Category Averages</b>			<b>-0.2</b>	<b>12.7</b>	<b>-14.7</b>	<b>-6.2</b>	<b>20.8</b>	<b>-1.2</b>	<b>1.41</b>
309	FICDX	Canada	1.50%/90d	52.95	OK to Sell↓	-1.8	5.6	-12.4	-14.0	19.1	3.2	1.40	3,478		
352	FHKCX	China Region	1.50%/90d	27.89	Hold	-5.9	10.3	-20.4	-11.5	19.7	6.9	1.58	1,438		
325	FDIVX	Diversified International	1.00%/30d	28.74	OK to Sell	0.6	12.6	-13.8	-5.9	16.7	-2.9	1.31	14,895		
351	FSEAX	Emerging Asia	1.50%/90d	28.32	Hold↓	-3.0	12.5	-16.2	-8.1	19.3	3.0	1.37	1,494		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.94	OK to Buy	-2.5	14.2	-15.3	-7.9	24.2	--	1.53	122		
322	FEMKX	Emerging Markets	1.50%/90d	23.08	Hold↓	-1.9	12.5	-21.0	-12.5	24.0	0.3	1.60	2,677		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	11.19	OK to Buy	-0.6	18.7	-5.6p	--	--	--	--	16		
301	FIEUX	Europe	1.00%/30d	28.95	OK to Sell	0.4	13.7	-16.8	-8.8	16.0	-3.0	1.52	615		
341	FECAX	Europe Capital App	1.00%/30d	17.58	OK to Sell	0.3	13.7	-16.9	-8.9	16.0	-4.4	1.53	325		
335	FIVFX	International Cap App	1.00%/30d	13.04	Buy	1.4	17.3	-12.8	-1.2	26.3	-1.9	1.59	711		
305	FIGRX	International Discovery	1.00%/30d	30.96	OK to Sell	1.1	12.1	-15.2	-6.5	16.7	-2.5	1.34	6,316		
1979	FIGFX	International Growth	1.00%/30d	8.83	OK to Buy	0.8	13.1	-9.0	1.0	22.7	--	1.24	98		
818	FISMX	International Small Cap	2.00%/90d	20.20	Buy	0.7	15.3	-15.5	-5.0	25.5	0.3	1.32	810		
1504	FSCOX	International Small Cap Opps	2.00%/90d	10.47	Buy	0.6	13.2	-9.6	-1.0	26.8	-5.9	1.24	332		
1597	FIVLX	International Value	1.00%/30d	7.10	OK to Sell	0.6	8.6	-16.7	-14.3	14.8	-6.1	1.45	147		
350	FJPNX	Japan	1.50%/90d	10.22	Hold↓	1.8	11.1	-15.9	-0.7	11.8	-6.1	1.05	450		
360	FJSCX	Japan Smaller Companies	1.50%/90d	8.96	Hold	1.1	4.8	-5.8	2.4	17.9	-5.2	1.18	283		
349	FLATX	Latin America	1.50%/90d	55.39	OK to Buy	-0.9	13.3	-15.8	-4.4	27.7	6.2	1.66	2,993		
342	FNORX	Nordic	1.50%/90d	31.32	Hold	-0.8	17.0	-20.3	-10.6	25.8	-2.1	1.73	340		
94	FOSFX	Overseas	1.00%/30d	30.59	OK to Sell	0.6	15.5	-16.0	-5.6	15.0	-4.3	1.47	1,707		
302	FPBFX	Pacific Basin	1.50%/90d	24.40	OK to Buy↓	0.8	13.8	-17.0	-4.8	29.7	1.2	1.39	652		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.71	Hold↓	-1.9	11.7	-3.9p	--	--	--	--	66		
1978	FTIEX	Total International Equity	1.00%/30d	7.06	OK to Buy↓	0.4	11.5	-14.1	-7.3	19.7	--	1.34	288		
318	FWWFX	Worldwide	1.00%/30d	19.53	Hold	2.4	12.6	-6.7	-0.1	21.6	1.6	1.22	1,093		

# FIDELITY SCORECARD - MARCH 31, 2012

## SELECT MODEL PORTFOLIO

Our Sector Portfolio finished slightly behind the S&P 500 in March. While we were held back by lack of exposure to the consumer discretionary and financial groups (which tend to run more in line with the US economy), the impact was modest. I have three rating changes to announce:

**Consumer Discretionary** has been upgraded to *OK to Buy*. A steadily improving job market is lifting more than just retailers at this stage. High gas prices might normally pose a problem, but there is a significant offset in the form of cheap natural gas prices. Plus, high fuel costs are actually driving car sales to some degree, thanks to a proliferation of better-mileage vehicles that are roomy and comfortable.



Jack Bowers

**Consumer Finance** is now *OK to Buy* — another upgrade. On the banking side, balance sheets are improving, and the Volcker Rule is more or

less the final chapter in a long list of regulatory punishments. This fund may benefit as consumers migrate from big banks to small ones, and I like its tech-driven transaction processing component.

Finally, **Utilities** has been downgraded to *OK to Buy* due to greater regulatory uncertainty. The fund has lagged mainly because investors are rotating out of defensive stocks, and because this sector is more sensitive to long-term interest rates than other groups. Still, the fundamentals here are pretty good — power producers are benefiting from cheap natural gas prices, and the restrictions on coal are more likely to hurt rate-payers than earnings. ■

## Select Model Portfolio

Fund	Allocation
Pharmaceuticals (FPHAX)	19%
Chemicals (FSCHX)	19
Technology (FSPTX)	19
IT Services (FBSOX)	15
Industrials (FCYIX)	15
Energy (FSENX)	13
<b>Total Return: Mar: 2.1% YTD: 14.1%</b>	

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
						Mar	YTD	2011	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>1.9</b>	<b>14.1</b>	<b>-3.5</b>	<b>3.4</b>	<b>27.0</b>	<b>3.6</b>	<b>1.43</b>	
<b>Category Averages</b>													
34	FSAIX	Air Transportation	0.75%/30d	38.91	Hold	2.1	12.7	-6.1	3.6	35.3	2.0	1.59	\$69
502	FSAVX	Automotive	0.75%/30d	38.45	OK to Buy	1.1	23.4	-26.2	-8.6	50.8	2.0	2.70	166
507	FSRBX	Banking	0.75%/30d	19.03	Hold	6.7	19.2	-13.3	3.0	25.5	-7.7	1.63	494
42	FBIOX	Biotechnology	0.75%/30d	103.26	Hold	5.6	19.9	18.2	31.8	21.6	10.8	1.25	1,826
68	FSLBX	Brokerage & Investment	0.75%/30d	48.73	Hold	3.1	22.0	-22.8	-6.7	21.0	-4.4	1.73	429
69	FSCHX	Chemicals	0.75%/30d	112.41	Buy	1.7	18.1	0.3	8.7	34.4	11.7	1.67	847
518	FSDCX	Communications Equipment	0.75%/30d	25.40	Hold	3.7	15.1	-16.7	-11.6	27.7	4.1	1.66	319
7	FDCPX	Computers	0.75%/30d	67.52	OK to Buy	4.1	25.3	-4.5	13.5	36.0	11.3	1.39	850
511	FSHOX	Construction & Housing	0.75%/30d	42.42	Hold	6.0	18.4	2.9	14.4	27.9	2.8	1.63	205
517	FSCPX	Consumer Discretionary	0.75%/30d	27.17	OK to Buy↑	4.6	17.8	-1.7	13.7	29.7	3.9	1.25	308
98	FVLX	Consumer Finance	0.75%/30d	13.40	OK to Buy↑	6.2	21.4	-1.0	13.6	17.8	-18.7	1.17	197
9	FDFAX	Consumer Staples	0.75%/30d	77.37	Hold	2.8	8.3	8.8	16.6	22.3	8.2	0.77	1,258
67	FSDAX	Defense & Aerospace	0.75%/30d	86.10	Hold	0.1	10.4	7.3	9.0	29.4	4.0	1.20	651
8	FSELX	Electronics	0.75%/30d	54.66	Buy	2.6	23.6	-8.5	8.1	31.2	4.7	1.70	1,243
60	FSENX	Energy	0.75%/30d	52.66	Buy	-4.5	6.7	-4.9	-13.9	23.4	2.3	1.79	2,344
43	FSESX	Energy Service	0.75%/30d	68.20	Hold	-6.6	4.9	-12.6	-22.8	24.4	0.2	2.19	1,244
516	FSLEX	Environment & Alt Energy	0.75%/30d	16.42	Hold	0.6	9.0	-14.3	-14.6	15.1	-0.3	1.24	75
66	FIDSX	Financial Services	0.75%/30d	60.21	Hold	4.6	23.1	-20.4	-1.9	19.2	-10.4	1.73	488
41	FSAGX	Gold	0.75%/30d	40.77	OK to Sell	-11.3	-3.5	-16.3	-17.7	11.8	8.5	2.08	3,438
63	FSPHX	Health Care	0.75%/30d	136.70	Hold	2.7	11.7	7.8	9.1	23.6	6.9	0.86	2,220
510	FSCGX	Industrial Equipment	0.75%/30d	36.74	OK to Buy	1.0	18.6	-7.7	1.1	34.5	5.4	1.63	355
515	FCYIX	Industrials	0.75%/30d	25.10	Buy	1.7	15.1	-4.9	0.8	32.8	6.7	1.49	567
45	FSPCX	Insurance	0.75%/30d	48.83	OK to Sell	2.7	10.1	-5.2	0.4	22.9	-4.6	1.20	283
353	FBSOX	IT Services	0.75%/30d	25.20	Buy	6.0	18.5	2.3	12.2	31.0	10.9	1.19	306
62	FDLSX	Leisure	0.75%/30d	111.68	Hold	4.8	15.9	5.9	21.5	30.8	8.9	1.18	481
509	FSDPX	Materials	0.75%/30d	69.22	Hold	-0.3	12.7	-8.2	-1.7	31.9	8.0	1.74	1,063
505	FSHCX	Medical Delivery	0.75%/30d	63.76	Hold	4.1	16.4	10.2	10.9	34.5	6.0	1.14	892
354	FSMEX	Medical Equipment	0.75%/30d	28.90	Hold	3.1	14.7	-3.4	2.0	18.3	7.4	0.96	1,383
503	FBMPX	Multimedia	0.75%/30d	49.95	Hold	3.0	16.0	1.8	7.2	36.9	4.9	1.39	202
513	FSNGX	Natural Gas	0.75%/30d	31.49	Hold	-4.3	3.5	-7.7	-14.3	16.7	-2.6	1.72	697
514	FNARX	Natural Resources	0.75%/30d	33.32	Hold	-5.8	6.5	-9.3	-16.0	23.1	3.4	1.80	1,322
580	FPHAX	Pharmaceuticals	0.75%/30d	14.48	Buy	2.6	6.6	13.7	13.7	22.6	8.9	0.83	739
46	FSRPX	Retailing	0.75%/30d	61.58	OK to Buy	7.0	20.2	3.4	21.5	31.6	8.9	1.24	461
28	FSCSX	Software & Computer Svcs	0.75%/30d	93.45	OK to Buy	3.9	20.4	2.2	16.5	31.9	10.8	1.16	1,810
64	FSPTX	Technology	0.75%/30d	105.64	Buy	4.0	22.2	-9.6	4.1	35.8	8.6	1.43	2,465
96	FSTCX	Telecommunications	0.75%/30d	46.61	Hold	0.8	6.4	-4.2	-1.9	18.7	-0.5	1.05	350
512	FSRFX	Transportation	0.75%/30d	53.74	Hold	1.4	8.8	-5.3	-0.6	31.6	4.4	1.43	196
65	FSUTX	Utilities	0.75%/30d	53.45	OK to Buy↓	1.7	-0.2	13.1	8.5	17.6	-0.3	0.69	516
963	FWRLX	Wireless	0.75%/30d	7.85	OK to Buy	2.2	8.3	-1.0	0.1	20.1	4.2	1.11	265

## FIDELITY SCORECARD - MARCH 31, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			SEC %Yield	Dist <sup>7</sup> %Yield	Dur <sup>2</sup> (Yrs)	Tax-Equivalent Yield Federal Tax Bracket						
						Apr	YTD	2011										
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>-0.6</b>	<b>0.1</b>	<b>8.6</b>	<b>1.61</b>	<b>2.17</b>	<b>4.6</b>				
2267	FCONX	Conservative Income Bond		10.01	Buy	0.2	0.6	0.0p	0.64	0.51	0.2							
2208	FCBFX	Corporate Bond		10.92	OK to Buy	-0.7	2.0	11.1	2.76	3.04	6.7							
15	FGMNX	GNMA (Ginnie Mae)		11.81	OK to Buy	0.1	0.4	7.9	2.71	3.10	3.0							
54	FGOVX	Government Income		10.67	Hold	-0.6	-0.5	7.9	1.37	1.84	4.6							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		12.86	Hold	-1.1	0.7	13.0	-0.29	0.57	6.7							
32	FTHRFX	Intermediate Bond		10.90	OK to Buy	-0.3	0.9	6.2	1.84	2.79	3.9							
452	FSTGX	Intermediate Gov't Income		10.91	Hold	-0.4	-0.3	5.7	0.71	1.39	3.7							
26	FBNDX	Investment Grade Bond		7.74	OK to Buy	-0.3	1.0	7.9	2.52	3.26	5.0							
40	FMSFX	Mortgage Securities		11.21	OK to Buy	0.2	1.1	6.5	2.85	3.12	2.4							
450	FSHFX	Short-Term Bond		8.53	Buy	0.1	0.8	1.8	0.86	1.35	1.8							
1561	FIBIX	Sptn Interm Treas Index <sup>4</sup>		11.38	OK to Sell	-1.3	-1.2	12.9	1.37	2.40	6.6							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>4</sup>		12.11	Sell	-3.9	-5.9	29.5	2.85	3.32	16.0							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>4</sup>		10.60	Hold	-0.2	-0.2	3.2	0.33	1.15	2.6							
651	FBIDX	Sptn US Bond Index		11.74	Hold	-0.6	0.3	7.7	2.01	2.84	4.8							
820	FTBFX	Total Bond		10.97	OK to Buy	-0.4	1.3	7.4	2.68	3.58	4.6							
812	ULSFXX	Ultra-Short Bond	0.25%/60d	8.20	Hold	0.2	0.8	0.1	0.59	0.37	0.4							
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>0.0</b>	<b>5.0</b>	<b>3.6</b>	<b>4.91</b>	<b>5.39</b>					
38	FAGIX	Capital & Income	1.00%/90d	9.21	Buy	0.4	7.8	-1.9	5.99	6.16	--							
814	FFRHXX	Floating Rate High Income	1.00%/60d	9.81	Buy	0.4	2.6	1.7	3.39	3.36	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.18	Buy	-0.5	4.0	5.9	4.95	5.97	--							
2297	FGHXX	Global High Income	1.00%/90d	9.68	Buy	-0.1	6.0	-4.7p	5.57	--	--							
455	SPHIX	High Income	1.00%/90d	9.00	Buy	0.0	5.7	3.4	5.74	6.67	--							
331	FNMIX	New Markets Income	1.00%/90d	16.52	OK to Buy	-0.1	5.9	7.9	4.79	5.42	--							
368	FSICX	Strategic Income		11.06	Buy	-0.2	3.5	4.6	3.95	4.78	--							
<b>NATIONAL MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.3</b>	<b>1.5</b>	<b>8.5</b>	<b>1.87</b>	<b>3.22</b>	<b>5.7</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTXX	Interm Municipal Income	0.50%/30d	10.49	Hold	-0.4	1.1	8.0	1.71	3.21	5.1	2.3	2.4	2.6	2.6			
37	FHIGX	Municipal Income	0.50%/30d	13.21	Hold	-0.2	2.3	10.6	2.46	3.82	7.4	3.3	3.4	3.7	3.8			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.82	Hold	-0.3	0.5	4.3	0.79	2.05	2.9	1.1	1.1	1.2	1.2			
90	FTABX	Tax-Free Bond	0.50%/30d	11.36	Hold	-0.4	2.1	10.9	2.53	3.79	7.4	3.4	3.5	3.8	3.9			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.6</b>	<b>1.6</b>	<b>9.3</b>	<b>2.09</b>	<b>3.41</b>	<b>6.6</b>				
434	FSAZX	Arizona Muni Income	0.50%/30d	11.93	Hold	-0.4	2.1	9.9	2.49	3.50	7.5	3.5	3.6	3.9	4.0			
91	FCTFX	California Muni Income	0.50%/30d	12.57	Hold	-0.5	2.3	11.2	2.76	3.93	6.9	4.1	4.2	4.5	4.7			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.79	Hold	-0.4	0.7	4.7	0.85	2.28	2.8	1.2	1.3	1.4	1.5			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.88	Hold	-0.9	0.9	10.0	1.77	3.10	6.5	2.5	2.6	2.8	2.9			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.42	Hold	-0.7	1.2	8.9	1.82	3.08	6.5	2.5	2.7	2.9	3.0			
70	FDMMX	Mass Muni Income	0.50%/30d	12.45	Hold	-0.8	2.0	10.4	2.26	3.58	7.6	3.2	3.3	3.6	3.7			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.33	Hold	-0.4	1.6	9.2	2.37	3.71	6.5	3.3	3.4	3.7	3.8			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.87	Hold	-0.6	1.4	9.1	1.75	3.34	6.0	2.5	2.6	2.8	2.9			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.08	Hold	-0.5	2.1	9.7	2.10	3.60	6.8	3.0	3.1	3.3	3.5			
71	FTFMX	New York Muni Income	0.50%/30d	13.39	Hold	-0.6	1.6	9.6	2.14	3.53	7.3	3.1	3.2	3.5	3.6			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.08	Hold	-0.6	1.5	9.6	2.33	3.62	7.1	3.3	3.4	3.7	3.8			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.21	Hold	-0.6	1.9	9.8	2.43	3.69	7.1	3.3	3.5	3.7	3.9			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.01</b>	<b>0.02</b>	<b>0.03</b>						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	0.01	0.04	na	na							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
630	FRTXX	Retirement MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
458	SPAXX	Government MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
454	SPRXX	Money Market		1.00	--	0.00	0.00	0.01	0.01	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.03	0.06	0.12	na	na							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.00	0.01	0.01	na	na							
415	FDLXX	US Treasury MM		1.00	--	0.00	0.00	0.01	0.01	na	na							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>						
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
<b>STATE MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.00</b>	<b>0.01</b>	<b>0.01</b>						
433	FSAXX	Arizona		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
97	FCFXX	California		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.00	0.02	0.01	na	na	0.0	0.0	0.0	0.0			
92	FNYXX	New York		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			

Tax-equivalent yields for state funds assume top state (City tax excluded) tax level for that federal bracket.

## FIDELITY SCORECARD - MARCH 31, 2012

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Mar	YTD	2011	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.79	Hold	0.4	8.6	-3.0	1.9	17.0	4.3	0.74
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		13.26	Hold	0.8	11.8	-6.5	0.1	19.6	3.6	1.02
9069	FJBAC	Fid VIP Balanced	Allocation		14.47	OK to Buy	1.3	11.7	-3.9	2.5	22.5	3.9	0.98
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	14.13	OK to Buy↑	4.6	17.7	-2.0	13.1	29.3	3.8	1.26
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	14.00	Hold	2.6	7.8	7.8	15.2	21.6	--	0.76
9065	FPDFC	Fid VIP Contrafund	Large Growth		13.94	Hold	3.0	13.9	-2.8	4.2	24.2	3.0	1.12
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		11.09	Hold	2.9	13.5	-1.6	3.3	26.1	1.3	1.35
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		14.12	OK to Buy	3.7	17.2	-2.9	8.6	25.8	2.2	1.22
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	8.10	Hold↓	-1.9	12.3	-21.2	-12.6	22.9	--	1.58
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	14.94	Buy	-4.5	6.6	-5.3	-14.3	23.3	2.0	1.79
9061	FLOLC	Fid VIP Equity-Income	Large Value		11.71	Buy	2.5	10.2	0.6	4.1	23.9	-1.1	1.14
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	7.04	Hold	4.5	22.9	-20.6	-2.3	19.3	-10.4	1.73
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.53	Hold	-0.1	2.9	2.0	3.5	8.0	3.3	0.25
9158	FMPBC	Fid VIP FundsManager 50	Allocation		12.27	Hold	0.6	6.8	-0.7	3.0	13.9	2.6	0.58
9197	FMPPC	Fid VIP FundsManager 60	Allocation		10.99	Hold	0.7	8.0	-2.2	2.2	15.8	--	0.70
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.67	Hold	1.0	9.4	-3.2	1.8	17.3	1.3	0.81
9160	FMPDC	Fid VIP FundsManager 85	Allocation		11.12	Hold	1.4	10.8	-5.5	0.4	19.6	0.3	0.99
9062	FMNDC	Fid VIP Growth	Large Growth		13.38	Buy	3.8	16.3	-0.1	7.4	25.9	3.8	1.16
9070	FLFNC	Fid VIP Growth & Income	Large Blend		12.77	Buy	3.3	13.2	1.3	9.7	21.9	1.3	1.04
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		13.61	Buy	4.3	21.4	1.9	14.1	30.7	3.1	1.19
9078	FPVDC	Fid VIP Growth Stock	Large Growth		14.09	Hold	2.9	16.1	0.4	8.1	27.8	6.0	1.11
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		11.95	Hold	1.2	14.1	-9.3	-1.7	22.3	1.0	1.30
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	15.18	Buy	2.8	11.6	8.0	9.2	23.5	6.4	0.87
9060	FBBLC	Fid VIP High Income	High-Yield Bond		15.31	Buy	-0.1	5.4	3.6	5.7	18.6	5.9	0.54
9064	FXVLT	Fid VIP Index 500	Large Blend		12.88	Hold	3.3	12.5	1.8	8.2	23.1	1.7	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	17.04	Buy	1.5	15.0	-4.9	0.8	32.9	6.8	1.50
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	11.60	Buy	1.4	17.3	-12.8	-1.3	26.2	-2.1	1.59
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.07	OK to Buy	-0.4	0.9	7.0	7.2	9.6	5.8	0.19
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	14.13	Buy	-0.4	12.6	-8.5	-2.0	31.4	--	1.74
9071	FNBSB	Fid VIP Mid Cap	Mid Growth		15.11	OK to Buy	1.3	13.5	-10.9	-3.2	23.7	4.2	1.08
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.43	--	0.0	-0.1	-0.1	-0.2	0.0	1.3	0.01
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	11.51	OK to Sell	0.4	14.9	-17.5	-7.6	16.9	-3.3	1.43
9072	FFWKC	Fid VIP Real Estate	Sector		14.91	Hold	5.1	10.9	7.8	10.9	47.6	0.3	1.82
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		15.62	Buy	-0.3	3.2	4.3	5.3	14.3	7.2	0.39
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	17.88	Buy	4.1	22.1	-10.2	3.4	36.4	8.7	1.44
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	9.37	Hold	0.9	6.7	-2.2	0.7	18.6	--	1.01
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	14.60	OK to Buy↓	1.7	0.1	12.8	8.4	17.6	0.1	0.69
9079	FKMSC	Fid VIP Value	Mid Value		11.69	Buy	3.2	13.2	-2.8	3.5	28.8	-1.0	1.39
9080	FUEBC	Fid VIP Value Leaders	Large Value		9.91	Sell	2.6	12.4	-8.3	-3.1	18.6	-4.1	1.22
9073	FRBSC	Fid VIP Value Strategies	Mid Value		12.65	Buy	1.1	15.2	-9.2	-1.2	33.0	-0.2	1.57
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		8.81	OK to Sell	-0.2	9.7	-11.2	-6.4	12.5	-5.0	1.10
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		15.10	Hold↓	-1.7	17.1	-18.0	-3.2	27.0	5.8	1.51
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		15.65	OK to Buy	-0.1	5.5	6.8	11.6	15.7	7.2	0.49
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		12.57	Hold↓	-1.2	12.9	-18.4	-6.8	24.3	1.9	1.46
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		10.04	Hold	0.4	8.3	-3.9	0.7	19.2	-2.5	1.18
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		10.93	Buy	0.1	1.6	0.9	1.6	--	--	0.16
9277	FPNBC	Pimco VIT Real Return	TIPS		12.52	Hold	-0.9	1.2	11.4	10.7	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.57	OK to Buy	0.0	2.5	3.3	5.0	--	--	--

## ANNUITY MODEL PORTFOLIOS

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income & Pres	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	36%	VIP Growth Opps	33%	VIP Strategic Inc	26%	Pimco Low Duration	23%
VIP Health Care	19	VIP Strategic Income	24	VIP Growth Opps	25	VIP Strategic Inc	20
VIP Materials	18	VIP Value Strategies	23	Pimco Low Duration	18	VIP Money Market	20
VIP Industrials	15	VIP Equity-Income	20	VIP Value	17	VIP Value	15
VIP Energy	12			VIP Equity-Income	14	VIP Equity-Income	12
						VIP Growth Opps	10
<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>		<b>Total Return:</b>	
<b>Mar: 1.5% YTD: 15.2%</b>		<b>Mar: 1.7% YTD: 12.9%</b>		<b>Mar: 1.9% YTD: 9.6%</b>		<b>Mar: 1.2% YTD: 6.0%</b>	

## Fidelity Managers Take Big Bite Out Of Apple

*With Apple deciding last month to pay a dividend, are more Fidelity stock funds likely to take a bite of the iconic tech stock?*



With Apple shares topping \$600, plus three million “new iPad 3s” sold, and cash reaching almost \$100 billion, Apple’s finally decided to give its shareholders some of their money back in the form of a 1.8% dividend yield.

This may be welcome news for **Contrafund’s** shareholders who, after all, hold more Apple shares than any other fund in the country. That Manager Will Danoff has invested 8.6% of Contra’s \$60 billion in assets in Apple is not especially surprising: long-ago, Will demonstrated he’s one of the country’s best managers.

Ditto for **Growth Company’s** Steve Wymer, another savvy manager. In fact, Apple is a top-10 position in 15 of Fidelity’s diversified, actively run stock funds. This list includes our model portfolio holdings **Blue Chip Growth, Focused Stock, Large Cap Stock, Mega Cap Stock** and **OTC**. But that begs this question: With its new dividend yield in line with the S&P 500, but its growth likely to ebb at some point, will Fidelity funds take a bigger or smaller bite of Apple?

Although there are signs that some

Fidelity growth funds have already trimmed their Apple shares, the company’s overall appetite may not wane for some time.

The most likely buyers for addi-

Fund	% of assets in Apple*
<b>OTC</b>	<b>13.3</b>
<b>Blue Chip Growth</b>	<b>9.7</b>
<b>Growth Discovery</b>	<b>9.7</b>
<b>Nasdaq Comp Index</b>	<b>9.7</b>
<b>Contrafund</b>	<b>8.6</b>
<b>Large Cap Growth</b>	<b>7.6</b>
<b>Trend</b>	<b>7.6</b>
<b>Growth Company</b>	<b>7.1</b>
<b>Independence</b>	<b>6.9</b>
<b>Fidelity</b>	<b>6.6</b>
<b>Magellan</b>	<b>5.6</b>
<b>Mega Cap Stock</b>	<b>5.3</b>
<b>Export &amp; Multinational</b>	<b>5.2</b>
Focused Stock	4.8
Large Cap Stock	4.5
Fifty	4.3
<b>Growth &amp; Income</b>	<b>4.1</b>
New Millennium	4.0
<b>Dividend Growth</b>	<b>3.9</b>
Capital Appreciation	3.7
<b>Stock Selector All Cap</b>	<b>3.0</b>

\*Reported as of January 31, 2012; boldface type denotes top holding.

tional shares are large-cap funds whose managers have a taste for comparatively inexpensive, dividend-pay-

ing stocks. (Despite Apple surging 50% this year, its P/E is a reasonable 17 based on the prior 12-months.)

At the same time, managers who want to diversify away from slower-growing tech stocks (like Microsoft and Intel) may look anew at Apple for its yield and faster growth. Stephen DuFour’s **Fifty** and **Focused Stock** funds may be good candidates.

Likewise, funds whose benchmarks and even secondary benchmarks include higher-dividend paying stocks may also become buyers. **Equity Dividend Income** and even the forthcoming **Global Equity Income** (see p. 4) are good candidates. (Apple is already a top position in the conservative **Dividend Growth** and **Growth & Income** funds, which suggests that their managers anticipated Apple’s announcement.)

Given Apple’s rise, coupled with Fidelity funds already owning 5% of its outstanding shares, we’d actually anticipate more of their funds reducing, not increasing, their exposures. However, thanks to its yield and the inevitability that Apple’s growth must someday slow, the mix of Fidelity funds holding the stock will change — and perhaps dramatically.

Finally, if you hold Apple shares or if you’re considering buying some, consider the nearby table; it’s likely a Fidelity manager already bought some for you! ■

— John Bonnanzio

## Contra’s “Other” Tech Play

As we pored through **Contrafund’s** annual report, we couldn’t help but notice that Manager Will Danoff had taken an interest in another, lesser-known, California-based tech stock of an altogether different variety than Apple — the fully-electric car maker Tesla Motors.

Contra, we learned, is holding about \$125 million of Tesla stock, but has lent out its shares. As we happen to be familiar with this trans-

action (more on that in a bit), based on a 9% interest rate on those lent shares, Contra’s shareholders are earning \$11 million a year without forgoing the stock’s upside potential! With Contra’s low expense ratio of 0.81%, that’s enough to offset about 2% of its \$48.6 million in fees.

As for how we know about the 9% interest rate on the loaned shares of Tesla, I happen to hold shares in the automaker and have “lent” them out.

Why on earth would anyone pay so much to borrow shares of Tesla? It turns out there are so many inves-

tors wanting to bet on Tesla’s failure that there are not enough shares available to short! Though I don’t recommend the stock because it’s highly volatile (it accounts for less than 10% of my overall portfolio), my experience driving Tesla’s Roadster over the last three years has left me impressed with the company’s drivetrain and battery technology. And it’s satisfying to know that the short-sellers are helping me to buy Tesla’s Model S sedan, which is due out in July. ■

— Jack Bowers

## Fidelity Closer To Launching ETFs

While Fidelity has a long history of product innovation (such as check-writing on money market funds), to this day they only offer one proprietary ETF fund: ONEQ tracks the Nasdaq Composite. In the meantime, ETFs have siphoned away some of Fidelity's traditional fund assets.

Fidelity remains very profitable and dominates many areas of the fund industry. But while Moody's recently held Fidelity's credit rating at a top-notch A2, it cut its outlook on their senior unsecured debt to "negative," citing outflows from stock funds.

With the recent establishment of a new equity division focused on sec-

tor investing through passive ETFs, Fidelity seems ready to do something about that. Fidelity says the group is designed to leverage their "current sector expertise and scale to grow and meet the rapidly evolving needs of retail and institutional investors for potentially more specialized sector portfolio investment options."

Showing that it intends to seriously compete in this arena, Fidelity recently rehired Anthony "Tony" Rochte to head up the new group. Tony left Fidelity in 2000 and helped build first Black Rock, and then State Street into ETF juggernauts. Clearly,

Fidelity is hoping for a hat trick!

Of course, Fidelity won't have to start from scratch. For 30 years they've offered dozens of actively managed Select (sector) portfolios. Although their performances have generally been strong, most have only modest assets — perhaps overlooked by investors seeking less-expensive and passively run ETFs.

While Fidelity is still in the early stages of exploring its strategic options in this area, bringing Tony on board signals that they are one (major) step closer to finally launching their own line of ETFs. ■

### MESSAGE TO MEMBERS (Un)expected Risk

Last month, two annual reports simultaneously arrived in our e-mail: Fidelity's and the Boston Symphony Orchestra's (BSO). Though obviously unrelated, we were struck by a common thread: disappointing results owing to unanticipated risks.

In the case of the BSO, Hurricane Irene forced the first cancellation (in its 75-year history) of its grand finale summer concert in Tanglewood. Meanwhile, health problems for music director James Levine hovered over the entire season.

As for Fidelity, fund maestro (and president) Ron O'Hanley characterized 2011 as "a highly volatile year that put asset managers to the test."

It began with a devastating tsunami in Japan and continued with a rapidly deteriorating European credit crisis, deadlock in the US government (Ron could have added an unprecedented credit downgrade of Treasuries) and ongoing fear of another global recession.

While the BSO will partly remedy last season's disappointing ending by taking another crack at Beethoven's

Symphony No. 9 this year, it's not that simple for investors. The losses they may sustain from unexpected events can't be made whole with the mere wave of a baton.

Indeed, since the very dawn of this millennium, we've seen how the unexpected — whether at the hands of terrorists, government leaders or Mother Nature — can quickly lay waste to the best-conceived investment plans. No doubt we'll see more surprises in the years to come.

That doesn't mean you should avoid stock funds — they are still the best way to build long-term wealth. But if the turmoil of the past few years has, in fact, caused you to consider fleeing the market, you may want to reassess your tolerance for risk and the aggressiveness of your portfolio.

Reducing your risk a bit may not seem like a great idea when the market is flying high as it is now. But during times of severe stress, a more conservatively positioned portfolio will surely be music to your ears.

Sincerely,  
John M. Boyd  
John Bonnanzio  
[editorial@mfi.com](mailto:editorial@mfi.com)

### DIVIDEND UPDATE

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

Asst Mgr 40% and 50%, Balanced, CA Muni, CA Sh-Int Tax-Free, Convertible Secs, Eqty-Inc, Eqty Div Inc, Fidelity Fund, Four-in-One Idx, Growth & Inc, Int'l Enhcd Idx, L Cap Core Enh Idx, L Cap Gr Enhcd Idx, L Cap Val Enhcd Idx, Mid Cap Enhcd Idx, Puritan, Small Cap Enhcd Idx, Sptn 500 Idx, Sptn Extd Mkt Idx, Sptn Intern Treas, Sptn Int'l Idx, Sptn Long Treas, Sptn Short Treas, Sptn Total Mkt Idx, Strat Div & Inc, Strat Real Ret, Telecom & Utilities and all Select funds.

*The final distributions for March were as follows:*

Fund	Ex- \$		NAV
	Date	Amt	
Real Estate Inv	3/2	0.060	29.34
Real Estate Inc	3/2	0.055	10.74
Sptn Real Estate	3/2	0.021	10.85
MA Muni Inc	3/9	0.006	12.50
NY Muni Inc	3/9	0.011	13.44

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