

Jack
Bowers



Fidelity

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20
Years

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Monitor™

International Headwinds

The headwinds are picking up for international funds. Strong currencies are starting to weigh on economies in the euro-zone. Emerging markets, with their high rates of economic growth, are in an uphill battle with inflation. The dollar is no longer certain to decline, and might even reverse course.

U.S. stocks, in contrast, are looking reasonably solid despite the mortgage mess. Corporate earnings have held up better than expected, and exports are gaining momentum. Inflation remains a concern, but the U.S. is well-equipped to deal with it. Our competitive economy easily absorbs cost pressures, and the deflationary overhang from the housing crisis is allowing the Fed to keep interest rates low.

TIME TO CUT FOREIGN EXPOSURE?

Investing in foreign funds worked out well over the last decade, thanks to globalization. Free trade, cheap technology, and better communications ushered in a new era for manufacturing and services.

Less obvious, but almost as important, was the
INTERNATIONAL HEADWINDS - *Continued on page 2*

Unique Opportunities Switch

On Monday, 5/12, Our Unique Opportunities Model will sell **Trend** (5/FTRNX) and buy **OTC Portfolio** (93/FOCPX), for an approximate mix of 18% **Industrial Equipment**, 20% **Independence**, 18% **Leveraged Company**, 18% **Japan**, and 26% **OTC Portfolio**. **Trend** has a significant emphasis on growth stocks, but we're looking for an even heavier concentration in technology. We think **OTC Portfolio**, which is 55% in tech stocks, has rebound potential. Technology stocks were heavily sold in recent months because investors assumed they would repeat their 2001–2002 pattern. However, the current problem is in the financial sector, and technology stocks usually perform well after a substantial decline in the dollar. Tech stock values were reasonable going into the latest selloff, and now they're cheap, despite market conditions that would normally place a premium on growth. The latest earnings reports show that consumers are still spending on technology, and chances are good that even the financial industry will keep spending to upgrade their risk-management systems.

Review & Recommendations

April brought earnings reports that were not as bad as the market expected. It also became clear that the global economy is not slowing down by much, and that employment in the U.S. is holding up well. Even with an unfavorable surge in the price of oil, the S&P 500 managed a gain of 4.9%.

GROWTH FUNDS

Our Growth Model positions are listed on page 7. If you prefer to pick your own funds instead of following the portfolio, our favorites include **Stock Selector**, **Independence**, **OTC Portfolio**, **Growth Discovery**, **Tax-Managed Stock**, **Value Discovery**, and **New Millennium**.

Independence (up 9.8%) and **Leveraged Co. Stock** (9.6% gain) benefited from a strong energy sector. **OTC Portfolio** climbed 9.3% on the tech stock rally. Small caps trailed. **Small Cap Independence** rose 4.2%, and **Small Cap Stock** returned 2.6%.

INTERNATIONAL FUNDS

Our favorites include **Japan**, a value play that could benefit as the yen/dollar exchange rate reverts, and **Canada**, which offers commodity exposure without the liquidity risk of emerging market funds.

Emerging market funds bounced back as selling pressures eased up. **Latin America** led the group with an 11.3% gain. **Japan** was up 8.8% as the yen eased against the dollar. Laggards were **Nordic** with a 2.0% return, and **Japan Smaller Co.**, slipping 0.3%.

GROWTH & INCOME FUNDS

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

Convertible Securities gained 7.2%, followed by **Equity-Income** with a 6.0% increase. On the bottom end, **Puritan** rose 3.7%, and **Real Estate Income** returned 2.5%.

INCOME FUNDS

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

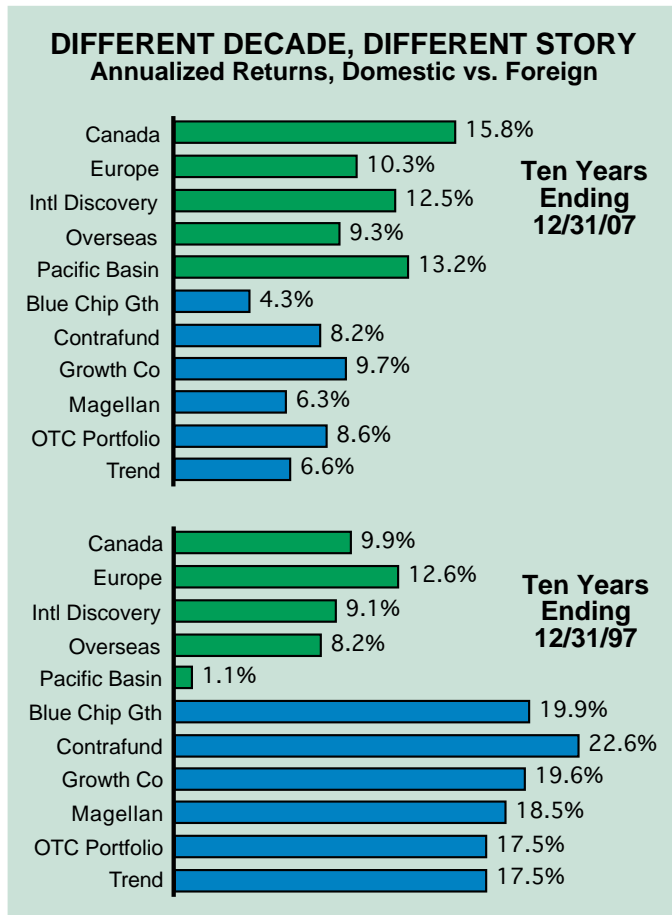
RECOMMENDATIONS - *Continued on page 8*

fact that foreign markets are heavily weighted toward value stocks, a segment of the market that strongly outperformed in all world markets.

Hoping for a repeat performance over the next ten years? There's no guarantee. Things might even go the other way. The chart below shows annualized returns for several funds for the ten years ending 12/31/07, along with the decade before that. Most interesting is the 1988-1997 period. There was no foreign diversification benefit during those years. As Peter Lynch would say, there was only foreign diworsification.

Despite what you may have heard, there's really no need to own foreign funds. About a third of S&P earnings come from exports and foreign sales, and most of Fidelity's domestic stock funds keep 5-25% in foreign stocks. Together, that's plenty of exposure to foreign economies.

Ultimately, any decision to invest in foreign funds should be made because superior opportunities exist. So, let's take a look at where things stand.



THE DOLLAR FACTOR

The value of the dollar is affected by many things, but the main factor is interest rate differentials. Money migrates to where it can earn the best risk-adjusted return, so it's no surprise the greenback tumbled in response to the Fed's fast-paced reduction in short-term interest rates. Since other central banks were holding interest rates steady, money rushed out of dollar-denominated assets and into securities where yields were less likely to fall. Those financial flows pushed down the dollar and boosted the euro and yen.

The change in interest rate differentials is largely reflected at this point. The Fed is back to making fine adjustments, so unless other central banks start raising interest rates, the pressure on the dollar will begin to let up, allowing it to seek its natural level. And that could mean a modest recovery.

A strengthening greenback would put most European stock funds at a disadvantage to domestic stock funds, because the value of their holdings would erode in dollar terms. In other words, the same exchange-rate effect that allowed these funds to outperform is now poised to work against them.

Japan is perhaps the only mature-market fund that might benefit from a stronger dollar. It holds stocks of Japanese export companies. These stocks are so sensitive to the yen's level that their gains would more than offset exchange-rate losses.

THE INFLATION FACTOR

Inflation is the second major issue affecting international stock values. The impact is most noticeable for stocks with high P/E ratios, because future earnings aren't worth as much in today's money when prices are rising at a faster clip. The recent selloff in China is probably the best example where rising inflation appears to be a significant factor in pushing down stock multiples.

Here in the U.S., P/E ratios are pretty reasonable, and inflation has not been a big issue, except at the grocery store and the pump. That's true for Japan as well, which is emerging from a long struggle with *deflation*. Japanese stocks actually rallied when a recent report on consumer prices showed inflation was picking up despite a stronger yen.

But there are places where prices are going up a little too fast for comfort, such as Europe. Labor markets in the euro-zone are not all that competitive, so it's more difficult to absorb cost pressures that come from energy, materials, and food. And unlike the U.S. and Japan, there are no deflationary forces to offset those cost pressures.

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Then there are places where inflation has become a major problem. This includes most emerging countries, especially those that link their currency to the dollar and proceed to run up big trade surpluses. It works fine when trade imbalances are at manageable levels. But when the game goes on too long, it ultimately backfires on the country that runs the trade surplus. Currency dilution leads to inflation, which raises the price of everything.

Furthermore, most emerging economies are energy-intensive, so rising energy costs carry some 3-5 times the inflationary impact that exists in a mature economy. It's a problem even for those countries that simply export oil. Oil revenue floods the economy, driving up wages and prices.

RECOMMENDATIONS

We remain bearish on emerging country markets, bearish-to-neutral on the European region, and moderately bullish on the Japanese market. At this point there are only three funds we rate a buy:

CANADA

The Canadian economy is based on commodities, so its stock market provides opportunities that are similar to emerging markets. But with **Canada** you get significantly reduced risk and performance that more closely resembles a domestic fund with a heavy weighting in natural resources (the fund currently has 27% in energy and 16% in materials). As such, **Canada** is one of the few international funds that offers a solid hedge against inflation. The fund has a track record that's near the top among international funds tracked by Lipper, but it's more the market than the manager. Maxime Lemieux has done a respectable job, but his performance is only slightly ahead of the fund's benchmark (the S&P/TSX Composite). **Canada's** overall volatility is about 10-15% higher than the S&P 500.

GLOBAL BALANCED

This fund is essentially an international version of **Balanced**. With a 35% allocation to U.S. securities, 17% to Japan, 4% to Australia, and 3% to Canada, it's one of the few broad-based choices that isn't overly-skewed toward Europe.

Global Balanced has done well over the years, in part because of its conservative nature, but also because it's diversified in more than one way. It's well-balanced by country, by industry group, and by individual stock holdings (currently its portfolio includes 322 stocks and 186 bonds).

Not surprisingly, **Global Balanced** is at its best

during tough market conditions. Our own risk calculations give it a volatility score around 0.6, putting it slightly below **Balanced** and **Puritan** on the risk scale. If you want foreign exposure that lets you sleep well at night, this is the fund for you.

JAPAN

In recent months the liquidation of global carry-trade bets caused the yen to surge. Japanese stocks tumbled in response, mostly on worries that a strong yen would hurt earnings and slow the economy. That kind of fear might have been justified in the past, but we think the selloff was an over-reaction.

That's because earnings of Japanese companies today are not hurt as much by a strong yen. The Chinese yuan is also on a strengthening trend, and many Japanese exporters are more flexible when it comes to exchange rates. A company like Toyota might respond to the recent weakness in the dollar by building more cars in the U.S. and shipping them to Japan and China. Japanese consumers are more savvy too. Whenever the yen surges, they sell low-yielding Japanese securities and buy higher-yielding U.S. securities. As the yen edges back down, they enjoy a rising income stream and capital gains, which facilitates an increase in personal spending.

As such, the Japanese industrial economy has the opportunity to surprise on the upside, and its financial sector could also pick up a tail wind. Japan's risk-averse lending institutions didn't participate in the mortgage securitization craze, so their balance sheets are clean and they are capable of increasing their global lending.

Japan invests mainly in large-cap stocks of export companies. Its top sectors include technology (22%), consumer discretionary (22%; mostly auto stocks), industrial (21%), and financial (18%). Overall the fund has about 10% more risk than the S&P 500. ■

Question & Answer Forum

With oil near \$120 a barrel, are we in a bubble?

Several things have contributed to the recent runup. China is importing record amounts of diesel fuel, Nigeria has been taken partially off-line by militants, and Russia's output is no longer growing.

The oil bears say that a slowing global economy will kill demand for crude, but increasing demand from emerging countries is more than offsetting reduced consumption in the U.S.

As for the theory that investors are driving up

QUESTION & ANSWER FORUM - *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 ↓.

APRIL 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)	19.79	2770.3	-14.0	7.7	-1.8	-5.2	9.7	11.0	-0.1
Blue Chip Gth (312/FBGRX)	B****	0.99	none	41.49	13930.9	-5.8	5.3	3.5	0.8	7.1	7.9	2.2
Blue Chip Value (1271/FBCVX)	H***	1.11	none	13.90	595.0	-4.8	5.1	0.4	-7.0	9.3		
Capital Apprec (307/FDCAX)	H***	1.14	none	24.69	7635.2	-7.7	5.3	-1.5	-6.7	9.3	12.7	6.1
Contrafund (22/FCNTX)	B****	0.92	Closed	67.67	71506.1	-6.5	5.3	3.3	6.7	14.4	15.8	8.6
Growth Discovery (339/FDSVX)	B****	1.01	none	14.81	1711.6	-8.9	5.3	0.6	10.6	14.1	11.8	7.0
Disc Equity (315/FDEQX)	H***	1.00	none	27.22	11899.8	-7.8	5.3	0.1	-5.2	9.8	12.0	4.8
Dividend Gth (330/FDGFY)	H***	0.94	none	27.78	11225.7	-5.5	4.9	0.0	-8.5	6.5	7.4	4.8
Export Fund (332/FEXPX)	H***	1.11	0.75(30)	23.92	4119.3	-7.0	8.4	3.0	1.0	11.9	13.8	10.0
Fidelity Fifty (500/FFTYX)	H***	1.12	none	20.15	1268.6	-7.6	7.7	6.1	-3.4	12.3	9.7	7.3
Focused Stock (333/FTQGX)	H***	1.18	none	12.94	70.8	-2.6	8.3	6.3	5.2	12.7	14.9	3.5
Growth Company (25/FDGRX)	B****	1.08	Closed	79.01	33239.0	-4.8	7.8	5.0	9.0	15.4	15.9	7.9
Independence (73/FDFFX)	B****	1.34	none	27.61	5982.6	-0.2	9.8	9.2	21.3	20.4	16.8	8.6
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 Est	none	9.56	844.1	-5.7	5.1	1.2				
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.0 Est	none	9.59	34.2	-6.7	5.3	1.2				
Large Cap Growth (763/FSLGX)	S**	0.97	none	9.61	138.4	-10.3	4.8	-2.8	-11.1	4.4	8.5	
Large-Cap Stock (338/FLCSX)	H***	1.11	none	17.90	1030.9	-7.4	6.6	0.1	-2.0	10.7	10.2	3.6
Lg Cap Val En Idx (1828/FLVEX)	H***	1.0 Est	none	8.93	25.0	-5.2	4.8	-0.5				
Large Cap Value (708/FSLVX)	H***	1.07	none	13.45	1419.2	-7.2	4.8	-0.9	-10.1	8.9	12.7	
Lev Co Stock (122/FLVCX)	B****	1.20	1.5(90)	32.32	6737.0	0.0	9.6	9.6	4.0	17.9	26.5	
Low-Priced Stock (316/FLPSX)	H***	0.93	Closed	39.92	30469.7	-2.9	5.1	2.1	-5.5	10.7	16.6	11.5
Magellan (21/FMAGX)	B****	1.12	none	87.62	38402.2	-6.7	6.5	2.5	3.7	9.9	10.1	4.1
Mid Cap Growth (793/FSMGX)	S**	1.19	0.75(30)	12.47	282.5	-7.8	6.4	2.1	-9.7	6.9	12.4	
Mid Cap Stock (337/FMCSX)	H***	1.12	Closed	27.52	12288.7	-5.9	8.4	3.2	-8.5	13.8	13.8	8.9
Mid Cap Value (762/FSMVX)	S**	1.09	0.75(30)	15.12	687.6	-7.1	4.9	0.2	-13.9	9.0	14.4	
New Millennium (300/FMILX)	B****	1.04	none	27.19	1960.2	-8.5	6.0	1.3	1.0	14.6	12.8	10.5
OTC Portfolio (93/FOCPX)	B****↑	1.21	none	47.08	6956.5	-9.8	9.3	4.6	8.0	14.5	14.2	5.6
Small Cap Gth (1388/FCPGX)	H***	1.07	1.5(90)	13.98	1166.4	-11.4	4.6	-3.1	-5.5	12.2		
Small Cap Indep (336/FDSCX)	H***	1.09	1.5(90)	17.54	1964.5	-11.9	4.2	-0.6	-13.3	9.2	13.1	4.4
Small Cap Stock (340/FSLCX)	H***	0.94	Closed	16.04	4002.3	-8.0	2.6	-0.7	-7.6	9.3	14.8	9.3
Small Cap Value (1389/FCPVX)	S**	1.14	1.5(90)	12.50	1089.2	-8.1	4.3	-1.7	-12.5	9.1		
Stock Selector (320/FDSSX)	B****	0.99	none	27.73	1029.7	-6.0	5.1	1.1	-0.5	10.6	11.5	3.6
Tax Mgd Stock (343/FTXMX)	B****	1.00	1(730)	14.89	98.4	-7.3	4.9	1.0	-3.6	11.3	13.1	
Trend (5/FTRNX)	B****	1.12	none	64.46	996.6	-8.8	7.0	3.0	4.3	11.3	12.1	3.8
Value (39/FDVLX)	H***	1.08	none	72.01	17815.1	-4.0	5.7	1.7	-10.1	9.8	15.4	8.3
Value Discovery (832/FVDFX)	B****	1.09	none	16.90	1176.4	-5.8	6.0	0.8	-4.3	13.2	15.4	
Value Strategies (14/FSLSX)	H***	1.14	none	26.72	279.0	-7.2	4.9	0.8	-12.6	10.4	15.2	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.71	none	18.93	25418.7	-3.0	4.6	1.6	-0.6	10.4	12.1	8.1
Convertible Sec (308/FCVXS)	B****	0.86	none	27.96	2807.6	0.4	7.2	6.8	7.9	15.3	13.2	10.3
Dynamic Strategies (1960/FDYSX)	B****	0.5 Est	none	9.45	55.7	-1.0	4.1	3.2				
Equity-Income (23/FEQIX)	H***	1.06	none	51.64	26937.7	-4.3	6.0	1.0	-8.2	8.7	11.7	5.1
Equity-Income II (319/FEQTX)	H***	1.06	none	21.57	9032.7	-5.0	5.2	0.1	-6.4	7.4	10.3	5.2
Fidelity Fund (3/FFIDX)	B****	0.99	none	37.24	6976.9	-6.3	5.7	1.4	3.1	11.4	11.8	4.9
Growth & Income (27/FGRIX)	H***	1.16	none	25.64	15609.5	-5.8	5.2	-1.3	-8.7	3.8	6.4	2.6
Mega Cap Stock (361/FGRTX)	B****	0.98	none	10.86	689.9	-6.9	4.9	-0.7	-2.0	9.4	8.8	
Puritan (4/FPURX)	B****	0.64	none	18.13	22481.3	-4.1	3.7	0.6	-2.5	7.9	9.6	5.9
Real Estate Income (833/FRIFX)	S**	0.34	0.75(90)	9.89	388.3	-3.3	2.5	-2.9	-11.6	1.9	6.0	
Real Estate (303/FRESX)	S**	1.65	0.75(90)	28.69	4809.4	10.7	5.6	10.0	-16.2	10.3	17.9	11.8
Strategic Div & Inc (1329/FSDIX)	B****	0.88	none	12.23	836.8	-1.8	5.4	2.0	-4.8	9.2		
Utilities (311/FUIX)	B****↑	0.99	none	19.02	1138.3	-7.1	4.9	0.5	-7.3	13.5	15.8	4.7
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.36	0.75(30)	32.72	42.7	-15.3	3.4	-11.4	-19.2	8.9	13.2	7.1
Automotive (502/FSAVX)	S**	1.39	0.75(30)	37.51	20.3	0.3	10.4	3.6	-8.1	8.0	11.1	3.8
Banking (507/FSRBX)	S**	1.62	0.75(30)	22.69	303.0	-6.7	4.0	-8.8	-25.6	-3.8	3.4	1.8
Biotechnology (42/FBIOX)	B****↑	0.99	0.75(30)	62.38	1055.7	-6.4	1.8	-4.2	-7.5	6.8	7.8	7.6
Brokerage (68/FSLBX)	H***	1.43	0.75(30)	57.68	671.0	-10.1	4.1	-3.5	-15.1	15.2	16.3	9.3
IT Ser / Bus Ser (353/FBSOX)	H***	1.07	0.75(30)	16.43	39.1	-1.7	11.6	9.0	1.9	14.8	14.1	8.7
Chemicals (69/FSCHX)	B****	1.35	0.75(30)	85.65	326.7	3.6	7.6	8.7	22.5	18.5	21.4	10.5
Computers (7/FDCPX)	B****	1.30	0.75(30)	43.24	427.7	-10.6	9.1	10.0	6.6	11.6	12.1	4.8
Const & Housing (511/FSHOX)	S**	1.63	0.75(30)	34.14	83.7	3.6	4.1	-1.7	-12.4	3.5	13.6	7.7
Consumer Disc (517/FSCPX)	S**	1.14	0.75(30)	20.02	24.0	-4.7	3.6	-2.8	-16.9	2.7	6.0	2.3
Industrial / Cyc Ind (515/FCYIX)	H***	1.10	0.75(30)	21.72	127.9	-2.1	5.2	5.5	7.8	16.1	19.8	9.1
Defense & Aero (67/FSDAX)	H***	1.01	0.75(30)	78.41	1126.3	-5.6	8.8	1.3	4.1	15.3	21.8	10.9
Com Equip / DevC (518/FSDCX)	H***	1.34	0.75(30)	21.13	235.3	-5.9	9.9	6.2	-2.9	9.5	13.3	4.8
Electronics (8/FSELX)	H***	1.31	0.75(30)	40.43	1197.3	-11.3	8.0	5.3	-14.6	4.5	8.1	4.6
Energy (60/FSENX)	B****	1.47	0.75(30)	67.69	3081.2	3.5	10.3	16.2	33.1	32.9	33.7	16.6
Energy Service (43/FSESX)	B****	1.61	0.75(30)	100.79	2225.8	3.4	12.7	25.2	38.8	36.3	31.8	14.0
Environmental (516/FSLEX)	H***	1.00	0.75(30)	18.37	43.5	-5.1	6.0	3.8	2.9	12.2	11.9	0.5
Financial Services (66/FIDSX)	S**	1.50	0.75(30)	86.39	38.9	-9.5	4.9	-7.4	-23.9	1.9	6.1	3.9
Con Stap / Food Ag (9/FDFAX)	B****	0.65	0.75(30)	64.59	794.4	-2.9	-0.4	3.3	8.6	15.3	15.9	7.9
Gold (41/FSAGX)	H***↓	1.68	0.75(30)	38.73	2298.4	-2.5	-7.0	-10.1	22.4	35.5	24.6	14.0
Health Care (63/FSPHX)	H***	0.76	0.75(30)	104.97	1783.3	-12.7	3.2	-6.5	-8.9	5.5	7.9	5.3
Home Finance (98/FSVLX)	S**	2.05	0.75(30)	25.26	148.7	-11.0	1.6	-12.3	-43.5	-12.6	-3.6	-1.5
Indust Equip (510/FSCGX)	B****	1.10	0.75(30)	33.48	172.4	-5.2	3.9	4.2	8.4	16.1	18.8	6.6
Materials / Ind Mat (509/FSDPX)	B****	1.39	0.75(30)	59.64	358.6	2.0	6.2	8.2	16.8	24.6	26.1	11.2
Insurance (45/FSPCX)	H***	1.26	0.75(30)	53.11	138.9	-15.6	1.8	-9.5	-21.2	2.3	6.9	7.3
Leisure (62/FDLSX)	H***	1.06	0.75(30)	71.11	203.8	-7.2	4.4	-2.8	-6.0	9.3	12.3	6.4
Medical Delivery (505/FSHCX)	H***	0.85	0.75(30)	40.67	435.3	-22.0	5.4	-16.4	-16.3	2.6	18.7	6.1
Medical Equip/Sys (354/FSMEX)	B****	0.77	0.75(30)	23.99	1134.4	-0.4	3.2	1.4	9.7	9.0	13.5	14.4
Multimedia (503/FBMPX)	S**	0.96	0.75(30)	34.34	50.4	-6.3	3.6	0.3	-16.3	3.7	8.1	5.5
Natural Gas (513/FSNGX)	B****	1.43	0.75(30)	51.50	1660.9	10.7	9.4	19.9	32.3	31.4	33.5	18.2
Nat Resources (514/FNARX)	B****	1.48	0.75(30)	40.49	2372.4	2.4	9.7	14.3	33.1	36.1	34.0	16.6
Networking (912/FNINX)	H***	1.29	0.75(30)	2.13	48.8	-14.1	11.5	1.9	-15.5	3.7	5.2	
Paper & Forest (506/FSPFX)	S**	1.28	0.75(30)	27.06	18.7	-13.6	-2.0	-10.1	-19.3	1.5	4.1	2.4
Pharmaceuticals (580/FPHAX)	H***	0.85	0.75(30)	10.11	149.1	-12.5	2.6	-5.1	-10.6	8.1	7.4	
Retailing (46/FSRPX)	S**	1.36	0.75(30)	38.52	48.1	-5.8	5.0	-3.8	-19.7	4.3	9.7	4.0
Software (28/FSCSX)	H***	1.15	0.75(30)	74.22	759.2	-8.6	11.5	5.8	7.4	18.4	14.4	10.4
Technology (64/FSPTX)	H***	1.31	0.75(30)	73.16	1513.0	-10.0	11.2	9.2	1.8	11.1	11.7	6.3
Telecom (96/FSTCX)	H***	1.21	0.75(30)	44.81	319.1	-13.7	8.1	-2.2	-14.0	11.0	12.7	0.7
Transportation (512/FSREFX)	H***	1.29	0.75(30)	45.16	70.8	1.7	4.6	-0.4	-7.1	11.3	14.8	9.8
Utilities Growth (65/FSUTX)	H***	1.06	0.75(30)	60.75	574.7	-5.5	6.0	2.2	-2.4	16.5	18.7	6.3
Wireless (963/FWRLX)	H***	1.37	0.75(30)	7.54	380.5	-12.7	8.5	1.1	3.8	14.1	25.2	

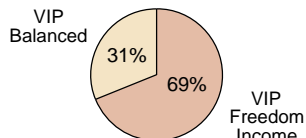
APRIL PERFORMANCE						30-day	2008	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.97	1 (30)	14.30	426.4		-5.5	6.2	5.4	-8.0	11.1	14.6
Canada (309/FICDX)	B****	1.13	1.5(90)	60.92	4368.5		-0.8	7.2	6.5	21.3	25.9	27.7
China Region (352/FHKCX)	S**	1.53	1.5(90)	29.32	1405.7		-5.9	8.5	10.3	35.9	26.6	28.1
Diversified Int'l (325/FDIVX)	H***	1.02	Closed	38.18	50275.0		-4.3	5.9	5.5	2.4	17.6	21.6
Emerging Mkts (322/FEMKX)	S**	1.34	1.5(90)	31.81	5587.0		-6.0	8.4	7.5	25.2	38.0	36.9
Europe (301/FIEUX)	H***	1.04	1 (30)	39.65	4778.3		-6.0	4.0	4.7	0.4	17.5	24.2
Europe Cap Appr (341/FECAX)	H***	1.05	1 (30)	24.94	1022.9		-6.3	3.9	4.4	-2.0	19.9	21.6
Global Balanced (334/FGBLX)	B****	0.58	1 (30)	22.26	400.2		-0.9	2.8	3.5	6.6	12.4	15.2
Int'l Discovery (305/FIGRX)	H***	1.00	1 (30)	40.14	12491.2		-6.8	5.2	3.4	2.7	18.5	22.7
Int'l Growth (1979/FIGFX)	H***	1.1 Est	1 (30)	9.14	20.4		-4.4	5.4	6.2			
Int'l Real Estate (1368/FIREX)	S**	1.23	1.5(90)	12.99	685.4		-3.1	6.0	1.9	-14.9	14.1	
Int'l Small Cap (818/FISMX)	H***	0.97	Closed	21.98	1179.6		-4.8	3.3	5.0	-2.9	15.0	27.9
Int'l Small Cap Opp (1504/FSCOX)	H***	1.21	2 (90)	13.72	863.5		-4.9	5.2	5.1	-10.9		
Int'l Value (1597/FIVLX)	H***	1.09	1 (30)	11.11	283.2		-2.8	6.8	6.1	-1.5		
Japan (350/FJPNX)	B****	1.09	1.5(90)	14.23	1513.2		-0.8	8.8	4.4	-4.6	10.4	16.2
Japan Smaller Co (360/FJSCX)	H***	1.03	Closed	10.18	626.7		-7.7	-0.3	1.8	-14.5	-4.5	11.7
Latin America (349/FLATX)	S**	1.83	1.5(90)	66.19	5485.7		6.7	11.3	12.9	41.2	51.1	47.7
Nordic (342/FNORX)	H***	1.31	1.5(90)	42.92	755.7		-5.4	2.0	5.7	1.9	23.7	27.6
Overseas (94/FOSFX)	H***	1.15	1 (30)	45.06	8464.9		-6.9	5.3	3.2	3.9	19.7	22.2
Pacific Basin (302/FPBFX)	H***	1.17	1.5(90)	26.64	913.8		-11.8	5.6	1.4	1.7	19.9	23.2
Southeast Asia (351/FSEAX)	S**	1.44	1.5(90)	34.28	3850.9		-13.6	5.9	3.0	22.5	33.7	34.8
Total Int'l Equity (1978/FTIEX)	H***	1.0 Est	1 (30)	9.09	46.3		-3.8	6.3	6.2			
Worldwide (318/FWVFX)	H***	1.04	1 (30)	20.35	1467.7		-4.8	6.9	4.9	4.6	16.6	17.9
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.81	none	29.25	1809.8		-3.7	4.3	1.6	-2.9	9.2	11.8
NASDAQ Comp (1282/FNCMX)	H***	1.09	0.75(90)	32.02	165.1		-8.8	5.9	1.3	-3.8	8.5	
Spart Ext Mkt Idx (398/FSMXX)	H***	1.02	0.75(90)	35.96	2135.5		-4.7	5.5	1.6	-5.8	11.1	15.4
Spart Int'l Index (399/FSIIX)	H***	1.00	1(90)	45.68	4592.3		-3.3	5.8	5.3	-1.1	16.3	20.3
Spart 500 Index (317/FSMXX)	B****	1.00	none	96.20	7149.7		-5.1	4.9	1.0	-4.7	8.2	10.5
Spart Total Mkt Idx (397/FSTMX)	H***	1.00	0.5(90)	38.75	4626.1		-5.0	5.0	1.1	-4.9	8.9	11.6
Asset Mgr 20% (328/FASIX)	B****	0.19	none	12.22	2462.9		-1.2	1.3	-0.1	0.7	6.2	6.6
Asset Mgr 30% (1957/FTANX)	B****	0.3 Est	none	9.57	28.5		-1.9	1.8	0.1			
Asset Mgr 40% (1958/FFANX)	B****	0.4 Est	none	9.43	7.2		-2.5	2.5	0.5			
Asset Mgr 50% (314/FASMXX)	B****	0.48	none	14.90	7619.7		-3.3	3.2	0.7	-1.7	6.4	6.7
Asset Mgr 60% (1959/FSANX)	B****	0.6 Est	none	9.23	8.0		-3.9	3.8	1.1			
Asset Mgr 70% (321/FASGX)	B****	0.69	none	16.23	2730.5		-4.5	4.5	1.5	-2.8	7.1	7.6
Asset Mgr 85% (347/FAMRX)	B****	0.83	none	13.43	514.7		-5.1	5.2	2.1	-3.6	10.6	13.1
Freedom 2000 (370/FFBXX)	B****	0.25	none	12.28	1781.0		-0.7	1.7	0.3	1.2	5.3	5.3
Freedom 2005 (1312/FFVFX)	B****	0.47	none	11.53	1046.4		-2.2	3.0	1.1	0.3	7.3	
Freedom 2010 (371/FFFCX)	B****	0.48	none	14.51	13915.3		-2.1	3.1	1.1	0.6	7.6	8.1
Freedom 2015 (1313/FFVFX)	B****	0.54	none	12.14	7038.3		-2.6	3.5	1.3	0.0	8.4	
Freedom 2020 (372/FFFDX)	B****	0.67	none	15.28	20040.9		-3.4	4.2	1.6	-0.5	9.3	10.5
Freedom 2025 (1314/FFTXX)	B****	0.70	none	12.70	6586.7		-3.6	4.5	1.8	-1.0	9.5	
Freedom 2030 (373/FFFX)	B****	0.81	none	15.78	13455.6		-4.5	5.1	1.9	-1.6	10.1	11.7
Freedom 2035 (1315/FFTHX)	B****	0.83	none	13.05	3887.8		-4.6	5.2	2.0	-1.9	10.2	
Freedom 2040 (718/FFFFX)	B****	0.86	none	9.27	7022.2		-4.7	5.5	2.2	-2.1	10.4	12.4
Freedom 2045 (1617/FFFGX)	B****	0.87	none	10.79	649.4		-4.9	5.4	2.0	-2.2		
Freedom 2050 (1618/FFFHX)	B****	0.90	none	10.84	621.4		-5.2	5.7	2.2	-2.3		
Freedom Income (369/FFFAA)	B****	0.20	none	11.32	2534.1		-0.3	1.4	0.3	1.5	5.0	4.8
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	H***	0.28	1(90)	8.52	9246.7	7.14	0.2	4.8	3.4	-1.1	8.0	10.0
Floating Rate (814/FFRHX)	S**	0.15	1(60)	9.43	1702.5	5.57	0.4	3.3	3.6	0.8	4.3	4.4
Focused High Inc (1366/FFHFX)	H***	0.14	1(90)	9.77	57.3	6.95	1.0	2.7	1.8	0.9	5.8	
GNMA Portfolio (15/FGMNX)	H***	0.23	none	10.99	3411.5	4.96	2.2	0.0	0.3	7.1	4.9	4.3
Gov't Income (54/FGOVX)	H***	0.24	none	10.49	7044.7	3.54	2.6	-1.2	0.2	8.7	5.1	4.2
High Income (455/SPHIX)	H***	0.18	1(90)	8.59	5132.3	8.08	2.2	4.2	3.9	1.0	7.2	8.3
Inflation-Protected (794/FINPX)	H***	0.37	none	11.26	2079.6	0.90	2.3	-2.3	-1.5	8.5	4.1	5.5
Intermed Bond (32/FTHRX)	H***	0.21	none	10.02	7498.4	4.40	0.1	-0.6	-1.1	2.1	3.3	3.1
Intermed Gov't Inc (452/FSTGX)	H***	0.20	none	10.41	948.0	3.25	2.5	-1.2	0.1	8.6	5.0	3.7
Invest Grade Bond (26/FBNDX)	H***	0.25	none	7.04	10219.8	4.76	-0.6	-0.1	-1.7	0.1	2.9	3.2
Mortgage Securities (40/FMSFX)	H***	0.23	none	10.18	1111.9	5.04	-0.9	-0.3	-2.0	-2.7	1.7	2.5
New Markets Inc (331/FNMIX)	S**	0.20	1(90)	14.58	2124.4	5.82	1.4	1.4	1.0	3.6	10.1	11.3
Short-Term Bond (450/FSHXX)	S**	0.11	none	8.35	6846.7	4.13	-1.5	-0.5	-2.1	-1.4	2.1	2.1
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.35	none	10.53	965.5	3.20	3.5	-2.5	0.3	11.4		
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.52	none	10.28	58.9	4.18	1.8	-2.1	-0.9	9.6		
Spart S-Term Tr Idx (1563/FSBIX)	H***	0.16	none	10.39	135.7	2.08	2.4	-1.3	0.3	8.5		
Strategic Income (368/FSICX)	H***	0.13	none	10.41	5189.7	5.58	1.6	0.7	1.2	4.2	6.4	7.5
Strategic Real Rtn (1505/FSRRX)	H***	0.28	0.75(60)	10.33	5149.0	3.30	4.5	2.1	3.1	4.8		
Total Bond (820/FTBFX)	H***	0.22	none	10.27	9732.5	4.99	1.0	0.1	-0.3	3.2	4.2	4.0
Ultra-Short Bond (812/FUSFX)	S**	0.13	0.25(60)	8.27	387.7	3.07	-7.2	-0.3	-5.7	-13.0	-1.9	-0.5
US Bond Index (651/FBIDX)	H***	0.24	none	10.90	9095.0	4.50	1.6	-0.2	0.0	4.9	4.3	4.0
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H***	0.20	0.5(30)	11.09	140.4	3.71	0.0	0.9	-1.0	1.7	2.8	3.3
CA Municipal Inc (91/FCFX)	H***	0.19	0.5(30)	11.98	1612.4	3.80	0.0	1.0	-1.0	1.8	3.2	3.8
CA Short-Int TF (1534/FCSTX)	H***	0.09	0.5(30)	10.18	146.9	2.76	1.4	0.0	-0.5	4.6		
CT Municipal Inc (407/FICNX)	H***	0.17	0.5(30)	11.23	459.9	3.54	0.8	0.9	-0.8	3.6	3.3	3.5
Intermediate Muni (36/FLTMX)	H***	0.13	0.5(30)	9.93	2235.8	3.41	1.0	0.4	-0.6	4.0	3.5	3.7
MA Municipal Inc (70/FDMXX)	H***	0.18	0.5(30)	11.63	1931.2	3.75	0.2	1.1	-0.9	2.5	3.3	3.9
MD Municipal Inc (429/SMDMX)	H***	0.18	0.5(30)	10.69	145.9	3.61	0.6	1.0	-0.8	2.8	3.1	3.5
MI Municipal Inc (81/FMHTX)	H***	0.16	0.5(30)	11.68	603.6	3.40	0.6	0.7	-0.8	3.4	3.5	3.7
MN Municipal Inc (82/FMIX)	H***	0.14	0.5(30)	11.14	357.7	3.41	0.7	0.7	-0.6	3.0	3.2	3.6
Municipal Income (37/FFHGX)	H***	0.18	0.5(30)	12.40	5111.3	3.96	0.0	1.1	-0.9	2.2	3.3	4.0
NJ Municipal Inc (416/FNJHX)	H***	0.17	0.5(30)	11.37	588.2	3.57	0.3	0.8	-1.0	3.0	3.4	3.9
NY Municipal Inc (71/FTFMX)	H***	0.18	0.5(30)	12.58	1478.8	3.78	0.4	1.2	-0.8	2.8	3.3	3.8
OH Municipal Inc (88/FOHFX)	H***	0.18	0.5(30)	11.41	433.2	3.60	0.5	0.9	-0.9	3.2	3.4	3.9
PA Municipal Inc (402/FPXTX)	H***	0.15	0.5(30)	10.61	325.7	3.53	0.2	0.7	-1.1	3.1	3.2	3.7
Short-Int Municipal (404/FSTFX)	H***	0.08	0.5(30)	10.37	1699.0	2.64	1.6	-0.1	-0.5	5.0	3.4	2.7
Tax-Free Bond (90/FTABX)	H***	0.19	0.5(30)	10.58	983.3	3.96	0.3	1.2	-0.8	2.5	3.4	4.2

APRIL 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	0.91	12820.13	-2.6	4.7	1.9	0.5	10.5	11.1	5.6
S&P 500	1.00	1385.59	-5.0	4.9	1.1	-4.7	8.2	10.6	3.9
NASDAQ	1.09	2412.80	-8.8	5.9	1.2	-3.6	8.7	11.3	3.1
Russell 2000	1.25	716.18	-6.1	4.2	0.7	-11.0	8.6	13.8	5.3
Fidelity Monitor Income Model	0.30	88481.72	-1.4	2.3	0.5	-0.1	4.1	4.4	4.0
Fidelity Monitor G&I Model	0.60	183888.85	-2.7	3.3	1.5	-1.6	9.2	11.5	7.9
Fidelity Monitor Growth Model	1.03	198332.02	-7.1	5.7	1.0	-5.9	9.9	14.6	6.4
Fidelity Monitor Select System	1.01	407379.99	-1.9	6.1	8.0	4.8	15.3	15.6	8.5
Fidelity Monitor Unique Opportunities	1.14	136226.25	-3.6	7.9	6.5	0.6	14.8	19.4	

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

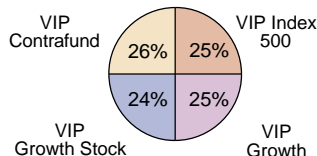


PAST PERFORMANCE

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: - 1.4%

VIP GROWTH MODEL

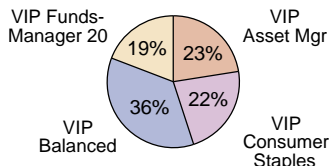


PAST PERFORMANCE

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%	*2008: - 7.6%

VIP G & I MODEL

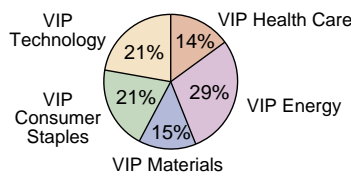


PAST PERFORMANCE

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: - 2.3%

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: - 5.2%

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

APRIL 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 ***	11.15	11.66	-14.5	7.5	-2.2	-7.0		
VIP Asset Manager	B ***	12.56	39.37	-0.3	5.2	4.1	9.3	9.1	8.1
VIP Asset Manager: Growth	B ***	12.84	26.36	-0.8	6.9	5.7	11.3	10.4	9.4
VIP Balanced	B ****	12.22	18.11	-3.2	4.7	1.6	-1.3	7.8	7.1
VIP Consumer Discretionary	S **	9.84	10.80	-5.0	3.5	-2.9	-17.5	1.8	5.2
VIP Consumer Staples	B ****	10.81	10.76	-3.0	-0.5	3.0			
VIP Contrafund	B ****	13.00	48.17	-6.7	5.8	1.7	3.9	13.0	14.8
VIP Disciplined Small Cap	H ***	9.11	9.03	-7.8	2.8	-0.7	-14.5		
VIP Dynamic Capital Appreciation	H ***	12.15	14.69	-8.4	5.5	-2.1	-7.8	12.4	
VIP Energy	B ****	19.07	32.87	2.9	10.3	15.7	31.8	33.3	32.2
VIP Equity-Income	H ***	11.88	66.24	-4.5	6.0	0.9	-8.8	8.0	11.0
VIP Financial Services	S **	9.75	11.83	-9.1	5.1	-6.9	-23.9	1.5	5.6
VIP Freedom 2005	B ****	11.86	11.98	-2.5	2.5	0.6	0.8		
VIP Freedom 2010	B ****	11.86	12.04	-2.5	2.8	0.8	0.8		
VIP Freedom 2015	B ****	12.10	12.33	-3.0	3.0	0.9	0.4		
VIP Freedom 2020	B ****	12.26	12.55	-3.8	3.9	1.2	-0.3		
VIP Freedom 2025	B ****	12.33	12.68	-4.0	4.0	1.3	-0.4		
VIP Freedom 2030	B ****	12.46	12.87	-4.7	4.7	1.6	-0.9		
VIP Freedom Income	B ****	11.38	11.38	-0.5	1.1	0.2	2.1		
VIP FundsManager 20	B ****	11.03	10.91	-0.4	1.4	0.6	1.9		
VIP FundsManager 50	B ****	11.03	10.91	-2.7	3.0	1.0	-0.9		
VIP FundsManager 70	B ****	11.00	10.88	-4.3	4.0	1.0	-2.9		
VIP FundsManager 85	B ****	10.97	10.85	-5.6	4.8	1.2	-4.2		
VIP Growth	B ****	12.59	69.46	-9.1	5.3	0.8	8.7	10.9	10.4
VIP Growth & Income	B ****	12.43	20.39	-6.1	5.1	1.1	-0.8	9.4	8.6
VIP Growth Opportunities	B ****	12.49	15.06	-9.0	10.7	6.4	2.6	9.9	10.2
VIP Growth Stock	B ****	11.55	11.73	-9.1	6.9	2.9	3.7		
VIP Health Care	B ****	10.54	12.17	-12.7	3.5	-6.4	-9.8	4.5	7.1
VIP High Income	H ***	11.61	32.39	0.9	3.5	2.9	-0.6	6.2	7.3
VIP Index 500	B ****	11.72	37.77	-5.3	4.8	0.8	-5.5	7.3	9.6
VIP Industrials	B ****	13.91	20.02	-2.5	5.1	5.3	7.3	15.7	19.4
VIP Int'l Capital Appreciation	H ***	12.17	12.73	-5.6	6.2	5.2	-8.8		
VIP Investment Grade Bond	H ***	10.95	30.47	0.5	-0.3	-1.0	2.3	2.9	2.8
VIP Materials	B ****	11.67	11.62	2.2	6.2	8.2			
VIP Mid Cap	B ****	13.07	23.33	-5.5	4.9	2.6	1.1	13.9	20.0
VIP Money Market		11.23	21.61	1.0	0.2	0.6	3.9	3.7	2.4
VIP Overseas	H ***	14.47	45.16	-5.3	5.5	4.2	0.8	17.2	20.2
VIP Real Estate	S **	12.77	20.22	9.3	6.7	9.7	-13.4	11.9	
VIP Strategic Income	H ***	11.62	12.68	1.6	0.7	1.1	3.8	5.6	
VIP Technology	B ****	11.94	11.08	-10.7	11.2	9.1	-1.1	10.9	11.2
VIP Telecommunications	H ***	8.53	8.49	-14.1	8.0	-2.5			
VIP Utilities	H ***	14.95	15.00	-5.6	5.9	1.9	-1.7	17.0	18.7
VIP Value	H ***	11.45	11.76	-4.3	5.7	1.4	-10.8		
VIP Value Leaders	H ***	11.85	12.19	-5.0	4.9	0.2	-7.6		
VIP Value Strategies	H ***	11.61	14.69	-7.5	4.9	0.6	-13.3	9.6	
Fidelity Monitor VIP Income Model			20761.57	-1.4	2.2	0.6	1.0	4.0	4.5
Fidelity Monitor VIP G&I Model			26535.23	-2.3	3.0	1.6	-0.2	8.2	8.5
Fidelity Monitor VIP Growth Model			38291.82	-7.6	5.7	1.5	-4.4	9.8	11.2
Fidelity Monitor VIP Sector Model			19713.83	-5.2	6.5	6.4	-1.9	13.8	16.2

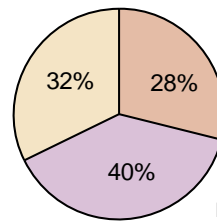
INCOME MODEL

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	\$18.93	1311.457	\$24825.88
Asset Mgr 20%	\$12.22	2860.187	\$34951.49
Freedom Income	\$11.32	2535.720	\$28704.35

7% Foreign Holdings
Balance as of 4/30/08: \$88481.72
Balance at start of 2008: \$89754.23

Freedom Income
369/FFFX



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: - 1.4%

Our Income Model gained 2.3% for the month of April. The current asset mix is 32% stock, 46% bond, and 22% cash.

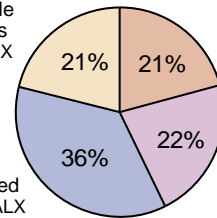
GROWTH AND INCOME MODEL

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%	\$12.22	3118.377	\$38106.57
Consumer Staples	\$64.59	619.500	\$40013.51
Balanced	\$18.93	3490.222	\$66069.90
Conv. Securities	\$27.96	1419.845	\$39698.87

13% Foreign Holdings
Balance as of 4/30/08: \$183888.85
Balance at start of 2008: \$189006.21

Convertible Securities
308/FCVX



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: - 2.7%

For April our Growth and Income Model gained 3.3%. The current asset mix is 69% stock, 25% bond, and 6% cash.

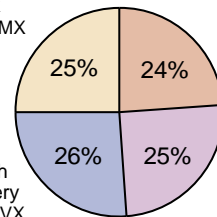
GROWTH MODEL

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	\$27.73	1681.246	\$46620.95
Value Discovery	\$16.90	2994.897	\$50613.76
Growth Discovery	\$14.81	3515.551	\$52065.31
Tax-Managed Stock	\$14.89	3292.948	\$49032.00

14% Foreign Holdings
Balance as of 4/30/08: \$198332.02
Balance at start of 2008: \$213419.53

Tax-Managed Stock
343/FTXMX



Stock Selector
320/FDSSX

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: - 7.1%

Our Growth Model was up 5.7% in April, versus 4.9% for the S&P. On 4/14 we sold **Export** (\$22.67), buying **Tax-Managed** (\$14.37). The current asset mix is 97% stock, 3% cash.

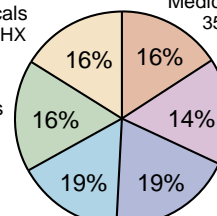
SELECT SYSTEM

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	2729.352	\$65477.15
Computers	\$43.24	1361.136	\$58855.52
Consumer Staples	\$64.59	1199.574	\$77480.48
Natural Resources	\$40.49	1890.141	\$76531.81
Natural Gas	\$51.50	1281.571	\$66000.91
Chemicals	\$85.65	735.950	\$63034.12

18% Foreign Holdings
Balance as of 4/30/08: \$407379.99
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: - 1.9%

Our Select System was up 6.1% in April, compared to a 4.9% increase for the S&P 500. Current asset mix: 98% stock, 2% cash.

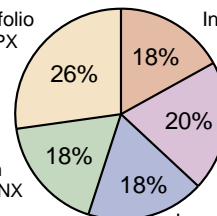
UNIQUE OPPORTUNITIES MODEL

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

FUND	NAV	SHARES	BALANCE
Industrial Equip.	\$33.48	707.785	\$23696.64
Independence	\$27.61	1003.818	\$27715.41
Lev. Co. Stock	\$32.32	776.507	\$25096.71
Japan	\$14.23	1737.476	\$24724.28
Trend	\$64.46	542.867	\$34993.21

32% Foreign Holdings
Balance as of 4/30/08: \$136226.25
Balance at start of 2008: \$141360.40

OTC Portfolio
93/FOCPX



Industrial Equip
510/FSCGX

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: - 3.6%

We were up 7.9% in April. On 4/14 we sold **Value Discovery** (\$16.04) and bought **Japan** (\$13.09). On 5/12 we will sell **Trend** and buy **OTC Portfolio**. Current asset mix is 96% stock, 4% cash.

prices, this isn't some run-of-the-mill speculative frenzy. The long-term supply constraints are very real, and it's becoming clear that biofuel subsidies are on borrowed time. Saudi Arabia is bringing on line over a million barrels a day of new capacity by the end of 2009, but it's an open question as to whether they will actually step up production. Recent comments by OPEC's President and the Saudi King suggest the cartel may soon be giving up its role as the "central bank" of world oil supplies. ■

APRIL DISTRIBUTIONS

Asset Manager 20%	\$0.033/\$12.16	(4/4)
Asset Manager 30%	\$0.024/\$ 9.51	(4/4)
Asset Manager 40%	\$0.05 / \$ 9.36	(4/4)
Asset Manager 50%	\$0.09 / \$14.75	(4/4)
Balanced	\$0.09 / \$18.70	(4/4)
CA Municipal	\$0.004/\$12.07	(4/11)
Convertible Securities	\$0.16 / \$27.11	(4/4)
Equity-Income	\$0.22 / \$50.70	(4/4)
Equity-Income II	\$0.09 / \$21.36	(4/4)
Fidelity Fund	\$0.11 / \$36.58	(4/4)
Four-In-One Index	\$0.13 / \$28.28	(4/11)
Freedom Income	\$0.03 / \$11.26	(4/4)
Growth & Income	\$0.07 / \$25.50	(4/4)
Large Cap Core Enhanced Index	\$0.03 / \$ 9.18	(4/11)
Large Cap Growth Enhanced Index	\$0.01 / \$ 9.24	(4/11)
Large Cap Value Enhanced Index	\$0.03 / \$ 8.59	(4/11)
Puritan	\$0.12 / \$17.92	(4/4)
Select Air Transportation	\$2.99 / \$32.49	(4/11)
Select Banking	\$0.14 / \$21.45	(4/11)
Select Brokerage	\$2.73 / \$55.75	(4/11)
Select Chemicals	\$0.09 / \$84.92	(4/11)
Select Construction & Housing	\$0.90 / \$33.28	(4/11)
Select Consumer Discretionary	\$0.01 / \$19.27	(4/11)
Select Consumer Staples	\$0.034/\$64.74	(4/11)
Select Defense & Aero	\$4.86 / \$74.25	(4/11)
Select Energy	\$1.27 / \$65.01	(4/11)
Select Energy Services	\$4.00 / \$95.01	(4/11)
Select Financial Services	\$0.19 / \$82.93	(4/11)
Select Gold	\$0.17 / \$42.03	(4/11)
Select Health Care	\$4.78/\$103.52	(4/11)
Select Home Finance	\$0.16 / \$24.15	(4/11)
Select Industrial Equipment	\$0.56 / \$31.78	(4/11)
Select Industrials	\$0.08 / \$20.53	(4/11)
Select Insurance	\$0.01 / \$52.26	(4/11)
Select Leisure	\$0.35 / \$67.98	(4/11)
Select Medical Delivery	\$0.38 / \$38.87	(4/11)
Select Medical Equip. & Systems	\$0.77 / \$23.72	(4/11)
Select Multimedia	\$0.86 / \$33.10	(4/11)
Select Natural Gas	\$2.09 / \$49.61	(4/11)
Select Natural Resources	\$0.49 / \$38.98	(4/11)
Select Pharmaceuticals	\$0.08 / \$10.12	(4/11)
Select Telecommunications	\$0.102/\$41.37	(4/11)
Select Transportation	\$1.29 / \$43.39	(4/11)
Strategic Dividend & Income	\$0.059/\$12.04	(4/4)
Strategic Real Return	\$0.106/\$10.23	(4/4)
Spartan Extended Mkt Index	\$0.52 / \$34.52	(4/11)
Spartan Int. Treasury Bond Index	\$0.12 / \$10.76	(4/11)
Spartan International Index	\$0.05 / \$43.79	(4/11)
Spartan ST Treasury Bond Index	\$0.055/\$10.51	(4/11)
Spartan Total Mkt Index	\$0.105/\$37.25	(4/11)
Utilities	\$0.07 / \$18.57	(4/4)

Funds scheduled for May payouts include **Asset Manager 20%**, **Asset Manager 30%**, and all **Freedom** funds.

Junk bonds responded to upbeat economic news. **Capital & Income** was up 4.8%, and **High Income** rose 4.2%. On the flip side, treasury bonds tumbled as investors realized deflationary fears were not justified. **Spartan Intermediate Treasury Index** finished on the bottom with a 2.5% decline.

Muni bond fund returns ranged from a 0.1% loss to a 1.2% increase.

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 ideas that might pay off over the long run: **Natural Gas, Energy Service, Energy, Natural Resources, Consumer Staples, Medical Equip., Chemicals, Biotech, Materials, Industrial Equipment, and Computers.** We've downgraded **Gold** to a hold. Last month we failed to realize that gold ETFs are seeing heavy redemptions, meaning lots of physical gold is being dumped. Like central bank selling in the '90s, this might be an extended consolidation.

Technology and energy Selects led the group. **Energy Service** jumped 12.7%, **IT Services** climbed 11.6%, and **Networking** gained 11.5%. On the flip side, non-oil commodities lagged. **Paper & Forest Products** declined 2.0%, and **Gold** tumbled 7.0%. ■

Happenings

Fidelity has introduced **130/30 Large Cap**, a long-short mutual fund that offers the potential of hedge fund performance without the high fees. By selling short unattractive stocks equal to 30% of the portfolio, and using the proceeds to add to the more traditional long position, the result is market risk similar to a regular mutual fund, but stock selection risk that's 85% greater. While it's hard to know how successful Fidelity will be picking laggards to short, the fund should be able to hold its own on the strength of its long position. We're rating **130/30 Large Cap** a hold for now, but we may upgrade it to a buy in the months ahead.

Among manager changes, Joanna Bewick has been named co-manager of **Strategic Dividend & Income, Strategic Income, and Strategic Real Return.** William Irving has taken over at **Mortgage Securities** and **Intermediate Gov't Income.** Jess Tan is the new stockpicker for **Southeast Asia**, and Colin Stone will join Wilson Wong and Tokuya Sano in co-managing **Int'l Small Cap.** ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	125009.5	2.74	CT MM (418/FCMXX)	2286.6	2.31			
Select MM (85/FSLXX)	7190.9	2.84	MA MM (74/FDMXX)	5653.9	2.08			
Money Market (454/SPRXX)	7881.5	2.71	MI MM (420/FMIXX)	1131.0	2.01	MA AMT TF (426/FMSXX)	828.9	2.22
Gov't MM (458/SPAXX)	858.1	2.06	NJ MM (417/FNJXX)	2563.8	2.03	AMT Tax-Free (460/FIMXX)	3503.1	2.28
US Treas. MM (415/FDLXX)	4936.0	1.57	NY MM (92/FNYXX)	5614.2	1.90	NJ AMT TF (423/FSJXX)	754.9	2.06
Tax-Free MM (275/FMOXX)	5924.6	2.07	OH MM (419/FOMXX)	1222.3	2.11	NY AMT TF (422/FSNXX)	1397.9	2.28
US Gov't Reser (50/FGRXX)	3772.0	2.32	AZ MM (433/FSAXX)	405.4	2.07	PA MM (401/FPTXX)	802.6	2.13
CA MM (97/FCFXX)	6188.5	2.04	CA AMT TF (457/FSPXX)	2070.7	2.33	Municipal MM (10/FTEXX)	23266.7	2.19