

Jack
Bowers



Fidelity

Best Performing
Fidelity Newsletter

20
Years

OCTOBER
2009

Monitor™

Measuring and Managing Risk

There's no perfect way to measure risk, because it takes many forms. There's company-specific risk, sector risk, economic risk (inflation, productivity, and interest rates), credit risk, regulatory risk, the risk of taxation, and the risk that businesses will be temporarily cut off from customers or suppliers. Many of these factors are difficult to quantify or predict, and at different points in the economic cycle some are more dominant than others.

When evaluating a mutual fund, investors prefer a single figure that includes all risk factors, and to that end standard deviation enjoys widespread use within the industry. By taking a statistical average of a fund's pricing variation (the zigs and zags in its adjusted share price), the resulting volatility number provides a rough indication of how the fund might behave if something good or bad happens.

Last year those risk numbers were put to the test,

RISK - *Continued on page 2*

Changes for Income Model, VIP Income Model, and Select System

On Monday, 10/12, we'll make changes in the following portfolios:

Our Income Model will sell **Focused High Income** (1366/FHIFX) and purchase **Total Bond** (820/FTBFX). High-yield bonds are still a good opportunity, but after this year's strong rally they are less compelling. At the same time, investment grade bonds are benefiting from "buyback" activity as corporations use cash to retire their debt early. Don't place this trade any earlier than the 12th as there's a 90-day 1% fee on **Focused High Income**.

Our VIP Income Model will sell **VIP High Income** and buy **VIP Investment Grade Bond**.

Our Select System will sell **Construction & Housing** (511/FSHOX) and purchase **Technology** (64/FSPTX). A weak dollar is bullish for large-cap technology stocks, but bearish for a number of the suppliers held in **Construction & Housing**.

There are no changes in the VIP Sector Model. The catch-up move we anticipated this month is no longer necessary because the Select System is returning to a technology weighting of roughly 50%.

Review & Recommendations

Many investors expected September to be a weak month, but an improving jobs picture, along with early signs of inventory rebuilding, suggested the U.S. recovery is on a firm footing. At the same time, inflationary pressures remain subdued, and the Fed signaled that short-term rates will not be rising any time soon. The S&P 500, helped by a wave of short-covering activity, was up 3.7% 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**, **Dividend Growth**, **OTC Portfolio**, **Small Cap Value**, **Small Cap Stock**, and **New Millennium**.

The leaders included funds holding stocks with large short positions, and funds that emphasized smaller stocks. **Capital Appreciation** matched **Independence** for a 7.6% gain, and **Small Cap Stock** was up 7.5%. The laggards included funds that hung close to their large-cap benchmarks. **Stock Selector** gained 3.3%, **Large Cap Growth** rose 3.0%, and **Value Discovery** edged up 2.6%.

INTERNATIONAL FUNDS

Global Balanced remains our favorite for those who prefer international exposure. We reversed our upgrade of **Japan** and **Japan Smaller Companies** because the yen has begun a troubling climb.

Emerging markets jumped on signs of growth in the U.S. economy. **Latin America** was up 11.6%, **Emerging Markets** climbed 10.1%, **China Region** gained 8.3%, and **Southeast Asia** rose 6.6%. On the bottom end, Japanese export stocks tumbled as the government declined to intervene in the currency markets. **Japan Smaller Companies** was off 1.0%, and **Japan** lost 3.2%.

GROWTH & INCOME FUNDS

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

Real Estate jumped 8.7% on improved signs of economic recovery. **Convertible Securities** was up 5.0%, and **Real Estate Income** rose 4.1%. On the bottom end, **Telecom & Utilities** gained 2.3%.

RECOMMENDATIONS - *Continued on page 8*

and in many cases investors were dismayed by real-world losses that exceeded what the standard deviation risk scores implied. Our own risk scoring system was no exception - it underestimated the risk of loss in most asset classes, and was way off the mark in the high-yield bond group.

MEASURING RISK

Effective this month, we are changing the way we calculate the risk scores to better reflect potential loss. We'll still be using standard deviation, but we'll return to the monthly measurement period we used in the early days of publishing Fidelity Monitor.

The system we used before now measured the standard deviation of daily gains and losses over a one-year period, adjusted to the S&P 500. We adopted the approach in 1995 because it provided a more up-to-date snapshot of a fund's current holdings, and because it allowed risk scores to be calculated for any fund in operation for 12 months or more.

After using this system for almost 15 years, it's become clear that we're slicing the measurement period much too thin. Some funds just don't move much from day-to-day, but they can still post big gains or losses over a one-month period. This is especially true for low-grade bond funds.

Applying standard deviation to monthly gains

and losses provides a better number, but also requires more than a year's worth of data to yield statistically valid results. Before 1995, we used a 60-month period. This time we are moving to a 36-month window, which is a standard of sorts in the mutual fund industry.

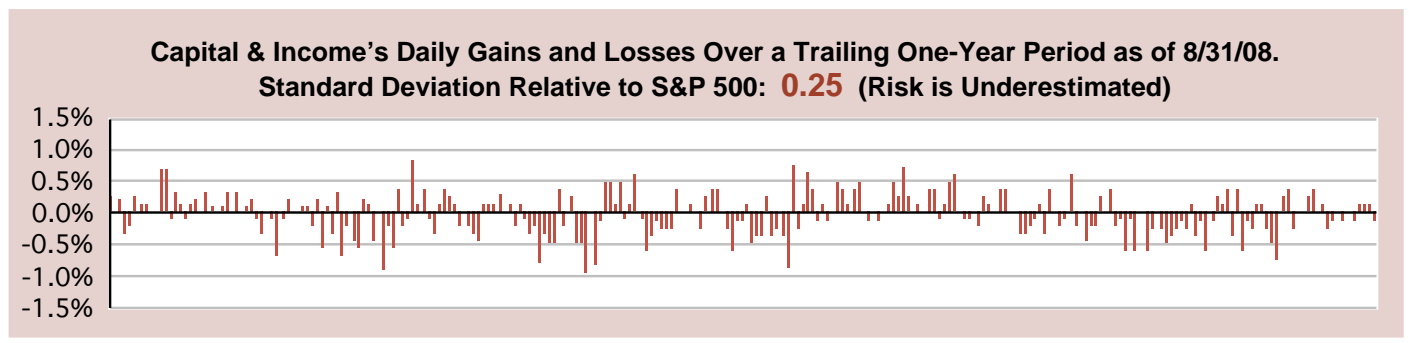
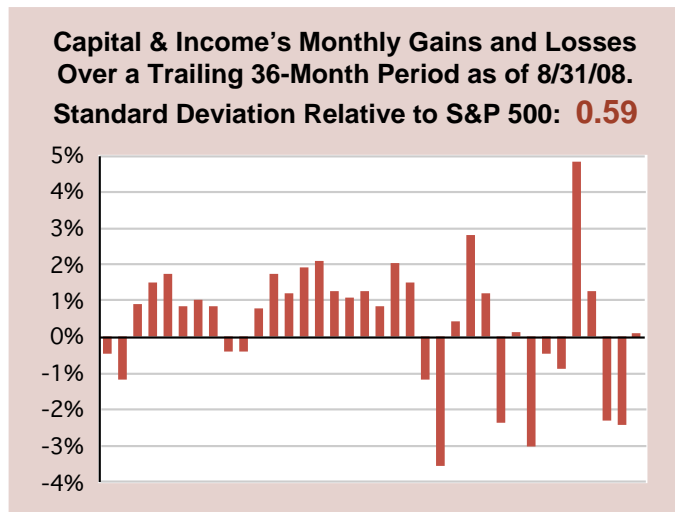
In the charts shown below, we've contrasted the two methods using **Capital & Income** as an example. Going back to 8/31/08 (just before the financial crisis hit), the one-year daily method falls considerably short in estimating the risk of loss – its volatility score of 0.25 is only a fraction of **Capital & Income's** financial crisis hit, which was 85% of the S&P's loss. The 36-month calculation, in contrast, comes out at 0.59. It's still a third lower than it should be, but comes out much closer to the mark.

While there is no easy way to fully reflect bond market liquidity problems, we think the 36-month approach will do a decent job of reflecting risk in our model portfolios that hold bond funds. Just prior to the financial crisis, it would have put the Income Model at 0.38 (a 25% understatement of actual losses), and the Growth and Income Model at 0.74 (a 15% understatement).

When it comes to stock funds, the 36-month approach is more likely to err on the high side. Before the crisis hit, it put the Growth Model at 1.12 (an overstatement of 3%), the Select System at 1.28 (an overstatement of 20%), and the Unique Opportunities Model at 1.40 (an overstatement of 13%).

With our adoption of the 36-month approach, the risk numbers on pages 4-6 have increased across the board. Relative volatility scores for most stock funds have jumped around 20%, while many bond funds have doubled or tripled. Because the market's behavior *during* the financial crisis is now factored in, it's possible that our risk scores are overestimating risk even for bond funds. But given a choice between overstating or understating risk, it's more prudent for us to overstate it.

In order to come up with the best possible number for our model portfolios, we're also making a change that better reflects our current positioning. Instead of looking at 36 months of historical gains and losses,



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we'll calculate risk based on holding our current positions over the last 36 months. This isn't a big change from the prior approach, but for the Select System in particular it will get us closer to the mark.

MANAGING RISK

While our revised method of looking at risk has elevated the risk scores of our model portfolios, we're not planning any immediate changes to address the issue. Instead, we'll look for ways to reduce volatility as we evaluate new opportunities in the future.

The more important consideration is matching your own holdings to the model portfolios that make sense for your situation. To that end, we'd like to review our suggested model allocation strategy.

The matrix on the right ignores most of the traditional factors used to determine stock exposure, such as age or time until retirement. Instead, we focus on the two things that matter most – your investment horizon, and your tolerance for risk.

Time is the most important of the two. If your investment horizon is short, it doesn't make sense to go out on a limb, because you won't have enough time to recover from a short-term loss. Conversely, if you're not depending on your portfolio to meet living expenses during the next 8 years, you probably don't want to stay in cash because you'll have a tough time maintaining your purchasing power.

Personal risk tolerance is the other key factor. If you invest beyond your own comfort zone, you'll be tempted to abandon your long-term strategy when times get tough, as they did last year. It's better to keep your risk level low enough that you can stick with a long-term strategy through thick and thin.

To use the allocation matrix, first consider your tolerance for risk. Go with "Low" if protecting your portfolio against short-term losses is a key priority. Choose "Medium" if you don't like losses but can accept a short-term decline to improve your long-term return. Opt for "High" if you want to maximize long-term returns and you can tolerate another year like 2008 at some point in the future.

Next, make a rough estimate of the money you will need from your portfolio in each of the next eight years (for investors who won't need any living expenses from their portfolio, use zero). Add up what you'll need in the first three years, and invest according to the box on the left. For years four through eight, invest according to the center column. The rest of your portfolio (which may be all of it, if your living expenses are covered by non-investment sources) is allocated to the "8 years or more" box.

Here's an example: Ron and Cathy are retired and have savings of \$800,000. Living expenses not covered by social security and pensions are estimated at \$40,000 per year over the next eight years. The couple considers their risk tolerance to be low. To follow the recommendation, \$120,000 would fall in the less-than-3-years box, and would be invested in a money market fund or bank CD. The 3-to-8-year box would total \$200,000, which would be matched to the Income Model. The remaining \$480,000 goes in the 8-years-or-more box, where it would follow the Growth and Income Model.

Some scenarios may result in all assets being dedicated to a single box, such as a medium-risk investor 10 years from retirement – who would end up in the Growth Model. If you're not comfortable with that, feel free to diversify. Instead of putting 100% of your long-term holdings in the Growth Model, diversify vertically and split your portfolio equally across the Growth and Income Model, the Growth Model, and the Select System.

It also makes sense to avoid combining the Growth Model and the Unique Opportunities Model within a single account. The two portfolios often maintain overlapping positions, making it difficult to figure out what to do when future switches come along. Instead, blend the Growth Model with the Select System, or blend the Unique Opportunities Model with the Select System. You'll have an easier time making changes, and your account will end up with a greater degree of diversification. ■

Risk Level	Years Before Money Is Needed for Living Expenses		
	Less than 3 Yrs.	3 - 8 Years	8 Years or more
Low	Money Market	Income Model	Growth and Income Model
Medium	Income Model	Growth and Income Model	Growth Model
High	Growth and Income Model	Growth Model	Select System or Unique Opportunities

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 monthly gains and losses over a three-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 ↓.

SEPTEMBER 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**	1.25	none	6.38	23.2	-0.8	3.7	13.9	-26.8			
Growth Strategies (324/FDEGX)	H***	1.23	1.5(90)	15.31	1790.3	31.4	5.4	17.4	-0.8	-4.5	0.3	-7.5
Blue Chip Gth (312/FBGRX)	B****↑	1.08	none	35.00	10061.2	33.5	5.4	20.5	-0.5	-1.5	1.7	-1.1
Blue Chip Value (1271/FBCVX)	H***	1.19	none	9.67	348.7	23.7	3.4	19.9	-7.4	-8.5	-0.1	
Capital Apprec (307/FDCAX)	H***	1.12	none	20.16	4744.8	28.2	7.6	19.9	2.5	-4.4	1.7	2.5
Contrafund (22/FCNTX)	H***	0.93	none	54.46	50782.3	20.4	5.6	13.9	-4.2	-1.2	5.1	4.1
Growth Discovery (339/FDSVX)	H***	1.11	none	10.46	764.6	21.8	4.8	16.0	-11.1	-4.7	1.0	1.7
Disc Equity (315/FDEQX)	H***	1.02	none	20.32	10576.4	16.7	4.2	15.7	-10.5	-6.1	1.6	0.8
Dividend Gth (330/FDGFV)	B****	1.28	none	22.51	6910.7	43.2	6.2	22.2	4.9	-4.4	1.3	1.7
Export Fund (332/FEXPX)	S**↓	1.14	0.75(30)	18.53	2568.4	28.6	5.1	17.1	-3.0	-3.9	2.9	5.4
Fidelity Fifty (500/FFTYX)	S**↓	1.25	none	14.34	742.3	30.4	4.4	14.1	-5.6	-6.9	0.5	1.8
Focused Stock (333/FTQGX)	H***	0.99	none	10.41	131.2	17.9	3.5	12.9	-6.7	-1.3	4.9	0.1
Growth Company (25/FDGRX)	B****	1.11	Closed	64.41	25845.8	31.6	6.2	16.5	0.7	0.4	5.6	2.1
Independence (73/FDFFX)	H***	1.41	none	18.82	3677.6	31.9	7.6	21.8	-5.6	-1.8	4.1	2.5
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 Est	none	7.46	1077.6	17.0	3.5	14.9	-6.7			
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.2 Est	none	7.98	39.5	25.2	3.9	14.2	-1.6			
Large Cap Growth (763/FSLGX)	H***	1.02	none	7.66	112.5	16.4	3.0	12.5	-9.2	-7.4	0.0	
Large-Cap Stock (338/FLCSX)	H***	1.30	none	14.32	700.1	43.4	4.1	21.5	4.9	-3.1	2.5	-1.0
Lg Cap Val En Idx (1828/FLVEX)	H***	1.2 Est	none	6.56	63.7	11.4	3.3	16.5	-11.1			
Large Cap Value (708/FSLVX)	H***	1.10	none	9.63	962.1	12.8	4.8	19.5	-13.3	-8.9	0.1	
Lev Co Stock (122/FLVCX)	B****↑	1.73	1.5(90)	21.91	3863.3	52.3	7.3	25.4	-4.5	-4.0	5.5	
Low-Priced Stock (316/FLPSX)	B****	1.17	1.5(90)	30.36	22770.1	32.2	3.9	18.0	4.8	-1.5	4.9	11.1
Magellan (21/FMAGX)	H***	1.32	none	62.09	21812.8	35.6	5.3	17.0	-1.1	-5.0	0.1	-1.2
Mid Cap Growth (793/FSMGX)	H***	1.29	0.75(30)	9.31	198.4	37.1	5.9	21.5	-5.5	-8.2	0.0	
Mid Cap Stock (337/FMCSX)	H***	1.35	0.75(30)	22.49	6005.4	44.1	6.2	26.0	5.8	-4.0	4.5	5.7
Mid Cap Value (762/FSMVX)	H***	1.29	0.75(30)	12.24	458.0	28.7	6.1	25.5	-3.2	-5.7	2.9	
New Millennium (300/FMILX)	B****	1.17	none	23.81	1521.3	35.0	6.5	20.8	3.8	0.5	5.4	4.8
OTC Portfolio (93/FOCPX)	B****	1.30	none	42.21	4765.9	49.8	7.0	16.4	13.6	3.3	6.9	1.1
Small Cap Growth (1388/FPCGX)	H***	1.38	1.5(90)	15.05	213.8	45.6	4.7	20.0	3.7	-1.9	2.9	
Small Cap Discovery (384/FSCRX)	H***	1.26	1.5(90)	11.83	1097.8	36.1	5.7	17.8	-1.4	-1.7		
Small Cap Indep (336/FDSCX)	H***	1.37	1.5(90)	13.80	1445.2	31.1	5.7	22.2	-5.7	-5.9	1.4	4.0
Small Cap Stock (340/FSLCX)	B****	1.40	2(90)	15.13	3196.2	54.4	7.5	26.2	11.5	0.5	5.2	8.7
Small Cap Value (1389/FCPVX)	B****	1.33	1.5(90)	12.30	1594.9	32.4	5.5	20.4	3.0	0.6		
Stock Selector (320/FDSSX)	B****	1.03	none	20.62	565.2	21.4	3.3	14.6	-8.2	-5.8	1.4	0.0
Tax Mgd Stock (343/FTXMX)	H***	1.09	none	10.53	79.2	15.5	3.9	16.9	-14.2	-6.7	1.5	
Trend (5/FTRNX)	B****	1.14	none	52.14	689.0	33.4	6.2	17.0	2.4	-2.3	3.2	2.0
Value (39/FDVLX)	B****↑	1.48	none	55.17	7539.0	38.4	5.2	27.4	-5.5	-6.8	2.1	5.9
Value Discovery (832/FVDFX)	H***	1.15	none	12.41	668.1	22.8	2.6	19.7	-8.1	-6.2	3.4	
Value Strategies (14/FSLSX)	H***	1.61	none	21.28	215.8	53.2	5.9	27.7	1.3	-4.8	1.9	5.5
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.81	none	15.96	17233.6	23.3	3.6	13.5	3.7	-1.0	4.4	5.1
Convertible Sec (308/FCVXS)	H***	1.38	none	21.23	2197.6	56.5	5.0	20.1	12.5	0.9	4.7	7.0
Equity-Income (23/FEQIX)	B****↑	1.16	none	38.04	17457.5	25.0	3.7	19.6	-4.2	-7.4	0.5	1.8
Equity-Income II (319/FEQTX)	B****↑	1.12	none	15.85	5176.1	20.5	3.2	18.5	-6.5	-7.2	-0.5	1.4
Fidelity Fund (3/FIDIX)	B****	1.05	none	27.42	4896.3	21.7	3.1	15.0	-5.9	-3.5	2.2	0.5
Growth & Income (27/FGRIX)	H***	1.20	none	15.37	6144.9	17.3	3.2	15.3	-16.5	-14.7	-6.5	-3.6
Mega Cap Stock (361/FGRTX)	H***	1.04	none	8.34	275.1	21.4	3.0	16.7	-4.5	-4.8	1.2	0.1
Puritan (4/FPURX)	B****	0.72	none	15.55	16109.2	21.0	3.3	12.3	2.2	-1.3	3.1	4.1
Real Estate Income (833/FRIFX)	B****↑	0.81	0.75(90)	8.90	534.2	38.6	4.1	15.1	6.5	-2.4	1.7	
Real Estate (303/FRESX)	H***	2.10	0.75(90)	18.59	2328.9	21.7	8.7	41.0	-23.8	-13.5	1.0	9.6
Strategic Div & Inc (1329/FSDIX)	H***	1.16	none	9.17	425.6	30.9	4.0	21.6	-1.3	-5.6	1.6	
Telecom & Utilities (311/FUIUX)	S**↓	0.89	none	13.24	716.9	3.2	2.3	5.9	-7.2	-6.5	3.8	-1.1
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.55	0.75(30)	29.24	48.0	12.2	9.3	35.6	13.1	-5.9	4.1	5.8
Automotive (502/FAVX)	H***	2.60	0.75(30)	28.36	159.4	100.3	2.6	27.9	10.8	-5.0	-0.5	2.9
Banking (507/FSRBX)	H***↓	1.59	0.75(30)	15.54	334.1	6.7	1.9	23.3	-14.0	-18.2	-8.4	-0.3
Biotechnology (42/FBIOX)	H***	1.00	0.75(30)	66.43	1120.2	12.4	2.7	9.9	1.1	3.0	3.9	3.6
Brokerage (68/FSLBX)	B****	1.52	0.75(30)	49.60	611.7	56.7	4.5	23.4	10.1	-5.4	7.9	8.7
IT Ser / Bus Ser (353/FBSOX)	H***	1.20	0.75(30)	16.05	71.3	43.2	7.8	23.6	9.1	5.9	7.9	6.0
Chemicals (69/FSCHX)	H***	1.35	0.75(30)	71.37	377.8	54.8	5.4	25.3	5.4	7.2	8.7	10.8
Computers (7/FDCPX)	B****	1.43	0.75(30)	41.95	430.4	68.5	7.8	26.9	20.1	4.9	7.1	-2.3
Const & Housing (511/FSHOX)	H***↓	1.48	0.75(30)	28.53	138.6	19.6	0.2	20.0	-3.2	-5.5	0.2	7.6
Consumer Disc (517/FSCPX)	H***	1.18	0.75(30)	17.60	57.7	29.0	5.1	18.1	-0.1	-6.6	0.4	0.1
Industrial / Cyc Ind (515/FCYIX)	H***	1.39	0.75(30)	16.86	205.9	28.6	4.0	22.3	-3.8	-1.1	5.4	6.8
Defense & Aero (67/FSDAX)	H***	1.32	0.75(30)	56.21	547.1	14.9	4.8	14.3	-6.4	-3.8	4.4	8.7
Com Equip / DevC (518/FSDCX)	H***	1.62	0.75(30)	20.17	367.7	75.1	10.5	19.0	21.8	0.0	4.8	-2.2
Electronics (8/FSLEX)	B****	1.46	0.75(30)	38.06	1096.1	68.5	3.1	25.6	24.2	-2.9	3.4	-2.3
Energy (60/FSENX)	S**	1.75	0.75(30)	42.07	1902.8	39.9	11.4	21.0	-10.8	0.8	11.6	10.3
Energy Service (43/FSSESX)	S**	2.05	0.75(30)	56.30	1160.2	56.7	11.5	20.9	-22.7	-0.9	9.4	11.4
Environmental (516/FSLEX)	H***	1.07	0.75(30)	14.88	48.5	11.1	3.2	10.2	-7.3	-3.0	3.1	3.6
Financial Services (66/FIDSX)	H***	1.50	0.75(30)	59.41	510.4	27.9	2.5	19.9	-7.4	-16.3	-5.5	1.0
Con Stap / Food Ag (9/FDFAX)	H***	0.80	0.75(30)	59.27	784.2	16.3	3.7	13.3	1.3	4.9	9.8	7.7
Gold (41/FSAGX)	S**	2.23	0.75(30)	41.61	2458.3	31.8	11.6	16.0	34.1	13.7	18.4	15.5
Health Care (63/FSPHX)	H***	0.92	0.75(30)	100.39	1512.6	24.2	3.7	13.1	1.8	-1.3	4.2	4.2
Home Finance (98/FSVLX)	H***	1.37	0.75(30)	10.93	74.4	-0.2	1.5	19.6	-18.4	-35.3	-22.3	-5.4
Indust Equip (510/FSGTX)	H***	1.49	0.75(30)	23.96	101.2	30.1	5.5	24.3	-7.1	-2.9	3.7	2.6
Materials / Ind Mat (509/FSDPX)	H***	1.53	0.75(30)	49.79	377.9	63.8	6.0	26.5	14.4	7.4	10.3	11.1
Insurance (45/FSPCX)	H***	1.41	0.75(30)	40.56	118.9	23.8	2.5	28.4	2.7	-12.5	-3.0	5.6
Leisure (62/FDLSX)	B****	1.07	0.75(30)	64.89	211.5	20.7	4.6	14.2	7.0	0.0	4.1	2.7
Medical Delivery (505/FSHCX)	H***	1.34	0.75(30)	37.83	349.9	30.9	0.7	14.6	1.9	-4.5	6.9	12.3
Medical Equip/Sys (354/FSMEX)	H***	0.92	0.75(30)	23.32	1167.2	26.4	3.4	11.2	-5.9	6.0	6.5	12.1
Multimedia (503/FBMPX)	H***	1.31	0.75(30)	30.90	43.9	39.3	8.1	22.9	5.3	-4.8	1.2	1.3
Natural Gas (513/FSNGX)	H***	1.87	0.75(30)	31.29	1017.1	55.1	11.9	22.7	-6.7	0.8	9.2	11.6
Nat Resources (514/FNARX)	S**	1.77	0.75(30)	27.06	1325.7	43.7	11.6	21.1	-5.6	4.7	13.3	11.7
Pharmaceuticals (580/FPHAX)	H***	0.87	0.75(30)	10.00	163.3	14.1	2.5	11.4	3.6	0.4	6.0	
Retailing (46/FSRPX)	B****	1.24	0.75(30)	41.87	156.5	46.3	4.1	20.1	17.3	-0.2	5.3	3.5
Software (28/FSCTX)	H***	1.22	0.75(30)	66.70	733.6	41.9	6.1	15.4	12.4	3.4	8.7	5.1
Technology (64/FSPTX)	B****↑	1.57	0.75(30)	67.76	1603.0	70.9	8.2	21.4	23.5	2.4	5.8	-1.7
Telecom (96/FSCTX)	H***	1.30	0.75(30)	37.58	268.3	41.2	6.7	9.0	10.1	-5.0	3.6	-3.8
Transportation (512/FSRFEX)	H***	1.17	0.75(30)	35.77	85.7	11.1	1.9	21.7	-10.4	-5.1	3.0	6

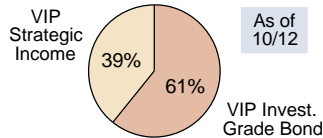
SEPTEMBER PERFORMANCE						30-day	2009	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	S **	1.50	1.5(90)	47.17	3185.8		34.5	5.7	15.6	-6.4	3.0	11.5
China Region (352/FHKCX)	S **	1.62	1.5(90)	26.19	1850.6		54.0	8.3	13.6	28.6	11.6	15.2
Diversified Int'l (325/FDIVX)	H ***	1.29	1 (30)	27.43	30568.7		27.5	4.7	17.7	-2.3	-3.8	5.8
Emerging EMEA (2053/FEMEX)	S **	1.8 Est	1.5(90)	7.34	101.8		53.9	5.9	11.9	8.8		
Emerging Mkts (322/FEMKX)	S **	1.82	1.5(90)	21.01	3264.2		61.7	10.1	22.5	6.5	2.7	15.9
Europe (301/FIEUX)	S **	1.27	1 (30)	29.21	2792.5		28.2	3.8	20.0	3.6	-2.6	8.1
Europe Cap Appr (341/FECAX)	S **	1.30	1 (30)	17.57	523.2		28.5	3.9	20.0	0.4	-3.9	7.5
Global Balanced (334/FGBLX)	B ****	0.75	1 (30)	19.98	387.9		19.9	4.0	14.0	7.9	3.6	7.7
Glob Commodity Stk (2120/FFGCX)	H ***↑	1.6 Est	1 (30)	13.48	104.9			4.7	15.8			
Int'l Capital Apprec. (335/FIVFX)	B ****↑	1.56	1 (30)	11.16	372.9		50.2	4.9	21.0	11.9	-4.9	3.1
Int'l Discovery (305/FIGRX)	H ***	1.24	1 (30)	29.63	8068.0		25.4	4.3	18.6	0.4	-2.6	7.4
Int'l Enhanced Index (2010/FIENX)	H ***	1.4 Est	1 (30)	6.88	18.7		21.6	3.8	18.2	-2.3		
Int'l Growth (1979/FIGFX)	H ***	1.5 Est	1 (30)	7.11	17.0		28.3	5.5	19.5	5.5		
Int'l Real Estate (1368/FIREX)	S **	1.47	1.5(90)	8.82	343.3		33.0	5.1	16.5	0.7	-10.4	
Int'l Small Cap (818/FISMX)	H ***	1.39	Closed	17.73	647.0		43.6	5.5	18.3	10.6	-1.7	8.6
Int'l Small Cap Opp (1504/FSCOX)	H ***	1.57	2 (90)	8.25	314.7		37.7	5.9	22.2	-9.6	-12.1	
Int'l Value (1597/FIVLX)	H ***	1.45	1 (30)	7.95	173.2		33.4	4.7	20.3	2.8	-5.0	
Japan (350/FJPNX)	H ***↓	1.15	1.5(90)	10.42	1041.2		16.8	-3.2	4.2	-2.7	-9.4	1.7
Japan Smaller Co (360/FJSCX)	H ***↓	1.28	1.5(90)	8.81	428.4		22.9	-1.0	8.9	8.9	-11.3	-2.8
Latin America (349/FLATX)	S **	1.83	1.5(90)	46.72	3528.5		69.2	11.6	20.9	9.5	9.7	24.7
Nordic (342/FNORX)	H ***	1.64	1.5(90)	26.52	331.2		41.1	3.9	23.3	0.4	-3.2	7.7
Overseas (94/FOSFX)	H ***	1.31	1 (30)	31.32	6700.7		24.9	2.9	18.1	-2.4	-3.9	5.6
Pacific Basin (302/FPBFX)	H ***	1.69	1.5(90)	20.35	596.3		53.2	4.3	18.8	16.3	-1.7	8.3
Southeast Asia (351/FSEAX)	H ***	1.51	1.5(90)	24.70	1727.9		30.9	6.6	13.7	5.8	4.9	15.0
Total Int'l Equity (1978/FIIEIX)	H ***	1.3 Est	1 (30)	6.53	29.1		34.6	5.7	20.0	3.8		
Worldwide (318/FWWFX)	H ***	1.12	1 (30)	15.47	989.3		22.9	4.4	17.0	-2.8	-1.7	5.4
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H ***	0.91	none	23.81	1881.6		20.2	3.7	14.9	-2.0	-2.8	3.0
NASDAQ Comp (1282/FNCMX)	B ****	1.15	0.75(90)	28.20	204.6		35.3	5.7	15.9	2.3	-1.4	2.8
Spart Ext Mkt Idx (398/FSEMX)	B ****	1.19	0.75(90)	29.35	2295.6		30.2	5.8	19.6	-4.1	-2.7	4.0
Spart Int'l Index (399/FSIIX)	H ***	1.27	1(90)	33.54	4575.5		25.8	4.0	19.3	1.8	-3.4	6.1
Spart 500 Index (317/FSMKX)	H ***	1.00	none	73.53	6325.2		19.3	3.7	15.6	-6.9	-5.5	1.0
Spart Total Mkt Idx (397/FSTMX)	H ***	1.03	0.5(90)	30.30	5052.1		21.4	4.1	16.3	-6.4	-4.8	1.8
Asset Mgr 20% (328/FASIX)	H ***	0.38	none	11.82	2203.6		17.0	2.3	7.6	7.9	2.5	4.6
Asset Mgr 30% (1957/FTANX)	H ***	0.5 Est	none	9.04	55.0		20.5	2.8	9.3	7.8		
Asset Mgr 40% (1958/FFANX)	H ***	0.6 Est	none	8.77	32.5		22.2	3.2	10.7	7.0		
Asset Mgr 50% (314/FASMX)	H ***	0.71	none	13.51	5832.2		26.4	3.8	12.4	7.8	0.3	3.1
Asset Mgr 60% (1959/FSANX)	H ***	0.8 Est	none	8.43	47.3		27.7	3.9	13.6	7.8		
Asset Mgr 70% (321/FASGX)	H ***	0.91	none	13.97	2120.4		30.1	4.6	15.1	5.5	-1.6	2.2
Asset Mgr 85% (347/FAMRX)	H ***	1.03	none	11.24	493.8		32.2	4.9	16.8	4.5	-2.4	3.2
Dynamic Strategies (1960/FDYSX)	H ***	0.8 Est	none	8.22	107.9		23.1	4.2	11.2	0.8		
Freedom 2000 (370/FFFBX)	H ***	0.38	none	11.36	1658.6		13.7	2.3	7.6	4.4	2.0	3.3
Freedom 2005 (1312/FFVFX)	H ***	0.64	none	9.98	966.5		19.6	3.2	11.4	3.5	0.4	3.3
Freedom 2010 (371/FFFCX)	H ***	0.68	none	12.44	11052.1		20.8	3.3	12.1	3.8	0.4	3.5
Freedom 2015 (1313/FFVFX)	H ***	0.72	none	10.35	8070.7		21.5	3.5	12.5	3.2	0.1	3.8
Freedom 2020 (372/FFFDX)	H ***	0.84	none	12.40	19049.6		24.0	3.9	14.4	1.5	-1.1	3.5
Freedom 2025 (1314/FFFTWX)	H ***	0.89	none	10.24	8182.9		24.9	4.1	15.1	0.9	-1.6	3.4
Freedom 2030 (373/FFFEIX)	H ***	0.97	none	12.16	13337.1		25.1	4.2	15.9	-1.2	-2.8	3.0
Freedom 2035 (1315/FFTHX)	H ***	0.99	none	10.05	5248.3		25.5	4.3	16.3	-1.6	-3.1	2.9
Freedom 2040 (718/FFFFX)	H ***	1.03	none	7.02	7616.3		26.0	4.5	16.8	-2.1	-3.4	2.8
Freedom 2045 (1617/FFFGX)	H ***	1.04	none	8.28	1570.4		26.1	4.5	16.9	-2.3	-3.5	
Freedom 2050 (1618/FFFHX)	H ***	1.08	none	8.16	1286.2		26.6	4.6	17.6	-3.0	-4.0	
Freedom Income (369/FFFAIX)	H ***	0.35	none	10.67	2551.4		13.5	2.2	7.2	5.2	2.3	3.4
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B ****	0.91	1(90)	8.18	9460.9	7.98	59.2	7.6	20.8	22.4	5.8	7.4
Floating Rate (814/FFRHX)	B ****	0.49	1(60)	9.33	2314.2	4.35	25.8	1.4	5.4	9.6	3.2	4.0
Focused High Inc (1366/FHIFX)	B ****	0.65	1(90)	8.99	437.6	7.06	28.7	3.8	9.2	10.0	3.0	
GNMA Portfolio (15/FGMNX)	B ****↑	0.15	none	11.48	6779.9	3.23	6.2	0.7	2.7	10.2	7.2	5.6
Gov't Income (54/FGOVX)	H ***	0.21	none	10.57	4634.0	2.82	1.7	0.7	2.2	8.6	7.1	5.4
High Income (455/SPHIX)	B ****	0.77	1(90)	8.15	6142.3	8.00	42.8	5.6	13.4	16.9	5.1	6.1
Inflation-Protected (794/FINPX)	S **	0.44	none	11.28	1895.0	1.05	7.9	2.3	3.1	5.0	4.3	3.8
Intermed Bond (32/FTHRX)	B ****↑	0.26	none	10.16	4160.5	3.88	15.6	1.7	6.1	12.6	4.6	3.8
Intermed Gov't Inc (452/FSTGX)	H ***	0.17	none	10.80	1548.1	1.85	1.1	0.5	1.7	7.1	6.6	4.8
Invest Grade Bond (26/FBNDX)	B ****	0.26	none	7.00	5924.6	4.58	14.1	1.8	6.2	10.2	3.3	3.4
Mortgage Securities (40/FMSFX)	B ****↑	0.14	none	10.47	835.7	4.68	7.8	1.0	3.4	9.0	3.3	3.4
New Markets Inc (331/FNMIX)	H ***	0.80	1(90)	15.25	2397.7	6.31	42.7	6.2	13.9	24.9	8.6	10.2
Short-Term Bond (450/FSHBX)	H ***	0.12	none	8.28	6312.0	2.32	6.2	0.9	2.9	3.7	1.7	2.2
Spart Intermed Tr Idx (1561/FIBIX)	H ***	0.36	none	10.71	1149.5	2.87	-3.4	0.9	2.5	6.9	7.6	
Spart L-Term Tr Idx (1562/FLBIX)	H ***	0.64	none	10.77	158.3	3.81	-8.5	1.9	4.4	8.7	7.7	
Spart S-Term Tr Idx (1560/FSBIX)	H ***	0.14	none	10.50	180.8	1.14	0.0	0.3	1.1	4.3	5.7	
Strategic Income (368/FSICX)	B ****↑	0.48	none	10.76	6213.4	5.40	28.4	4.0	10.9	18.0	7.2	7.1
Strategic Real Rtn (1505/FSRRX)	H ***	0.70	0.75(60)	8.32	4737.7	2.58	22.1	3.1	9.5	-2.4	-0.2	
Total Bond (820/FTBFX)	B ****	0.29	none	10.45	10807.1	4.67	17.6	2.0	6.7	13.9	5.5	4.8
Ultra-Short Bond (812/FUSFX)	S **	0.19	0.25(60)	8.13	227.3	0.52	0.8	0.2	0.4	-0.1	-3.7	-0.9
US Bond Index (651/FBIDX)	H ***	0.19	none	11.14	10189.4	3.16	6.3	1.1	3.7	10.0	5.5	4.6
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H ***	0.32	0.5(30)	11.51	154.4	3.40	14.9	3.8	6.7	14.8	4.5	4.1
CA Municipal Inc (91/FCTFX)	H ***	0.32	0.5(30)	12.15	1475.3	3.88	14.2	4.5	8.7	11.8	3.9	4.1
CA Short-Int TF (1534/FCSTX)	H ***	0.15	0.5(30)	10.60	462.6	1.74	5.7	1.2	3.4	8.1	4.8	
CT Municipal Inc (407/FICNX)	H ***	0.27	0.5(30)	11.63	556.3	2.92	12.0	2.8	5.6	13.2	5.0	4.3
Intermediate Muni (36/FLTIX)	B ****	0.19	0.5(30)	10.28	3473.8	2.69	9.1	2.4	4.8	10.4	4.9	4.3
MA Municipal Inc (70/FDMMX)	H ***	0.29	0.5(30)	12.02	2230.8	3.33	13.7	3.3	6.5	13.4	4.6	4.4
MD Municipal Inc (429/SMDMX)	H ***	0.29	0.5(30)	11.09	161.8	2.93	14.7	3.2	6.0	13.6	4.6	4.2
MI Municipal Inc (81/FMHTX)	H ***	0.25	0.5(30)	12.07	614.8	3.19	10.1	3.0	5.6	12.6	4.8	4.3
MN Municipal Inc (82/FMIX)	H ***	0.24	0.5(30)	11.55	451.4	2.68	10.5	2.4	4.4	11.9	4.7	4.2
Municipal Income (37/FHIGX)	H ***	0.30	0.5(30)	12.74	5441.3	3.66	14.5	3.8	7.5	13.3	4.4	4.4
NJ Municipal Inc (416/FNJHX)	H ***	0.29	0.5(30)	11.74	633.2	3.07	13.1	3.4	6.6	13.2	4.7	4.5
NY Municipal Inc (71/FTFMX)	H ***	0.29	0.5(30)	13.09	1651.6	3.31	13.3	3.5	6.5	14.2	4.9	4.5
OH Municipal Inc (88/FOHFX)	H ***	0.28	0.5(30)	11.81	489.2	3.32	11.9	3.0	5.9	13.9	4.9	4.4
PA Municipal Inc (402/FPXTX)	H ***	0.23	0.5(30)	10.91	402.1	3.29	9.9	2.6	4.8	12.1	4.6	4.2
Short-Int Municipal (404/FSTFX)	B ****	0.13	0.5(30)	10.68	2680.1	1.71	5.5	1.2	2.7	7.3	4.7	3.5
Tax-Free Bond (90/FTABX)	H ***	0.30	0.5(30)	10.98	1651.6	3.56	14.5	3.7	7.3	14.3	4.9	4.7

SEPTEMBER 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	0.92	9712.28	13.5	2.5	15.8	-7.4	-3.3	1.8	1.6
S&P 500	1.00	1057.08	19.3	3.7	15.6	-6.9	-5.4	1.0	-0.1
NASDAQ	1.15	2122.42	35.6	5.7	15.9	2.5	-1.2	3.1	-2.0
Russell 2000	1.25	604.28	22.3	5.7	19.2	-9.6	-4.6	2.4	4.9
Fidelity Monitor Income Model	0.34	86095.47	17.2	3.2	8.7	6.2	0.8	2.4	3.5
Fidelity Monitor G&I Model	0.74	153908.59	22.4	3.8	13.0	1.2	-3.1	2.9	5.1
Fidelity Monitor Growth Model	1.18	151115.13	23.6	5.7	17.9	-7.4	-6.4	1.6	3.6
Fidelity Monitor Select System	1.29	318424.29	26.3	5.0	19.2	-5.9	-1.4	4.7	4.3
Fidelity Monitor Unique Opportunities	1.21	102019.78	37.8	5.6	19.1	0.2	-4.3	4.4	5.2

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

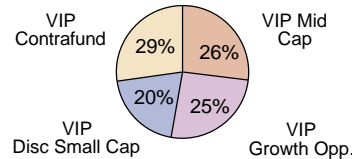


PAST PERFORMANCE

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: +21.1%

VIP GROWTH MODEL

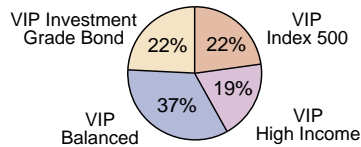


PAST PERFORMANCE

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: +19.6%

VIP G & I MODEL

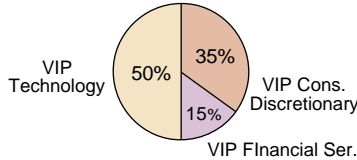


PAST PERFORMANCE

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: +22.3%

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: +38.0%

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

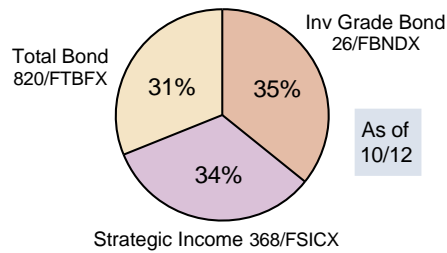
SEPTEMBER VIP PERFORMANCE Portfolio	Rating	Risk	Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	1.22	9.07	30.8	5.4	17.2	-0.9	-5.4	3.1
VIP Asset Manager	H ***	0.80	34.71	24.4	4.8	14.0	5.4	1.6	3.1
VIP Asset Manager: Growth	H ***	1.01	21.50	27.1	5.9	17.1	1.9	0.1	2.3
VIP Balanced	B ****	0.94	16.20	32.2	4.6	16.5	7.4	-0.5	2.7
VIP Consumer Discretionary	B ****	1.18	9.56	28.7	5.1	18.3	0.1	-7.0	-0.1
VIP Consumer Staples	H ***	0.8 Est	10.00	15.6	3.7	13.1	1.4		
VIP Contrafund	B ****	1.12	37.75	28.1	4.8	18.4	-1.6	-3.2	3.6
VIP Disciplined Small Cap	B ****	1.15	7.53	17.1	5.4	17.7	-12.0	-7.2	
VIP Dynamic Capital Appreciation	H ***	1.13	11.89	27.3	7.7	19.8	1.4	-5.4	3.6
VIP Energy	H ***	1.75	20.23	39.8	11.5	20.9	-11.6	0.1	10.0
VIP Equity-Income	B ****↑	1.18	49.21	24.8	3.7	19.5	-5.8	-8.4	-0.5
VIP Financial Services	B ****	1.55	8.30	28.8	2.2	19.9	-8.0	-16.6	-5.9
VIP Freedom 2005	H ***	0.63	11.05	19.1	3.1	11.8	4.1	0.3	
VIP Freedom 2010	H ***	0.66	11.03	20.2	3.2	12.3	4.1	0.1	
VIP Freedom 2015	H ***	0.71	11.13	21.0	3.4	13.1	3.8	-0.2	
VIP Freedom 2020	H ***	0.85	10.80	23.9	3.9	15.0	1.9	-1.6	
VIP Freedom 2025	H ***	0.89	10.75	24.6	4.0	15.7	1.1	-2.0	
VIP Freedom 2030	H ***	1.00	10.45	25.9	4.3	17.0	-1.0	-3.2	
VIP Freedom Income	H ***	0.32	11.42	12.4	1.8	6.7	5.9	2.4	
VIP FundsManager 20	B ****	0.28	10.80	8.3	1.6	5.4	4.9	2.0	
VIP FundsManager 50	B ****	0.60	9.93	15.4	3.0	10.3	3.0	-0.5	
VIP FundsManager 70	B ****	0.82	9.17	19.5	3.8	13.2	0.1	-2.9	
VIP FundsManager 85	B ****	0.98	8.64	22.7	4.6	16.0	-2.0	-4.6	
VIP Growth	H ***	1.10	48.11	20.1	4.6	15.5	-12.5	-6.4	-0.9
VIP Growth & Income	H ***	1.03	15.14	20.6	3.2	14.4	-9.0	-6.4	-0.1
VIP Growth Opportunities	B ****	1.39	9.97	35.0	6.1	17.3	0.3	-6.9	-1.9
VIP Growth Stock	B ****	1.16	9.44	33.2	6.3	17.0	1.0	-2.7	
VIP Health Care	H ***	0.91	11.63	24.0	3.6	12.9	1.7	-1.9	3.4
VIP High Income	B ****	0.73	32.42	35.7	4.4	10.9	8.9	2.3	3.9
VIP Index 500	H ***	1.00	29.59	18.7	3.7	15.4	-7.5	-6.2	0.2
VIP Industrials	H ***	1.40	15.79	28.9	4.0	22.5	-3.1	-1.3	5.2
VIP Int'l Capital Appreciation	H ***	1.56	9.90	49.8	4.9	21.1	11.6	-5.5	
VIP Investment Grade Bond	B ****	0.25	33.12	13.8	1.7	5.7	12.1	4.5	3.7
VIP Materials	H ***	1.5 Est	9.71	62.1	5.9	26.0	12.7		
VIP Mid Cap	B ****	1.13	19.77	33.3	6.8	16.9	1.6	-0.6	6.4
VIP Money Market			21.89	0.1	0.0	-0.1	0.5	2.5	2.6
VIP Overseas	H ***	1.24	32.44	22.1	4.3	18.7	-3.4	-4.6	4.5
VIP Real Estate	H ***	2.18	13.81	25.2	7.5	38.3	-24.6	-12.6	1.9
VIP Strategic Income	B ****↑	0.46	14.03	26.2	3.8	10.0	16.9	6.4	6.2
VIP Technology	B ****	1.57	10.58	74.6	8.0	21.0	26.8	1.3	6.2
VIP Telecommunications	H ***	1.3 Est	7.07	37.0	6.7	8.6	7.9		
VIP Utilities	H ***	0.99	11.02	8.6	0.8	9.7	-3.3	-3.3	5.6
VIP Value	B ****↑	1.45	8.87	36.1	5.1	26.6	-7.2	-8.0	
VIP Value Leaders	H ***	1.19	8.67	22.9	3.3	19.7	-8.0	-9.0	
VIP Value Strategies	H ***	1.60	11.60	50.7	5.9	27.4	-0.6	-5.9	0.9
Fidelity Monitor VIP Income Model		0.32	20834.51	21.1	3.2	8.6	10.0	2.7	3.0
Fidelity Monitor VIP G&I Model		0.72	22895.25	22.3	3.7	12.6	1.8	-1.4	2.3
Fidelity Monitor VIP Growth Model		1.15	26996.62	19.6	5.8	17.6	-8.7	-8.7	-0.4
Fidelity Monitor VIP Sector Model		1.33	16833.35	38.0	6.9	20.2	4.2	-1.5	5.7

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	\$7.00	4257.764	\$29804.35
Strategic Income	\$10.76	2708.125	\$29139.43
Focused High Inc.	\$8.99	3020.210	\$27151.69

17% Foreign Holdings
Balance as of 9/30/09: \$86095.47
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: +17.2%

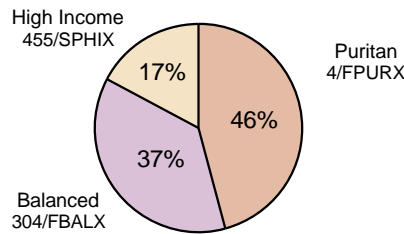
In September our Income Model gained 3.2%. On 10/12 we will sell **Focused High Income** and buy **Total Bond**.

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	\$15.55	4508.206	\$70102.60
Balanced	\$15.96	3614.971	\$57694.94
High Income	\$8.15	3203.810	\$26111.05

10% Foreign Holdings
Balance as of 9/30/09: \$153908.59
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: +22.4%

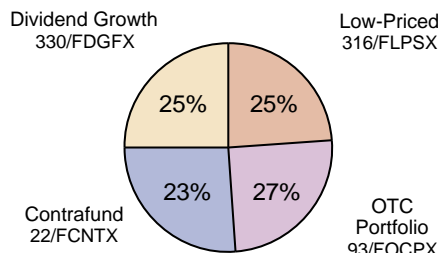
Our Growth and Income Model gained 3.8% in September.

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	\$30.36	1231.092	\$37375.95
OTC Portfolio	\$42.21	984.424	\$41552.54
Contrafund	\$54.46	646.628	\$35215.36
Dividend Growth	\$22.51	1642.438	\$36971.28

16% Foreign Holdings
Balance as of 9/30/09: \$151115.13
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: +23.6%

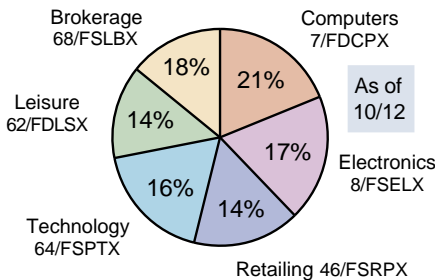
Our Growth Model gained 5.7% in September, versus 3.7% for the S&P 500.

SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Computers	\$41.95	1560.153	\$65448.42
Electronics	\$38.06	1433.672	\$54565.56
Retailing	\$41.87	1099.611	\$46040.71
Const. & Housing	\$28.53	1787.121	\$50986.56
Leisure	\$64.89	683.802	\$44371.91
Brokerage	\$49.60	1149.418	\$57011.13

6% Foreign Holdings
Balance as of 9/30/09: \$318424.29
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: +26.3%

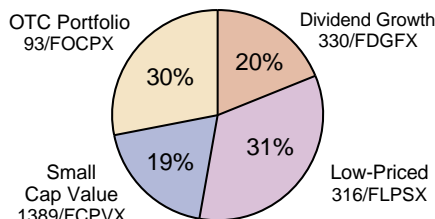
We were up 5.0% in September, versus a 3.7% increase for the S&P 500. On 9/14 we replaced **Com. Equip.** (\$19.65) with **Brokerage** (\$48.76). On 10/12 we'll swap **Const. & Housing** for **Technology**.

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	\$22.51	918.617	\$20678.07
Low-Priced Stock	\$30.36	1041.543	\$31621.25
Small Cap Value	\$12.30	1527.816	\$18792.14
OTC Portfolio	\$42.21	732.725	\$30928.32

15% Foreign Holdings
Balance as of 9/30/09: \$102019.78
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: +37.8%

Our Unique Opportunities Model gained 5.9% in September.

Question & Answer Forum

Long-term muni funds are paying high rates relative to CDs. Why do you rate them a hold?

The behavior of long-term munis is similar to that of long-term government bonds, meaning they are more sensitive to rising interest rates than are corporate bonds. Furthermore, many states are struggling with a severe shortfall in tax revenue, boosting the risk of a surprise default in the sector. Finally, California is considering a business receipts tax that would boost tax revenue while reducing the advantage that municipals enjoy. That kind of change would be good for high-bracket residents, but may also lead to capital losses in the municipal sector.

Why do you continue to rate Ginnie Mae a hold? It has low risk and pays a good yield.

Ginnie Mae is one of the more attractive funds in the government bond sector. While corporate bonds offer a higher yield and greater recovery potential, we're upgrading it to a buy to reflect its combination of low credit risk and moderate interest rate sensitivity. ■

Happenings

Court Dignan was named portfolio manager of **Insurance** on 9/21.

Fidelity is changing the asset allocation approach for its **Freedom** and **Asset Manager** funds. The new strategy will attempt to improve risk/return characteristics by including commodities, inflation-protected bonds, and boosting the foreign stock weighting. Over the next few months, roughly a quarter of the existing allocation to domestic stocks will be reallocated in favor of foreign stocks and commodities, and roughly 20% of the existing bond allocation will be shifted into inflation-protected bonds (TIPS). While the increase in foreign stock exposure is not very controversial, there is some risk that the commodities and TIPS exposure might dilute performance if today's deflationary backdrop lasts for any length of time. At any rate, this change should make the **Freedom** and **Asset Manager** funds less dependent on any one asset class. We continue to rate these funds a hold. They make sense for 401(k) plans with limited choices and for individuals who don't closely monitor their investments, but most savvy investors should be able to do better making asset allocation decisions on their own. ■

RECOMMENDATIONS - *Continued from page 1*

INCOME FUNDS

Our Income Model holdings are listed on page 7. For a more aggressive approach, consider a high-yield position with **Strategic Income** or **High Income**.

Low-grade bonds caught a second wind as credit fears continued to ease. **Capital & Income** jumped 7.6%, **New Markets Income** climbed 6.2%, **High Income** posted a 5.6% increase, and **Strategic Income** returned 4.0%. **Laggard Ultra-Short Bond** focused on safety, which limited its increase to 0.2%.

Municipal bond funds posted gains ranging from 1.2% to 4.5%.

SELECT PORTFOLIOS

Our Select System holdings are listed on page 7. The following funds have an above-average ranking in our volatility model: **Retailing, Electronics, Computers, Technology, Brokerage, and Leisure**. The list is short due to big fluctuations in behavior as the trailing one-year period shifts to reflect the recovery period. As the dust settles, we'll add more.

The weak dollar, along with short-covering in the natural gas markets, gave commodities a boost. **Natural Gas** jumped 11.9%, **Natural Resources** and **Gold** were both up 11.6%, and **Energy Service** climbed 11.5%. On the bottom end, **Utilities** gained 0.9%, **Medical Delivery** rose 0.7%, and **Construction & Housing** edged up 0.2%. ■

SEPTEMBER DISTRIBUTIONS

Asset Manager 20%	\$ 0.024/\$11.56 (9/4)
Asset Manager 30%	\$ 0.018/ \$8.80 (9/4)
Blue Chip Growth	\$ 0.124/\$34.46 (9/11)
Blue Chip Value	\$ 0.10 / \$9.61 (9/11)
Dividend Growth	\$ 0.098/\$22.21 (9/11)
Freedom Income	\$ 0.02 / \$10.44 (9/4)
Gov't Income	\$ 0.295/\$10.55 (9/11)
Growth & Income	\$ 0.008/\$15.30 (9/11)
Int. Gov't Income	\$ 0.09 / \$10.80 (9/11)
Leveraged Co. Stock	\$ 0.079/\$21.41 (9/11)
Low-Priced Stock	\$ 0.203/\$30.21 (9/11)
Real Estate Income	\$ 0.12 / \$8.50 (9/4)
Real Estate	\$ 0.11 / \$16.32 (9/4)
Small Cap Value	\$ 0.037/\$12.01 (9/11)
Value Discovery	\$ 0.091/\$12.43 (9/11)

Funds scheduled for October include **Asset Manager 20%, 30%, 40%, and 50%, AZ Muni Inc., Balanced, Convertible Securities, Equity-Income, Equity-Inc. II, Export & Multinational, Fidelity Fund, Freedom Inc., Growth & Income, Puritan, MD Muni Inc., Strategic Dividend & Income, Strategic Real Return, Short-Intermediate Municipal, Total Bond, and Utilities**.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	137106.9	0.28	CT MM (418/FCMXX)	1894.8	0.01			
Select MM (85/FSLXX)	8367.2	0.33	MA MM (74/FDMXX)	4824.9	0.01			
Money Market (454/SPRXX)	8658.9	0.24	MI MM (420/FMIXX)	921.3	0.01	MA AMT TF (426/FMSXX)	527.2	0.12
Gov't MM (458/SPAXX)	983.4	0.01	NJ MM (417/FNJXX)	2329.9	0.01	AMT Tax-Free (460/FIMXX)	2514.8	0.10
US Treas. MM (415/FDLXX)	6821.5	0.01	NY MM (92/FNYXX)	5434.4	0.01	NJ AMT TF (423/FSJXX)	489.9	0.14
Tax-Free MM (275/FMOXX)	6189.2	0.01	OH MM (419/FOMXX)	1071.1	0.07	NY AMT TF (422/FSNXX)	897.4	0.12
US Gov't Reser (50/FGRXX)	4279.2	0.07	AZ MM (433/FSAXX)	370.0	0.01	PA MM (401/FPTXX)	695.3	0.01
CA MM (97/FCFXX)	5125.3	0.01	CA AMT TF (457/FSPXX)	1002.8	0.10	Municipal MM (10/FTEXX)	24345.4	0.07