

Jack
Bowers



Fidelity

Best Performing
Fidelity Newsletter

20
Years

JANUARY
2008

Monitor™

Year-End Review

In a year defined by uncertainty, it was difficult to achieve success by following trends or taking advantage of deep discounts. Until about mid-year, value stocks continued to lead the market, thanks to easy money and robust takeover activity. But once the credit crunch set in, the balance tilted in favor of

growth stocks, a result of strong foreign economies and a weakening greenback.

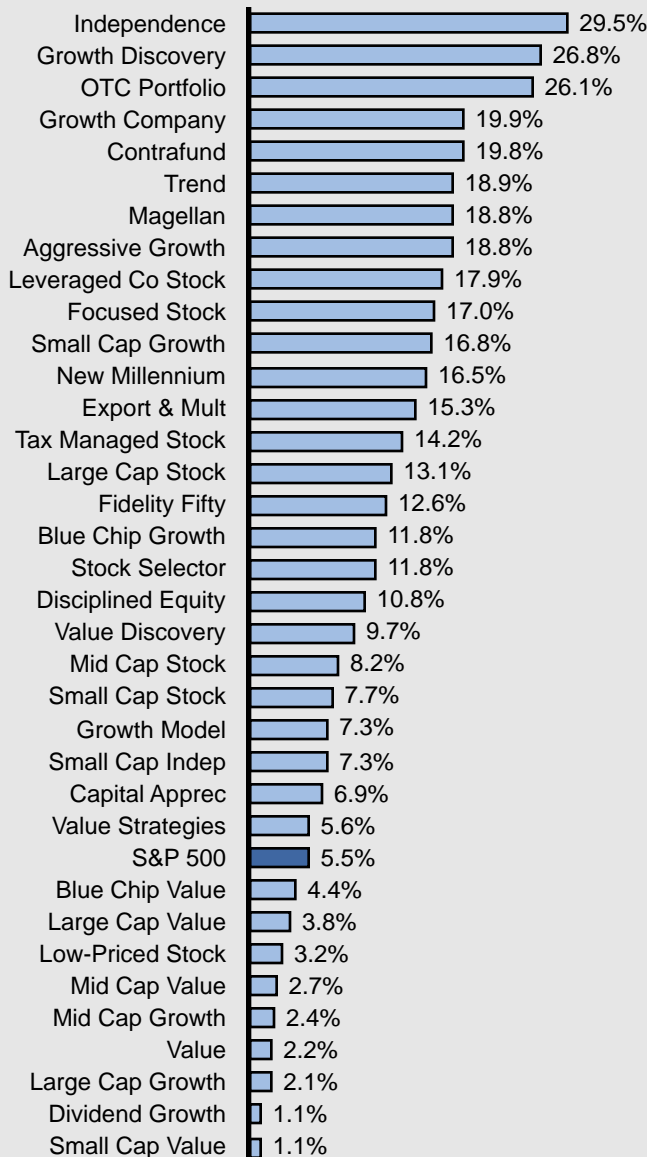
The sub-prime crisis, along with sliding home values, sparked widespread predictions of doom and gloom. But job losses have been minimal. There's no question that rising energy costs and high debt levels have caused some consumers to rein in their spending, but so far it's not a major shift. And the boom in U.S. exports continues to support the economy, keeping it out of recession.

Oil prices rose more than 50% during the year, finishing near the \$95 per barrel mark. For the first time, industry watchdogs are beginning to accept the view that global supplies may have a tough time keeping up with demand going forward. In a preview of things to come, inflation in food and energy prices pulled up the overall Consumer Price Index by 4.2% on a year-over-year basis.

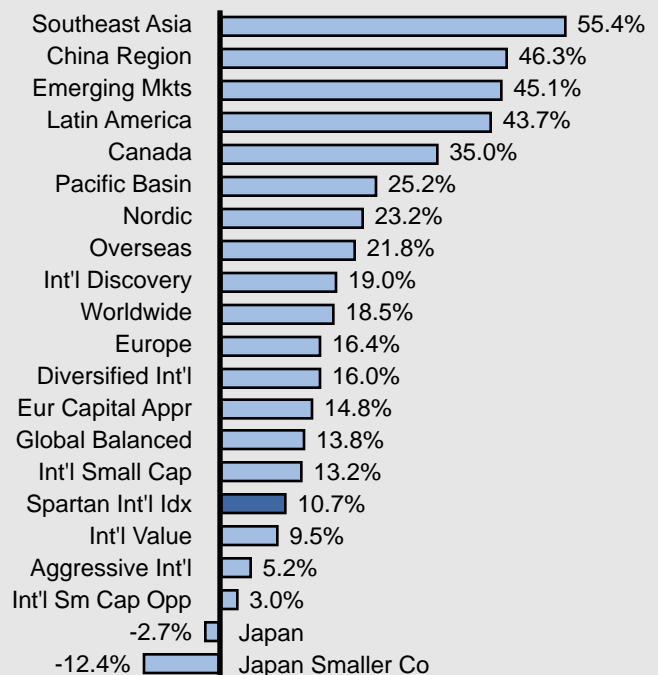
Most of Fidelity's actively managed funds finished ahead of their respective indexes. This is not an unusual outcome – Fidelity often does well when growth stocks are setting the pace. Unlike a

YEAR-END REVIEW - *Continued on page 2*

2007 GROWTH FUND PERFORMANCE



2007 INTERNATIONAL PERFORMANCE



takeover-driven market, an earnings-driven market is easier to exploit when you have one of the best research departments around. We think there's a good chance Fidelity stock funds will continue to capture the attention of investors in the coming year.

DOMESTIC GROWTH FUNDS

Independence led the group, thanks to savvy sector bets. Robert Bertelson took over the fund just before the year began, and wasted no time cutting back financial exposure and increasing his stake in energy and materials. As a result, the fund was able to take full advantage of the rally in commodities without being held back by the financial sector.

OTC Portfolio and **Growth Discovery** came

out winners because of their heavy focus on the tech sector. A weaker dollar and strong economic growth overseas gave a boost to exports and foreign sales. Both funds managed to focus on large-caps that realized significant earnings gains.

Magellan and **Contrafund** broke out of last year's doldrums, scoring large gains against the S&P 500. Both were helped by an overweighted stake in technology along with an underweighted position in financials. But the stock picking is what really made the difference.

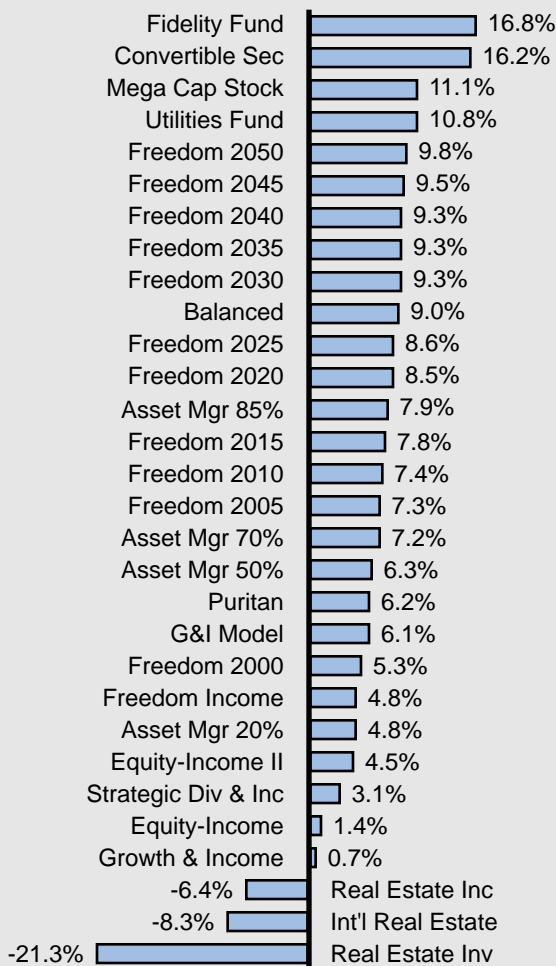
Given market conditions, it was no surprise that value-oriented funds trailed the group. However, there were two funds that we didn't expect to see on the lagging side – **Large Cap Growth** and **Mid Cap Growth** turned in poor results despite their focus on a favorable group of stocks.

Our Growth Model finished slightly ahead of the S&P 500. We correctly anticipated the need to move to the growth side of the stylebox, but we waited until late in the year to do it. We were also a bit too closely aligned with the S&P 500.

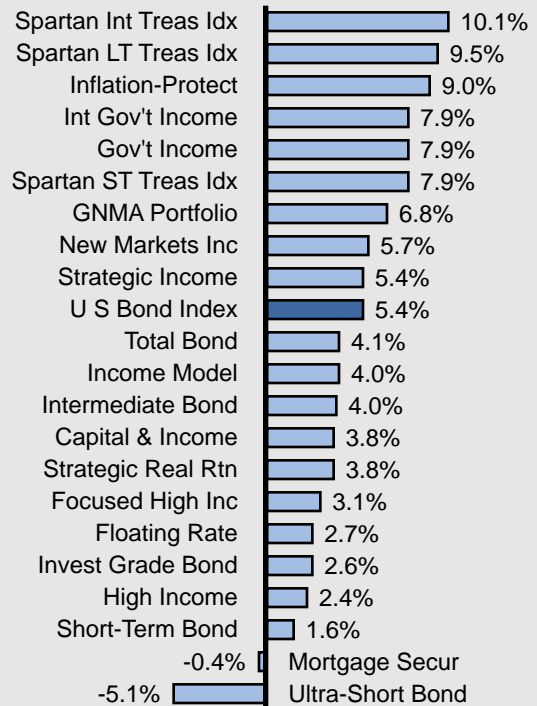
INTERNATIONAL FUNDS

Emerging market funds stole the show, thanks to strong economic growth in China, and robust

2007 G & I, REAL ESTATE, & ASSET ALLOCATION PERFORMANCE



2007 BOND FUND PERFORMANCE



Fidelity Monitor is published by Independent Fidelity Investors, Inc., P.O. Box 1270, Rocklin, CA 95677. Web site: www.fidelitymonitor.com For information/service, call (800) 397-3094, email fidmonserv@aol.com or visit the web site. Subscription rate: \$139 per year, including weekly hotline service. Fidelity Monitor is not associated with Fidelity Investments. All facts and figures are obtained from reliable sources but are subject to revision. Before buying a fund, please read its prospectus. Editor: Jack Bowers. Copyright (c) 2008.

MANAGED ACCOUNTS: Money management services are available through Weber Asset Management, Inc., where the strategies used by Fidelity Monitor are personalized to meet your individual needs and risk tolerance. Your account stays at Fidelity and is invested in Fidelity funds. For information please call 800-438-3863, or visit www.fidelitymonitor.com and click on the money management link. You may also write Weber Asset Management, Inc, 1983 Marcus Avenue #221, Lake Success, NY 11042. Minimum account size is \$200,000.

gains in commodity stocks for many other regions.

Dollar weakness gave a boost to funds that held European and Canadian stocks, but the sliding greenback didn't help **Japan** or **Japan Smaller Companies**. Japan's economy was already feeling the effects of a weak automotive sector. A sliding dollar only made things worse.

The EAFE index finished ahead of the S&P 500 for a sixth year in a row, but the margin by which it outperformed was smaller than in previous years. Normally the EAFE index trails the S&P 500 due to slower earnings growth.

G&I AND ASSET ALLOCATION FUNDS

Fidelity Fund was the standout performer in this group. Manager John Avery did a great job of avoiding financial stocks that were hit hard as the credit crunch took hold.

Convertible Securities was unique because it had zero exposure to the financial sector. With manager Thomas Soviero holding 60% of assets in energy, technology and materials, this fund posted a strong showing despite its low volatility.

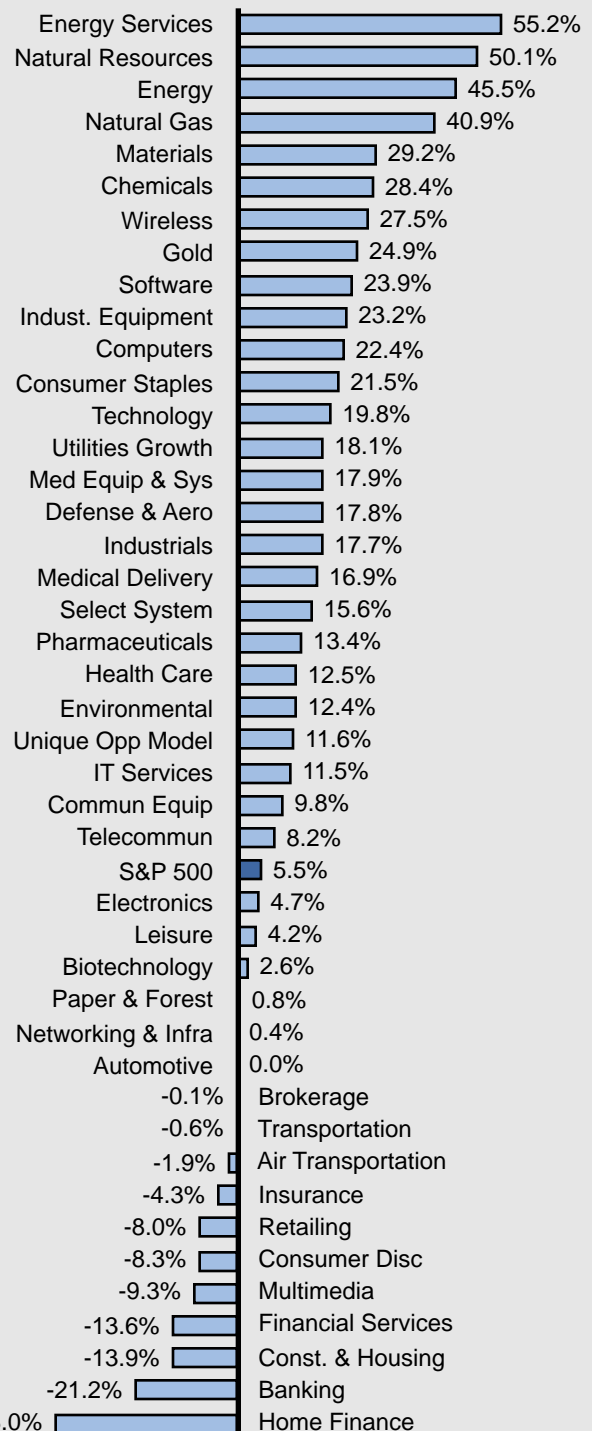
Balanced managed to finished ahead of the S&P 500 while carrying 30% less risk. Lawrence Rakers' stock picks held up well when times got tough, and the bond portion of the fund was well-diversified, avoiding problems with mortgage and asset-backed securities.

Equity-Income was a disappointment. The fund was slightly ahead of the S&P 500 at the end of the first half, but heavy exposure to financial stocks dragged it down from there. **Puritan**, which

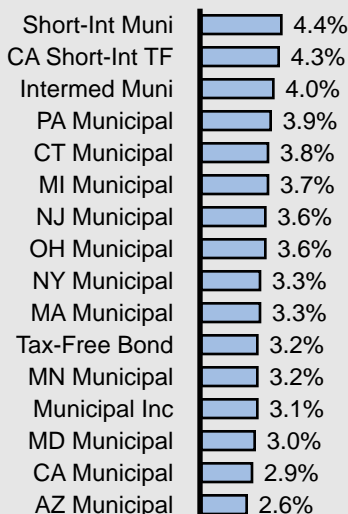
holds a similar mix of stocks, was also held back, but still managed a respectable finish on the strength of its bond portfolio.

YEAR-END REVIEW - Continued on page 8

2007 SELECT FUND PERFORMANCE



2007 MUNI BOND PERFORMANCE



GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed. Size figures are for the close of the prior month, in millions. Risk is based on standard deviation of daily gains and losses over a one-year period, relative to the S&P 500. Fee: **0.75(90)** indicates a 0.75% redemption fee on shares held less than 90 days. All retail Fidelity funds are no-load. If a fund is closed to new investors, it is listed as such in the Fee column. Fidelity limits roundtrip trades to two in the last 90 days and four in the last 12 months (a roundtrip trade is defined as the purchase and sale of a fund within 30 days). Fund ratings: **B******* is for a **favorite buy**, **B****** means **buy**, **H***** means **hold** for the long run, **S**** means reduce to below 5% of holdings, **S*** means **sell** and move to a buy-rated fund within the same asset class. Upgrades and downgrades from the prior month are indicated by ↑ and ↓.

DECEMBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Payout	NAV	Size	2007	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Aggressive Gth (324/FDEGX)	H***	1.16		23.02	3604.2	18.8	1.2	-2.7	18.8	11.5	15.5	3.1
Blue Chip Gth (312/FBGRX)	B****	0.98	1.30/44.52	44.06	16989.2	11.8	0.5	-0.6	11.8	7.1	10.2	4.3
Blue Chip Value (1271/FBCVX)	H***	1.06	0.22/14.47	14.60	702.1	4.4	-0.1	-4.7	4.4	9.8		
Capital Apprec (307/FDCAX)	H***↓	1.16	2.34/28.33	26.76	9553.2	6.9	-4.7	-5.7	6.9	8.8	16.8	8.2
Contrafund (22/FCNTX)	B****	0.96	4.25/73.67	73.11	80335.4	19.8	0.4	2.5	19.8	15.8	18.0	10.7
Growth Discovery (339/FDSVX)	B****	1.01	0.01/16.23	16.26	1679.6	26.8	0.6	2.8	26.8	13.9	14.4	
Disc Equity (315/FDEQX)	H***	1.04	2.69/30.01	29.52	11313.5	10.8	0.5	0.3	10.8	11.9	14.8	7.2
Dividend Gth (330/FDGFY)	H***	0.91	0.76/29.43	29.40	15185.5	1.1	-1.7	-5.8	1.1	6.3	9.4	7.1
Export Fund (332/FEXFX)	B****	1.11	0.28/25.98	25.73	4733.7	15.3	0.8	0.4	15.3	13.0	16.8	12.1
Fidelity Fifty (500/FFTYX)	H***	1.08	1.18/21.76	21.80	1687.0	12.6	-0.7	-4.6	12.6	11.6	12.4	9.8
Focused Stock (333/FTQGX)	H***	1.19	1.35/13.40	13.29	91.8	17.0	2.1	0.3	17.0	13.3	15.6	5.0
Growth Company (25/FDGRX)	B****	1.08	0.59/82.42	82.98	36933.2	19.9	-0.2	0.8	19.9	14.2	18.8	9.7
Independence (73/FDFFX)	B****	1.26	0.25/27.45	28.19	5896.2	29.5	3.1	4.5	29.5	17.1	17.3	10.7
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 E	0.045/10.17	10.17	753.0		-0.3	-2.1				
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.0 E	0.05/10.33	10.29	38.8		-0.9	-1.9				
Large Cap Growth (763/FSLGX)	S**↓	1.06	1.034/10.68	10.71	170.6	2.1	-0.1	-1.1	2.1	6.8	11.9	
Large-Cap Stock (338/FLCSX)	B****	1.02	0.44/19.64	19.33	1179.4	13.1	0.4	-1.5	13.1	11.1	12.8	5.8
Lg Cap Val En Idx (1828/FLVEX)	H***	1.0 E	0.13/9.44	9.45	23.7		-1.0	-5.4				
Large Cap Value (708/FSLVX)	H***	1.08	0.712/14.33	14.50	1627.5	3.8	-0.3	-3.9	3.8	10.6	14.9	
Lev Co Stock (122/FLVCX)	B****	1.18	0.40/31.96	32.33	7588.6	17.9	1.4	-2.2	17.9	17.6	31.8	
Low-Priced Stock (316/FLPSX)	H***	0.97	1.60/40.75	41.13	35675.8	3.2	0.5	-2.9	3.2	9.7	17.8	13.0
Magellan (21/FMAGX)	H***	1.12	6.84/95.25	93.87	45094.4	18.8	0.3	1.7	18.8	10.7	12.7	6.3
Mid Cap Growth (793/FSMGX)	S**↓	1.20	0.79/13.50	13.52	395.3	2.4	-0.3	-1.6	2.4	7.9	15.5	
Mid Cap Stock (337/FMCSX)	H***	1.09	0.84/29.40	29.24	15163.5	8.2	0.6	-5.5	8.2	13.0	15.9	10.9
Mid Cap Value (762/FSMVX)	S**↓	1.11	0.501/16.23	16.28	843.4	2.7	-0.1	-4.2	2.7	10.1	16.8	
New Millennium (300/FMILX)	B****	1.08	3.90/29.94	29.79	2273.5	16.5	0.4	0.9	16.5	13.3	15.8	13.1
OTC Portfolio (93/FOCPX)	H***	1.19		52.17	9183.8	26.1	0.4	2.1	26.1	14.6	17.2	8.6
Small Cap Gth (1388/FCPGX)	H***	1.08	0.01/15.93	15.78	1240.3	16.8	0.9	0.6	16.8	14.8		
Small Cap Indep (336/FDSCX)	H***	1.10	2.718/20.22	19.91	2377.1	7.3	-0.6	-4.0	7.3	10.9	16.2	7.1
Small Cap Stock (340/FSLCX)	H***	0.95	1.70/17.77	17.43	4740.4	7.7	0.3	-3.3	7.7	9.4	16.8	
Small Cap Value (1389/FCVPX)	S**↓	1.16	0.16/13.96	13.60	1175.3	1.1	-0.2	-3.3	1.1	11.2		
Stock Selector (320/FDSSX)	H***	0.98	1.64/30.05	29.50	972.3	11.8	-0.2	-1.2	11.8	11.3	14.0	5.8
Tax Mgd Stock (343/FTXMX)	B****	1.05	0.075/16.27	16.06	95.2	14.2	1.3	0.5	14.2	13.3	15.6	
Trend (5/FTRNX)	B****	1.11	5.61/71.22	70.72	1129.3	18.9	1.2	3.2	18.9	13.0	15.3	6.6
Value (39/FDVLX)	H***	1.02	7.65/77.85	75.01	21006.9	2.2	-1.8	-6.8	2.2	10.4	17.0	10.1
Value Discovery (832/FVDFX)	B****	1.04	0.41/17.84	17.94	1261.6	9.7	0.3	-3.2	9.7	14.6	17.4	
Value Strategies (14/FSLSX)	H***	1.10	4.588/28.46	28.78	407.9	5.6	-0.5	-5.8	5.6	8.0	18.5	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.70	0.30/19.63	19.61	27052.5	9.0	0.1	-1.5	9.0	10.4	13.9	9.5
Convertible Sec (308/FCVXS)	B****	0.88	1.03/27.78	28.02	2918.3	16.2	1.2	-1.3	16.2	12.3	14.9	12.0
Equity-Income (23/FEQIX)	H***	1.03	2.55/55.03	55.16	30489.0	1.4	-0.9	-6.1	1.4	8.7	13.2	6.7
Equity-Income II (319/FEQTX)	H***	1.02	1.14/22.89	22.98	10545.1	4.5	-0.7	-4.1	4.5	7.5	12.6	7.0
Fidelity Fund (3/FFIDX)	B****	0.99	1.54/39.93	39.85	7842.0	16.8	0.4	2.5	16.8	12.6	14.4	7.0
Growth & Income (27/FGRIX)	H***	1.05	1.25/27.03	27.28	19848.0	0.7	-1.3	-5.3	0.7	4.6	8.4	4.4
Mega Cap Stock (361/FGRTX)	B****	0.97	0.09/11.67	11.67	306.3	11.1	-0.8	-1.8	11.1	10.4	11.9	
Puritan (4/FPURX)	B****	0.65	0.74/19.06	19.03	25642.9	6.2	0.1	-1.1	6.2	8.5	11.2	7.2
Strategic Div & Inc (1329/FSDIX)	B****	0.85	0.644/12.64	12.57	1173.2	3.1	-0.9	-4.9	3.1	8.9		
Utilities (311/FUIUX)	H***	1.02	0.12/20.75	20.55	1408.2	10.8	1.0	-1.5	10.8	16.7	18.4	6.5
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.27	4.41/43.75	42.19	64.0	-1.9	-8.5	-12.6	-1.9	13.6	17.8	11.0
Automotive (502/FSAVX)	S**	1.34	1.24/37.33	37.39	42.3	0.0	-6.0	-12.5	0.0	3.7	11.4	5.2
Banking (507/FSRBX)	S**	1.41	1.52/24.38	24.48	264.0	-21.2	-6.3	-16.0	-21.2	-3.8	5.6	3.8
Biotechnology (42/FBIOX)	H***	1.02		66.68	1291.3	2.6	-6.7	-5.2	2.6	5.0	11.5	8.9
Brokerage (68/FSLBX)	S**	1.47	4.31/66.24	67.30	805.5	-0.1	-1.1	0.3	-0.1	16.3	19.4	12.4
IT Ser / Bus Ser (353/FBSOX)	H***	1.10	1.36/16.23	16.71	44.8	11.5	3.9	1.2	11.5	10.7	14.4	
Chemicals (69/FSCHX)	B****	1.18	2.46/82.77	82.73	259.1	28.4	1.4	0.7	28.4	14.9	22.2	11.1
Computers (7/FDCPX)	B****	1.27		48.35	575.7	22.4	0.3	1.4	22.4	11.2	17.0	8.6
Const & Housing (511/FSHOX)	S**	1.47	4.10/33.42	33.85	79.6	-13.9	-1.4	-7.6	-13.9	0.3	13.3	9.2
Consumer Disc (517/FSCPX)	S**	1.11	1.92/21.02	21.02	27.7	-8.3	-4.8	-9.1	-8.3	2.1	7.6	4.0
Industrial / Cyc Ind (515/FCYIX)	H***	1.09	0.96/22.05	22.27	126.7	17.7	0.1	-1.4	17.7	14.9	20.9	11.0
Defense & Aero (67/FSDAX)	H***	1.03	3.35/90.21	88.46	1469.2	17.8	-2.9	-4.4	17.8	18.8	22.6	13.7
Com Equip / DevC (518/FSDCX)	H***	1.34		22.46	301.6	9.8	-1.5	-8.3	9.8	5.1	17.9	7.3
Electronics (8/FSLEX)	H***	1.27	0.27/46.96	45.60	1571.9	4.7	0.1	-9.7	4.7	6.7	13.5	7.4
Energy (60/FSENX)	B****	1.50	3.10/63.92	66.67	2936.4	45.5	9.0	9.1	45.5	36.2	32.5	17.0
Energy Service (43/FSESX)	B****	1.70	0.56/99.06	101.62	2323.5	55.2	6.5	1.5	55.2	37.5	30.4	14.4
Environmental (516/FSLEX)	H***	1.03	0.07/19.51	19.36	36.2	12.4	1.5	2.2	12.4	10.8	13.5	1.7
Financial Services (66/FIDSX)	S**	1.35	5.66/96.26	95.72	415.1	-13.6	-4.3	-11.6	-13.6	2.5	9.4	6.5
Con Stap / Food Ag (9/FDFAX)	B****	0.70	2.168/66.52	66.56	589.3	21.5	-0.6	3.6	21.5	15.6	15.4	8.5
Gold (41/FSAGX)	H***	1.75	3.448/37.96	39.88	1719.7	24.9	0.2	2.5	24.9	30.1	21.3	15.9
Health Care (63/FSHPX)	B****	0.80	10.05/125.90	125.82	2155.5	12.5	-1.3	1.1	12.5	11.3	11.7	8.5
Home Finance (98/FSVLX)	S**	1.84	1.43/27.87	28.58	148.1	-38.0	-3.9	-25.2	-38.0	-13.5	0.0	0.8
Indust Equip (510/FSCGX)	B****	1.09	1.56/35.49	35.95	185.3	23.2	1.3	0.1	23.2	15.7	19.8	9.1
Materials / Ind Mat (509/FSDPX)	H***	1.32	1.919/57.93	58.48	259.8	29.2	1.9	0.8	29.2	20.8	24.6	12.3
Insurance (45/FSPCX)	S**	1.12	4.80/61.96	62.94	183.3	-4.3	-1.4	-6.9	-4.3	6.6	11.7	10.5
Leisure (62/FDLSX)	H***	0.97	3.42/78.29	77.00	247.9	4.2	-3.3	-3.7	4.2	8.0	16.0	9.0
Medical Delivery (505/FSHCX)	B****	0.82	2.90/51.68	52.62	612.6	16.9	2.0	7.2	16.9	14.0	22.9	10.3
Medical Equip/Sys (354/FSMEX)	B****	0.81	1.54/24.45	24.87	935.9	17.9	1.1	-0.2	17.9	9.6	15.6	
Multimedia (503/FBMPX)	S**	1.01	2.70/37.77	37.61	63.1	-9.3	-3.7	-8.4	-9.3	3.6	10.5	7.9
Natural Gas (513/FSNGX)	B****	1.42	2.45/46.31	48.49	1331.2	40.9	8.2	10.7	40.9	29.3	31.3	17.8
Nat Resources (514/FNARX)	B****	1.48	0.89/38.35	40.05	2053.9	50.1	8.5	9.3	50.1	37.7	33.1	17.3
Networking (912/FNINX)	H***	1.24		2.48	66.8	0.4	-3.1	-9.5	0.4	1.8	10.7	
Paper & Forest (506/FSPFX)	S**↓	1.24	see page 8	31.33	24.6	0.8	-0.6	-4.0	0.8	1.0	5.8	5.3
Pharmaceuticals (580/FPHAX)	H***	0.88	0.36/11.80	11.64	215.2	13.4	-2.6	2.0	13.4	11.9	11.7	
Retailing (46/FSRPX)	S**	1.29	5.67/41.53	40.91	55.3	-8.0	-4.1	-8.2	-8.0	4.3	11.6	6.4
Software (28/FSCSX)	H***	1.15		81.23	922.2	23.9	4.0	9.5	23.9	15.7	17.6	13.7
Technology (64/FSPTX)	H***	1.29		81.32	2062.6	19.8	-0.7	-2.5	19.8	10.5	16.7	9.6
Telecom (96/FSTCX)	H***	1.19	0.402/52.74	52.04	481.4	8.2	-1.9	-11.9	8.2	13.0	16.3	4.8
Transportation (512/FSRFY)	H***	1.29	3.92/46.96	45.74	78.9	-0.6	-5.4	-7.3	-0.6	6.8	16.4	10.6
Utilities Growth (65/FSUTX)	H***	1.14	1.06/66.22	64.27	732.5	18.1	0.2	6.4	18.1	18.9	21.4	8.4
Wireless (963/FWRLX)	H***↓	1.34	0.29/8.88	8.64	728.4	27.5	-2.2	-8.0	27.5	17.6	31.3	

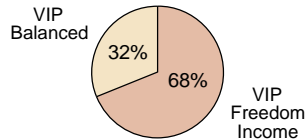
DECEMBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Payout	NAV	Size	30-day Yield	2007	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate
Aggressive Int'l (335/FIVFX)	H***	0.91	2.53/15.56	15.13	694.6		5.2	-2.3	-5.7	5.2	11.4	16.8
Canada (309/FICDX)	B****	1.16	3.673/60.43	61.40	4482.5		35.0	2.8	1.8	35.0	25.7	30.2
China Region (352/FHKCX)	S**	1.56	4.85/32.21	31.17	1789.0		46.3	-2.5	-2.3	46.3	29.5	28.6
Diversified Int'l (325/FDIVX)	H***	1.04	3.04/40.80	39.90	57548.5		16.0	-1.3	-0.4	16.0	18.6	23.2
Emerging Mkts (322/FEMKX)	S**	1.47	1.56/34.53	33.85	6193.1		45.1	1.0	6.6	45.1	40.8	38.6
Europe (301/FIEUX)	H***	1.11	3.73/42.96	42.16	5383.8		16.4	-0.8	2.9	16.4	19.9	26.7
Europe Cap Appr (341/FECAX)	H***	1.06	4.78/27.02	26.61	1291.2		14.8	-0.5	0.3	14.8	21.8	23.5
Global Balanced (334/FGBLX)	B****	0.62	2.16/22.70	22.47	372.1		13.8	-0.1	1.1	13.8	12.1	15.8
Int'l Discovery (305/FIGRX)	H***	1.06	2.082/44.04	43.08	13747.7		19.0	-1.1	0.6	19.0	20.6	24.5
Int'l Small Cap (818/FISMX)	H***	1.03	5.296/23.88	23.10	1512.2		13.2	-2.8	-3.8	13.2	18.7	31.3
Int'l Small Cap Opp (1504/FSCOX)	H***	1.28	1.942/15.25	14.42	1238.1		3.0	-4.7	-9.5	3.0		
Int'l Value (1597/FIVLX)	H***	1.10	0.808/11.86	11.43	355.6		9.5	-2.6	-3.3	9.5		
Japan (350/FJPNX)	H***	1.09	2.43/15.33	14.34	1740.4		-2.7	-5.7	-7.0	-2.7	9.7	14.9
Japan Smaller Co (360/FJSCX)	H***	1.06	0.23/11.80	11.03	781.1		-12.4	-7.5	-8.9	-12.4	-0.9	13.8
Latin America (349/FLATX)	S**	2.07	2.37/64.72	62.01	5735.3		43.7	0.9	5.0	43.7	47.6	49.7
Nordic (342/FNORX)	H***	1.38	4.01/46.45	45.36	934.1		23.2	-0.9	-2.8	23.2	25.9	29.7
Overseas (94/FOSFX)	H***	1.19	6.32/49.46	48.39	9095.6		21.8	-1.4	0.4	21.8	20.5	23.5
Pacific Basin (302/FPBFX)	H***	1.21	4.10/30.81	30.20	1165.1		25.2	-1.2	0.4	25.2	24.5	25.0
Southeast Asia (351/FSEAX)	S**	1.56	3.17/40.91	39.66	5451.8		55.4	-2.2	-2.0	55.4	41.7	37.6
Worldwide (318/FWVFX)	H***	1.06	2.50/21.73	21.37	1690.5		18.5	0.1	0.7	18.5	16.5	19.7
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FNOX)	H***	0.82	0.74/30.64	30.50	2020.6		6.2	-0.8	-2.4	6.2	9.3	13.5
NASDAQ Comp (1282/FNCMX)	H***	1.10	0.68/35.65	35.11	190.3		10.5	-0.3	-1.7	10.5	7.4	
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.03	1.52/38.76	38.32	2299.9		5.4	-0.4	-3.2	5.4	10.2	17.6
Spart Int'l Index (399/FSIIX)	H***	1.02	1.43/46.78	47.30	4871.8		10.7	-2.6	-2.2	10.7	16.7	21.4
Spart 500 Index (317/FSMKX)	B****	1.00	1.44/102.40	101.32	8107.9		5.4	-0.7	-3.4	5.4	8.6	12.7
Spart Total Mkt Idx (397/FSTMX)	H***	1.00	0.78/41.35	40.90	4831.2		5.6	-0.6	-3.2	5.6	9.1	13.9
Asset Mgr 20% (328/FASIX)	B****	0.20	0.351/12.44	12.47	2520.5		4.8	0.0	0.1	4.8	6.1	7.8
Asset Mgr 30% (1957/FTANX)	B****	0.3 E	0.05/9.78	9.80	4.4			0.0				
Asset Mgr 40% (1958/FFANX)	B****	0.4 E	0.067/9.71	9.72	2.5			-0.2				
Asset Mgr 50% (314/FAMXX)	B****	0.49	1.244/15.50	15.51	8565.8		6.3	-0.3	-1.2	6.3	6.5	8.3
Asset Mgr 60% (1959/FSANX)	B****	0.6 E	0.045/9.60	9.60	3.5			-0.4				
Asset Mgr 70% (321/FASGX)	B****	0.68	0.43/17.20	16.99	3093.3		7.2	-0.5	-2.1	7.2	7.1	9.7
Asset Mgr 85% (347/FAMRX)	B****	0.82	see page 8	14.15	577.3		7.9	-0.7	-2.7	7.9	9.2	16.5
Freedom 2000 (370/FFFBX)	B****	0.27	0.51/12.37	12.37	1783.9		5.3	0.1	-0.1	5.3	5.4	5.9
Freedom 2005 (1312/FFVFX)	B****	0.49	0.40/11.81	11.79	1034.9		7.3	-0.2	-0.6	7.3	7.4	
Freedom 2010 (371/FFFCX)	B****	0.51	0.50/14.85	14.82	14534.0		7.4	-0.1	-0.6	7.4	7.6	9.4
Freedom 2015 (1313/FFVFX)	B****	0.56	0.39/12.50	12.47	6659.8		7.8	-0.2	-0.8	7.8	8.4	
Freedom 2020 (372/FFFDX)	B****	0.69	0.54/15.86	15.81	20952.8		8.5	-0.3	-1.2	8.5	9.3	12.3
Freedom 2025 (1314/FFTXX)	B****	0.71	0.36/13.23	13.18	6107.1		8.6	-0.3	-1.3	8.6	9.5	
Freedom 2030 (373/FFFEEX)	B****	0.83	0.44/16.60	16.52	14143.0		9.3	-0.4	-1.7	9.3	10.3	13.7
Freedom 2035 (1315/FFTHX)	B****	0.84	0.36/13.75	13.68	3633.6		9.3	-0.4	-1.8	9.3	10.4	
Freedom 2040 (718/FFFFX)	B****	0.87	0.30/9.78	9.73	7308.5		9.3	-0.4	-1.9	9.3	10.6	14.6
Freedom 2045 (1617/FFFGX)	B****	0.89	0.28/11.41	11.35	475.2		9.5	-0.4	-2.0	9.5		
Freedom 2050 (1618/FFHHX)	B****	0.92	0.24/11.49	11.43	498.6		9.8	-0.5	-2.1	9.8		
Freedom Income (369/FFFAFX)	B****	0.22	see page 8	11.45	2544.3		4.8	0.2	0.2	4.8	5.0	5.2
Real Estate Income (833/FRIFX)	S**	0.36	0.25/10.28	10.29	448.8		-6.4	-0.8	-2.7	-6.4	3.2	
Real Estate (303/FRESX)	S**	1.65	see page 8	25.98	5028.4		-21.3	-7.0	-15.2	-21.3	6.3	16.6
Int'l Real Estate (1368/FIREX)	S**	1.32	0.826/13.17	13.40	912.9		-8.3	-5.9	-10.2	-8.3	14.6	
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	S**	0.30	0.024/8.69	8.68	9662.3	6.94	3.8	0.1	-1.2	3.8	7.2	14.1
Floating Rate (814/FFRHX)	S**	0.11		9.57	2476.6	7.12	2.7	0.4	-0.1	2.7	4.4	4.8
Focused High Inc (1366/FHIFX)	S**	0.16	0.01/9.87	9.88	54.1	6.89	3.1	0.7	0.5	3.1	4.8	
GNMA Portfolio (15/FGMNX)	H***	0.21	0.01/10.87	10.93	3229.9	4.94	6.8	-0.1	3.1	6.8	4.5	4.0
Gov't Income (54/FGOVX)	H***	0.22		10.36	6548.9	4.26	7.9	0.2	3.4	7.9	4.6	3.9
High Income (455/SPHIX)	S**	0.18	0.034/8.60	8.61	5131.9	7.94	2.4	0.7	-0.8	2.4	5.4	10.4
Inflation-Protected (794/FINPX)	H***	0.35	0.255/10.97	11.06	1342.9	1.94	9.0	-0.2	3.9	9.0	3.7	5.4
Intermed Bond (32/FTHRX)	H***	0.19	0.024/10.10	10.15	8317.2	4.85	4.0	0.2	1.3	4.0	3.3	3.6
Intermed Gov't Inc (452/FSTGX)	H***	0.19	0.022/10.23	10.28	753.3	4.10	7.9	0.5	3.2	7.9	4.3	3.4
Invest Grade Bond (26/FBNDX)	H***	0.23	0.007/7.14	7.19	11729.6	5.15	2.6	0.1	0.9	2.6	3.4	3.9
Mortgage Securities (40/FMSFX)	H***	0.21		10.45	1303.7	5.40	-0.4	-0.1	-0.5	-0.4	2.3	3.0
New Markets Inc (331/FNMIX)	S**	0.24	see page 8	14.68	2106.1	5.89	5.7	0.7	2.1	5.7	9.5	14.1
Short-Term Bond (450/FSHBX)	S**	0.11		8.60	7313.7	4.87	1.6	0.2	0.0	1.6	2.8	2.7
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.32		10.42	789.6	3.86	10.1	0.1	4.7	10.1		
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.50		10.24	34.3	4.36	9.5	-0.4	5.6	9.5		
Spart S-Term Tr Idx (1563/FSBIX)	H***	0.14	0.015/10.28	10.31	83.5	3.05	7.9	0.2	2.8	7.9		
Strategic Income (368/FSICX)	S**	0.14	see page 8	10.48	5183.8	5.89	5.4	0.2	1.3	5.4	5.6	8.8
Strategic Real Rtn (1505/FSRRX)	H***	0.29	0.167/9.93	9.99	4480.0	4.30	3.8	0.8	0.3	3.8		
Total Bond (820/FTBFX)	H***	0.20	0.025/10.27	10.33	8197.1	5.08	4.1	0.3	1.6	4.1	3.9	4.6
Ultra-Short Bond (812/FUSFX)	S**	0.15		9.02	534.8	5.61	-5.1	0.4	-4.1	-5.1	0.8	1.1
US Bond Index (651/FBIDX)	H***	0.23	0.017/10.82	10.89	8098.8	4.89	5.4	0.2	2.2	5.4	4.0	4.2
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZXX)	H***	0.16	0.01/11.23	11.23	133.3	3.68	2.6	0.0	1.1	2.6	3.2	3.7
CA Municipal Inc (91/FCTFX)	H***	0.15	0.036/12.12	12.15	1589.5	3.77	2.9	0.2	1.1	2.9	3.7	4.2
CA Short-Int TF (1534/FCSTX)	B****	0.07	0.007/10.14	10.14	124.8	3.09	4.3	0.4	1.5	4.3		
CT Municipal Inc (407/FICNX)	H***	0.14	0.03/11.27	11.28	438.1	3.42	3.8	0.2	1.5	3.8	3.3	3.7
Intermediate Muni (36/FLTMX)	H***	0.11	0.005/9.95	9.96	1992.9	3.51	4.0	0.4	1.5	4.0	3.5	3.9
MA Municipal Inc (70/FDMXX)	H***	0.15	0.035/11.74	11.78	1878.9	3.66	3.3	0.3	1.5	3.3	3.9	4.3
MD Municipal Inc (429/SMDMX)	H***	0.15		10.76	139.4	3.56	3.0	0.0	1.2	3.0	3.2	3.8
MI Municipal Inc (81/FMHTX)	H***	0.13	0.021/11.74	11.76	588.6	3.47	3.7	0.3	1.6	3.7	3.6	4.1
MN Municipal Inc (82/FMIX)	H***	0.12	0.05/11.21	11.22	348.7	3.51	3.2	0.2	1.4	3.2	3.3	3.8
Municipal Income (37/FHIGX)	H***	0.14	0.055/12.56	12.58	5159.8	3.81	3.1	0.3	1.4	3.1	3.8	4.4
NJ Municipal Inc (416/FNJHX)	H***	0.14	0.01/11.46	11.48	596.8	3.51	3.6	0.3	1.6	3.6	3.9	4.2
NY Municipal Inc (71/FTFMX)	H***	0.15	0.025/12.67	12.70	1435.7	3.64	3.3	0.4	1.6	3.3	3.6	4.2
OH Municipal Inc (88/FOHFX)	H***	0.15	0.025/11.49	11.51	421.9	3.49	3.6	0.3	1.7	3.6	3.7	4.2
PA Municipal Inc (402/FPXTX)	H***	0.12	0.025/10.72	10.73	315.2	3.44	3.9	0.3	1.6	3.9	3.5	4.0
Short-Int Municipal (404/FSTFX)	B****	0.06		10.31	1638.4	3.01	4.4	0.5	1.6	4.4	2.8	2.6
Tax-Free Bond (90/FTABX)	H***	0.15	0.010/10.65	10.69	840.6	3.88	3.2	0.2	1.3	3.2	3.9	4.6

DECEMBER PERFORMANCE Indexes and Model Portfolios	Risk	Value	2007	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.91	13264.82	8.9	-0.6	-3.9	8.9	9.7	12.2	7.4
S&P 500	1.00	1468.36	5.5	-0.7	-3.4	5.5	8.6	12.8	5.9
NASDAQ	1.09	2652.28	10.6	-0.3	-1.6	10.6	7.7	15.5	5.9
Russell 2000	1.28	766.03	-1.6	-0.1	-4.7	-1.6	6.8	16.2	7.1
Fidelity Monitor Income Model	0.29	89754.23	4.0	0.1	-0.2	4.0	4.8	5.4	4.5
Fidelity Monitor G&I Model	0.63	189006.21	6.1	0.3	-1.7	6.1	9.3	14.1	8.9
Fidelity Monitor Growth Model	1.02	213419.53	7.3	0.3	-1.9	7.3	11.4	17.8	8.3
Fidelity Monitor Select System	0.98	415259.49	15.6	1.4	-0.1	15.6	14.7	17.5	10.3
Fidelity Monitor Unique Opportunities	1.10	141360.40	11.6	1.7	0.2	11.6	15.6	21.7	

VIP CORNER

Fidelity's Variable Insurance Products allow tax-deferred growth, but the benefit may be offset by higher tax rates at withdrawal. Performance figures reflect the Retirement Reserves fee structure. Returns for the Personal Retirement Annuity are roughly 0.5 percentage points higher per year.

VIP INCOME MODEL

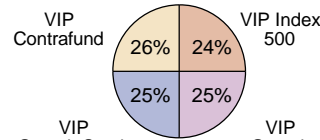


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	2001: -3.4%
1994: -3.8%	2002: +7.3%
1995: +16.9%	2003: +9.9%
1996: +6.9%	2004: +5.1%
1997: +10.9%	2005: +1.8%
1998: +0.4%	2006: +6.1%
1999: +0.8%	2007: +6.2%
2000: -2.4%	

VIP GROWTH MODEL

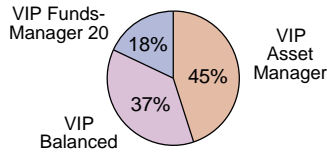


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +20.6%	2001: -14.0%
1994: +4.6%	2002: -21.7%
1995: +36.1%	2003: +30.0%
1996: +16.1%	2004: +7.0%
1997: +23.5%	2005: +10.1%
1998: +22.6%	2006: +14.5%
1999: +22.1%	2007: +9.3%
2000: -10.3%	

VIP G & I MODEL

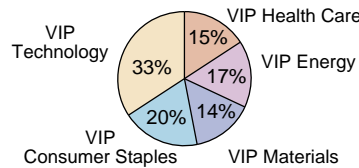


PAST PERFORMANCE

Starting Balance: \$10,000

1994: -2.3%	2001: +3.1%
1995: +26.4%	2002: -9.4%
1996: +12.8%	2003: +20.8%
1997: +21.4%	2004: +6.3%
1998: +15.1%	2005: +4.5%
1999: +6.1%	2006: +11.6%
2000: -4.9%	2007: +7.7%

VIP SECTOR MODEL



PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2006: +17.7%
2004: +6.3%	2007: +11.2%
2005: +14.0%	

Please see the figures at the bottom of the page for VIP model portfolio performance.

DECEMBER VIP PERFORMANCE Portfolio	Rating	PRA Value	RR Value	2007	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	13.04	13.64	16.6	1.1	-3.3	16.6		
VIP Asset Manager	B ****	12.58	39.47	14.6	1.3	2.2	14.6	8.0	9.0
VIP Asset Manager: Growth	B ****	12.92	26.56	18.0	1.7	2.3	18.0	8.9	10.7
VIP Balanced	B *****	12.60	18.70	8.2	0.0	-1.6	8.2	7.9	9.0
VIP Consumer Discretionary	S **	10.34	11.36	-8.9	-4.9	-9.4	-8.9	1.3	7.0
VIP Consumer Staples	B ****	11.12	11.09		-0.7	3.3			
VIP Contrafund	B ****	13.92	51.65	16.7	0.4	0.6	16.7	14.6	17.0
VIP Disciplined Small Cap	H ***	9.87	9.79	-3.0	-0.4	-5.4	-3.0		
VIP Dynamic Capital Appreciation	H ***↓	13.22	16.03	6.3	-4.8	-5.9	6.3	13.0	
VIP Energy	B ****	18.50	31.94	44.8	8.8	8.8	44.8	34.6	31.2
VIP Equity-Income	H ***	12.42	69.34	0.7	-1.0	-6.3	0.7	8.0	12.5
VIP Financial Services	S **	10.69	13.02	-14.1	-4.2	-11.9	-14.1	1.9	8.7
VIP Freedom 2005	B ****	12.14	12.28	7.8	-0.2	-0.3	7.8		
VIP Freedom 2010	B ****	12.14	12.34	7.8	-0.2	-0.4	7.8		
VIP Freedom 2015	B ****	12.44	12.71	8.5	-0.3	-0.6	8.5		
VIP Freedom 2020	B ****	12.72	13.04	9.4	-0.4	-1.0	9.4		
VIP Freedom 2025	B ****	12.83	13.21	9.6	-0.3	-1.1	9.6		
VIP Freedom 2030	B ****	13.06	13.51	10.5	-0.4	-1.5	10.5		
VIP Freedom Income	B ****	11.43	11.44	5.3	0.1	0.4	5.3		
VIP FundsManager 20	B ****	11.06	10.95	5.2	0.1	0.8	5.2		
VIP FundsManager 50	B ****	11.31	11.20	6.2	-0.1	-0.6	6.2		
VIP FundsManager 70	B ****	11.48	11.38	6.9	-0.3	-1.6	6.9		
VIP FundsManager 85	B ****	11.59	11.49	7.8	-0.4	-2.2	7.8		
VIP Growth	B ****	13.82	76.40	25.9	0.5	1.5	25.9	11.9	13.6
VIP Growth & Income	B ****	13.22	21.71	11.2	-0.1	-1.3	11.2	10.1	11.4
VIP Growth Opportunities	B ****	13.70	16.55	22.2	1.0	2.2	22.2	11.4	13.6
VIP Growth Stock	B ****	12.69	12.91	21.7	0.9	2.0	21.7		
VIP Health Care	B ****	12.06	13.95	9.3	-1.4	1.0	9.3	10.2	10.8
VIP High Income	S **	11.49	32.11	2.0	0.8	-0.7	2.0	4.7	9.5
VIP Index 500	B ****	12.36	39.90	4.6	-0.8	-3.6	4.6	7.7	11.8
VIP Industrials	B ****	14.24	20.53	17.4	0.1	-1.4	17.4	14.7	20.6
VIP Int'l Capital Appreciation	H ***	12.86	13.49	4.3	-2.4	-6.1	4.3		
VIP Investment Grade Bond	H ***	10.88	30.33	3.5	0.0	1.6	3.5	2.8	3.3
VIP Materials	B ****	11.40	11.36		1.7	0.6			
VIP Mid Cap	B ****	13.80	24.69	14.7	0.2	-2.4	14.7	14.6	20.7
VIP Money Market		11.10	21.41	4.4	0.3	1.0	4.4	3.5	2.2
VIP Overseas	H ***	15.24	47.67	16.4	-1.5	0.4	16.4	17.2	20.9
VIP Real Estate	S **	11.67	18.50	-18.4	-5.6	-13.0	-18.4	8.1	
VIP Strategic Income	S **	11.43	12.48	4.7	0.2	1.2	4.7	4.6	
VIP Technology	B ****	13.36	12.41	14.4	-1.2	-3.5	14.4	10.5	16.3
VIP Telecommunications	H ***	9.91	9.89		-2.0	-12.2			
VIP Utilities	H ***	15.82	15.89	19.7	0.3	7.1	19.7	19.4	21.3
VIP Value	H ***	11.95	12.29	1.3	-1.8	-7.0	1.3		
VIP Value Leaders	H ***	12.46	12.84	3.7	-0.2	-4.7	3.7		
VIP Value Strategies	H ***	12.53	15.88	4.9	-0.6	-6.0	4.9	7.2	
Fidelity Monitor VIP Income Model			21050.97	6.2	0.1	-0.2	6.2	4.7	5.8
Fidelity Monitor VIP G&I Model			27151.70	7.7	0.6	-0.5	7.7	7.9	10.0
Fidelity Monitor VIP Growth Model			41431.38	9.3	0.3	-1.0	9.3	11.3	13.9
Fidelity Monitor VIP Sector Model			20799.82	11.2	0.9	-0.4	11.2	14.3	20.1

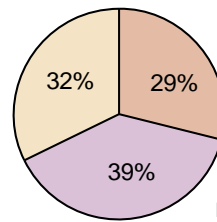
INCOME MODEL

Our Income Model aims for long-term growth of 7% per year from a mix of funds that emphasize income.

FUND	NAV	SHARES	BALANCE
Puritan	\$19.03	1344.588	\$25587.51
Asset Mgr 20%	\$12.47	2835.871	\$35363.31
Freedom Income	\$11.45	2515.582	\$28803.41

8% Foreign Holdings
Balance as of 12/31/07: \$89754.23
Balance at start of 2007: \$86264.24

Freedom Income
369/FFFX



Puritan
4/FPURX

Asset
Mgr 20%
328/FASIX

PAST PERFORMANCE

Starting Balance: \$35,000

1992: +10.1%	2000: + 0.3%
1993: +11.3%	2001: + 5.6%
1994: - 2.1%	2002: + 5.4%
1995: +14.8%	2003: + 8.4%
1996: + 9.0%	2004: + 4.2%
1997: +10.5%	2005: + 3.6%
1998: + 3.5%	2006: + 6.9%
1999: + 3.0%	

2007: + 4.0%

Our Income Model gained 0.1% for the month of December.

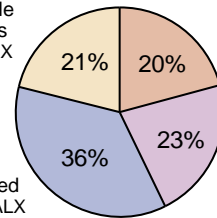
GROWTH AND INCOME MODEL

Our Growth and Income Model aims for long-term growth of 10% per year from stocks and bonds.

FUND	NAV	SHARES	BALANCE
Asset Mgr 20%	\$12.47	3091.867	\$38555.58
Puritan	\$19.03	2249.813	\$42813.94
Balanced	\$19.61	3473.505	\$68115.43
Conv. Securities	\$28.02	1410.466	\$39521.26

10% Foreign Holdings
Balance as of 12/31/07: \$189006.21
Balance at start of 2007: \$178097.11

Convertible
Securities
308/FCVX



Asset Mgr.
20% (Inc)
328/FASIX

Balanced
304/FBALX

Puritan
4/FPURX

PAST PERFORMANCE

Starting Balance: \$50,000

1994: - 3.7%	2001: + 1.3%
1995: +21.6%	2002: - 6.4%
1996: +15.8%	2003: +33.0%
1997: +18.7%	2004: +11.5%
1998: +11.1%	2005: + 8.2%
1999: +12.2%	2006: +13.7%
2000: + 2.7%	

2007: + 6.1%

For December our Growth and Income Model gained 0.3%.

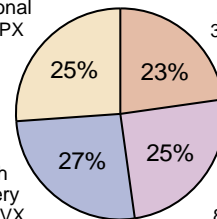
GROWTH MODEL

Our Growth Model aims for long-term growth of 13% per year. The model focuses on domestic funds and strives to hold profitable positions for at least a year.

FUND	NAV	SHARES	BALANCE
Spartan 500 Index	\$101.32	481.853	\$48821.35
Value Discovery	\$17.94	2994.897	\$53728.45
Growth Discovery	\$16.26	3515.551	\$57162.86
Export & Mult.	\$25.73	2087.325	\$53706.87

20% Foreign Holdings
Balance as of 12/31/07: \$213419.53
Balance at start of 2007: \$198855.65

Export &
Multinational
332/FEXPX



Spartan
500 Index
317/F5MKX

Growth
Discovery
339/FDSVX

Value
Discovery
832/FVDFX

PAST PERFORMANCE

Starting Balance: \$15,000

1987: + 2.8%	1997: +25.5%
1988: +26.0%	1998: + 9.9%
1989: +30.4%	1999: +29.0%
1990: - 4.4%	2000: -10.8%
1991: +40.6%	2001: - 6.4%
1992: +15.7%	2002: -17.1%
1993: +31.9%	2003: +46.1%
1994: - 2.1%	2004: +12.4%
1995: +27.2%	2005: +11.2%
1996: +19.2%	2006: +15.7%

2007: + 7.3%

Our Growth Model gained 0.3% in December, versus a 0.7% decline for the S&P 500.

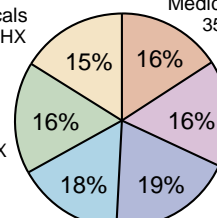
SELECT SYSTEM

Our Select System uses a volatility model to identify attractive sectors, and aims for growth of 14% per year.

FUND	NAV	SHARES	BALANCE
Medical Equipment	\$24.87	2643.537	\$65744.77
Computers	\$48.35	1361.136	\$65810.93
Consumer Staples	\$66.56	1198.944	\$79801.71
Natural Resources	\$40.05	1866.676	\$74760.37
Wireless	\$8.64	7907.524	\$68321.01
Chemicals	\$82.73	735.171	\$60820.70

19% Foreign Holdings
Balance as of 12/31/07: \$415259.49
Balance at start of 2007: \$359086.92

Chemicals
69/FSCHX



Medical Equipment
354/F5MEX

Wireless
963/FWRLX

Computers
7/FDCPX

Natural Resources
514/FNARX

Consumer Staples
9/FDFAX

PAST PERFORMANCE

Starting Balance: ~\$25,000

1989: +23.4%	1998: +21.7%
1990: +31.3%	1999: +44.9%
1991: +35.3%	2000: -14.9%
1992: +20.4%	2001: - 7.3%
1993: +25.9%	2002: -14.7%
1994: - 0.9%	2003: +38.4%
1995: +39.0%	2004: + 7.4%
1996: + 5.2%	2005: +15.0%
1997: +29.3%	2006: +13.6%

2007: +15.6%

Our Select System gained 1.4% in December, versus a 0.7% decline for the S&P 500.

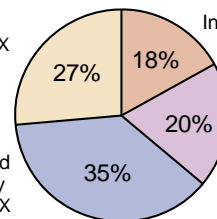
UNIQUE OPPORTUNITIES MODEL

Aims for a long-term return of 14% by emphasizing resource scarcity and global opportunities.

FUND	NAV	SHARES	BALANCE
Industrial Equip.	\$35.95	695.529	\$25004.27
Independence	\$28.19	984.815	\$27761.93
Lev. Co. Stock	\$32.33	1553.014	\$50208.94
Trend	\$70.72	542.778	\$38385.26

17% Foreign Holdings
Balance as of 12/31/07: \$141360.40
Balance at start of 2007: \$126671.24

Trend
5/FTRNX



Industrial Equip
510/F5CGX

Leveraged
Company
122/FLVCX

Independence
73/FDFFX

PAST PERFORMANCE

Starting Balance: \$50,000

(Partial Yr 99)	2003: +43.2%
1999: +33.8%	2004: +20.6%
2000: -20.5%	2005: +18.8%
2001: + 1.6%	2006: +16.6%
2002: - 2.1%	

2007: +11.6%

Our Unique Opportunities Model gained 1.7% in December.

Real estate funds slipped into the negative column after several years of unusually strong returns. Like residential housing, prices for commercial property soared in recent years. With financing now restricted, a period of consolidation has begun.

Our Growth and Income Model finished with a decent showing. We were a little heavy in financial stocks and a bit light on energy and materials until we replaced **Equity-Income** with **Convertible Securities** in late October.

BOND FUNDS

As investors became increasingly wary of credit problems, they opted for treasury bonds, where the risk of default is near-zero. Not surprisingly, the Spartan treasury bond index funds led the pack. **Inflation-Protected Bond** also did well, in part because of rising inflation, but mostly because it was 97% in treasuries.

Bond funds with credit risk tended to lag. Even those that focused on investment-grade bonds were punished by market forces, causing their 2007 returns to trail that of money market funds.

The meltdown in the mortgage derivative markets resulted in only a small loss for **Mortgage Securities**, but **Ultra-Short Bond** was hit hard despite being designed to maintain a stable share price. We're glad that Fidelity's money market funds weren't reaching for yield in the same way, but on the other hand the firm should have known better after getting caught up in the 1994 bond fund derivative fiasco.

Our Income Model finished a bit on the weak side. Our equity exposure helped, but during the summer we stepped up our exposure to **Floating Rate High Income** about the time that asset-backed securities came under pricing pressure.

SELECT PORTFOLIOS

Energy stocks were in a slump at the beginning of 2007, but as the year progressed oil inventories shrank and global demand picked up. Furthermore, energy watchdogs began to revise downward their long-range projections of global production. Those factors made Fidelity's energy Selects the stand-out performers for the year.

Emerging country demand had an impact on other commodities too. Selects that focused on basic materials were next in line behind the energy group, and the runup in food prices gave a boost to **Consumer Staples** – which performed unusually well for its low risk level.

A number of technology sectors benefited as demand for web-based video and mobile services heated up. A weak dollar, combined with growing technology demand overseas, also played a role.

Most of the Selects on the losing end got there because of the housing slump and its impact on lenders and consumer spending. While the losses were severe in a few cases, the number of funds affected was relatively small. It seems the sub-prime crisis is having very little impact on earnings outside the financial and consumer discretionary groups.

Our Select System had a good year, finishing about 10 percentage points ahead of the S&P 500. We maintained a slightly defensive posture for most of the year, with overweighted positions in telecom, energy, technology, and consumer staples.

Our Unique Opportunities Model also had a successful year, but was held back somewhat by its value-oriented holdings. Part-way through the year we revised the portfolio's objective, giving it more latitude to hold growth-oriented funds, and raising its long-term performance goal to 14% per year.

UPCOMING MODEL CHANGES

There are no changes in our model portfolios this month. For February we are considering a lower weighting for **Leveraged Company Stock** in the Unique Opportunities Model, and we may switch out of **Spartan 500 Index** in the Growth Model. For the Select System, **Wireless** may be up for replacement, depending on its earnings season performance. ■

Happenings

Sammy Simnegar has been named manager of **Aggressive International**, effective 1/1/08. We continue to rate the fund a hold. ■

DECEMBER DISTRIBUTIONS

December distributions are listed on pages 4 & 5. Six funds made two payouts during the month: **Asset Mgr. 85%** (.25/14.19 on 12/21 and .01/14.21 on 12/28), **Freedom Inc.** (.04/11.60 on 12/7 and .15/11.45 on 12/28), **New Markets Income** (.029/14.71 on 12/21 and .04/14.67 on 12/28), **Paper & Forest** (.41/31.68 on 12/14 and .87/31.12 on 12/28), **Real Estate** (.31/26.41 on 12/21 and .08/25.76 on 12/28), and **Strategic Inc.** (.011/10.54 on 12/21 and .11/10.48 on 12/28). Funds scheduled for January include **Aggressive Growth**, **Conv. Securities**, **Equity-Income II**, **Growth Company**, **Independence**, **NASDAQ Comp. Index**, **New Millennium**, **CT Muni**, **Muni Income**, **NJ Muni**, **Strategic Dividend & Inc.**, and **Value Strategies**.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	109961.8	4.86	CT MM (418/FCMXX)	1931.8	3.01			
Select MM (85/FSLXX)	5549.1	4.92	MA MM (74/FDMXX)	5067.2	2.95			
Money Market (454/SPRXX)	7740.1	4.88	MI MM (420/FMIXX)	988.5	2.95	MA AMT TF (426/FMSXX)	846.6	3.14
Gov't MM (458/SPAXX)	671.4	4.40	NJ MM (417/FNJXX)	2191.9	2.96	AMT Tax-Free (460/FIMXX)	3564.4	3.16
US Treas. MM (415/FDLXX)	3305.6	3.31	NY MM (92/FNYXX)	4921.0	2.98	NJ AMT TF (423/FSJXX)	725.7	3.17
Tax-Free MM (275/FMOXX)	4691.1	2.95	OH MM (419/FOMXX)	1176.6	2.99	NY AMT TF (422/FSNXX)	1320.0	3.17
US Gov't Reser (50/FGRXX)	3463.0	4.51	AZ MM (433/FSAXX)	369.9	3.04	PA MM (401/FPTXX)	685.0	3.00
CA MM (97/FCFXX)	5407.8	2.95	CA AMT TF (457/FSPXX)	2025.1	3.15	Municipal MM (10/FTEXX)	21081.8	3.08