

Jack
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Fidelity

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20
Years

MAY
2009

Monitor™

In Search of a Better Valuation Indicator

Are stocks cheap or expensive, and what will they be worth if S&P 500 earnings turn negative on a trailing 12-month basis? Over the last few months, we've been trying to gain perspective on periods of high economic stress by looking back at history.

When it comes to severe earnings disruptions, traditional valuation measures are not very useful:

- The Price-to-Earnings ratio (P/E) becomes meaningless. This indicator, which can understate valuations when earnings are robust and overstate them when earnings are lean, frequently becomes meaningless or undefined in times like this. There's always the option of calculating a P/E ratio based on forward 12-month earnings projections, but analysts have missed the mark so badly in recent quarters that such a number would have very little credibility.

- The Price-to-Book ratio (P/B) does a better job of reflecting values during earnings disruptions, but in a deflationary period with heavy write-downs, it's also prone to overstating valuations during lean

VALUATION INDICATOR - *Continued on page 2*

Changes For Growth Model, Select System, VIP Sector

On Monday, 5/11, we'll make the following portfolio changes:

Our Growth Model will sell **Tax-Managed Stock** (343/FTXMX) and buy **Dividend Growth** (330/FDGF). **Tax-Managed Stock** has shifted to the large-cap value corner over the past year, which may not be ideal for today's deflationary conditions. **Dividend Growth** may be a better bet for long-term growth. Its large-cap blend portfolio is a bit more risky, but is well-diversified. Note: **Tax-Managed Stock** no longer charges a redemption fee.

Our Select System will be selling **Chemicals** (69/FSCHX) and buying **Communications Equip.** (518/FSDCX). The materials sector has performed well this year, but the long-term outlook is uncertain with industrial production at 70% of capacity. In the meantime, demand for wireless services continues to grow, and our volatility model favors infrastructure.

Our VIP Sector Model will sell **VIP Materials** and buy **VIP Technology**.

Review & Recommendations

An accounting board decision in favor of easing mark-to-market accounting rules, along with reports of profits in the banking sector, raised hopes that the financial crisis may have finally turned the corner. Earnings season also went well outside the financial sector. Negative surprises were few and far between, and many growth companies exceeded expectations. The S&P 500 rebounded 9.6% for April.

GROWTH FUNDS

Our Growth Model holdings are listed on page 7. If you prefer to pick and choose instead, our current favorites include **Low-Priced Stock**, **OTC Portfolio**, **Div. Growth**, **New Millennium**, and **Contrafund**.

A potential turnaround in banking and autos gave a strong lift to funds on the value side of the stylebox. **Value Strategies** surged 24.6%, **Leveraged Company Stock** jumped 23.7%, **Value** was up 22.6%, and **Small Cap Indep.** climbed 19.3%. Defensive funds lagged behind. **Disciplined Equity** rose 7.3%, **Contrafund** gained 6.2%, and **130/30 Large Cap** edged up 0.7%.

INTERNATIONAL FUNDS

Global Balanced remains our favorite for those who prefer international exposure.

Foreign stock funds enjoyed a good month, but gains fell a bit short compared to domestic funds. **Nordic** jumped 18.7%, **Int'l Capital Appreciation** was up 16.8%, and **Latin America** gained 16.1%. Trailing behind, **Southeast Asia** gained 9.0%, **Int'l Small Cap Opportunities** and **Int'l Growth** were both up 7.9%, and **Global Balanced** rose 6.2%.

GROWTH & INCOME FUNDS

Our Growth and Income Model holdings are listed on page 7. If you prefer not to align with the portfolio, consider **Puritan** or **Balanced**.

Real Estate rebounded 32.6% on hopes that commercial property would be spared the kind of selloff that's hit the residential market. **Strategic Dividend & Income** (which invests some of its portfolio in real estate) rose 14.5%, and **Convertible Securities** climbed 14.3%. Funds with bond positions trailed behind, as did those holding defensive stocks. **Balanced** gained 8.0%, **Puritan** was up 6.7%, and **Telecom & Utilities** edged up 2.2%.

RECOMMENDATIONS - *Continued on page 8*

VALUATION INDICATOR - *Continued from page 1*

times. And because accounting standards have changed dramatically over the years, it isn't possible to compare today's P/B ratios to those in the distant past and draw any meaningful conclusions.

- Dividend yield was a popular indicator in decades past, and is gaining some credibility today because it told the right story in the 1990s. But like shifting accounting standards, today's numbers aren't really comparable to the past, because alternate forms of shareholder compensation – such as stock buybacks and one-time payouts – have become popular. Even if an “effective dividend yield” was synthesized, it would still be skewed by the long-term shift from value companies to growth companies. A century ago, railroad stocks accounted for most of the stock market's value. Today, technology and health care account for about 33% of the S&P 500's capitalization, and the railroads are only 1%.

- The Price-to-Sales ratio (P/S) probably does the best job of showing the real value of stocks, but it doesn't work in industries where revenue is not well defined, such as banking. Furthermore, a lack of long-term historical data makes it tough to draw meaningful conclusions about today's numbers.

IN SEARCH OF A BETTER RATIO

The ideal indicator would not be directly affected by short-term losses, write-downs, accounting rules, sector differences, tax code changes, or evolving forms of shareholder compensation. And it would have enough history that today's figures could be compared to high-stress periods in the past.

Most importantly, it would clearly indicate when stocks are high-priced, and properly reflect when

they are cheap, so that investors would have a better idea of what to expect over the long run.

MARKET CAP VERSUS GDP

There's no perfect indicator, but there is one that does a better job than other measures. By taking the total capitalization of the U.S. stock market and dividing by the annual GDP of the U.S. economy, the result is a number that gives a clear picture of valuation levels over a variety of economic conditions.

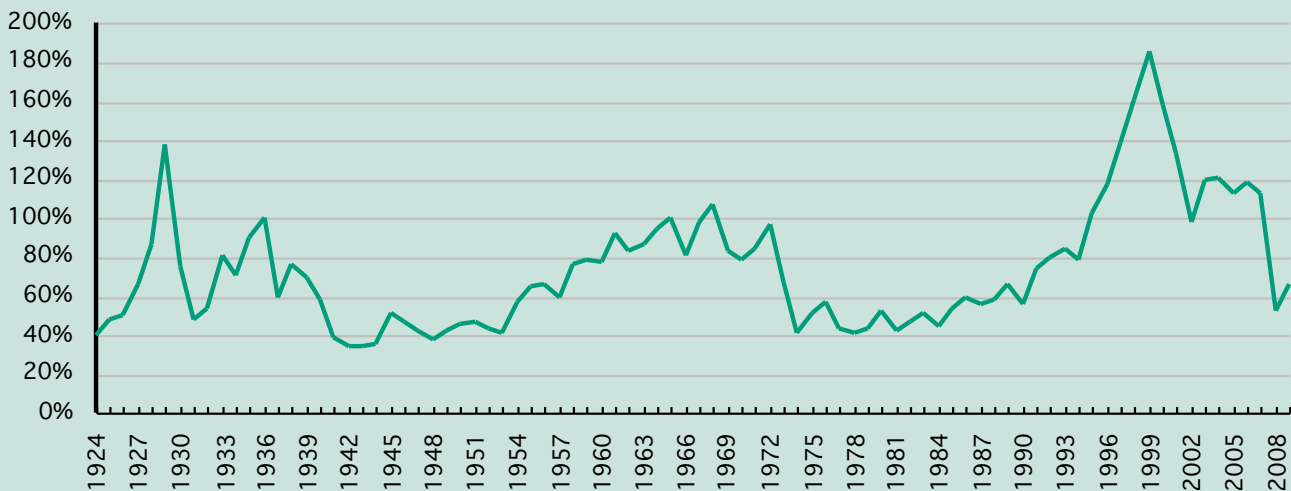
This indicator is broad and simple, but it does have the potential to be skewed by globalization effects. Because stock market capitalization includes the value of foreign business operations, the ratio can climb if U.S. companies realize more value from foreign sales than foreign companies realize from selling here. So far this has not been a problem, in part because free-floating currencies tend to correct imbalances. But it's something that could skew future results if earnings on overseas sales grow to more than a third of overall earnings.

WHAT IT TELLS US

The chart below shows how the size of the U.S. stock market compares with the annual output of the U.S. economy since 1924.

In times of severe economic stress, the value of the stock market tends to dive below the 50% level, then settle around that level for an extended period. It's happened twice in the past. The Great Depression and the uncertainty of the war made stocks cheap, but they remained that way for another 12 years because of post-war inflation. In the early 1970s, rising inflationary pressures made stocks cheap again, only to be followed by punishingly high

U.S. Total Stock Market Capitalization Versus U.S. Annual GDP



Sources: simcivic.org, Federal Reserve Bank of Minneapolis, U.S. Dept. of Commerce, Wilshire Associates

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interest rates that kept them that way for the better part of a decade.

The stage for today's debacle appears to have been set by the valuation surge in the late 1990s. By early 2000, the total value of the stock market had reached such excessive levels there could be no easy retreat. The technology bust brought valuations down, but still left them at very optimistic levels relative to history. Not until early this year did the market fall to a level that was in the ballpark for previous periods of high economic stress.

Now that stocks are relatively cheap, the main risk is they might stay that way for another decade. That wouldn't be as bad as the last decade, as stock values could still grow with GDP, with dividends and stock buybacks providing added compensation. But if GDP compounds at 1% over the next 10 years, and total shareholder compensation stays near 5%, the annualized S&P 500 return might only be 6%.

RATIO EXPANSION

In order to enjoy the kinds of returns the stock market delivered in the 1980s and 1990s, the stock market's value would have to start climbing again, perhaps in a pattern reminiscent of the mid-1950s. Given the predicament of U.S. consumers, we may not see it for at least five years, perhaps ten. Most likely, it would happen in tandem with a surge in U.S. export activity strong enough to close the trade gap.

The prospect of entering a "Golden Age of Exports" may seem far-fetched, but a decade from now the U.S. economy could be well on its way. Led by the growth of technology, media, and biotech exports, and helped by profits from service businesses and retailers who operate in foreign countries, the value of the stock market might climb toward 100% of GDP, assuming that competitive pressures keep inflation at bay.

RECOMMENDATIONS

If you need income from your portfolio, or if your investment horizon is shorter than five years, consider a portfolio that emphasizes bonds in place of stocks. By getting paid to wait, chances are you'll do almost as well as the stock market with only a fraction of the risk. Our Income Model is one way of doing this; it offers a diversified approach with an income stream of about 5%. For a more aggressive bet, consider high-yield bonds – the growth stocks of the bond universe. The credit crunch has pulled values down to unusually low levels, setting the stage for Fidelity's high-yield funds to perform well over the next three years. We like **Focused High**

Income, which has about a third of the stock market's downside risk. If you're stepping down from stock funds, consider **High Income**, which has about half the risk of the S&P 500, but might outperform the index over the next three years.

If you can afford to take a long-term view, and you can tolerate the volatility, stick with stocks but emphasize funds that operate on the growth side of the stylebox. Companies that can grow while the rest of the economy is shrinking deserve a substantial premium in times like these, but the investing public hasn't figured that out yet. Technology stocks may be the best long-term bet. The sector's market cap is down to a quarter of what it was nine years ago, yet the industry is well-equipped to prosper in the present environment. Business models are robust, and cash levels are high. Most importantly, deflation is nothing unusual for this group, because they've been living it from day one.

For a well rounded bet on growth stocks, consider our Growth Model. To get a bit more aggressive, consider the Unique Opportunities Model. To take full advantage of what technology might have to offer, go with the Select System, which could end up with more than half its holdings dedicated to the sector. ■

Question & Answer Forum

I'm 75 years old, and my advisor at Fidelity has suggested I purchase 5-year TIPS for my IRA as a hedge against inflation. In your recent letter you said this is not a good choice. Can you explain?

The risk of loss is small in holding a 5-year inflation-indexed treasury bond to maturity, but you may not make much either. These securities are linked to the CPI-U index, so if the index declines 1% per year and the yield is 2% per year, your total return for all five years would be about 5%.

In contrast, by taking on some credit risk and buying a fund such as **Investment Grade Bond** (currently yielding over 5%), you would probably see a cumulative 5-year return in the range of 20-40%.

Long-term municipal bond funds are now yielding over 4% in high tax states such as California and New York, but you rate them a hold. Thoughts?

There's no question municipal yields are at attractive levels, and the recent success of Build America Bonds has eased some of the pressures on states with deteriorating credit. But the situation for some municipalities could get worse as time goes on.

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						2009	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
130/30 Large Cap (2063/FOTTX)	S**↓	0.91	none	5.55	77.5	-13.7	0.7	-9.0	-47.1			
Aggressive Gth (324/FDEGX)	H***	0.94	1.5(90)	12.55	1452.5	7.7	9.8	13.5	-36.4	-12.7	-3.9	-8.7
Blue Chip Gth (312/FBGRX)	H***↓	0.93	none	28.38	7767.8	7.9	13.6	16.3	-29.7	-8.5	-2.8	-3.4
Blue Chip Value (1271/FBCVX)	H***	1.18	none	7.66	257.5	-3.0	12.3	9.1	-43.8	-15.7	-4.1	
Capital Apprec (307/FDCAX)	H***	1.00	none	16.10	3793.7	2.4	11.3	11.8	-34.0	-12.6	-3.0	0.1
Contrafund (22/FCNTX)	B****	0.80	none	44.97	41467.9	-0.6	6.2	5.4	-33.2	-8.1	1.8	2.0
Growth Discovery (339/FDSVX)	H***	0.94	none	8.78	751.3	2.0	10.2	9.2	-40.4	-9.3	-2.3	-0.4
Disc Equity (315/FDEQX)	H***	0.95	none	16.60	8218.5	-4.7	7.3	1.3	-38.1	-11.9	-2.1	-1.2
Dividend Gth (330/FDGFEX)	B****	1.15	none	16.99	4759.8	7.6	17.6	16.8	-35.0	-11.8	-5.0	-1.9
Export Fund (332/FEXPX)	H***	0.94	0.75(30)	14.99	2056.2	4.0	9.2	11.4	-36.6	-11.4	-0.8	3.0
Fidelity Fifty (500/FFTYX)	H***	0.97	none	11.55	581.2	4.8	11.3	11.8	-42.3	-14.8	-4.1	-0.9
Focused Stock (333/FTQGX)	H***	0.87	none	8.73	138.2	-1.1	9.9	7.2	-32.0	-8.0	2.7	-1.6
Growth Company (25/FDGRX)	B****	0.99	Closed	51.99	20323.0	6.2	9.0	10.5	-34.1	-8.1	0.8	1.2
Independence (73/FDFEX)	H***	1.20	none	14.46	2894.9	1.3	11.4	9.5	-47.3	-11.2	-0.9	-0.1
Lg Cap Core En Idx (1827/FLCEX)	H***	0.97	none	6.10	843.8	-4.3	8.0	4.0	-34.8			
Lg Cap Gth En Idx (1829/FLGEX)	H***	0.91	none	6.57	26.1	3.1	8.5	8.1	-30.4			
Large Cap Growth (763/FLSLGX)	H***	0.96	none	6.50	86.1	-1.2	9.2	5.7	-31.9	-14.0	-2.9	
Large-Cap Stock (338/FLCSX)	H***	1.19	none	11.06	485.0	10.4	17.4	21.0	-37.4	-11.3	-3.0	-3.6
Lg Cap Val En Idx (1828/FLVEX)	H***	1.06	none	5.34	37.0	-9.3	8.7	1.3	-38.7			
Large Cap Value (708/FMCSX)	H***	1.06	none	7.68	807.6	-10.0	9.6	1.7	-41.5	-15.0	-3.3	
Lev Co Stock (122/FLVCSX)	H***	1.32	1.5(90)	15.70	2381.3	8.7	23.7	15.2	-50.6	-15.2	-0.1	
Low-Priced Stock (316/FLPSX)	B****	0.87	1.5(90)	24.38	16410.8	5.4	14.5	12.7	-30.7	-9.6	1.0	8.6
Magellan (21/FMAGX)	H***	1.10	none	50.73	17229.2	10.6	13.7	19.6	-40.0	-12.9	-3.9	-3.5
Mid Cap Growth (793/FMSGX)	H***	1.04	0.75(30)	7.27	139.7	7.1	11.2	13.6	-41.1	-18.6	-4.4	
Mid Cap Stock (337/FMCSX)	B****↑	1.02	0.75(30)	16.65	4299.1	6.7	12.7	13.4	-38.8	-14.5	-1.5	2.7
Mid Cap Value (762/FSMVX)	H***	1.12	0.75(30)	9.48	346.8	-0.3	17.0	10.6	-36.2	-13.4	-0.9	
New Millennium (300/FMILX)	B****	0.98	none	18.40	1072.0	4.3	12.9	15.3	-31.9	-10.4	0.3	1.9
OTC Portfolio (93/FOCPX)	B****	1.06	none	33.64	3302.4	19.4	15.6	22.9	-28.5	-5.2	1.5	-0.5
Small Cap Gth (1388/FCPGX)	H***	1.00	1.5(90)	9.33	785.1	7.4	15.2	13.0	-33.3	-11.6		
Small Cap Indep (336/FDSCX)	H***	1.09	1.5(90)	10.82	1034.3	2.8	19.3	13.3	-38.2	-16.0	-3.6	1.8
Small Cap Stock (340/FLSCX)	H***	1.11	2 (90)	10.87	2048.1	10.9	16.1	19.6	-31.2	-12.6	-1.2	6.4
Small Cap Value (1389/FCPVX)	H***	1.19	1.5(90)	9.69	915.1	4.0	18.5	17.5	-21.1	-9.2		
Stock Selector (320/FDSSX)	B****	1.00	none	17.12	461.8	0.8	9.6	9.4	-37.4	-11.2	-2.3	-1.9
Tax Mgd Stock (343/FTXMX)	H***↓	0.95	none	8.71	99.7	-4.5	7.8	0.9	-40.9	-13.0	-2.0	
Trend (5/FTRNX)	B****	0.95	none	42.12	511.1	7.8	11.9	13.5	-34.3	-8.8	-0.9	-0.3
Value (39/FDVLX)	H***	1.18	none	41.83	7005.9	4.9	22.6	17.6	-41.5	-15.0	-2.3	2.4
Value Discovery (832/FVDFX)	H***	1.11	none	9.97	514.8	-2.1	13.0	9.6	-40.0	-13.2	-0.6	
Value Strategies (14/FLSLX)	H***	1.26	none	15.42	113.6	11.0	24.6	22.9	-41.6	-15.0	-4.8	2.9
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.63	none	13.46	14644.4	3.2	8.0	7.5	-26.9	-6.6	1.2	2.8
Convertible Sec (308/FCVXSX)	H***	0.85	none	15.48	1395.1	12.7	14.3	14.9	-41.4	-10.3	-1.7	3.8
Equity-Income (23/FEQIX)	H***	1.13	none	29.98	13826.2	-2.0	13.1	10.1	-40.2	-13.7	-4.0	-1.4
Equity-Income II (319/FEQTX)	H***	1.11	none	12.64	4079.4	-4.4	11.9	9.3	-40.0	-13.8	-4.6	-1.6
Fidelity Fund (3/FFIDX)	B****	0.95	none	22.86	3848.5	1.0	10.9	10.1	-35.7	-9.1	-1.5	-1.8
Growth & Income (27/FGRIX)	H***	1.20	none	12.72	5041.4	-3.2	10.0	9.3	-49.6	-20.4	-9.8	-5.8
Mega Cap Stock (361/FGRTX)	H***	1.00	none	6.76	294.4	-2.7	10.8	6.8	-36.7	-11.2	-3.2	-2.6
Puritan (4/FPURX)	B****	0.62	none	13.21	13481.2	1.9	6.7	6.6	-24.7	-5.8	0.1	1.7
Real Estate Income (833/FRIFX)	H***	0.38	0.75(90)	7.35	301.5	11.7	11.9	10.2	-20.4	-7.8	-1.3	
Real Estate (303/FRESX)	H***	2.03	0.75(90)	13.33	1442.6	-13.9	32.6	5.1	-51.9	-20.2	-2.3	4.9
Strategic Div & Inc (1329/FSDIX)	H***	0.96	none	7.10	316.6	0.5	14.5	9.0	-39.8	-13.4	-2.7	
Telecom & Utilities (311/FUIUX)	H***	0.88	none	11.97	690.0	-7.7	2.2	-3.0	-35.0	-6.7	2.9	-2.2
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.37	0.75(30)	22.00	35.3	-15.5	21.1	1.0	-32.8	-16.0	-0.6	1.8
Automotive (502/FSVAX)	S**	1.48	0.75(30)	18.96	10.1	33.9	55.2	66.8	-48.2	-17.6	-8.8	-2.3
Banking (507/FSRBX)	H***↑	1.94	0.75(30)	11.37	197.2	-21.9	17.1	8.3	-47.7	-26.1	-13.0	-5.1
Biotechnology (42/FBIOX)	B****	0.78	0.75(30)	54.92	1171.4	-7.1	-4.5	-7.3	-12.0	-4.2	-1.3	4.1
Brokerage (68/FLSXB)	H***	1.46	0.75(30)	33.34	309.3	5.3	18.6	15.8	-40.6	-17.0	-0.5	2.7
IT Ser / Bus Ser (353/FBSOX)	B****	0.96	0.75(30)	12.44	54.3	11.0	9.2	17.5	-24.3	-4.3	2.7	3.5
Chemicals (69/FSCHX)	H***↓	1.20	0.75(30)	57.23	275.2	24.1	17.7	26.4	-32.2	-1.3	6.9	7.3
Computers (7/FDCPX)	B****	0.93	0.75(30)	30.56	264.4	22.8	13.8	22.5	-29.3	-7.0	-1.3	-4.1
Const & Housing (511/FSHOX)	H***	1.39	0.75(30)	25.21	69.5	5.7	21.6	21.1	-25.3	-12.5	0.0	4.8
Consumer Disc (517/FSCPX)	H***	1.05	0.75(30)	15.16	27.3	11.1	15.4	21.1	-23.8	-10.8	-3.4	-2.1
Industrial / Cyc Ind (515/FCYIX)	H***	1.05	0.75(30)	13.45	96.1	2.6	20.6	13.2	-37.3	-10.1	2.8	3.8
Defense & Aero (67/FSDAX)	H***	0.96	0.75(30)	47.26	442.9	-3.4	15.9	-1.4	-38.8	-10.4	3.0	6.1
Com Equip / DevC (518/FSDCX)	B****	1.01	0.75(30)	15.31	142.7	32.9	24.9	33.5	-27.2	-12.1	-1.5	-4.7
Electronics (8/FSELX)	B****	1.09	0.75(30)	28.04	656.7	24.1	14.6	30.7	-29.8	-15.7	-5.6	-2.5
Energy (60/FSENX)	H***	1.70	0.75(30)	32.80	1401.3	9.0	15.3	8.7	-51.5	-11.1	9.3	8.1
Energy Service (43/FSESX)	S**↓	1.70	0.75(30)	43.34	786.8	20.7	22.4	19.5	-57.0	-14.5	7.3	8.7
Environmental (516/FSLEX)	H***	0.95	0.75(30)	12.79	39.2	-4.5	16.0	5.5	-30.0	-11.6	-0.4	-0.9
Financial Services (66/FIDSX)	S**	1.59	0.75(30)	43.09	268.8	-7.2	19.6	11.5	-48.6	-24.4	-10.7	-3.9
Con Stap / Food Ag (9/FDFAX)	H***	0.68	0.75(30)	47.87	662.4	-6.0	4.8	1.1	-24.8	0.1	4.1	4.7
Gold (41/FSAGX)	S**	1.60	0.75(30)	31.00	2246.7	-1.8	-9.1	-0.4	-20.0	-1.8	15.7	13.1
Health Care (63/FSPHX)	H***	0.73	0.75(30)	81.59	1265.0	1.0	2.3	0.3	-21.8	-6.5	-0.6	1.3
Home Finance (98/FSVLX)	S**	1.50	0.75(30)	9.05	56.1	-17.4	4.1	-1.1	-61.5	-39.2	-23.9	-8.5
Indust Equip (510/FSGCX)	H***	1.11	0.75(30)	18.85	57.4	2.3	22.1	14.7	-42.5	-12.2	-0.5	0.2
Materials / Ind Mat (509/FSDPX)	H***	1.26	0.75(30)	37.46	149.8	23.2	19.3	28.3	-36.6	-4.9	7.7	6.8
Insurance (45/FSPCX)	S**↓	1.44	0.75(30)	30.45	83.3	-7.0	13.0	7.7	-41.6	-20.0	-8.5	0.4
Leisure (62/FDLSX)	B****	0.94	0.75(30)	55.90	173.0	4.0	10.7	13.5	-20.5	-7.0	1.0	0.5
Medical Delivery (505/FSHCX)	H***	0.97	0.75(30)	29.80	242.5	3.1	13.8	-1.6	-26.7	-10.8	3.7	6.6
Medical Equip/Sys (354/FSMEX)	H***	0.73	0.75(30)	19.08	1028.6	3.4	3.3	-1.1	-20.4	-0.7	2.4	9.3
Multimedia (503/FBMPX)	H***	1.14	0.75(30)	23.82	28.2	7.4	20.0	17.8	-30.4	-13.2	-5.0	-1.3
Natural Gas (513/FSNGX)	H***	1.82	0.75(30)	23.68	729.5	17.4	17.4	13.5	-54.0	-11.9	7.0	9.2
Nat Resources (514/FNARX)	H***	1.64	0.75(30)	20.59	976.8	9.3	12.9	11.1	-49.2	-8.5	10.4	9.0
Networking (912/FNINX)	H***	1.03	0.75(30)	1.68	44.0	36.6	21.7	32.3	-21.1	-14.8	-4.5	
Paper & Forest (506/FSFPX)	H***	1.28	0.75(30)	19.81	9.2	26.3	41.6	30.7	-25.5	-11.6	-6.0	-0.4
Pharmaceuticals (580/FPHAX)	H***	0.69	0.75(30)	8.12	153.7	-7.4	-3.4	-2.9	-18.2	-5.5	0.1	
Retailing (46/FSRPX)	B****	1.07	0.75(30)	36.09	66.2	26.1	14.4	37.0	-5.7	-4.7	2.5	0.8
Software (28/FSCSX)	H***	0.98	0.75(30)	53.25	537.8	13.3	10.0	16.7	-28.3	-2.0	1.8	4.4
Technology (64/FSPTX)	B****	1.06	0.75(30)	50.10	896.0	26.3	18.8	30.5	-31.3	-9.1	-1.8	-3.1
Telecom (96/FSTCX)	H***	1.18	0.75(30)	32.66	230.8	22.7	12.4	26.3	-25.6	-7.9	1.2	-4.8
Transportation (512/FSRFX)	B****	1.06	0.75(30)	28.34	82.2	-12.0	11.8	3.8	-36.8	-14.6	0.7	3.3
Utilities (65/FSUTX)	S**↓	0.89	0.75(30)	36.13	296.0	-9.8	2.3	-9.0	-38.9	-6.3	3.3	-2.2
Wireless (963/FWRLX)	B****↑	1.15	0.75(30)	5.63	236.5	31.2	15.6	26.8	-24.2	-5.5	6.6	

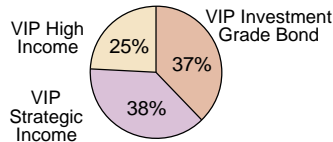
APRIL PERFORMANCE						30-day	2009	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
Int'l Capital Apprec. (335/FIVFX)	H***	1.21	1 (30)	7.92	179.4		6.6	16.8	18.7	-44.4	-16.4	-4.4
Canada (309/FICDX)	H***	1.07	1.5(90)	36.31	2177.7		3.6	11.2	8.3	-40.1	-6.0	8.8
China Region (352/FHKCX)	H***	1.09	1.5(90)	19.31	811.1		13.5	13.4	24.3	-33.4	1.3	9.4
Diversified Int'l (325/FDIVX)	H***	1.00	1 (30)	20.99	22519.2		-2.4	10.6	8.7	-44.1	-12.8	0.7
Emerging EMEA (2053/FEMEX)	H***	1.11	1.5(90)	5.54	33.9		16.1	13.5	28.0			
Emerging Mkts (322/FEMKX)	H***	1.18	1.5(90)	14.47	1814.2		11.4	15.0	21.9	-53.6	-11.8	8.4
Europe (301/FIEUX)	S**	1.00	1 (30)	22.01	2173.2		-3.4	11.6	9.1	-42.5	-12.0	3.4
Europe Cap Appr (341/FECAX)	S**	1.04	1 (30)	13.25	383.5		-3.1	11.8	9.2	-44.4	-13.2	1.7
Global Balanced (334/FGBLX)	B****	0.47	1 (30)	16.22	331.7		-2.6	6.2	4.3	-24.6	-3.7	3.5
Int'l Discovery (305/FIGRX)	H***	0.97	1 (30)	22.56	5510.7		-4.5	10.4	7.2	-42.9	-11.8	1.7
Int'l Enhanced Index (2010/FIENX)	H***	1.03	1 (30)	5.19	14.1		-8.3	10.6	5.1	-45.6		
Int'l Growth (1979/FIGFX)	H***	0.93	1 (30)	5.32	11.7		-4.0	7.9	6.2	-41.0		
Int'l Real Estate (1368/FIREX)	S**	1.11	1.5(90)	6.25	216.8		-5.7	11.6	8.3	-51.9	-19.2	
Int'l Small Cap (818/FISMX)	H***	0.71	Closed	12.45	431.0		0.8	12.3	8.2	-43.4	-16.7	1.6
Int'l Small Cap Opp (1504/FSCOX)	H***	1.07	2 (90)	5.85	232.7		-2.3	7.9	5.8	-57.3	-24.5	
Int'l Value (1597/FIVLX)	H***	1.18	1 (30)	5.84	120.1		-2.0	14.3	12.3	-46.3		
Japan (350/FJPNX)	H***	1.00	1.5(90)	8.67	865.4		-2.8	9.7	7.2	-38.1	-18.3	-3.5
Japan Smaller Co (360/FJSCX)	H***	0.72	Closed	6.41	286.1		-10.6	11.9	1.4	-36.5	-25.0	-10.3
Latin America (349/FLATX)	H***	1.53	1.5(90)	32.75	2106.3		18.6	16.1	20.4	-49.6	-4.1	20.4
Nordic (342/FNORX)	H***	1.22	1.5(90)	19.49	218.0		3.7	18.7	15.8	-51.7	-14.5	3.1
Overseas (94/FOSFX)	H***	1.02	1 (30)	24.00	4679.1		-4.3	12.3	7.3	-45.9	-13.2	-0.3
Pacific Basin (302/FPBFX)	H***	0.95	1.5(90)	13.97	350.1		5.2	14.9	17.1	-47.2	-15.6	-0.4
Southeast Asia (351/FSEAX)	H***	0.92	1.5(90)	19.55	1388.9		3.6	9.0	13.6	-42.3	-3.6	10.0
Total Int'l Equity (1978/FTIEX)	H***	1.06	1 (30)	4.79	17.8		-1.2	11.4	10.4	-45.8		
Worldwide (318/FWWFX)	H***	0.91	1 (30)	12.26	747.1		-2.6	10.7	7.7	-38.9	-9.4	0.6
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.84	none	19.56	1338.4		-1.3	9.3	7.1	-30.9	-8.6	-0.6
NASDAQ Comp (1282/FNCMX)	B****	1.01	0.75(90)	22.77	126.0		9.2	12.4	16.6	-28.2	-8.9	-1.6
Spart Ext Mkt Idx (398/FSEMXX)	B****	1.07	0.75(90)	23.39	1586.4		3.8	15.0	12.5	-32.9	-11.0	-0.1
Spart Int'l Index (399/FSIIX)	H***	1.03	1(90)	25.06	2948.1		-6.0	11.8	7.8	-43.1	-12.4	0.6
Spart 500 Index (317/F500X)	H***	1.00	none	60.58	4829.2		-2.5	9.6	6.5	-35.3	-10.8	-2.8
Spart Total Mkt Idx (397/FSTMX)	H***	1.00	0.5(90)	24.66	3685.6		-1.2	10.5	7.7	-34.7	-10.7	-2.1
Asset Mgr 20% (328/FASIX)	H***	0.21	none	10.65	1776.5		4.2	4.2	4.6	-9.5	-0.8	2.6
Asset Mgr 30% (1957/FTANX)	H***	0.30	none	7.95	31.2		4.8	5.5	5.8	-14.2		
Asset Mgr 40% (1958/FFANX)	H***	0.40	none	7.53	14.7		4.2	6.5	6.2	-18.0		
Asset Mgr 50% (314/FASMX)	H***	0.51	none	11.37	4730.1		5.5	8.1	8.4	-21.1	-4.9	-0.7
Asset Mgr 60% (1959/FSANX)	H***	0.60	none	6.92	17.7		4.8	9.0	8.8	-23.7		
Asset Mgr 70% (321/FASGX)	H***	0.72	none	11.30	1631.2		5.2	10.2	10.0	-28.3	-7.9	-2.4
Asset Mgr 85% (347/FAMRX)	H***	0.87	none	8.91	313.5		4.8	11.9	11.0	-32.2	-9.7	-1.7
Dynamic Strategies (1960/FDYXX)	H***	0.60	none	6.87	68.6		2.9	8.0	7.5	-25.6		
Freedom 2000 (370/FFBXX)	H***	0.25	none	10.24	1446.4		1.9	3.9	3.6	-11.7	-1.1	1.4
Freedom 2005 (1312/FFVXX)	H***	0.48	none	8.54	772.4		1.8	6.5	5.8	-21.4	-4.6	0.4
Freedom 2010 (371/FFFCX)	H***	0.50	none	10.55	9142.7		1.8	6.9	6.1	-22.3	-4.9	0.3
Freedom 2015 (1313/FFVFX)	H***	0.53	none	8.71	6097.7		1.8	7.1	6.3	-23.9	-5.6	0.5
Freedom 2020 (372/FFFDX)	H***	0.65	none	10.21	14328.7		1.6	8.4	7.1	-28.6	-7.5	-0.3
Freedom 2025 (1314/FFTWX)	H***	0.70	none	8.36	5801.0		1.6	8.9	7.6	-30.1	-8.2	-0.5
Freedom 2030 (373/FFFEY)	H***	0.79	none	9.83	9687.8		0.7	9.6	7.7	-33.5	-9.8	-1.2
Freedom 2035 (1315/FFTHX)	H***	0.82	none	8.08	3573.3		0.6	9.8	7.7	-34.3	-10.2	-1.4
Freedom 2040 (718/FFFFX)	H***	0.85	none	5.62	5331.2		0.5	10.2	7.9	-35.4	-10.7	-1.5
Freedom 2045 (1617/FFFGX)	H***	0.86	none	6.61	941.8		0.5	10.4	8.0	-35.7		
Freedom 2050 (1618/FFHHX)	H***	0.90	none	6.47	762.7		0.2	10.8	8.2	-37.3		
Freedom Income (369/FFFAAX)	H***	0.22	none	9.69	2184.1		2.0	3.6	3.5	-10.1	-0.6	1.5
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.30	1(90)	6.23	6527.9	10.74	17.6	13.1	14.3	-20.1	-3.4	2.0
Floating Rate (814/FFRHX)	B****	0.17	1(60)	8.59	1692.4	5.52	14.5	5.1	7.5	-4.7	0.8	2.3
Focused High Inc (1366/FHIFX)	B****	0.20	1(90)	8.19	281.0	8.77	14.1	7.3	7.4	-10.1	0.0	
GNMA Portfolio (15/FGMNX)	H***↓	0.12	none	11.31	5582.2	4.43	3.0	0.3	2.9	8.0	7.3	5.5
Gov't Income (54/FGOVX)	H***↓	0.13	none	10.80	5348.3	2.98	-0.3	-0.7	1.3	7.9	7.6	5.7
High Income (455/SPHIX)	B****	0.24	1(90)	6.82	4563.4	10.16	16.0	10.1	9.7	-13.4	-1.0	2.3
Inflation-Protected (794/FINPX)	S**	0.24	none	10.75	1745.0	1.24	2.4	-1.7	1.8	-2.2	3.8	3.9
Intermed Bond (32/FTHRX)	H***	0.12	none	9.32	3613.8	5.87	4.1	2.3	2.6	-2.1	2.1	2.2
Intermed Gov't Inc (452/FSTGX)	H***	0.11	none	10.86	1656.5	1.92	-0.1	-0.5	0.7	7.3	7.2	5.0
Invest Grade Bond (26/FBNDX)	B****	0.14	none	6.46	5066.8	5.80	3.5	1.8	2.7	-3.3	1.3	2.1
Mortgage Securities (40/FMSFX)	H***	0.12	none	10.11	889.9	4.74	2.1	0.5	1.6	4.3	2.6	2.9
New Markets Inc (331/FNMIX)	H***	0.37	1(90)	12.67	1531.4	9.81	15.4	8.5	13.1	-6.9	2.4	7.4
Short-Term Bond (450/FSHBX)	H***	0.06	none	7.99	5462.1	3.06	1.3	0.7	0.9	-0.9	0.9	1.5
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.21	none	10.84	1123.4	2.34	-3.5	-2.4	-0.3	8.5	9.1	
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.34	none	10.70	190.3	3.61	-10.6	-5.2	-1.9	9.1	9.4	
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.09	none	10.50	225.7	0.98	-0.7	-0.5	0.1	5.4	6.4	
Strategic Income (368/FSICX)	B****	0.15	none	9.24	4263.2	7.25	8.0	5.6	7.3	-5.8	2.3	4.4
Strategic Real Rtn (1505/FSRRX)	H***	0.32	0.75(60)	7.18	3568.0	4.26	4.7	6.1	5.8	-23.2	-5.0	
Total Bond (820/FTBFX)	B****	0.13	none	9.52	8393.7	6.16	5.2	2.8	3.5	-1.6	2.9	3.3
Ultra-Short Bond (812/FUSFX)	S**	0.02	0.25(60)	8.07	218.0	0.69	-0.3	0.3	-0.1	-1.0	-3.4	-1.0
US Bond Index (651/FBIDX)	B****	0.13	none	10.77	9250.5	4.01	1.2	0.5	1.7	3.4	5.2	4.3
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H***	0.17	0.5(30)	10.91	128.2	3.92	7.2	2.3	3.0	2.7	3.3	3.4
CA Municipal Inc (91/FCITX)	H***	0.16	0.5(30)	11.49	1409.9	4.35	6.1	2.4	2.2	0.2	2.5	3.4
CA Short-Int TF (1534/FCSTX)	H***	0.05	0.5(30)	10.43	372.4	2.18	2.9	0.8	0.7	5.4	4.7	
CT Municipal Inc (407/FICNX)	H***	0.14	0.5(30)	11.19	497.9	3.42	6.1	1.7	2.0	4.1	4.3	3.9
Intermediate Muni (36/FLTMX)	B****	0.09	0.5(30)	9.95	2862.7	3.15	4.0	1.3	1.5	4.0	4.3	4.0
MA Municipal Inc (70/FDMMX)	H***	0.15	0.5(30)	11.40	1983.4	3.74	6.1	1.8	2.3	2.1	3.4	3.8
MD Municipal Inc (429/SMDMX)	H***	0.16	0.5(30)	10.54	143.8	3.52	7.4	2.1	3.1	2.6	3.5	3.5
MI Municipal Inc (81/FMHTX)	H***	0.12	0.5(30)	11.56	583.1	3.57	3.8	1.1	0.8	3.0	3.9	3.8
MN Municipal Inc (82/FIMIX)	H***	0.11	0.5(30)	11.21	401.2	3.07	5.6	1.3	2.1	4.6	4.2	4.0
Municipal Income (37/FHIGX)	H***↓	0.16	0.5(30)	12.05	4763.8	4.23	6.4	2.2	2.9	1.5	3.0	3.7
NJ Municipal Inc (416/FNJHX)	H***	0.14	0.5(30)	11.20	575.4	3.49	6.2	1.8	1.9	2.7	3.8	4.0
NY Municipal Inc (71/FTFMX)	H***	0.17	0.5(30)	12.44	1456.0	4.06	5.9	2.1	2.4	2.9	3.7	3.9
OH Municipal Inc (88/FOHFX)	H***	0.15	0.5(30)	11.33	450.7	3.66	5.6	1.8	2.2	3.4	4.0	4.1
PA Municipal Inc (402/FPXTX)	H***	0.12	0.5(30)	10.57	351.2	3.39	4.8	1.5	2.3	3.8	4.0	4.0
Short-Int Municipal (404/FSTFX)	B****	0.04	0.5(30)	10.50	2104.4	2.13	2.5	0.6	0.6	4.4	4.4	3.3
Tax-Free Bond (90/FTABX)	H***↓	0.15	0.5(30)	10.39	1323.9	4.16	6.4	2.2	2.9	2.5	3.6	4.1

APRIL PERFORMANCE Indexes and Model Portfolios	Risk	Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.91	8168.12	-5.9	7.5	3.0	-34.2	-8.1	-2.0	-0.6
S&P 500	1.00	872.81	-2.5	9.6	6.5	-35.3	-10.8	-2.7	-2.5
NASDAQ	1.01	1717.30	9.3	12.4	16.7	-28.1	-8.8	-1.4	-3.3
Russell 2000	1.17	487.56	-1.8	15.5	10.5	-30.7	-12.7	-1.5	2.5
Fidelity Monitor Income Model	0.27	76479.56	4.1	3.2	4.3	-13.6	-2.6	0.3	2.3
Fidelity Monitor G&I Model	0.61	129569.11	3.1	7.3	7.7	-29.5	-7.8	0.0	3.9
Fidelity Monitor Growth Model	0.94	122230.50	0.0	10.6	8.1	-38.4	-12.8	-2.5	3.2
Fidelity Monitor Select System	0.92	252950.77	0.3	9.0	7.1	-37.9	-9.9	-0.1	3.1
Fidelity Monitor Unique Opportunities	1.07	80415.83	8.6	15.2	17.3	-41.0	-12.9	0.6	

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

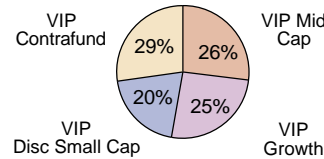


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	2002: + 7.3%
1994: - 3.8%	2003: + 9.9%
1995: +16.9%	2004: + 5.1%
1996: + 6.9%	2005: + 1.8%
1997: +10.9%	2006: + 6.1%
1998: + 0.4%	2007: + 6.2%
1999: + 0.8%	2008: -18.3%
2000: - 2.4%	
2001: - 3.4%	
	*2009: + 5.4%

VIP GROWTH MODEL

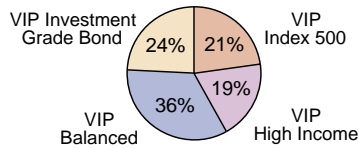


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +20.6%	2002: -21.7%
1994: + 4.6%	2003: +30.0%
1995: +36.1%	2004: + 7.0%
1996: +16.1%	2005: +10.1%
1997: +23.5%	2006: +14.5%
1998: +22.6%	2007: + 9.3%
1999: +22.1%	2008: -45.5%
2000: -10.3%	
2001: -14.0%	
	*2009: - 3.2%

VIP G & I MODEL

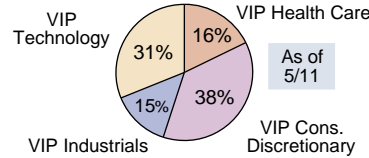


PAST PERFORMANCE

Starting Balance: \$10,000

1995: +26.4%	2003: +20.8%
1996: +12.8%	2004: + 6.3%
1997: +21.4%	2005: + 4.5%
1998: +15.1%	2006: +11.6%
1999: + 6.1%	2007: + 7.7%
2000: - 4.9%	2008: -31.0%
2001: + 3.1%	
2002: - 9.4%	
	*2009: + 2.5%

VIP SECTOR MODEL



PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2007: +11.2%
2004: + 6.3%	2008: -41.4%
2005: +14.0%	
2006: +17.7%	
	*2009: + 8.8%

Model portfolio performance is listed at the bottom of the page.

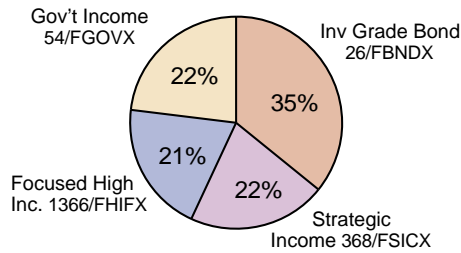
APRIL VIP PERFORMANCE Portfolio	Rating	RR Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	7.45	7.5	9.8	13.5	-36.1	-13.5	
VIP Asset Manager	H ***	28.77	3.1	6.9	6.6	-26.9	-5.0	-0.9
VIP Asset Manager: Growth	H ***	17.23	1.9	8.9	7.6	-34.6	-8.2	-2.6
VIP Balanced	B ****	13.00	6.1	11.9	11.0	-28.2	-7.6	-1.6
VIP Consumer Discretionary	B ****	8.25	11.1	15.6	21.3	-23.6	-11.3	-4.0
VIP Consumer Staples	H ***	8.09	-6.5	4.7	0.8	-24.8		
VIP Contrafund	B ****	30.08	2.1	11.9	9.9	-37.6	-11.1	-0.4
VIP Disciplined Small Cap	B ****	6.18	-3.9	13.3	6.4	-31.6		
VIP Dynamic Capital Appreciation	H ***	9.51	1.8	11.3	11.4	-35.2	-13.6	-1.7
VIP Energy	H ***	15.76	8.9	15.2	8.6	-52.0	-11.9	7.7
VIP Equity-Income	H ***	38.59	-2.2	13.0	9.8	-41.7	-14.7	-4.9
VIP Financial Services	H ***	6.01	-6.8	19.6	12.4	-49.3	-24.8	-11.2
VIP Freedom 2005	H ***	9.46	1.9	6.9	5.9	-21.0	-4.4	
VIP Freedom 2010	H ***	9.36	2.0	7.3	6.2	-22.2	-4.8	
VIP Freedom 2015	H ***	9.37	1.9	7.7	6.5	-24.0	-5.5	
VIP Freedom 2020	H ***	8.89	2.0	9.5	7.8	-29.1	-7.6	
VIP Freedom 2025	H ***	8.79	1.9	10.0	8.2	-30.7	-8.3	
VIP Freedom 2030	H ***	8.43	1.5	11.0	8.9	-34.5	-10.0	
VIP Freedom Income	B ***	10.39	2.3	3.6	3.5	-8.6	-0.1	
VIP FundsManager 20	B ****	10.03	0.6	2.3	2.4	-8.1		
VIP FundsManager 50	B ****	8.62	0.1	5.3	4.6	-21.0		
VIP FundsManager 70	B ****	7.65	-0.3	7.4	6.3	-29.7		
VIP FundsManager 85	B ****	6.96	-1.2	8.8	6.8	-35.9		
VIP Growth	B ****	40.47	1.1	9.7	8.2	-41.7	-12.2	-4.8
VIP Growth & Income	H ***	12.61	0.5	9.6	9.1	-38.1	-11.7	-3.7
VIP Growth Opportunities	B ****↑	8.07	9.3	10.3	13.1	-46.4	-15.0	-6.1
VIP Growth Stock	B ****	7.63	7.6	11.7	13.2	-35.0	-11.0	
VIP Health Care	B ****	9.48	1.1	2.3	0.7	-22.1	-7.3	-1.3
VIP High Income	B ****	27.47	15.0	8.0	7.2	-15.2	-2.2	1.1
VIP Index 500	H ***	24.27	-2.7	9.5	6.3	-35.8	-11.5	-3.5
VIP Industrials	B ****	12.60	2.8	21.1	13.8	-37.1	-10.2	2.6
VIP Int'l Capital Appreciation	S **	7.04	6.5	16.9	18.8	-44.7	-17.3	
VIP Investment Grade Bond	B ****	30.07	3.3	1.7	2.3	-1.3	2.3	2.3
VIP Materials	H ***	7.36	22.9	19.3	28.3	-36.6		
VIP Mid Cap	B ****	15.82	6.6	11.3	12.2	-32.2	-9.9	3.5
VIP Money Market		21.90	0.1	0.0	0.1	1.4	3.2	2.6
VIP Overseas	H ***	24.74	-6.9	10.3	5.3	-45.2	-13.9	-1.5
VIP Real Estate	H ***	9.92	-10.1	35.6	10.3	-51.0	-18.7	-1.2
VIP Strategic Income	B ****	11.94	7.4	5.3	6.9	-5.8	1.8	
VIP Technology	B ****	7.78	28.3	19.5	32.2	-29.8	-11.3	-1.6
VIP Telecommunications	H ***	6.18	19.8	10.9	23.3	-27.2		
VIP Utilities	H ***	9.15	-9.8	2.0	-9.2	-39.0	-5.8	3.4
VIP Value	H ***	6.79	4.2	21.7	16.7	-42.2	-15.7	
VIP Value Leaders	H ***	6.82	-3.3	12.3	9.0	-44.1	-16.3	
VIP Value Strategies	H ***	8.43	9.5	24.3	21.4	-42.6	-16.0	-5.8
Fidelity Monitor VIP Income Model		18134.50	5.4	4.6	4.9	-12.7	-1.5	0.7
Fidelity Monitor VIP G&I Model		19189.95	2.5	8.1	8.1	-27.7	-6.8	-1.2
Fidelity Monitor VIP Growth Model		21860.69	-3.2	11.5	5.4	-42.9	-15.3	-4.6
Fidelity Monitor VIP Sector Model		13274.99	8.8	13.8	14.7	-32.7	-8.8	0.9

INCOME MODEL

Focuses on income funds that hold bonds or cash.
Target Growth Rate: 7% Target Risk Level: 0.25

FUND	NAV	SHARES	BALANCE
Invest. Grade Bond	\$6.46	4184.506	\$27031.91
Strategic Income	\$9.24	1803.304	\$16662.53
Focused High Inc.	\$8.19	1934.053	\$15839.89
Gov't Income	\$10.80	1569.003	\$16945.23

11% Foreign Holdings
Balance as of 4/30/09: \$76479.56
Balance at start of 2009: \$73441.91



PAST PERFORMANCE
Starting Balance: \$35,000

1992: +10.1%	2001: + 5.6%
1993: +11.3%	2002: + 5.4%
1994: - 2.1%	2003: + 8.4%
1995: +14.8%	2004: + 4.2%
1996: + 9.0%	2005: + 3.6%
1997: +10.5%	2006: + 6.9%
1998: + 3.5%	2007: + 4.0%
1999: + 3.0%	2008: -18.2%
2000: + 0.3%	

2009 YTD: + 4.1%

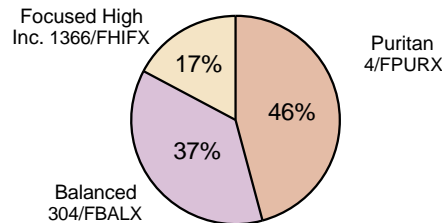
In April our Income Model was up 3.2%. The current asset mix is 91% bond and 9% cash.

GROWTH AND INCOME MODEL

Focuses on asset allocation funds to help limit risk.
Target Growth Rate: 10% Target Risk Level: 0.67

FUND	NAV	SHARES	BALANCE
Puritan Balanced	\$13.21	4471.140	\$59063.76
Balanced	\$13.46	3589.148	\$48309.93
Focused High Inc.	\$8.19	2710.063	\$22195.42

9% Foreign Holdings
Balance as of 4/30/09: \$129569.11
Balance at start of 2009: \$125716.09



PAST PERFORMANCE
Starting Balance: \$50,000

1994: - 3.7%	2002: - 6.4%
1995: +21.6%	2003: +33.0%
1996: +15.8%	2004: +11.5%
1997: +18.7%	2005: + 8.2%
1998: +11.1%	2006: +13.7%
1999: +12.2%	2007: + 6.1%
2000: + 2.7%	2008: -33.5%
2001: + 1.3%	

2009 YTD: + 3.1%

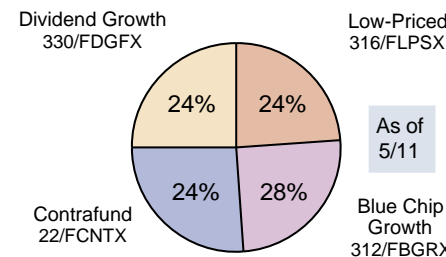
Our Growth and Income Model gained 7.3% in April. We're considering a move from **Focused High Income** to **High Income**. The current asset mix is 49% stock, 49% bond, and 2% cash.

GROWTH MODEL

Focuses on domestic funds and aims to hold profitable positions long enough to qualify for long-term gains.
Target Growth Rate: 13% Target Risk Level: 1.0

FUND	NAV	SHARES	BALANCE
Low-Priced Stock	\$24.38	1222.875	\$29813.69
Blue Chip Growth	\$28.38	1211.201	\$34373.88
Contrafund	\$44.97	646.628	\$29078.86
Tax-Managed Stock	\$8.71	3325.381	\$28964.07

14% Foreign Holdings
Balance as of 4/30/09: \$122230.50
Balance at start of 2009: \$122262.93



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: -42.7%

2009 YTD: 0.0%

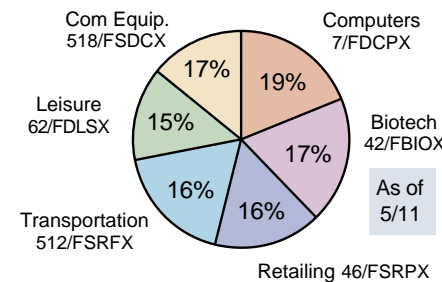
Our Growth Model was up 10.6% in April, compared to a 9.6% gain for the S&P. On 5/11 we will sell **Tax-Managed Stock** and buy **Dividend Growth**, for an asset mix of 93% stock, 7% cash.

SELECT SYSTEM

Uses a volatility model to identify attractive sectors.
Target Growth Rate: 14% Target Risk Level: 1.2

FUND	NAV	SHARES	BALANCE
Computers	\$30.56	1560.153	\$47678.28
Biotechnology	\$54.92	785.728	\$43152.18
Retailing	\$36.09	1099.611	\$39684.96
Transportation	\$28.34	1462.405	\$41444.56
Leisure	\$55.90	683.802	\$38224.53
Chemicals	\$57.23	747.270	\$42766.26

5% Foreign Holdings
Balance as of 4/30/09: \$252950.77
Balance at start of 2009: \$252121.09



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: -39.3%

2009 YTD: + 0.3%

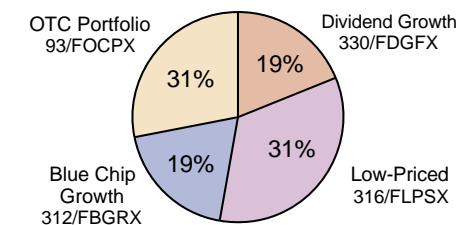
We gained 9.0% in April, versus 9.6% for the S&P. On 4/13 we sold **Con. Staples** (\$46.99), buying **Retailing** (\$34.64). On 5/11 we'll sell **Chemicals** and buy **Com. Equip.**, for a mix of 95% stock, 5% cash.

UNIQUE OPPORTUNITIES MODEL

An aggressive portfolio looking for contrarian values.
Target Growth Rate: 14% Target Risk Level: 1.2

FUND	NAV	SHARES	BALANCE
Dividend Growth	\$16.99	914.581	\$15538.73
Low-Priced Stock	\$24.38	1034.591	\$25223.33
Blue Chip Growth	\$28.38	528.714	\$15004.90
OTC Portfolio	\$33.64	732.725	\$24648.87

14% Foreign Holdings
Balance as of 4/30/09: \$80415.83
Balance at start of 2009: \$74054.57



PAST PERFORMANCE
Starting Balance: \$50,000

(Partial Yr 99)	2004: +20.6%
1999: +33.8%	2005: +18.8%
2000: -20.5%	2006: +16.6%
2001: + 1.6%	2007: +11.6%
2002: - 2.1%	2008: -47.6%
2003: +43.2%	

2009 YTD: + 8.6%

Our Unique Opportunities Model gained 15.2% in April. The current asset mix is 96% stock, 4% cash.

Many states face a triple-threat. They've already had property tax revenues cut, and sales tax collections have slowed on weak auto sales. Now income tax receipts are likely to plunge, thanks to struggling small businesses and the disappearance of capital gains (which states usually tax as income).

As funding is cut for local programs, cities and other municipalities will bear the burden. Many are ill-equipped, and their generous unfunded employee benefits are prompting boomers to retire as soon as they reach qualifying age. The municipal bond market is not very liquid, so all it takes is one high-profile default and the entire market could be rattled. ■

APRIL DISTRIBUTIONS

Asset Manager 20%	\$0.033/\$10.34	(4/3)
Asset Manager 30%	\$0.023/\$ 7.67	(4/3)
Asset Manager 40%	\$0.041/\$ 7.25	(4/3)
Asset Manager 50%	\$0.064/\$10.87	(4/3)
Balanced	\$0.083/\$12.94	(4/3)
Convertible Securities	\$0.281/\$14.44	(4/3)
Equity-Income	\$0.255/\$28.55	(4/3)
Equity-Income II	\$0.095/\$12.13	(4/3)
Fidelity Fund	\$0.115/\$21.81	(4/3)
Four-In-One Index	\$0.02 / \$19.39	(4/17)
Freedom Income	\$0.02 / \$ 9.48	(4/3)
Growth & Income	\$0.028/\$12.23	(4/3)
International Enhanced Index	\$0.01 / \$ 5.10	(4/17)
Large Cap Core Enhanced Index	\$0.025/\$ 6.09	(4/17)
Large Cap Growth Enhanced Index	\$0.015/\$ 6.51	(4/17)
Large Cap Value Enhanced Index	\$0.02 / \$ 5.36	(4/17)
Puritan	\$0.098/\$12.80	(4/3)
Select Automotive	\$0.07 / \$17.12	(4/17)
Select Banking	\$0.16 / \$11.98	(4/17)
Select Brokerage	\$0.09 / \$33.82	(4/17)
Select Chemicals	\$0.11 / \$54.10	(4/17)
Select Construction & Housing	\$0.02 / \$24.63	(4/17)
Select Consumer Discretionary	\$0.01 / \$14.75	(4/17)
Select Consumer Staples	\$0.037/\$47.86	(4/17)
Select Defense & Aero	\$0.29 / \$45.85	(4/17)
Select Electronics	\$0.075/\$27.30	(4/17)
Select Financial Services	\$0.22 / \$44.06	(4/17)
Select Health Care	\$0.18 / \$81.55	(4/17)
Select Home Finance	\$0.29 / \$9.40	(4/17)
Select Industrial Equipment	\$0.09 / \$18.14	(4/17)
Select Industrials	\$0.03 / \$12.90	(4/17)
Select Leisure	\$0.11 / \$54.72	(4/17)
Select Materials	\$0.063/\$35.16	(4/17)
Select Multimedia	\$0.015/\$23.12	(4/17)
Select Paper & Forest	\$0.03 / \$16.72	(4/17)
Select Pharmaceuticals	\$0.04 / \$8.34	(4/17)
Select Telecommunications	\$0.048/\$31.67	(4/17)
Select Transportation	\$0.03 / \$28.72	(4/17)
Select Utilities	\$0.19 / \$36.04	(4/17)
Strategic Dividend & Income	\$0.086/\$ 6.59	(4/3)
Spartan Extended Mkt Index	\$0.01 / \$22.89	(4/17)
Spartan Int. Treasury Bond Index	\$0.19 / \$10.97	(4/17)
Spartan International Index	\$0.07 / \$24.63	(4/17)
Spartan LT Treasury Bond Index	\$0.07 / \$10.96	(4/17)
Spartan ST Treasury Bond Index	\$0.14 / \$10.51	(4/17)
Spartan Total Mkt Index	\$0.10 / \$24.47	(4/17)
Telecom & Utilities	\$0.09 / \$12.24	(4/3)

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

INCOME FUNDS

Our Income Model holdings are listed on page 7. For a more aggressive approach, or if you are stepping down in risk from a stock-oriented position, consider the high-yield path with **Strategic Income**, **Focused High Income**, or **High Income**.

Improving credit conditions gave a strong boost to the "junk-bond" group, while rising long-term interest rates negatively impacted government bond funds. **Capital & Income** jumped 13.1%, **High Income** was up 10.1%, **New Markets Income** gained 8.5%, and **Focused High Income** rose 7.3%. On the bottom end, **Inflation-Protected Bond** slid 1.7%, **Spartan Intermediate Treasury Index** declined 2.4%, and **Spartan Long-Term Treasury Index** lost 5.2%.

Municipal bond funds rallied as strong demand for Build America Bonds eased credit concerns in cash-strapped states and cut the likely volume of future municipal issues. But there are still lingering concerns that it will be too easy for public entities to take on additional debt, creating a bigger problem down the road. For the month, returns finished in the range of 0.6% to 2.4%.

SELECT PORTFOLIOS

Our Select System (page 7) is moving toward a more growth-oriented mix of sectors. The following funds appear to have above-average potential over the next 12-18 months: **Retailing, Biotechnology, Communications Equipment, Electronics, IT Serv., Wireless, Computers, Leisure, Technology, and Transportation**.

Automotive surged 55.2%, **Paper & Forest** jumped 41.6%, **Communications Equipment** rose 24.9%, **Energy Service** was up 22.4%, and **Industrial Equipment** rose 22.1%. Defensive and bearish sectors performed poorly. **Utilities** edged up 2.3%, **Pharmaceuticals** declined 3.4%, **Biotechnology** slid 4.5%, and **Gold** lost 9.1%. ■

Happenings

Fidelity has eliminated the redemption fee on **Tax-Managed Stock**, allowing those who have held it for less than two years to exit without penalty.

Melissa Reilly has been named manager of **Nordic**, John Mirshekari has taken over at **Air Transportation**, and John Sheehy has become the stockpicker for **Defense & Aerospace**. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	143142.7	0.74	CT MM (418/FCMXX)	2070.9	0.23			
Select MM (85/FSLXX)	8119.6	0.88	MA MM (74/FDMXX)	5108.8	0.22			
Money Market (454/SPRXX)	9017.9	0.85	MI MM (420/FMIXX)	985.5	0.11	MA AMT TF (426/FMSXX)	594.6	0.39
Gov't MM (458/SPAXX)	1191.9	0.41	NJ MM (417/FNJXX)	2562.6	0.20	AMT Tax-Free (460/FIMXX)	2768.7	0.39
US Treas. MM (415/FDLXX)	9038.2	0.07	NY MM (92/FNYXX)	5897.6	0.25	NJ AMT TF (423/FSJXX)	585.1	0.41
Tax-Free MM (275/FMOXX)	6738.2	0.22	OH MM (419/FOMXX)	1161.7	0.39	NY AMT TF (422/FSNXX)	1055.4	0.39
US Gov't Reser (50/FGRXX)	5191.2	0.42	AZ MM (433/FSAXX)	411.6	0.22	PA MM (401/FPTXX)	797.0	0.24
CA MM (97/FCFXX)	5780.1	0.15	CA AMT TF (457/FSPXX)	1260.9	0.30	Municipal MM (10/FTEXX)	26049.4	0.35