

# FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

JULY 2012

VOLUME 28, NUMBER 7

## MARKET OUTLOOK

### Welcome Moves From Europe, But No Long-Term Solution Yet

Against low expectations, the just-concluded Euro-zone Summit actually produced some real positive actions. In what amounted to a high-stakes game of chicken, Italy and Spain threatened to block any measures, including the \$120 billion euro growth pact promised by Chancellor Merkel of Germany, if they did not get some immediate relief for their beleaguered bond markets. In the end, Germany blinked first and agreed to some moves it had strongly opposed.



John M. Boyd

Most important of these was allowing the new euro-zone bailout pool (the European Stability Mechanism, or ESM) to inject capital directly into the region's banks. Merkel had previously insisted that such funds could only loan money to sovereign governments, who could then fund their banks. But this would only have added to their already-huge debt burdens. Equally important, she dropped her demand that any loans from the pool would have to be repaid in full, even if a government restructured its debt (partially defaulted). If new money from the pool had such "senior" status, that would greatly discourage private lenders from buying Spanish or Italian debt.

Lastly, she softened her stance on requiring tough fiscal and economic measures from any country as a precondition

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

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## FUND COMMENTARY

### Stocks Pop In June, Fall For Quarter, Surge For Year

How are your Fidelity stock funds faring?

It depends on the quarter, week or day to which you're inquiring. And, oftentimes, it even depends upon the time of day! While in recent years market volatility has been far higher than we've seen this year, the "risk-on, risk-off" trading mentality remains annoyingly and dangerously prevalent. Though also understandable, this unbalanced mindset is keeping investors both on edge and away from attractively priced stock funds. Indeed, shifting sentiment alternatively has some investors storing canned goods one day and then hoarding Internet stocks like its 1999. This herky jerky investment "strategy" has us convinced that between these extremes is a more thoughtful middle ground.

The good news is that stocks have already provided a year's worth of returns in only the first six months of 2012: large-caps gained 9.6% and small-caps advanced 7.3%. But, if not for an especially strong June (whereby the S&P 500 gained 4.1% and the Russell 2000 jumped 4.9%), the second quarter (April and May) bled red.

June's market revival was a faith-based initiative that culminated in Merkel's late-Friday Hail Mary pass. But as of this writing (Monday afternoon, July 2), this euro-deal is running into trouble.

Having had an epiphany of sorts (that Germany is damned if they do bail out Spain and Italy, and damned if they don't), Chancellor Merkel provided stock investors with hope that Armageddon is avoidable (see facing *Market Outlook*). Her gambit: that its southern neighbors will "reform" their profligate lifestyles. But whereas France's new president reinstated the retirement age to 60 from 62 for certain government workers, an economic reformation is no *fait accompli*.

Of course, June's equity performance in the US was not exclusively about the euro-zone. While the employment picture is largely unimproved (the official national

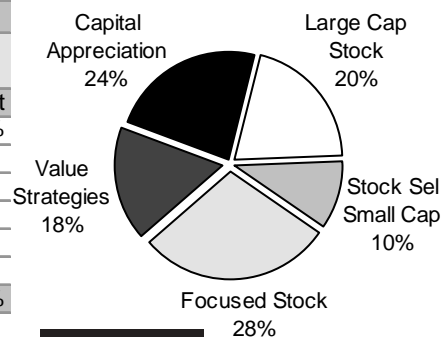
**Fund Commentary** *cont'd on page 11*

# FIDELITY INSIGHT MODEL PORTFOLIOS - JUNE 30, 2012

Aggressive Growth Model		Rel Vol: 1.21	Est. Yield: 0.3%	YTD Return: 7.6%		
Current Asset Allocation		Stocks 95.6%	Bonds 0.0%	Cash 4.4%	Alternative <sup>1</sup> 0.0%	Foreign 6.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Capital Appreciation	FDCAX	24%	\$28.36	1,380.06	\$39,138	1.7%
Large Cap Stock	FLCSX	20	18.79	1,808.70	33,986	4.6
Stock Sel Small Cap	FDSCX	20	19.00	1,746.10	33,176	2.7
Focused Stock	FTQGX	18	15.02	2,010.96	30,205	3.6
Value Strategies	FSLSX	18	28.13	1,035.02	29,115	3.8

Current Value (4/7/99 = \$100,000) \$165,620 3.3%

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



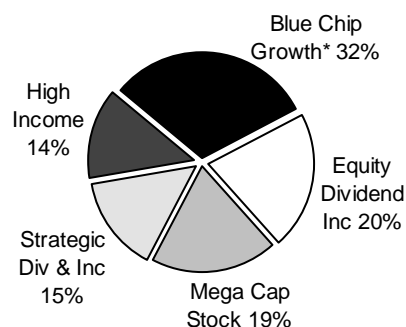
Pie reflects July 2 trade

Growth Model		Rel Vol: 0.98	Est. Yield: 1.8%	YTD Return: 8.7%		
Current Asset Allocation		Stocks 79.4%	Bonds 0.0%	Cash 4.0%	Alternative <sup>1</sup> 16.5%	Foreign 10.6%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Blue Chip Growth*	FBGRX	32%	\$46.92	7,936.94	\$372,401	2.6%
Low-Priced Stock	FLPSX	20	38.42	6,246.15	239,977	3.8
Mega Cap Stock	FGRTX	19	11.11	20,076.27	223,047	4.3
Strategic Div & Inc	FSDIX	15	11.92	14,510.67	172,967	3.8
High Income	SPHIX	14	8.98	18,585.70	166,900	2.1

Current Value (1/1/87 = \$100,000) \$1,175,292 3.3%

\*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.

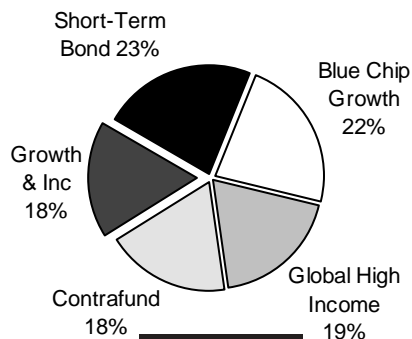


Pie reflects July 2 trade

Growth & Income Model		Rel Vol: 0.70	Est. Yield: 1.5%	YTD Return: 7.1%		
Current Asset Allocation		Stocks 55.6%	Bonds 23.1%	Cash 3.9%	Alternative <sup>1</sup> 17.4%	Foreign 17.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Short-Term Bond	FSHBX	23%	\$8.54	26,148.16	\$223,305	0.2%
Blue Chip Growth	FBGRX	22	46.92	4,578.43	214,820	2.6
Global High Income	FGHNX	19	9.63	18,898.34	181,991	2.5
Contrafund	FCNTX	18	74.81	2,320.60	173,604	2.3
Low-Priced Stock	FLPSX	18	38.42	4,403.02	169,164	3.8

Current Value (1/1/87 = \$100,000) \$962,884 2.2%

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.

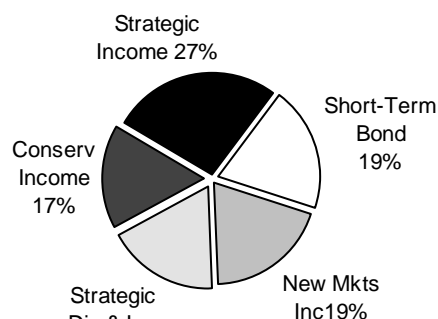


Pie reflects July 2 trade

Income & Preservation Model		Rel Vol: 0.43	Est. Yield: 2.0%	YTD Return: 4.5%		
Current Asset Allocation		Stocks 29.2%	Bonds 42.8%	Cash 4.6%	Alternative <sup>1</sup> 23.3%	Foreign 15.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Strategic Income	FSICX	27%	\$11.07	14,229.01	\$157,515	1.2%
Short-Term Bond	FSHBX	19	8.54	12,939.13	110,500	0.2
Low-Priced Stock	FLPSX	19	38.42	2,776.83	106,686	3.8
Strategic Div & Inc	FSDIX	18	11.92	8,469.24	100,953	3.8
Conservative Income	FCONX	17	10.02	9,471.68	94,906	0.2

Current Value (1/1/87 = \$100,000) \$570,561 1.8%

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.



Pie reflects July 2 trade

<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.

dition of getting money from the ESM. In return, she got an agreement to create a new single bank supervisor for all the euro-zone's banks before any direct aid will be possible.

While these moves are welcome, for the most part they are still of the buying-time variety. And though stock markets rallied sharply on the news, we expect them to remain volatile in the months ahead. We could well see a repeat of a familiar pattern whereby rallies on the announcement quickly fade as the details are examined and found lacking.

### Model Portfolio Trades

Turning to our models, we announced several trades on June 29 — primarily to reduce our exposure to smaller-cap stocks in favor of larger-cap, mostly higher dividend-paying stocks. This should add some “ballast” (reduce volatility) to the portfolios in these turbulent times.

In all but the Aggressive Growth Model, these trades will also boost yields and reduce foreign stock exposure (**Low-Priced Stock**, which we are selling in the three models below, has over 30% invested overseas). *(Note that the new yields and volatilities won't be reflected until next month.)*

In the Aggressive Growth Model we moved 1/2 of **Stock Selector Small Cap** to our existing position in **Focused Stock** which has a median market cap of \$21.2B versus \$1.8B for Stock Selector Small Cap.

In the Growth Model, we sold all of **Low-Priced** and used the proceeds to establish a new position in **Equity Dividend Income**. EDI is a very large cap (\$77B vs. \$57B for the S&P 500) fund with a value tilt and one of the higher dividend yields at Fidelity (2.90%). While the calculated relative volatility figure won't go down, the actual volatility should because the calculation reflects EDI's returns over the past three years and it is a far different fund today.

## WHICH FUNDS SHOULD YOU BUY NOW!

**Equity Funds:** **Blue Chip Growth**, **Capital Appreciation**, **Focused Stock**, and **Growth Co.** for large-cap growth; **Stock Selector Small Cap** for small caps; **Contrafund** is a conservative “all-cap” approach to growth. **Equity Dividend & Inc**, **Growth & Inc**, **Mega Cap Stock** and **Strategic Dividend & Inc** seek growth and some income from larger-cap stocks.

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

**Bond Funds:** **Short-Term Bond** has limited interest-rate risk. **Conservative Income** gets you a bit more yield than a money market fund. **Corporate Bond** is a good alternative to longer-duration muni funds (you may pay more in taxes, but that could be offset by capital appreciation).

**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. **New Markets Income** holds dollar-denominated emerging market debt. ■

In the Growth & Income Model we exchanged **Low-Priced** for **Growth & Income**, a large cap (\$60.5B) blend offering with a yield of 2.50%. Again, the stated volatility won't fall, but in reality it should, as similar to EDI, G&I has undergone significant changes.

In the Income & Preservation Model, we switched **Low-Priced** for **New Markets Income**, an emerging

market bond fund. While emerging market stocks are a concern, the bonds of these countries are attractive as their government finances are in much better shape than most developed markets, and the fund offers a rich 4.85% yield. (We made a similar trade in the Annuity I&P Model switching **VIP Value** for **Morgan Stanley Emerging Market Debt**.) ■

— John M. Boyd

## MODEL PORTFOLIO TRADES

As announced on our June 29 Hotline, on Monday July 2, we made trades in five of our model portfolios.

### Aggressive Growth Model

We sold 1/2 of **Stock Selector Small Cap** (FDSCX) and added the proceeds to **Focused Stock** (FTQGX).

### Growth Model

We sold all of **Low-Priced Stock** (FLPSX) and purchased **Equity Dividend Income** (FEQTX) with the proceeds.

### Growth & Income Model

We sold all of **Low-Priced Stock** (FLPSX) and purchased **Growth & Income** (FGRIX) with the proceeds.

### Income & Preservation Model

We sold all of **Low-Priced Stock** (FLPSX) and purchased **New Markets Income** (FNMIX) with the proceeds.

### Annuity Income & Preservation Model

We sold all of **VIP Value** (FKMSC) and purchased **Morgan Stanley Emerging Market Debt** (FPRMC) with the proceeds.

For an explanation of these trades see *Market Outlook* on page 1.

Please note that both **Stock Selector Small Cap** and **Low-Priced Stock** have short-term trading fees of 1.50% for 90 days, so if you have recently purchased them, you may want to consider delaying your trade until the 90-day period is over.

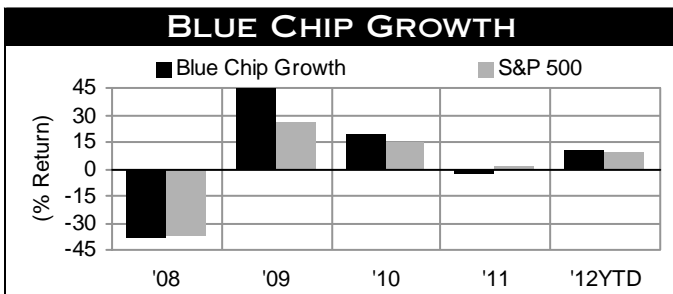
Of the hundreds of funds in our *Scorecard*, after the July 2 trades, we use just 17 in the four regular models on page 2. (Fourteen are updated here, though our latest additions are discussed in *Market Outlook*.) Elsewhere, a dozen annuity funds (p. 10) attempt to mimic the investment themes of our regular models, while six sector funds drive the Select Portfolio (p. 8).

As for performance, our mission is to strike the appropriate balance between risk and potential reward, as per each model's investment objective. Doing this amid an extremely unpredictable and volatile market remains challenging. For the third year running, stocks rallied early. Mostly stimulative monetary policies plus improved cor-

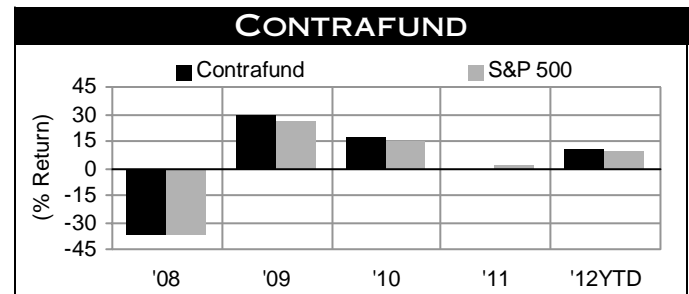
porate earnings were the prime equity drivers. However, Europe's trifecta of crises (banking, credit and political) have again overshadowed positive US news, while slowing growth in China and India are newer market hurdles. So, earlier stock gains were largely erased in April and May, while bonds — especially Treasuries — began to shine.

Thematically speaking, our few trades this year reduced risk: we exited the emerging markets and increased US large-cap stock exposure (March), while our sale of OTC for **Cap App** (June) was driven primarily by concerns over stock selection. We expect the challenging environment for stocks (see *Fund Commentary*) to persist. ■

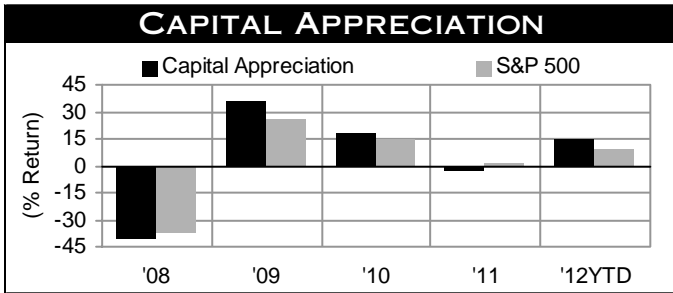
— John Bonnanzio



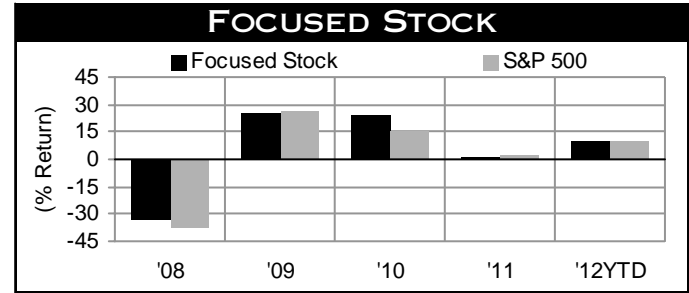
This fund's biggest holdings are generally household names. But with a market cap of \$39B vs \$57B for the S&P 500, some of its 250 holdings are lesser known technology players which account for 36% of its overall assets. (Though Apple is its biggest bet at almost 10%.) Tech has been steady theme, while Manager Sonu Kalra has as much riding on consumer staples and discretionary.



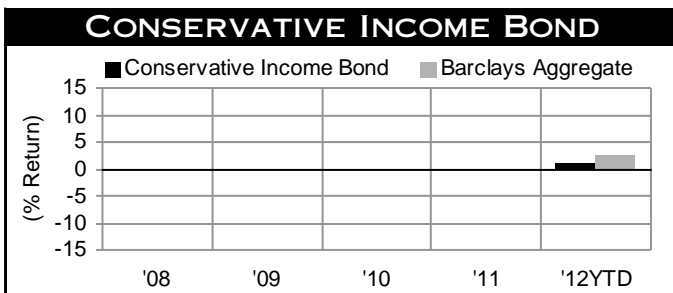
Despite Contra's sector weights being comparable to its large-cap growth fund peers, its performance tends to lag when the market is sprinting ahead. This is largely the result of legendary manager Will Danoff's predilection for owning the market's very largest stocks (a little cash helps, too). Contra is roughly 20% less volatile than large-cap funds and is a solid core holding.



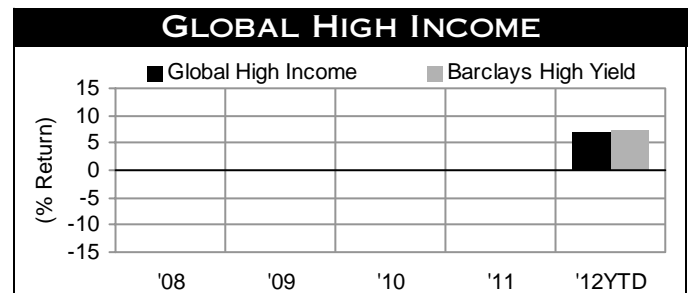
Though it's typically positioned as a large-cap growth offering, Manager Fergus Shiel has great flexibility running this high turnover "go-anywhere" fund. Its \$14B market cap is consistently very low relative to his peers (even while holding mid- to mega-cap issues), and consumer discretionary stocks (33%) have been his way to play the nascent US economic recovery.



This is one of Fidelity's best-run large-cap growth funds. Long-time manager Steven DuFour has run many other funds, but he's found his "mojo" on this highly concentrated offering! Like his other, near-identical charge, Fifty fund, both hold only 50 or so stocks, turnover is a furious 275-plus percent, and stock picks are partially driven by "quant analysis" (computer algorithms).

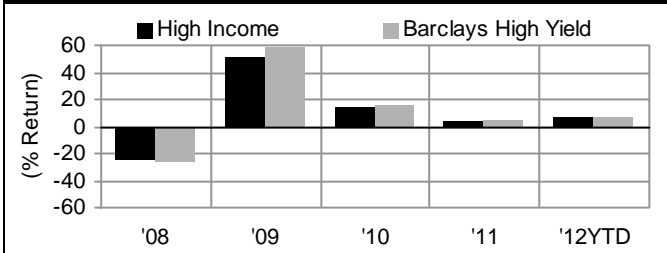


So far, this fund has returned a modest 0.08% versus 0.01% for a typical taxable money market. That won't get you rich, but you're at least keeping pace (or almost) with today's low inflation. Its yield premium comes from marginally higher interest-rate and credit risks. If you can handle the higher minimum of institutional shares, you'll save yourself a few extra bucks (see p. 12).



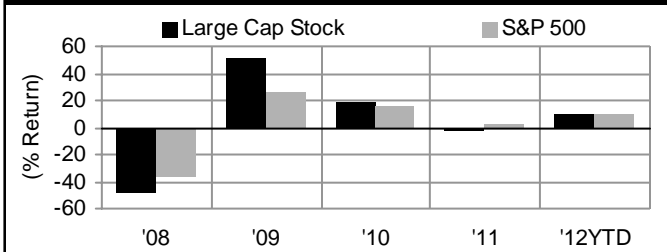
Launched a year ago, John Carlson decides where and when his high-yield specialists will shift their assets away from the fund's neutral allocation of US and foreign high-yield bonds. Troubles abroad had him favoring the domestic variety and higher-grade German gov't bonds, while there's plenty of cash on hand. The results have been good with the fund returning 6.8% this year.

**HIGH INCOME**



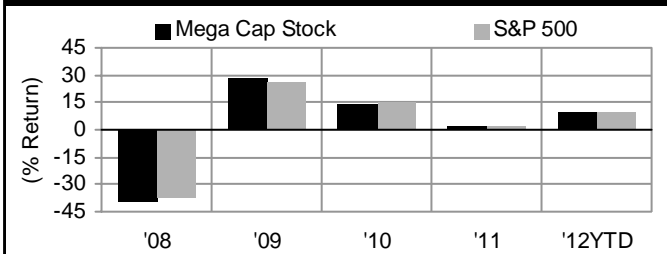
This is a domestic version of Global High Income. Its somewhat higher yield (6.3% versus 5.7%) suggests that it's a higher credit risk, but with similar foreign bonds often yielding more than their US counterparts, apple-to-apple comparisons are tough. With the US showing signs of improvement earlier this year, this economically sensitive fund has returned 7.0%.

**LARGE CAP STOCK**



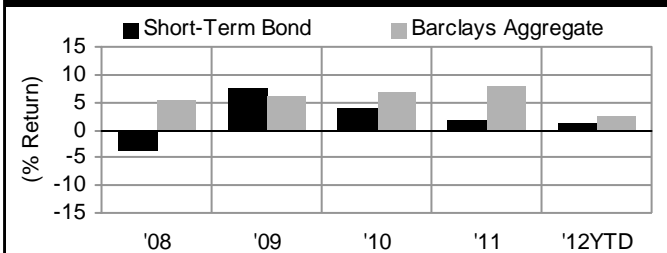
This is a smaller-cap version of Growth & Income which, in turn, is a smaller-cap version of Mega Cap Stock (see below). All are run in the same thematic way by Matt Fruhan. (Sector weights are also very similar.) A bit "growthier" than its siblings and the lowest "yielder" at 1.8%, it's our preferred choice for the Aggressive Growth Model, whereas Mega Cap is held in the Growth Model.

**MEGA CAP STOCK**



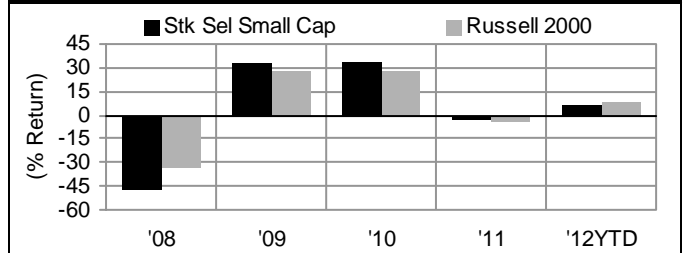
With its market cap of \$96B, Mega Cap invests in America's corporate giants (9% is invested overseas). As many large firms offer above-average dividend yields, relatively speaking, investors' frequent flight from risk assets this year to safety has been beneficial. In fact, while 10-year Treasuries yield 1.7%, Mega Cap's 2.1% yield has contributed to its YTD gain of 10.0%.

**SHORT-TERM BOND**



With 2-year Treasuries yielding 0.3% versus a comparatively robust 0.8% for this fund, the manager is clearly assuming some additional credit risk to primp its yield. In fact, only 28% of Short-Term's assets are in T-bills, whereas corporates (32%) are the primary source of risk and income. Still, 89% is in high-quality bonds, making it a reasonable alternative to even safer money market funds.

**STK SEL SMALL CAP**



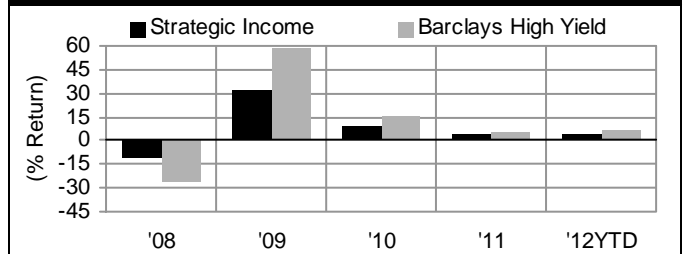
A team-managed small-cap fund with the latitude to tilt towards value- or growth-stocks, this year it's operating in the "blend" space. Unfortunately, weak stock selection has recently landed it at the bottom of the performance pack (its market cap and most sector weights differ little from its peers or benchmark). We still like the fund's approach to this narrow area.

**STRATEGIC DIV & INC**



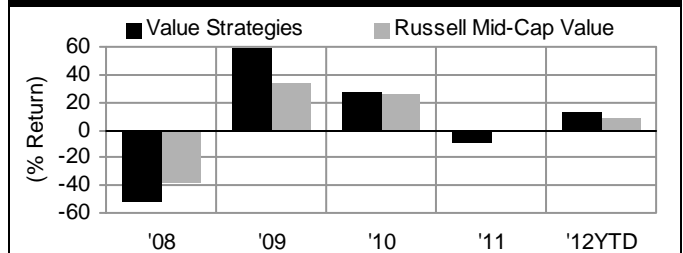
One of this Specialty fund's two-person team of asset allocators has recently left (see p. 12), but its four "sleeves" (stocks, REITs, converts and preferred stocks) remain in capable hands. With its attractive yield of 2.8%, this large-cap value stock fund takes plenty of risks relative to bonds. However, its diversified stock portfolio is an appropriate holding for conservative investors.

**STRATEGIC INCOME**



A close "cousin" to Global High Income, this multi-sector high-yield bond fund yields about 2 percentage points less. This is partly because of its big exposure to "safe" US Treasuries and other high-quality foreign-sovereign bonds. However, there are some junk and emerging market bonds, but the overall mix is attractive for income-oriented investors.

**VALUE STRATEGIES**



This mid-cap "value-ish" fund is a close kin to Manager Tom Soviero's Leveraged Co Stock and a bit like his Convertible Securities funds, in that it also invests in distressed stocks. When "risk-on" trading has been the order of the day, the fund has flown, whereas a "risk-off" market tends to clip its wings. Ever-volatile, we've deployed it in our Aggressive Growth Model.

## FIDELITY SCORECARD - JUNE 30, 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)		
						Jun	YTD	2011	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500		1362.16		4.1	9.5	2.1	5.4	16.4	0.2	1.00			
		Nasdaq		2935.05		3.9	13.3	-0.8	7.0	18.2	3.5	1.17			
		Dow Jones Industrials		12880.09		4.1	6.9	8.4	6.7	18.3	2.0	0.91			
		Russell 2000 (Small Caps)		798.49		4.9	8.5	-4.3	-2.1	17.8	0.5	1.36			
		Barclays Aggregate Bond*				0.1	2.4	7.7	7.5	6.8	6.2	0.17			
<b>LARGE CAP GROWTH</b>						<b>Category Averages</b>			<b>3.0</b>	<b>10.5</b>	<b>-2.3</b>	<b>1.1</b>	<b>16.8</b>	<b>1.5</b>	<b>1.15</b>
312	FBGRX	Blue Chip Growth		46.92	Buy	2.6	10.6	-2.7	1.2	19.0	3.7	1.21	\$10,572		
307	FDCAX	Capital Appreciation		28.36	Buy	1.7	15.2	-2.7	6.4	19.2	0.9	1.16	4,539		
22	FCNTX	Contrafund		74.81	Buy	2.3	10.9	-0.1	6.1	16.6	2.9	0.93	57,865		
332	FEXPX	Export and Multinational	0.75%/30d	22.66	OK to Sell	3.6	9.6	-3.7	1.6	13.8	-0.8	1.05	1,762		
500	FFTYX	Fifty		19.09	Buy	3.8	9.5	-0.8	0.9	15.4	-2.3	1.03	672		
333	FTQGX	Focused Stock		15.02	Buy	3.6	9.6	0.6	0.7	17.9	3.9	1.10	484		
25	FDGRX	Growth Company (closed)		91.56	Buy	2.7	13.2	0.7	3.4	19.7	4.7	1.17	24,166		
339	FDSVX	Growth Discovery		15.09	Buy	2.2	10.5	0.5	2.1	19.3	1.5	1.17	875		
73	FDFFX	Independence		23.81	Hold	1.2	10.0	-10.9	-7.1	15.7	-0.1	1.44	3,041		
763	FSLGX	Large Cap Growth		10.77	OK to Buy	3.1	11.4	-0.7	2.1	16.7	0.2	1.12	133		
21	FMAGX	Magellan		69.34	OK to Buy	3.4	10.3	-11.6	-4.2	10.1	-3.4	1.20	12,256		
300	FMLX	New Millennium		31.51	OK to Buy	4.6	9.2	2.5	4.7	18.7	3.3	1.10	1,979		
93	FOCPX	OTC		58.38	OK to Buy	3.8	6.7	-0.4	-2.3	17.2	4.9	1.30	5,681		
320	FDSX	Stock Selector All Cap		26.63	Hold	3.8	9.7	-5.1	-0.8	14.7	-0.7	1.14	2,333		
5	FTRNX	Trend		74.34	OK to Buy	3.1	11.2	-0.8	2.0	18.8	3.3	1.13	1,085		
<b>LARGE CAP BLEND</b>						<b>Category Averages</b>			<b>4.6</b>	<b>9.1</b>	<b>-2.6</b>	<b>0.8</b>	<b>14.7</b>	<b>-2.0</b>	<b>1.16</b>
315	FDEQX	Disciplined Equity		23.28	Sell	5.3	8.2	-3.1	-1.1	11.1	-3.4	1.12	4,516		
330	FDGFX	Dividend Growth		28.14	Hold	3.7	8.8	-8.5	-4.4	15.8	-0.4	1.33	6,447		
3	FFIDX	Fidelity Fund		34.51	Hold	4.0	10.8	-2.4	1.2	14.1	0.1	1.05	4,366		
27	FGRIX	Growth & Income		19.93	Buy↑	4.5	9.7	1.4	6.5	15.5	-6.2	1.06	4,704		
338	FLCSX	Large Cap Stock		18.79	Buy	4.6	9.7	-1.6	3.6	17.6	0.6	1.21	894		
361	FGRTX	Mega Cap Stock		11.11	Buy	4.3	10.0	2.3	7.8	16.8	0.6	1.09	1,209		
343	FTXMX	Tax Managed Stock		12.25	Sell	5.5	6.2	-7.0	-8.6	11.4	-4.6	1.24	54		
832	FVDFX	Value Discovery		15.46	Hold	4.7	9.3	-2.3	1.1	15.3	-2.2	1.20	415		
<b>LARGE CAP VALUE</b>						<b>Category Averages</b>			<b>4.6</b>	<b>7.5</b>	<b>-3.9</b>	<b>-1.8</b>	<b>12.6</b>	<b>-4.3</b>	<b>1.14</b>
1271	FBCVX	Blue Chip Value		10.29	Sell	4.4	5.2	-8.0	-8.1	9.7	-6.4	1.20	242		
319	FEQTX	Equity Dividend Income <sup>6</sup>		18.85	Buy	4.6	8.9	-2.8	1.0	13.9	-2.7	1.13	4,217		
23	FEQIX	Equity-Income		44.53	Buy	4.9	8.4	-4.7	-1.4	13.8	-3.4	1.14	6,405		
708	FSLVX	Stock Sel Large Cap Value		11.07	OK to Sell	4.7	7.6	-0.3	1.4	12.8	-4.7	1.08	454		
<b>MID-CAP GROWTH</b>						<b>Category Averages</b>			<b>2.5</b>	<b>6.2</b>	<b>-6.6</b>	<b>-6.1</b>	<b>16.8</b>	<b>-1.7</b>	<b>1.32</b>
324	FDEGX	Growth Strategies	1.50%/90d	19.52	Hold	2.4	4.9	-9.0	-9.3	14.4	-2.4	1.32	1,424		
793	FSMGX	Mid Cap Growth	0.75%/30d	11.99	Hold	1.6	5.2	-8.4	-8.4	16.1	-2.7	1.33	230		
337	FMCSX	Mid-Cap Stock	0.75%/30d	28.38	Hold	3.6	8.7	-2.4	-0.6	19.9	0.1	1.30	4,816		
<b>MID-CAP BLEND</b>						<b>Category Averages</b>			<b>3.9</b>	<b>10.1</b>	<b>-5.3</b>	<b>-3.0</b>	<b>17.7</b>	<b>-0.3</b>	<b>1.28</b>
122	FLVCX	Leveraged Company Stock	1.50%/90d	28.27	Buy	4.0	12.6	-10.6	-4.9	18.1	-2.3	1.50	3,059		
316	FLPSX	Low-Priced Stock	1.50%/90d	38.42	OK to Buy↓	3.8	7.5	-0.1	-1.0	17.2	1.7	1.06	23,569		
2412	FSSMX	Stock Selector Mid Cap			Hold	2.5p	2.5p	--	--	--	--	--	0		
<b>MID-CAP VALUE</b>						<b>Category Averages</b>			<b>3.8</b>	<b>9.9</b>	<b>-6.7</b>	<b>-3.1</b>	<b>19.2</b>	<b>-1.7</b>	<b>1.30</b>
762	FSMVX	Mid Cap Value	0.75%/30d	16.53	Buy	4.0	9.0	-4.2	-1.4	20.0	-0.5	1.20	547		
39	FDVLX	Value		68.86	Hold	3.7	8.5	-6.7	-3.6	18.0	-2.6	1.33	5,475		
14	FSLSX	Value Strategies		28.13	Buy	3.8	12.2	-9.3	-4.2	19.5	-1.8	1.38	306		
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>2.9</b>	<b>6.8</b>	<b>-2.7</b>	<b>-4.2</b>	<b>18.6</b>	<b>-0.6</b>	<b>1.35</b>
1388	FCPGX	Small Cap Growth	1.50%/90d	16.12	OK to Buy	3.1	8.1	-2.8	-3.6	18.0	1.0	1.31	1,175		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	19.00	Buy	2.7	5.4	-2.6	-4.9	19.2	-2.1	1.39	1,401		
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>2.5</b>	<b>7.2</b>	<b>-7.6</b>	<b>-6.3</b>	<b>17.4</b>	<b>3.0</b>	<b>1.45</b>
384	FSCRX	Small Cap Discovery	1.50%/90d	21.48	Buy	2.6	8.5	0.4	1.4	21.4	6.4	1.33	2,730		
340	FSLCX	Small Cap Stock	2.00%/90d	17.02	Buy	2.5	5.8	-15.6	-14.0	13.5	-0.4	1.57	2,962		

**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 - JUNE 30, 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)
						Jun	YTD	2011	1 Year	3 Year	5 Year		
<b>SMALL CAP VALUE</b>						<b>3.6</b>	<b>8.8</b>	<b>-3.6</b>	<b>2.2</b>	<b>17.7</b>	<b>2.7</b>	<b>1.27</b>	
1389	FCPVX	Small Cap Value	1.50%/90d	15.21	OK to Buy	3.6	8.8	-3.6	2.2	17.7	2.7	1.27	\$1,774
<b>SPECIALTY</b>													
2063	FOTTX	130/30 Large Cap		7.20	Sell	4.8	3.5	-3.8	-7.6	9.1	--	1.16	16
304	FBALX	Balanced		19.42	Buy	2.8	7.2	1.7	4.3	13.5	1.9	0.67	14,790
308	FCVSX	Convertible Securities		23.83	Buy	0.9	5.1	-7.3	-7.7	14.0	0.3	0.98	1,802
334	FGBLX	Global Balanced	1.00%/30d	22.47	Hold	2.4	4.9	-2.5	-2.7	10.3	2.9	0.79	461
2120	FFGCX	Global Commodity Stock	1.00%/30d	13.53	OK to Sell	5.1	-2.9	-18.1	-20.9	6.1	--	1.58	397
1960	FDYSX	Global Strategies		9.28	Hold	2.2	7.8	-5.3	-0.7	10.9	--	0.75	221
1368	FIREX	International Real Estate	1.50%/90d	8.12	Sell	7.7	16.8	-22.2	-8.7	7.4	-8.2	1.39	242
4	FPURX	Puritan		19.04	Buy	2.5	8.0	0.7	3.7	13.4	2.2	0.71	15,192
833	FRIFX	Real Estate Income	0.75%/90d	11.08	OK to Buy	2.6	9.9	4.7	9.6	18.6	5.2	0.43	2,149
303	FRESX	Real Estate Investment	0.75%/90d	31.63	OK to Buy	5.3	15.2	8.3	13.4	35.6	2.6	1.40	3,570
1329	FSDIX	Strategic Dividend & Income		11.92	Buy	3.8	8.8	7.3	7.0	19.3	0.6	0.89	1,894
1505	FSRRX	Strategic Real Return	0.75%/60d	9.48	Hold	2.2	4.0	1.7	2.5	11.5	3.8	0.48	603
311	FIUIX	Telecom & Utilities		18.50	OK to Buy	4.5	7.2	11.9	9.4	17.1	0.1	0.74	984
<b>ASSET ALLOCATION</b>													
328	FASIX	Asset Manager 20%		13.12	Hold	0.8	3.8	2.6	3.6	8.4	3.9	0.27	4,315
1957	FTANX	Asset Manager 30%		9.89	Hold	1.3	4.6	1.7	3.3	9.8	--	0.38	331
1958	FFANX	Asset Manager 40%		9.80	Hold	1.8	5.4	0.5	2.5	10.7	--	0.50	291
314	FASMX	Asset Manager 50%		15.84	Hold	2.1	5.8	-0.7	1.4	11.6	2.6	0.62	6,622
1959	FSANX	Asset Manager 60%		9.75	Hold	2.5	6.4	-2.2	0.2	12.0	--	0.73	509
321	FASGX	Asset Manager 70%		16.51	Hold	2.9	6.9	-3.8	-1.1	12.7	1.0	0.85	2,648
347	FAMRX	Asset Manager 85%		13.34	Hold	3.6	7.7	-6.1	-3.0	13.0	-0.1	1.03	672
<b>EQUITY INDEX</b>													
355	FFNOX	Four-in-One Index		27.75	Hold	4.1	6.9	-1.4	0.0	12.7	0.0	0.92	2,285
2010	FIENX	International Enhanced Index	1.00%/30d	6.46	OK to Sell	7.0	3.7	-12.0	-13.9	6.3	--	1.27	24
1827	FLCEX	Large Cap Core Enhcd Index		9.65	Hold	3.9	8.1	4.7	5.2	15.4	0.0	0.99	228
1829	FLGEX	Lrge Cap Growth Enhcd Index		10.83	OK to Buy	2.9	9.3	4.4	5.9	17.0	2.1	1.02	155
1828	FLVEX	Large Cap Value Enhcd Index		7.68	OK to Sell	4.8	7.9	2.5	2.7	14.6	-2.8	1.02	74
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.35	Hold	2.3	6.9	-1.6	-3.5	18.0	--	1.17	75
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	39.17	OK to Buy	3.9	13.2	-1.0	7.0	18.0	3.3	1.17	414
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	9.50	Hold	4.5	8.3	-1.1	-1.1	18.3	--	1.35	120
650	FUSEX	Spartan 500 Index <sup>4</sup>		48.52	Hold	4.1	9.4	2.0	5.4	16.3	0.2	1.00	10,439
2341	FPEMX	Spartan Emerging Mkts Index <sup>4</sup>	1.50%/90d	9.18	Hold	4.4	3.2	-10.7p	--	--	--	--	73
398	FSEMEX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90d	38.22	Hold	3.2	9.0	-3.8	-2.1	19.2	1.8	1.26	1,980
2345	FSGUX	Spartan Global ex U.S. Index <sup>4</sup>	1.00%/90d	9.81	Hold	5.8	3.1	-4.5p	--	--	--	--	16
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90d	30.79	Hold	7.1	3.5	-12.2	-13.8	6.1	-5.9	1.29	2,896
2349	FSCLX	Spartan Mid Cap Index <sup>4</sup>	0.75%/30d	11.15	Hold	2.7	7.8	4.4p	--	--	--	--	9
2353	FRXIX	Spartan Real Estate Index <sup>4</sup>	0.75%/90d	11.71	OK to Buy↑	5.5	14.7	-3.4p	--	--	--	--	16
2356	FSSPX	Spartan Small Cap Index <sup>4</sup>	1.50%/90d	11.47	Hold	5.0	8.4	7.0p	--	--	--	--	14
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90d	39.39	Hold	4.0	9.4	1.0	3.9	16.9	0.5	1.04	3,080
<b>INTERNATIONAL</b>						<b>4.8</b>	<b>5.7</b>	<b>-14.7</b>	<b>-12.3</b>	<b>8.6</b>	<b>-4.3</b>	<b>1.33</b>	
309	FICDX	Canada	1.50%/90d	50.27	OK to Sell	2.1	0.3	-12.4	-14.6	8.7	-0.9	1.19	3,075
352	FHKCX	China Region	1.50%/90d	26.40	OK to Sell	2.4	4.4	-20.4	-15.3	6.2	2.8	1.40	1,285
325	FDIVX	Diversified International	1.00%/30d	27.03	OK to Sell	5.4	5.9	-13.8	-11.6	6.8	-5.5	1.27	13,234
351	FSEAX	Emerging Asia	1.50%/90d	26.38	OK to Sell	4.1	4.8	-16.2	-14.4	9.3	-2.7	1.37	1,306
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.33	OK to Sell	5.7	6.4	-15.3	-11.7	9.9	--	1.39	108
322	FEMKX	Emerging Markets	1.50%/90d	20.91	OK to Sell	3.3	1.9	-21.0	-19.4	8.2	-4.5	1.46	2,281
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	10.70	OK to Buy	3.8	13.5	-5.6p	--	--	--	--	20
301	FIEUX	Europe	1.00%/30d	27.18	OK to Sell	7.1	6.7	-16.8	-15.5	5.9	-5.5	1.50	557
341	FECAX	Europe Capital App	1.00%/30d	16.31	OK to Sell	6.7	5.5	-16.9	-16.5	5.4	-6.8	1.51	287
2406	FGILX	Global Equity-Income	1.00%/30d	9.65	Hold	4.4	-3.5p	--	--	--	--	--	13
335	FIVFX	International Cap App	1.00%/30d	12.23	Buy	4.4	10.0	-12.8	-7.6	11.6	-4.3	1.42	689
305	FIGRX	International Discovery	1.00%/30d	29.34	OK to Sell	6.0	6.3	-15.2	-12.1	7.2	-5.1	1.31	5,722
1979	FIGFX	International Growth	1.00%/30d	8.45	OK to Buy	5.1	8.2	-9.0	-5.3	13.6	--	1.22	109
818	FISMX	International Small Cap	2.00%/90d	18.39	OK to Buy	3.0	5.0	-15.5	-15.8	10.1	-3.7	1.23	700
1504	FSCOX	International Small Cap Opps	2.00%/90d	9.94	Buy	2.7	7.5	-9.6	-6.6	15.9	-7.9	1.20	314
1597	FIVLX	International Value	1.00%/30d	6.80	OK to Sell	8.1	4.0	-16.7	-17.3	3.8	-8.1	1.36	125
350	FJPNX	Japan	1.50%/90d	9.70	Hold	6.1	5.4	-15.9	-5.4	1.5	-7.3	0.99	414
360	FJSCX	Japan Smaller Companies	1.50%/90d	8.70	Hold	6.6	1.8	-5.8	-4.0	4.0	-5.7	1.02	265
349	FLATX	Latin America	1.50%/90d	48.57	Hold	3.6	-0.7	-15.8	-16.2	10.1	-0.4	1.53	2,486
342	FNORX	Nordic	1.50%/90d	28.27	Hold	4.7	5.6	-20.3	-18.7	11.1	-6.2	1.65	290
94	FOSFX	Overseas	1.00%/30d	28.71	OK to Sell	5.6	8.4	-16.0	-13.0	4.8	-7.2	1.42	1,556
302	FPBFX	Pacific Basin	1.50%/90d	22.81	OK to Buy	3.8	6.4	-17.0	-12.3	13.1	-2.5	1.21	580
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.16	Hold	3.9	5.9	-3.9p	--	--	--	--	74
1978	FTIEX	Total International Equity	1.00%/30d	6.74	OK to Buy	6.0	6.5	-14.1	-11.6	9.0	--	1.28	271
318	FWWFX	Worldwide	1.00%/30d	18.69	Hold	4.7	7.8	-6.7	-5.2	12.9	-0.8	1.22	1,032

# FIDELITY SCORECARD - JUNE 30, 2012

## SELECT MODEL PORTFOLIO

Our Select Portfolio finished slightly ahead of the S&P 500 for the first half of the year. It got a lift from **Chemicals** and **Technology**, while being held back by the energy group. Our latest move from **Energy** to **Consumer Finance** has helped, and I'm comfortable with our current positioning. We have several rating changes.



Jack Bowers

**Automotive** is being downgraded to *Hold*. Luxury car sales are holding up well, but competition is getting more intense, and this fund is still quite volatile.

**Biotechnology** has moved up to *OK to Buy*. Success on the patent front could mean that generic drug competitors will have a tougher time cloning off-patent medications.

**Construction & Housing** has been upgraded to *OK to Buy*. This beaten down sector is showing signs of life due to low interest rates and a focus on rentals.

**Energy Service** has been downgraded to *OK to Sell*. As a high-risk energy fund, it has the most to lose if oil prices remain below \$75 (a possibility with global growth slowing).

**Environmental** has been downgraded to *OK to Sell*. Lower energy prices may reduce spending on efficiency projects and alternatives, and landfill operators are seeing less revenue because there are fewer waste-generating projects.

**Telecom** and **VIP Telecom** have been upgraded to *Buy*. Apple's plan to allow FaceTime video chats over cell networks could prompt smartphone users to spend more on data if they start talking again! ■

## Select Model Portfolio

Fund	Allocation
Pharmaceuticals (FPHAX)	21%
Chemicals (FSCHX)	19
Technology (FSPTX)	18
IT Services (FBSOX)	15
Industrials (FCYIX)	14
Consumer Finance (FSVLX)	13
<b>Total Return: Jun: 4.3% YTD: 10.3%</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)
						Jun	YTD	2011	1 Year	3 Year	5 Year		
<b>SELECT PORTFOLIOS</b>						<b>3.5</b>	<b>8.5</b>	<b>-3.5</b>	<b>-1.5</b>	<b>17.1</b>	<b>1.1</b>	<b>1.34</b>	
<b>Category Averages</b>													
34	FSAIX	Air Transportation	0.75%/30d	38.32	OK to Buy	1.1	11.0	-6.1	2.0	27.1	1.1	1.45	\$69
502	FSAVX	Automotive	0.75%/30d	32.91	Hold↓	-1.2	5.7	-26.2	-21.9	17.4	-3.8	2.00	111
507	FSRBX	Banking	0.75%/30d	18.66	Hold	3.5	17.0	-13.3	7.0	14.4	-8.2	1.50	454
42	FBIOX	Biotechnology	0.75%/30d	104.39	OK to Buy↑	7.6	28.3	18.2	28.0	22.3	11.4	1.25	2,097
68	FSLBX	Brokerage & Investment	0.75%/30d	44.13	Hold	5.2	10.4	-22.8	-8.3	3.9	-7.0	1.57	349
69	FSCHX	Chemicals	0.75%/30d	108.89	Buy	4.3	15.3	0.3	3.0	26.5	9.1	1.60	845
518	FSDCX	Communications Equipment	0.75%/30d	20.62	Hold	1.2	-6.5	-16.7	-24.9	6.9	-2.1	1.57	227
7	FDCPX	Computers	0.75%/30d	60.99	OK to Buy	2.5	13.2	-4.5	2.6	22.6	6.9	1.41	772
511	FSHOX	Construction & Housing	0.75%/30d	42.11	OK to Buy↑	6.1	17.6	2.9	18.1	21.9	2.0	1.51	223
517	FSCPX	Consumer Discretionary	0.75%/30d	26.25	OK to Buy	1.4	13.9	-1.7	7.5	23.0	2.9	1.19	310
98	FSVLX	Consumer Finance	0.75%/30d	13.24	Buy	5.5	20.0	-1.0	10.8	15.4	-19.3	1.21	249
9	FDFAX	Consumer Staples	0.75%/30d	77.96	Hold	5.7	9.7	8.8	12.0	17.4	7.8	0.78	1,245
67	FSDAX	Defense & Aerospace	0.75%/30d	81.48	Hold	2.7	4.9	7.3	-0.5	19.5	1.7	1.13	634
8	FSLEX	Electronics	0.75%/30d	46.58	Buy	2.8	5.4	-8.5	-7.2	15.8	-0.6	1.75	972
60	FSENX	Energy	0.75%/30d	46.84	Hold	4.5	-4.9	-4.9	-18.2	11.1	-2.9	1.66	1,900
43	FSESX	Energy Service	0.75%/30d	59.24	OK to Sell↓	-0.7	-8.9	-12.6	-28.3	8.4	-6.3	2.03	974
516	FSLEX	Environment & Alt Energy	0.75%/30d	15.40	OK to Sell↓	3.0	2.2	-14.3	-19.5	5.4	-2.6	1.16	65
66	FIDSX	Financial Services	0.75%/30d	56.24	Hold	4.0	15.0	-20.4	-3.3	4.8	-12.0	1.54	407
41	FSAGX	Gold	0.75%/30d	35.92	Sell	1.2	-14.9	-16.3	-22.3	5.4	6.2	1.74	3,010
63	FSPHX	Health Care	0.75%/30d	135.09	Hold	5.0	13.4	7.8	6.1	19.8	6.0	0.89	2,249
510	FSCGX	Industrial Equipment	0.75%/30d	34.04	OK to Buy	2.4	10.1	-7.7	-3.1	21.8	1.5	1.53	288
515	FCYIX	Industrials	0.75%/30d	23.53	Buy	2.4	8.8	-4.9	-3.3	21.4	3.2	1.39	564
45	FSPCX	Insurance	0.75%/30d	47.86	OK to Sell	3.4	8.0	-5.2	1.1	15.8	-6.1	1.17	244
353	FBSOX	IT Services	0.75%/30d	23.48	Buy	4.4	11.7	2.3	4.9	22.9	6.7	1.25	320
62	FDLSX	Leisure	0.75%/30d	103.28	Hold	-1.1	7.3	5.9	6.6	22.5	6.4	1.19	414
509	FSDPX	Materials	0.75%/30d	65.54	Hold	4.3	7.4	-8.2	-6.5	20.3	5.0	1.64	976
505	FSHCX	Medical Delivery	0.75%/30d	61.06	Hold	3.4	11.5	10.2	2.3	22.8	4.5	1.08	880
354	FSMEX	Medical Equipment	0.75%/30d	28.00	Hold	5.4	13.3	-3.4	-3.2	12.9	6.5	0.99	1,319
503	FBMPX	Multimedia	0.75%/30d	50.69	Hold	7.1	17.8	1.8	6.6	27.1	4.1	1.29	225
513	FSNGX	Natural Gas	0.75%/30d	29.58	Hold	3.9	-2.4	-7.7	-13.3	5.8	-6.0	1.49	669
514	FNARX	Natural Resources	0.75%/30d	29.26	Hold	3.4	-6.5	-9.3	-21.1	10.1	-2.0	1.66	1,085
580	FPHAX	Pharmaceuticals	0.75%/30d	14.73	Buy	6.0	9.1	13.7	8.3	20.9	7.5	0.83	750
46	FSRPX	Retailing	0.75%/30d	59.46	OK to Buy	1.4	16.2	3.4	12.2	25.8	8.0	1.21	533
28	FSCSX	Software & Computer Svcs	0.75%/30d	83.21	OK to Buy	4.5	13.0	2.2	8.5	21.7	8.1	1.20	1,773
64	FSPTX	Technology	0.75%/30d	97.50	Buy	3.2	12.8	-9.6	-1.0	20.4	4.9	1.36	2,197
96	FSTCX	Telecommunications	0.75%/30d	47.78	OK to Buy↑	5.9	9.3	-4.2	-3.7	13.2	-2.1	0.99	405
512	FSRFX	Transportation	0.75%/30d	52.77	Hold	2.7	9.1	-5.3	-0.8	25.4	3.4	1.41	202
65	FSUTX	Utilities	0.75%/30d	56.91	OK to Buy	3.5	6.8	13.1	10.7	15.8	1.0	0.69	594
963	FWRLX	Wireless	0.75%/30d	7.41	OK to Buy	5.0	2.2	-1.0	-4.7	9.4	-0.5	1.03	232

## FIDELITY SCORECARD - JUNE 30, 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						
						Jun	YTD	2011				25%	28%	33%	35%			
<b>TAXABLE BOND</b>						<b>Category Averages</b>			<b>0.0</b>	<b>2.4</b>	<b>8.6</b>	<b>1.44</b>	<b>2.03</b>	<b>4.6</b>				
2267	FCONX	Conservative Income Bond		10.02	Buy	0.2	0.9	0.0p	0.67	0.62	0.3							
2208	FCBFX	Corporate Bond		11.15	Buy	0.3	5.0	11.1	2.74	2.96	6.7							
2423	FGBFX	Global Bond		10.07	Hold	0.8	0.7p	--	--	--	--							
15	FGMNX	GNMA (Ginnie Mae)		11.91	Buy	0.1	1.9	7.9	2.55	2.84	2.5							
54	FGOVX	Government Income		10.87	Hold	-0.3	1.7	7.9	1.17	1.64	4.5							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		13.23	Hold	-0.7	3.9	13.0	-0.42	0.44	6.8							
32	FTHRXX	Intermediate Bond		11.02	OK to Buy	0.2	2.6	6.2	1.71	2.64	3.9							
452	FSTGX	Intermediate Gov't Income		11.04	Hold	-0.1	1.2	5.7	0.58	1.24	3.6							
2428	FINUX	International Bond		10.08	Hold	1.4	0.8p	--	--	--	--							
26	FBNDX	Investment Grade Bond		7.87	OK to Buy	0.1	3.4	7.9	2.18	3.02	5.0							
40	FMSFX	Mortgage Securities		11.28	Buy	0.1	2.4	6.5	2.68	3.02	2.1							
450	FSHBX	Short-Term Bond		8.54	Buy	0.2	1.2	1.8	0.80	1.25	1.7							
2415	FSIQX	Sptn Inflation-Protect Index <sup>4</sup>		10.07	Hold	-0.6	0.7p	--	--	--	--							
1561	FIBIX	Sptn Interm Treas Index <sup>4</sup>		11.58	OK to Sell	-0.4	2.7	12.9	0.92	2.25	6.6							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>4</sup>		13.34	Sell	-1.5	4.4	29.5	2.25	2.96	16.6							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>4</sup>		10.62	Hold	0.0	0.4	3.2	0.22	1.07	2.6							
651	FBIDX	Sptn US Bond Index		11.91	Hold	0.1	2.4	7.7	1.84	2.68	4.7							
820	FTBFX	Total Bond		11.13	Buy	0.3	3.5	7.4	2.47	3.41	4.7							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.20	Hold	0.0	0.9	0.1	0.60	0.42	0.5							
<b>HIGH-YIELD BOND</b>						<b>Category Averages</b>			<b>1.9</b>	<b>6.1</b>	<b>3.6</b>	<b>5.02</b>	<b>5.38</b>					
38	FAGIX	Capital & Income	1.00%/90d	9.06	Buy	1.6	7.6	-1.9	5.85	6.39	--							
814	FFRHXX	Floating Rate High Income	1.00%/60d	9.79	Buy	0.9	3.2	1.7	3.84	3.50	--							
1366	FHIFX	Focused High Income	1.00%/90d	9.19	Buy	1.8	5.8	5.9	4.92	5.86	--							
2297	FGHXX	Global High Income	1.00%/90d	9.63	Buy	2.5	6.8	-4.7p	5.70	--	--							
455	SPHIX	High Income	1.00%/90d	8.98	Buy	2.1	7.0	3.4	6.31	6.58	--							
331	FNMIX	New Markets Income	1.00%/90d	16.66	Buy ↑	3.3	8.1	7.9	4.60	5.24	--							
368	FSICX	Strategic Income		11.07	Buy	1.2	4.6	4.6	3.90	4.73	--							
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.1</b>	<b>3.1</b>	<b>9.0</b>	<b>1.80</b>	<b>3.13</b>	<b>5.9</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
434	FSAZX	Arizona Muni Income	0.50%/30d	12.05	Hold	-0.1	4.0	9.9	2.12	3.45	7.2	3.0	3.1	3.3	3.4			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.81	Hold	0.0	1.4	4.7	0.89	2.21	2.7	1.3	1.4	1.5	1.5			
91	FCTFX	California Muni Income	0.50%/30d	12.73	Hold	-0.1	4.6	11.2	2.52	3.83	7.0	3.7	3.9	4.1	4.3			
407	FICNX	Connecticut Muni Income	0.50%/30d	11.99	Hold	-0.3	2.6	10.0	1.66	3.04	6.5	2.3	2.4	2.6	2.7			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.58	Hold	0.0	2.7	8.0	1.52	3.09	5.0	2.0	2.1	2.3	2.3			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.56	Hold	-0.1	3.2	8.9	1.55	2.95	6.6	2.2	2.3	2.4	2.5			
70	FDMMX	Mass Muni Income	0.50%/30d	12.59	Hold	-0.1	4.0	10.4	2.02	3.50	7.4	2.8	3.0	3.2	3.3			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.43	Hold	-0.1	3.4	9.2	2.08	3.65	6.2	2.9	3.0	3.2	3.3			
82	FIMIX	Minnesota Muni Income	0.50%/30d	11.95	Hold	-0.3	2.9	9.1	1.59	3.25	5.9	2.3	2.4	2.6	2.7			
37	FHIGX	Municipal Income	0.50%/30d	13.34	Hold	-0.2	4.2	10.6	2.26	3.73	7.4	3.0	3.1	3.4	3.5			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.18	Hold	-0.1	3.8	9.7	1.94	3.51	6.9	2.8	2.9	3.1	3.3			
71	FTFMX	New York Muni Income	0.50%/30d	13.54	Hold	0.0	3.5	9.6	1.89	3.37	6.9	2.7	2.8	3.1	3.2			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.21	Hold	-0.1	3.5	9.6	2.08	3.55	7.1	2.9	3.1	3.3	3.4			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.33	Hold	-0.1	3.9	9.8	2.12	3.58	6.8	2.9	3.0	3.3	3.4			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.86	Hold	0.1	1.3	4.3	0.70	1.92	2.8	0.9	1.0	1.0	1.1			
90	FTABX	Tax-Free Bond	0.50%/30d	11.51	Hold	-0.1	4.4	10.9	2.30	3.66	7.4	3.1	3.2	3.4	3.5			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.00</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>						
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	0.01	0.01	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	0.01	0.01	0.01	na	na							
85	FSLXX	Select MM		1.00	--	0.01	0.05	0.06	0.07	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			
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
97	FCFX	California Muni MM		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			
418	FCMXX	Connecticut Muni MM		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 Muni MM		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
10	FTEXT	Municipal Money Market		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey Muni MM		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			
92	FNXX	New York Muni MM		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			
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.00	0.01	0.01	na	na	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania Muni MM		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			

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

## FIDELITY SCORECARD - JUNE 30, 2012

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
							Jun	YTD	2011	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.45	Hold	1.2	5.9	-3.0	-1.2	11.2	2.8	0.71
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		12.69	Hold	1.7	7.0	-6.5	-4.3	12.2	1.2	0.99
9069	FJBAC	Fid VIP Balanced	Allocation		13.90	OK to Buy	2.6	7.3	-3.9	-0.7	13.8	2.1	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	13.68	OK to Buy	1.4	13.9	-2.0	7.3	22.7	2.7	1.19
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	14.18	Hold	5.6	9.2	7.8	10.9	16.7	7.4	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		13.37	Hold	4.0	9.2	-2.8	1.1	15.6	0.7	1.10
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		10.54	Hold	4.5	7.9	-1.6	-1.6	17.6	-0.8	1.35
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		13.86	Buy	1.7	15.0	-2.9	6.0	18.9	0.3	1.17
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.32	OK to Sell	3.1	1.5	-21.2	-19.6	7.7	--	1.46
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	13.31	Hold	4.4	-5.0	-5.3	-18.5	10.9	-3.2	1.66
9061	FLOLC	Fid VIP Equity-Income	Large Value		11.51	Buy	4.8	8.3	0.6	2.5	15.7	-2.9	1.09
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	6.60	Buy	4.3	15.2	-20.6	-3.2	4.9	-12.0	1.54
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.53	Hold	0.9	2.9	2.0	2.7	6.3	3.0	0.24
9158	FMPBC	Fid VIP FundsManager 50	Allocation		12.06	Hold	2.0	5.0	-0.7	0.7	9.6	1.5	0.57
9197	FMPPC	Fid VIP FundsManager 60	Allocation		10.74	Hold	2.4	5.5	-2.2	-0.5	10.5	--	0.68
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.34	Hold	3.1	6.3	-3.2	-1.4	11.2	-0.2	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		10.69	Hold	3.6	6.5	-5.5	-3.4	12.2	-1.7	0.98
9062	FMNDC	Fid VIP Growth	Large Growth		12.69	Buy	2.2	10.3	-0.1	1.6	18.7	0.7	1.17
9070	FLFNC	Fid VIP Growth & Income	Large Blend		12.37	Buy	4.4	9.7	1.3	6.4	15.1	-0.7	1.05
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		12.74	Buy	3.2	13.6	1.9	5.2	21.6	0.3	1.21
9078	FPVDC	Fid VIP Growth Stock	Large Growth		13.45	OK to Buy	3.0	10.8	0.4	2.5	19.0	3.2	1.10
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		10.97	Hold	2.2	4.8	-9.3	-9.5	13.8	-2.7	1.32
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	15.36	Buy	5.0	12.9	8.0	5.8	19.6	5.9	0.90
9060	FBBLC	Fid VIP High Income	High-Yield Bond		15.55	Buy	2.0	7.0	3.6	6.3	13.8	6.2	0.48
9064	FXVLT	Fid VIP Index 500	Large Blend		12.52	Hold	4.1	9.3	1.8	5.1	16.1	0.0	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	16.10	Buy	2.4	8.6	-4.9	-3.4	21.4	3.3	1.40
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	10.86	Buy	4.3	9.8	-12.8	-7.7	11.4	-4.5	1.42
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.38	OK to Buy	0.1	3.1	7.0	7.2	8.2	6.5	0.18
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	13.43	Buy	4.2	7.0	-8.5	-7.0	20.0	4.9	1.64
9071	FNBSB	Fid VIP Mid Cap	Mid Growth		14.20	OK to Buy	2.7	6.7	-10.9	-5.7	14.2	1.1	1.06
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.43	--	0.0	-0.1	-0.1	-0.2	-0.1	1.1	0.00
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	10.67	OK to Sell	5.1	6.5	-17.5	-16.5	6.7	-6.2	1.41
9072	FFWKC	Fid VIP Real Estate	Sector		15.40	Hold	5.7	14.6	7.8	11.7	34.4	3.0	1.41
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		15.78	Buy	1.2	4.3	4.3	4.5	10.3	7.4	0.34
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	16.55	Buy	3.8	13.0	-10.2	-1.3	20.5	5.0	1.36
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	9.62	OK to Buy↑	6.1	9.6	-2.2	-0.8	13.5	-2.6	0.97
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	15.61	OK to Buy	3.4	7.0	12.8	10.8	15.7	1.3	0.69
9079	FKMSC	Fid VIP Value	Mid Value		11.24	Buy	4.9	8.8	-2.8	0.5	17.9	-2.9	1.25
9080	FUEBC	Fid VIP Value Leaders	Large Value		9.27	Sell	4.3	5.1	-8.3	-8.3	9.4	-6.6	1.20
9073	FRBSC	Fid VIP Value Strategies	Mid Value		12.31	Buy	3.9	12.1	-9.2	-4.0	19.5	-2.2	1.38
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		8.12	OK to Sell	5.2	1.1	-11.2	-13.6	5.2	-7.9	1.16
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		13.94	OK to Sell	6.5	8.1	-18.0	-11.0	12.0	1.4	1.42
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		15.85	Buy↑	3.5	6.8	6.8	8.8	12.3	7.3	0.50
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.77	OK to Sell	4.7	5.8	-18.4	-12.8	10.0	-2.1	1.34
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		9.73	Hold	3.5	5.0	-3.9	-3.3	9.2	-4.5	1.06
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.07	Buy	0.3	2.9	0.9	2.0	--	--	0.16
9277	FPNBC	Pimco VIT Real Return	TIPS		12.99	Hold	-0.5	5.0	11.4	11.5	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		11.87	Buy	0.7	5.1	3.3	5.7	--	--	--

### ANNUITY MODEL PORTFOLIOS

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income & Pres	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	35%	VIP Growth Opps	32%	VIP Strategic Inc	26%	Pimco Low Duration	23%
VIP Health Care	20	VIP Strategic Income	25	VIP Growth Opps	24	VIP Strategic Inc	21
VIP Materials	18	VIP Value Strategies	23	Pimco Low Duration	19	VIP Money Market	20
VIP Industrials	14	VIP Equity-Income	20	VIP Value	17	VIP Value	14
VIP Financial Svcs	13			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>	
Jun: 3.9% YTD: 9.8%		Jun: 3.2% YTD: 9.7%		Jun: 2.6% YTD: 7.4%		Jun: 1.9% YTD: 5.0%	

**Fund Commentary** *cont'd from page 1*

unemployment rate is 8.2%) the slow-growth economy and the Fed's low interest rate policies seem to be invigorating the housing/construction industry. Falling energy prices are also fueling certain varieties of consumer spending, though auto stocks themselves are decelerating. On the other hand, the manufacturing sector seems to be weakening (the ISM index for June actually slipped below 50 meaning contraction) and global commodity prices have fallen (slack demand in Asia and elsewhere aren't helping prices).

**Stock Funds**

With the "risk-on" traders back at the investment table in June, small-cap stocks surged 4.9%. Unfortunately, this stellar performance was not matched by any of Fidelity's small-cap-oriented funds, as their gains ranged from 2.5% for **Small Cap Stock** to 3.6% for **Small Cap Value**.

Fortunately, their large-cap funds fared better. While the S&P 500 tacked on a gain of 4.1% in June, their average large-cap blend fund advanced 4.6%. With communications equipment makers and related tech stocks not gaining as much traction as the broader market, tech-rich large-cap growth funds performed well in absolute terms, but not in relative terms. With its overweight in health care and underweight in tech, Manager John Roth's **New Millennium** fund outpaced its peers its 4.6% gain last month. But, with many consumer discretionary stocks taking a drubbing in June (**Select Leisure**, for example, fell 1.1%, though we hasten to add that **Multimedia** soared 7.1%), Manager Rob Bertelson found that his gigantic overweight in that area (26% vs. 11%) resulted in his **Independence** fund gaining just 1.2%.

Among some of Fidelity's most widely held equity funds, the conservatively positioned **Contrafund** gained 2.3%, the more aggressive

(and closed) **Growth Company** rose 2.7%, **Magellan** popped 3.4% and **Blue Chip Growth** advanced 2.6%.

On the value side of the large-cap fund ledger, the average gain was 4.6%: **Equity-Income** advanced the most, rising 4.9% (certain health care, energy and financial holdings proved especially valuable).

In the mid-cap space, **Low-Priced Stock** (up 3.8%) fared especially well as its European holdings proved beneficial this month. As you may have already read, one of the reasons we sold this fund was because of its large foreign holdings (34%), though we recognize that Manager Joel Tillinghast has been one of the best fund managers in the country. Still, this is not an optimal time to own Low-Priced, and if you have long-term capital gains in the fund, you may want to consider a tax strategy that makes the most sense for you.

**International Funds**

We've not been fans of foreign stock funds for some time, and we're not looking favorably upon them yet. Granted, the new bailout package that Germany has orchestrated may yet be a turning point. But we tend to shy away from political bets when more measured and thoughtful investments can be had. Today, many US stocks are cheap, provide nice dividends, have little debt, have cash on the books and, overall, strong balance sheets. (Doesn't that sound like a better "bet"?)

In any event, Fidelity's largest foreign stock fund, **Diversified Int'l**, gained an impressive 5.4% in June on

the promise of a euro-debt resolution, while **Int'l Discovery** fared a bit better (up 6.0%). (Note: **Europe** fund jumped 7.1%.) With its 27% stake in rebounding financials, **International Value** (up 8.1%) fared even better.

With China's economy growing at a slowing pace, **China Region** fund gained "just" 2.4% in June, though thanks to a better-performing Japanese market (**Japan** was up 6.1% and **Japan Smaller Companies** popped 6.6%), **Pacific Basin** rose 3.8%. On the other hand, falling commodity prices weighed on the returns of **Canada** (up 2.1%).

**Bond Funds**

US Treasuries continued to display their negative correlation to stocks last month. **Spartan Long-Term Treasury Index** (the most interest-rate-sensitive of Fidelity's taxable funds), was hurt the most in June, falling 1.5%. With the "risk-on" trade back in favor investors left the relative safety of bonds and headed back to stocks.

That said, most taxable funds were fractionally higher, whereas munis lost some ground. It would appear that California's budgetary alchemy is spooking investors who are actually paying attention!

High-yield bonds also enjoyed a strong month of returns, though they varied greatly: The US-oriented **High Income** jumped 2.1% when **Global High Income** popped 2.5%.

Finally, for our most recent thoughts about money market funds, please see p. 12. ■

— *John Bonnanzio*

**JULY SCORECARD RATING CHANGES**

Fund	Ratings		Comments
	Old	New	
Growth & Income	B	<b>B</b> ↑	We like its above-average yield (see p. 3).
Low-Priced Stock	<b>B</b>	B ↓	Great fund, but not the optimal time to own it.
MS Emg Mkt Debt	B	<b>B</b> ↑	Developing mkt debt offers good risk/reward.
New Markets Income	B	<b>B</b> ↑	Developing mkt debt offers good risk/reward.
Sptn Real Estate Idx	H	B ↑	A low-cost alternative to Real Estate Investment.
Select/Sector Funds			See rating changes on pgs. 8 and 10.
<b>B</b> = Buy; <b>B</b> = OK to Buy; <b>H</b> = Hold; <b>S</b> = OK to Sell; <b>S</b> = Sell, <b>NC</b> = No change (↑) Rating upgraded; (↓) Rating downgraded.			

## Inside Fidelity

**New Fund — Stock Selector Mid-Cap**, which was formally sold only through advisors, is now available to retail investors. Benchmarked against the S&P MidCap 400 Index, its eight-person team of analysts (who are mostly culled from Fidelity's **Mid Cap Growth** fund) may also hold stocks from the comparable Russell Midcap Index. The fund is free to adjust its market cap up or down, emphasize growth or value stocks, and invest abroad.

As this new share class has a higher expense ratio than its predecessor (so its performance would have been worse), our *Scorecard* is only providing performance data as of the debut of this version of this Hold-rated fund.

### 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 July:*

Asset Mgr 40%, Asset Mgr 50%, Balanced, Convertible Secs, Equity Dividend Inc, Equity-Inc, Fidelity Fund, Global Equity Inc, Growth & Inc, Puritan, Spartan 500 Index, Strategic Dividend & Inc, Strategic Real Ret, Telecom & Utilities

*The final distributions for June were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Capital & Income	6/8	0.005	8.94
Mid-Cap Stock	6/8	0.569	27.56
Large Cap Stock	6/8	0.029	18.14
Small Cap Stock	6/8	0.476	16.71
Small Cap Discov	6/8	0.240	20.88
Focused High Inc	6/8	0.032	9.07
Sp Mid Cap Indx	6/8	0.048	10.91
Sp Sm Cp Indx	6/8	0.077	11.04
Real Estate Inv	6/1	0.100	29.22
Real Estate Inc	6/1	0.123	10.73
Sp Real Estate Ind	6/1	0.045	10.81

**Manager Changes — Joanna Bewick** is now the lead manager of Fidelity's series of **Strategic Income**, **Strategic Dividend & Income** and **Strategic Real Return** funds (and their various share classes).

For several years, Joanna had served as the funds' comanager alongside Chris Sharpe. However, Chris's responsibilities have also

shifted: he's now helping to run the firm's many target-dated funds and its series of Freedom funds. Whereas **Ford O'Neil** has replaced Chris at the Strategic funds as their new comanager alongside Joanna.

Separately, **Jeff Moore** now comanages **Total Bond Fund** with Ford O'Neil who remains its lead manager. ■

### MESSAGE TO MEMBERS

## Money Markets: Why Bigger Is Better

Since the 1970s, the SEC says that money market funds have required 300 separate bailouts from their parent companies — this was to avoid their breaking their sacrosanct \$1.00 share price.

The SEC is using this data to argue that this already-safe asset class should be made even safer. But we agree with the fund industry that its real goal is to regulate money market funds right out of existence!

Some changes floated by the SEC include a redemption fee and "hold back" to discourage withdrawals, and limiting the amount of withdrawals during periods of market stress.

Appropriately, the industry is still fighting the SEC's overzealousness.

While this theater continues, Fidelity's 15% share (\$400 billion) of the \$2.5 trillion "cash" industry remains steadfastly faithful to its three-fold mission: a stable \$1.00 NAV, liquidity and a market-based return.

Fidelity's money markets have

never needed a dime to keep them from "breaking a buck." But even if its funds needed a parental bailout, their vast financial resources is a safety net that's the industry's envy. Of course, that backstop comes atop even more recent, rigid controls, in-

cluding the shortening of fund maturities and increasing already high credit standards — a task handled with aplomb by their 80 globally positioned credit analysts.

Against the backdrop of unprecedented stresses (historic low yields, the US and European credit crises, last summer's debt

ceiling imbroglio and the ensuing Treasury downgrade, plus \$1 trillion in money market outflows), Fidelity's money market funds continue to return more than their industry peers. That's no guarantee of future results, and Fidelity makes none. But in this challenging climate, the benefits of investing with Fidelity has never made more sense.

Sincerely,  
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