

Jack
Bowers



Fidelity

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Monitor™

The Case For Technology Stocks

The next five years could be dicey for stock investors. As consumers maintain their focus on debt reduction, many companies will struggle to grow their profits. But there is one group of stocks that may have an easier time, putting traditional stock market returns within easy reach. This month we look at why it makes sense to include technology as a part of your stock portfolio.

A little history is in order. Technology stocks have often been a volatile group. Historically, the sector has been defined by rapid change and low barriers to entry. Making the right move or the wrong move often makes the difference between dominating a market or being put out of business in as little as 3-5 years. Technology stock pricing tends to reflect this reality. Things move slower in non-technology businesses, where the same good or bad decisions might only lead to a modest change in market share over the same period. As such, volatility in traditional stocks has tended to be much lower.

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Portfolio Changes for Select System, VIP Sector Model, and VIP Growth Model

On Monday, 8/10, we'll make changes in the following portfolios:

Our Select System will exchange **Biotechnology** (42/FBIOX) for **Electronics** (8/FSELX). We may be entering a recovery cycle driven by exports. While biotech stocks may benefit, their defensive characteristics could hold back performance. The better bet is **Electronics**, which is higher-ranked in our volatility model and has the potential to benefit from increased chip sales on the global front.

Our VIP Sector Model will sell **VIP Health Care** and buy **VIP Technology**.

Our VIP Growth Model will sell **VIP Growth** and buy **VIP Growth Opportunities**. **VIP Growth** has been held back by some weak stock picks this year. **VIP Growth Opportunities** has cut back on its health care holdings in recent months, and is better positioned to take advantage of opportunities in the technology sector.

Review & Recommendations

Stocks rallied in July as corporate earnings came in stronger than expected. The good news was driven partly by U.S. exports, which held up better than expected. Cost-cutting and layoffs were also a major factor – they've been more aggressive than necessary for a recession of this depth. Concerns about inflation and credit risk subsided, which helped the bond market (except for treasuries). The S&P 500 gained 7.6% for the month.

GROWTH FUNDS

Our Growth Model holdings are listed on page 7. If you prefer to pick your own funds, our current favorites include **Low-Priced Stock**, **OTC Portfolio**, **Dividend Growth**, **Small Cap Value**, **Small Cap Stock**, and **New Millennium**.

Funds that were overweighted in smaller financial stocks posted a strong month. **Value** gained 12.9%, **Value Strategies** rose 11.8%, **Leveraged Company Stock** climbed 11.5%, and **Small Cap Independence** gained 11.2%. On the flip side, defensively positioned funds trailed behind. **Contrafund** rose 6.0%, **Fidelity Fifty** increased 5.7%, **Focused Stock** gained 5.5%, and **130/30 Large Cap** returned 4.8%.

INTERNATIONAL FUNDS

Global Balanced remains our favorite for gaining international exposure. We've downgraded the following funds to a two-star sell rating: **Canada**, **China Region**, **Emerging EMEA**, **Emerging Markets**, **Global Commodity Stock**, and **Latin America**. Weaker commodity prices could weigh on some of these funds in the months ahead, and there is evidence that China's economy may not be as strong as official figures suggest. If you own any of these funds, we suggest reducing them to a combined weighting of 10% or less. Use the proceeds to buy one or more of the technology-heavy stock funds featured in our lead story.

Investment inflows and a weak dollar boosted a number of emerging market and commodity-driven regions. **China Region** jumped 12.6%, **Canada** climbed 11.5%, and **Emerging Markets** was up 11.4%. On the bottom end, **Japan** gained 5.3%, **Japan Smaller Companies** returned 4.8%, and **Emerging EMEA** edged up 4.0%.

RECOMMENDATIONS - *Continued on page 8*

Additionally, the technology sector has been defined by “Moore’s Law” ever since integrated circuits entered volume production in the 1960s. This rule-of-thumb, which started out as an observation by Intel co-founder Gordon E. Moore in 1965, states that the number of transistors that can be placed inexpensively on an integrated circuit chip will roughly double every two years. In other words, the price of a transistor is continuously declining by about 30% per year, making it possible for semiconductor manufacturers to provide ever more powerful chips without any increase in cost.

This deflationary backdrop forces technology firms to “innovate or die,” meaning they must often cannibalize their own products or markets to insure that a competitor doesn’t come along and do it for them. It has also spawned a venture capital industry that finances new business concepts and new ways of doing things that could eventually unseat established players. This high-risk lending market, which is centered in the San Francisco Bay Area (otherwise known as Silicon Valley), is unique – there’s nothing quite like it anywhere else on the planet. It means that anyone who has a good idea and a solid plan to capitalize on it can often borrow the money to make it happen. Venture capital lenders aim for a big payoff when the company eventually goes public.

This constant “planting of the seeds” has great benefits for the U.S. economy. Companies that didn’t even exist two decades ago have created high-wage jobs, boosted national productivity, and reduced the trade deficit. The NASDAQ index, which was once a small-cap bellwether (like the Russell 2000 today), has been transformed over the years into a high-tech benchmark because dozens of small firms that grew big refused to move to the New York Stock Exchange. Even today, many Silicon Valley execs do not feel they get much respect on Wall Street.

Since the 1950s, the technology sector has been characterized by strong periods of growth followed by long dry spells. The boom in the late 1990s was the largest and longest bull run on record, because it was driven by the widespread adoption of the Internet along with upgrades of corporate systems ahead of the Y2K deadline. But just as technology stock valuations reached truly excessive levels, corporate spending on information systems nose dived. The result was a bust of epic proportions, with many popular tech stocks losing 85-90% of their value.

Technology execs quickly found themselves in survival mode, an unusual situation for an industry as battle-hardened as this one. Several years of cost-cutting, mergers, and revamped business models

followed. Earnings began to recover in 2003 and stock prices followed. But investors, once burned and twice shy, refused to value technology firms much higher than slower-growing companies. Then last year at the onset of the financial crisis, many individuals dumped their technology holdings in fear, ignoring evidence that the sector was holding up better than the economy as a whole.

The market capitalization for the tech sector is now down to \$2.2 trillion, from a 2000 peak of almost \$6 trillion. Over the same period, technology revenue and earnings have increased substantially. Looking around today, it’s not hard to find tech stocks with significant growth potential that carry WalMart-like valuations. Even Apple, a high flier that is struggling to keep up with consumer demand in today’s deep recession, is selling for a P/E ratio of less than 30.

Even if you don’t believe that tech stocks are selling at bargain prices, there is still a lot to like about their improving fundamentals:

- Technology companies lead the pack when it comes to exports and foreign sales. They don’t have much foreign competition, so many firms do more than half their business overseas. As a result, tech firms are not likely to be held back by an extended slump in U.S. consumer spending. The world’s appetite for technology is still growing, and the ranks of emerging market consumers that can afford to surf the Internet or own a smart phone continues to grow at a healthy clip.

- A weak dollar has increased both the value of foreign earnings, as well as the potential growth rate of U.S. exports. This trend should benefit the technology sector more than other industry groups, because it has the largest and most diverse base of overseas customers.

- Most of today’s leading tech firms have carved out their area of expertise by focusing on what they do best and by selling off their less profitable business units. As a result, they are not as vulnerable to competition as in the past. Ten years ago, only Microsoft looked invincible. Today, many other firms have robust business models.

- The industry is largely self-financed. You won’t see any bailouts here. Most players have significant cash holdings and continue to spend heavily on research and development, just as they always have.

- Technology stocks become less risky in a deflationary environment, while most other sectors become more risky. This “role reversal” is already showing up in the volatility numbers. The ability to grow earnings when GDP is flat or down is a prized characteristic. Technology firms are battle-hardened on the deflation front, because they’ve been dealing

with price erosion and shrinking markets for as long as most technology executives can remember.

RECOMMENDATIONS

A few months ago, the stock market was bracing for a depression. Now it's pretty clear we're having nothing worse than a bad recession. Stocks have rallied strongly because bankruptcy risk has been averted for a substantial number of firms.

While there is still some potential for stock values to climb on the increased likelihood of survival, it will be more of an earnings game going forward. And that's why technology may be in a unique position. Over the next five years, it's going to be tough for most firms to grow their revenues. But if U.S. exports rebound faster than consumer spending (a likely scenario), the technology sector could have the wind at its back.

From a big picture standpoint, bonds still look more attractive than stocks for the amount of risk incurred. If you are starting from cash, we strongly suggest our Income Model as a first step.

But if your portfolio is largely in stocks, and you plan to stay with equities over the next five years, you may want to consider boosting your exposure to the technology sector. Don't get carried away. Limit your overall tech weighting to about 50% of stock holdings, and be prepared to cut back if things don't go the right way.

One way to hold an overweighted technology position is to follow our Select System, which will have a tech allocation of just over 50% as of 8/10. But you can also invest in any of Fidelity's tech-heavy diversified stock funds. Following is a review of the ones we currently rate a buy.

CONTRAFUND

With a risk score of around 0.8, **Contrafund** is the least risky way to gain technology exposure. Long-time manager Will Danoff has been at the helm for almost 19 years, and has outperformed 91% of his peers over the last decade. **Contrafund** currently has 26% in technology stocks. Google and Apple are its top holdings, but the fund also has stakes in Qualcomm, Hewlett-Packard, Oracle, and Research in Motion. As for non-tech holdings, the fund is well-balanced. It has a modest overweight in the consumer discretionary group, and a below-market weighting in energy, industrial, telecom, and utility stocks. Cash, at 7%, is a bit on the high side. Foreign holdings are 17%. Overall, **Contrafund** is positioned defensively, so it will hold up well if stocks decline, but may trail if stocks continue to rally.

GROWTH COMPANY

Growth Company has about 35% invested in technology, which includes 10 of its top 25 stocks. The fund's allocation to tech is less concentrated than most, which means it's less likely to suffer if one of its top holdings is hit with a negative surprise. The second largest sector position is health care, which accounts for 16% of assets (a slight overweight to the S&P 500). Steven Wymer has managed this fund since the beginning of 1997, and over the last 10 years has outperformed 85% of his peers. The fund has a near-zero cash position, and foreign holdings are 7%. Overall, its risk is similar to the S&P 500.

While it's still closed to most retail investors, **Growth Company** may be available through some 401k plans. Annuity investors can buy **VIP Growth Opportunities**, which has a similar portfolio and is also managed by Wymer. On the mutual fund side, **Trend** is a good alternative.

OTC PORTFOLIO

Many of the same stocks that dragged this fund down in 2008 have helped it to outperform this year. **OTC Portfolio** competes with the NASDAQ Comp. Index, and typically has the largest and most diverse technology position among Fidelity's diversified growth funds. Currently its weighting in the sector is 52%. In July, Fidelity selected a new manager for the fund (Gavin Baker), who appears to be aligning it more closely with the NASDAQ. Making the fund look more like its increasingly tame benchmark has reduced volatility to just 5% above the S&P 500's level. As of 6/30, the fund had a 2% cash position, and foreign holdings were 7%. While Fidelity offers an index version of the NASDAQ with an expense cap of 0.35% (**NASDAQ Composite Index**), we think **OTC Portfolio** has a good shot at outperforming its benchmark over the next five years. Fidelity analysts know the technology sector well, and their stock picks tend to do well when tech earnings are growing faster than the market.

SMALL CAP STOCK

While this fund's 2% redemption fee has long been a deterrent for some investors, **Small Cap Stock** has been on a recovery trend that could make it worth the required 90-day holding period. After taking over the fund last July, manager Andrew Sassine held steady through the financial crisis, then scooped up bargain stocks in the technology and financial groups earlier this year. Currently the fund has a 29% weighting in tech, and a 27% weighting in

TECH STOCKS - 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 ↓.

JULY 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
GROWTH FUNDS:												
130/30 Large Cap (2063/FOTTX)	S**	0.90	none	5.87	23.9	-8.7	4.8	5.8	-40.1			
Growth Strategies (324/FDEGX)	H***	0.96	1.5(90)	14.00	1658.6	20.2	7.4	11.6	-24.7	-5.6	-0.9	-8.0
Blue Chip Gth (312/FBGRX)	H***	0.93	none	31.97	8947.9	21.5	9.6	12.7	-15.8	-2.9	-0.1	-2.2
Blue Chip Value (1271/FBCVX)	H***	1.18	none	8.95	304.8	13.3	9.8	16.8	-24.9	-10.0	-1.3	
Capital Apprec (307/FDCAX)	H***	1.01	none	18.05	4364.6	14.7	7.4	12.1	-21.5	-6.7	0.1	1.1
Contrafund (22/FCNTX)	B****	0.81	none	50.69	47273.5	12.0	6.0	12.7	-20.0	-2.8	4.4	3.0
Growth Discovery (339/FDSVX)	H***	0.95	none	9.84	777.9	14.3	8.8	12.1	-29.2	-4.8	0.2	0.7
Disc Equity (315/FDEQX)	H***	0.95	none	18.82	9397.6	8.1	7.1	13.4	-24.8	-7.5	0.4	-0.2
Dividend Gth (330/EDGFX)	B****	1.16	none	20.25	6081.0	28.2	9.5	19.2	-15.3	-6.1	-0.9	-0.1
Export Fund (332/FEXPX)	H***	0.95	0.75(30)	17.33	2351.5	20.3	9.5	15.6	-19.8	-5.2	2.1	4.7
Fidelity Fifty (500/FFTYX)	H***	0.98	none	13.31	691.1	20.8	5.7	15.2	-28.0	-8.3	-0.8	1.0
Focused Stock (333/FTQGX)	H***	0.90	none	9.73	142.2	10.2	5.5	11.4	-21.9	-4.0	4.2	-0.7
Growth Company (25/FDGRX)	B****	1.00	Closed	59.34	23956.5	21.2	7.3	14.1	-20.5	-1.2	4.4	1.6
Independence (73/FDFFX)	H***	1.21	none	16.78	3359.0	17.6	8.6	16.0	-35.7	-4.5	2.3	1.1
Lg Cap Core En Idx (1827/FLCEX)	H***	0.97	none	6.97	982.9	9.4	7.4	14.3	-19.8			
Lg Cap Gth En Idx (1829/FLGEX)	H***	0.91	none	7.52	34.6	18.0	7.6	14.5	-16.6			
Large Cap Growth (763/FSLGX)	H***	0.96	none	7.36	101.1	11.9	8.1	13.2	-20.5	-7.0	-0.5	
Large-Cap Stock (338/FLCSX)	H***	1.19	none	13.02	666.8	30.4	10.4	18.1	-15.9	-4.7	0.6	-2.1
Lg Cap Val En Idx (1828/FLVEX)	H***	1.06	none	6.06	68.2	2.9	7.6	13.5	-23.1			
Large Cap Value (708/FSLVX)	H***	1.07	none	8.72	918.7	2.1	8.2	13.5	-27.4	-11.3	-1.2	
Lev Co Stock (122/FLVCX)	H***	1.35	1.5(90)	19.55	3338.7	35.4	11.5	24.5	-36.0	-7.5	3.6	
Low-Priced Stock (316/FLPSX)	B****	0.88	1.5(90)	28.20	20269.4	22.0	8.9	15.7	-13.9	-3.1	4.0	9.5
Magellan (21/FMAGX)	H***	1.11	none	57.71	19909.9	26.1	8.8	14.0	-24.7	-6.2	-1.1	-2.2
Mid Cap Growth (793/FSMGX)	H***	1.05	0.75(30)	8.36	174.5	23.1	9.1	15.0	-27.6	-10.8	-1.4	
Mid Cap Stock (337/FMCSX)	H***	1.05	0.75(30)	19.82	5099.1	27.0	11.0	19.0	-24.1	-6.6	2.6	4.1
Mid Cap Value (762/FSMVX)	H***	1.14	0.75(30)	10.66	391.6	12.1	9.3	12.4	-24.6	-9.3	1.0	
New Millennium (300/FMLX)	B****	1.00	none	21.38	1335.3	21.2	8.5	16.2	-15.2	-1.8	3.6	3.6
OTC Portfolio (93/FOCPX)	B****	1.06	none	38.73	4277.4	37.4	6.8	15.1	-13.3	3.7	5.2	0.2
Small Cap Gth (1388/FCPGX)	H***	1.02	1.5(90)	10.89	1009.0	25.3	8.5	16.7	-18.1	-3.2		
Small Cap Indep (336/FDSCX)	H***	1.12	1.5(90)	12.56	1259.7	19.3	11.2	16.1	-24.2	-8.0	-0.1	2.9
Small Cap Stock (340/FLCX)	B****↑	1.14	2 (90)	13.29	2690.3	35.6	10.8	22.3	-14.1	-2.1	2.7	7.3
Small Cap Value (1389/FCPVX)	B****	1.19	1.5(90)	11.22	1255.1	20.4	9.5	15.8	-4.1	-1.8		
Stock Selector (320/FDSSX)	B****	1.01	none	19.37	520.3	14.1	7.6	13.1	-22.9	-6.2	0.3	-1.0
Tax Mgd Stock (343/FTMXM)	H***	0.95	none	9.69	81.0	6.3	7.5	11.3	-31.1	-8.9	0.0	
Trend (5/FTRNX)	B****	0.96	none	47.89	620.5	22.6	7.5	13.7	-19.9	-3.7	1.7	0.8
Value (39/FDVLX)	H***	1.21	none	48.87	6498.8	22.6	12.9	16.8	-25.1	-9.1	0.4	3.9
Value Discovery (832/FVDFX)	H***	1.12	none	11.58	591.6	13.8	10.9	16.1	-22.1	-7.6	2.3	
Value Strategies (14/FSLSX)	H***	1.28	none	18.62	173.4	34.1	11.8	20.8	-21.5	-7.7	-0.5	3.9
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.63	none	14.98	16345.7	15.7	6.6	12.1	-12.4	-2.1	3.6	4.2
Convertible Sec (308/FCVXS)	H***	0.86	none	19.37	1857.1	43.3	9.9	27.1	-21.0	-2.0	3.4	5.9
Equity-Income (23/FEQIX)	H***	1.13	none	34.66	15694.3	13.9	9.0	16.2	-21.1	-8.9	-1.1	0.3
Equity-Income II (319/FEQTX)	H***	1.11	none	14.53	4647.0	10.5	8.7	15.5	-22.0	-8.5	-1.9	0.0
Fidelity Fund (3/FIDIX)	B****	0.96	none	25.83	4442.9	14.6	8.4	13.5	-20.8	-4.0	1.2	-0.5
Growth & Income (27/FGRIX)	H***	1.18	none	14.38	5636.1	9.7	7.8	13.4	-33.3	-15.5	-7.5	-4.6
Mega Cap Stock (361/FGRTX)	H***	1.00	none	7.88	253.2	13.4	9.0	16.6	-18.9	-5.4	0.1	-0.9
Puritan (4/FPURX)	B****	0.63	none	14.67	14935.3	14.1	6.0	12.0	-10.8	-2.0	2.2	3.1
Real Estate Income (833/FRIFX)	H***	0.39	0.75(90)	8.21	416.5	26.1	4.7	12.8	-6.9	-4.6	0.6	
Real Estate (303/FRESX)	H***	2.06	0.75(90)	14.61	1815.5	-5.0	10.1	10.4	-41.8	-18.7	-2.4	6.4
Strategic Div & Inc (1329/FSDIX)	H***	0.97	none	8.27	370.9	18.1	9.6	17.5	-21.5	-8.1	0.2	
Telecom & Utilities (311/FUIUX)	H***	0.88	none	12.95	715.9	0.9	3.6	9.4	-22.1	-6.0	4.2	-1.7
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.33	0.75(30)	24.00	38.8	-7.9	11.3	9.1	-13.5	-11.7	0.5	2.3
Automotive (502/FAVX)	H***	1.51	0.75(30)	28.22	59.4	99.3	27.3	48.8	1.1	-3.5	-0.8	2.0
Banking (507/FSRBX)	B****	1.92	0.75(30)	13.51	273.8	-7.2	7.2	18.8	-25.4	-21.4	-10.3	-2.5
Biotechnology (42/FBIOX)	H***	0.77	0.75(30)	65.27	1107.7	10.4	8.0	18.8	-12.0	2.9	4.6	3.7
Brokerage (68/FSLBX)	B****	1.49	0.75(30)	43.77	470.7	38.3	8.9	31.3	-11.3	-6.7	6.5	6.5
IT Ser / Bus Ser (353/FBSOX)	H***	0.94	0.75(30)	14.37	64.8	28.2	10.6	15.5	-11.0	3.1	6.3	4.4
Chemicals (69/FSCHX)	H***	1.20	0.75(30)	66.20	315.1	43.6	16.2	15.7	-21.6	6.4	9.3	9.4
Computers (7/FDCPX)	B****	0.93	0.75(30)	36.90	349.0	48.3	11.6	20.7	-8.5	4.5	3.7	-3.2
Const & Housing (511/FSHOX)	B****	1.38	0.75(30)	26.78	109.2	12.3	12.6	6.2	-9.8	-5.9	0.8	5.9
Consumer Disc (517/FSCPX)	H***	1.03	0.75(30)	16.20	41.5	18.8	8.7	6.9	-9.9	-7.1	-1.0	-1.3
Industrial / Cyc Ind (515/FCYIX)	H***	1.08	0.75(30)	15.52	153.7	18.4	12.5	15.4	-23.0	-2.7	4.7	5.4
Defense & Aero (67/FSDAX)	H***	0.96	0.75(30)	50.47	522.6	3.1	2.7	6.8	-23.0	-6.6	2.9	6.2
Com Equip / DevC (518/FSDCX)	B****	1.02	0.75(30)	18.38	353.1	59.5	8.4	20.1	-7.5	0.7	3.1	-3.1
Electronics (8/FSLEX)	B****	1.10	0.75(30)	35.37	822.4	56.6	16.7	26.2	-1.4	-3.1	0.9	-2.5
Energy (60/FSENX)	S**↓	1.71	0.75(30)	37.70	1791.6	25.3	8.4	14.9	-38.9	-6.2	10.5	9.0
Energy Service (43/FSSEX)	S**	1.72	0.75(30)	48.75	1126.3	35.7	4.7	12.5	-51.4	-9.3	8.0	9.2
Environmental (516/FSLEX)	H***	0.95	0.75(30)	14.13	45.7	5.5	4.7	10.5	-20.7	-4.5	2.3	0.6
Financial Services (66/FIDSX)	H***	1.58	0.75(30)	53.15	415.3	14.5	7.2	23.3	-23.0	-17.7	-7.0	-1.1
Con Stap / Food Ag (9/FDFAX)	H***	0.68	0.75(30)	56.07	706.8	10.0	7.2	17.1	-6.4	4.4	8.1	6.2
Gold (41/FSAGX)	S**	1.60	0.75(30)	37.64	2368.7	19.2	4.9	21.4	-2.7	8.9	19.7	17.5
Health Care (63/FSPHX)	H***	0.73	0.75(30)	93.55	1373.0	15.8	5.3	14.7	-11.1	-2.4	3.4	2.7
Home Finance (98/FSVLX)	H***↑	1.39	0.75(30)	10.26	58.8	-6.3	12.3	13.4	-40.7	-35.8	-22.7	-6.8
Indust Equip (510/FSCGX)	H***	1.12	0.75(30)	21.71	86.2	17.9	12.7	15.2	-28.4	-4.9	1.7	1.3
Materials / Ind Mat (509/FSDPX)	H***	1.28	0.75(30)	45.69	269.7	50.3	16.1	22.0	-20.4	4.0	10.5	9.5
Insurance (45/FSPCX)	H***↑	1.44	0.75(30)	35.04	96.4	7.0	10.9	15.1	-18.9	-14.9	-5.6	2.3
Leisure (62/FDLSX)	B****	0.92	0.75(30)	59.25	199.2	10.2	4.2	6.0	-6.1	-1.0	3.0	1.4
Medical Delivery (505/FSHCX)	H***	0.98	0.75(30)	35.90	296.4	24.3	8.8	20.5	-9.7	-4.6	6.8	9.7
Medical Equip/Sys (354/FSMEX)	H***	0.74	0.75(30)	21.54	1105.7	16.7	2.7	12.9	-14.4	4.2	5.7	10.4
Multimedia (503/FBMPX)	H***	1.14	0.75(30)	27.05	37.3	22.0	7.6	13.6	-14.3	-7.5	-1.2	-0.2
Natural Gas (513/FSNGX)	H***	1.83	0.75(30)	27.77	944.2	37.7	8.9	17.3	-36.9	-6.8	8.5	10.1
Nat Resources (514/FNARX)	S**↓	1.66	0.75(30)	24.32	1254.6	29.2	8.8	18.1	-35.6	-2.0	12.4	10.4
Pharmaceuticals (580/FPHAX)	H***	0.70	0.75(30)	9.45	152.4	7.8	5.2	16.4	-5.5	-0.6	5.1	
Retailing (46/FSRPX)	B****	1.06	0.75(30)	38.87	141.1	35.9	11.5	7.7	8.1	0.5	4.1	1.7
Software (28/FSCSX)	H***	0.96	0.75(30)	60.94	671.6	29.7	5.5	14.4	-9.3	3.5	6.9	5.3
Technology (64/FSPTX)	H***	1.06	0.75(30)	61.31	1344.7	54.6	9.9	22.4	-6.4	2.0	3.0	-2.0
Telecom (96/FSCTX)	H***	1.16	0.75(30)	36.05	279.1	35.4	4.5	10.4	-9.3	-3.3	3.1	-4.4
Transportation (512/FSRFX)	H***	1.05	0.75(30)	32.74	70.6	1.7	11.4	15.5	-25.4	-7.6	2.3	4.5
Utilities (65/FSUTX)	S**	0.90	0.75(30)	41.82	312.2	4.4	5.6	15.7	-24.1	-3		

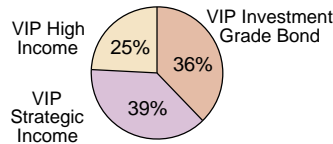
JULY PERFORMANCE						30-day	2009	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	S **↓	1.12	1.5(90)	45.51	2879.1		29.8	11.5	25.3	-23.7	3.0	12.5
China Region (352/FHKCX)	S **↓	1.11	1.5(90)	25.96	1449.3		52.6	12.6	34.4	3.3	13.3	16.6
Diversified Int'l (325/FDIVX)	H ***	1.02	1(30)	25.36	27105.4		17.9	8.8	20.8	-25.3	-5.5	5.1
Emerging EMEA (2053/FEMEX)	S **↓	1.09	1.5(90)	6.82	89.4		43.0	4.0	23.1	-20.4		
Emerging Mkts (322/FEMKX)	S **↓	1.20	1.5(90)	19.11	2646.7		47.1	11.4	32.1	-29.0	0.4	16.2
Europe (301/FIEUX)	S **	1.03	1(30)	26.86	2386.9		17.9	10.3	22.0	-22.7	-4.7	7.8
Europe Cap Appr (341/FECAX)	S **	1.06	1(30)	16.14	459.7		18.1	10.2	21.8	-24.7	-5.1	6.5
Global Balanced (334/FGBLX)	B ****	0.49	1(30)	18.72	349.7		12.4	6.8	15.4	-9.0	2.1	6.8
Glob Commodity Stk (2120/FFGCX)	S **↓	1.6 Est	1(30)	12.76	72.3			9.6	20.5			
Int'l Capital Apprec. (335/FIVFX)	H ***	1.24	1(30)	10.12	289.4		36.2	9.8	27.8	-19.9	-7.4	2.1
Int'l Discovery (305/FIGRX)	H ***	0.99	1(30)	27.43	6740.6		16.1	9.8	21.6	-23.4	-4.2	6.3
Int'l Enhanced Index (2010/FIENX)	H ***	1.04	1(30)	6.35	15.9		12.2	9.1	22.4	-25.8		
Int'l Growth (1979/FIGFX)	H ***	0.95	1(30)	6.54	14.8		18.1	9.9	22.9	-21.0		
Int'l Real Estate (1368/FIREX)	S **	1.13	1.5(90)	8.29	303.5		25.0	9.5	32.6	-22.3	-10.7	
Int'l Small Cap (818/FISMX)	H ***	0.73	Closed	16.09	576.9		30.3	7.3	29.2	-20.4	-5.2	7.5
Int'l Small Cap Opp (1504/FSCOX)	H ***	1.07	2(90)	7.37	277.5		23.0	9.2	26.0	-39.2	-14.4	
Int'l Value (1597/FIVLX)	H ***	1.20	1(30)	7.25	150.1		21.6	9.7	24.1	-24.2	-7.3	
Japan (350/FJPNX)	H ***	0.99	1.5(90)	10.53	920.8		18.0	5.3	21.5	-15.1	-9.5	1.5
Japan Smaller Co (360/FJSCX)	H ***	0.74	Closed	8.48	366.0		18.3	4.8	32.3	-9.4	-13.3	-4.1
Latin America (349/FLATX)	S **↓	1.54	1.5(90)	41.84	3206.9		51.5	8.3	27.8	-29.5	6.9	24.9
Nordic (342/FNORX)	H ***	1.26	1.5(90)	23.95	281.7		27.5	11.3	22.9	-33.6	-5.9	7.5
Overseas (94/FOSFX)	H ***	1.03	1(30)	29.05	5792.9		15.8	9.5	21.0	-25.0	-5.7	4.8
Pacific Basin (302/FPBFX)	H ***	0.96	1.5(90)	18.92	514.4		42.5	10.4	35.4	-16.3	-3.4	7.0
Southeast Asia (351/FSEAX)	H ***	0.92	1.5(90)	23.86	1642.9		26.4	9.9	22.0	-16.5	5.6	16.6
Total Int'l Equity (1978/FIIEIX)	H ***	1.07	1(30)	5.98	24.9		23.3	9.9	24.8	-24.1		
Worldwide (318/FWWFX)	H ***	0.94	1(30)	14.33	894.1		13.8	8.4	16.9	-22.9	-3.2	4.3
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H ***	0.85	none	22.22	1624.7		12.2	7.2	13.6	-15.9	-3.8	2.0
NASDAQ Comp (1282/FNCMX)	B ****	1.00	0.75(90)	26.26	174.3		25.9	7.9	15.3	-14.3	-1.1	1.5
Spart Ext Mkt Idx (398/FSEMX)	B ****	1.08	0.75(90)	26.75	1980.2		18.7	9.0	14.4	-20.3	-4.7	2.9
Spart Int'l Index (399/FSIIX)	H ***	1.04	1(90)	30.85	3787.7		15.7	9.7	23.1	-21.4	-5.2	5.0
Spart 500 Index (317/FSMKX)	H ***	1.00	none	68.42	5647.5		11.0	7.6	13.8	-20.0	-6.2	-0.2
Spart Total Mkt Idx (397/FSTMX)	H ***	1.01	0.5(90)	28.10	4491.7		12.5	7.9	13.9	-20.0	-5.8	0.6
Asset Mgr 20% (328/FASIX)	H ***	0.21	none	11.41	2016.0		12.5	3.5	8.0	-0.1	2.0	4.1
Asset Mgr 30% (1957/FTANX)	H ***	0.30	none	8.66	42.1		15.0	4.4	9.7	-2.6		
Asset Mgr 40% (1958/FFANX)	H ***	0.40	none	8.32	23.8		15.9	5.0	11.3	-4.8		
Asset Mgr 50% (314/FASMX)	H ***	0.52	none	12.71	5407.7		18.9	5.7	12.7	-6.4	-0.6	2.0
Asset Mgr 60% (1959/FSANX)	H ***	0.61	none	7.90	33.0		19.7	6.5	14.2	-7.2		
Asset Mgr 70% (321/FASGX)	H ***	0.73	none	13.00	1924.7		21.0	7.1	15.0	-11.5	-2.7	0.9
Asset Mgr 85% (347/FAMRX)	H ***	0.88	none	10.39	423.1		22.2	8.0	16.6	-14.1	-3.7	2.1
Dynamic Strategies (1960/FDYXS)	H ***	0.62	none	7.77	92.5		16.3	5.1	13.1	-13.2		
Freedom 2000 (370/FFFBX)	H ***	0.25	none	10.92	1566.0		9.3	3.4	7.3	-3.2	1.4	2.8
Freedom 2005 (1312/FFFVX)	H ***	0.48	none	9.43	880.3		13.0	5.2	11.1	-8.7	-0.5	2.5
Freedom 2010 (371/FFFCX)	H ***	0.51	none	11.72	10256.1		13.8	5.6	11.7	-9.2	-0.6	2.6
Freedom 2015 (1313/FFVFX)	H ***	0.54	none	9.73	7212.3		14.2	5.8	12.2	-10.1	-1.0	2.9
Freedom 2020 (372/FFFDX)	H ***	0.66	none	11.57	17056.2		15.7	6.7	13.9	-13.7	-2.3	2.5
Freedom 2025 (1314/FFFTX)	H ***	0.71	none	9.53	7156.0		16.2	7.1	14.4	-14.7	-2.8	2.4
Freedom 2030 (373/FFFEX)	H ***	0.80	none	11.28	11784.4		16.0	7.5	15.2	-17.7	-4.0	1.9
Freedom 2035 (1315/FFTHX)	H ***	0.83	none	9.30	4524.1		16.2	7.6	15.4	-18.4	-4.4	1.8
Freedom 2040 (718/FFFFX)	H ***	0.85	none	6.48	6649.6		16.3	7.8	15.7	-19.3	-4.8	1.6
Freedom 2045 (1617/FFFGX)	H ***	0.86	none	7.65	1299.6		16.5	8.1	16.0	-19.4	-4.8	
Freedom 2050 (1618/FFFHX)	H ***	0.91	none	7.52	1056.5		16.7	8.4	16.5	-20.8	-5.4	
Freedom Income (369/FFFA)	H ***	0.22	none	10.31	2393.8		9.2	3.2	7.0	-2.0	1.7	2.9
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B ****	0.31	1(90)	7.47	8399.8	9.17	43.7	9.1	22.2	1.2	3.3	6.1
Floating Rate (814/FFRHX)	B ****	0.17	1(60)	9.19	2112.0	4.63	23.3	3.4	7.7	2.2	3.0	3.7
Focused High Inc (1366/FHIFX)	B ****	0.20	1(90)	8.71	378.0	7.65	23.4	4.6	8.1	0.5	2.5	
GNMA Portfolio (15/FGMNX)	H ***	0.11	none	11.37	6243.5	4.09	4.7	1.1	1.6	9.7	7.4	5.6
Gov't Income (54/FGOVX)	H ***	0.13	none	10.76	4615.4	3.12	0.2	0.6	0.5	8.5	7.3	5.5
High Income (455/SPHIX)	B ****	0.25	1(90)	7.73	5674.0	8.98	33.9	6.4	15.4	2.6	3.8	5.3
Inflation-Protected (794/FINPX)	S **	0.24	none	10.96	1837.0	1.25	4.7	0.0	2.3	-1.2	3.9	3.8
Intermed Bond (32/FTHRX)	H ***	0.12	none	9.90	3840.3	4.78	11.8	2.6	7.4	5.8	4.1	3.5
Intermed Gov't Inc (452/FSTGX)	H ***	0.11	none	10.80	1563.1	2.07	-0.1	0.6	0.0	7.0	6.8	4.9
Invest Grade Bond (26/FBNDX)	B ****	0.14	none	6.81	5680.7	5.13	10.2	2.6	6.6	4.0	2.9	3.1
Mortgage Securities (40/FMSFX)	H ***	0.11	none	10.33	822.0	4.81	5.6	1.3	3.4	7.9	3.3	3.3
New Markets Inc (331/FNMIX)	H ***	0.38	1(90)	14.03	2027.5	8.08	30.0	3.8	12.6	5.6	6.3	9.5
Short-Term Bond (450/FSHBX)	H ***	0.06	none	8.16	6129.1	2.95	4.2	1.0	2.9	1.3	1.5	2.0
Spart Intermed Tr Idx (1561/FIBIX)	H ***	0.22	none	10.56	1106.3	3.05	-5.2	0.6	-1.8	6.7	7.9	
Spart L-Term Tr Idx (1562/FLBIX)	H ***	0.36	none	10.44	152.1	4.12	-11.9	0.5	-1.5	7.8	7.9	
Spart S-Term Tr Idx (1560/FSBIX)	H ***	0.09	none	10.43	186.4	1.20	-1.0	0.1	-0.3	5.0	5.9	
Strategic Income (368/FSICX)	B ****	0.16	none	10.22	5309.5	6.35	21.0	4.5	12.0	6.7	5.9	6.6
Strategic Real Rtn (1505/FSRRX)	H ***	0.33	0.75(60)	7.86	4389.0		14.6	-2.7	9.5	-15.0	-2.6	
Total Bond (820/FTBFX)	B ****	0.13	none	10.18	9733.3	5.46	13.8	3.2	8.2	7.3	5.1	4.6
Ultra-Short Bond (812/FUSEX)	S **	0.02	0.25(60)	8.11	217.3	1.04	0.4	0.0	0.7	-0.7	-3.6	-0.9
US Bond Index (651/FBIDX)	H ***	0.12	none	10.99	9610.0	3.29	4.2	1.7	2.9	7.2	5.7	4.7
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H ***	0.16	0.5(30)	10.99	143.7	3.90	9.0	1.2	1.7	4.7	3.5	3.5
CA Municipal Inc (91/FCFX)	H ***	0.16	0.5(30)	11.47	1414.4	4.38	7.1	1.9	0.9	1.4	2.4	3.3
CA Short-Int TF (1534/FCSTX)	H ***	0.05	0.5(30)	10.47	403.7	2.27	4.0	1.7	1.1	5.8	4.8	
CT Municipal Inc (407/FICNX)	H ***	0.14	0.5(30)	11.25	518.4	3.40	7.7	1.6	1.5	6.0	4.4	3.9
Intermediate Muni (36/FLTMX)	B ****	0.09	0.5(30)	10.01	3167.6	3.10	5.6	1.4	1.5	5.2	4.4	4.0
MA Municipal Inc (70/FDMMX)	H ***	0.15	0.5(30)	11.52	2078.8	3.66	8.3	1.5	2.1	4.3	3.7	4.0
MD Municipal Inc (429/SMDMX)	H ***	0.15	0.5(30)	10.67	156.0	3.39	9.8	1.3	2.2	5.1	3.9	3.7
MI Municipal Inc (81/FMHTX)	H ***	0.12	0.5(30)	11.65	593.8	3.47	5.6	1.3	1.8	5.0	4.1	4.0
MN Municipal Inc (82/FIMIX)	H ***	0.10	0.5(30)	11.24	431.7	3.00	6.9	1.0	1.2	5.6	4.2	4.0
Municipal Income (37/FHIGX)	H ***	0.15	0.5(30)	12.13	5085.2	4.09	8.2	1.6	1.8	3.3	3.3	3.8
NJ Municipal Inc (416/FNJHX)	H ***	0.14	0.5(30)	11.26	601.4	3.52	7.8	1.7	1.5	4.3	3.9	4.0
NY Municipal Inc (71/FTFMX)	H ***	0.17	0.5(30)	12.51	1551.6	3.91	7.6	1.1	1.6	4.3	3.9	4.0
OH Municipal Inc (88/FOHFX)	H ***	0.14	0.5(30)	11.37	468.5	3.62	7.1	1.3	1.4	5.0	4.1	4.1
PA Municipal Inc (402/FPXTX)	H ***	0.12	0.5(30)	10.60	382.2	3.41	6.1	1.2	1.2	4.8	4.0	3.9
Short-Int Municipal (404/STTFX)	B ****	0.04	0.5(30)	10.56	2388.5	1.90	3.8	1.1	1.3	4.8	4.6	3.5
Tax-Free Bond (90/FTABX)	H ***	0.15	0.5(30)	10.46	1450.1	4.17	8.3	1.5	1.8	4.3	3.8	4.2

JULY 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	9171.61	6.6	8.8	13.2	-16.6	-3.8	0.5	0.7
S&P 500	1.00	987.48	11.0	7.6	13.8	-19.9	-6.2	-0.1	-1.2
NASDAQ	1.00	1978.50	26.2	7.9	15.5	-14.0	-1.0	1.8	-2.3
Russell 2000	1.18	556.71	12.5	9.6	14.6	-20.7	-6.1	1.5	3.6
Fidelity Monitor Income Model	0.26	82291.97	12.1	3.9	7.6	-3.9	0.0	1.7	3.0
Fidelity Monitor G&I Model	0.61	144768.83	15.2	6.2	11.7	-15.9	-3.9	2.2	4.4
Fidelity Monitor Growth Model	0.94	138502.66	13.3	8.1	13.3	-25.0	-7.9	0.2	2.7
Fidelity Monitor Select System	0.93	292393.70	16.0	9.5	15.6	-24.5	-2.9	3.4	3.3
Fidelity Monitor Unique Opportunities	1.07	93163.63	25.8	8.7	15.9	-26.5	-7.2	3.2	5.1

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.

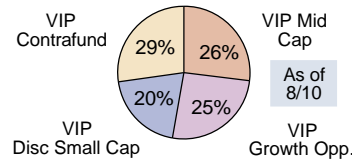
VIP INCOME MODEL



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%	2009: +15.9%
2001: -3.4%	

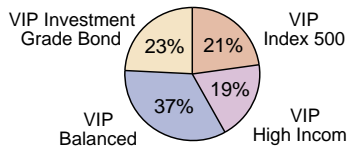
VIP GROWTH MODEL



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%	2009: +10.3%
2001: -14.0%	

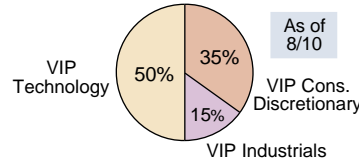
VIP G & I MODEL



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%	2009: +14.9%
2002: -9.4%	

VIP SECTOR MODEL



PAST PERFORMANCE Starting Balance: \$10,000

2003: +57.5%	2007: +11.2%
2004: +6.3%	2008: -41.4%
2005: +14.0%	2009: +25.3%
2006: +17.7%	

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

JULY VIP PERFORMANCE

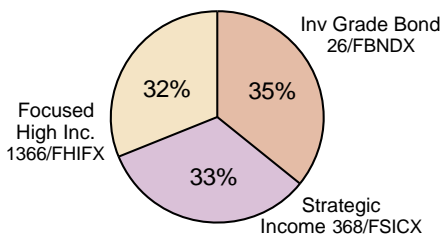
Portfolio	Rating	RR Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	8.30	19.8	7.4	11.5	-24.9	-6.4	
VIP Asset Manager	H ***	32.25	15.5	5.9	12.1	-15.1	-0.2	1.8
VIP Asset Manager: Growth	H ***	19.67	16.3	7.1	14.1	-21.7	-2.2	0.6
VIP Balanced	B ****	14.91	21.7	7.2	14.7	-11.8	-2.3	1.3
VIP Consumer Discretionary	B ****	8.80	18.4	8.9	6.6	-9.8	-7.5	-1.6
VIP Consumer Staples	H ***	9.47	9.5	7.2	17.1	-6.2		
VIP Contrafund	B ****	34.76	18.0	9.0	15.6	-19.8	-5.2	2.7
VIP Disciplined Small Cap	B ****	6.96	8.2	8.8	12.7	-22.7	-8.5	
VIP Dynamic Capital Appreciation	H ***	10.66	14.0	7.4	12.0	-22.7	-7.7	1.4
VIP Energy	H ***	18.13	25.3	8.4	15.0	-39.5	-6.4	9.1
VIP Equity-Income	H ***	44.87	13.7	9.0	16.3	-22.7	-9.9	-2.1
VIP Financial Services	H ***	7.42	15.2	7.2	23.6	-23.5	-18.1	-7.5
VIP Freedom 2005	H ***	10.45	12.6	5.7	10.5	-8.4	-0.7	
VIP Freedom 2010	H ***	10.40	13.4	6.0	11.2	-9.0	-0.9	
VIP Freedom 2015	H ***	10.47	13.8	6.3	11.7	-10.2	-1.2	
VIP Freedom 2020	H ***	10.08	15.6	7.3	13.3	-14.0	-2.8	
VIP Freedom 2025	H ***	10.01	16.0	7.7	13.8	-15.2	-3.3	
VIP Freedom 2030	H ***	9.67	16.5	8.3	14.8	-18.5	-4.6	
VIP Freedom Income	B ***	11.05	8.8	3.3	6.3	-0.9	2.0	
VIP FundsManager 20	B ****	10.50	5.3	2.5	4.7	-1.5	1.8	
VIP FundsManager 50	B ****	9.43	9.6	4.8	9.5	-8.6	-1.3	
VIP FundsManager 70	B ****	8.60	12.1	6.2	12.4	-14.6	-3.9	
VIP FundsManager 85	B ****	8.01	13.7	7.5	15.1	-18.9	-5.9	
VIP Growth	H ***↓	45.22	12.9	8.6	11.7	-30.7	-6.7	-2.1
VIP Growth & Income	H ***	14.24	13.4	7.6	12.9	-23.5	-6.8	-1.1
VIP Growth Opportunities	B ****	9.19	24.4	8.2	13.8	-30.8	-7.5	-3.3
VIP Growth Stock	B ****	8.68	22.4	7.6	13.8	-20.8	-3.6	
VIP Health Care	H ***	10.84	15.6	5.3	14.4	-11.1	-3.2	2.6
VIP High Income	B ****	30.84	29.1	5.5	12.3	-2.5	1.5	3.4
VIP Index 500	H ***	27.57	10.6	7.5	13.6	-20.5	-6.9	-1.0
VIP Industrials	H ***	14.54	18.7	12.8	15.4	-22.5	-2.8	4.4
VIP Int'l Capital Appreciation	H ***	8.98	35.8	9.8	27.6	-20.3	-8.0	
VIP Investment Grade Bond	B ****	32.18	10.6	2.7	7.0	6.7	4.3	3.5
VIP Materials	H ***	8.93	49.1	15.9	21.3	-20.9		
VIP Mid Cap	B ****	18.23	22.9	7.8	15.3	-19.4	-3.3	5.9
VIP Money Market		21.90	0.1	0.0	0.0	0.9	2.8	2.6
VIP Overseas	H ***	29.98	12.8	9.7	21.2	-26.1	-6.4	3.6
VIP Real Estate	H ***	10.93	-1.0	9.4	10.2	-40.2	-17.8	-1.3
VIP Strategic Income	B ****	13.28	19.5	4.1	11.2	6.1	5.2	5.8
VIP Technology	B ****	9.59	58.2	9.7	23.4	-4.1	1.7	3.4
VIP Telecommunications	H ***↓	6.81	32.0	4.7	10.2	-11.2		
VIP Utilities	H ***	10.62	4.7	5.7	16.1	-23.9	-3.3	5.8
VIP Value	H ***	7.88	20.8	12.4	15.9	-26.3	-10.4	
VIP Value Leaders	H ***	7.95	12.7	9.8	16.6	-25.3	-10.6	
VIP Value Strategies	H ***	10.17	32.1	11.7	20.6	-22.8	-8.7	-1.6
Fidelity Monitor VIP Income Model		19932.42	15.9	3.9	9.9	-0.6	2.0	2.5
Fidelity Monitor VIP G&I Model		21521.83	14.9	5.9	12.2	-13.8	-2.4	1.3
Fidelity Monitor VIP Growth Model		24907.74	10.3	8.5	13.9	-28.2	-10.4	-1.7
Fidelity Monitor VIP Sector Model		15286.11	25.3	9.1	15.1	-17.3	-3.6	4.0

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	\$6.81	4229.110	\$28800.24
Strategic Income	\$10.22	2687.471	\$27465.95
Focused High Inc.	\$8.71	2988.035	\$26025.78

17% Foreign Holdings
Balance as of 7/31/09: \$82291.97
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: +12.1%

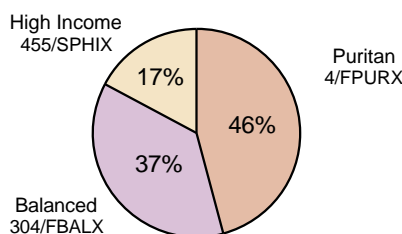
In July our Income Model gained 3.9%. On 7/13 we sold **Gov't Income** (\$10.79) and bought **Focused High Income** (\$8.36). The current asset mix, based on 6/30 holdings, is 92% bond and 8% cash.

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	\$14.67	4508.206	\$66135.38
Balanced	\$14.98	3614.971	\$54152.27
High Income	\$7.73	3167.035	\$24481.18

10% Foreign Holdings
Balance as of 7/31/09: \$144768.83
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: +15.2%

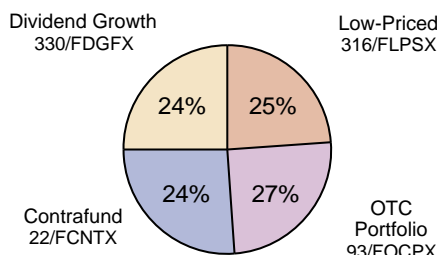
Our Growth and Income Model gained 6.2% in July. The current asset class mix, based on 6/30 holdings, is 49% stock, 48% bond, and 3% cash.

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	\$28.20	1222.875	\$34485.08
OTC Portfolio	\$38.73	984.424	\$38126.74
Contrafund	\$50.69	646.628	\$32777.57
Dividend Growth	\$20.25	1635.223	\$33113.27

16% Foreign Holdings
Balance as of 7/31/09: \$138502.66
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: +13.3%

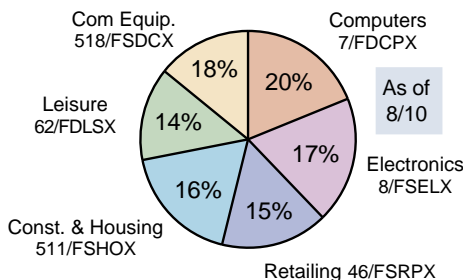
Our Growth Model gained 8.1% in July, versus 7.6% for the S&P 500. On 7/13 we sold **Blue Chip Growth** (\$28.52) and bought **OTC Portfolio** (\$35.09). Current asset mix is 95% stock, 5% cash.

SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Computers	\$36.90	1560.153	\$57659.65
Biotechnology	\$65.27	785.728	\$51284.47
Retailing	\$38.87	1099.611	\$42741.88
Const. & Housing	\$26.78	1787.121	\$47859.10
Leisure	\$59.25	683.802	\$40515.27
Com. Equipment	\$18.38	2852.194	\$52423.33

6% Foreign Holdings
Balance as of 7/31/09: \$292393.70
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: +16.0%

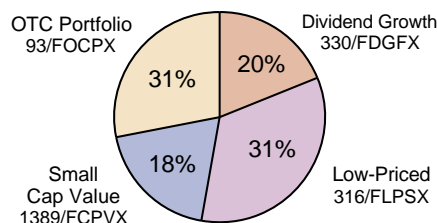
Our Select System gained 9.5% in July, versus a 7.6% increase for the S&P 500. On 8/10 we will sell **Biotechnology** and buy **Electronics**, for an asset mix of 99% stock and 1% cash.

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	\$20.25	914.581	\$18520.27
Low-Priced Stock	\$28.20	1034.591	\$29175.47
Small Cap Value	\$11.22	1523.124	\$17089.45
OTC Portfolio	\$38.73	732.725	\$28378.44

15% Foreign Holdings
Balance as of 7/31/09: \$93163.63
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: +25.8%

Our Unique Opportunities Model gained 8.7% in July. On 7/13 we sold **Blue Chip Growth** (\$28.52) and bought **Small Cap Value** (\$9.90). The current asset mix is 95% stock and 5% cash.

finance. You'll find lots of unfamiliar tech stocks in its portfolio, but that's okay – it's good to own stocks with the potential to become tomorrow's well-known names. **Small Cap Stock** is about 15% more volatile than the S&P 500, making it a tad more risky than other tech-heavy growth funds. Still, it benefits more from Fidelity's "army" of analysts, who research hundreds of smaller stocks that aren't widely followed by other investment firms. **Small Cap Stock** has a near-zero cash position, and foreign holdings (as of 6/30) were 14%. The fund was reopened to investors a few months ago, and seems to be benefiting from new inflows. In a relatively small fund such as this, having fresh capital to pursue good ideas is almost always a plus.

TREND

Manager Jeffrey Feingold is keeping **Trend** closely aligned with the Russell 1000 sector weights, while trying to outperform the benchmark with stock selection. So far the new strategy has worked reasonably well. **Trend** has outperformed 79% of its peers over the last three years, and on a year-to-date basis it's significantly ahead of the S&P. Currently the fund has a technology weighting of 32%. Health care, at 16%, is the second-largest sector position. The fund's tech stock holdings are largely Blue Chips – companies like Microsoft, Google, Apple, Cisco, and Intel. As of 6/30, cash was 2%, and foreign holdings were 7%. **Trend's** overall volatility is about 5% lower than the S&P 500, making it a conservative technology play. But unlike **Contrafund**, it still has the potential to outperform in a rising market. ■

JULY DISTRIBUTIONS

Asset Manager 20%	\$ 0.032/\$11.01 (7/10)
Asset Manager 30%	\$ 0.022/ \$8.24 (7/10)
Asset Manager 40%	\$ 0.055/ \$7.82 (7/10)
Asset Manager 50%	\$ 0.099/\$11.81 (7/10)
Balanced	\$ 0.099/\$13.76 (7/10)
Convertible Securities	\$ 0.217/\$17.16 (7/10)
Equity-Income	\$ 0.165/\$30.18 (7/10)
Equity-Income II	\$ 0.065/\$12.68 (7/10)
Fidelity Fund	\$ 0.107/\$22.84 (7/10)
Freedom Income	\$ 0.02 / \$9.92 (7/10)
Growth & Income	\$ 0.034/\$12.68 (7/10)
Puritan	\$ 0.112/\$13.51 (7/10)
Strategic Dividend & Income	\$ 0.064/ \$7.20 (7/10)
Strategic Real Return	\$ 0.051/ \$7.39 (7/10)
Telecom & Utilities	\$ 0.13 / \$11.93 (7/10)

Payouts for August include: **Asset Mgr. 20%**, **Asset Mgr. 30%**, **Growth Discovery**, **Fidelity Fifty**, **Fidelity Fund**, **Freedom Inc.**, **Mega Cap Stock**, and **Real Estate Inc.**

GROWTH & INCOME FUNDS

Our Growth and Income Model holdings are listed on page 7. If you prefer to hold a single fund instead of following the portfolio, consider **Puritan** or **Balanced**.

Real Estate jumped 10.1% on signs of a recovery in residential and commercial properties. **Convertible Securities** was up 9.9%. **Strategic Div. & Income**, which also has real estate holdings, climbed 9.6%. Defensive funds trailed behind. **Real Estate Income** rose 4.7%, and **Telecom & Utilities** returned 3.6%.

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 **Strategic Income**, **Focused High Income**, or **High Income**.

The high-yield rally continued as improved earnings helped reduce bankruptcy risk. **Capital & Income** climbed 9.1%, **High Income** gained 6.4%, **Focused High Income** rose 4.6%, and **Strategic Income** returned 4.5%. On the flip side, funds with a heavy position in treasuries were held back by heavy issuance of government debt. **Spartan Short-Term Treasury Index** edged up 0.1%, while **Inflation-Protected Bond** finished at breakeven.

Municipal bond funds posted gains ranging from 1.0% to 1.9%.

SELECT PORTFOLIOS

Our Select System holdings are listed on page 7. The following funds have above-average scores in our volatility model: **Retailing**, **Communications Equip.**, **Electronics**, **Banking**, **Brokerage**, **Leisure**, **Computers**, **Wireless**, and **Construction & Housing**.

Signs of a rebound in vehicle sales gave a strong boost to **Automotive**, which posted a 27.3% jump. **Electronics** climbed 16.7% on good earnings news. **Chemicals** and **Materials** rallied on signs of a cyclical rebound in the global economy; their increases were 16.2% and 16.1%, respectively. Laggards included **Leisure**, which was up 4.2%, **Wireless** with a 3.5% increase, and **Medical Equipment** and **Defense**, both of which returned 2.7%. ■

Happenings

Robert Galusza has been named lead portfolio manager of **Intermediate Bond**, which he'll manage with co-portfolio manager Ford O'Neil. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	139354.8	0.38	CT MM (418/FCMXX)	1975.4	0.06			
Select MM (85/FSLXX)	8384.1	0.47	MA MM (74/FDMXX)	4899.9	0.01			
Money Market (454/SPRXX)	8705.6	0.39	MI MM (420/FMIXX)	927.1	0.01	MA AMT TF (426/FMSXX)	551.1	0.16
Gov't MM (458/SPAXX)	1091.8	0.10	NJ MM (417/FNJXX)	2391.3	0.01	AMT Tax-Free (460/FIMXX)	2633.1	0.15
US Treas. MM (415/FDLXX)	7499.5	0.01	NY MM (92/FNYXX)	5673.1	0.01	NJ AMT TF (423/FSJXX)	534.8	0.10
Tax-Free MM (275/FMOXX)	6248.1	0.04	OH MM (419/FOMXX)	1082.1	0.09	NY AMT TF (422/FSNXX)	954.6	0.13
US Gov't Reser (50/FGRXX)	4688.2	0.19	AZ MM (433/FSAXX)	385.3	0.01	PA MM (401/FPTXX)	737.9	0.01
CA MM (97/FCFX)	5249.7	0.01	CA AMT TF (457/FSPXX)	1122.7	0.09	Municipal MM (10/FTEXX)	24838.5	0.11