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## FIDELITY MONITOR &amp; INSIGHT

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## MESSAGE FROM JACK

**Contrarian Thoughts: Challenging Conventional Wisdom**

Being a contrarian investor means you have an opinion that runs counter to the mainstream beliefs expressed by the financial media, economists, or analysts. So, get ready to exercise your critical thinking skills, as this column is dedicated to unconventional viewpoints. You probably won't agree with everything, but that's partly the point. These are not popular opinions.



Jack Bowers

**Recession Odds**

**Conventional wisdom:** If the Fed waits too long to cut rates, a recession is almost certain to occur. **More likely:** Recessions are now rare events, in part, thanks to federal deficits: they don't even happen when the yield curve inverts for an extended period. Another key factor is that almost all past recessions (including 2008-'09) were triggered by an inflationary surge in oil prices that caused the Fed to brake the economy excessively. But now, thanks to the shale revolution, the U.S. is energy independent, meaning that when prices do go up there is a benefit to GDP (and jobs) from the energy sector (which offsets some of the negative effects from other sectors). In effect, the Fed's job has become easier because they can now take their time and get everything right.

**Building Wealth**

**Conventional wisdom:** If you want to get rich quickly, the financial markets are the best place to try. **More likely:** The financial markets are a terrible place to get rich quickly. The amount of risk required to double your money in a short period dictates that you'll be wiped out about 90% of the time. Better to bet on red or black at the roulette table, where the odds of losing all of your money are not much higher than 50%. The stock market works best for those who are willing to get rich slowly.

**Market Risk**

**Conventional wisdom:** Hedging against downturns will limit your losses and improve your long-term return. **More likely:** The market only rewards those who are will-

Jack's Message *cont'd on page 12*

## MARKET OUTLOOK

**Will Powell Trump Trump And Harris At The Polls?**

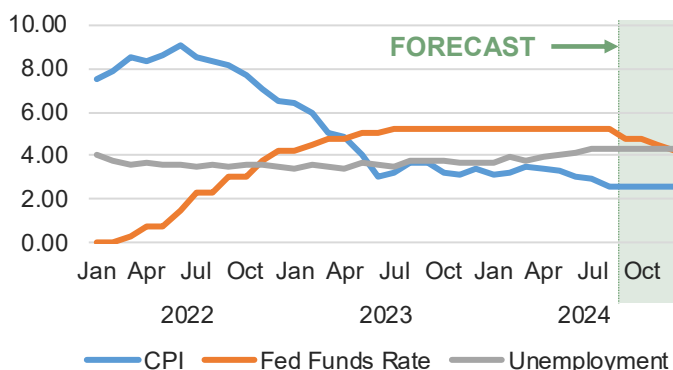
Mark your calendars folks! While the November 5 presidential election seems certain to be another nailbiter, a separate drama unfolds this month at the Federal Reserve. With three opportunities left to cut rates this year, the most pivotal confab is just around the corner. Not only would a September rate-cut be the first since the pandemic and the market meltdown of March 2020, it would be the first such reversal in monetary policy close to the November 5 presidential elections, with the second one day later.

Given this juxtaposition and the candidates' contrasting views of economic policy (and propensity to point fingers when things go awry), the recent rise in unemployment and accompanying 23-year high in interest rates continues to make

Chairman Powell political fodder. Partly for that tendency, Congress liberated the Fed from the Treasury (which the executive branch controls) in 1951. It did so to address the threat of hyper-inflation. In so doing, it

## Upcoming Fed Meetings

September 17-18  
November 6-7  
December 17-18

**Fed's New Focus Is Unemployment**

Owing to the Fed hiking interest rates to a range of 5.25% to 5.50%, inflation (CPI) has fallen to 2.9% from a high of 9.1% in June 2022. However, its restrictive monetary policy is now weighing on the labor market: Unemployment has crept above 4%. Amid signs the U.S. economy is slowing, markets have priced-in one percentage point of cuts coming later this year.

Market Outlook *cont'd on page 3*

**Unique Opportunities**

Target Risk: 1.20 (Current: 1.06) Foreign Holdings: 12.8%

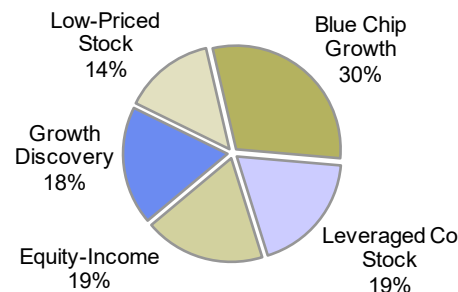
**YTD Return: 18.2%**

Stocks: 99.2% Bonds: 0.0% Cash: 0.7% Alternatives\*: 0.0% Yield: 0.4%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	\$216.46	1,711.17	\$370,399	1.6%
Leveraged Co Stock	FLVCX	41.25	5,637.45	232,545	0.9
Equity-Income	FEQIX	77.94	2,955.26	230,333	2.6
Growth Discovery	FDSVX	61.13	3,726.26	227,786	3.1
Low-Priced Stock	FLPSX	49.23	3,534.32	173,995	0.0

**Current Value (3/31/99 = \$100,000)**
**\$1,235,058 1.7%**

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


**Select**

Target Risk: 1.20 (Current: 1.12) Foreign Holdings: 8.6%

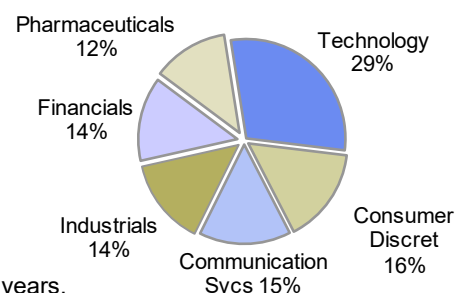
**YTD Return: 18.1%**

Stocks: 99.3% Bonds: 0.0% Cash: 0.6% Alternatives\*: 0.0% Yield: 0.2%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Technology	FSPTX	\$35.25	75,845.74	\$2,673,562	1.4%
Consumer Discret	FSCPX	61.68	22,828.14	1,408,040	-0.5
Communication Svcs	FBMPX	100.46	13,505.50	1,356,763	0.0
Industrials	FCYIX	41.05	31,322.08	1,285,771	0.9
Financials	FIDSX	14.29	86,989.92	1,243,086	1.8
Pharmaceuticals	FPHAX	31.58	35,463.85	1,119,948	7.0

**Current Value (12/31/88 = \$100,000)**
**\$9,087,171 1.5%**

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


**Growth**

Target Risk: 1.00 (Current: 1.00) Foreign Holdings: 10.8%

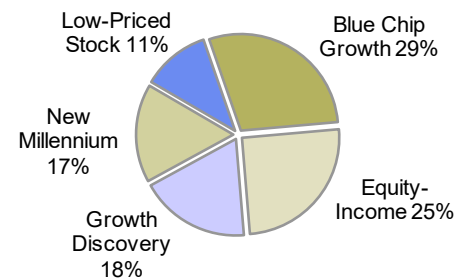
**YTD Return: 20.1%**

Stocks: 99.2% Bonds: 0.0% Cash: 0.8% Alternatives\*: 0.0% Yield: 0.6%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	\$216.46	8,556.19	\$1,852,073	1.6%
Equity-Income	FEQIX	77.94	20,669.33	1,610,968	2.6
Growth Discovery	FDSVX	61.13	19,214.93	1,174,609	3.1
New Millennium	FMLX	58.05	18,183.44	1,055,549	2.0
Low-Priced Stock	FLPSX	49.23	14,690.56	723,216	0.0

**Current Value (12/31/86 = \$100,000)**
**\$6,416,414 1.7%**

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


**Growth & Income**

Target Risk: 0.66 (Current: 0.70) Foreign Holdings: 14.3%

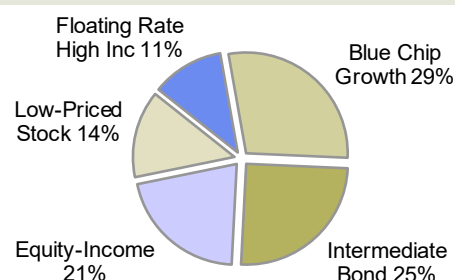
**YTD Return: 13.2%**

Stocks: 62.8% Bonds: 25.7% Cash: 0.8% Alternatives\*: 10.7% Yield: 2.4%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Blue Chip Growth	FBGRX	\$216.46	1,621.56	\$351,002	1.6%
Intermediate Bond	FTHR	10.25	30,176.53	309,309	1.2
Equity-Income	FEQIX	77.94	3,315.38	258,401	2.6
Low-Priced Stock	FLPSX	49.23	3,496.04	172,110	0.0
Floating Rate High Inc	FFRH	9.25	15,294.80	141,477	0.6

**Current Value (12/31/93 = \$100,000)**
**\$1,232,299 1.4%**

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


**Income**

Target Risk: 0.33 (Current: 0.39) Foreign Holdings: 18.3%

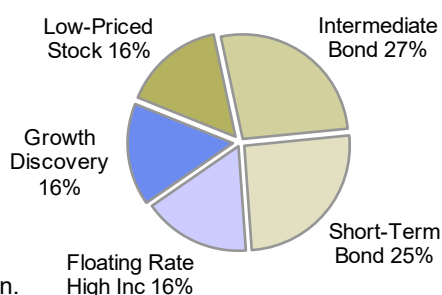
**YTD Return: 8.1%**

Stocks: 31.1% Bonds: 53.2% Cash: 0.4% Alternatives\*: 15.3% Yield: 3.7%

Holdings	Ticker	NAV	Shares	Value	Aug Ret
Intermediate Bond	FTHR	\$10.25	14,066.73	\$144,184	1.2%
Short-Term Bond	FSHB	8.49	16,156.42	137,168	0.9
Floating Rate High Inc	FFRH	9.25	9,587.99	88,689	0.6
Growth Discovery	FDSVX	61.13	1,391.50	85,062	3.1
Low-Priced Stock	FLPSX	49.23	1,702.41	83,810	0.0

**Current Value (12/31/91 = \$100,000)**
**\$538,913 1.1%**

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



sought to insulate the central bankers from politics. Moreover, their monetary directives were made quite clear: to strive for full employment and manage inflation. The Fed was also tasked to help oversee banks. In these ways the Fed controls the nation's monetary policy. That's in stark contrast to fiscal control (spending and taxation) which politicians haphazardly control.

### All Eyes On Powell

In any event, while Main Street will be watching Mr. Trump and Ms. Harris with greater scrutiny over the next nine weeks, Wall Street is laser-focus on Mr. Powell's every utterance.

With unemployment rising and employment growth having been wildly overstated, recession fears quickly gripped the market last month: stocks tumbled, while bond investors played the steadier hand. Notably, credit spreads didn't widen much, meaning investors saw no reason to be paid a higher risk premium.

### Fed Expectations

So what should we expect from Chairman Powell's Fed this month and the rest of the year?

While its policies are mostly data-driven, Powell isn't tone deaf to market sentiment or, for that matter, shifting political winds.

As to the latter, the Fed will be careful not to signal any recession risk ahead of the vote. To me, that suggests three quarter-point cuts this year. Though shy of the 100 bps the market seems to have priced in, some verbal hand-holding should quell the disappointed. Of course, a 50-bp cut this month is also possible, as that might be viewed as insurance against a hard landing.

## FUNDS YOU SHOULD BUY NOW

**Growth:** **Blue Chip Growth** and **Growth Company** are aggressive, volatile large-cap options; **Growth Discovery** and **New Millennium** are more conservatively positioned; **Low-Priced Stock** diversifies away from large-cap growth with a combination of mid-caps, value stocks, and international positions.

**Growth & Income:** **Equity-Income** and **Equity-Dividend Income** hold attractively valued, dividend-producing stocks.

**Taxable Bond:** **Conservative Income Bond** is a money market alternative. **Short-Term Bond** holds higher-yielding corporates while limiting interest-rate-risk. For those willing to assume more interest-rate risk consider **Intermediate Bond**.

**High Yield Funds:** **Floating Rate High Income** has very limited interest-rate risk (duration is just 0.2 years); it's now our preferred way to boost income with risk that's much less than other funds in its asset class.

**Muni Bond Funds:** **Conservative Income Muni** is a tax-free alternative to a muni money market fund. **Limited Term Muni Inc** is a nationally-diversified choice; it presently provides a tax-equivalent yield of about 5% for the most highly taxed investors. ■

With about half the country certain to dislike November's election outcome, Powell's past role as "calmer-in-chief" during the last stock- and credit-market meltdowns may prove beneficial should the need arise.

But if history is prologue, it's worth reminding that stocks climbed a wall of worry during the last presidential transition: investors were

fine with the executive and legislative branches sharing power. That may not be the case this time around. At least Jerome Powell is trusted among lawmakers and Wall Street. He's the rare Washington insider whose steady hand served the country well during times of crisis. Both presidential candidates should be mindful of his counsel. ■

—John Bonnanzio

**The Fed certainly has its critics** with economists, academics and politicians playing Monday morning quarterback. They often charge that the Fed has been too early or late in cutting rates and have used quantitative easing too aggressively (thus stoking inflation). Its bank oversight has occasionally raised eyebrows, too. (Silicon Valley Bank comes to mind.)

Some also charge that the Fed's relationship with banks is too cozy. But "social distancing" is impossible as banks are required to own stock in one of the 12 Fed bank districts to which they're located. They also serve as the Fed's eyes and ears. While the Fed derives some of its funding from fees it charges banks (none comes from Congress), it's also reliant on the interest it accrues through its open market operations. (Excess monies are returned to the Treasury, which audits the Fed.)

For all the Fed's shortcomings, an IMF study contends that in countries where central banks have political independence, their economies tend to sustain higher levels of employment and price stability. ■

### Model Portfolios Key:

\*Alternative investments include such areas as high-yield bonds, commodities, real estate; asset allocations and yields are approximate based on most current data available. Portfolio trades and total returns do not take taxes into account. 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 regularly scheduled Friday evening Hotline updates via e-mail and web. **Annuity Model Portfolios** are on p. 10.



## PORTFOLIO ANALYSIS

### Unique Opportunities Model

Over the next few issues, we plan to provide an overview of our four non-sector model portfolios (p. 2) and the Fidelity funds contained within. Note: This model does not have an annuity equivalent.

#### Process, Objective & Holdings

The *Unique Opp's Model* aims to profit from turnaround situations and other opportunities where Fidelity may have an advantage over its peers.

Using non-sector funds, we take somewhat of a contrarian approach — looking for a chance to do well in places where most investors don't appreciate the potential for growth. Retirement accounts are a better choice here, as we may sometimes book short-term capital gains. We recommend you use only long-term capital that is not needed for 10 years or more. Though this model's current relative volatility is 1.06, we typically aim for a risk level that's 20% greater than the S&P 500.

With its long-term investment goal of 10% annually, between 3/31/99 and 12/31/23 (24.75 years) the model returned 9.9% versus 7.4% for the S&P 500. Note: Average annual returns are provided at the top of page 6 whereas yearly returns are provided on our website.

The all-equity *Unique Opp's Model* favors large-cap growth stocks with 40% of its assets. That exposure comes from **Blue Chip Growth** and **Growth Discovery**. While that seems like an outsized bet, it isn't, as the S&P 500 is similarly skewed, while the Wilshire 5000 (one of the U.S. stock market's broadest gauges) is 34% weighted in large-cap growth.

Sector-wise, the model and the market are similarly aligned: technology shares account for about one-third of the portfolio, whereas health care, communication services and financial services have roughly 10% weights apiece.

There are several ways that the model parts company from the S&P 500. The first is market cap. With its 14% stake in **Low-Priced Stock**, the model is 21% and 13% weighted in mid- and small-cap shares, respectively, versus 17% and 0%, respectively for the index. That translates into an average market cap of about \$138 billion for the model versus \$313 billion for the S&P 500.

Another significant departure from the index is foreign equity exposure. While neither the *Unique Opp's* nor any other model portfolio holds an international fund, this model's 13% overseas weight is derived indirectly through Low-Priced Stock's 37% foreign stake,

and to less of a degree from Growth Discovery and **Equity-Income** (at 11% and 12%, respectively). To that end, we prefer Fidelity managers that pick their favorite foreign stocks, keeping in mind that S&P 500 companies are already multinational: about 41% of their revenue comes from outside the U.S.

#### Model Portfolio Holdings

**Blue Chip Growth** - This has long been one of the industry's best-managed large-cap growth funds.

Return in %	
Aug	1.6
YTD	24.9

Overseen by Sonu Kalra since 2009, over the past decade it has hovered around the top

1% of its peers.

Benchmarked against the Russell 1000 Growth Index (which the fund outpaced in the prior 1-, 5- and 10-year periods), Sonu's stock trades have been making big bets in mega-cap tech stocks which now account for 45% of assets. Most recently, NVIDIA is its largest holding at 13.5% of assets, followed by Apple, Amazon, Microsoft and Alphabet.

In the first half of the year, solid stock and sector selection resulted in the fund returning 27.0% versus 15.3% for the S&P 500.

**Equity-Income** - This low-turnover large-cap value fund's primary objective is capital appreciation, while

Return in %	
Aug	2.6
YTD	16.9

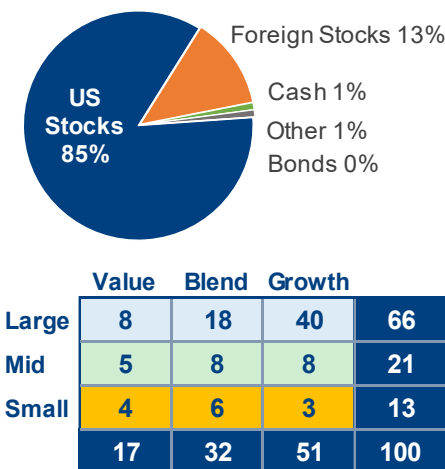
its secondary interest is to deliver a yield in excess of the S&P 500. (Its dividend yield is

1.6% versus 1.3% for the S&P 500.) Much of that is accomplished owing to its 20% weight in higher-yielding financials, plus its combined stakes in energy and utilities (13%).

As the S&P 500 has skewed more into the growth camp (owing to NVIDIA and other tech stocks), this fund provides some counterbalance. While it has been a long time since large-cap value stocks have outpaced their growthier counter-

#### Portfolio Allocations

	Unique Opps	S&P 500
<b>Cyclical</b>	<b>26.1%</b>	<b>27.1%</b>
Basic Materials	2.0	2.0
Cons. Cyclical	13.5	10.2
Financial Services	9.9	12.6
Real Estate	0.7	2.3
<b>Sensitive</b>	<b>57.4%</b>	<b>52.7%</b>
Comm. Services	9.8	8.9
Energy	4.6	3.7
Industrials	10.0	7.9
Technology	33.0	32.3
<b>Defensive</b>	<b>16.5%</b>	<b>20.2%</b>
Cons. Defensive	3.7	5.8
Health Care	9.7	11.9
Utilities	3.1	2.5



Source: Morningstar

Unique Opp's cont'd on page 11

## FUND COMMENTARY

### Stocks Slide, Then Recover In August

It wasn't immediately obvious what triggered last month's market retreat. But when the dust had settled, Japan's central bank became the primary suspect. Raising interest rates a quarter-point to 0.25% on July 31 initially raised eyebrows. The BOJ said it made the move to address inflation, not to prop up the yen. But the law of unintended consequences soon unfolded: The unwinding of the so-called yen carry trade (borrowing in a low-rate market and investing in a higher-yielding one) forced leveraged investors to cover their losses by pulling money from their U.S. stocks.

At about the same time, news hit that U.S. unemployment had ticked higher to 4.3% in July (up from 4.1%). Suddenly, everyone was talking recession, and in the space of three trading days, the Dow Industrials retreated just over 2,000 points (through August 5). The S&P 500 and Nasdaq Composite slid in kind.

Later in August, and after stocks had largely recovered, the Bureau of Labor Statistics said it overcounted U.S. job creation by a stunning 818,000 in the year ending March 2024. But that elicited a yawn from investors. Why? With Fed officials enjoying their annual summer con-fab in Jackson Hole, Wyoming, Chairman Jerome Powell basically announced a September rate cut. And just like that, stock gauges snapped back!

## Market Indexes

Amid stepped-up volatility, the three most widely followed U.S. stock gauges rose last month. The S&P 500 fared best (up 2.4%) while the Dow (up 2.0%) was a close second. As for the tech-rich Nasdaq Composite, with semiconductor shares taking a breather, its monthly gain was contained to 0.7% (though it's up 18.6% year-to-date).

Another laggard was small caps. The Russell 2000 fell 1.5% in August even as it grew evident that interest rates would soon start to slide. Then again, some Fed cuts may already be priced into small caps which are up over 10% this calendar year, and 18.5% over the past 12 months.

## Stock Funds

Despite bank and energy shares delivering a lackluster performance, large-cap value funds (up an average 2.8%) fared better than their growthier counterparts (versus 2.0%). With financials, health care and consumer staples comprising nearly half its assets, **Equity-Dividend Income** fared best (up 3.3%).

Among large-cap growth offerings, Will Danoff's **Contrafund** and **Growth Discovery** (see p. 11) were last month's top performers, up 3.9% and 3.1%, respectively.

Among "smid-caps," **Mid Cap Growth Index** rose 2.5%, whereas **Small Cap Growth Index** fell 1.1%. Elsewhere, **Mid Cap Value Index** gained 1.9% whereas **Small Cap Value Index** fell 1.9%.

## International

The average foreign stock fund rose 2.1% in August. **Europe** fund (up 4.1%) fared best amid surprisingly good news on inflation and economic growth. **Diversified Int'l** (up 3.3%) benefited from both its European and Japanese exposures. On that score, **Japan** rose 3.1% versus 0.7% for **Japan Smaller Cos.** (The latter was stymied by unexpectedly higher borrowing costs.) Relative to the Shanghai Composite retreating 3.3% in August, **China Region** (up 0.8%) and **Emerging Asia** (up 0.1%) fared well.

## Select Funds

Health- and non-discretionary consumer-related Select funds fared especially well last month. As to the former, investors assets shifted away from frothier tech stocks to the relative safety of stocks held by **Pharmaceuticals** (up 7.0%) and **Consumer Staples** (up 5.3%). Other defensive areas also popped, including **Insurance** (up 4.4%) and **Utilities** (up 4.3%). However, with oil futures falling 6.2%, **Energy** fell 4.0%.

## Bond Funds

Amid heightened expectations of falling interest rates, all taxable and muni bond funds gained ground. With bond prices moving inversely to their yields, the benchmark 10-year Treasury yield rose 18 basis points to 3.91%. **U.S. Bond Index** rose 1.4% whereas **Municipal Bond Index** climbed 0.9%. ■

— John Bonnanzio

## September Scorecard Rating Changes

Mutual Funds	Ticker	Ratings			Comments
		Old	New		
Japan Smaller Cos.	FJSCX	B	H	↓	Higher short-term interest rates may weigh on smaller Japanese firms.
Small Cap Discovery	FSCRX	B	H	↓	Prefer Stock Selector Small Cap [FDSCX].
U.S. Low Volatility Eqty	FULVX	S	H	↑	Improving outlook for health care stocks.
Value Strategies	FSLSX	B	H	↓	Prefer the less-risky Low-Priced Stock fund [FLPSX].
<b>Selects</b>					
Construction & Housing	FSHOX	B	H	↓	Home improvement spending may stay weak even as rates fall.
<b>B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell; N/C = No Change; NR = No Rating (↑) Rating upgraded; (↓) Rating downgraded.</b>					

FIDELITY SCORECARD										AUGUST 31, 2024			
Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)					Rel Vol (Risk) <sup>1</sup>
					Aug	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	
Comparative Indexes		S&P 500	5648.4		2.4	19.5	7.4	27.1	9.4	15.9	13.0	14.3	1.00
		Nasdaq Composite	17713.6		0.7	18.6	6.1	27.2	5.9	18.3	15.6	16.8	1.24
		Dow Jones Industrials	41563.1		2.0	11.7	7.9	22.1	7.7	11.8	11.8	13.0	0.95
		Russell 2000 (Small Caps)	2217.6		-1.5	10.4	7.5	18.5	0.6	9.7	8.0	10.9	1.27
		Bloomberg Barclays Agg Bond*			1.4	3.1	4.8	7.2	-2.1	-0.1	1.7	1.4	0.42
Model Portfolios		Unique Opportunities			1.7	18.2	4.0	24.6	5.6	16.3	11.8	13.2	1.06
		Select			1.5	18.1	6.1	24.7	5.8	15.6	12.7	14.4	1.12
		Growth			1.7	20.1	4.5	27.1	6.6	16.3	12.5	13.5	1.00
		Growth & Income			1.4	13.2	4.0	18.7	3.4	10.7	8.9	10.0	0.70
		Income			1.1	8.1	3.4	11.7	1.8	5.0	4.3	5.6	0.39
												Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
LARGE CAP GROWTH		Average			2.0	23.1	5.6	31.8	7.6	18.5	15.0	1.18	
312	FBGRX	Blue Chip Growth	216.46	Buy	1.6	24.9	4.0	35.1	6.9	21.5	17.2	1.39	\$60,597
307	FDCAX	Capital Appreciation	48.16	Hold	2.7	21.3	6.5	29.4	8.4	17.5	12.9	1.06	6,590
22	FCNTX	Contrafund	20.68	Buy	3.9	28.6	6.9	38.8	9.4	18.1	14.9	1.09	133,911
3	FFIDX	Fidelity Fund	91.51	OK to Buy	2.0	22.9	5.6	30.8	8.0	17.2	13.5	1.08	7,921
333	FTQGX	Focused Stock	39.50	Buy	2.6	30.4	2.9	34.9	8.6	17.7	14.7	1.12	4,191
3336	FIFNX	Founders Fund	21.95	Hold	1.7	20.3	6.3	29.9	6.3	17.0	--	1.16	97
25	FDGRX	Growth Company (closed)	39.97	Buy	1.4	25.2	5.7	33.8	7.3	23.1	18.4	1.33	56,494
339	FDSVX	Growth Discovery	61.13	Buy	3.1	24.7	6.7	33.7	9.2	20.0	15.9	1.11	5,373
2826	FSPGX	Lg Cap Growth Index	35.71	Hold	2.1	21.1	7.1	30.8	8.9	19.0	--	1.19	27,238
21	FMAGX	Magellan	14.84	Hold	1.7	24.2	6.6	33.7	7.7	15.5	13.1	1.16	34,678
1282	FNCMX	Nasdaq Composite Index	225.44	Hold	0.7	18.6	6.0	27.5	6.2	18.4	15.5	1.23	17,244
93	FOCPX	OTC	22.26	Buy	1.2	21.7	4.1	30.6	6.1	19.6	17.0	1.18	22,909
320	FDSSX	Stock Selector All Cap	79.09	Hold	1.9	14.3	5.8	22.5	6.3	14.9	11.7	0.99	2,252
5	FTRNX	Trend	185.59	Buy	1.7	24.9	4.6	34.1	7.7	18.9	15.4	1.35	3,546
LARGE CAP BLEND		Average			2.1	18.9	5.9	26.5	9.1	15.6	11.9	1.00	
2328	FXAIX	500 Index	196.54	OK to Buy	2.4	19.5	7.4	27.1	9.4	15.9	13.0	1.00	585,446
315	FDEQX	Disciplined Equity	70.28	Buy	2.0	20.2	4.6	29.3	6.7	16.0	11.7	1.13	1,979
330	FDGFX	Dividend Growth	40.31	OK to Buy	1.5	22.7	3.9	31.3	10.8	14.3	10.2	0.92	6,934
27	FGRIX	Growth & Income	64.26	Hold	2.4	19.4	6.1	26.2	11.9	15.9	11.4	0.96	9,561
338	FLCSX	Large Cap Stock	53.11	Hold	2.1	20.9	5.5	28.4	12.5	16.7	11.8	1.00	4,830
361	FGRTX	Mega Cap Stock	24.90	OK to Buy	2.2	20.9	5.4	28.9	12.9	17.8	12.6	1.02	2,068
300	FMILX	New Millennium	58.05	Buy	2.0	21.6	4.4	29.4	15.0	16.7	11.9	0.96	5,311
6391	FSEBX	Sustainable U.S. Equity	12.85	Hold	1.5	17.0	5.0	24.4	6.7	--	--	1.08	26
2361	FSKAX	Total Market Index	155.41	OK to Buy	2.1	18.2	7.2	26.2	7.7	15.1	12.3	1.02	98,681
5029	FULVX	U.S. Low Volatility Equity	12.39	Hold	3.6	16.0	8.3	20.3	4.7	--	--	0.75	43
2941	FITLX	U.S. Sustainability Index	25.20	OK to Buy	2.0	18.6	6.1	26.3	9.1	16.1	--	1.04	4,296
3396	FWOMX	Women's Leadership	17.10	OK to Sell	1.4	12.4	3.9	19.9	3.0	11.9	--	1.09	113
3231	FNILX	Zero Large Cap Index	20.12	OK to Buy	2.4	19.4	7.4	27.5	8.8	15.9	--	1.01	10,651
3227	FZROX	Zero Total Market Index	19.65	OK to Buy	2.1	18.2	7.2	26.2	8.0	15.3	--	1.02	23,130
LARGE CAP VALUE		Average			2.8	14.3	6.6	20.6	7.9	11.6	8.7	0.88	
1271	FBCVX	Blue Chip Value	27.62	Hold	2.3	11.0	4.9	17.9	8.0	9.9	7.7	0.83	750
319	FEQTX	Equity Dividend Income	30.92	OK to Buy	3.3	15.3	8.1	21.3	9.5	12.3	9.2	0.88	5,642
23	FEQIX	Equity-Income	77.94	Buy	2.6	16.9	6.1	23.4	8.3	12.5	9.4	0.83	7,971
2830	FLCOX	Lg Cap Value Index	18.55	Hold	2.7	15.1	6.9	21.1	7.2	11.2	--	0.94	8,768
708	FSLVX	Stock Sel Large Cap Value	29.29	Buy	2.9	15.8	7.4	23.5	9.2	12.7	9.0	0.96	500
832	FVDFX	Value Discovery	39.18	Hold	3.0	11.6	6.4	16.4	5.5	11.1	8.4	0.83	3,192
MID-CAP GROWTH		Average			2.3	11.4	3.3	19.8	0.1	10.8	10.6	1.22	
324	FDEGX	Growth Strategies	64.11	OK to Buy	2.1	13.6	1.8	20.5	0.6	11.3	10.6	1.24	2,992
3403	FMDGX	Mid Cap Growth Index	29.51	OK to Buy	2.5	9.2	4.8	19.0	-0.5	10.3	--	1.20	1,175
MID-CAP BLEND		Average			0.8	10.8	5.4	18.6	3.4	11.3	9.4	1.14	
2365	FSMAX	Extended Market Index	85.86	Hold	0.3	10.0	6.3	20.5	-0.6	10.7	8.9	1.23	41,891
2352	FSMDX	Mid Cap Index	33.58	Hold	2.0	12.2	6.1	20.2	3.5	11.3	9.6	1.11	35,765
337	FMCSX	Mid-Cap Stock	42.85	OK to Buy	1.9	11.8	5.2	17.3	6.9	12.5	9.9	1.00	6,798
2412	FSSMX	Stock Selector Mid Cap	45.61	OK to Buy	-0.2	10.5	3.3	17.5	4.8	11.4	9.2	1.16	366
3230	FZIPX	Zero Extended Market Index	13.44	Hold	-0.1	9.7	5.8	17.8	2.4	10.8	--	1.20	1,710
<b>Notes:</b> Fund yields, durations and assets are the most current available. *Fidelity's U.S. Bond Index used as a proxy for the Barclays Aggregate Bond Index. <sup>1</sup> Relative Volatility (Rel Vol) 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 actual distributed yield over prior 12 months. <sup>4</sup> Almost a Specialty fund with 30%+ typically in foreign stocks. (p) Partial year; () Rating upgraded; () Rating downgraded.													



FIDELITY SCORECARD									AUGUST 31, 2024				
Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
					Aug	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year		
MID-CAP VALUE					Average	0.8	11.8	3.8	20.6	7.8	13.8	9.1	1.15
316	FLPSX	Low-Priced Stock <sup>5</sup>	49.23	Buy	0.0	11.7	2.7	20.8	7.5	13.8	9.2	0.91	\$24,972
762	FSMVX	Mid Cap Value	33.05	OK to Buy	1.1	14.2	5.0	24.8	9.4	13.9	8.4	1.23	1,310
3404	FIMVX	Mid Cap Value Index	27.38	Hold	1.9	12.9	6.3	20.2	5.4	10.7	--	1.11	906
39	FDVLX	Value	15.88	Hold	0.6	10.6	2.5	20.0	8.2	15.4	9.4	1.29	8,317
14	FSLSX	Value Strategies	60.48	Hold⬇️	0.5	9.4	2.4	17.4	8.8	14.9	9.5	1.23	765
SMALL CAP GROWTH					Average	-0.0	15.2	6.5	22.2	-0.8	9.8	12.6	1.27
1388	FCPGX	Small Cap Growth	33.38	OK to Buy	1.0	18.5	6.1	26.7	0.3	11.1	12.6	1.23	3,241
3405	FECCX	Small Cap Growth Index	27.03	Hold	-1.1	11.8	6.9	17.8	-1.9	8.4	--	1.30	727
SMALL CAP BLEND					-0.5	11.3	6.6	19.5	3.0	11.1	8.7	1.21	
384	FSCRX	Small Cap Discovery	26.42	Hold⬇️	-0.7	7.1	3.9	14.7	4.4	11.8	8.2	1.17	2,579
2358	FSSNX	Small Cap Index	27.62	Hold	-1.5	10.5	7.5	18.5	0.7	9.8	8.2	1.27	27,280
340	FSLCX	Small Cap Stock	19.14	OK to Buy	0.4	11.2	8.1	20.6	1.2	8.9	8.1	1.21	1,228
336	FDSCX	Stock Selector Small Cap	38.88	OK to Buy	-0.1	16.4	6.8	24.2	5.8	13.8	10.5	1.20	1,957
SMALL CAP VALUE					Average	-1.2	10.0	8.5	19.6	4.5	12.2	9.6	1.26
1389	FCPVX	Small Cap Value	21.92	Buy	-0.5	10.8	8.7	20.1	6.0	14.0	9.6	1.23	2,773
3406	FISVX	Small Cap Value Index	26.10	Hold	-1.9	9.1	8.2	19.2	3.1	10.3	--	1.28	1,319
REAL ESTATE													
1368	FIREX	International Real Estate	10.44	OK to Sell	3.0	1.6	5.9	7.7	-8.7	0.1	3.0	0.99	170
833	FRIFX	Real Estate Income	12.28	Hold	2.5	8.3	6.7	13.7	1.2	4.2	5.5	0.57	1,128
2355	FSRNX	Real Estate Index	17.26	Hold	5.2	10.0	15.7	20.4	-0.4	2.8	5.3	1.26	2,781
303	FRESX	Real Estate Investment	42.53	Hold	6.0	10.9	16.7	20.6	0.3	4.3	6.5	1.24	2,749
ASSET ALLOCATION													
328	FASIX	Asset Manager 20%	13.82	Hold	1.4	5.7	4.1	9.9	0.9	3.5	3.5	0.39	3,152
1957	FTANX	Asset Manager 30%	12.06	Hold	1.5	6.7	4.4	11.4	1.1	4.7	4.4	0.49	1,367
1958	FFANX	Asset Manager 40%	13.20	Hold	1.7	7.8	4.7	13.0	1.5	5.8	5.2	0.56	1,528
314	FASMX	Asset Manager 50%	21.08	Hold	1.7	8.7	4.8	14.4	1.8	6.9	5.9	0.64	7,336
1959	FSANX	Asset Manager 60%	16.04	Hold	1.9	9.8	5.0	15.8	2.1	8.0	6.6	0.71	2,257
321	FASGX	Asset Manager 70%	28.55	Hold	1.9	10.8	5.1	17.1	2.8	9.2	7.4	0.77	4,223
347	FAMRX	Asset Manager 85%	27.29	Hold	2.1	12.4	5.3	19.4	3.4	10.9	8.5	0.88	2,294
304	FBALX	Balanced	30.28	Buy	2.0	13.4	5.5	19.8	5.3	12.1	9.6	0.79	39,017
3083	FMSDX	Multi-Asset Income	14.10	Hold	0.8	8.3	2.5	12.7	2.7	9.1	--	0.59	1,175
355	FFNOX	Multi-Asset Index	60.45	Hold	2.1	13.1	6.0	20.2	4.0	10.4	8.6	0.89	8,566
4	FPURX	Puritan	26.55	Buy	1.8	14.9	4.7	21.1	5.9	11.8	9.4	0.76	28,067
6477	FYMRX	Sustainable Multi-Asset	10.62	Hold	2.0	12.4	5.3	18.6	--	--	--	--	24
INTERNATIONAL					Average	2.1	11.6	4.4	18.7	0.9	8.4	6.1	1.07
309	FICDX	Canada	71.46	OK to Buy	2.6	10.8	5.7	18.1	8.0	10.9	5.6	0.96	895
352	FHKCX	China Region	36.71	Hold	0.8	14.7	2.3	14.4	-6.9	5.3	5.5	1.51	844
325	FDIVX	Diversified International	46.90	OK to Buy	3.3	14.2	4.7	20.4	0.8	9.0	6.2	1.04	10,338
351	FSEAX	Emerging Asia	44.83	Hold	0.1	12.2	4.1	18.7	-8.2	8.2	7.0	1.26	935
322	FEMKX	Emerging Markets	39.37	Hold	0.1	10.1	3.8	14.6	-3.7	7.0	5.6	1.11	4,573
2374	FEDDX	Emerging Mkts Discovery	16.89	Hold	0.7	2.8	3.0	11.6	0.7	8.6	5.0	0.87	415
2344	FPADX	Emerging Markets Index	10.94	OK to Sell	0.8	8.9	4.9	14.0	-3.4	4.4	2.4	1.00	7,873
5031	FEOPX	Enduring Opportunities	16.14	OK to Buy	2.7	14.2	5.4	22.3	0.5	--	--	1.14	14
301	FIEUX	Europe	39.44	Hold	4.1	14.9	4.7	22.0	-0.3	8.5	4.9	1.05	606
2406	FGILX	Global Equity Income	20.77	OK to Buy	2.7	15.3	6.0	21.6	6.8	12.4	9.1	0.84	167
2348	FSGGX	Global ex U.S. Index	15.66	Hold	2.6	11.2	4.5	18.2	2.2	7.7	4.5	0.96	10,880
335	FIVFX	International Cap App	30.04	OK to Buy	2.9	13.3	5.7	24.9	2.2	9.5	8.5	1.21	5,916
305	FIGRX	International Discovery	52.58	OK to Buy	3.2	18.5	5.4	25.2	-0.1	8.9	6.1	1.02	4,052
1979	FIGFX	International Growth	21.26	OK to Buy	3.3	11.0	3.5	20.2	1.1	9.3	7.6	1.14	1,676
2363	FSPSX	International Index	52.96	Hold	3.4	12.3	4.2	19.9	4.3	8.8	5.4	1.01	54,696
818	FISMX	International Small Cap	33.82	OK to Buy	1.2	7.8	3.0	16.2	2.0	8.8	7.0	0.92	1,660
1504	FSCOX	Int'l Small Cap Opps (closed)	21.62	OK to Buy	2.1	8.3	5.7	18.6	-3.5	7.8	6.9	1.18	665
2988	FNIDX	International Sustainability Idx	13.10	Hold	3.1	12.0	5.3	18.7	0.8	7.3	--	1.00	459
1597	FIVLX	International Value	11.22	OK to Buy	2.7	14.3	3.5	23.4	8.6	10.8	4.9	0.98	828
350	FJPNX	Japan	18.54	Hold	3.1	15.4	12.1	20.7	1.1	8.4	6.9	1.04	190
360	FJSCX	Japan Smaller Companies	16.90	Hold⬇️	0.7	12.1	8.6	15.5	2.5	5.4	6.3	0.92	435
349	FLATX	Latin America (closed)	16.98	OK to Sell	-3.4	-19.4	-10.5	-12.6	-3.7	-4.4	-3.6	1.44	171
342	FNORX	Nordic	72.25	OK to Buy	3.3	14.9	2.3	28.7	3.2	15.3	8.9	1.15	369
94	FOSFX	Overseas	69.03	OK to Buy	3.3	14.5	6.0	23.5	1.6	9.7	7.6	1.12	5,322
302	FPBFX	Pacific Basin	33.07	Hold	3.6	11.8	9.2	17.1	-1.3	8.4	7.5	1.12	708
6468	FSYJX	Sustainable Emerg Mkts Eqty	8.89	Hold	0.1	8.5	3.7	14.9	--	--	--	--	4
6462	FSYRX	Sustainable Int'l Equity	10.27	Hold	3.4	16.0	5.2	23.2	--	--	--	--	10
1978	FTIEX	Total International Equity	12.12	OK to Buy	2.1	11.8	3.4	19.4	2.6	9.7	6.5	0.99	158
2834	FTIHX	Total International Index	14.58	Hold	2.5	10.9	4.5	17.8	1.8	7.6	--	0.96	13,636
318	FWWFX	Worldwide	38.72	OK to Buy	2.8	24.5	3.4	30.9	5.3	14.3	11.2	1.05	2,831
3228	FZILX	Zero International Index	12.32	Hold	2.7	11.3	4.7	18.4	2.4	7.9	--	0.97	4,550

FIDELITY SCORECARD								AUGUST 31, 2024					
Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>	Assets (\$Mil)
					Aug	YTD	3 Mo.	1 Year	3 Year	5 Year	10Year		
SPECIALTY													
6041	FARMX	Agricultural Productivity	17.87	OK to Sell	2.6	-2.2	0.4	-5.2	0.7	--	--	1.21	\$46
6385	FCAEX	Climate Action	12.09	Hold	1.7	22.2	4.9	27.5	3.7	--	--	1.17	31
308	FCVSX	Convertible Securities	34.06	Hold	1.3	6.6	3.8	10.3	0.4	11.2	7.8	0.69	1,510
2120	FFGCX	Global Commodity Stock	19.28	OK to Sell	-1.1	7.9	-3.1	5.9	10.0	13.2	4.7	1.31	367
6553	FAPHX	Healthy Future Fund	13.38	Hold	3.0	18.2	5.2	21.9	--	--	--	--	7
6875	FEQHX	Hedged Equity	12.81	OK to Sell	2.5	15.4	6.8	22.1	--	--	--	--	237
3488	FNSTX	Infrastructure Fund	13.51	Hold	3.3	12.0	6.3	17.3	4.6	--	--	0.96	44
122	FLVCX	Leveraged Company Stock	41.25	Buy	0.9	18.3	2.4	25.7	5.7	15.6	9.2	1.18	2,266
6519	FAQAX	Macro Opportunities	9.12	OK to Sell	1.7	-0.1	4.6	0.3	--	--	--	--	5
6513	FAPSX	Risk Parity	10.10	OK to Sell	1.7	8.6	5.5	13.8	--	--	--	--	2
1329	FSDIX	Strategic Dividend & Income	17.63	Hold	3.2	12.3	6.8	17.2	4.6	9.3	8.1	0.73	3,121
1505	FSRRX	Strategic Real Return	8.63	Hold	0.8	5.6	1.8	7.5	3.3	5.5	3.2	0.49	266
311	FIUIX	Telecom & Utilities	32.60	OK to Buy	5.0	23.9	4.4	32.6	11.4	9.2	8.6	0.92	1,050
6042	FLOWX	Water Sustainability	17.93	Hold	-1.9	12.4	2.7	17.8	3.7	--	--	1.25	105
SELECT PORTFOLIOS					Average	2.1	14.8	6.2	22.5	6.6	13.3	10.6	1.26
502	FSAVX	Automotive	52.99	OK to Sell	1.5	0.2	2.7	1.6	-1.8	15.3	8.3	1.42	75
507	FSRBX	Banking	30.08	OK to Buy	0.7	20.8	13.9	47.3	6.4	10.7	8.8	1.53	440
42	FBIOX	Biotechnology	21.30	OK to Buy	1.5	19.9	15.8	31.0	-1.1	10.1	7.3	1.24	5,009
68	FSLBX	Brokerage & Investment	158.38	OK to Buy	1.1	17.6	8.8	36.3	8.9	19.3	11.9	1.36	918
69	FSCHX	Chemicals	15.47	Hold	1.5	5.5	2.2	10.8	4.3	11.6	6.6	1.24	610
503	FBMPX	Communication Services	100.46	Buy	0.0	17.4	2.0	28.6	1.0	14.0	11.2	1.23	1,334
511	FSHOX	Construction & Housing	124.40	Hold↴	1.4	16.9	8.8	26.1	11.7	19.9	15.3	1.37	815
517	FSCPX	Consumer Discretionary	61.68	Buy	-0.5	6.4	3.2	15.4	0.9	11.0	11.2	1.41	472
9	FDFAX	Consumer Staples	99.50	Hold	5.3	9.7	5.3	8.5	5.8	9.1	7.1	0.84	809
67	FSDAX	Defense & Aerospace	19.47	Hold	2.2	17.1	8.6	29.9	12.2	7.4	11.6	1.14	1,765
60	FSENX	Energy	61.21	OK to Sell	-4.0	10.3	-3.9	4.6	29.2	15.9	2.2	1.61	2,158
353	FBSOX	Enterprise Technology Services <sup>3</sup>	60.91	Hold	3.8	3.9	9.2	12.3	-5.7	5.1	12.4	1.19	1,704
516	FSLEX	Environment & Alt Energy	38.10	Hold	1.2	15.6	5.2	23.0	4.9	14.0	10.3	1.26	557
66	FIDSX	Financials	14.29	Buy	1.8	20.7	10.1	37.7	9.0	14.4	10.7	1.21	783
98	FSVLX	FinTech	17.29	Hold	4.9	8.9	9.6	17.1	-4.7	5.2	7.3	1.29	98
41	FSAGX	Gold	27.69	OK to Sell	4.1	25.2	10.1	27.0	1.8	4.0	2.9	1.73	1,206
63	FSPHX	Health Care	31.64	OK to Buy	6.3	13.6	11.8	17.5	0.7	11.1	10.0	0.97	7,813
505	FSHCX	Health Care Services	134.20	OK to Sell	1.7	4.5	8.6	13.2	5.2	13.0	11.4	0.99	1,397
515	FCYIX	Industrials	41.05	Buy	0.9	20.1	5.5	29.6	11.6	12.9	10.3	1.22	591
45	FSPCX	Insurance	95.34	Buy	4.4	28.5	10.1	39.7	17.8	16.6	13.2	0.97	845
62	FDLSX	Leisure	19.58	Hold	3.9	8.0	4.4	17.3	8.4	11.5	12.0	1.20	631
509	FSDPX	Materials	99.35	Hold	-0.2	5.9	-2.1	4.2	3.7	12.0	5.4	1.27	505
354	FSMEX	Medical Tech & Devices	66.98	Hold	6.4	10.3	6.8	9.8	-6.3	8.1	12.9	1.18	5,355
514	FNARX	Natural Resources	46.77	Hold	-1.9	14.9	-2.2	9.9	24.6	15.8	2.8	1.47	648
580	FPHAX	Pharmaceuticals	31.58	Buy	7.0	34.9	10.2	37.7	14.7	17.5	10.9	0.83	1,912
46	FSRPX	Retailing	19.72	OK to Buy	0.7	12.3	2.2	21.0	0.6	12.5	14.5	1.19	2,885
8	FSELX	Semiconductors	33.43	OK to Buy	-0.1	37.9	0.5	45.3	25.2	35.7	26.5	2.18	19,715
28	FSCSX	Software & IT Services	26.93	Hold	0.5	-0.8	6.0	12.3	1.7	14.9	16.8	1.20	10,356
7	FDCPX	Tech Hardware	112.22	OK to Buy	2.1	19.2	8.7	29.9	7.5	20.1	14.1	1.13	1,023
64	FSPTX	Technology	35.25	Buy	1.4	23.6	6.8	31.5	9.3	23.7	20.0	1.45	15,843
96	FSTCX	Telecommunications	50.89	Hold	3.5	12.4	9.9	20.5	-2.9	4.5	5.2	1.08	159
512	FSRFX	Transportation	109.48	Hold	2.1	5.3	3.1	10.9	7.0	11.6	9.5	1.23	542
65	FSUTX	Utilities	118.45	OK to Buy	4.3	22.7	2.3	28.2	11.3	9.7	9.5	1.04	1,537
963	FWRLX	Wireless	12.96	Hold	2.3	14.9	7.3	28.3	1.7	12.4	10.7	1.08	340
SECTOR ETFs					Average	2.4	14.8	6.6	21.2	7.3	12.5	10.5	1.18
	FCOM	MSCI Communication Services	52.66	OK to Buy	2.0	18.7	4.2	28.5	-1.6	10.6	9.3	1.19	1,170
	FDIS	MSCI Consumer Discretionary	83.32	Buy	-0.2	6.0	5.7	13.1	1.0	13.9	12.8	1.40	1,670
	FSTA	MSCI Consumer Staples	50.85	OK to Buy	5.1	15.3	6.5	16.2	7.7	9.8	9.2	0.78	1,100
	FENY	MSCI Energy	25.04	OK to Sell	-2.5	10.3	-1.7	5.4	28.1	15.5	2.3	1.57	1,880
	FNCL	MSCI Financials	64.23	Buy	3.6	21.0	10.2	35.4	7.6	13.0	11.2	1.17	1,710
	FHLC	MSCI Health Care	74.17	OK to Buy	4.8	15.5	10.2	19.3	4.6	12.6	10.9	0.84	3,050
	FIDU	MSCI Industrials	70.26	Buy	1.8	15.4	6.1	23.9	10.0	14.3	11.4	1.15	1,240
	FTEC	MSCI Information Technology	170.47	Buy	0.9	19.0	7.6	30.6	11.5	23.1	20.0	1.33	11,470
	FMAT	MSCI Materials	52.91	Hold	1.2	9.4	2.8	15.0	5.3	13.2	8.3	1.27	538
	FREL	MSCI Real Estate	28.74	Hold	5.2	10.0	15.7	20.4	-0.5	4.4	--	1.26	991
	FUTY	MSCI Utilities	49.12	OK to Buy	4.4	22.3	5.7	25.2	6.7	6.9	9.2	1.02	1,250



# FIDELITY SCORECARD

## AUGUST 31, 2024

Fund No.	Fund Ticker	Fund Name	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				SEC %Yield	Dur <sup>2</sup> (Yrs)	Rel Vol (Risk) <sup>1</sup>	
					Aug	YTD	3 Mo.	1 Yr	3 Yr	5 Yr	10 Yr				
TAXABLE BOND					Average	1.3	3.5	4.2	7.3	-1.4	0.4	1.6	4.20	5.1	0.37
2268	FCNVX	Conservative Income Bond	10.07	Buy	0.5	3.7	1.5	5.8	3.6	2.5	2.0	5.03	0.4	0.05	
2208	FCBFX	Corporate Bond	10.70	Hold	1.6	4.3	4.8	9.9	-2.1	0.7	2.7	4.74	7.0	0.53	
6379	FFEBX	Environmental Bond	8.62	Hold	1.4	3.3	4.9	7.6	-2.4	--	--	3.97	6.2	0.43	
2423	FGBFX	Global Credit	8.01	Hold	1.9	7.6	5.6	14.0	-3.0	0.1	1.2	4.45	6.4	0.52	
15	FGMNX	GNMA (Ginnie Mae)	10.33	Hold	1.5	3.1	5.2	7.4	-1.4	-0.0	1.1	3.55	4.8	0.45	
54	FGOVX	Government Income	9.33	Hold	1.5	2.8	4.9	6.4	-2.6	-0.7	1.0	3.76	5.9	0.40	
2418	FIPDX	Inflation-Protected Index	9.25	OK to Sell	0.9	3.6	3.4	6.1	-1.3	2.0	2.1	4.58*	6.6	0.40	
32	FTHRX	Intermediate Bond	10.25	Buy	1.2	3.8	3.9	7.3	-0.4	1.1	1.9	4.11	3.8	0.28	
452	FSTGX	Intermediate Gov't Income	9.85	Hold	1.1	3.1	3.8	5.9	-1.1	0.1	1.0	3.70	3.7	0.27	
3045	FUAMX	Intermediate Treasury Index	9.87	Hold	1.3	3.2	5.3	6.6	-2.7	-0.5	1.4	3.81	6.2	0.42	
4506	FBIIX	International Bond Index	9.31	Hold	0.6	2.7	3.2	6.6	-1.0	--	--	2.89	7.1	0.29	
26	FBNDX	Investment Grade Bond	7.31	OK to Buy	1.4	3.5	4.8	7.8	-1.8	0.8	2.1	4.35	6.2	0.43	
2622	FJRLX	Limited Term Bond	11.44	Buy	1.1	4.4	3.3	7.8	1.1	1.8	2.0	4.78	2.6	0.20	
662	FFXSX	Limited Term Government	9.68	OK to Buy	1.1	3.1	3.2	5.9	-0.1	0.6	1.0	3.95	2.7	0.20	
3047	FNBGX	Long-Term Treasury Index	9.97	OK to Sell	2.0	0.8	7.4	4.8	-9.9	-5.2	0.6	4.23	15.2	0.88	
40	FMSFX	Mortgage Securities	10.01	Hold	1.6	3.3	5.6	7.7	-1.9	-0.2	1.3	3.98	5.5	0.48	
450	FSHBX	Short-Term Bond	8.49	Buy	0.9	3.9	2.7	6.7	1.5	1.8	1.7	4.39	1.8	0.14	
3041	FNSOX	Short-Term Bond Index	9.99	OK to Buy	1.0	3.6	3.2	6.7	0.5	1.3	--	4.14	2.6	0.19	
3049	FUMBX	Short-Term Treasury Index	10.32	OK to Buy	1.1	3.3	3.3	6.2	0.3	1.0	1.3	3.96	2.6	0.19	
3086	FNDX	Sustainability Bond Index	9.41	Hold	1.4	3.1	4.8	7.1	-2.1	-0.2	--	4.10	5.9	0.42	
6541	FIAEX	Sustainable Core Plus Bond	9.43	Hold	1.3	3.3	4.8	7.6	--	--	--	4.46	6.1	--	
6526	FAPGX	Sustainable Low Dur Bond	10.31	Buy	0.6	3.6	1.6	5.8	--	--	--	4.91	0.6	--	
6502	FBAGX	Tactical Bond	9.00	Hold	1.5	3.5	4.5	7.9	--	--	--	4.56	6.8	--	
820	FTBFX	Total Bond	9.69	OK to Buy	1.5	4.0	4.9	8.5	-1.2	1.2	2.5	4.83	6.0	0.42	
2326	FXNAX	U.S. Bond Index	10.52	Hold	1.4	3.1	4.8	7.2	-2.1	-0.1	1.7	4.08	6.0	0.42	
HIGH-YIELD BOND					Average	1.2	6.2	3.3	11.8	2.2	3.7	3.8	6.45	3.2	0.44
38	FAGIX	Capital & Income	10.04	OK to Buy	0.8	7.5	2.6	12.8	3.3	6.9	6.1	5.54	2.5	0.51	
814	FFRHX	Floating Rate High Income	9.25	Buy	0.6	5.1	1.4	8.8	6.1	5.3	4.3	8.73	0.2	0.22	
1366	FHIFX	Focused High Income	8.18	OK to Buy	1.5	5.4	4.1	10.9	1.2	2.7	3.6	5.63	3.3	0.47	
2297	FGHNX	Global High Income (closed)	8.86	OK to Buy	1.3	6.5	3.5	11.9	1.1	3.4	3.7	6.30	3.3	0.47	
455	SPHIX	High Income	7.88	OK to Buy	1.5	7.2	4.3	12.8	1.7	2.8	3.7	7.03	3.2	0.50	
331	FNMIX	New Markets Income	12.81	OK to Buy	1.3	6.7	3.7	16.1	0.2	1.9	2.6	6.60	6.7	0.62	
2580	FSAHX	Short Duration High Income	9.00	OK to Buy	1.2	5.8	3.2	10.4	3.2	3.6	3.3	6.77	2.0	0.32	
3082	FADMX	Strategic Income	11.69	OK to Buy	1.2	5.5	3.8	10.6	0.9	3.2	3.4	5.01	4.5	0.41	
MUNICIPAL BOND					Average	0.8	1.7	3.2	6.1	-0.3	0.9	2.2	3.19	5.4	0.37
434	FSAZX	Arizona Muni Income	11.56	Hold	0.7	2.0	3.2	6.8	-0.5	0.8	2.3	3.08	5.9	0.38	
1534	FCSTX	Calif Limited Term Tax Free	10.38	Hold	1.1	1.7	2.9	4.5	0.1	0.8	1.3	2.76	2.9	0.23	
91	FCTFX	California Muni Income	12.28	Hold	0.9	1.9	3.5	6.6	-0.4	0.9	2.4	3.18	6.8	0.41	
407	FICNX	Connecticut Muni Income	10.99	Hold	1.0	1.1	3.5	6.1	-0.5	0.9	2.2	3.02	5.3	0.39	
2579	FMNDX	Conservative Income Muni	10.07	Buy	0.5	2.5	1.4	4.1	2.1	1.6	1.3	3.32	0.7	0.05	
36	FLTMX	Interm Municipal Income	10.17	OK to Buy	0.9	1.5	3.0	5.5	0.0	1.2	2.1	3.06	4.8	0.32	
404	FSTFX	Limited Term Muni Income	10.45	Buy	0.9	2.2	2.7	5.0	0.3	1.0	1.4	3.00	2.6	0.21	
429	SMDMX	Maryland Muni Income	10.81	Hold	0.9	1.3	3.4	6.2	-0.7	0.7	2.1	3.05	6.1	0.41	
70	FDMMX	Mass Muni Income	11.48	Hold	0.8	1.7	3.2	6.1	-0.7	0.6	2.1	3.23	6.4	0.39	
81	FMHTX	Michigan Muni Income	11.61	Hold	0.7	2.0	3.4	6.7	-0.6	0.9	2.3	3.30	6.3	0.40	
82	FIMIX	Minnesota Muni Income	11.13	Hold	0.9	1.5	3.3	5.7	-0.5	0.7	2.0	3.08	5.8	0.36	
3469	FMBIX	Municipal Bond Index	18.65	Hold	0.9	1.4	3.5	5.9	-0.9	0.2	--	3.31	6.1	0.43	
7330	FMBAX	Municipal Core Plus	10.29	Hold	1.0	2.0	3.6	--	--	--	--	3.38	5.6	--	
37	FHIGX	Municipal Income	12.34	Hold	0.7	1.9	3.3	6.8	-0.7	1.0	2.6	3.37	6.7	0.45	
416	FNJHX	New Jersey Muni Income	11.65	Hold	0.9	1.5	3.5	6.8	-0.1	1.3	2.8	3.13	6.1	0.43	
71	FTFMX	New York Muni Income	12.44	Hold	0.7	1.7	3.6	6.9	-0.6	0.8	2.3	3.27	7.3	0.46	
88	FOHFX	Ohio Muni Income	11.47	Hold	0.7	2.0	3.3	6.3	-0.6	0.8	2.3	3.28	6.2	0.39	
402	FPXTX	Pennsylvania Muni Income	10.55	Hold	0.6	1.6	3.1	6.7	-0.7	0.7	2.3	3.40	5.9	0.42	
6532	FSIKX	Sustainable Intermed Muni	10.19	Hold	1.0	1.5	3.6	6.4	--	--	--	3.05	5.0	--	
90	FTABX	Tax-Free Bond	11.06	Hold	0.7	1.8	3.4	6.9	-0.5	1.1	2.7	3.45	6.7	0.45	

Yields on municipal funds are not directly comparable to yields on taxable funds. In muni funds shareholders' effective yield will be higher as their tax-bracket increases. \*12-month distributed yield; <sup>1</sup>Closed to new accounts; <sup>2</sup>Name changed to Premium Class shares (formerly AMT). <sup>3</sup>IT Services has been renamed Enterprise Technology Services.

TAXABLE GOV'T MONEY MARKETS			Total Return (%)		SEC %Yield
			Aug	YTD	
55	FDRXX	Gov't Cash Reserves	0.42	3.39	5.00
458	SPAXX	Government MM	0.42	3.37	4.96
2742	FZFXX	Treasury MM	0.42	3.35	4.92
415	FDLXX	Treasury Only MM	0.42	3.35	4.91
PRIME MONEY MARKETS					
454	SPRXX	Money Market	0.43	3.42	5.04
NOTE: SPRXX is available in premium class shares (ticker: FZDXX) with a \$100,000 minimum investment (\$10,000 for certain Fidelity retirement accounts and lower expenses).					
NATIONAL MUNICIPAL MONEY MKTS			Total Return (%)		SEC %Yield
			Aug	YTD	
10	FTEXX	Municipal Money Market	0.27	2.13	2.95
275	FMOXX	Tax-Exempt MM	0.26	2.07	2.88
STATE MUNICIPAL MONEY MARKETS					
457	FSPXX	California Muni MM <sup>2</sup>	0.25	2.00	2.67
426	FMSXX	Massachusetts Muni MM <sup>2</sup>	0.26	2.04	2.83
423	FSJXX	New Jersey Muni MM <sup>2</sup>	0.25	2.08	2.79
422	FSNXX	New York Muni MM <sup>2</sup>	0.27	2.12	2.92
Funds removed due to insufficient data available at the time of close: AZ Muni MM [FSAXX], CT Muni MM [FCMXX], MI Muni MM [FMIXX], OH Muni MM [FOMXX], PA Muni MM [FPTXX].					

FIDELITY SCORECARD									AUGUST 31, 2024				
Fund No.	Fund Ticker	Fund Name	Style	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)				Rel Vol (Risk) <sup>1</sup>
						Aug	YTD	3 Mo.	1 Year	3 Year	5 Year	10 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS													
Model Portfolios		Annuity Sector Model				1.4	17.1	6.3	23.4	5.9	15.5	12.9	1.14
		Annuity Growth Model				2.9	22.6	6.3	29.8	6.4	16.3	12.3	1.03
		Annuity Growth & Income Model				2.1	13.4	5.2	19.2	2.9	10.2	8.0	0.74
		Annuity Income Model				1.5	7.4	4.1	11.2	0.8	4.7	4.2	0.42
9067	FLRQC	Fid VIP Asset Manager	Allocation	29.19	Hold	1.7	8.5	4.7	13.9	1.4	6.6	5.2	0.64
9066	FAEEC	Fid VIP Asset Manager: Growth	Allocation	33.69	Hold	1.9	10.6	5.0	16.8	2.4	8.8	6.4	0.77
9069	FJBAC	Fid VIP Balanced	Allocation	46.23	Buy	1.9	13.1	5.3	19.3	5.0	11.7	9.2	0.79
9461	FBIQC	Fid VIP Bond Index	Bond	10.83	Hold	1.4	2.9	4.7	6.9	-2.5	-0.4	--	0.43
9173	FVTAC	Fid VIP Communication Services	Sector	37.00	Buy	0.0	17.8	2.0	29.1	1.1	13.8	10.8	1.24
9081	FVHAC	Fid VIP Consumer Discretionary	Sector	58.97	Buy	-0.5	6.2	3.2	15.1	0.9	10.9	11.0	1.41
9171	FCSAC	Fid VIP Consumer Staples	Sector	42.02	Hold	5.1	9.4	5.1	8.2	5.4	8.7	8.0	0.84
9065	FPDFC	Fid VIP Contrafund	Large Growth	68.50	Buy	3.2	27.0	6.3	35.9	8.9	17.4	13.0	1.07
9148	FPRGC	Fid VIP Disciplined Small Cap	Small Blend	36.29	OK to Buy	-0.6	14.0	8.8	22.3	4.1	11.9	8.3	1.23
9074	FZAMC	Fid VIP Dynamic Capital App	Large Growth	71.82	Hold	2.7	21.2	6.4	28.9	8.4	17.3	12.5	1.06
9198	FEMAC	Fid VIP Emerging Markets	Emg Mkts	15.07	OK to Sell	0.2	10.5	3.0	16.1	-2.8	6.8	5.0	1.13
9085	FJLLC	Fid VIP Energy	Sector	25.10	OK to Sell	-4.0	10.1	-4.0	4.3	28.9	15.5	2.0	1.60
9061	FLOLC	Fid VIP Equity-Income	Large Value	40.86	Buy	2.6	16.7	6.1	23.0	8.1	12.2	9.0	0.83
9469	FEMJC	Fid VIP Extended Market Index	Mid Blend	15.59	Hold	-0.0	9.5	5.9	17.3	1.9	10.2	--	1.20
9083	FONNC	Fid VIP Financials	Sector	28.01	Buy	1.7	20.6	10.0	37.2	8.6	14.0	10.5	1.21
9361	FFLCC	Fid VIP Floating Rate High Income	High-Yield Bond	15.08	Buy	0.5	4.9	1.3	8.3	5.7	5.0	4.1	0.22
9157	FMPAC	Fid VIP FundsManager 20	Allocation	19.07	Hold	1.4	5.8	4.2	9.9	1.0	3.2	3.1	0.40
9158	FMPBC	Fid VIP FundsManager 50	Allocation	26.23	Hold	1.7	8.7	4.9	14.3	2.0	6.7	5.6	0.64
9197	FMPPC	Fid VIP FundsManager 60	Allocation	26.33	Hold	1.9	9.8	5.1	15.8	2.3	7.7	6.5	0.72
9159	FMPCC	Fid VIP FundsManager 70	Allocation	30.82	Hold	1.9	10.9	5.2	17.2	3.0	8.9	7.2	0.78
9160	FMPDC	Fid VIP FundsManager 85	Allocation	34.06	Hold	2.1	12.3	5.3	19.3	3.6	10.5	8.3	0.88
9059	FTNJC	Fid VIP Gov't Money Market	Money Mkt	12.80	--	0.4	3.3	1.2	5.0	3.0	1.9	1.2	0.03
9062	FMNDC	Fid VIP Growth	Large Growth	85.66	Buy	3.0	24.7	6.6	33.7	9.1	19.9	15.7	1.11
9070	FLFNC	Fid VIP Growth & Income	Large Blend	54.48	OK to Buy	2.4	19.4	6.1	26.3	11.7	15.5	11.0	0.96
9068	FIDPC	Fid VIP Growth Opportunities	Large Growth	95.30	Buy	3.1	24.4	6.0	35.6	1.9	18.3	17.1	1.38
9084	FPDRC	Fid VIP Health Care	Sector	76.16	OK to Buy	6.3	13.7	11.7	17.4	0.7	10.2	9.4	0.97
9060	FBBLC	Fid VIP High Income	High-Yield Bond	25.27	OK to Buy	1.4	6.4	4.2	11.6	1.3	2.6	3.3	0.49
9064	FXVLT	Fid VIP Index 500	Large Blend	62.65	OK to Buy	2.4	19.2	7.3	26.7	9.0	15.5	12.6	1.00
9082	FBALC	Fid VIP Industrials	Sector	65.70	Buy	0.9	20.1	5.5	29.5	11.4	12.8	10.1	1.22
9473	FFIQC	Fid VIP International Index	Diversified Int'l	13.38	Hold	2.7	10.9	4.6	17.8	1.9	7.4	--	0.97
9076	FVJIC	Fid VIP Int'l Capital App	Diversified Int'l	34.74	OK to Buy	2.9	13.1	5.7	24.6	1.9	9.2	8.2	1.21
9063	FTLKC	Fid VIP Investment Grade Bond	Inv Grd Bond	18.25	OK to Buy	1.3	3.4	4.7	7.4	-2.0	0.6	1.9	0.43
9172	FVMAC	Fid VIP Materials	Sector	33.10	Hold	-0.2	6.1	-1.7	4.4	3.6	12.2	5.4	1.27
9071	FNBSCL	Fid VIP Mid Cap	Mid Blend	50.40	OK to Buy	0.4	15.4	3.2	22.2	5.7	12.8	8.7	1.11
9088	FEMMC	Fid VIP Overseas	Diversified Int'l	27.99	OK to Buy	3.3	14.2	5.9	23.0	1.4	9.5	6.2	1.12
9072	FFWKC	Fid VIP Real Estate	Sector	30.84	Hold	4.8	10.1	15.2	19.6	-1.8	2.6	4.7	1.27
9075	FGDQC	Fid VIP Strategic Income	High-Yield Bond	23.75	OK to Buy	1.2	5.2	3.7	10.2	0.5	2.7	3.0	0.41
9086	FYENC	Fid VIP Technology	Sector	156.98	Buy	1.3	23.8	6.7	30.9	10.1	24.9	20.5	1.44
9465	FTMJCL	Fid VIP Total Market Index	Large Blend	21.10	OK to Buy	2.1	17.9	7.2	25.8	7.6	14.8	--	1.02
9087	FXRRC	Fid VIP Utilities	Sector	53.59	OK to Buy	4.3	22.5	2.3	28.0	11.2	9.3	9.2	1.04
9079	FKMSC	Fid VIP Value	Large Value	45.76	OK to Buy	1.7	11.0	3.6	19.1	9.8	14.8	9.8	1.13
9073	FRBSC	Fid VIP Value Strategies	Mid Value	47.04	OK to Buy	0.5	9.4	2.2	17.4	8.7	14.9	9.1	1.23
9347	FBMEC	Black Rock Global Allocation	Global Allocation	19.67	Hold	2.1	9.4	4.4	15.6	0.7	7.1	5.0	0.69
9349	FTMEC	Franklin Templeton Global Bond	Global Bond	9.77	OK to Sell	3.4	-2.0	5.4	2.9	-2.4	-2.7	-1.5	0.59
9348	FFMEC	Franklin Templeton US Gov't	Intermed Gov't	10.67	OK to Buy	1.3	2.8	4.3	6.2	-1.5	-0.5	0.5	0.36
9285	FIGXC	Invesco Global Core Eqty	Global Stock	22.06	Hold	2.1	17.7	7.5	25.3	3.7	10.2	6.6	0.99
9147	FPRLC	Lazard Retirement Emerging Mkts	Emg Mkts	21.31	Hold	2.7	12.0	6.2	21.4	4.0	6.9	2.0	0.95
9143	FPRMC	Morgan Stanley Emerg Mkt Debt	Emg Mkt Bond	20.80	Hold	1.7	8.8	4.4	16.7	-1.5	0.5	1.9	0.71
9144	FPRNC	Morgan Stanley Emerg Mkt Equity	Emg Mkts	17.06	OK to Sell	0.5	10.9	4.3	18.3	-4.1	4.2	1.8	1.04
9146	FPRPC	Morgan Stanley Global Strategist	Diversified Int'l	19.02	Hold	2.1	9.0	5.7	15.3	0.9	5.7	4.1	0.78
9346	FPMEC	Pimco Commodity Real Return	Commodities	7.90	OK to Sell	-0.0	1.2	-4.7	-3.4	1.5	7.5	-1.2	0.95
9276	FPMBC	Pimco VIT Low Duration	Shrt-Term Bond	12.50	Buy	0.8	3.4	2.5	6.2	0.3	0.7	0.9	0.16
9277	FPNBC	Pimco VIT Real Return	TIPS	15.35	OK to Sell	0.8	3.7	3.5	6.3	-1.5	2.0	1.7	0.41
9278	FPOBC	Pimco VIT Total Return	Intermed Bond	14.49	Hold	1.2	3.9	4.6	8.2	-2.4	-0.1	1.5	0.43

Annuity Sector		Annuity Growth		Annuity Growth & Income		Annuity Income	
Fund	Allocation	Fund	Allocation	Fund	Allocation	Fund	Allocation
VIP Technology	30%	VIP Contrafund	24%	VIP Growth Opps	25%	VIP Invest Grade Bond	32%
VIP Comm Services	16	VIP Growth	23	VIP Invest Grade Bond	24	Pimco VIT Low Duration	23
VIP Consumer Discret	15	VIP Equity-Income	22	VIP Equity-Income	22	VIP Floating Rt High Inc	16
VIP Financials	15	VIP Growth Opps	21	VIP Total Market	16	VIP Equity-Income	15
VIP Industrials	12	VIP Value	10	VIP Floating Rt High Inc	13	VIP Growth	14
VIP Health Care	12						
Total Return:		Total Return:		Total Return:		Total Return:	
Aug: 1.4% YTD: 17.1%		Aug: 2.9% YTD: 22.6%		Aug: 2.1% YTD: 13.4%		Aug: 1.5% YTD: 7.4%	

parts, it would be a mistake to overlook the fund's risk-adjusted record: In the past three years (36 months), its average annual return has modestly trailed the S&P 500 (up 8.3% versus up 9.4%), though its risk is significantly less over the same period (0.83 versus 1.00). Managed by Ramona Persaud since 2011, Equity-Income regularly outpaces its primary benchmark, the Russell 3000 Value Index, thanks to strong stock-picking and industry allocations.

**Growth Discovery** — At first blush, this fund may appear to be a close cousin to Blue Chip Growth. After

Return in %	
Aug	3.1
YTD	24.7

all, they're both large-cap growth funds, and they both make sizeable bets in well-known tech names. But drill a bit deeper and differences appear. For starters, this fund's benchmark, the Russell 3000 Growth rather than the Russell 1000, means that co-managers Jason Weiner and Asher Anolic have a much wider investment universe. That allows them to diversify away from Big Tech, for example, and hold many more mid-sized stocks (about 30% of the fund), and even small-caps (about 7%).

Sector-wise, the fund has tech exposure of about 40%, but also favors financials, health care and industrials. These sectors help to contain risk: its relative volatility is 1.11 versus 1.40 for Blue Chip. More importantly, it has outpaced its benchmark and industry peers over most timeframes.

**Leveraged Company Stock** — We classify this as a Specialty stock fund in our *Scorecard*. That it's not

Return in %	
Aug.	0.9
YTD	18.3

included alongside large-cap growth funds (which defines its investment style) reflects its unique investment universe and process. More specifically, co-managers Mark Notkin and Brian

Chang use their extensive experience navigating the capital structures of indebted companies not to buy their bonds for Fidelity's high yield funds (as they once did), but rather to buy their stocks. (Their investment team works alongside equity research, not bond analysts). As one might imagine, purchasing the bonds of highly leveraged companies can be risky, and buying their equity can be even riskier.

With that in mind, the fund's investment objective is capital appreciation (not income), though it is highly correlated to large-cap growth and high-yield funds alike. While a handful of its top holdings are well-represented in Blue Chip Growth and Growth Discovery (NVIDIA, Meta Platforms, Microsoft and Amazon come to mind), the vast majority of its positions are less recognized names whose capital structures can be distressed (highly leveraged).

To that end, this economically sensitive offering should continue to fare well (it's up 18.3% this year) in a falling interest-rate environment.

**Low-Priced Stock** — Purchased for the model on Aug. 5, this fund replaced **Growth Strategies** whose

Return in %	
Aug	0.0
YTD	11.7

risk-adjusted performance became incompatible with the model's own risk objectives. (A new manager was also assigned to Growth Strategies in May.)

What its investment team brings to the table are several potential benefits in a falling interest-rate environment. That includes a much lower weighted median market cap of \$7.1 billion versus over \$30 billion for Growth Strategies. And, thanks to Low-Priced Stock holding cheaper stocks based on price-to-earnings and other such valuation metrics (its investment style hovers between "blend" and "value"), its relative volatility is a low 0.91 versus 1.24 for Growth Strategies. ■

— John Bonnanzio

## Is High Yield Still Worth The Risk?

Of the eight high-yield bond funds in the *Scorecard*, seven are *OK to Buy* while **Floating Rate High Income** is rated *Buy*.

We have liked this asset class because the economy has been strong: high-yield bonds are more economically sensitive than taxable bonds which can be very sensitive to changing interest rates.

Although U.S. economic growth has been modest, it's still positive. And, with interest rates set to fall, GDP growth may accelerate. Moreover, falling interest rates present borrowers with the opportunity to refinance debt which, in turn, allows them to improve balance sheets and perhaps their credit rating. Big-picture-wise, already low default rates could fall even further.

With all this in mind, high-yield bond funds are no slam-dunk.

The first thing to remember is that they can be much riskier than taxable bond funds. Indeed, they often correlate more closely to stocks than to bonds.

Partly for that reason, and the uncertainty surrounding interest-rate policy and overall economic health, our income-oriented model portfolios (which by definition are more risk-averse than our all-equity models) have held **Floating Rate High Income**. With a duration of just 0.2 years, there's minimal rate-risk. And thanks to Fidelity's expertise in high-yield, default risk is well managed.

With its 30-day yield of 8.73% (and half the risk of **U.S. Bond Index**), there's no need to chase additional income with any other high-yield bond funds. That said, if the current yield curve becomes much less inverted (with short-term yields falling and longer maturity ones rising), we may reconsider our options. ■



## Jack's Message *cont'd from page 1*

ing to bear risk, so the greater your hedging attempts, the lower your return. And if risk is hedged away completely, at best you are looking at money market rates of return.

### Federal Debt

**Conventional wisdom:** The economy is headed for big trouble if deficit spending is not reined in. **More likely:** There will come a time when the U.S. will be forced to impose an unpopular national sales and services tax, as other countries with big government debt problems have done (such taxes tend to have the least negative impact on the econo-

### 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 September:*

Blue Chip Growth, Blue Chip Value, Dividend Growth, GNMA, Gov't Inc, Growth & Income, Intern Gov't Inc, Int'l Real Estate, Leveraged Company Stock, Low-Priced Stock, MSCI Comm Svs, MSCI Cons Discret, MSCI Cons Staples, MSCI Energy, MSCI Financials, MSCI Healthcare, MSCI Industrials, MSCI Info Tech, MSCI Materials, MSCI Real Estate, MSCI Utilities, OTC, Real Estate Inc, Real Estate Index, Real Estate Investment, Small Cap Growth, Small Cap Value, Value Discovery.

*The final distributions for August were as follows:*

Fund	Ex-Date	\$ Amt	NAV
Growth Discovery	8/9	5.716	57.67
Mega Cap Stock	8/9	0.392	23.64
Mid Cap Gr Idx	8/9	0.070	28.01
Mid Cap Val Idx	8/9	0.958	25.94
Sm Cap Gr Idx	8/9	0.200	25.37
Sm Cap Val Idx	8/9	0.166	24.43

my, and they generate far more tax revenue than income taxes, wealth taxes and tariffs combined). In the meantime, each additional dollar of federal debt creates an additional dollar on the private equity side, most of which gets reflected in either real estate prices or business valuations (including the stock market).

### Tax Efficiency

**Conventional wisdom:** ETFs, index funds, and direct indexing (indexing with tax-loss harvesting) are good ways to defer paying unnecessary capital gains taxes. **More likely:** Tax "efficiency" is a marketing gimmick. Any tax you defer during the holding period becomes due when you sell the position — possibly at higher tax rates than today (your heirs might save on taxes, but only if the mark-to-market rule still applies and the value of the investment is below the federal estate exemption threshold). A Roth IRA conversion, in contrast, can actually reduce your tax liability if it can be done within your existing tax bracket. By pre-paying taxes on the conversion amount, you eliminate tax on any future appreciation.

### Target Date Funds

**Conventional wisdom:** These are a great option for 401(k) investors, because you can pick a fund that matches your retirement date and you don't have to rethink your choice. **More likely:** Your money should be working as hard as you are during your wage-earning years. That doesn't happen when returns are diluted with foreign stocks, bonds and cash. If you're a long way from retirement, put your 401(k) in a broad U.S. stock index, and keep it there until you are within five years of retirement.

### Artificial Intelligence

**Conventional wisdom:** Corporate profits may rise, but the economy will suffer as jobs are eliminated by intelligent automation. **More likely:** The technology will allow companies to work around critical labor shortages, while creating new products and services that wouldn't have been possible before. Employees will enjoy work that is more meaningful, and their wages will climb faster than inflation over the long run thanks to higher productivity.

### Electrification

**Conventional wisdom:** Transitioning the economy away from fossil fuels over coming decades will be costly and problematic, especially when it comes to transportation and the electrical grid. **More likely:** The declining cost and improving performance of battery storage will make the grid more robust, and electric vehicles will become cheaper and more convenient than gas vehicles. New types of clean energy, such as fusion or deep geothermal, will create an abundance of electricity while reducing the need for new transmission lines, putting downward pressure on power prices.

### Inflation Hedges

**Conventional wisdom:** Gold and bitcoin have the potential to rival stocks over the long run. **More likely:** Asset classes with no income stream that are based on scarcity are much like collectibles; over the long run their value doesn't grow much more than inflation. U.S. stocks, in contrast, enjoy reinvested shareholder compensation on top of GDP growth, which sets the stage for them to outperform inflation by seven percentage points per year. ■

— Jack Bowers

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