

FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

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MESSAGE FROM JACK

Fidelity Insight and Fidelity Monitor To Merge Next Month

As most of you know, in late 2009, my firm, Independent Fidelity Investors, Inc., purchased *Fidelity Insight* from Eric Kobren. Since then, John Boyd and John Bonnanzio have continued to write and produce *Fidelity Insight* just as they had for Eric. I have also been running my own Fidelity newsletter, *Fidelity Monitor* since 1986.



Jack Bowers

The two letters have a similar investment approach, and over the past couple of years their respective model

portfolios have converged and are now, essentially identical. So next month the two will merge and become (not terribly creatively I admit!) *Fidelity Monitor & Insight*.

For *Fidelity Insight* readers, other than the name change, most things will remain exactly as they are now. John Boyd will continue to pen *Market Outlook* and John Bonnanzio will continue writing *Fund Commentary*, individual fund stories and weekly Hotline updates. Fund ratings and Model Portfolio trades will continue to be mutually agreed upon. I will still write for the newsletter, but in this space rather than my Select Model Commentary on page 8 (next month, the Select Model will join our other models on page 2), along with periodic pieces focusing on long-term trends.

Message cont'd on page 12

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MARKET OUTLOOK

Markets Pinning Hopes On Further Central Bank Intervention

Stocks struggled for most of July, but in the penultimate week, the Dow Industrials tacked on almost 400 points in just two days, pushing the venerable index into the black for the month.



John M. Boyd

What kicked off the rally? Well, Mario Draghi, president of the European Central Bank (ECB) came out and said that "the ECB is ready to do whatever it takes to preserve the euro ... believe me, it will be enough."

Apparently the markets believed him. Spanish 10-year yields which had risen to a euro-era high of over 7.5%, promptly fell below 7%, and we had the aforementioned rally in stocks, both here and in Europe. But really, what else would he say? "We're ready to take halfhearted measures ... to give it the old college try?"

Here at home, at roughly the same time, we had some hints from the Fed that it might be close to delivering another shot of "juice" for stocks with a third round of quantitative easing (QE3).

With the Fed meeting as we go to press, we could see some of the hoped for measures soon (although I don't think so). In any case, the problem with market rallies based on hopes for new central bank action — either here or in Europe — is that those actions have to actually improve things for any rally to be sustained! And, so far, the scorecard on that has not been good. We have seen this movie play out before. The markets initially rally, often strongly, on the announcement of a new plan out of Europe or another round of QE from the Fed. Then it gives back those gains once the realization takes hold that the underlying situation hasn't improved.

Call me "old fashioned," but I prefer my stock rallies to be driven by improving fundamentals such as better earnings. Alas, there is not much good news there. Sure, about two-thirds of the S&P 500 are beating their profit estimates for the second quarter, but that is: 1) below the historical average of over 70%, and; 2) after earnings estimates were cut by almost 10% over the past year.

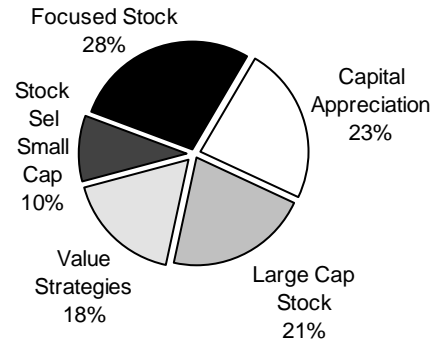
Market Outlook cont'd on page 3

FIDELITY INSIGHT MODEL PORTFOLIOS - JULY 31, 2012

Aggressive Growth Model		Rel Vol: 1.18	Est. Yield: 0.6%	YTD Return: 8.0%		
Current Asset Allocation		Stocks 96.4%	Bonds 0.0%	Cash 3.6%	Alternative ¹ 0.0%	Foreign 6.1%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jul Ret
Focused Stock	FTQGX	28%	\$15.05	3,121.54	46,979	0.2%
Capital Appreciation	FDCAX	23	28.24	1,380.06	\$38,973	-0.4
Large Cap Stock	FLCSX	21	19.00	1,808.70	34,365	1.1
Value Strategies	FLSX	18	28.37	1,035.02	29,364	0.9
Stock Sel Small Cap	FDSCX	10	18.98	873.05	16,571	-0.1

Current Value (4/7/99 = \$100,000) \$166,251 0.4%

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

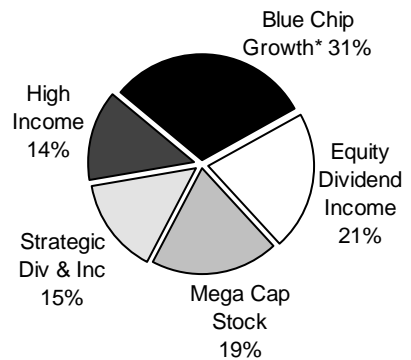


Growth Model		Rel Vol: 0.98	Est. Yield: 2.1%	YTD Return: 10.5%		
Current Asset Allocation		Stocks 80.3%	Bonds 0.0%	Cash 3.0%	Alternative ¹ 16.7%	Foreign 5.7%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jul Ret
Blue Chip Growth*	FBGRX	31%	\$47.38	7,936.94	\$376,052	1.0%
Equity Dividend Income	FEQTX	21	19.10	12,831.47	245,081	2.0
Mega Cap Stock	FGRTX	19	11.30	20,076.27	226,862	1.7
Strategic Div & Inc	FSDIX	15	12.07	14,623.33	176,504	2.0
High Income	SPHIX	14	9.11	18,675.24	170,131	1.9

Current Value (1/1/87 = \$100,000) \$1,194,630 1.6%

*Longtime members may own Growth Company

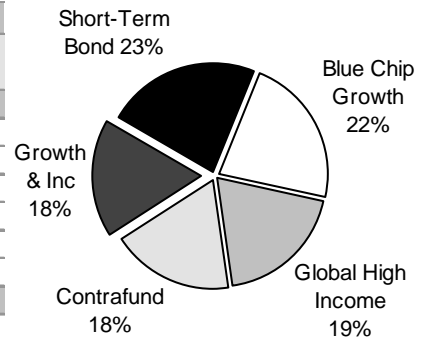
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.



Growth & Income Model		Rel Vol: 0.70	Est. Yield: 1.6%	YTD Return: 8.2%		
Current Asset Allocation		Stocks 56.5%	Bonds 23.1%	Cash 3.1%	Alternative ¹ 17.3%	Foreign 13.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jul Ret
Short-Term Bond	FSHBX	23%	\$8.57	26,171.07	\$224,286	0.4%
Blue Chip Growth	FBGRX	22	47.38	4,578.43	216,926	1.0
Global High Income	FGHNX	19	9.75	18,982.53	185,080	1.7
Contrafund	FCNTX	18	75.41	2,320.60	174,996	0.8
Growth & Income	FGRIX	18	20.13	8,527.11	171,651	1.6

Current Value (1/1/87 = \$100,000) \$972,939 1.0%

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.

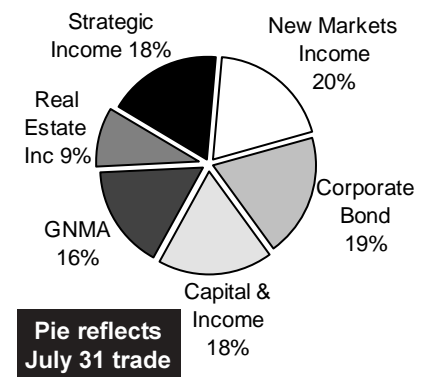


Income & Preservation Model		Rel Vol: 0.32	Est. Yield: 3.8%	YTD Return: 6.3%		
Current Asset Allocation*		Stocks 3.4%	Bonds 77.4%	Cash 6.8%	Alternative ¹ 12.6%	Foreign 6.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jul Ret
Strategic Income	FSICX	28%	\$11.24	14,274.68	\$160,447	1.9%
New Markets Income	FNMIX	19	17.28	6,429.82	111,107	4.1
Short-Term Bond	FSHBX	19	8.57	12,950.47	110,985	0.4
Strategic Div & Inc	FSDIX	18	12.07	8,534.99	103,017	2.0
Conservative Income	FCONX	16	10.03	9,477.82	95,063	0.2

Current Value (1/1/87 = \$100,000) \$580,620 1.8%

*Asset Allocation, Relative Volatility and Yield are after the trade.

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 31 trade

¹Alternative 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.

Moreover, guidance for the third quarter has been very poor, with five firms guiding expectations lower for every one guiding higher. Last October, earnings growth for the third quarter was expected to be a robust 14.5%. Today? A narrow loss.

We didn't get much help from the economy either. Second quarter GDP growth slowed to 1.5%, from (a revised) 2.0% in the first quarter. Retail sales fell for a third straight month in June, and new orders for non-defense capital goods were unchanged in June from a year ago.

Bright Spots Amid The Gloom

Not all the economic data was bad, however. After essentially flatlining since last April, real disposable income (hard to have a robust consumer if incomes aren't growing) has started to "accelerate." (And I use that word as loosely as 1.1% year-over-year growth deserves!) Industrial production continues to run at about 5% better than last year. While the seasonally adjusted initial claims for unemployment have bounced around a lot lately, the unadjusted data (which we prefer to look at) has been running steadily at about 10% better (lower) than last year. And housing has shown signs of stabilizing.

Investment Implications

It's clear from the rally we saw simply based on more "promises" from central banks, that a lot of bad outcomes have been priced into the market. And, despite that rally, pessimism about stocks remains the dominant sentiment. Right now, we are still in the no-recession camp, but that is less certain today. The looming fiscal cliff is hurting the economy right now (forget about later if we go over the cliff) as businesses and consumers delay spending amid the uncertainty. And, unfortunately, don't expect any action on that until after the election, so more damage is likely to be done. In short, we expect the

WHICH FUNDS SHOULD YOU BUY NOW!

Growth: **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.

Growth & Income: **Equity Dividend Inc, Growth & Inc, Mega Cap Stock and Strategic Div & Inc** seek growth and yield from larger-cap stocks.

Bond: **Short-Term Bond** has limited interest-rate risk. **GNMA** gets you more yield than comparable Treasuries and credit risk is much the same. **Corporate Bond** holds high-quality (investment grade) bonds. **Real Estate Income** is an alternative approach to yield and diversification.

High Yield: More risky than investment-grade bond funds, but less risky than stock funds, **Capital & Income** and **High Income** are ways to boost portfolio yield. Ditto for **New Markets Income**, which holds dollar-denominated emerging market debt. ■

market to remain volatile, which is why we have taken steps over the past couple of months to reduce the volatility of our model portfolios.

Income & Preservation Model

On that subject, many of our retired members have asked for a more income-dominated model. So as noted in Jack's *Message* on pg. 1, we are shifting the focus of our Income

& Preservation Model more towards income. Notably, we'll change its name to the Income Model next month. We are making several trades in both the regular and Annuity versions to fit with this new objective as detailed below. John Bonnanzio discusses the new funds in our regular Income & Preservation Model, and others, on page 4. ■

— John M. Boyd

MODEL PORTFOLIO TRADES

As announced on our July 27 Hotline, on Tuesday July 31, we made the following trades in our Income & Preservation and Annuity Income & Preservation Models.

Action	Fund (ticker)	Shares	Price	Value	Old %	New %
Income & Preservation Model						
Sold:	Short-Term Bnd (FSHBX)	12,950.47	\$8.57	\$110,985.50	19%	0%
Bought:	Corporate Bond (FCBFX)	9,710.02	\$11.43	\$110,985.50	0%	19%
Sold:	Conservative Inc (FCONX)	9,477.82	\$10.03	\$95,062.53	16%	0%
Bought:	GNMA (FGMNX)	7,935.10	\$11.98	\$95,062.53	0%	16%
Sold:	Strat Div & Inc (FSDIX)	8,534.99	\$12.07	\$103,017.37	18%	0%
Bought:	Capital & Income (FAGIX)	11,221.94	\$9.18	\$103,017.37	0%	18%
Sold 1/3:	Strategic Inc (FSICX)	4,758.23	\$11.24	\$53,482.45	28%	18%
Bought:	Real Estate Inc (FRIFX)	4,741.35	\$11.28	\$53,482.45	0%	9%

Annuity Income & Preservation Model

Sold:	VIP Equity-Inc (FLOLC)	1,395.32	\$11.75	\$16,394.98	12%	0%
Sold:	VIP Grwth Opps (FIDPC)	1,019.94	\$12.80	\$13,055.26	10%	0%
Bought:	VIP High Inc (FBBLC)	1,865.12	\$15.79	\$29,450.23	0%	22%
Sold:	Pimco Low Dur (FPMBC)	2,763.90	\$11.18	\$30,900.38	23%	0%
Sold:	VIP Money Mkt (FTNJJC)	2,336.08	\$11.43	\$26,701.39	20%	0%
Bought*:	VIP Invest Grade (FTLKC)	3,026.75	\$14.62	\$44,251.07	0%	32%
Added to*:	VIP Strat Inc (FGDQC)	831.82	\$16.05	\$13,350.70	21%	31%

*We used the proceeds from **Pimco Low Duration** and 1/2 the proceeds from **VIP Money Market** to buy **VIP Investment Grade Bond**. We added the remaining 1/2 from **VIP Money Market** to our existing position in **VIP Strategic Income**.

These trades have two objectives: First is to increase portfolio income. (In fact, the Income & Preservation Model's yield will almost double.) Second, is to reduce portfolio volatility by replacing stock funds with taxable and high-yield bond exposures. (Please see pages 4 and 12 for additional information.)

AT A GLANCE

A Look At Our Models' Newest Holdings

Over the past two months, we've added a wide variety of funds to our models. (The most recent trade info is on p. 3, and we have some additional thoughts about the sale of **Low-Priced Stock** on p. 11.) Below is a round-up of some of the "names" we've bought. — John Bonnanzio

Capital & Income

This is typically the riskiest high-yield fund at Fidelity, though with its relative volatility of 0.69, it's still less risky than stock funds. **Capital & Income** focuses on the riskier areas of the non-investment-grade market (bonds rated below BBB) with over 40% of its assets in single-B issues and another 15% in CCC and below.

But what has really set this fund apart in risk terms is its allocation to the stocks of credit-risky firms as well, though longtime manager Mark Notkin (whose record is stellar!) has dramatically reduced that allocation over the past year from 18% down to about 7%.

With the fund's yield advantage over Treasuries back to levels that, in the past, have resulted in solid out-performance versus higher-quality fare, we like this fund's prospects.

Corporate Bond

This fund focuses almost exclusively on investment-grade corporate bonds (over 80%). Managers David Prothro and Michael Plage excelled in last year's tough market: where Treasuries ruled the day, and the more credit risk you took, the worse off you generally fared. So their timing in reducing corporates from 98% to roughly 80% was beneficial. Presently, Treasuries are just 5% (and cash is a "highish" 8%), thus highlighting their concerns about the valuations of Treasuries given their recent price run-up.

While the fund's credit-quality is high and it's defensively positioned,

its 6.9 year duration does expose it to interest-rate risk. However, inflation is not our big concern at this time.

Equity Dividend Income

Early this year, Fidelity modified the name of its two-decades-old Equity-Income II to **Equity Divided Income** (EDI). Initially launched to leverage the successes of the original **Equity-Income**, it rarely lived up to its predecessor's reputation. Eventually, the funds became clones under the same manager, and fared okay as lower-risk large-cap value offerings. But as big banks and government sponsored entities (GSEs) like Fannie Mae imploded, performance floundered. At the same time, the Fed forced interest rates down, and income-oriented investors found themselves holding crumbs.

Enter the high-yielding stock fund.

Although tax policy complicates a company's decision to distribute income, some companies are sitting on hordes of cash, and others are beginning to give their shareholders their money back in the form of much sought-after dividends.

Enter Equity Dividend Income.

The retooled EDI deviates some from its primary index (the Russell 3000 Value) as it now has a new secondary, mega-cap (\$100 billion-plus) benchmark called the MSCI US High Dividend Yield Index.

Since new manager Scott Offen took EDI over late last year, the fund has had an extreme makeover: its market cap has soared from \$43 billion to \$81 billion, and its yield is the second-highest at Fidelity — 3.1%.

GNMA (Ginnie Mae)

GNMA primarily invests in Government National Mortgage Assn (Ginnie Mae) securities — mortgages that are pooled and sold to institutions. They typically offer higher yields than Treasuries of similar duration, but their credit qualities are essentially the same. (Ginnie Mae's like Fannie Maes, are also GSEs.) As such, it's assumed that their bonds

have — just like Treasuries — the full financial backing of the US government.

In what's shaping up to be a repeat of 2010 and 2011, this fund is both out-yielding and out-returning the similar duration **Spartan Short-Term Treasury**. In the falling interest-rate environment, Manager Bill Irving has continuously favored GNMA's whilst protecting against prepayment (refinancing) risk.

For example, GNMA has a more than 2-percentage-point yield advantage over **Spartan Short-Term Treasury** (2.59% vs. 0.17%), while its interest-rate risk (as measured by duration) is the same at 2.6 years.

As for the fund it's replacing (**Conservative Income**), GNMA is a more attractive, higher-yielding alternative, albeit a riskier one in terms of interest-rate risk. It's also worth noting that if QE3 or another round of "Operation Twist" is forthcoming, the Fed's practice of driving down long-term interest rates by purchasing Treasuries may morph into a mortgage-buying operation. This could only help the fund.

Growth & Income

February marked Matt Fruhan's first anniversary running **Growth & Income**. A mere shadow of its former asset-rich self, G&I has returned to its historic roots: boosting its yield to at least match the S&P 500, and doing so without sacrificing capital appreciation potential. (That's tougher than you may think!)

A fairly new dividend-paying stock that perfectly fits that bill is G&I's top-holding Apple. Notably, Apple's recently slowing iPhone sales and, therefore, share price, illuminates the fund's twin challenge of delivering to its shareholders both capital appreciation and income. That said, the fund is pacing the S&P 500's returns this year, and its 2.8% yield does top the market's 2.3%.

You might also be interested to

At A Glance cont'd on page 11

FUND COMMENTARY

Stocks Rise Amid Hope And A Prayer

With apologies to those who also believe in miracles, divine intervention appears to have played a role in last month's global rise in stock prices. Never mind that much of Europe is sinking into the abyss and that the world's two most populous and once fast-growing countries (China and India) have had to dramatically ratchet down next year's growth forecasts. Never mind, too, that US exporters are running out of overseas customers who'll buy their increasingly expensive dollar-denominated goods. (Harley-Davidson shares skidded, for example, as Europeans applied the brakes on bike purchases.) Let's just forget all that for now.

Instead, if you believe that your prayers will be answered in the form of Germany bailing out its southern euro-friends (meaning loan forgiveness with no strings attached), then paying up for European stocks made sense last month.

Of course, a complete explanation of July's market activity also required you to believe the Fed moved closer to QE3 (and that that action will actually help), that US corporate earnings will unexpectedly accelerate and that President Obama and Congress will cut a deal on income taxes before the November elections. Indeed, if you have faith that all that will occur then, yes, the S&P 500's 1.4% jump in July made perfect sense, and so did the Dow Industrial's 1.1% pop.

On the other hand, with investors still withdrawing billions from stock mutual funds each month, the Russell 2000's 1.3% retreat may have made more sense, while the Nasdaq Composite's fractional gain of 0.2% may more accurately reflect investors' uncertainty.



John Bonnanzio

Stock Funds

Fidelity's 15 actively managed large-cap growth funds were saddled, in part, by their tech exposures in July, having gained an average of 0.4%. Their value-oriented counterparts fared better gaining an average of 1.5%. But the real story in July was that funds with bigger market caps fared better than their peers. For example, with its \$92 billion market cap, **Mega Cap Stock** gained 1.7%, and **Equity Dividend Income** jumped 2.0%, almost all small-cap funds were in the red. (Mid-cap funds fared just as poorly.) However, one market-cap exception to this "rule" in July was **Tax Managed Stock**. This "quant"-run fund was overweighted in energy and underweighted in tech last month, so despite its puny market cap of \$9.8 billion (arguably mid-cap), it gained an impressive 2.1%. (The fund's long-term record is not good, and we rate it *Sell*.)

International Funds

With fund offerings reaching to most corners of the globe, it paid to be in the right place last month. **Canada** gained a nice 1.1% as energy provided lift, and ditto for **Nordic** (up 2.7%). However, slowing growth in Asia resulted in very different outcomes. For example, **China** (down 0.7%) was treated far less harshly than **Japan** (down 3.9%). At the same time, with the emerging markets holding their own, **Emerging Asia** managed an impressive 1.6% gain for the

month. In fact, the smaller, less-developed Asian economies helped to push **Emerging Markets Discovery** (up 2.0%) even higher. As for **Europe** (up 1.4%) and **Europe Cap App** (up 1.7%), while prices may look attractive, remember what I said about hope and prayer? Let's just leave it at that.

Fixed Income Funds

A couple of jaw-dropping days of equity losses reminded investors that stocks can be risky, so the risk-averse continued to pile in to safer harbor bond funds — including the higher-yielding variety.

With respect to the latter, **New Markets Income** (up 4.1%) and its emerging market debt was a well-timed entry into our Income & Preservation Model, while on the domestic front **High Income** (up 1.9%) and **Capital & Income** (up 1.8%) were certainly no slouchers. (See write-ups on facing page.)

In the more subdued world of taxable and municipal bonds, Fidelity's entire product lineup gained ground in July. **Spartan US Bond Index** gained 1.4%. **Corporate Bond** gained a more robust 2.8%, while the **Spartan Intermediate Treasury Index** (which has almost the same interest-rate risk, but less credit risk) gained 1.1%. The long duration **Spartan Long-Term Treasury Index** led the way with a 3.4% gain. Elsewhere, **Municipal Income** and **Tax-Free Bond** both gained 1.8%. ■

— John Bonnanzio

AUGUST SCORECARD RATING CHANGES

Fund	Ratings		Comments
	Old	New	
Growth Strategies	H	S ↓	Poor stockpicking and sector selection.
Independence	H	S ↓	Poor stockpicking and sector selection.
Int'l Real Estate	S	S ↑	Valuations attractive for bargain hunters.
Investment Grade Bd	B	B ↑	Offers nice mix of yield and safety.
Leveraged Co Stk	B	B ↓	We prefer this manager's less aggressive funds.
Mid Cap Value	B	B ↓	We prefer larger cap funds.
Real Estate Income	B	B ↑	High-yielding "hard" assets have appeal.
Select Automotive	H	S ↓	Slowing global growth will dampen demand.
VIP Growth Strategies	H	S ↓	Poor stockpicking and sector selection.
VIP Inv Grade Bd	B	B ↑	Offers nice mix of yield and safety.

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

FIDELITY SCORECARD - JULY 31, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jul	YTD	2011	1 Year	3 Year	5 Year				
Comparative Indexes		S&P 500		1379.32		1.4	11.0	2.1	9.1	14.1	1.1	1.00			
		Nasdaq		2939.52		0.2	13.6	-0.8	7.9	15.3	4.0	1.18			
		Dow Jones Industrials		13008.68		1.1	8.0	8.4	10.1	15.4	2.5	0.89			
		Russell 2000 (Small Caps)		786.94		-1.3	7.1	-4.3	0.2	13.7	1.7	1.36			
		Barclays Aggregate Bond*				1.4	3.8	7.7	7.3	6.7	6.3	0.18			
LARGE CAP GROWTH						Category Averages			0.4	11.0	-2.3	2.9	14.1	1.8	1.16
312	FBGRX	Blue Chip Growth		47.38	Buy	1.0	11.7	-2.7	2.3	15.7	4.1	1.20	\$10,624		
307	FDCAX	Capital Appreciation		28.24	Buy	-0.4	14.7	-2.7	9.7	16.2	1.4	1.18	4,574		
22	FCNTX	Contrafund		75.41	Buy	0.8	11.8	-0.1	6.6	14.6	3.3	0.93	58,441		
332	FEXPX	Export and Multinational	0.75%/30d	23.07	OK to Sell	1.8	11.6	-3.7	5.2	11.1	0.1	1.04	1,773		
500	FFTYX	Fifty		19.12	Buy	0.2	9.6	-0.8	3.8	13.3	-2.0	1.05	665		
333	FTQGX	Focused Stock		15.05	Buy	0.2	9.8	0.6	3.6	15.9	4.4	1.12	511		
25	FDGRX	Growth Company (closed)		91.92	Buy	0.4	13.6	0.7	5.2	17.1	4.8	1.18	23,938		
339	FDSVX	Growth Discovery		15.25	Buy	1.1	11.6	0.5	3.6	16.4	1.4	1.17	872		
73	FDFFX	Independence		23.51	OK to Sell↓	-1.3	8.6	-10.9	-7.1	12.1	-0.1	1.46	2,962		
763	FSLGX	Large Cap Growth		10.88	OK to Buy	1.0	12.5	-0.7	3.3	14.1	1.3	1.12	134		
21	FMAGX	Magellan		70.15	OK to Buy	1.2	11.6	-11.6	-1.7	7.5	-2.8	1.20	12,192		
300	FMILX	New Millennium		31.46	OK to Buy	-0.2	9.0	2.5	5.5	15.4	3.7	1.10	1,972		
93	FOCPX	OTC		57.54	OK to Buy	-1.4	5.2	-0.4	-2.9	14.1	4.1	1.32	5,503		
320	FDSSX	Stock Selector All Cap		26.94	Hold	1.2	11.0	-5.1	2.7	12.3	-0.1	1.15	2,280		
5	FTRNX	Trend		75.10	OK to Buy	1.0	12.3	-0.8	3.2	16.3	3.4	1.14	1,090		
LARGE CAP BLEND						Category Averages			1.5	10.7	-2.6	4.7	12.1	-1.1	1.16
315	FDEQX	Disciplined Equity		23.60	Sell	1.4	9.7	-3.1	2.9	9.1	-2.4	1.12	3,992		
330	FDGFX	Dividend Growth		28.61	Hold	1.7	10.6	-8.5	-0.7	13.0	0.7	1.33	5,908		
3	FFIDX	Fidelity Fund		34.96	Hold	1.3	12.2	-2.4	3.9	11.6	0.8	1.05	4,381		
27	FGRIX	Growth & Income		20.13	Buy	1.6	11.4	1.4	10.5	13.2	-5.2	1.06	4,865		
338	FLCSX	Large Cap Stock		19.00	Buy	1.1	11.0	-1.6	7.5	14.2	1.2	1.19	1,145		
361	FGRTX	Mega Cap Stock		11.30	Buy	1.7	11.9	2.3	11.4	14.1	1.4	1.08	1,502		
343	FTXMX	Tax Managed Stock		12.51	Sell	2.1	8.4	-7.0	-3.1	9.5	-3.6	1.25	55		
832	FVDFX	Value Discovery		15.62	Hold	1.0	10.4	-2.3	5.4	11.8	-1.5	1.17	413		
LARGE CAP VALUE						Category Averages			1.2	8.8	-3.9	3.3	9.9	-3.3	1.13
1271	FBCVX	Blue Chip Value		10.26	Sell	-0.3	4.9	-8.0	-4.0	6.2	-5.6	1.19	238		
319	FEQTX	Equity Dividend Income ⁶		19.10	Buy	2.0	11.0	-2.8	6.8	11.6	-1.7	1.13	4,516		
23	FEQIX	Equity-Income		45.10	Buy	2.1	10.7	-4.7	4.4	11.4	-2.3	1.14	6,437		
708	FSLVX	Stock Sel Large Cap Value		11.18	OK to Sell	1.0	8.7	-0.3	5.8	10.3	-3.5	1.07	453		
MID-CAP GROWTH						Category Averages			-0.4	5.9	-6.6	-5.1	13.3	-1.4	1.32
324	FDEGX	Growth Strategies	1.50%/90d	19.42	OK to Sell↓	-0.5	4.4	-9.0	-9.1	11.5	-2.8	1.34	1,392		
793	FMSGX	Mid Cap Growth	0.75%/30d	11.99	Hold	0.0	5.2	-8.4	-7.8	12.8	-2.0	1.33	216		
337	FMCSX	Mid-Cap Stock	0.75%/30d	28.22	Hold	-0.6	8.0	-2.4	1.7	15.6	0.6	1.29	4,734		
MID-CAP BLEND						Category Averages			0.0	10.1	-5.3	0.3	13.9	0.5	1.28
122	FLVCX	Leveraged Company Stock	1.50%/90d	28.22	OK to Buy↓	-0.2	12.4	-10.6	-1.1	13.8	-1.7	1.50	3,011		
316	FLPSX	Low-Priced Stock	1.50%/90d	38.52	OK to Buy	0.3	7.8	-0.1	1.7	14.0	2.7	1.06	23,011		
2412	FSSMX	Stock Selector Mid Cap			Hold	0.1	2.5p	--	--	--	--	--	0		
MID-CAP VALUE						Category Averages			0.8	10.8	-6.7	1.4	15.3	-0.4	1.29
762	FSMVX	Mid Cap Value	0.75%/30d	16.55	OK to Buy↓	0.1	9.2	-4.2	3.0	16.6	0.8	1.20	527		
39	FDVLX	Value		69.94	Hold	1.6	10.2	-6.7	1.5	13.9	-1.5	1.30	5,468		
14	FSLSX	Value Strategies		28.37	Buy	0.9	13.2	-9.3	-0.4	15.5	-0.6	1.37	308		
SMALL CAP GROWTH						Category Averages			0.0	6.8	-2.7	-1.1	15.0	0.3	1.35
1388	FCPGX	Small Cap Growth	1.50%/90d	16.14	OK to Buy	0.1	8.3	-2.8	-0.9	14.9	1.8	1.33	1,166		
336	FDSCX	Stock Selector Small Cap	1.50%/90d	18.98	Buy	-0.1	5.3	-2.6	-1.3	15.0	-1.2	1.38	1,344		
SMALL CAP BLEND						Category Averages			-0.3	6.9	-7.6	-1.3	13.6	4.3	1.46
384	FSCRX	Small Cap Discovery	1.50%/90d	21.45	Buy	-0.1	8.3	0.4	5.0	17.8	8.5	1.33	2,779		
340	FSLCX	Small Cap Stock	2.00%/90d	16.95	Buy	-0.4	5.4	-15.6	-7.6	9.5	0.1	1.58	2,882		

Notes: *Fidelity's Spartan U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. ¹Relative Volatility versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ²Duration is a measure of interest rate sensitivity. ³Stated yield is before any inflation adjustment, your effective yield may be different. ⁴Also available in an Advantage share class with a minimum of \$100,000, but a lower expense ratio. ⁵Formerly Equity-Income II. ⁶Distributed 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 - JULY 31, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)		
						Jul	YTD	2011	1 Year	3 Year	5 Year				
SMALL CAP VALUE						Category Averages			-1.1	7.7	-3.6	3.7	13.8	3.9	1.27
1389	FCPVX	Small Cap Value	1.50%/90d	15.05	OK to Buy	-1.1	7.7	-3.6	3.7	13.8	3.9	1.27	\$1,757		
SPECIALTY															
2063	FOTTX	130/30 Large Cap		7.48	Sell	3.9	7.5	-3.8	-0.8	8.8	--	1.18	16		
304	FBALX	Balanced		19.63	Buy	1.5	8.8	1.7	6.1	11.7	2.6	0.66	14,803		
308	FCVSX	Convertible Securities		23.46	Buy	-1.0	4.1	-7.3	-5.9	10.2	0.3	0.96	1,749		
334	FGBLX	Global Balanced	1.00%/30d	22.73	Hold	1.2	6.1	-2.5	-1.5	8.3	3.1	0.78	463		
2120	FFGCX	Global Commodity Stock	1.00%/30d	13.68	OK to Sell	1.1	-1.9	-18.1	-20.3	3.2	--	1.58	396		
1960	FDYSX	Global Strategies		9.16	Hold	1.0	8.9	-5.3	0.0	9.5	--	0.76	222		
1368	FIREX	International Real Estate	1.50%/90d	8.44	OK to Sell↑	3.9	21.4	-22.2	-4.8	5.5	-6.8	1.40	251		
4	FPURX	Puritan		19.18	Buy	1.3	9.4	0.7	5.3	11.7	3.0	0.70	15,299		
833	FRIFX	Real Estate Income	0.75%/90d	11.28	Buy↑	1.8	11.9	4.7	11.4	17.5	6.7	0.43	2,240		
303	FRESX	Real Estate Investment	0.75%/90d	32.18	OK to Buy	1.7	17.2	8.3	13.3	32.1	4.5	1.41	3,688		
1329	FSDIX	Strategic Dividend & Income		12.07	Buy	2.0	11.0	7.3	10.5	16.5	1.6	0.86	1,989		
1505	FSRRX	Strategic Real Return	0.75%/60d	9.67	Hold	2.8	6.9	1.7	3.4	11.3	4.7	0.49	631		
311	FIUIX	Telecom & Utilities		19.06	OK to Buy	3.5	11.0	11.9	15.7	17.1	1.6	0.76	1,024		
ASSET ALLOCATION															
328	FASIX	Asset Manager 20%		13.25	Hold	1.1	4.9	2.6	4.3	7.6	4.2	0.26	4,395		
1957	FTANX	Asset Manager 30%		9.99	Hold	1.2	5.9	1.7	4.1	8.7	--	0.37	341		
1958	FFANX	Asset Manager 40%		9.87	Hold	1.2	6.7	0.5	3.7	9.3	--	0.49	300		
314	FASMX	Asset Manager 50%		15.95	Hold	1.3	7.1	-0.7	2.9	10.0	3.1	0.61	6,673		
1959	FSANX	Asset Manager 60%		9.87	Hold	1.2	7.8	-2.2	2.1	10.1	--	0.72	523		
321	FASGX	Asset Manager 70%		16.71	Hold	1.2	8.2	-3.8	1.1	10.6	1.7	0.85	2,671		
347	FAMRX	Asset Manager 85%		13.51	Hold	1.3	9.0	-6.1	-0.3	10.6	0.7	1.03	676		
EQUITY INDEX															
355	FFNOX	Four-in-One Index		28.01	Hold	0.9	7.9	-1.4	2.6	10.5	0.7	0.92	2,294		
2010	FIENX	International Enhanced Index	1.00%/30d	6.54	OK to Sell	1.2	5.0	-12.0	-11.3	3.7	--	1.26	24		
1827	FLCEX	Large Cap Core Enhcd Index		9.79	Hold	1.5	9.6	4.7	9.1	13.3	1.0	0.99	230		
1829	FLGEX	Lrge Cap Growth Enhcd Index		10.98	OK to Buy	1.4	10.8	4.4	8.8	14.7	2.9	1.02	157		
1828	FLVEX	Large Cap Value Enhcd Index		7.77	OK to Sell	1.2	9.1	2.5	7.5	12.3	-1.7	1.02	73		
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30d	9.37	Hold	0.2	7.1	-1.6	0.6	14.6	--	1.17	75		
1282	FNCMX	Nasdaq Composite Index	0.75%/90d	39.24	OK to Buy	0.2	13.4	-1.0	7.8	15.1	3.8	1.18	423		
2011	FCPEX	Small Cap Enhanced Index	1.50%/90d	9.55	Hold	0.5	8.8	-1.1	3.1	15.2	--	1.35	120		
650	FUSEX	Spartan 500 Index ⁴		48.91	Hold	1.4	11.0	2.0	9.0	14.0	1.1	1.00	10,447		
2341	FPEMX	Spartan Emerging Mkts Index ⁴	1.50%/90d	9.26	Hold	0.9	4.0	-10.7p	--	--	--	--	75		
398	FSEMEX	Spartan Extended Mkt Index ⁴	0.75%/90d	37.96	Hold	-0.7	8.3	-3.8	0.5	15.5	2.6	1.26	1,885		
2345	FSGUX	Spartan Global ex U.S. Index ⁴	1.00%/90d	9.89	Hold	0.8	3.9	-4.5p	--	--	--	--	18		
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90d	30.98	Hold	0.6	4.1	-12.2	-11.7	3.1	-5.5	1.28	2,872		
2349	FSCLX	Spartan Mid Cap Index ⁴	0.75%/30d	11.17	Hold	0.2	8.0	4.4p	--	--	--	--	10		
2353	FRXIX	Spartan Real Estate Index ⁴	0.75%/90d	11.93	OK to Buy	1.9	16.9	-3.4p	--	--	--	--	20		
2356	FSSPX	Spartan Small Cap Index ⁴	1.50%/90d	11.31	Hold	-1.4	6.8	7.0p	--	--	--	--	16		
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90d	39.78	Hold	1.0	10.5	1.0	7.4	14.3	1.4	1.04	3,101		
INTERNATIONAL						Category Averages			0.9	6.6	-14.7	-11.3	5.7	-4.4	1.32
309	FICDX	Canada	1.50%/90d	50.83	OK to Sell	1.1	1.4	-12.4	-12.6	5.2	-0.6	1.16	3,029		
352	FHKCX	China Region	1.50%/90d	26.22	OK to Sell	-0.7	3.7	-20.4	-16.6	1.9	1.0	1.36	1,248		
325	FDIVX	Diversified International	1.00%/30d	27.35	OK to Sell	1.2	7.2	-13.8	-10.0	4.2	-5.1	1.27	13,218		
351	FSEAX	Emerging Asia	1.50%/90d	26.79	OK to Sell	1.6	6.4	-16.2	-14.6	6.4	-3.9	1.37	1,305		
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90d	8.47	OK to Sell	1.7	8.2	-15.3	-10.5	9.1	--	1.42	110		
322	FEMKX	Emerging Markets	1.50%/90d	21.16	OK to Sell	1.2	3.1	-21.0	-19.4	4.8	-5.2	1.44	2,235		
2374	FEDDX	Emerging Mkts Discovery	2.00%/90d	10.91	OK to Buy	2.0	15.7	-5.6p	--	--	--	--	22		
301	FIEUX	Europe	1.00%/30d	27.57	OK to Sell	1.4	8.2	-16.8	-12.0	3.0	-4.7	1.50	560		
341	FECAX	Europe Capital App	1.00%/30d	16.58	OK to Sell	1.7	7.2	-16.9	-12.8	2.6	-6.1	1.51	289		
2406	FGILX	Global Equity-Income	1.00%/30d	9.85	Hold	2.3	-1.3p	--	--	--	--	--	18		
335	FIVFX	International Cap App	1.00%/30d	12.40	Buy	1.4	11.5	-12.8	-5.7	8.7	-3.8	1.42	698		
305	FIGRX	International Discovery	1.00%/30d	29.69	OK to Sell	1.2	7.5	-15.2	-10.6	4.3	-4.7	1.30	5,712		
1979	FIGFX	International Growth	1.00%/30d	8.55	OK to Buy	1.2	9.5	-9.0	-2.9	10.5	--	1.21	119		
818	FISMX	International Small Cap	2.00%/90d	18.33	OK to Buy	-0.3	4.6	-15.5	-16.6	7.4	-4.0	1.24	685		
1504	FSCOX	International Small Cap Opps	2.00%/90d	10.03	Buy	0.9	8.4	-9.6	-4.7	12.9	-7.8	1.19	317		
1597	FIVLX	International Value	1.00%/30d	6.88	OK to Sell	1.2	5.2	-16.7	-14.4	1.1	-7.6	1.35	124		
350	FJPNX	Japan	1.50%/90d	9.32	Hold	-3.9	1.3	-15.9	-11.3	-1.5	-8.3	1.01	395		
360	FJSCX	Japan Smaller Companies	1.50%/90d	8.63	Hold	-0.8	0.9	-5.8	-8.9	2.1	-6.3	1.04	260		
349	FLATX	Latin America	1.50%/90d	48.66	Hold	0.2	-0.5	-15.8	-13.2	7.3	-0.6	1.55	2,446		
342	FNORX	Nordic	1.50%/90d	29.03	Hold	2.7	8.5	-20.3	-12.6	8.2	-5.8	1.65	293		
94	FOSFX	Overseas	1.00%/30d	29.18	OK to Sell	1.6	10.2	-16.0	-11.0	2.2	-6.8	1.42	1,561		
302	FPBFX	Pacific Basin	1.50%/90d	22.56	OK to Buy	-1.1	5.2	-17.0	-16.2	9.1	-3.4	1.19	562		
2369	FTEMX	Total Emerging Markets	1.50%/90d	10.33	Hold	1.7	7.7	-3.9p	--	--	--	--	76		
1978	FTIEX	Total International Equity	1.00%/30d	6.83	OK to Buy	1.3	7.9	-14.1	-9.3	6.1	--	1.27	271		
318	FWWFX	Worldwide	1.00%/30d	18.82	Hold	0.7	8.5	-6.7	-3.1	10.2	-0.5	1.17	1,037		

FIDELITY SCORECARD - JULY 31, 2012

SELECT MODEL PORTFOLIO

Weakness in the technology sector put our Select Portfolio slightly behind the S&P 500 in July (up 0.6% versus 1.4% for the market), but with help from **Pharmaceuticals** and **Consumer Finance**, we trailed only modestly.

One of the more durable investment themes in recent years has been the growth of US chemicals exports since natural gas prices crashed in the spring of 2008. As Fidelity's own research points out, chemicals exports grew by 15% in 2010, turning a \$140 million trade deficit into a \$4.6 billion surplus — with much of the new demand coming from emerging countries. I touched on plastics back in March, but the story for **Select Chemicals** is bigger than that, and it explains why Fidelity is doing well with this fund.

Chemicals play a major role in the manufacture of paint, fuel, fabric, glass, cosmetics and even agriculture. And, the low cost of natural gas is a major competitive advantage for US companies who compete with foreign

firms who are using oil as a feedstock. Fidelity's other big theme in this large-cap growth fund is agricultural demand, where the emphasis is on seed companies, including those that supply genetically

modified seed, and suppliers of decidedly lower-tech potash (a long-lasting fertilizer that generates good margins).

I have only one rating change — a downgrade of **Automotive** to *OK to Sell*. A subset of the consumer discretionary sector, restructuring has brought supply back in line with demand here at home, but automotive capacity has not been reduced enough in Europe, and a second round of reductions may now be necessary. ■

Rel Vol: 1.16	
Select Model Portfolio	
Fund	
Pharmaceuticals (FPHAX)	21%
Chemicals (FSCHX)	19
Technology (FSPTX)	18
IT Services (FBSOX)	15
Industrials (FCYIX)	14
Consumer Finance (FSVLX)	13
Total Return: Jul: 0.6% YTD: 10.9%	

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹	Assets (\$Mil)
						Jul	YTD	2011	1 Year	3 Year	5 Year		
SELECT PORTFOLIOS						0.4	8.9	-3.5	1.7	13.8	1.7	1.35	
<i>Category Averages</i>													
34	FSAIX	Air Transportation	0.75%/30d	36.99	OK to Buy	-3.5	7.1	-6.1	7.4	21.2	0.1	1.47	\$66
502	FSAVX	Automotive	0.75%/30d	31.97	OK to Sell↓	-2.9	2.7	-26.2	-18.8	7.3	-3.1	1.82	99
507	FSRBX	Banking	0.75%/30d	18.80	Hold	0.8	17.8	-13.3	10.7	12.0	-6.6	1.53	460
42	FBIOX	Biotechnology	0.75%/30d	106.93	OK to Buy	2.4	31.4	18.2	32.6	20.2	12.1	1.26	2,296
68	FSLBX	Brokerage & Investment	0.75%/30d	44.18	Hold	0.1	10.6	-22.8	-5.7	1.1	-5.6	1.58	343
69	FSCHX	Chemicals	0.75%/30d	109.90	Buy	0.9	16.4	0.3	5.9	20.7	9.6	1.56	852
518	FSDCX	Communications Equipment	0.75%/30d	20.33	Hold	-1.4	-7.8	-16.7	-17.2	3.6	-2.3	1.59	219
7	FDCPX	Computers	0.75%/30d	62.08	OK to Buy	1.8	15.2	-4.5	7.5	18.9	6.9	1.41	776
511	FSHOX	Construction & Housing	0.75%/30d	41.35	OK to Buy	-1.8	15.4	2.9	19.8	16.5	2.9	1.50	232
517	FSCPX	Consumer Discretionary	0.75%/30d	26.18	OK to Buy	-0.3	13.6	-1.7	8.3	19.5	4.0	1.19	311
98	FSVLX	Consumer Finance	0.75%/30d	13.50	Buy	2.0	22.3	-1.0	17.3	11.7	-16.8	1.17	261
9	FDFAX	Consumer Staples	0.75%/30d	80.42	Hold	3.2	13.1	8.8	16.8	15.9	8.5	0.77	1,319
67	FSDAX	Defense & Aerospace	0.75%/30d	80.18	Hold	-1.6	3.3	7.3	2.6	17.8	1.1	1.17	612
8	FSELX	Electronics	0.75%/30d	46.08	Buy	-1.1	4.2	-8.5	-4.7	9.6	-0.7	1.70	942
60	FSENX	Energy	0.75%/30d	49.15	Hold	4.9	-0.2	-4.9	-15.3	9.9	-1.9	1.69	1,995
43	FSESX	Energy Service	0.75%/30d	65.44	OK to Sell	10.5	0.6	-12.6	-25.2	10.3	-5.3	2.11	1,074
516	FSLEX	Environment & Alt Energy	0.75%/30d	15.40	OK to Sell	0.0	2.2	-14.3	-10.8	3.8	-2.0	1.18	64
66	FIDSX	Financial Services	0.75%/30d	56.81	Hold	1.0	16.2	-20.4	1.4	2.7	-10.5	1.56	406
41	FSAGX	Gold	0.75%/30d	34.94	Sell	-2.7	-17.3	-16.3	-27.8	2.7	4.5	1.78	2,875
63	FSPHX	Health Care	0.75%/30d	134.22	Hold	-0.6	12.7	7.8	8.5	17.5	6.4	0.91	2,245
510	FSCGX	Industrial Equipment	0.75%/30d	33.99	OK to Buy	-0.2	9.9	-7.7	3.7	17.0	1.6	1.51	281
515	FCYIX	Industrials	0.75%/30d	23.61	Buy	0.3	9.1	-4.9	3.5	16.9	3.3	1.37	556
45	FSPCX	Insurance	0.75%/30d	47.82	OK to Sell	-0.1	7.9	-5.2	5.4	11.9	-4.6	1.15	240
353	FBSOX	IT Services	0.75%/30d	23.24	Buy	-1.0	10.6	2.3	6.4	18.5	7.1	1.24	309
62	FDLSX	Leisure	0.75%/30d	96.23	Hold	-6.8	0.0	5.9	-1.1	18.0	5.8	1.26	361
509	FSDPX	Materials	0.75%/30d	66.05	Hold	0.8	8.2	-8.2	-4.3	14.8	5.5	1.60	970
505	FSHCX	Medical Delivery	0.75%/30d	56.81	Hold	-7.0	3.7	10.2	-2.3	16.5	3.9	1.12	779
354	FSMEX	Medical Equipment	0.75%/30d	26.96	Hold	-3.7	9.1	-3.4	-2.8	10.5	5.6	1.03	1,252
503	FBMPX	Multimedia	0.75%/30d	51.54	Hold	1.7	19.7	1.8	14.0	24.8	5.4	1.31	263
513	FSNGX	Natural Gas	0.75%/30d	31.19	Hold	5.4	2.9	-7.7	-11.3	4.7	-4.2	1.51	706
514	FNARX	Natural Resources	0.75%/30d	30.49	Hold	4.2	-2.6	-9.3	-18.9	8.5	-1.1	1.69	1,110
580	FPHAX	Pharmaceuticals	0.75%/30d	14.99	Buy	1.8	11.0	13.7	11.1	19.6	8.9	0.84	794
46	FSRPX	Retailing	0.75%/30d	60.09	OK to Buy	1.1	17.4	3.4	12.4	21.8	9.7	1.19	530
28	FSCSX	Software & Computer Svcs	0.75%/30d	82.02	OK to Buy	-1.4	11.4	2.2	8.7	19.0	7.6	1.24	1,761
64	FSPTX	Technology	0.75%/30d	97.04	Buy	-0.5	12.2	-9.6	0.7	16.5	4.6	1.37	2,162
96	FSTCX	Telecommunications	0.75%/30d	50.08	OK to Buy	4.8	14.6	-4.2	7.1	13.3	-0.7	1.02	436
512	FSRFX	Transportation	0.75%/30d	51.45	Hold	-2.5	6.4	-5.3	3.8	20.0	3.0	1.42	196
65	FSUTX	Utilities	0.75%/30d	58.03	OK to Buy	2.0	8.9	13.1	13.7	14.4	2.4	0.69	612
963	FWRLX	Wireless	0.75%/30d	7.67	OK to Buy	3.5	5.8	-1.0	1.6	9.4	0.1	1.06	236

FIDELITY SCORECARD - JULY 31, 2012

Fund No.	Fund Ticker	Fund Name	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			SEC % Yield	Dur ² (Yrs)	Rel Vol (Risk) ¹	Tax-Equivalent Yield Federal Tax Bracket						
						Jul	YTD	2011										
TAXABLE BOND						Category Averages			1.2	3.7	8.6	1.38	4.6	0.22				
2267	FCONX	Conservative Income Bond		10.03	Buy	0.2	1.1	0.0p	0.66	0.3	--							
2208	FCBFX	Corporate Bond		11.43	Buy	2.8	7.9	11.1	2.38	6.9	0.23							
2423	FGBFX	Global Bond		10.18	Hold	1.1	1.8p	--	--	--	--							
15	FGMNX	GNMA (Ginnie Mae)		11.98	Buy	0.8	2.7	7.9	2.59	2.6	0.15							
54	FGOVX	Government Income		10.96	Hold	1.0	2.7	7.9	1.20	4.5	0.20							
794	FINPX	Inflation-Protected Bond ³		13.48	Hold	1.9	5.8	13.0	-0.41	6.7	0.31							
32	FTHR	Intermediate Bond		11.12	OK to Buy	1.1	3.7	6.2	1.65	3.9	0.17							
452	FSTGX	Intermediate Gov't Income		11.10	Hold	0.6	1.8	5.7	0.57	3.6	0.17							
2428	FINUX	International Bond		10.15	Hold	0.7	1.5p	--	--	--	--							
26	FBNDX	Investment Grade Bond		7.99	Buy↑	1.7	5.2	7.9	2.21	5.2	0.17							
40	FMSFX	Mortgage Securities		11.36	Buy	0.9	3.4	6.5	2.56	2.1	0.13							
450	FSHBX	Short-Term Bond		8.57	Buy	0.4	1.6	1.8	0.70	1.7	0.08							
2415	FSIQX	Sptn Inflation-Protect Index ⁴		10.26	Hold	1.9	2.6p	--	--	--	--							
1561	FIBIX	Sptn Interm Treas Index ⁴		11.69	OK to Sell	1.1	3.8	12.9	0.84	6.6	0.36							
1562	FLBIX	Sptn Lng-Term Treas Index ⁴		13.76	Sell	3.4	8.0	29.5	2.16	16.5	0.83							
1560	FSBIX	Sptn Sht-Term Treas Index ⁴		10.65	Hold	0.4	0.7	3.2	0.17	2.6	0.11							
651	FBIDX	Sptn US Bond Index		12.05	Hold	1.4	3.8	7.7	1.71	4.8	0.18							
820	FTBFX	Total Bond		11.29	Buy	1.7	5.2	7.4	2.45	4.7	0.16							
812	FUSFX	Ultra-Short Bond	0.25%/60d	8.21	Hold	0.2	1.0	0.1	0.58	0.4	0.03							
HIGH-YIELD BOND						Category Averages			2.0	8.3	3.6	4.65	0.44					
38	FAGIX	Capital & Income	1.00%/90d	9.18	Buy	1.8	9.5	-1.9	5.45	--	0.69							
814	FFRHX	Floating Rate High Income	1.00%/60d	9.85	Buy	0.9	4.1	1.7	3.57	--	0.26							
1366	FHIFX	Focused High Income	1.00%/90d	9.30	Buy	1.6	7.5	5.9	4.40	--	0.39							
2297	FGHNX	Global High Income	1.00%/90d	9.75	Buy	1.7	8.6	-4.7p	5.35	--	--							
455	SPHIX	High Income	1.00%/90d	9.11	Buy	1.9	9.1	3.4	5.88	--	0.52							
331	FNMIX	New Markets Income	1.00%/90d	17.28	Buy	4.1	12.5	7.9	4.29	--	0.48							
368	FSICX	Strategic Income		11.24	Buy	1.9	6.5	4.6	3.63	--	0.33							
MUNICIPAL BOND						Category Averages			1.3	4.5	9.0	1.67	5.9	0.24	25%	28%	33%	35%
434	FSAZX	Arizona Muni Income	0.50%/30d	12.22	Hold	1.7	5.7	9.9	2.01	7.2	0.28	2.8	2.9	3.1	3.2			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30d	10.84	Hold	0.5	1.9	4.7	0.75	2.8	0.12	1.1	1.1	1.2	1.3			
91	FCTFX	California Muni Income	0.50%/30d	12.91	Hold	1.7	6.4	11.2	2.33	7.0	0.32	3.4	3.6	3.8	4.0			
407	FICNX	Connecticut Muni Income	0.50%/30d	12.13	Hold	1.4	4.1	10.0	1.58	6.6	0.25	2.2	2.3	2.5	2.6			
36	FLTMX	Interm Municipal Income	0.50%/30d	10.67	Hold	1.1	3.9	8.0	1.43	5.1	0.19	1.9	2.0	2.1	2.2			
429	SMDMX	Maryland Muni Income	0.50%/30d	11.69	Hold	1.4	4.6	8.9	1.46	6.6	0.23	2.0	2.1	2.3	2.4			
70	FDMMX	Mass Muni Income	0.50%/30d	12.76	Hold	1.6	5.7	10.4	1.89	7.6	0.23	2.7	2.8	3.0	3.1			
81	FMHTX	Michigan Muni Income	0.50%/30d	12.55	Hold	1.3	4.7	9.2	1.98	6.4	0.23	2.8	2.9	3.1	3.2			
82	FIMIX	Minnesota Muni Income	0.50%/30d	12.05	Hold	1.1	4.0	9.1	1.55	5.8	0.22	2.2	2.3	2.5	2.6			
37	FHIGX	Municipal Income	0.50%/30d	13.54	Hold	1.8	6.1	10.6	2.14	7.6	0.28	2.9	3.0	3.2	3.3			
416	FNJHX	New Jersey Muni Income	0.50%/30d	12.34	Hold	1.6	5.5	9.7	1.81	6.9	0.27	2.6	2.7	2.9	3.1			
71	FTFMX	New York Muni Income	0.50%/30d	13.72	Hold	1.6	5.2	9.6	1.77	7.2	0.27	2.5	2.6	2.9	3.0			
88	FOHFX	Ohio Muni Income	0.50%/30d	12.39	Hold	1.7	5.3	9.6	2.06	7.5	0.25	2.9	3.0	3.3	3.4			
402	FPXTX	Pennsylvania Muni Income	0.50%/30d	11.48	Hold	1.6	5.5	9.8	2.02	6.9	0.23	2.8	2.9	3.1	3.2			
404	FSTFX	Short-Int Municipal Income	0.50%/30d	10.89	Hold	0.4	1.8	4.3	0.66	2.8	0.10	0.9	0.9	1.0	1.0			
90	FTABX	Tax-Free Bond	0.50%/30d	11.68	Hold	1.8	6.3	10.9	2.15	7.5	0.28	2.9	3.0	3.2	3.3			
TAXABLE MONEY MARKET						Category Averages			0.00	0.02	0.02	0.02	0.00					
55	FDRXX	Cash Reserves		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
631	FGMXX	Retirement Government MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
630	FRTXX	Retirement MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
458	SPAXX	Government MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
454	SPRXX	Money Market		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
85	FSLXX	Select MM		1.00	--	0.01	0.06	0.06	0.10	na	0.00							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
415	FDLXX	US Treasury MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00							
MUNICIPAL MONEY MARKET						Category Averages			0.00	0.01	0.01	0.01	0.00					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
433	FSAXX	Arizona Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
97	FCFX	California Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
457	FSPXX	California AMT Tax-Free		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
418	FCMXX	Connecticut Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
74	FDMXX	Massachusetts Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
420	FMIXX	Michigan Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
10	FTEXX	Municipal Money Market		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
417	FNJXX	New Jersey Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
92	FNXX	New York Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.00	0.01	0.02	0.01	na	0.00	0.0	0.0	0.0	0.0			
419	FOMXX	Ohio Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
401	FPTXX	Pennsylvania Muni MM		1.00	--	0.00	0.01	0.01	0.01	na	0.00	0.0	0.0	0.0	0.0			
275	FMOXX	Tax-Free Money Market		1.00	--	0.00	0.01	0.01	0.01	na	0.00	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 - JULY 31, 2012

Fund No.	Fund Ticker	Fund Name	Style	Sht-Term Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
							Jul	YTD	2011	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
9067	FLRQC	Fid VIP Asset Manager	Allocation		13.52	Hold	0.5	6.5	-3.0	-0.7	9.3	3.0	0.71
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation		12.71	Hold	0.2	7.2	-6.5	-3.7	9.7	1.5	0.99
9069	FJBAC	Fid VIP Balanced	Allocation		14.13	OK to Buy	1.7	9.0	-3.9	2.1	11.8	2.8	0.92
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	1.00%/60d	13.65	OK to Buy	-0.2	13.7	-2.0	8.3	19.2	3.9	1.20
9171	FCSAC	Fid VIP Consumer Staples	Sector	1.00%/60d	14.62	Hold	3.1	12.5	7.8	15.6	15.1	8.2	0.77
9065	FPDFC	Fid VIP Contrafund	Large Growth		13.56	Hold	1.4	10.8	-2.8	3.9	12.8	1.1	1.09
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Growth		10.59	Hold	0.5	8.4	-1.6	2.6	14.4	0.8	1.35
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth		13.80	Buy	-0.4	14.5	-2.9	9.5	15.9	0.8	1.18
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	1.00%/60d	7.40	OK to Sell	1.1	2.6	-21.2	-19.7	4.2	--	1.44
9085	FJLLC	Fid VIP Energy	Sector	1.00%/60d	13.96	Hold	4.9	-0.4	-5.3	-15.6	9.7	-2.2	1.69
9061	FLOLC	Fid VIP Equity-Income	Large Value		11.75	Buy	2.1	10.5	0.6	7.4	13.2	-1.7	1.08
9083	FONNC	Fid VIP Financial Services	Sector	1.00%/60d	6.66	Buy	0.9	16.2	-20.6	1.3	2.7	-10.5	1.56
9157	FMPAC	Fid VIP FundsManager 20	Allocation		12.64	Hold	0.9	3.8	2.0	3.1	5.7	3.3	0.24
9158	FMPBC	Fid VIP FundsManager 50	Allocation		12.18	Hold	1.0	6.0	-0.7	1.9	8.2	2.0	0.57
9197	FMPPC	Fid VIP FundsManager 60	Allocation		10.86	Hold	1.1	6.7	-2.2	1.2	8.9	--	0.68
9159	FMPCC	Fid VIP FundsManager 70	Allocation		11.45	Hold	1.0	7.3	-3.2	0.4	9.3	0.4	0.80
9160	FMPDC	Fid VIP FundsManager 85	Allocation		10.79	Hold	0.9	7.5	-5.5	-1.3	9.8	-1.0	0.97
9062	FMNDC	Fid VIP Growth	Large Growth		12.83	Buy	1.1	11.6	-0.1	3.1	15.9	0.7	1.17
9070	FLFNC	Fid VIP Growth & Income	Large Blend		12.57	Buy	1.6	11.4	1.3	10.4	12.9	0.1	1.05
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth		12.80	Buy	0.5	14.2	1.9	7.2	18.7	0.8	1.22
9078	FPVDC	Fid VIP Growth Stock	Large Growth		13.60	OK to Buy	1.1	12.0	0.4	3.8	16.5	3.3	1.11
9077	FQBRC	Fid VIP Growth Strategies	Mid Growth		10.91	OK to Sell↓	-0.5	4.2	-9.3	-9.3	11.0	-3.1	1.34
9084	FPDRC	Fid VIP Health Care	Sector	1.00%/60d	15.26	Buy	-0.7	12.2	8.0	8.1	17.3	6.5	0.92
9060	FBBLC	Fid VIP High Income	High-Yield Bond		15.79	Buy	1.5	8.7	3.6	6.7	12.3	7.2	0.47
9064	FXVLT	Fid VIP Index 500	Large Blend		12.69	Hold	1.4	10.8	1.8	8.8	13.8	0.9	1.00
9082	FBALC	Fid VIP Industrials	Sector	1.00%/60d	16.14	Buy	0.2	8.9	-4.9	3.4	16.7	3.3	1.37
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	1.00%/60d	11.00	Buy	1.3	11.2	-12.8	-5.8	8.4	-4.1	1.43
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond		14.62	Buy↑	1.7	4.8	7.0	7.4	7.9	6.7	0.17
9172	FVMAC	Fid VIP Materials	Sector	1.00%/60d	13.53	Buy	0.7	7.8	-8.5	-4.8	14.5	5.4	1.60
9071	FNBSIC	Fid VIP Mid Cap	Mid Growth		14.30	OK to Buy	0.7	7.4	-10.9	-3.3	11.7	1.4	1.05
9059	FTNJC	Fid VIP Money Market	Money Mkt		11.43	--	0.0	-0.1	-0.1	-0.1	-0.1	1.0	0.00
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	1.00%/60d	10.74	OK to Sell	0.7	7.2	-17.5	-14.7	3.6	-5.8	1.41
9072	FFWKC	Fid VIP Real Estate	Sector		15.69	Hold	1.9	16.7	7.8	13.0	31.3	5.1	1.43
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond		16.05	Buy	1.7	6.1	4.3	5.0	9.4	8.0	0.32
9086	FYENC	Fid VIP Technology	Sector	1.00%/60d	16.41	Buy	-0.8	12.1	-10.2	0.2	16.4	4.7	1.37
9173	FVTAC	Fid VIP Telecommunications	Sector	1.00%/60d	10.13	OK to Buy	5.3	15.4	-2.2	10.5	13.8	-1.0	1.00
9087	FXRRC	Fid VIP Utilities	Sector	1.00%/60d	15.92	OK to Buy	2.0	9.1	12.8	13.8	14.3	2.7	0.69
9079	FKMSC	Fid VIP Value	Mid Value		11.45	Buy	1.9	10.8	-2.8	5.6	14.1	-1.7	1.21
9080	FUEBC	Fid VIP Value Leaders	Large Value		9.24	Sell	-0.3	4.8	-8.3	-4.3	5.9	-5.8	1.19
9073	FRBSC	Fid VIP Value Strategies	Mid Value		12.41	Buy	0.8	13.0	-9.2	-0.3	15.4	-1.0	1.36
9285	FIGXC	Invesco Van Kampen Gbl Val Eqty	Global Stock		8.12	OK to Sell	0.0	1.1	-11.2	-11.0	2.8	-7.0	1.17
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts		14.16	OK to Sell	1.6	9.8	-18.0	-9.3	8.8	1.3	1.41
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond		16.45	Buy	3.8	10.8	6.8	11.0	12.6	8.3	0.52
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts		11.94	OK to Sell	1.4	7.3	-18.4	-11.6	6.3	-2.5	1.31
9146	FPRPC	Morgan Stanley Gbl Tactical Alloc	Diversified Int'l		9.81	Hold	0.8	5.8	-3.9	-1.9	6.3	-4.0	1.03
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond		11.18	Buy	1.0	3.9	0.9	2.9	--	--	0.17
9277	FPNBC	Pimco VIT Real Return	TIPS		13.23	Hold	1.8	7.0	11.4	9.9	--	--	--
9278	FPOBC	Pimco VIT Total Return	Intermed Bond		12.08	Buy	1.8	7.0	3.3	6.4	--	--	--

ANNUITY MODEL PORTFOLIOS

Table reflects 7/31 trades

Rel Vol: 1.25		Rel Vol: 0.95		Rel Vol: 0.7		Rel Vol: 0.28	
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	27%	VIP Investment Grade	32%
VIP Health Care	20	VIP Strategic Income	25	VIP Growth Opps	23	VIP Strategic Inc	31
VIP Materials	18	VIP Value Strategies	23	Pimco Low Duration	19	VIP High Income	22
VIP Industrials	14	VIP Equity-Income	20	VIP Value	17	MS Emerg Mkt Debt	15
VIP Financial Svcs	13			VIP Equity-Income	14		
Total Return:		Total Return:		Total Return:		Total Return:	
Jul: -0.1% YTD: 9.6%		Jul: 1.2% YTD: 10.9%		Jul: 1.4% YTD: 8.9%		Jul: 1.4% YTD: 6.5%	

know that Matt Fruhan also runs **Mega Cap Stock** and **Large Cap Stock** (we own both funds). His excellent three-plus-year record on the latter provides some of our confidence that he'll do a great job here.

New Markets Income

One of the industry's best managers, John Carlson, has been running this fund since 1995, and he's delivered on his twin goals of high income with the secondary objective of growth. While its objectives haven't changed — it still invests in the sovereign debt of many of the world's fastest growing emerging economies — the nature of that debt has. A decade ago, this was a bond fund that could be as much as 60% riskier than stock funds. But today, thanks to better balance sheets than many developed markets (Europe comes to mind!), emerging market debt is much less risky as the fund's current relative volatility of just 0.48 shows. Still, it is riskier than conventional bond funds, which is why it sports a higher yield. Carlson's job is to strike the right tradeoff. Of course, if history is prologue at this fund, its upside potential outweighs its downside risk.

Real Estate Income

This fund's primary goal is "above-average income" (yield) — capital appreciation is secondary. This means holding a houseful of real estate bonds and other real estate related-debt which typically comprise more than half of the fund's assets.

Manager Mark Snyderman keeps this fund's bond allocation above 55% and its stock portion to around 35%. Long-term, the fundamentals favor this fund as commercial real estate continues its slow recovery. Also, investor demand for its various high-yielding securities will continue to provide some price support (it yields 4.83%), especially as Treasury yields keep falling. ■

FUND PROFILE

Coping With The Sale Of Low-Priced Stock

The late June sale of **Low-Priced Stock** (in three models) has befuddled and worried some readers. As we explained, its sale was designed to lessen our exposures to the riskier smaller-cap stocks (and foreign ones). In turn, we increased our holdings in the less volatile, higher-yielding larger-cap stocks in **Equity Dividend Income** and **Growth & Income**. (They are held in our Growth and Growth & Income models, respectively.)

In the Income & Preservation Model, we traded Low-Priced for **New Markets Income**. Purchasing an emerging market debt fund with a yield of 4.29% was our first step in hiking its yield (the second step in this transition is detailed this month in the Model Portfolio Trades box on p. 3).

Selling A Longtime Winner

As for the "loss" of Low-Priced, we've been big fans of the fund (and Manager Joel Tillinghast) since its 1989 launch. Though my recollection is imperfect, I cannot recall another time when one of our models has not held Low-Priced — even through its three "soft" closings and Joel's brief leave-of-absence in 2011.

With that in mind, we continue to like the fund (our recent downgrade to *OK to Buy* from *Buy* is a modest signal that we are not positive on small-cap stocks). But given our desire to boost yield (income), lower risk (by increasing market cap), and further emphasize our preference for US stocks over foreign issues (Low-Priced is almost one-third invested in foreign equities), we simply did not see a viable way around its sale.

New Kids On The Block

As for Equity Dividend Income and Growth & Income, some readers questioned these purchases, especially as their long-term records are clearly "spotty."

We know that. (And we have more

to say about them and other recent purchases on p. 4.) We also know that their past performances and risk measures are useless. That's because they've dramatically changed their investment objectives, their investment strategies and even their managers (both joined their funds in 2011).

Turning back to the Income & Preservation Model, comparing an emerging markets bond fund (New Markets) to Low-Priced is an "apples and oranges" exercise: the former emphasizes income and the latter favors capital appreciation. Further diversifying the model away from US stocks has already reduced portfolio risk. In fact, when US stocks fell last month, New Markets typically fell less, and often it gained ground!

Tax Consequences

When held in a taxable account, longtime holders of Low-Priced will face a taxable event upon its sale. (Isn't that far better than a loss!)

Our thoughts: putting the "tax cart" in front of the "investment horse" is not a good investment strategy, though we certainly understand that writing a larger check to Uncle Sam holds no appeal.

On the other hand, you may face an even larger tax bite next year, but that's a topic for another day (and perhaps after this year's presidential election!). Of course, with all trades, we continue to advise you to weigh the tax implications with your accountant; certainly we recognize that what makes the most sense for you may not make sense for someone else.

Action Recommendation

It's worth reiterating that we still like Low-Priced Stock, and we're likely to own it again in the future. However, with investors wanting more income, coupled with their diminished tolerance for risk, we believe that our newly refashioned (and soon to be renamed) Income & Preservation Model will better meet your long-term goals. ■

— John Bonnanzio

Inside Fidelity

Manager Changes — Several Select funds saw changes in their managerial ranks last month. We believe the most significant of these occurred at the related **Transportation and Air Transportation** funds, where Sean Gavin had been co-managing them alongside Matt Moulis. While Matt remains on board, Sean is now free to concentrate his energies running **Value Discovery** (a large-cap value fund we rate *Hold*) which he was assigned to at the start of the year.

Elsewhere, John Sheehy has taken the lead role (becoming “primary manager”) on **Banking** for Vincent Montemaggiore, whose tenure on that fund was just a half year long.

Finally, Scott Douglas was promoted from co-manager to primary manager on **Defense & Aerospace**; he’ll still work with John Sheehy.

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 August.

Fidelity Fifty, Fidelity Fund, Growth Discovery, Mega Cap Stock and Real Estate Income.

The final distributions for July were as follows:

Fund	Ex-Date	\$ Amt	NAV
Puritan	7/6	0.098	18.97
Equity-Income	7/6	0.355	43.95
Growth & Income	7/6	0.108	19.74
Balanced	7/6	0.086	19.33
Convertible Secs	7/6	0.142	23.78
Telecom and Util	7/6	0.092	18.39
Asset Mgr 50%	7/6	0.090	15.77
Equity Div Inc	7/6	0.119	18.64
Spartan 500 Index	7/6	0.014	11.57
Strategic Div & Inc	7/6	0.279	48.01
Strategic Real Ret	7/6	0.092	11.85
Asset Mgr 40%	7/6	0.075	9.48
Global Strategies	7/6	0.047	9.77
Global Equity Inc	7/6	0.211	9.08

Facebook Update — In March we reported that Fidelity had roughly \$200 million in pre-IPO shares of Facebook. Its Class B shares were acquired from 3/31/11 to 5/19/11 at between \$25 to \$35 per share. With Facebook shares closing July at \$22, it appears that their very minor investment is now under water.

That’s the bad news. The good news? Rumor has it that some of Fidelity’s large-cap growth funds may have been sellers during the second quarter. Needless-to-say, we’re hoping that their earliest buyers were also their earliest sellers! ■

HOUSEKEEPING

A few members had some follow-up questions about our recent trades in the Income & Preservation Model. Two important points: The first is that we are placing greater emphasis on income (thus next month’s name change). In fact, its yield has already jumped from 2.0% to 3.8%. Second, its relative volatility (“rel vol” is a risk measure) will decline about 25% to about 0.32. That it’s now 68% less risky than the S&P 500 is the result of its stock funds being purged in favor of lower-risk conventional bonds plus alternative income-producing securities such as real estate debt.

Separately, you’ll notice some modest *Scorecard* changes. In the bond section on p. 9, the column with distributed yield has been replaced with rel vol. Since we already post the SEC yield, we assume that rel vol has greater value to you. We have also added rel vol to the Annuity Model Portfolios on the bottom of page 10 and the Select Model on page 8. Finally, we’ve parsed Growth & Income funds from Growth funds in “Which Funds ...” on p. 3. ■

Message *cont’d from page 1*

There will be some modest changes, however. Most obvious will be a move to four color printing on heavier paper. While Model Portfolio holdings and year-to-date performances will not change, there will be a few tweaks. The models’ historical returns will now be those of *Fidelity Monitor*. (For rating services such as the *Hulbert Financial Digest*, we need to adopt one set of historical returns, and it’s my choice to build on the track record of *Fidelity Monitor*. Thanks in part to my sector model, *Monitor* has the best 25-year record of any Fidelity newsletter tracked by Hulbert.) *Fidelity Insight* Models’ past returns will be on our website.

There will be a couple of name changes. The Aggressive Growth Model will be called the Unique Opportunities Model (the name used at *Monitor*). And the Income & Preservation Model will become the Income Model, reflecting a greater focus on income-producing securities (see page 3 and *Housekeeping* box.)

Lastly, because the models’ start dates are different, their dollar balances have to be adjusted. (For example, *Monitor*’s Growth & Income Model has only been around since 1994, while *Insight*’s started in 1987. So next month, the dollar balance will drop from \$970,000 to around \$390,000. On the other hand, the Select Model’s balances will increase dramatically since that portfolio has been around much longer in *Monitor*.)

While next month’s issue may come in a slightly different package, the contents will be even better.



Jack Bowers
Executive Editor

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