



Fidelity Management & Research Co.

Magellan Fund

| Review Date | Current Rating | Previous Rating |
|-------------|----------------|-----------------|
| June 2012 | Sell | No Change |

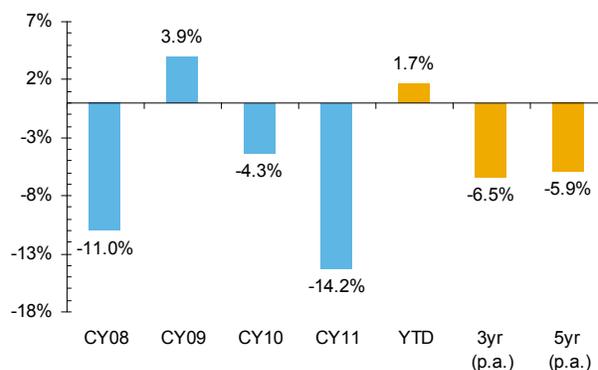
Overall Rating

We downgraded our rating of the Fidelity Magellan Fund to Sell in May 2011 after prolonged performance difficulties under multiple portfolio managers. In September 2011, Jeffrey Feingold replaced Harry Lange as the portfolio manager for the Fund, which had exhibited meaningful volatility with limited excess returns during his tenure. Mr. Feingold has established a successful but relatively short track record as portfolio manager for Fidelity Trend, another large cap growth fund that is significantly smaller than Magellan in terms of assets under management. However, we believe it is too early for there to be a meaningful basis for a re-evaluating of this product at this time.

Component Ratings

| | Rating | Previous Rating |
|----------------|-------------|-------------------|
| Overall | Sell | <i>New Rating</i> |
| Business | 2 | <i>New Rating</i> |
| Staff | 2 | <i>New Rating</i> |
| Process | 2 | <i>New Rating</i> |
| Risk | 3 | <i>New Rating</i> |
| ODD | Pass | <i>New Rating</i> |
| Performance | 1 | <i>New Rating</i> |
| T&C | 3 | <i>No Change</i> |

Relative Performance to March 2012



Fund performance (USD) is net of fees relative to the Russell 1000 Growth Index. CY = calendar year. Source: Morningstar.

Firm Summary

| | | | |
|-----------------------------|-------------------|-------------------------|----------------------|
| Head Office Location | Boston, MA | Parent Name | Fidelity Investments |
| Firm AUM | \$1,620.0 billion | Investment Staff | 518 |
| Equity AUM | \$708.4 billion | Equity Staff | 315 |

Portfolio Strategy Characteristics

| | | | |
|------------------------------|---|------------------------|------------------|
| Team Location | Boston, MA | Team Head | Jeffrey Feingold |
| Strategy Inception | June 1963 | Strategy Size | \$14.5 billion |
| Number of Holdings | 200 – 300 | Annual Turnover | 99% |
| Benchmark | Russell 1000 Growth Index | | |
| Performance Objective | Outperform the benchmark over a full market cycle | | |
| Risk Tolerance Target | 400 – 600 basis points | | |

Note: AUM and Staff numbers as of March 2012

Investment Manager Evaluation

| Rating Sheet | | |
|---------------------------|--------|---|
| Factor | Rating | Comments |
| Business | 2 | <p>Boston-based Fidelity Management & Research Co. (“FMR”) continues to be one of the largest investment management firms in the world with over \$1.6 trillion in assets under management. The firm is 51 percent employee owned and 49 percent owned by the Johnson family, which is heavily involved in the management of the firm. Asset management is not the firm’s sole line of business. The firm is split between the retail asset management groups (FMR and Fidelity International Limited), the institutional asset management group (Pyramis Global Advisors) and the administrative group (with approximately \$1.7 trillion in assets under administration). There has been some turnover at the parent organizational level during the past two years. In March 2010, Roger Lawson resigned as President of Fidelity Investments. The firm has also initiated a pending separation between its retail groups within the last four years.</p> |
| Investment Staff | 2 | <p>Jeffrey Feingold assumed portfolio management responsibility for Magellan Fund on September 13, 2011, which was after we initiated our Sell rating on this product. Our position regarding Mr. Lange at the time was that he was experienced investor who developed a solid track record running the Fidelity Capital Appreciation Fund prior to assuming responsibilities for the Fidelity Magellan portfolio. We believe the large number of holdings in the Magellan portfolio challenged his ability to know them all intimately. Furthermore, Mr. Lange often constructed his portfolio around a variety of themes, which did not necessarily lead to a cohesive portfolio when coupled with the stock-specific views of many analysts in the central research group, who often have different time frames and valuation disciplines.</p> <p>Mr. Feingold had established a successful but relatively short track record as portfolio manager for Fidelity Trend, another large cap growth fund that is significantly smaller than Magellan in terms of assets under management. However, we believe reconsideration of this score is premature given his limited track record managing a fund of this size.</p> |
| Investment Process | 2 | <p>Under Harry Lange, the investment approach to fundamental research was fairly standard in that he looked for companies with strong earnings growth that also had meaningful competitive advantages leading to dominant market share or increasing market share positions. Mr. Lange did not set price targets for respective holdings, believing that this limits the portfolio’s ability to benefit from companies with open-ended growth potential. This, however, also causes the strategy’s sell discipline to be largely dependent on Mr. Lange’s ability to evaluate the sustainability of growth, as opposed to a formalized sell discipline. Mr. Lange historically had a structural bias towards being market- or overweight the information technology sector.</p> <p>Jeffrey Feingold has tighter restrictions on sector weights and generally keeps them within 300 basis points of the sector weights in the S&P 500 Index with the portfolio’s active risk coming from industry concentrations and security selection. Additionally, Mr. Feingold has significantly lowered the portfolio’s exposure to non-US holdings, and he attempts to diversify the portfolio among different types of growth.</p> |

| Rating Sheet | | |
|----------------------------------|-------------|--|
| Factor | Rating | Comments |
| Risk Management | 3 | <p>Fidelity has a quantitative risk management team that is responsible for running risk reports on the strategy on a monthly basis or as requested by the portfolio manager. Further, the Chief Investment Officer reviews the strategy from a risk perspective with the portfolio manager on a quarterly basis.</p> <p>During his tenure as PM, Mr. Lange was receptive to the risk reports generated by the quantitative team, and had utilized them in an effort to improve his portfolio construction discipline. Similarly, Mr. Feingold also utilizes Fidelity's quantitative resources with regards to the monitoring of underlying risk contributions from sector, industry, and security concentrations.</p> |
| Operational Due Diligence | Pass | <p>Fidelity has its own proprietary OMS and compliance systems, as well as a large compliance department. Appropriate compliance policies and procedures have been put in place. Fidelity discloses only limited information in terms of regulatory exams and findings. The firm also does not comment on Code of Ethics/Personal Trading Policy violations. Although there do not appear to be any obvious operational or compliance deficiencies, Fidelity has limited transparency versus their peers.</p> |
| Performance Analysis | 1 | <p>Performance of Fidelity Magellan Fund (FMAGX) has struggled for years under multiple managers. On September 13, 2011, Jeffrey Feingold assumed portfolio management responsibility for the Fund. This change was driven largely by the underperformance that continued since Harry Lange has assumed responsibility in October 2005 in an attempt to turn performance around. Under Mr. Lange's tenure, performance continued to trail both the S&P 500 Index as well as the Russell 1000 Growth Index with higher-than-expected volatility compared to his previous efforts managing Fidelity Capital Appreciation. Results were meaningfully impacted by the magnitude of underperformance experienced by the Fund in 2008.</p> <p>Since Mr. Feingold assumed portfolio management responsibilities in September 2011, the Fund has trailed the Russell 1000 Growth Index by 255 basis points for the Fourth quarter of 2011 and outperformed the same benchmark by 166 basis points for the first quarter of 2012. Although Mr. Feingold's tenure managing Magellan Fund is too short at this point to draw meaningful conclusions, we will continue to monitor his efforts.</p> |
| Terms & Conditions | 3 | <p>At 0.53 percent, the expense ratio for Fidelity Magellan Fund (FMAGX) is significantly lower than both its peer group average and peer group median, ranking well within the top quartile of institutionally priced large cap growth mutual funds. Fidelity's client service has been satisfactory.</p> |
| Overall Rating | Sell | <p>We downgraded our rating of the Fidelity Magellan Fund to Sell in May 2011 after prolonged performance difficulties under multiple portfolio managers. In September 2011, Jeffrey Feingold replaced Harry Lange as the portfolio manager for the Fund, which had exhibited meaningful volatility with limited excess returns during his tenure. Mr. Feingold has established a successful but relatively short track record as portfolio manager for Fidelity Trend, another large cap growth fund that is significantly smaller than Magellan in terms of assets under management. However, we believe it is too early for there to be a meaningful basis for re-evaluation of this product at this time.</p> |

Manager Updates and Monitoring

Major Developments There are no major developments to report at this time.

Key Monitoring Points

Process and Performance

Performance of Fidelity Magellan Fund has struggled for years under multiple managers. With Jeffrey Feingold's September 2011 appointment as portfolio manager, close scrutiny of the manager's investment approach and its impact on performance continues.

Ratings Explanation

Below we describe the criteria which we use to rate fund management organizations and their specific investment products. Each criterion, except for Operational Due Diligence ("ODD"), is individually rated from 1 to 4, where:

- 1 = Weak
- 2 = Average
- 3 = Above Average
- 4 = Strong

The ODD factor can be assigned a Pass, Conditional Pass, or Fail rating and can be interpreted as follows:

Pass – Our research indicates that the manager has acceptable operational controls and procedures in place.

Conditional Pass – We have specific concerns that the manager needs to address within a reasonable established timeframe.

Fail – Our research indicates that the manager has critical operational weaknesses and we recommend that clients formally review the appointment.

An overall rating is then derived for the product from the individual ratings. We do not assign a fixed weight to each criterion to establish the overall rating; instead we consider each case individually. The overall rating score can be interpreted as follows:

- Buy** = We recommend purchase of this investment product
- Buy (Closed)** = We recommend purchase of this investment product, however it is closed to new investors.
- Hold** = We recommend client investments in this product are maintained
- Sell** = We recommend termination of client investments in this product
- In Review** = The rating is under review as we evaluate factors that may cause us to change the current rating.

The comments and assertions reflect our views of the specific investment product and our opinion of its strengths and weaknesses.

Disclaimer

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