

# Fidelity® Growth Company Commingled Pool

## Investment Approach

- Fidelity® Growth Company Commingled Pool is a diversified domestic equity strategy that invests across a spectrum of companies, from blue chip to aggressive growth.
- Our investment approach is anchored by the philosophy that the market often underestimates the duration of a company's growth, particularly in cases where the resiliency and extensibility of the business model are underappreciated.
- We focus on firms operating in well-positioned industries and niches that we find capable of delivering persistent sales and earnings growth.
- This approach typically leads us to companies that we think have the potential to unlock shareholder value through either a growth-enhancing product cycle or an internal catalyst such as a turnaround or acquisition.
- We believe it critical that companies fund their own growth – through the cash they generate – and benefit from management teams focused on creating long-term shareholder value.

## PERFORMANCE SUMMARY

	Cumulative		Annualized			
	3 Month	YTD	1 Year	3 Year	5 Year	10 Year/ LOP <sup>1</sup>
Fidelity Growth Company Commingled Pool Gross Expense Ratio: --	9.54%	8.26%	8.26%	--	--	13.57%
Russell 3000 Growth Index	7.09%	5.09%	5.09%	16.62%	13.30%	10.83%

<sup>1</sup> Life of Pool (LOP) if performance is less than 10 years. Pool inception date: 12/13/2013.

Past performance is no guarantee of future results. Investment return and principal value of an investment will fluctuate; therefore, you may have a gain or loss when you sell your holdings. Current performance may be higher or lower than the performance stated. To learn more or to obtain the most recent month-end performance visit [netbenefits.com](http://netbenefits.com) or call your plan's toll free number. Cumulative total returns are reported as of the period indicated.

The Fidelity Growth Company Commingled Pool is a collective investment trust under the Fidelity Group Trust for Employee Benefit Plans and is managed by Fidelity Management Trust Company (FMTC). It is not a mutual fund. This information is only intended to provide a brief overview of this investment option, which is available only to certain qualified plans and is not offered to the general public. Investments in the pool are not guaranteed by the manager, the plan sponsor or insured by the FDIC.

**For definitions and other important information, please see the Definitions and Important Information section of this Quarterly Review.**

**Pool Manager:**  
Steven Wymer

**Size (in millions):**  
\$12,362.07

*The value of the pool's domestic and foreign investments will vary from day to day in response to many factors, such as adverse issuer, political, regulatory, market, or economic developments. Stock values fluctuate in response to the activities of individual companies, and general market and economic conditions. You may have a gain or loss when you sell your shares. Foreign investments involve greater risks than those of U.S. investments, as well as exposure to currency fluctuations. 'Growth' stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks.*



Not FDIC Insured • May Lose Value • No Bank Guarantee

## Performance Review

The pool's share classes outperformed the benchmark Russell 3000® Growth Index for the three months ending December 31, 2015. Versus the benchmark, stock selection drove the pool's outperformance, with sector allocation also turning up positive. Specifically, picks in information technology and the health care sector's pharmaceuticals, biotechnology & life sciences group helped the most.

Looking at individual stocks, the pool's biggest contributor was an out-of-index stake in NVIDIA, a semiconductor maker that benefited from exposure to the 2015 video-game console cycle. We liked the firm's diversified business and remained optimistic about its long-term growth prospects, to include prospects in areas such as "machine learning," which may one day inform the technologies behind driverless cars and similar innovations. The stock rose steadily during the quarter, including roughly a 14% pop in November when the firm reported much better-than-anticipated financial results.

In the pharma and biotech category, we seek companies selling breakthrough drugs, such as firms that specialize in treating unmet medical needs and fatal diseases or in areas where existing therapies have some shortcomings. We also look for firms with a strong product pipeline that we think should help support long-term growth potential. This quarter, several names from the industry that fit our investment thesis outperformed, including Alkermes, which produces drugs to treat diseases of the central nervous system. The stock's performance this period including a jump in December after the firm announced new developments and milestones related to its proprietary product, as well as its late-stage pipeline drugs.

The pool's overweighting in single-serve coffee giant Keurig Green Mountain also lifted relative performance. We continued to like the company's growth prospects associated with its new brewer platform, even though we realized the firm's transition from the old to the new platform was more difficult than we originally estimated.

Keurig shares rose about 73% for the quarter, surging in early December on news it would be taken private in a \$13.9 billion takeover by investment company JAB Holding, which already owns coffee chains Caribou Coffee and Peet's Coffee & Tea. The deal valued Keurig at \$92 a share, or roughly a 78% premium from where it last traded. Prior to the deal, Keurig had faced sales difficulties largely tied to poorly received launches of new beverage systems.

On the flip side, picks in consumer discretionary hurt relative performance. From this sector, an overweighting in Skechers USA was the pool's largest relative detractor for the quarter, after giving back some gains from the first nine months of the year. We thought this maker of casual athletic footwear had a strong product lineup and was well-positioned in its market. Unfortunately for the pool, the stock plunged in October after the firm announced lower-than-expected quarterly comparable sales and revenue. The announcement sent Skechers' shares down 32% in one day.

While our picks in pharma and biotech were positive overall, a few names from this category didn't pan out the past quarter, including an overweighting in Chimerix and an out-of-index stake in Canada-based Valeant Pharmaceuticals International – two names that fit our investment profile. Chimerix specializes in antiviral drugs to protect immune-compromised patients from potentially lethal virus. The stock fell sharply in December after the firm reported that a key prospect failed a Phase 3 trial.

Valeant shares returned -43% for the period amid allegations of potential accounting irregularities and a U.S. investigation into the firm's drug pricing, as well as programs run by the company to help patients afford its drugs. The stock gained strongly off its November lows after announcing a new product distribution agreement with drug store chain Walgreens. However, shares tailed off late in the period because CEO Michael Pearson took a medical leave of absence due to severe pneumonia, naming a team of executives to temporarily run the company in his stead. ■

### LARGEST CONTRIBUTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
NVIDIA Corp.	Information Technology	2.88%	69
Keurig Green Mountain, Inc.	Consumer Staples	0.79%	50
Alkermes PLC	Health Care	1.72%	44
Alphabet, Inc. Class A	Information Technology	2.19%	41
Isis Pharmaceuticals, Inc.	Health Care	1.06%	40

\* 1 basis point = 0.01%.

### LARGEST DETRACTORS VS. BENCHMARK

Holding	Market Segment	Average Relative Weight	Relative Contribution (basis points)*
Skechers U.S.A., Inc. Class A (sub. vtg.)	Consumer Discretionary	0.79%	-45
Chimerix, Inc.	Health Care	0.23%	-22
Valeant Pharmaceuticals International, Inc. (Canada)	Health Care	0.20%	-19
bluebird bio, Inc.	Health Care	0.43%	-16
JetBlue Airways Corp.	Industrials	0.70%	-15

\* 1 basis point = 0.01%.

## Outlook and Positioning

Looking around the market at quarter end, we remain optimistic, as we still see potential opportunity among firms we believe are showing progress toward growth, regardless of conditional macro factors. Also, we've been giving close examination to the pool's current holdings, taking a realistic approach to analyzing the prospects of each individual company. We'll continue to prune stocks of those firms whose business prospects have not blossomed against a good economic backdrop, since we believe they are less likely to flourish when the economy slows.

Three sectors continued to make up roughly three-quarters of the portfolio during the fourth quarter: information technology, health care and consumer discretionary. Despite its large allocation, the pool's consumer discretionary weighting still registers below-benchmark. A big portion of the underweighting was in traditional media, as we preferred to invest in newer-media names, Internet leaders that happen to be classified in the technology sector.

We believe newer-media companies provide better-targeted ads and are growing much faster than traditional media. Specific to the consumer discretionary sector, major pool holdings included restaurants that we thought have unit sales growth in front of them, hospitality companies with international growth prospects, focused omni-channel retailers and leaders in online retail.

Within tech, we continue to be interested in what we consider "best in class" paid-search and social-media companies that provide attractive services, can grow their usage and deliver their advertisements in a targeted way. To that end, Facebook, Amazon and Alphabet were among the pool's largest holdings – and also were big relative contributors the past quarter.

Each of these firms has made strides to enhance core offerings and/or has produced a disruptive technology that became a catalyst for growth. Social-media giant Facebook continued to grow its core business, partly by enhancing its messaging and video capabilities. In addition, Facebook began to monetize Instagram – its online mobile photo and video sharing application – and unveiled Oculus Rift, a headset with virtual-reality capabilities.

Meanwhile, e-commerce stalwart Amazon leveraged its distribution centers to enhance and expand its goods business. Additionally, its cloud-computing arm, Amazon Web Services, proved extremely profitable, giving investors more reason to be bullish on the firm.

Search giant Alphabet showed positive signs with its mobile transition and created a new operating structure to highlight its investments. The firm also showed better cost management.

While the future remains uncertain, we're optimistic that the continued good execution of these firms should result in continued growth. ■

## MARKET-SEGMENT DIVERSIFICATION

Market Segment	Pool Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Information Technology	36.48%	27.78%	8.70%	0.18%
Health Care	21.80%	17.96%	3.84%	-0.21%
Consumer Discretionary	18.95%	20.88%	-1.93%	0.34%
Consumer Staples	9.47%	10.71%	-1.24%	0.11%
Industrials	7.72%	10.89%	-3.17%	-0.34%
Financials	2.84%	5.71%	-2.87%	-0.24%
Materials	0.91%	3.47%	-2.56%	0.05%
Energy	0.79%	0.57%	0.22%	-0.14%
Telecommunication Services	0.52%	1.97%	-1.45%	0.01%
Utilities	0.00%	0.05%	-0.05%	0.00%
Other	0.00%	0.00%	0.00%	0.00%

## CHARACTERISTICS

	Pool	Index
<b>Valuation</b>		
Price/Earnings Trailing	33.1x	22.6x
Price/Earnings (IBES 1-Year Forecast)	23.5x	18.3x
Price/Book	5.3x	5.5x
Price/Cash Flow	19.2x	14.6x
Return on Equity (5-Year Trailing)	16.2%	21.9%
<b>Growth</b>		
Sales/Share Growth 1-Year (Trailing)	15.6%	11.4%
Earnings/Share Growth 1-Year (Trailing)	18.0%	9.6%
Earnings/Share Growth 1-Year (IBES Forecast)	23.1%	20.6%
Earnings/Share Growth 5-Year (Trailing)	17.1%	14.6%
<b>Size</b>		
Weighted Average Market Cap (\$ Billions)	131.9	127.5
Weighted Median Market Cap (\$ Billions)	52.1	59.8
Median Market Cap (\$ Billions)	11.4	1.6

### LARGEST OVERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Salesforce.com, Inc.	Information Technology	4.02%
NVIDIA Corp.	Information Technology	3.12%
Alphabet, Inc. Class A	Information Technology	2.46%
Alkermes PLC	Health Care	1.94%
Regeneron Pharmaceuticals, Inc.	Health Care	1.83%

### 10 LARGEST HOLDINGS

Holding	Market Segment
Apple, Inc.	Information Technology
Salesforce.com, Inc.	Information Technology
Alphabet, Inc. Class A	Information Technology
Amazon.com, Inc.	Consumer Discretionary
NVIDIA Corp.	Information Technology
Facebook, Inc. Class A	Information Technology
Alphabet, Inc. Class C	Information Technology
Regeneron Pharmaceuticals, Inc.	Health Care
Alkermes PLC	Health Care
Microsoft Corp.	Information Technology
<b>10 Largest Holdings as a % of Net Assets</b>	<b>31.30%</b>
<b>Total Number of Holdings</b>	<b>379</b>

The 10 largest holdings are as of the end of the reporting period, and may not be representative of the pool's current or future investments. Holdings do not include money market investments.

### LARGEST UNDERWEIGHTS BY HOLDING

Holding	Market Segment	Relative Weight
Verizon Communications, Inc.	Telecommunication Services	-1.25%
The Walt Disney Co.	Consumer Discretionary	-1.04%
Microsoft Corp.	Information Technology	-0.85%
PepsiCo, Inc.	Consumer Staples	-0.74%
Eli Lilly & Co.	Health Care	-0.72%

### ASSET ALLOCATION

Asset Class	Pool Weight	Index Weight	Relative Weight	Relative Change From Prior Quarter
Domestic Equities	92.09%	97.49%	-5.40%	-1.06%
International Equities	7.39%	2.51%	4.88%	0.80%
Developed Markets	5.43%	2.50%	2.93%	0.58%
Emerging Markets	1.88%	0.01%	1.87%	0.14%
Tax-Advantaged Domiciles	0.08%	0.00%	0.08%	0.08%
Bonds	0.00%	0.00%	0.00%	0.00%
Cash & Net Other Assets	0.52%	0.00%	0.52%	0.26%

Net Other Assets can include pool receivables, pool payables, and offsets to other derivative positions, as well as certain assets that do not fall into any of the pool composition categories. Depending on the extent to which the pool invests in derivatives and the number of positions that are held for future settlement, Net Other Assets can be a negative number.

## Definitions and Important Information

### CHARACTERISTICS

**Earnings-Per-Share Growth** measures the growth in reported earnings per share over the specified past time period.

**Median Market Cap** identifies the median market capitalization of the pool or benchmark as determined by the underlying security market caps.

**Price-to-Book (P/B) Ratio** is the ratio of a company's current share price to reported accumulated profits and capital.

**Price/Cash Flow** is the ratio of a company's current share price to its trailing 12-months cash flow per share.

**Price-to-Earnings (P/E) Ratio (IBES 1-Year Forecast)** is the ratio of a company's current share price to Wall Street analysts' estimates of earnings.

**Price-to-Earnings (P/E) Ratio Trailing** is the ratio of a company's current share price to its trailing 12-months earnings per share.

**Return on Equity (ROE) 5-Year Trailing** is the ratio of a company's last five years historical profitability to its shareholders' equity. Preferred stock is included as part of each company's net worth.

**Sales-Per-Share Growth** measures the growth in reported sales over the specified past time period.

**Weighted Average Market Cap** identifies the market capitalization of the average equity holding as determined by the dollars invested in the pool or benchmark.

**Weighted Median Market Cap** identifies the market capitalization of the median equity holding as determined by the dollars invested in the pool or benchmark.

### IMPORTANT POOL INFORMATION

Relative positioning data presented in this commentary is based on the pool's primary benchmark (index) unless a secondary benchmark is provided to assess performance.

### INDICES

It is not possible to invest directly in an index. All indices represented are unmanaged. All indices include reinvestment of dividends and interest income unless otherwise noted.

**Russell 3000 Growth Index** is a market capitalization-weighted index designed to measure the performance of the broad growth segment of the U.S. equity market. It includes those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth rates.

### MARKET-SEGMENT WEIGHTS

Market-segment weights illustrate examples of sectors or industries in which the pool may invest, and may not be representative of the pool's current or future investments. Should not be construed or used as a recommendation for any sector or industry.

### RELATIVE WEIGHTS

Relative weights represents the % of pool assets in a particular market segment, asset class or credit quality relative to the

benchmark. A positive number represents an overweight, and a negative number is an underweight. The pool's benchmark is listed immediately under the pool name in the Performance Summary.



**Past performance is no guarantee of future results.**

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The securities mentioned are not necessarily holdings invested in by the pool manager(s). References to specific company securities should not be construed as recommendations or investment advice.

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