

Jack
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Fidelity

Best Performing
Fidelity Newsletter

20
Years

APRIL
2008

Monitor™

The Asset Allocation Advantage

What kind of funds work best if you are living off your portfolio in retirement? Some investors keep everything in money markets and bond funds because they don't want to risk losses in the stock market. Others argue that stock funds are the only way to keep ahead of inflation, especially in cases where the portfolio may not be big enough to last through the retirement years.

Unfortunately, neither strategy balances the major risks to a retirement portfolio. The conservative path avoids market risk, but fails to address inflation

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Changes For Growth Model, Unique Opportunities Model

The following portfolio switches will take place on Monday, 4/14:

Our Growth Model will exchange **Export & Multinational** (332/FEXPX) for **Tax-Managed Stock** (343/FTXMX), resulting in a mix of roughly 24% **Stock Selector**, 25% **Value Discovery**, 26% **Growth Discovery**, and 25% **Tax-Managed Stock**. **Export** has been a weak performer because it lacks diversification. **Tax-Managed Stock** is a better way to profit from the weak dollar because it has less foreign exposure and a higher weighting in U.S. industrial stocks. Note: **Tax-Managed Stock** has a \$10,000 minimum and a two-year redemption fee of 1%. We intend to hold it for that long, but if you prefer an alternative choice, use **Fidelity Fund**.

Our Unique Opportunities Model will sell **Value Discovery** (832/FVDFX) and buy **Japan** (350/FJPNX), for an approximate mix of 18% **Industrial Equipment**, 20% **Independence**, 18% **Leveraged Company**, 18% **Japan**, and 26% **Trend**. While **Value Discovery** may still benefit from a recovery in the financial sector, **Japan** has become an interesting contrarian play. The surge in the yen was largely a result of global carry trade bets being unwound. It gives Japanese consumers a chance to lock in higher-yielding foreign securities, which could help spur consumer spending. At the same time, it provides an opportunity to buy Japanese export companies at attractive prices. We don't think the high yen will hurt earnings much, because many Japanese firms have hedged against it.

Review & Recommendations

The collapse of Bear Sterns highlighted the challenges that still exist as the financial system struggles under the weight of a global credit crunch. Investors were pleased to see that the Fed has the ability to use unconventional techniques in dealing with the crisis, but the resulting weak dollar and rising margin requirements forced an unwinding of carry trade bets, which led to a sharp correction in commodities. For March, the S&P 500 declined 0.4%.

GROWTH FUNDS

Our Growth Model positions are listed on page 7. If you prefer to pick your own funds, our favorites are **Stock Selector**, **Trend**, **Independence**, **Growth Discovery**, **Tax-Managed Stock**, & **Value Discovery**.

The best performing funds were mostly large-cap funds that avoided problem stocks. **Focused Stock** was up 0.8%, **OTC Portfolio** gained 0.1%, and **Blue Chip Growth** broke even. Many of the laggards had concentrated portfolios that were sensitive to individual stock losses. **Large Cap Growth** and **Fidelity Fifty** were both down 4.0%, and **Aggressive Growth** posted a loss of 5.4%.

INTERNATIONAL FUNDS

Our favorites include **Japan**, a value play that could benefit if the yen stops climbing, and **Canada**, which offers commodity exposure without the high liquidity risk of emerging market funds.

Strong gains in the yen helped **Japan Smaller Companies** to post a 2.8% increase. **Global Balanced** edged up 0.6%. Emerging market funds were hurt by the unwinding of global carry trade bets, which hit commodities particularly hard. **Pacific Basin** declined 5.5%, **Southeast Asia** was down 6.2%, and **Emerging Markets** lost 6.3%.

GROWTH & INCOME FUNDS

Our Growth and Income Model positions are listed on page 7. If you prefer to pick your own funds, our favorites include **Convertible Securities**, **Balanced**, and the **Asset Manager** group.

Lower interest rates and the Fed's willingness to "back" certain types of mortgage debt gave a boost to the real estate sector, with **Real Estate** gaining 7.5%. **Utilities**, a safe haven for troubled times, edged

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risk, putting it on a long-term collision course with rising living expenses. The aggressive approach deals with inflation risk effectively, but doesn't mitigate market risk, leaving open the possibility that a bear market will inflict permanent damage.

What's really needed is a middle-of-the-road

approach that has enough stock exposure to keep ahead of inflation, but not so much that your portfolio can't recover from a bear market. The name for this strategy? Asset Allocation.

This month we take a look at why asset allocation works, and we review funds taking full advantage of it.

A 31-YEAR REALITY CHECK

To illustrate some of the problems that can crop up when your portfolio is covering living expenses, we chose four Fidelity funds to represent different retirement strategies starting at the end of 1976. Today's inflationary pressures are not unlike those of the mid-to-late 70s, so the results for this 31-year example could provide a rough indication of what might happen in the coming three decades.

Inflation rose at a 4.2% rate for the entire period. For a cash investment, we used T-bill performance for the first three years, and **Cash Reserves** for the remaining period. The annualized return was 6.4%. For a bond approach, we used **Investment Grade Bond**, which had a 31-year total return of 8.0%. To show asset allocation returns, we used **Puritan**, which maintains a mix of roughly 60% stocks and 40% bonds. Although it hasn't been our favorite asset allocation choice in recent years, its long-term history and consistent approach are just what we needed for this example. **Puritan's** compound return for the period was 12.3% – right in line with the S&P 500's return. We picked **Contrafund** to represent a stock-only approach. Although it's been one of Fidelity's top performers over the last two decades, it often lagged the S&P 500 until 1989. Its return for the full 31-year period was 14.5% per year.

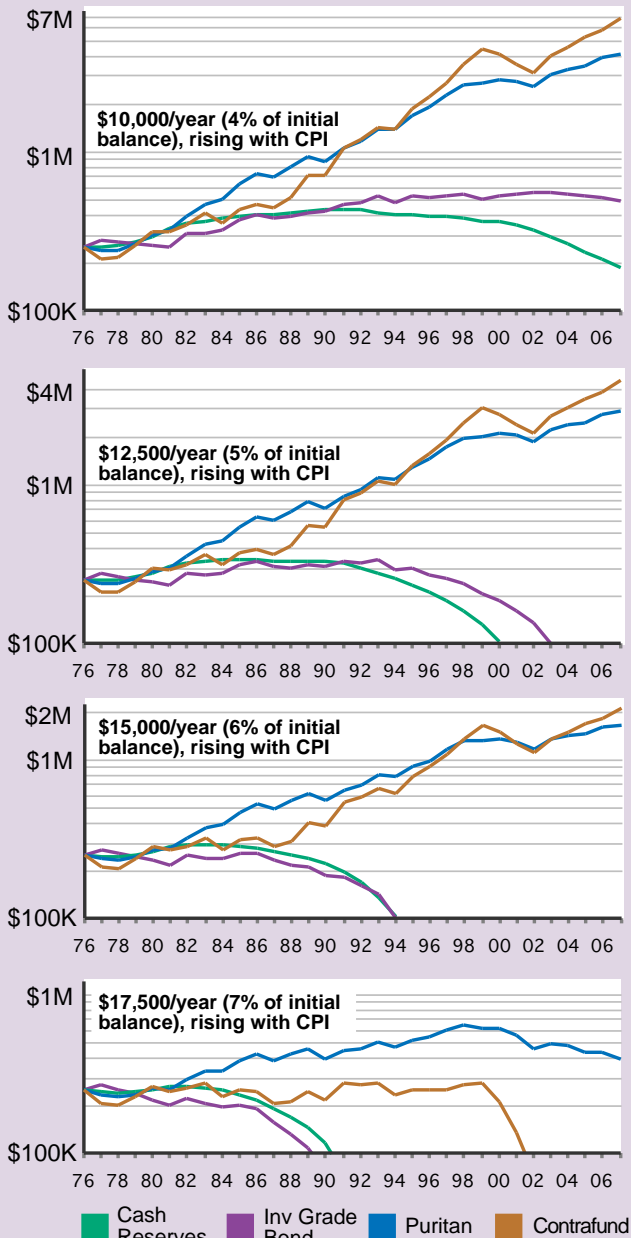
THE DYNAMICS OF LIQUIDATION

At liquidation rates of 3% or less, the performance of a retirement portfolio tends to mirror the underlying investment (less the amount being withdrawn). But above that level, the landscape starts to shift.

We looked at the effects of drawing out a sum of money that increases with inflation each year, starting with a portfolio of \$250,000 at the end of 1976. In today's money that's roughly \$900,000. We looked at investing the portfolio four different ways, with 100% of the assets being placed in a single Fidelity fund. The draws we took out for living expenses moved up with the CPI regardless of what happened in the financial markets. By 2007 the draws were 3.5 times larger than they started.

The results are summarized in the charts on the left. Unlike dollar cost averaging, where the math

Performance of a \$250,000 Portfolio With Four Different Liquidation Rates That Increase With Inflation



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works to your advantage as you buy in, making draws on a portfolio following a down market can work against you. As the bottom chart illustrates, stock-oriented investments are vulnerable when liquidation rates are high.

Stable investments such as cash and bonds don't work any better. With little advantage over inflation, it's tough to survive the test of time. Even if you live off the interest from a stable portfolio, the purchasing power of that income is eroding every year. After a decade or two it becomes difficult to make ends meet.

THE SOLUTION: ASSET ALLOCATION

The example with **Puritan** shows that a blend of stocks and bonds does an excellent job of balancing inflation risk and stock market risk. The fund grew faster than inflation – even while sustaining annual draws that began at 6% (caution: future returns are likely to be lower for all asset classes. Most advisors who use asset allocation strategies suggest limiting annual draws to 4% if you want perpetual income).

There are several reasons why an asset allocation approach is the clear winner in a retirement portfolio:

- A blend of stocks, bonds, and cash takes on enough risk to keep ahead of inflation, but not so much that loss recovery is a big issue. Consider the math: if a portfolio losses 5%, it can bounce back with a 5% gain. If it loses 10%, it can recover with an 11% gain. Neither scenario is a major challenge. In contrast, things are much more daunting for stock funds. Lose 25%, and it takes growth of 33% to bounce back. Lose 50%, and you need a doubling to break even. Lose 80%... well, you get the picture. Obviously, bear markets are hard enough without the additional pressure of annual liquidations.

- The built-in advantage of rebalancing enhances performance without increasing risk. In **Puritan's** case, it can sell bonds and buy stocks after the stock market takes a tumble. Or it can sell stocks and buy bonds after a bullish run. Just as dollar cost averaging magnifies the benefit of buying low, rebalancing magnifies the benefit of selling high. It's the reason that **Puritan** had only two-thirds of the S&P 500's risk, even as it matched the market on long-term performance.

- Asset allocation funds are less likely to be in the wrong place at the wrong time. They operate in a sweet spot on the efficient frontier, where manager skills are not as critical. Most are extremely well-diversified, which reduces the dependency on any one security. And it's rare that any of them will bet heavily on a volatile industry group.

RECOMMENDATIONS

Even if you're not using your portfolio for living expenses, asset allocation funds are a great way to invest – especially in tough times. Our Growth and Income Model, which relies heavily on asset allocation funds, has gained 8.0% per year over the last decade. During that time, the only year it lost money was 2002, when it declined 6%.

But you don't have to limit yourself to our Growth and Income Model. Fidelity offers a number of asset allocation choices that can serve as single-fund investment portfolios:

ASSET MANAGER FUNDS

Fidelity has rounded out its lineup here, adding new funds so that investors can choose from a full range of neutral stock weightings: 20%, 30%, 40%, 50%, 60%, 70%, and 85%. The diversification is extensive – there are more than 3000 securities in any given fund, and the stock portion is invested globally, with roughly a third of equities invested in foreign markets. The U.S. equity portion is divided among 10 Central Sector funds, each of which focuses on a major industry group and has a dedicated manager. Collectively, the stock side of these funds is more growth-oriented than other asset allocation funds – it currently lands in the large-cap growth category.

If your retirement portfolio is currently in cash or bonds, you should give strong consideration to **Asset Manager 20%**. The overall volatility and risk of loss is not much greater than a bond portfolio, but the small amount of stock exposure can give you a fighting chance against inflation.

With **Asset Manager 50%**, it should be easy to stay ahead of inflation. However, with half the S&P 500's risk you'll be a slightly more exposed to the swings of the market – though less than with other asset allocation funds.

Asset Manager 70% carries about the same risk as **Balanced** or **Puritan**. But going forward it may have the opportunity to perform slightly better, depending on what happens to growth stocks in the coming years.

BALANCED

Manager Lawrence Rakers has taken the latest market turmoil in stride, and his fund continues to rank as one of the top-performing balanced funds over the last decade. Currently, **Balanced** is holding roughly 65% in stocks and 35% in bonds. The equity portion of the fund falls in the large-cap blend category, and with about 3600 securities it's

ASSET ALLOCATION - Continued on page 8

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 ↓.

MARCH PERFORMANCE						2008	One	Three	One	3-Yr	5-Yr	10-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H ***	1.16	1.5(90)	18.37	2967.3	-20.2	-5.4	-20.2	-7.5	6.4	10.5	-0.6
Blue Chip Gth (312/FBGRX)	B ****	0.99	none	39.40	14136.1	-10.6	0.0	-10.6	0.6	4.6	8.2	1.8
Blue Chip Value (1271/FBCVX)	H ***	1.11	none	13.23	589.8	-9.4	-1.3	-9.4	-7.7	6.4		
Capital Apprec (307/FDCAX)	H ***	1.14	none	23.44	8001.4	-12.4	-3.7	-12.4	-8.5	5.7	13.3	5.8
Contrafund (22/FCNTX)	B ****	0.93	Closed	64.26	72805.4	-11.2	-1.6	-11.2	4.9	11.2	15.7	8.2
Growth Discovery (339/FDSVX)	B ****	1.02	none	14.07	1823.3	-13.5	-2.8	-13.5	9.4	11.6	11.9	6.5
Disc Equity (315/FDEQX)	H ***	1.01	none	25.84	11983.7	-12.5	-2.7	-12.5	-5.7	6.9	12.2	4.4
Dividend Gth (330/FDGFY)	H ***	0.93	none	26.48	11749.1	-9.9	-1.9	-9.9	-9.2	4.1	8.2	4.4
Export Fund (332/FEXPX)	H ***↓	1.11	0.75(30)	22.06	4285.0	-14.3	-3.5	-14.3	-3.5	7.8	13.9	9.1
Fidelity Fifty (500/FFTYX)	H ***	1.13	none	18.71	1348.7	-14.2	-4.0	-14.2	-7.7	7.5	10.2	6.6
Focused Stock (333/FTQGX)	H ***	1.18	none	11.95	71.9	-10.1	0.8	-10.1	1.9	8.3	14.0	2.7
Growth Company (25/FDGRX)	B ****	1.07	Closed	73.30	33291.9	-11.7	-0.3	-11.7	6.2	11.8	15.9	7.0
Independence (73/FDFFX)	B ****	1.33	none	25.15	6107.8	-9.1	-3.2	-9.1	15.4	14.7	16.4	7.8
Lg Cap Core En Idx (1827/FLCEX)	H ***	1.0 Est	none	9.13	834.2	-10.2	-0.8	-10.2				
Lg Cap Gth En Idx (1829/FLGEX)	H ***	1.0 Est	none	9.12	34.8	-11.4	-1.4	-11.4				
Large Cap Growth (763/FSLGX)	S **	0.97	none	9.17	143.9	-14.4	-4.0	-14.4	-12.7	1.2	8.9	
Large-Cap Stock (338/FLCSX)	H ***	1.09	none	16.79	1054.4	-13.1	-0.8	-13.1	-3.2	7.3	10.3	3.0
Lg Cap Val En Idx (1828/FLVEX)	H ***	1.0 Est	none	8.55	24.2	-9.5	-1.5	-9.5				
Large Cap Value (708/FSLVX)	H ***	1.07	none	12.83	1457.7	-11.5	-1.8	-11.5	-10.8	6.1	13.4	
Lev Co Stock (122/FLVCX)	B ****	1.20	1.5(90)	29.48	6949.1	-8.8	-2.6	-8.8	0.3	12.4	28.3	
Low-Priced Stock (316/FLPSX)	H ***	0.94	Closed	37.99	31330.8	-7.6	-1.8	-7.6	-7.1	7.2	17.4	11.1
Magellan (21/FMAGX)	B ****	1.12	none	82.26	39363.4	-12.4	-2.2	-12.4	2.1	6.9	10.4	3.5
Mid Cap Growth (793/FSMGX)	S **	1.19	0.75(30)	11.72	292.7	-13.3	-2.2	-13.3	-12.7	3.0	12.4	
Mid Cap Stock (337/FSMSX)	H ***	1.12	Closed	25.39	12841.7	-13.2	-3.7	-13.2	-11.9	9.1	13.3	8.0
Mid Cap Value (762/FSMVX)	S **	1.09	0.75(30)	14.42	720.2	-11.4	-3.2	-11.4	-14.8	5.9	14.8	
New Millennium (300/FMILX)	B ****	1.05	none	25.65	2002.0	-13.7	-1.0	-13.7	-1.8	9.7	13.3	10.0
OTC Portfolio (93/FOCPX)	H ***	1.19	none	43.09	6982.9	-17.4	0.1	-17.4	2.5	9.8	13.7	4.7
Small Cap Gth (1388/FCPGX)	H ***	1.07	1.5(90)	13.36	1223.1	-15.3	-3.6	-15.3	-6.5	7.8		
Small Cap Indep (336/FDSCX)	H ***	1.10	1.5(90)	16.84	1993.4	-15.4	-1.4	-15.4	-13.5	5.3	13.0	4.2
Small Cap Stock (340/FLSCX)	H ***	0.93	Closed	15.64	4044.4	-10.3	-0.3	-10.3	-7.2	6.5	15.4	8.9
Small Cap Value (1389/FCPVX)	S **	1.14	1.5(90)	11.99	1118.4	-11.8	-3.5	-11.8	-13.6	5.8		
Stock Selector (320/FDSSX)	B ****	0.99	none	26.39	945.3	-10.5	-0.5	-10.5	-1.5	8.0	12.1	3.3
Tax Mgd Stock (343/FTXMX)	B ****	1.01	(1730)	14.19	98.9	-11.6	-3.5	-11.6	-3.5	8.1	13.6	
Trend (5/FTRNX)	B ****	1.12	none	60.27	1020.7	-14.8	-1.5	-14.8	1.4	8.1	12.4	3.3
Value (39/FDVLX)	H ***	1.07	none	68.12	17927.5	-9.2	-0.4	-9.2	-11.4	6.6	15.8	7.9
Value Discovery (832/FVDFX)	B ****	1.08	none	15.94	1189.4	-11.1	-1.9	-11.1	-5.6	9.6	15.9	
Value Strategies (14/FSLSX)	H ***	1.13	none	25.46	299.4	-11.5	-1.9	-11.5	-13.0	5.8	17.0	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B ****	0.71	none	18.18	25710.5	-7.3	-1.8	-7.3	-2.0	8.0	12.6	7.7
Convertible Sec (308/FCVXS)	B ****	0.87	none	26.23	2862.6	-6.3	-2.3	-6.3	4.0	11.3	12.8	9.7
Dynamic Strategies (1960/FDYXS)	B ****	0.5 Est	none	9.08	50.0	-4.9	-1.1	-4.9				
Equity-Income (23/FEQIX)	H ***	1.06	none	48.94	27171.7	-9.7	-1.1	-9.7	-9.4	5.7	12.4	4.5
Equity-Income II (319/FEQTX)	H ***	1.06	none	20.59	9221.6	-9.7	-0.7	-9.7	-7.0	4.7	11.5	4.6
Fidelity Fund (3/FIDIX)	B ****	0.99	none	35.35	7119.8	-11.3	-1.9	-11.3	1.7	8.8	12.2	4.4
Growth & Income (27/FGRIX)	H ***	1.15	none	24.45	16179.3	-10.4	-1.7	-10.4	-9.3	1.7	6.6	2.1
Mega Cap Stock (361/FGRTX)	B ****	0.98	none	10.35	651.0	-11.3	-2.2	-11.3	-2.8	6.8	9.5	
Puritan (4/FPURX)	B ****	0.64	none	17.60	23230.2	-7.5	-1.3	-7.5	-3.0	6.2	10.2	5.6
Real Estate Income (833/FRIFX)	S **	0.35	0.75(90)	9.65	409.5	-3.2	-5.5	-13.1	1.6	6.0		
Real Estate (303/FRESX)	S **	1.65	0.75(90)	27.16	4454.5		7.5	4.8	-20.6	10.0	17.3	10.8
Strategic Div & Inc (1329/FSDIX)	B ****	0.88	none	11.66	868.8	-6.9	-1.2	-6.9	-7.1	6.7		
Utilities (311/FUIX)	H ***	1.00	none	18.20	1142.2	-11.4	1.6	-11.4	-9.2	11.9	16.5	4.0
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H ***	1.32	0.75(30)	34.55	46.9	-18.1	-7.8	-18.1	-22.4	6.0	15.4	7.1
Automotive (502/FSAVX)	S **	1.37	0.75(30)	33.99	25.8	-9.1	-0.7	-9.1	-12.5	2.6	11.0	2.7
Banking (507/FSRBX)	S **	1.60	0.75(30)	21.96	294.7	-10.3	-1.3	-10.3	-27.2	-5.1	4.4	1.6
Biotechnology (42/FBIOX)	H ***	0.98	0.75(30)	61.26	1088.4	-8.1	-2.1	-8.1	-1.2	8.2	8.7	6.9
Brokerage (68/FSLBX)	H ***	1.45	0.75(30)	58.10	699.2	-13.7	-2.5	-13.7	-13.6	12.9	17.9	9.3
IT Ser / Bus Ser (353/FBSOX)	H ***	1.08	0.75(30)	14.72	38.9	-11.9	-0.3	-11.9	-3.7	8.0	13.8	7.5
Chemicals (69/FSCHX)	B ****	1.32	0.75(30)	79.71	312.8	-3.7	-2.0	-3.7	15.7	12.4	21.4	9.7
Computers (7/FDCPX)	B ****	1.29	0.75(30)	39.64	435.6	-18.0	-1.5	-18.0	0.0	5.9	12.4	4.9
Const & Housing (511/FSHOX)	S **	1.62	0.75(30)	33.68	84.4	-0.5	1.5	-0.5	-14.4	0.7	15.1	7.3
Consumer Disc (517/FSCPX)	S **	1.13	0.75(30)	19.33	24.3	-8.0	-1.9	-8.0	-18.8	0.1	6.5	1.8
Industrial / Cyc Ind (515/FCYIX)	H ***	1.09	0.75(30)	20.72	124.2	-7.0	1.1	-7.0	8.0	12.0	20.9	8.7
Defense & Aero (67/FSDAX)	H ***	0.99	0.75(30)	76.77	1208.2	-13.2	-4.0	-13.2	-2.3	11.5	21.1	10.3
Com Equip / DevC (518/FSDCX)	H ***	1.35	0.75(30)	19.23	241.2	-14.4	-1.4	-14.4	-8.4	4.0	13.5	4.1
Electronics (8/FSLEX)	H ***	1.30	0.75(30)	37.44	1202.6	-17.9	0.7	-17.9	-15.9	0.2	8.9	4.3
Energy (60/FSENX)	B ****	1.49	0.75(30)	62.54	3150.8	-6.2	-3.0	-6.2	28.3	26.3	30.9	15.7
Energy Service (43/FSSESX)	B ****	1.63	0.75(30)	93.16	2254.0	-8.3	0.6	-8.3	32.5	27.5	29.0	13.6
Environmental (516/FSLEX)	H ***	1.00	0.75(30)	17.33	38.5	-10.5	-2.1	-10.5	0.7	9.4	11.7	0.1
Financial Services (66/FIDSX)	S **	1.48	0.75(30)	82.51	382.6	-13.8	-2.1	-13.8	-24.4	-0.1	7.3	3.6
Con Stap / Food Ag (9/FDFAX)	B ****	0.66	0.75(30)	64.91	654.0	-2.5	2.6	-2.5	13.1	14.4	16.9	7.6
Gold (41/FSAGX) (limit to 10%)	B ****↑	1.66	0.75(30)	41.83	2367.1	4.9	-9.8	4.9	31.5	33.2	26.3	15.5
Health Care (63/FSPHX)	H ***↓	0.76	0.75(30)	106.42	1954.0	-15.4	-6.8	-15.4	-6.2	5.7	8.0	5.2
Home Finance (98/FSVLX)	S **	2.03	0.75(30)	25.03	151.2	-12.4	-3.1	-12.4	-42.1	-13.7	-2.1	-1.4
Indust Equip (510/FSGCX)	B ****	1.09	0.75(30)	32.79	171.8	-8.8	1.0	-8.8	9.5	12.5	20.4	6.5
Materials / Ind Mat (509/FSDPX)	B ****↑	1.38	0.75(30)	56.17	352.2	-4.0	-1.5	-3.9	13.6	18.8	25.2	10.6
Insurance (45/FSPCX)	H ***	1.24	0.75(30)	52.16	154.0	-17.1	-3.4	-17.1	-19.3	1.2	8.9	7.2
Leisure (62/FDLSX)	H ***	1.06	0.75(30)	68.44	210.5	-11.1	-0.9	-11.1	-8.7	5.9	13.3	6.2
Medical Delivery (505/FSHCX)	H ***↓	0.83	0.75(30)	38.97	541.1	-25.9	-13.9	-25.9	-18.9	1.0	15.8	5.8
Medical Equip/Sys (354/FSMEX)	B ****	0.76	0.75(30)	23.99	1168.6	-3.5	-1.7	-3.5	8.5	9.0	14.0	
Multimedia (503/FBMPX)	S **	0.96	0.75(30)	34.00	62.1	-9.6	-3.7	-9.6	-17.6	1.5	9.6	5.4
Natural Gas (513/FSNGX)	B ****	1.43	0.75(30)	49.08	1594.2	1.2	-1.7	1.2	28.4	24.1	31.1	17.5
Nat Resources (514/FNARX)	B ****	1.48	0.75(30)	37.38	2419.1	-6.7	-4.2	-6.7	28.5	29.1	31.6	15.9
Networking (912/FNINX)	H ***	1.27	0.75(30)	1.91	48.6	-23.0	-3.0	-23.0	-22.0	-2.2	5.1	
Paper & Forest (506/FSFPX)	S **	1.25	0.75(30)	27.60	18.1	-11.9	-0.1	-11.9	-15.5	-0.7	5.2	3.1
Pharmaceuticals (580/FPHAX)	H ***	0.85	0.75(30)	9.93	172.9	-14.7	-5.6	-14.7	-4.7	8.8	8.4	
Retailing (46/FSRPX)	S **	1.36	0.75(30)	36.68	48.1	-10.3	0.3	-10.3	-22.3	0.3	10.8	3.5
Software (28/FSCTX)	H ***	1.13	0.75(30)	66.57	768.2	-18.0	-0.3	-18.0	-0.1	12.6	13.6	9.0
Technology (64/FSPTX)	H ***	1.30	0.75(30)	65.81	1550.1	-19.1	-1.3	-19.1	-6.0	5.7	11.6	5.6
Telecom (96/FSCTX)	H ***	1.21	0.75(30)	41.54	334.9	-20.2	-2.7	-20.2	-18.7	7.8	12.8	-0.1
Transportation (512/FSRFY)	H ***	1.29	0.75(30)	44.45	89.7	-2.8	0.2	-2.8	-8.0	6.7	16.7	9.2
Utilities Growth (65/FSUTX)	H ***	1.09	0.75(30)	57.33	608.3	-10.8	0.4	-10.8	-4.1	14.7	19.8	5.5
Wireless (963/FWRLX)	H ***	1.37	0.75(30)	6.95	436.2	-19.6	-3.9	-19.6	-0.2	10.3	25.6	

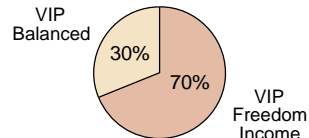
MARCH PERFORMANCE						30-day	2008	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.96	1 (30)	13.47	444.9		-11.0	-2.2	-11.0	-10.7	7.6	16.0
Canada (309/FICDX)	B****	1.13	1.5(90)	56.81	4559.6		-7.5	-5.4	-7.5	19.9	20.6	27.5
China Region (352/FHKCX)	S**	1.56	1.5(90)	27.03	1503.3		-13.3	-3.6	-13.3	27.9	23.7	26.5
Diversified Int'l (325/FDIVX)	H***	1.02	Closed	36.06	50760.2		-9.6	-1.3	-9.6	1.7	14.6	22.2
Emerging Mkts (322/FEMKX)	S**	1.37	1.5(90)	29.34	6032.6		-13.3	-6.3	-13.3	21.3	33.0	36.8
Europe (301/FIEUX)	H***	1.06	1 (30)	38.13	4783.0		-9.6	0.1	-9.6	2.8	15.1	27.1
Europe Cap Appr (341/FECAX)	H***	1.05	1 (30)	24.00	1042.6		-9.8	0.0	-9.8	-0.9	17.1	23.7
Global Balanced (334/FGBLX)	B****	0.59	1 (30)	21.66	385.1		-3.6	0.6	-3.6	6.4	11.1	15.7
Int'l Discovery (305/FIGRX)	H***	1.01	1 (30)	38.14	12756.8		-11.5	-2.0	-11.5	2.1	15.9	23.5
Int'l Growth (1979/FIGFX)	H***	1.1 Est	1 (30)	8.67	20.0		-9.3	-1.0	-9.3			
Int'l Real Estate (1368/FIREX)	S**	1.23	1.5(90)	12.25	699.7		-8.6	-1.3	-8.6	-19.9	12.8	
Int'l Small Cap (818/FISMXX)	H***	0.99	Closed	21.28	1233.3		-7.9	-2.4	-7.9	-1.6	13.4	29.2
Int'l Small Cap Opp (1504/FSCOX)	H***	1.22	2 (90)	13.04	930.3		-9.6	-5.2	-9.6	-13.0		
Int'l Value (1597/FIVLX)	H***	1.09	1 (30)	10.40	290.1		-9.0	-0.7	-9.0	-4.0		
Japan (350/FJPNX)	B****	1.08	1.5(90)	13.08	1552.4		-8.8	-2.8	-8.8	-14.9	6.8	14.5
Japan Smaller Co (360/FJSCX)	H***	1.04	Closed	10.21	615.4		-7.4	2.8	-7.4	-17.5	-3.6	13.0
Latin America (349/FLATX)	S**	1.85	1.5(90)	59.49	5788.0		-4.1	-5.3	-4.1	34.0	44.4	49.0
Nordic (342/FNORX)	H***	1.31	1.5(90)	42.08	772.1		-7.2	-0.7	-7.2	8.9	22.3	30.8
Overseas (94/FOSFX)	H***	1.17	1 (30)	42.79	8386.3		-11.6	-2.4	-11.6	4.0	16.3	23.0
Pacific Basin (302/FPBFX)	H***	1.19	1.5(90)	25.22	984.7		-16.5	-5.5	-16.5	0.1	17.3	22.4
Southeast Asia (351/FSEAX)	S**	1.48	1.5(90)	32.37	4317.2		-18.4	-6.2	-18.4	21.8	30.9	34.4
Total Int'l Equity (1978/FTIEX)	H***	1.0 Est	1 (30)	8.55	46.4		-9.5	-1.7	-9.5			
Worldwide (318/FWWFX)	H***	1.04	1 (30)	19.04	1492.6		-10.9	-0.8	-10.9	2.0	12.7	18.5
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.81	none	28.16	1838.7		-7.7	-0.5	-7.7	-3.7	7.1	12.4
NASDAQ Comp (1282/FNCMX)	H***	1.08	0.75(90)	30.23	164.4		-13.9	0.5	-13.9	-5.3	5.1	
Spart Ext Mkt Idx (398/FSBEMX)	H***	1.03	0.75(90)	34.60	2159.5		-9.7	-1.6	-9.7	-8.5	7.7	16.1
Spart Int'l Index (399/FSIIX)	H***	1.00	1(90)	43.23	4509.6		-8.6	0.0	-8.6	-2.8	13.4	21.1
Spart 500 Index (317/FSMKX)	B****	1.00	none	91.73	7240.7		-9.5	-0.4	-9.5	-5.1	5.8	11.2
Spart Total Mkt Idx (397/FSMTX)	H***	1.00	0.5(90)	37.01	4457.9		-9.5	-0.6	-9.5	-5.8	6.4	12.3
Asset Mgr 20% (328/FASIX)	B****	0.19	none	12.09	2493.9		-2.5	-0.7	-2.5	0.5	5.5	6.9
Asset Mgr 30% (1957/FTANX)	B****	0.3 Est	none	9.42	27.5		-3.7	-0.8	-3.6			
Asset Mgr 40% (1958/FFANX)	B****	0.4 Est	none	9.25	7.1		-4.8	-1.0	-4.8			
Asset Mgr 50% (314/FASMX)	B****	0.48	none	14.52	7782.1		-6.4	-1.3	-6.4	-2.6	5.0	7.1
Asset Mgr 60% (1959/FSANX)	B****	0.6 Est	none	8.89	7.0		-7.4	-1.2	-7.4			
Asset Mgr 70% (321/FASGX)	B****	0.69	none	15.53	2784.8		-8.6	-1.3	-8.6	-4.3	5.0	8.2
Asset Mgr 85% (347/FAMRX)	B****	0.83	none	12.77	519.8		-9.8	-1.3	-9.8	-5.1	7.2	13.6
Freedom 2000 (370/FFBFX)	B****	0.25	none	12.08	1761.8		-2.3	-0.8	-2.3	1.3	4.8	5.4
Freedom 2005 (1312/FFVFX)	B****	0.47	none	11.19	1048.7		-5.1	-1.0	-5.1	-0.2	6.0	
Freedom 2010 (371/FFFCX)	B****	0.49	none	14.07	13997.2		-5.1	-1.0	-5.1	0.1	6.2	8.3
Freedom 2015 (1313/FFVFX)	B****	0.54	none	11.73	6947.6		-5.9	-1.0	-5.9	-0.6	6.8	
Freedom 2020 (372/FFFDX)	B****	0.67	none	14.66	20007.4		-7.3	-1.1	-7.3	-1.3	7.2	10.9
Freedom 2025 (1314/FFTWX)	B****	0.70	none	12.15	6443.6		-7.8	-1.1	-7.8	-1.9	7.3	
Freedom 2030 (373/FFFEEX)	B****	0.81	none	15.02	13381.1		-9.1	-1.2	-9.1	-2.7	7.6	12.0
Freedom 2035 (1315/FFTHX)	B****	0.83	none	12.41	3778.1		-9.3	-1.2	-9.3	-3.0	7.6	
Freedom 2040 (718/FFFFX)	B****	0.86	none	8.79	6919.4		-9.7	-1.2	-9.7	-3.3	7.7	12.8
Freedom 2045 (1617/FFFGX)	B****	0.87	none	10.24	588.3		-9.8	-1.3	-9.8	-3.2		
Freedom 2050 (1618/FFHHX)	B****	0.91	none	10.26	597.3		-10.2	-1.3	-10.2	-3.5		
Freedom Income (369/FFFAAX)	B****	0.20	none	11.19	2537.7		-1.8	-0.8	-1.8	1.4	4.6	4.8
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	H***	0.28	1(90)	8.17	9342.9	7.61	-4.4	-0.9	-4.4	-3.7	5.9	10.7
Floating Rate (814/FFRHX)	S**	0.15	1(60)	9.16	1746.7	6.94	-2.9	0.9	-2.8	-1.9	3.1	3.9
Focused High Inc (1366/FFHFX)	H***	0.14	1(90)	9.56	56.1	7.27	-1.7	-0.2	-1.7	-0.9	4.8	
GNMA Portfolio (15/FGMNX)	H***	0.23	none	11.04	3359.3	5.00	2.2	0.1	2.3	7.7	5.3	4.3
Gov't Income (54/FGOVX)	H***	0.24	none	10.65	6853.0	3.70	3.9	0.6	3.9	10.5	6.0	4.5
High Income (455/SPHIX)	H***	0.17	1(90)	8.29	5108.6	8.59	-2.0	0.0	-2.0	-2.0	5.4	8.6
Inflation-Protected (794/FINPX)	H***	0.36	none	11.54	1882.0	1.11	4.8	-0.3	4.8	11.8	5.5	5.9
Intermed Bond (32/FTHRX)	H***	0.20	none	10.11	7538.7	4.38	0.7	-0.8	0.7	3.1	3.8	3.4
Intermed Gov't Inc (452/FSTGX)	H***	0.20	none	10.57	878.6	3.51	3.8	0.3	3.8	10.4	5.9	4.0
Invest Grade Bond (26/FBNDX)	H***	0.24	none	7.07	10367.0	4.83	-0.5	-1.2	-0.5	0.7	3.3	3.4
Mortgage Securities (40/FMSFX)	H***	0.23	none	10.25	1206.4	5.34	-0.6	-1.1	-0.6	-2.1	2.2	2.6
New Markets Inc (331/FNMIX)	S**	0.20	1(90)	14.44	2135.8	5.90	0.0	-0.2	0.0	3.5	10.0	12.4
Short-Term Bond (450/FSHBX)	S**	0.11	none	8.42	7011.7	4.20	-1.0	-1.6	-1.0	-0.5	2.5	2.3
Spart Intermed Tr Idx (1561/FBIBX)	H***	0.34	none	10.95	932.6	3.13	6.1	1.3	6.1	14.9		
Spart L-Term Tr Idx (1562/FLBIBX)	H***	0.52	none	10.54	54.9	4.01	4.0	0.9	4.0	12.9		
Spart S-Term Tr Idx (1563/FSBIBX)	H***	0.16	none	10.61	128.5	1.73	3.8	0.4	3.8	10.4		
Strategic Income (368/FSICX)	H***	0.13	none	10.38	5137.6	5.75	0.9	0.1	0.9	4.7	6.3	8.1
Strategic Real Rtn (1505/FSRRX)	H***	0.28	0.75(60)	10.22	5162.5	3.87	2.3	-1.8	2.3	3.4		
Total Bond (820/FTBFX)	H***	0.21	none	10.30	9773.7	4.93	0.9	-0.4	0.9	3.6	4.5	4.4
Ultra-Short Bond (812/FUSFX)	S**	0.13	0.25(60)	8.31	427.9	4.15	-7.0	-4.1	-6.9	-12.5	-1.7	-0.4
US Bond Index (651/FBIDX)	H***	0.24	none	10.96	8846.9	4.54	1.8	0.0	1.8	5.7	4.8	4.3
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H***	0.20	0.5(30)	11.02	134.5	3.89	-0.9	3.3	-0.9	1.0	3.0	3.3
CA Municipal Inc (91/FCTFX)	H***	0.18	0.5(30)	11.90	1546.2	3.95	-1.1	2.9	-1.1	1.1	3.4	3.7
CA Short-Int TF (1534/FCSTX)	H***	0.09	0.5(30)	10.20	148.2	2.84	1.4	1.4	1.4	4.8		
CT Municipal Inc (407/FICNX)	H***	0.17	0.5(30)	11.17	441.9	3.59	0.0	2.6	0.0	3.0	3.6	3.4
Intermediate Muni (36/FLTMX)	H***	0.13	0.5(30)	9.92	2149.7	3.44	0.5	1.9	0.6	3.8	3.9	3.8
MA Municipal Inc (70/FDMMX)	H***	0.18	0.5(30)	11.54	1866.9	3.90	-0.9	2.7	-0.9	1.6	3.5	3.8
MD Municipal Inc (429/SMDMX)	H***	0.18	0.5(30)	10.62	140.2	3.73	-0.4	2.6	-0.4	2.0	3.3	3.4
MI Municipal Inc (81/FMHTX)	H***	0.16	0.5(30)	11.64	585.0	3.49	0.0	2.6	0.0	3.1	3.8	3.7
MN Municipal Inc (82/FIMIX)	H***	0.15	0.5(30)	11.10	346.0	3.57	0.1	2.5	0.1	2.5	3.5	3.6
Municipal Income (37/FFHGX)	H***	0.18	0.5(30)	12.30	4970.0	4.06	-1.1	2.6	-1.1	1.3	3.5	3.9
NJ Municipal Inc (416/FNJHX)	H***	0.17	0.5(30)	11.31	570.0	3.68	-0.5	2.6	-0.5	2.4	3.7	3.8
NY Municipal Inc (71/FFMXX)	H***	0.18	0.5(30)	12.47	1412.7	3.87	-0.8	2.8	-0.8	1.9	3.4	3.7
OH Municipal Inc (88/FOHFX)	H***	0.18	0.5(30)	11.34	417.1	3.71	-0.5	2.6	-0.4	2.4	3.6	3.8
PA Municipal Inc (402/FPXTX)	H***	0.15	0.5(30)	10.57	309.9	3.62	-0.5	2.2	-0.5	2.6	3.5	3.7
Short-Int Municipal (404/FSSTX)	H***	0.08	0.5(30)	10.41	1654.1	2.62	1.7	1.2	1.8	5.3	3.7	2.8
Tax-Free Bond (90/FTABX)	H***	0.18	0.5(30)	10.49	886.7	4.03	-0.9	2.8	-0.9	1.6	3.7	4.1

MARCH PERFORMANCE Indexes and Model Portfolios	Risk	Value	2008 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.92	12262.89	-7.0	0.1	-7.0	1.6	7.8	11.4	5.5
S&P 500	1.00	1322.70	-9.4	-0.4	-9.4	-5.1	5.9	11.3	3.5
NASDAQ	1.08	2279.10	-13.9	0.4	-13.9	-5.1	5.3	11.9	2.7
Russell 2000	1.25	687.97	-9.9	0.4	-10.0	-13.1	5.0	14.9	5.0
Fidelity Monitor Income Model	0.30	86513.46	-3.6	-0.8	-3.6	-1.1	3.4	4.2	3.8
Fidelity Monitor G&I Model	0.61	177962.12	-5.8	-1.3	-5.8	-1.8	7.5	12.2	7.6
Fidelity Monitor Growth Model	1.03	187616.93	-12.1	-2.1	-12.1	-7.1	6.6	15.2	5.9
Fidelity Monitor Select System	1.01	383930.94	-7.5	-1.3	-7.5	2.0	12.2	16.2	8.0
Fidelity Monitor Unique Opportunities	1.13	126264.21	-10.7	-1.7	-10.7	-2.8	10.7	19.8	

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

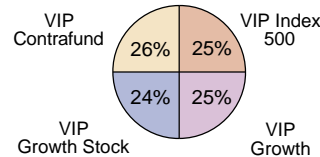


PAST PERFORMANCE

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%	*2008: -3.5%

VIP GROWTH MODEL

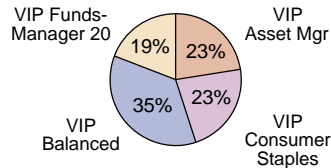


PAST PERFORMANCE

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%	*2008: -12.6%

VIP G & I MODEL

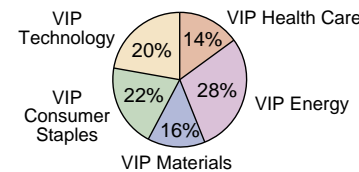


PAST PERFORMANCE

Starting Balance: \$10,000

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%
2001: +3.1%	*2008: -5.1%

VIP SECTOR MODEL



PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2006: +17.7%
2004: +6.3%	2007: +11.2%
2005: +14.0%	*2008: -11.0%

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

MARCH VIP PERFORMANCE Portfolio	Rating	PRA Value	RR Value	2008 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	10.36	10.84	-20.5	-5.5	-20.5	-9.3		
VIP Asset Manager	B ****	11.94	37.42	-5.2	-2.1	-5.2	6.6	7.0	8.1
VIP Asset Manager: Growth	B ****	12.00	24.65	-7.2	-2.4	-7.2	7.4	7.4	9.5
VIP Balanced	B *****	11.67	17.30	-7.5	-1.7	-7.5	-2.7	5.8	7.3
VIP Consumer Discretionary	S **	9.51	10.43	-8.2	-1.9	-8.2	-19.3	-0.8	5.8
VIP Consumer Staples	B ****	10.86	10.82	-2.5	2.6	-2.5			
VIP Contrafund	B ****	12.29	45.54	-11.8	-1.1	-11.8	1.5	9.7	14.6
VIP Disciplined Small Cap	H ***	8.86	8.79	-10.3	-0.7	-10.3	-15.0		
VIP Dynamic Capital Appreciation	H ***	11.52	13.92	-13.1	-4.1	-13.1	-9.8	8.6	
VIP Energy	B ****	17.28	29.80	-6.7	-3.2	-6.7	27.0	26.2	29.7
VIP Equity-Income	H ***	11.21	62.48	-9.9	-1.2	-9.9	-10.0	5.1	11.7
VIP Financial Services	S **	9.27	11.26	-13.5	-2.0	-13.5	-24.5	-0.6	6.8
VIP Freedom 2005	B ****	11.55	11.68	-4.9	-0.8	-4.9	0.5		
VIP Freedom 2010	B ****	11.54	11.71	-5.1	-0.9	-5.1	0.3		
VIP Freedom 2015	B ****	11.74	11.97	-5.8	-0.9	-5.8	0.0		
VIP Freedom 2020	B ****	11.80	12.08	-7.3	-1.1	-7.3	-1.0		
VIP Freedom 2025	B ****	11.85	12.19	-7.8	-1.1	-7.8	-1.2		
VIP Freedom 2030	B ****	11.91	12.29	-9.0	-1.2	-9.0	-1.9		
VIP Freedom Income	B ****	11.26	11.25	-1.6	-0.4	-1.6	2.2		
VIP FundsManager 20	B ****	10.87	10.76	-1.8	-0.4	-1.8	1.6		
VIP FundsManager 50	B ****	10.70	10.59	-5.5	-0.8	-5.5	-1.5		
VIP FundsManager 70	B ****	10.57	10.46	-8.0	-1.0	-8.0	-3.7		
VIP FundsManager 85	B ****	10.46	10.35	-9.9	-1.3	-9.9	-5.2		
VIP Growth	B ****	11.94	65.94	-13.7	-2.9	-13.7	7.3	8.0	11.0
VIP Growth & Income	B ****	11.82	19.40	-10.6	-0.6	-10.6	-1.8	6.7	9.2
VIP Growth Opportunities	B ****	11.28	13.60	-17.8	-2.8	-17.8	-4.0	5.4	9.7
VIP Growth Stock	B ****	10.80	10.98	-15.0	-1.5	-15.0	2.3		
VIP Health Care	B ****	10.18	11.76	-15.7	-7.0	-15.7	-8.9	4.6	7.1
VIP High Income	H ***	11.23	31.29	-2.5	-0.1	-2.5	-3.0	4.6	7.6
VIP Index 500	B ****	11.18	36.04	-9.7	-0.5	-9.7	-5.9	4.9	10.3
VIP Industrials	B ****	13.22	19.05	-7.2	1.0	-7.2	7.6	11.7	20.5
VIP Int'l Capital Appreciation	H ***	11.44	11.98	-11.1	-2.4	-11.1	-11.6		
VIP Investment Grade Bond	H ***	10.99	30.57	0.8	-0.6	0.8	3.0	3.4	3.1
VIP Materials	B ****	10.99	10.94	-3.8	-1.5	-3.8			
VIP Mid Cap	B ****	12.46	22.25	-9.9	-2.8	-9.9	0.6	10.3	19.6
VIP Money Market		11.21	21.57	0.8	0.2	0.8	4.1	3.7	2.4
VIP Overseas	H ***	13.70	42.81	-10.2	-1.2	-10.2	0.3	13.7	21.0
VIP Real Estate	S **	11.97	18.96	2.5	6.3	2.5	-18.7	11.2	
VIP Strategic Income	H ***	11.54	12.59	0.9	0.1	0.9	4.1	5.4	
VIP Technology	B ****	10.73	9.97	-19.7	-1.5	-19.7	-9.5	5.1	11.1
VIP Telecommunications	H ***	7.89	7.86	-20.5	-2.8	-20.5			
VIP Utilities	H ***	14.11	14.16	-10.9	0.5	-10.9	-3.5	15.2	19.9
VIP Value	H ***	10.84	11.13	-9.5	-0.5	-9.5	-12.2		
VIP Value Leaders	H ***	11.29	11.63	-9.4	-1.3	-9.4	-8.1		
VIP Value Strategies	H ***	11.06	14.00	-11.9	-2.0	-11.8	-13.7	5.0	
Fidelity Monitor VIP Income Model			20322.88	-3.5	-0.8	-3.5	0.6	3.6	4.5
Fidelity Monitor VIP G&I Model			25770.16	-5.1	-1.3	-5.1	0.1	6.8	9.0
Fidelity Monitor VIP Growth Model			36230.82	-12.6	-1.5	-12.6	-5.8	6.8	11.7
Fidelity Monitor VIP Sector Model			18513.68	-11.0	-2.0	-11.0	-5.0	10.1	17.1

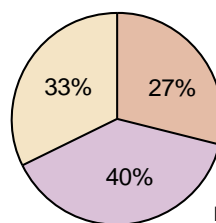
INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Balanced	\$18.18	1305.175	\$23728.08
Asset Mgr 20%	\$12.09	2852.446	\$34486.07
Freedom Income	\$11.19	2528.982	\$28299.31

7% Foreign Holdings
Balance as of 3/31/08: \$86513.46
Balance at start of 2008: \$89754.23

Freedom Income
369/FFAFX



Balanced
304/FBALX

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%

2008 YTD: - 3.6%

Our Income Model declined 0.8% for the month of March. On 3/10 we sold **Puritan** (\$17.22) and bought **Balanced** (\$17.74).

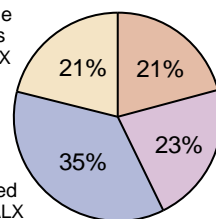
GROWTH AND INCOME MODEL

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%	\$12.09	3109.937	\$37599.14
Consumer Staples	\$64.91	619.175	\$40190.65
Balanced	\$18.18	3473.505	\$63148.32
Conv. Securities	\$26.23	1411.514	\$37024.01

13% Foreign Holdings
Balance as of 3/31/08: \$177962.12
Balance at start of 2008: \$189006.21

Convertible Securities
308/FCV SX



Asset Mgr. 20% (Inc)
328/FASIX

Consumer Staples
9/FDFAX

Balanced
304/FBALX

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%

2008 YTD: - 5.8%

For March our Growth and Income Model was off 1.3%. On 3/10 we sold **Puritan** (\$17.22) and bought **Consumer Staples** (\$62.57).

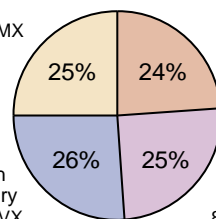
GROWTH MODEL

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
Stock Selector	\$26.39	1681.246	\$44368.08
Value Discovery	\$15.94	2994.897	\$47738.66
Growth Discovery	\$14.07	3515.551	\$49463.80
Export & Mult.	\$22.06	2087.325	\$46046.39

13% Foreign Holdings
Balance as of 3/31/08: \$187616.93
Balance at start of 2008: \$213419.53

Tax-Managed Stock
343/FTXMX



Stock Selector
320/FDSSX

As of
4/14

Value Discovery
832/FVDFX

Growth Discovery
339/FDSVX

PAST PERFORMANCE

Starting Balance: \$15,000
 1987: + 2.8% 1998: + 9.9%
 1988: +26.0% 1999: +29.0%
 1989: +30.4% 2000: -10.8%
 1990: - 4.4% 2001: - 6.4%
 1991: +40.6% 2002: -17.1%
 1992: +15.7% 2003: +46.1%
 1993: +31.9% 2004: +12.4%
 1994: - 2.1% 2005: +11.2%
 1995: +27.2% 2006: +15.7%
 1996: +19.2% 2007: + 7.3%
 1997: +25.5%

2008 YTD: - 12.1%

Our Growth Model slid 2.1% in March, versus a 0.4% loss for the S&P. On 3/10 we sold **Spartan 500** (\$88.24), buying **Stock Selector** (\$25.29). On 4/14 we will sell **Export** and buy **Tax-Managed Stock**.

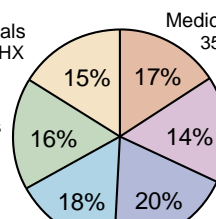
SELECT SYSTEM

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	\$23.99	2643.537	\$63418.45
Computers	\$39.64	1361.136	\$53955.43
Consumer Staples	\$64.91	1198.944	\$77823.46
Natural Resources	\$37.38	1866.676	\$69776.35
Natural Gas	\$49.08	1229.763	\$60356.77
Chemicals	\$79.71	735.171	\$58600.48

16% Foreign Holdings
Balance as of 3/31/08: \$383930.94
Balance at start of 2008: \$415259.49

Chemicals
69/FSCHX



Medical Equipment
354/FSMEX

Computers
7/FDCPX

Natural Gas
513/FNGX

Natural Resources
514/FNARX

Consumer Staples
9/FDFAX

PAST PERFORMANCE

Starting Balance: ~\$25,000
 1989: +23.4% 1999: +44.9%
 1990: +31.3% 2000: -14.9%
 1991: +35.3% 2001: - 7.3%
 1992: +20.4% 2002: -14.7%
 1993: +25.9% 2003: +38.4%
 1994: - 0.9% 2004: + 7.4%
 1995: +39.0% 2005: +15.0%
 1996: + 5.2% 2006: +13.6%
 1997: +29.3% 2007: +15.6%
 1998: +21.7%

2008 YTD: - 7.5%

Our Select System was down 1.3% in March, versus a 0.4% decline for the S&P 500.

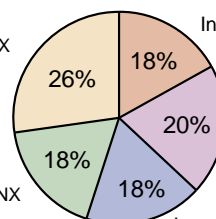
UNIQUE OPPORTUNITIES MODEL

Our portfolio aims for a growth rate of 14% per year.

FUND	NAV	SHARES	BALANCE
Industrial Equip.	\$32.79	695.529	\$22806.40
Independence	\$25.15	1003.818	\$25246.02
Lev. Co. Stock	\$29.48	776.507	\$22891.43
Value Discovery	\$15.94	1417.928	\$22601.77
Trend	\$60.27	542.867	\$32718.59

33% Foreign Holdings
Balance as of 3/31/08: \$126264.21
Balance at start of 2008: \$141360.40

Trend
5/FTRNX



Industrial Equip
510/FSCGX

As of
4/14

Independence
73/FDFFX

Japan
350/FJPNX

Lev. Co. 122/FLVCX

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%

2008 YTD: - 10.7%

Our Unique Opportunities Model declined 1.7% in March. On 4/14 we will sell **Value Discovery** and buy **Japan**.

very broadly diversified. Over the last year, Rakers has embraced energy stocks, which now account for 15% of stock holdings. The fund's overall volatility has dropped to about 70% of the S&P 500's level. Foreign holdings account for 11% of assets.

If you're currently sitting in cash, and planning to return to the market at some point, consider moving into **Balanced** now. Your downside risk will be limited. And unlike the vast majority of investors on the sidelines, you won't end up missing out on the next big stock market rally.

GLOBAL BALANCED

This fund is essentially a foreign version of **Balanced**, except that it's not as well diversified on the bond side. Also, its industry mix is skewed somewhat toward the financial sector. The asset mix is 57% stocks, 38% bonds, and 5% cash. Although **Global Balanced** has matched the return of **Balanced** over the last ten years, it may have a tougher time going forward. Its expense ratio is a bit higher, and foreign stocks may not outperform over the next decade. On the plus side, about a third of its stock holdings are in U.S. companies.

PURITAN

Puritan has a new stockpicker, Ramin Arani. Arani has revamped the fund's stock holdings, doing away with the fund's traditional equity-income approach. In its place is a more growth-oriented strategy similar to **Balanced**. This change is likely to work out well, but it raises the uncertainty factor a bit. With **Puritan** looking more like **Balanced**, an argument can be made for simply holding **Balanced** until Arani has a more established track record. **Puritan**'s overall volatility score is approaching 0.7 relative to the S&P 500. Its stock holdings are in the large-cap blend category, and its foreign position accounts for 11% of assets. ■

Happenings

Among manager changes, Peter Dixon has been appointed to **Leisure**, and John Sheehy has been named co-manager of **Paper & Forest Products**.

Late last year, Fidelity added three new enhanced index funds to its lineup. **Mid-Cap Enhanced Index** competes with the Russell Mid-Cap Index, **Small Cap Enhanced Index** competes with the Russell 2000 Index, and **International Enhanced Index** competes with the EAFE Index. We rate all three a hold. ■

up 1.6%. On the flip side, **Mega Cap Stock** declined 2.2%, and **Convertible Securities** was down 2.3% on weakness in energy and technology.

INCOME FUNDS

Our Income Model positions are listed on page 7. If you prefer to pick your own funds, our favorites include **Freedom Income**, **Asset Manager 20%**, and **Dynamic Strategies**.

Spartan Intermediate Treasury Index led the taxable bond group with an increase of 1.3%. But weakness in commodities hurt **Strategic Real Return**, which slid 1.8%. And **Ultra-Short Bond** was down 4.1% as it continued to struggle with credit quality.

Bargain hunting broke out in the muni bond arena, helping these funds to recover from last month. Gains in the group ranged from 1.2% to 3.3%.

SELECT PORTFOLIOS

Our Select System positions are listed on page 7. We prefer that subscribers stick to the model, but our buy list is provided for those who want some long-term ideas: **Natural Gas**, **Energy Service**, **Natural Resources**, **Energy**, **Consumer Staples**, **Medical Equipment**, **Materials**, **Chemicals**, **Industrial Equipment**, **Computers**, and **Gold** (limit **Gold** to less than 10% of your overall assets).

Recession-resistant **Consumer Staples** was up 2.6%. **Construction & Housing** gained 1.5%, **Industrials** posted a 1.1% increase, and **Industrial Equipment** edged up 1.0%. Laggards included **Air Transportation**, down 7.8%, **Gold** with a 9.8% loss, and **Medical Delivery**, tumbling 13.9%. ■

MARCH DISTRIBUTIONS

Asset Manager 20%	\$ 0.041/\$12.02 (3/7)
Asset Manager 30%	\$ 0.022 / \$9.35 (3/7)
Equity-Income	\$ 0.85 / \$47.91 (3/7)
Freedom Income	\$ 0.03 / \$11.16 (3/7)
MA Municipal Income	\$ 0.015/\$11.58 (3/7)
NY Municipal Income	\$ 0.007/\$12.52 (3/7)
Real Estate Income	\$ 0.07 / \$9.66 (3/7)
Real Estate	\$ 0.05 / \$24.84 (3/7)
Tax-Free Bond	\$ 0.003/\$10.53 (3/7)

Funds scheduled in April include all enhanced index funds, all Select portfolios, **Asset Manager 20%** through **50%**, **Balanced**, **CA Muni Income**, **Convertible Securities**, **Equity-Income**, **Equity-Income II**, **Fidelity Fund**, **Four-In-One Index**, **Freedom Income**, **Growth & Income**, **Mega Cap Stock**, **Puritan**, **Spartan Extended Market Index**, **Spartan International Index**, **Spartan Total Market Index**, all **Spartan Treasury** funds, **Strategic Div. & Income**, **Strategic Real Return**, and **Utilities Fund**.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	122217.8	3.08	CT MM (418/FCMXX)	2111.0	1.85			
Select MM (85/FSLXX)	7256.1	3.19	MA MM (74/FDMXX)	5378.2	1.60			
Money Market (454/SPRXX)	8023.9	3.08	MI MM (420/FMIXX)	1113.8	1.74	MA AMT TF (426/FMSXX)	817.0	1.82
Gov't MM (458/SPAXX)	830.5	2.54	NJ MM (417/FNJXX)	2396.4	1.73	AMT Tax-Free (460/FIMXX)	3457.4	1.81
US Treas. MM (415/FDLXX)	4380.6	1.72	NY MM (92/FNYXX)	5298.7	1.67	NJ AMT TF (423/FSJXX)	727.1	1.88
Tax-Free MM (275/FMOXX)	5512.7	1.86	OH MM (419/FOMXX)	1162.5	1.78	NY AMT TF (422/FSNXX)	1351.5	1.94
US Gov't Reser (50/FGRXX)	3698.4	2.67	AZ MM (433/FSAXX)	387.8	1.68	PA MM (401/FPTXX)	754.0	1.99
CA MM (97/FCFXX)	5998.1	1.70	CA AMT TF (457/FSPXX)	2017.7	1.94	Municipal MM (10/FTEXX)	22400.3	1.93