

Jack
Bowers



Fidelity

Best Performing
Fidelity Newsletter

20
Years

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Monitor™

Fidelity Selects vs. Sector ETFs

Exchange Traded Funds (ETFs) enjoy widespread popularity because their fees are low and trading activity is not restricted. But many investors are not aware that ETFs are nothing more than repackaged index funds that trade continuously during market hours. They don't have the ability to outperform over the long run. That may not be a problem if all you need to do is match a broad market index like the S&P 500, but when it comes to sector investing there is no free lunch. The price you pay for the convenience of unrestricted inter-day trading is lackluster long-term performance.

A little over a year ago, Fidelity restructured its Select Portfolios. New benchmarks were adopted, some of the fund's names were changed, hourly trading was discontinued, and round-trip limits were imposed. In an ETF-crazed world, Fidelity opted not to join the party. Instead, it laid the groundwork to

SELECTS vs ETFs - *Continued on page 2*

Changes For Growth Model, VIP Growth Model, Select System, and VIP Sector Model

The following switches will take place on 11/12:

Our Growth Model will sell **Equity-Income** (23/FEQIX) and buy **Export & Multinational** (332/FEXPX), for a resulting mix of 23% **Spartan 500 Index**, 25% **Value Discovery**, 27% **Growth Discovery**, and 25% **Export & Multinational**.

This move will shift the portfolio in the large-cap growth direction. **Export & Multinational** is placing more emphasis on technology and natural resources, which should position it well for 2008.

Our VIP Growth Model will be selling **VIP Equity-Income** and buying **VIP Growth Stock**.

Our Select System will sell **Telecommunications** (96/FSTCX) and buy **Chemicals** (69/FSCHX), for a mix of 15% **Medical Equip.**, 17% **Computers**, 18% **Consumer Staples**, 17% **Natural Resources**, 18% **Wireless**, and 15% **Chemicals**. Volatility in the telecom group is rising due to competitive pressures in cable television, but a weak dollar bodes well for **Chemicals** – the least risky of the materials group.

In the VIP Sector Model, we will be selling **VIP Telecom** and buying **VIP Materials**.

Review & Recommendations

Investors struggled to digest third-quarter earnings and get a better handle on the economy's pulse. Rising oil prices were once again a source of concern, but the weak dollar gave a boost to exporters as the market anticipated the Fed's quarter-point rate cut. The S&P 500 finished October with a gain of 1.6%.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorite growth funds include **Trend**, **Growth Discovery**, **Independence**, **Export & Multinational**, **Spartan 500 Index**, **Value Discovery**, and **Leveraged Company Stock**. Most of these funds are forecasting negligible payouts in December, but **Trend** estimates a long-term capital gain distribution of 7%.

Large-cap growth funds led the group. **OTC Portfolio** logged a gain of 9.8%, **Independence** was up 8.2%, **Trend** rose 7.9%, and **Growth Discovery** returned 7.1%. On the bottom end, **Large Cap Value Enhanced Index** edged up 0.1%.

INTERNATIONAL FUNDS

Canada is a good choice for commodity exposure, and as a lower-risk alternative to emerging markets. Fidelity's foreign funds are forecasting unusually large payouts in December. **Canada's** estimate is 6%.

It's possible that the Fed's accommodating stance, and the resulting weakness in the dollar, may be fueling a bubble in the emerging markets. **Southeast Asia** jumped 13.2%. **China Region** and **Emerging Market** both climbed 13.1%. **Latin America** was up 10.9%. On the flip side, the weak dollar continued to weigh on **Japan**, which returned 0.7%.

GROWTH & INCOME FUNDS

Growth and Income Model holdings are listed on page 7. Our favorites are **Balanced**, **Convertible Securities**, and **Puritan**. For greater emphasis on income, consider **Asset Manager 20%**. These funds estimate December payouts of 3% or less.

Fidelity Fund gained 5.7%, and **Convertible Securities** rose 3.0% as the two funds benefited from technology gains. **Equity-Income I & II**, in contrast, suffered as bad earnings news rolled in from brokerages and banks. Respective increases were 0.2% and 0.8%.

RECOMMENDATIONS - *Continued on page 8*

compete head-to-head with ETFs purely on the basis of long-term returns.

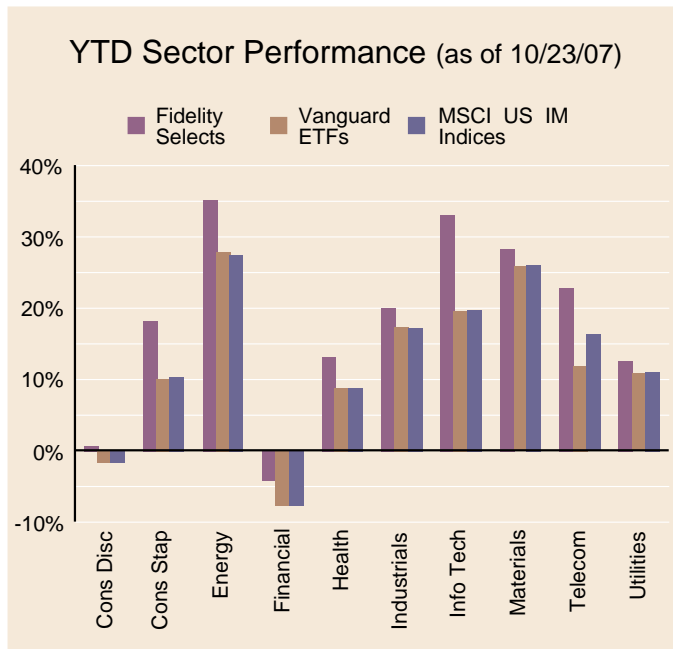
So how is it working out? If 2007 performance is any indication, Fidelity is going to have a lot of fun comparing the Selects to their ETF competitors in future advertisements. Not only have the Selects outperformed all ten of the major industry group benchmarks, but in several cases they are ahead by substantial margins.

The chart at the bottom of the page shows how performance compares in the ten main U.S. industry groups. Numbers are shown for the Fidelity Selects, the Vanguard ETFs, and the underlying Morgan Stanley indices that are used for benchmarks. The Fidelity Selects are ahead of these underlying indices by an average of about five percentage points. The Vanguard ETFs, on the other hand, have tracked the Morgan Stanley benchmarks closely – except for the Telecommunication Services ETF, where an apparent attempt to add diversification resulted in performance that has lagged significantly.

ACTIVE MANAGEMENT DONE RIGHT

This kind of performance isn't unusual for the Selects. For the 10-year period ending 10/31/07, an impressive 83% of the Selects finished ahead of the S&P 500, a level of performance that is second to none in the mutual fund industry (a more typical rate is 20%, which explains why indexing is so popular).

How does Fidelity do it? Dedication to research.



Fidelity's team includes hundreds of professionals who are determined to get the latest story, and get it right. These workaholics keep tabs on thousands of companies, putting in long hours to fully understand their business models. Fidelity researchers know the trends, the competitors, the risks, and the major factors that influence the bottom line in every industry group.

This kind of internal stock analysis is so powerful that other factors almost don't matter. Expense ratios don't have to be rock bottom. Portfolio turnover can be high. Manager tenure can be short, because all managers are set up for success.

It's interesting how much press coverage ETFs get, while the Select family is all but completely ignored. Look for low expenses, low turnover, and managers that don't even try to manage risk, the pundits tell us. You can't blame the media for taking this view, given the poor performance of most actively managed mutual funds. But at Fidelity, where all sector managers clearly have the stockpicking odds skewed in their favor, the idea that investors should walk from an expense ratio of 0.9% – or the lack of inter-day trading – is almost laughable. Fidelity's modest annual fees fund one of the best research operations around. And unless you're a day trader, what difference does it make if you have to wait until the market closes to execute a trade?

Unfortunately, for some who have bought into the ETF belief system, the performance sacrifice may not be obvious until they've lived it for several years. Two summers ago, we backtested an ETF version of our volatility model using a decade's worth of sector index data. The results fell several percentage points short compared with our Select System. Plus, the overall volatility was substantially higher. Mindful of the fact that an ETF sector portfolio might struggle just to keep even with the S&P 500, we decided not to join the mad rush to launch an ETF advisory service.

To be sure, ETFs are able to do some things that aren't possible with mutual funds. They can own commodities directly, providing the ability to buy gold, silver, oil, and other inflation hedges without taking physical possession. Their low cost of setup allows the creation of foreign country indexes and unique index strategies that wouldn't be profitable for a mutual fund firm. And for those who think of Wall Street as a giant casino, ETFs provide the ability to buy indexes on margin or sell them short.

SECTOR REVIEW

Whether you make your bets with a Fidelity

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Select or an ETF, the current market environment is favoring the technology, industrial, energy, consumer staples, and materials groups over the financial and consumer discretionary sectors. That's unlikely to change much in the year ahead, because the main factors are the housing crunch, the weak dollar, and unrestrained growth in China. Here's a review of all the Selects we currently rate as a buy.

CHEMICALS

This industry group is a sub-sector of the materials group, and its holdings tend to be less volatile than mining companies and paper stocks. It's wide range of commodities include fertilizer, plastics, packaging, and products that go into (or are derived from) the oil refining process. At a time like this, when the world is straining to produce enough food and fuel to meet demand, chemical companies are deriving enough benefit from the weak dollar that any weakness on the domestic front will not be a problem.

COMPUTERS

You might think that a slowdown in consumer spending would hurt this sector, but the chipmakers and component suppliers are the main ones bearing the burden. That means lower component prices, which means higher margins. In addition, computer sales are picking up abroad because of the weak dollar and the growing popularity of the internet. Here at home, a positive factor is the popularity of virtual servers, which allows significant electricity savings for the internet's infrastructure.

CONSUMER STAPLES

Sales of food, beverages, tobacco, and drugstore products rarely get hurt when the economy slows down. And even though some firms are getting squeezed by the rising cost of basic food commodities, they're also gaining pricing power and benefiting from rising foreign earnings. Normally when you own a defensive, low-risk industry group like this, you don't expect to outperform the S&P 500. But thanks to a weak dollar and Fidelity's stockpicking ability, this fund has done quite well.

ENERGY

Rising oil demand in Asia and the mid-East has exceeded expectations, creating a situation where demand for crude is outpacing supply. As a result, inventories have been shrinking. OPEC, no longer worried about losing market share to non-OPEC producers, and aware that oil prices haven't climbed as much in yen, euros, or pounds, is not doing much to ease the crunch. The recent 500,000 barrel per

day production boost barely makes up for the increased domestic consumption in OPEC's own member countries this year. A slowdown in the U.S. economy, along with new sources of supply and additional refining capacity, might bring the price of oil back down in 2008. But with strong foreign economies and changing attitudes among state-owned oil monopolies, it seems more likely that prices will keep moving up over the long run.

ENERGY SERVICE

With a global oil production peak looming on the five-year horizon, it can be argued that the drillers are the best long-term bet, given how their services are needed by both the oil giants and the state-owned monopolies. But there's such a huge premium for rigs these days, that any short-term pullback in the price of oil could result in a big decline in earnings, a consideration that makes this group of companies the most volatile in the energy group. Still, buying and holding a fund like this is not a bad idea if you can put up with the roller-coaster ride.

INDUSTRIAL EQUIPMENT

This isn't the type of sector fund you would normally want to hold during an economic slowdown, but the weak dollar and strong economic growth overseas should more than offset any weakness on the domestic front. Furthermore, the rising cost of energy makes this fund an efficiency play of sorts, because the easiest way for any business to consume less is to replace aging and outdated equipment.

MEDICAL EQUIPMENT & SERVICES

Unlike the pharmaceutical sector, products sold by this group of companies are not as easily copied when they lose patent protection. And they still enjoy the upside of a weak dollar. They're also seeing increased demand from emerging countries, especially where living standards have moved high enough that more money can be spent on health care.

NATURAL RESOURCES

The least risky of the energy group, this fund is still not for the faint of heart, because it's two-thirds more volatile than the S&P 500. Roughly 75% of assets are invested in energy and energy service companies. The rest is held mostly in a variety of mining stocks – including a 4% position in gold producers. Given the growing appetite for energy and materials from emerging countries, matching the S&P 500's 15% weighting in natural resources makes a lot of sense as a long-term inflation hedge.

SELECTS vs ETFs - *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 ↓.

OCTOBER PERFORMANCE						2007	One	Three	One	3-Yr	5-Yr	10-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H***	1.21	1.5(90)	25.10	3992.3	29.5	6.0	12.1	35.2	17.9	18.6	4.2
Blue Chip Gth (312/FBGRX)	B****	0.98	none	47.27	18891.1	16.6	3.6	10.2	18.5	11.0	10.7	5.2
Blue Chip Value (1271/FBCVX)	H***	1.05	none	15.71	746.3	10.6	1.0	5.9	14.9	15.3		
Capital Apprec (307/FEPCX)	B****	1.19	none	32.13	9663.0	18.5	4.6	10.6	23.5	15.8	19.1	9.7
Contrafund (22/FCNTX)	H***	0.97	Closed	79.20	78354.2	22.7	5.0	13.5	26.0	19.8	18.3	11.2
Growth Discovery (339/FDSVX)	B****	1.02	none	16.96	1096.7	32.2	7.1	16.5	37.2	18.6	15.7	
Disc Equity (315/FDEQX)	H***	1.06	none	33.37	10773.3	15.0	4.1	9.4	18.4	16.5	15.1	8.2
Dividend Gth (330/FDGFY)	H***	0.88	none	32.34	16678.8	8.4	1.0	4.9	11.3	11.3	10.8	8.3
Export Fund (332/FEPCX)	B****	1.09	0.75(30)	27.57	4554.6	22.2	6.4	14.0	24.8	18.6	18.6	12.6
Fidelity Fifty (500/FFTYX)	H***	1.09	none	24.89	1688.5	22.0	3.3	9.4	26.7	18.1	15.0	11.0
Focused Stock (333/FTQGX)	H***	1.19	none	15.35	76.8	22.8	5.3	13.4	24.7	19.1	16.4	5.1
Growth Company (25/FDGRX)	B****	1.09	Closed	88.61	36181.5	27.1	6.9	16.6	31.7	20.0	20.2	10.5
Independence (73/FDFFX)	B****	1.27	none	29.45	5431.4	34.1	8.2	19.9	38.1	22.3	18.5	11.3
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 Est	none	10.66	40.6		2.2	7.2				
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.0 Est	none	10.87	32.0		3.1	7.9				
Large Cap Growth (763/FSLGX)	H***	1.15	none	12.39	177.4	7.6	4.3	9.3	11.6	12.6	12.6	
Large-Cap Stock (338/FLCSX)	B****	1.00	none	20.78	1152.2	18.9	3.6	9.4	22.5	15.8	13.6	6.8
Lg Cap Val En Idx (1828/FLVEX)	H***	1.0 Est	none	10.14	25.5		0.1	4.2				
Large Cap Value (708/FSLVX)	H***	1.09	none	16.07	1668.3	9.6	1.5	7.1	12.8	15.9	16.2	
Lev Co Stock (122/FLVCX)	B****	1.20	1.5(90)	34.86	7972.9	25.6	4.2	7.7	31.1	24.7	36.9	
Low-Priced Stock (316/FLPSX)	H***	0.98	Closed	45.36	38454.6	9.5	3.0	5.0	16.1	16.3	19.7	13.8
Magellan (21/FMAGX)	H***	1.14	Closed	104.21	45351.0	23.1	5.3	13.2	25.6	14.4	13.1	7.0
Mid Cap Growth (793/FSMGX)	H***	1.28	0.75(30)	15.05	414.7	7.7	3.4	5.9	11.9	13.6	16.5	
Mid Cap Stock (337/FMCSX)	H***	1.11	Closed	32.24	16007.6	16.0	1.3	4.5	18.6	19.0	17.7	12.2
Mid Cap Value (762/FSMVX)	H***	1.18	0.75(30)	17.74	935.2	8.5	1.3	4.2	11.4	16.1	18.5	
New Millennium (300/FMLIX)	B****	1.12	none	35.40	2307.9	22.5	6.1	13.2	26.8	18.9	16.9	13.7
OTC Portfolio (93/FOCPX)	H***	1.19	none	56.15	9309.9	35.8	9.8	19.3	40.0	21.5	18.6	9.1
Small Cap Gth (1388/FCPGX)	H***	1.14	1.5(90)	16.59	1196.6	22.7	5.7	9.8	27.5			
Small Cap Indep (336/FDSCX)	H***	1.13	1.5(90)	24.81	2586.4	17.9	5.5	7.8	24.4	19.1	17.9	8.3
Small Cap Stock (340/FSLCX)	H***	1.00	Closed	20.31	4944.8	14.5	2.8	5.2	17.7	15.2	18.9	
Small Cap Value (1389/FCPVX)	H***	1.21	1.5(90)	14.92	1217.3	9.7	4.9	6.4	12.7			
Stock Selector (320/FDSSX)	H***	0.97	none	32.37	911.7	16.3	2.8	9.7	19.5	15.6	14.7	6.6
Tax Mgd Stock (343/FTXMX)	B****	1.08	1(730)	16.66	94.1	17.9	3.8	7.8	21.5	18.2	16.0	
Trend (5/FTRNX)	B****	1.10	none	79.82	1081.1	24.4	7.9	15.4	28.0	17.6	16.3	6.5
Value (39/FDVLX)	H***↓	1.03	none	89.60	22521.7	11.2	1.4	4.2	15.8	17.0	20.0	11.4
Value Discovery (832/FVDFX)	B****	1.06	none	19.38	1301.8	15.9	2.2	6.9	19.3	20.0		
Value Strategies (14/FSLSX)	H***	1.11	none	36.44	546.6	15.2	2.7	4.8	20.0	16.2	20.9	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.71	none	20.64	27209.5	13.0	2.1	6.3	15.7	14.3	15.4	10.3
Convertible Sec (308/FCVXX)	B****	0.86	none	30.35	2832.4	21.4	3.0	6.2	27.2	16.6	16.9	12.5
Equity-Income (23/FEQIX)	H***↓	1.00	none	61.60	32840.2	8.2	0.2	3.7	12.5	14.0	15.1	8.0
Equity-Income II (319/FEQTX)	B****	1.01	none	25.36	11106.4	9.8	0.8	5.4	12.6	12.0	13.9	8.2
Fidelity Fund (3/FFIDX)	B****↑	1.00	none	42.67	7623.6	20.4	5.7	12.8	23.7	16.2	14.9	8.0
Growth & Income (27/FGRIX)	H***	1.02	none	30.42	22659.2	7.4	1.0	4.3	10.7	9.3	9.5	5.8
Growth & Inc II (361/FGRTX)	H***	0.97	none	12.29	213.8	16.1	2.6	9.5	19.2	14.2	12.8	
Puritan (4/FPURX)	B****	0.66	none	20.34	26355.0	9.2	1.7	5.7	12.5	11.4	12.4	8.0
Strategic Div & Inc (1329/FSDIX)	B****	0.84	none	14.16	1260.0	10.6	2.0	5.9	13.5	14.1		
Utilities (311/FUIUX)	H***	1.11	none	21.27	1526.7	14.1	1.4	5.0	18.6	21.0	20.7	8.0
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.34	0.75(30)	53.88	71.9	13.8	1.4	5.6	19.5	21.9	22.0	13.6
Automotive (502/FSAVX)	H***	1.37	0.75(30)	47.17	52.1	22.1	6.8	9.1	25.3	14.8	16.6	7.2
Banking (507/FSRBX)	S**	1.28	0.75(30)	29.80	279.0	-9.7	-3.8	0.1	-6.9	2.4	8.1	6.2
Biotechnology (42/FBIOX)	H***	1.11	0.75(30)	73.22	1312.6	12.7	4.1	14.6	9.8	11.1	13.3	9.9
Brokerage (68/FSLBX)	S**	1.52	0.75(30)	76.25	887.1	6.2	6.7	10.2	10.9	23.4	21.4	14.2
IT Ser / Bus Ser (353/FBSOX)	H***	1.14	0.75(30)	18.80	50.8	15.8	5.0	2.1	21.9	15.7	16.3	
Chemicals (69/FSCHX)	B****	1.15	0.75(30)	86.93	223.4	31.0	2.8	12.7	38.4	20.9	23.0	11.4
Computers (7/FDCPX)	B****	1.23	0.75(30)	52.80	621.2	33.7	10.7	19.0	39.7	18.0	18.5	8.1
Const & Housing (511/FSHOX)	S**	1.43	0.75(30)	42.18	94.1	-4.4	2.6	-1.4	2.7	9.1	16.5	10.6
Consumer Disc (517/FSCPX)	S**	1.17	0.75(30)	25.42	30.7	1.7	0.8	1.9	1.1	8.9	9.1	5.8
Industrial / Cyc Ind (515/FCYIX)	H***	1.11	0.75(30)	24.09	120.6	22.0	2.2	7.5	25.9	20.1	22.8	11.7
Defense & Aero (67/FSDAX)	H***	1.10	0.75(30)	97.09	1477.7	24.7	1.2	10.7	33.4	24.5	24.9	14.0
Com Equip / DevC (518/FSDCX)	H***	1.36	0.75(30)	25.90	341.5	26.6	5.7	12.5	29.8	14.0	22.0	8.4
Electronics (8/FSELX)	H***	1.38	0.75(30)	50.07	1843.3	14.3	-1.4	2.1	16.3	12.6	14.9	7.3
Energy (60/FSENX)	B****	1.64	0.75(30)	67.20	2904.7	39.9	4.9	14.3	47.0	36.9	32.4	15.9
Energy Service (43/FSESX)	B****	1.89	0.75(30)	99.99	2446.8	51.9	-0.7	11.0	58.6	38.9	31.1	12.8
Environmental (516/FSLEX)	H***↑	1.08	0.75(30)	19.74	36.7	14.2	3.8	11.8	13.4	15.3	14.3	2.3
Financial Services (66/FIDSX)	S**	1.26	0.75(30)	113.76	453.1	-3.0	-0.8	3.9	0.7	9.3	11.8	8.7
Con Stap / Food Ag (9/FDFAX)	B****	0.74	0.75(30)	68.44	503.4	21.0	3.2	12.5	25.7	19.7	14.8	9.5
Gold (41/FSAGX)	H***	1.83	0.75(30)	47.58	1557.7	36.6	12.1	32.7	48.0	33.3	29.0	14.4
Health Care (63/FSPHX)	H***	0.87	0.75(30)	139.15	2134.2	15.2	3.5	10.2	16.3	15.5	12.3	9.2
Home Finance (98/FSVLX)	S**	1.62	0.75(30)	36.63	190.2	-24.4	-8.8	-10.2	-21.6	-5.6	4.2	3.3
Indust Equip (510/FSCGX)	B****	1.10	0.75(30)	37.98	197.6	24.7	1.3	8.8	30.3	20.3	20.9	9.2
Materials / Ind Mat (509/FSDPX)	H***	1.32	0.75(30)	62.18	365.9	33.0	3.8	12.7	40.2	25.7	28.0	12.3
Insurance (45/FSPCX)	H***	1.07	0.75(30)	71.37	214.5	0.7	-2.1	4.6	5.6	12.3	13.1	12.0
Leisure (62/FDLSX)	H***	1.06	0.75(30)	87.58	254.8	13.5	4.9	12.3	19.9	14.7	18.0	10.9
Medical Delivery (505/FSHCX)	H***	0.95	0.75(30)	53.90	622.0	13.3	4.0	7.6	18.7	22.6	18.8	10.4
Medical Equip/Sys (354/FSMEX)	B****	0.88	0.75(30)	26.36	1013.0	17.5	-0.5	8.3	18.7	12.8	16.4	
Multimedia (503/FBMPX)	H***	1.03	0.75(30)	43.96	79.1	-1.0	0.0	-1.3	3.3	9.0	12.9	9.7
Natural Gas (513/FSNGX)	H***	1.65	0.75(30)	50.75	1281.7	40.1	10.1	17.0	44.0	32.1	32.5	16.9
Nat Resources (514/FNARX)	B****	1.58	0.75(30)	39.93	1867.8	46.2	6.5	17.0	55.1	38.5	33.6	16.1
Networking (912/FNINX)	H***	1.31	0.75(30)	2.95	71.8	19.4	7.7	13.0	23.9	12.2	16.8	
Paper & Forest (506/FSPEX)	H***	1.18	0.75(30)	35.19	29.8	8.7	3.5	3.5	16.1	6.9	9.0	5.9
Pharmaceuticals (580/FPHAX)	H***	0.96	0.75(30)	12.25	211.3	15.8	4.2	10.0	15.3	16.7	12.5	
Retailing (46/FSRPX)	S**	1.34	0.75(30)	50.71	62.2	0.4	0.1	0.1	-0.8	9.9	12.5	7.9
Software (28/FSCSX)	H***	1.14	0.75(30)	84.84	836.8	29.4	14.4	19.1	31.9	21.1	20.1	14.0
Technology (64/FSPTX)	H***	1.27	0.75(30)	91.43	2037.0	34.7	9.6	17.8	37.7	18.5	19.8	10.2
Telecom (96/FSTCX)	H***↓	1.20	0.75(30)	57.98	673.5	19.6	-2.5	3.6	25.1	20.1	20.5	6.0
Transportation (512/FSRFY)	H***	1.37	0.75(30)	55.83	88.4	12.0	4.4	1.9	11.8	14.4	19.8	11.9
Utilities Growth (65/FSUTX)	H***	1.27	0.75(30)	66.01	728.8	19.4	7.6	13.7	24.7	21.8	23.0	9.4
Wireless (963/FWRLX)	B****	1.29	0.75(30)	9.97	717.7	42.4	2.8	16.1	48.8	24.9	33.5	

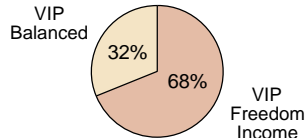
OCTOBER PERFORMANCE						30-day	2007	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.94	1 (30)	19.30	729.6		15.4	3.5	4.7	24.7	18.7	18.9
Canada (309/FICDX)	B****	1.18	1.5(90)	70.25	4490.1		45.6	9.8	20.9	46.0	31.7	33.1
China Region (352/FHKCX)	S**	1.49	1.5(90)	41.53	1534.5		69.4	13.1	36.9	84.8	40.0	32.2
Diversified Int'l (325/FDIVX)	H***	1.05	Closed	45.41	55984.9		22.9	5.5	11.5	30.4	25.0	25.2
Emerging Mkts (322/FEMKX)	S**	1.51	1.5(90)	37.55	5474.5		54.0	13.1	22.7	71.9	50.7	41.1
Europe (301/FIEUX)	H***	1.17	1 (30)	47.46	5139.3		20.6	6.5	13.0	28.3	26.3	27.8
Europe Cap Appr (341/FECAX)	H***	1.10	1 (30)	32.66	1333.3		19.7	4.5	11.1	29.9	27.8	24.9
Global Balanced (334/FGBLX)	B****	0.63	1 (30)	25.40	336.3		17.4	4.4	10.0	21.8	16.6	16.8
Int'l Discovery (305/FIGRX)	H***	1.09	1 (30)	47.67	12976.2		25.7	6.3	13.0	34.9	27.7	26.2
Int'l Small Cap (818/FISMX)	H***	1.06	Closed	31.44	1576.2		26.1	7.1	5.3	33.8	28.3	36.0
Int'l Small Cap Opp (1504/FSCOX)	H***	1.29	2 (90)	19.09	1430.1		20.9	6.2	6.4	34.2		
Int'l Value (1597/FIVLX)	H***	1.09	1 (30)	13.06	440.7		17.1	3.4	8.0	23.8		
Japan (350/FJPNX)	H***	1.20	1.5(90)	17.99	1751.4		5.4	0.7	-1.3	8.2	16.3	17.3
Japan Smaller Co (360/FJSCX)	H***	1.17	Closed	12.63	806.1		-1.6	2.4	-1.9	-3.3	6.0	16.2
Latin America (349/FLATX)	S**	2.09	1.5(90)	67.89	5485.9		51.8	10.9	20.6	70.3	59.2	53.3
Nordic (342/FNORX)	H***	1.46	1.5(90)	52.80	907.8		32.0	4.2	12.1	47.3	34.6	31.5
Overseas (94/FOSFX)	H***	1.19	1 (30)	58.39	9435.3		30.3	7.4	15.4	38.8	27.6	24.9
Pacific Basin (302/FPBFX)	H***	1.22	1.5(90)	37.32	1262.9		36.6	9.4	12.5	48.9	32.9	27.2
Southeast Asia (351/FSOAX)	S**	1.56	1.5(90)	49.38	5087.4		79.6	13.2	29.2	104.2	54.2	41.0
Worldwide (318/FWWFX)	H***	1.07	1 (30)	25.18	1615.3		25.2	6.4	13.2	31.9	22.4	21.0
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.83	none	32.64	2041.8		10.9	2.0	6.5	14.7	13.6	14.6
NASDAQ Comp (1282/FNCMX)	H***	1.11	0.75(90)	38.52	192.2		19.0	5.8	12.5	21.5	13.6	
Spart Ext Mkt Idx (398/FSSEM)	H***	1.06	0.75(90)	42.35	2371.7		12.1	2.9	7.2	16.3	16.6	19.6
Spart Int'l Index (399/FSIIX)	H***	1.03	1(90)	51.97	4662.5		18.0	4.2	8.7	25.4	23.4	23.1
Spart 500 Index (317/FSMKX)	B****	1.00	none	107.99	8504.4		10.8	1.6	6.9	14.5	13.1	13.8
Spart Total Mkt Idx (397/FSTMX)	H***	1.01	0.5(90)	43.89	4791.2		11.2	1.9	7.1	15.0	14.1	15.1
Asset Mgr 50% (314/FAMX)	B****	0.49	none	17.24	8964.7		9.4	1.7	5.2	11.8	9.0	9.2
Asset Mgr 85% (347/FAMRX)	B****	0.83	none	15.19	575.2		13.8	2.6	7.2	17.7	14.2	17.3
Asset Mgr 70% (321/FASGX)	B****	0.68	none	18.18	3261.0		11.9	2.2	6.5	14.9	10.7	10.8
Asset Mgr 20% (328/FASIX)	B****	0.21	none	12.95	2507.6		5.5	0.8	2.8	6.8	7.4	8.2
Freedom 2000 (370/FFFBX)	B****	0.29	none	13.02	1779.5		6.5	1.0	3.2	8.1	6.5	6.4
Freedom 2005 (1312/FFVFX)	B****	0.51	none	12.50	1021.3		10.0	2.0	5.4	12.4	9.7	
Freedom 2010 (371/FFFCX)	B****	0.53	none	15.73	14471.6		10.3	2.1	5.6	12.9	10.0	10.2
Freedom 2015 (1313/FFVFX)	B****	0.58	none	13.25	6387.1		11.1	2.2	6.0	13.9	11.4	
Freedom 2020 (372/FFDFX)	B****	0.71	none	16.99	20860.9		12.8	2.7	7.1	16.1	13.0	13.4
Freedom 2025 (1314/FFTWX)	B****	0.72	none	14.10	5779.4		13.1	2.8	7.2	16.6	13.5	
Freedom 2030 (373/FFFEEX)	B****	0.85	none	17.79	14031.7		14.6	3.1	8.1	18.5	14.8	15.0
Freedom 2035 (1315/FFTHX)	B****	0.85	none	14.75	3448.9		14.8	3.1	8.1	18.7	15.0	
Freedom 2040 (718/FFFEEX)	B****	0.88	none	10.55	7198.0		15.0	3.2	8.3	19.1	15.5	15.9
Freedom 2045 (1617/FFFGX)	B****	0.90	none	12.25	400.0		15.4	3.2	8.4	19.6		
Freedom 2050 (1618/FFFHX)	B****	0.92	none	12.32	381.7		15.9	3.4	8.6	20.2		
Freedom Income (369/FFFAAX)	B****	0.24	none	11.76	2520.1		5.5	0.9	2.7	6.9	5.9	5.6
Real Estate Income (833/FRIFX)	S**	0.40	0.75(90)	10.91	465.2		-3.2	0.7	1.4	-1.4	5.3	
Real Estate (303/FRESX)	S**	1.65	0.75(90)	31.19	6017.9		-6.9	0.3	9.0	-4.7	16.2	22.0
Int'l Real Estate (1368/FIREX)	S**	1.29	1.5(90)	16.42	987.8		5.8	3.5	11.4	19.9	26.1	
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	S**	0.31	1(90)	9.00	9514.8	6.34	6.2	1.2	4.4	9.8	9.6	17.3
Floating Rate (814/FFRHX)	S**	0.12	1(60)	9.73	2675.8	6.92	3.3	0.6	3.8	4.6	4.9	5.4
Focused High Inc (1366/FFHFX)	S**	0.18	1(90)	10.02	56.2	6.82	3.3	0.7	5.1	5.8	5.4	
GNMA Portfolio (15/FGMNX)	H***	0.22	none	10.81	3174.5	4.97	4.6	1.1	2.9	5.5	3.9	3.8
Gov't Income (54/FGOVX)	H***	0.23	none	10.16	6297.0	4.53	5.0	0.7	2.8	5.5	3.7	3.6
High Income (455/SPHIX)	S**	0.20	1(90)	8.86	5079.4	7.53	3.7	0.5	4.5	6.7	6.9	12.0
Inflation-Protected (794/FINPX)	H***	0.35	none	11.01	1237.2	2.44	5.7	0.7	2.3	4.5	3.1	5.5
Intermed Bond (32/FTHRX)	H***	0.19	none	10.12	8312.7	5.00	2.6	0.0	0.9	3.1	2.8	3.8
Intermed Gov't Inc (452/FSTGX)	H***	0.20	none	10.11	726.9	4.43	5.1	0.6	2.6	5.6	3.3	3.1
Invest Grade Bond (26/FBNDX)	H***	0.23	none	7.19	11807.6	5.27	1.6	0.0	0.7	2.3	3.1	4.2
Mortgage Securities (40/FMSFX)	H***	0.22	none	10.51	1427.6	5.45	-0.7	-0.8	-0.3	0.0	2.3	3.1
New Markets Inc (331/FNMIX)	S**	0.27	1(90)	15.01	2124.4	6.15	6.6	2.9	6.7	8.5	11.3	15.9
Short-Term Bond (450/FSHFX)	S**	0.12	none	8.63	7357.2	5.20	1.2	-0.4	-0.4	1.9	2.6	3.0
Spart Intermed Tr Idx (1561/FBIBX)	H***	0.33	none	10.11	738.5	4.26	6.1	0.9	3.5	6.1		
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.51	none	9.91	23.8	4.59	5.2	1.4	3.6	5.0		
Spart S-Term Tr Idx (1563/FSBIX)	H***	0.15	none	10.15	69.8	3.89	5.4	0.4	2.3	5.9		
Strategic Income (368/FSICX)	S**	0.15	none	10.68	4998.7	5.76	5.2	1.1	4.3	6.9	6.5	9.8
Strategic Real Rtn (1505/FSRRX)	H***	0.33	0.75(60)	10.24	4212.3	4.58	4.6	1.1	3.8	5.3		
Total Bond (820/FTBFX)	H***	0.21	none	10.30	6886.6	5.17	2.7	0.2	1.6	3.5	3.6	4.8
Ultra-Short Bond (812/FUSFX)	S**	0.15	0.25(60)	9.31	761.4	5.75	-2.9	-1.9	-3.8	-2.1	1.7	1.7
US Bond Index (651/FBIDX)	H***	0.23	none	10.81	7749.8	4.96	3.6	0.5	1.9	4.2	3.5	4.4
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZAX)	H***	0.18	0.5(30)	11.24	129.5	3.69	1.9	0.5	1.5	2.4	3.1	3.9
CA Municipal Inc (91/FCTFX)	H***	0.16	0.5(30)	12.19	1567.2	3.79	2.2	0.4	1.4	2.6	3.7	4.4
CA Short-Int TF (1534/FCSTX)	B****	0.08	0.5(30)	10.09	119.3	3.25	3.1	0.4	1.5	3.3		
CT Municipal Inc (407/FICNX)	H***	0.16	0.5(30)	11.25	440.2	3.54	2.6	0.3	1.7	2.8	3.0	3.8
Intermediate Muni (36/FLTMX)	H***	0.12	0.5(30)	9.92	1953.5	3.63	2.8	0.4	1.7	3.2	3.2	4.0
MA Municipal Inc (70/FDMMX)	H***	0.17	0.5(30)	11.76	1848.7	3.79	2.1	0.3	1.4	2.5	3.6	4.4
MD Municipal Inc (429/SMDMX)	H***	0.17	0.5(30)	10.74	135.1	3.60	2.2	0.4	1.6	2.5	3.1	3.9
MI Municipal Inc (81/FMHTX)	H***	0.15	0.5(30)	11.72	580.1	3.59	2.5	0.4	1.7	2.9	3.3	4.2
MN Municipal Inc (82/FMIX)	H***	0.14	0.5(30)	11.25	343.4	3.60	2.3	0.5	1.5	2.7	3.1	4.0
Municipal Income (37/FHIGX)	H***	0.16	0.5(30)	12.60	4737.7	3.82	2.1	0.4	1.4	2.6	3.7	4.6
NJ Municipal Inc (416/FNJHX)	H***	0.17	0.5(30)	11.43	592.2	3.63	2.5	0.4	1.8	2.8	3.5	4.3
NY Municipal Inc (71/FTFMX)	H***	0.17	0.5(30)	12.66	1418.1	3.66	2.1	0.5	1.5	2.5	3.4	4.3
OH Municipal Inc (88/FOHFX)	H***	0.17	0.5(30)	11.46	420.5	3.56	2.3	0.4	1.6	2.7	3.3	4.3
PA Municipal Inc (402/FPXTX)	H***	0.14	0.5(30)	10.70	308.9	3.55	2.7	0.4	1.7	3.1	3.3	4.1
Short-Int Municipal (404/FSTFX)	B****	0.07	0.5(30)	10.25	1603.0	3.22	3.3	0.5	1.7	3.5	2.4	2.7
Tax-Free Bond (90/FTABX)	H***	0.17	0.5(30)	10.67	780.6	3.93	2.2	0.3	1.5	2.7	3.7	4.8

OCTOBER PERFORMANCE Indexes and Model Portfolios	Risk	Value	2007 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.91	13930.01	13.7	0.4	6.0	17.9	14.1	13.2	8.6
S&P 500	1.00	1549.38	10.9	1.6	7.0	14.6	13.2	13.9	7.1
NASDAQ	1.10	2859.12	19.1	5.9	12.5	21.7	14.0	17.3	6.5
Russell 2000	1.31	828.02	6.0	2.9	7.0	9.3	13.7	18.7	8.0
Fidelity Monitor Income Model	0.28	90922.98	5.4	1.1	4.1	7.0	5.6	6.1	4.8
Fidelity Monitor G&I Model	0.66	194750.40	9.4	1.3	4.8	12.4	13.0	15.9	9.6
Fidelity Monitor Growth Model	1.02	223682.58	12.5	2.8	7.3	16.6	16.5	18.9	9.1
Fidelity Monitor Select System	0.97	431280.90	20.1	3.8	11.9	24.6	18.7	18.6	11.2
Fidelity Monitor Unique Opportunities	1.08	147674.89	16.6	4.7	10.1	22.1	20.8	24.3	

VIP CORNER

Fidelity's Variable Insurance Products allow tax-deferred growth, but the benefit may be offset by higher tax rates at withdrawal. Performance figures reflect the Retirement Reserves fee structure. Returns for the Personal Retirement Annuity are roughly 0.5 percentage points higher per year.

VIP INCOME MODEL

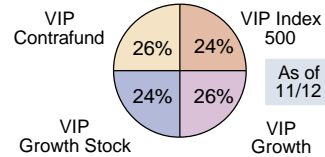


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	2001: - 3.4%
1994: - 3.8%	2002: + 7.3%
1995: +16.9%	2003: + 9.9%
1996: + 6.9%	2004: + 5.1%
1997: +10.9%	2005: + 1.8%
1998: + 0.4%	2006: + 6.1%
1999: + 0.8%	*2007: + 7.8%
2000: - 2.4%	

VIP GROWTH MODEL

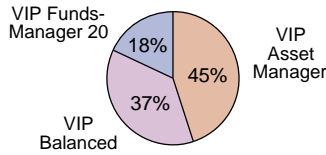


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +20.6%	2001: -14.0%
1994: + 4.6%	2002: -21.7%
1995: +36.1%	2003: +30.0%
1996: +16.1%	2004: + 7.0%
1997: +23.5%	2005: +10.1%
1998: +22.6%	2006: +14.5%
1999: +22.1%	*2007: +13.9%
2000: -10.3%	

VIP G & I MODEL

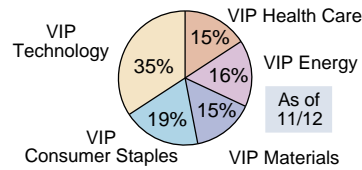


PAST PERFORMANCE

Starting Balance: \$10,000

1994: - 2.3%	2001: + 3.1%
1995: +26.4%	2002: - 9.4%
1996: +12.8%	2003: +20.8%
1997: +21.4%	2004: + 6.3%
1998: +15.1%	2005: + 4.5%
1999: + 6.1%	2006: +11.6%
2000: - 4.9%	*2007: +10.1%

VIP SECTOR MODEL



PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2006: +17.7%
2004: + 6.3%	*2007: +16.7%
2005: +14.0%	

NOTE: Last month's figures did not reflect the final day of the month. Our apologies.

OCTOBER VIP PERFORMANCE Portfolio	Rating	PRA Value	RR Value	2007 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	14.20	14.87	27.1	5.4	10.8	32.3		
VIP Asset Manager	B ***	12.78	40.16	16.6	4.0	9.6	19.0	10.1	9.7
VIP Asset Manager: Growth	B ***	13.27	27.30	21.3	5.1	12.3	24.5	11.9	11.4
VIP Balanced	B ****	13.08	19.42	12.3	2.1	6.2	14.9	10.6	9.9
VIP Consumer Discretionary	S **	11.48	12.62	1.2	0.6	1.8	0.6	8.0	8.4
VIP Consumer Staples	B ****	11.08	11.05		3.0	12.1			
VIP Contrafund	B ****	14.48	53.77	21.4	4.8	12.9	24.6	19.0	17.6
VIP Disciplined Small Cap	H ***	10.72	10.65	5.4	2.8	5.0	7.7		
VIP Dynamic Capital Appreciation	B ****	14.70	17.82	18.1	4.6	10.6	23.1	20.5	
VIP Energy	B ****	17.80	30.76	39.5	4.8	14.1	46.5	34.8	31.4
VIP Equity-Income	H ***↓	13.26	74.11	7.6	0.1	3.5	11.9	13.3	14.5
VIP Financial Services	S **	12.01	14.63	-3.5	-1.0	3.7	0.1	8.7	11.2
VIP Freedom 2005	B ****	12.40	12.56	10.2	1.9	5.3	12.3		
VIP Freedom 2010	B ****	12.42	12.62	10.4	2.0	5.5	12.7		
VIP Freedom 2015	B ****	12.78	13.06	11.4	2.1	5.9	14.0		
VIP Freedom 2020	B ****	13.15	13.51	13.3	2.6	6.9	16.2		
VIP Freedom 2025	B ****	13.29	13.71	13.7	2.6	7.1	16.7		
VIP Freedom 2030	B ****	13.65	14.13	15.6	3.0	8.1	19.1		
VIP Freedom Income	B ****	11.47	11.48	5.7	0.8	2.9	6.8		
VIP FundsManager 20	B ****	11.10	11.01	5.6	1.3	3.1	7.0		
VIP FundsManager 50	B ****	11.58	11.48	8.9	1.9	5.0	11.1		
VIP FundsManager 70	B ****	11.96	11.86	11.5	2.6	6.5	14.6		
VIP FundsManager 85	B ****	12.21	12.11	13.6	3.1	7.6	17.4		
VIP Growth	B ****	14.49	80.15	32.1	6.5	16.8	32.7	16.1	14.3
VIP Growth & Income	B ****	13.75	22.60	15.8	2.7	9.6	18.9	13.5	12.2
VIP Growth Opportunities	B ****↑	14.58	17.63	30.2	8.9	18.6	33.0	16.4	14.8
VIP Growth Stock	B ****	13.38	13.63	28.3	7.5	15.3	28.8		
VIP Health Care	B ****	12.37	14.32	12.2	3.7	10.7	13.5	14.4	11.4
VIP High Income	S **	11.61	32.46	3.1	0.4	3.9	5.8	6.0	11.0
VIP Index 500	B ****	12.99	41.99	10.1	1.5	6.7	13.6	12.2	12.8
VIP Industrials	B ****	14.75	21.28	21.6	2.2	7.5	25.4	19.7	22.4
VIP Int'l Capital Appreciation	H ***	14.10	14.79	14.5	3.1	3.9	23.7		
VIP Investment Grade Bond	H ***	10.73	29.92	2.1	0.3	1.4	2.5	2.4	3.6
VIP Materials	B ****	11.74	11.71		3.6	12.4			
VIP Mid Cap	B ****	14.57	26.07	21.2	3.1	9.4	24.8	21.3	22.7
VIP Money Market		11.02	21.26	3.7	0.4	1.1	4.4	3.4	2.1
VIP Overseas	H ***	16.02	50.15	22.4	5.6	10.5	30.7	23.3	21.8
VIP Real Estate	S **	13.58	21.55	-4.9	1.4	12.9	-2.1	17.6	
VIP Strategic Income	S **	11.40	12.47	4.7	1.1	4.1	6.1	5.6	
VIP Technology	B ****	15.07	14.01	29.1	8.9	15.3	34.0	18.6	19.4
VIP Telecommunications	H ***↓	10.97	10.95		-2.7	3.1			
VIP Utilities	H ***	15.90	15.98	12.8	0.9	6.7	17.6	19.4	21.2
VIP Value	H ***↓	13.00	13.37	10.2	1.2	4.0	12.9		
VIP Value Leaders	H ***	13.21	13.62	10.0	1.0	5.8	14.2		
VIP Value Strategies	H ***	13.66	17.33	14.4	2.6	4.6	19.0	15.3	
Fidelity Monitor VIP Income Model			21360.97	7.8	1.2	3.9	9.3	5.5	6.6
Fidelity Monitor VIP G&I Model			27766.12	10.1	1.7	4.9	13.1	10.4	10.7
Fidelity Monitor VIP Growth Model			43200.86	13.9	3.2	8.5	17.7	15.7	14.5
Fidelity Monitor VIP Sector Model			21828.97	16.7	4.5	11.4	19.4	18.9	20.3

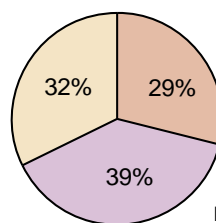
INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Puritan	\$20.34	1294.336	\$26326.79
Asset Mgr 20%	\$12.95	2748.654	\$35595.07
Freedom Income	\$11.76	2466.082	\$29001.12

7% Foreign Holdings
Balance as of 10/31/07: \$90922.98
Balance at start of 2007: \$86264.24

Freedom Income
369/FFAFX



Puritan
4/FPURX

Asset
Mgr 20%
328/FASIX

PAST PERFORMANCE
Starting Balance: \$35,000

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

2007 YTD: + 5.4%

Our Income Model gained 1.1% for the month of October.

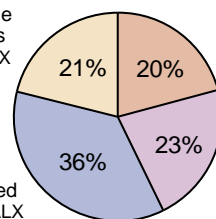
GROWTH AND INCOME MODEL

Our Growth and Income Model aims for long-term growth of 10% per year from stocks and bonds.

FUND	NAV	SHARES	BALANCE
Asset Mgr 20%	\$12.95	2996.778	\$38808.28
Puritan	\$20.34	2165.729	\$44050.93
Balanced	\$20.64	3421.220	\$70613.98
Conv. Securities	\$30.35	1360.040	\$41277.21

9% Foreign Holdings
Balance as of 10/31/07: \$194750.40
Balance at start of 2007: \$178097.11

Convertible
Securities
308/FCVSVX



Asset Mgr.
20% (Inc)
328/FASIX

Balanced
304/FBALX

Puritan
4/FPURX

PAST PERFORMANCE
Starting Balance: \$50,000

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

2007 YTD: + 9.4%

For October our Growth and Income Model gained 1.3%. On 10/22 we sold **Equity-Income** (\$60.26) and bought **Convertible Securities** (\$29.77).

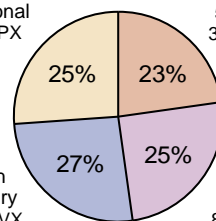
GROWTH MODEL

Our Growth Model aims for long-term growth of 13% per year. The model focuses on domestic funds and strives to hold profitable positions for at least a year.

FUND	NAV	SHARES	BALANCE
Spartan 500 Index	\$107.99	475.171	\$51313.72
Value Discovery	\$19.38	2927.614	\$56737.16
Growth Discovery	\$16.96	3513.386	\$59587.03
Equity-Income	\$61.60	909.816	\$56044.67

13% Foreign Holdings
Balance as of 10/31/07: \$223682.58
Balance at start of 2007: \$198855.65

Export &
Multinational
332/FEXPX



Spartan
500 Index
317/FSMKX

Growth
Discovery
339/FDSVX

Value
Discovery
832/FVDFX

As of
11/12

PAST PERFORMANCE
Starting Balance: \$15,000

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

2007 YTD: +12.5%

Our Growth Model returned 2.8% in October, compared to a 1.6% gain for the S&P 500. On 11/12 we will sell **Equity-Income** and buy **Export & Multinational**.

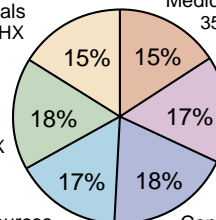
SELECT SYSTEM

Our Select System uses a volatility model to identify attractive sectors, and aims for growth of 14% per year.

FUND	NAV	SHARES	BALANCE
Medical Equipment	\$26.36	2486.898	\$65554.63
Computers	\$52.80	1361.136	\$71867.98
Consumer Staples	\$68.44	1161.102	\$79465.82
Natural Resources	\$39.93	1824.338	\$72845.82
Wireless	\$9.97	7657.450	\$76344.78
Telecom	\$57.98	1124.558	\$65201.87

19% Foreign Holdings
Balance as of 10/31/07: \$431280.90
Balance at start of 2007: \$359086.92

Chemicals
69/FSCHX



Medical Equipment
354/FSMEX

Wireless
963/FWRLX

Computers
7/FDCPX

Natural Resources
514/FNARX

Consumer Staples
9/FDFAX

As of
11/12

PAST PERFORMANCE
Starting Balance: ~\$25,000

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

2007 YTD: +20.1%

Our portfolio rose 3.8% in October, versus 1.6% for the S&P. On 10/22 we exchanged **Med. Delivery** (\$52.04) for **Medical Equip.** (\$25.85). We also sold a sixth of **Telecom** (\$59.29), buying **Natural Res.** (\$37.50). On 11/12 we'll exchange **Telecom** for **Chemicals**.

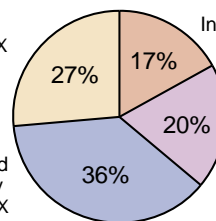
UNIQUE OPPORTUNITIES MODEL

Aims for a long-term return of 14% by emphasizing resource scarcity and global opportunities.

FUND	NAV	SHARES	BALANCE
Industrial Equip.	\$37.98	666.244	\$25303.95
Independence	\$29.45	975.927	\$28741.05
Lev. Co. Stock	\$34.86	1533.817	\$53468.86
Trend	\$79.82	503.145	\$40161.03

17% Foreign Holdings
Balance as of 10/31/07: \$147674.89
Balance at start of 2007: \$126671.24

Trend
5/FTRNX



Industrial Equip
510/FSCGX

Leveraged
Company
122/FLVCX

Independence
73/FDFFX

PAST PERFORMANCE
Starting Balance: \$50,000

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

2007 YTD: +16.6%

Our Unique Opportunities Model gained 4.7% in October. On 10/22 we sold **Int'l Value** (\$12.43) and bought **Independence** (\$27.73).

WIRELESS

This fund holds more than half its assets in communications equipment companies, so it tends to run mostly with the technology group. Most wireless carriers are in the process of investing heavily in their networks to increase bandwidth for a variety of popular services, including high-speed internet, music downloads, and digital television. Some of the fund's holdings serve as infrastructure plays for the wired world too. And that's not a bad thing, because the popularity of web video is stepping up the pressure to expand bandwidth everywhere. ■

Question & Answer Forum

Why do you have a sell rating on China Region?

Our two-star sell rating on all emerging market funds is a recommendation that subscribers sell these positions down to 5% or less of their overall holdings. Emerging market stocks are going up not because they are good values, but because liquidity is poor and investors are chasing the trend. Poor liquidity can also magnify the downside when panic sets in, as it did in October 1997. Back in that month, **China Region** fell 31%, and **Southeast Asia** lost 26%. **Emerging Markets** and **Latin America** were both down 19%. ■

Happenings

Fidelity has added **30%**, **40%**, and **60%** versions to its Asset Manager lineup. We'll be rating them buy.

Expanding on the success of its central sector funds, currently used for the domestic equity portions in **Worldwide** and the **Asset Manager** group, Fidelity has formed a multi-manager group led by Robert Stansky to invest the assets of **VIP Contrafund**. Will Danoff will continue to manage the mutual fund version of **Contrafund**. Fidelity may expand its multi-manager approach. It has an advantage in performance consistency, and in large funds it may allow Fidelity to successfully challenge the team-management approach used by American Funds.

Among manager changes, Stephen DuFour has taken over the U.S. portions of **Global Balanced** and **Worldwide**. Derek Young has been named co-manager of the Asset Manager funds, Maurice FitzMaurice has taken over at **Transportation**, and Jane Liou is picking stocks for **IT Services**.

FL Muni Income was merged into **Muni Inc.**, and **FL MM** was merged into **Municipal MM**. ■

BOND/INCOME FUNDS

Income Model holdings are listed on page 7. Our favorites in this group are **Freedom Income** and **Asset Manager 20%**. Both funds estimate negligible payouts in December.

New Markets Income gained 2.9% on the heels of the emerging markets rally, and **Spartan Long-Term Treasury Index** edged up 1.4% as recession worries caused long-term interest rates to finish the month a bit lower. On the bottom end, **Ultra-Short Bond** lost 1.9% as continuing concerns with credit risk put downward pressure on structured notes.

Municipal bond funds posted increases ranging from 0.3% to 0.5%.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Buy-rated funds include **Energy Services**, **Natural Resources**, **Energy**, **Wireless**, **Computers**, **Medical Equipment**, **Chemicals**, **Consumer Staples**, and **Industrial Equipment**. These funds estimate their December payouts at 5% or less.

The weak dollar set the stage for an increase in technology earnings, and prompted inflation-hedges to rally in the natural resource groups. **Software** jumped 14.4%, **Gold** was up 12.1%, **Computers** rose 10.7%, and **Natural Gas** gained 10.1%. Laggards included **Telecommunications**, declining 2.5%, **Banking**, with a loss of 3.8%, and **Home Finance**, tumbling 8.8%. ■

OCTOBER DISTRIBUTIONS

Asset Manager 50%	\$ 0.143/\$17.20 (10/5)
Asset Manager 20%	\$ 0.048/\$12.93 (10/5)
AZ Municipal Income	\$ 0.027/\$11.23 (10/5)
Balanced	\$ 1.11 / \$20.60 (10/5)
Convertible Securities	\$ 0.15 / \$30.07 (10/5)
Equity-Income	\$ 0.26 / \$62.87 (10/5)
Equity-Income II	\$ 0.08 / \$25.73 (10/5)
Export & Multinational	\$ 0.50 / \$26.78 (10/5)
Fidelity Fund	\$ 0.07 / \$41.34 (10/5)
Freedom Income	\$ 0.04 / \$11.72 (10/5)
Growth & Income	\$ 0.06 / \$31.11 (10/5)
Growth & Income II	\$ 0.02 / \$12.21 (10/5)
MD Municipal Income	\$ 0.022/\$10.73 (10/5)
Puritan	\$ 1.18 / \$20.29 (10/5)
Strategic Dividend & Income	\$ 0.064/\$14.24 (10/5)
Strategic Real Return	\$ 0.132/\$10.14 (10/5)
Utilities	\$ 0.09 / \$21.35 (10/5)

Funds that are scheduled for November include **Asset Manager 20%** and **Freedom Income**. Year-end payout estimates are now available on fidelity.com (search on the term "year-end" to pull up a link that will direct you there).

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	105423.4	5.05	CT MM (418/FCMXX)	1867.7	3.05			
Select MM (85/FSLXX)	4564.5	5.16	MA MM (74/FDMXX)	4935.2	3.05			
Money Market (454/SPRXX)	7629.2	5.06	MI MM (420/FMIXX)	920.3	3.03	MA AMT TF (426/FMSXX)	806.7	3.24
Gov't MM (458/SPAXX)	638.9	4.79	NJ MM (417/FNJXX)	2108.3	3.08	AMT Tax-Free (460/FIMXX)	3517.1	3.25
US Treas. MM (415/FDLXX)	2894.1	4.09	NY MM (92/FNYXX)	4654.0	3.04	NJ AMT TF (423/FSJXX)	711.3	3.25
Tax-Free MM (275/FMOXX)	4101.2	3.15	OH MM (419/FOMXX)	1083.5	3.08	NY AMT TF (422/FSNXX)	1269.9	3.24
US Gov't Reser (50/FGRXX)	3458.2	4.79	AZ MM (433/FSAXX)	344.5	3.09	PA MM (401/FPTXX)	649.1	3.09
CA MM (97/FCFXX)	5215.1	3.04	CA AMT TF (457/FSPXX)	1883.8	3.23	Municipal MM (10/FTEXX)	18699.0	3.18