

Jack
Bowers



Fidelity

Best Performing
Fidelity Newsletter

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Monitor™

Fidelity Selects vs. Sector ETFs

Exchange Traded Funds (ETFs) have surged in popularity because they trade continuously like stocks, and because their fees are low. But many investors are not aware that these repackaged index funds do not have the ability to outperform their benchmarks. They work fine if all you want to do is mimic the performance of the S&P 500 or the price of gold, but when it comes to sector investing there is no free lunch. The tradeoff for continuous inter-day trading is likely to be uninspiring long-term performance.

It's been three years since Fidelity realigned its sector benchmarks, allowing all ten of its broad-based Selects to be compared directly to Vanguard's sector ETF lineup. This month we take an updated look at active versus passive sector investing, along with a review of our favorite Selects.

PERFORMANCE

The S&P 500 declined at a compound rate of 5.4% annually over the three years ending 9/30/09 – a period that was anything but easy for actively managed funds. Redemptions were heavy in the wake of the financial crisis, forcing managers to unload stocks into a market with poor liquidity. Then early this year, stocks turned on a dime and began roaring back, causing funds that held cash to lag. If there was ever a time that sector ETFs should have had an advantage, this was it.

But as it turns out, actively managed Selects held their

SELECTS VS. ETFs - *Continued on page 2*

Select System and VIP Sector Model To Make Trades

On Monday, 11/16, we'll make changes in the following portfolios:

Our Select System will sell **Brokerage** (68/FSLBX) and purchase **Software** (28/FSCSX). While earnings in the brokerage arena have bounced back faster than expected, it's not as clear what will happen over the next 12-18 months. **Software** carries less risk, and with the successful rollout of Windows 7, its growth potential is greater than usual.

Our VIP Sector Model will sell **VIP Financial Services** and add the proceeds to **VIP Technology**. Avoid making this trade early because there's a 1% 60-day redemption fee on **VIP Financial Services**.

Review & Recommendations

The earnings reports were favorable, but many investors remained nervous after the market's robust third-quarter recovery, and some were looking for any excuse to lock in profits. As often happens against this kind of backdrop, each new piece of information that came along resulted in an exaggerated response. The S&P 500 finished October with a decline of 1.9%.

The weak dollar put income investors a little on edge, but strong demand for treasuries showed that developing countries must still buy our bonds to keep their economies rolling. For these emerging markets, it's do or die when it comes to recycling their trade-surplus dollars. If they opt for gold or euro bonds, their currencies will surge against the dollar, and their exports will be priced out of the global markets. Bottom line, their need for our bonds is greater than our need for their capital.

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**, **Contrafund**, **Small Cap Value**, **Small Cap Discovery**, and **New Millennium**.

Most of the leaders were funds that maintained a large-cap emphasis and kept risk at moderate levels. **Contrafund** was off 1.2%, **Export** declined 1.3%, and **Trend** pulled back 1.9%. The losers tended to emphasize smaller growth-oriented stocks. **Capital Appreciation** lost 7.2%, **Small Cap Independence** was down 8.6%, and **Small Cap Stock** lost 9.1%.

INTERNATIONAL FUNDS

Global Balanced remains our favorite for investors who prefer international exposure. We upgraded **Pacific Basin** because it's the one foreign fund that has a decent amount of technology emphasis.

Rising commodity prices gave a boost to emerging market funds. **China Region** was up 1.4%, and **Latin America** gained 1.2%. **International Real Estate** slipped only 0.2%. On the flip side, **Japan** was off 3.7%, **Overseas** lost 3.8%, and **Canada** was down 5.7% on currency weakness.

GROWTH & INCOME FUNDS

Our Growth and Income Model holdings are listed on page 7. If you prefer to hold a single fund instead of

RECOMMENDATIONS - *Continued on page 8*

SELECTS VS. ETFs - Continued from page 1

own, despite adverse conditions. On average they were able to outperform their Vanguard ETF counterparts by 1.2 percentage points per year, with only 3 out of 10 finishing the period behind their passive alternatives. The chart at the bottom of the page shows how the two fund groups stack up in each of the 10 broad-based industry groups.

This kind of performance is not unusual for the Fidelity Selects. During the same three year period, 31 out of 39 sectors finished ahead of the S&P 500. Only 20% of the population lagged the broad market index.

ACTIVE MANAGEMENT DONE RIGHT

The Selects are living proof that the efficient market theory is flawed. Since 1981, these funds have been successful even while doing the opposite of what financial “experts” say is most important. Many of them have been run by first-time managers whose tenures were on the short side. Portfolio turnover has always been high, and expense ratios were not exactly low. Yet somehow, the Selects have often prevailed on the performance front.

How has Fidelity pulled it off? In a word, *research*. Fidelity’s small army of analysts have always been determined to get the latest story, and get it right. Over the years, these workaholics have kept tabs on thousands of companies, putting in long hours to fully understand industry business models. In each sector, they know the trends, the competitors, the risks, and the major factors that influence the bottom line.

This kind of proprietary research is easily able to overcome other less-important factors. Expense ratios don’t have to be rock bottom, because the money Fidelity spends on stock research tends to pay back many times over in the form of improved performance. High portfolio turnover actually helps when it’s driven by research, because decisions are the result of new insights, rather

than a reaction to being in the wrong place at the wrong time. And manager tenure is less important, because all managers are set up for success.

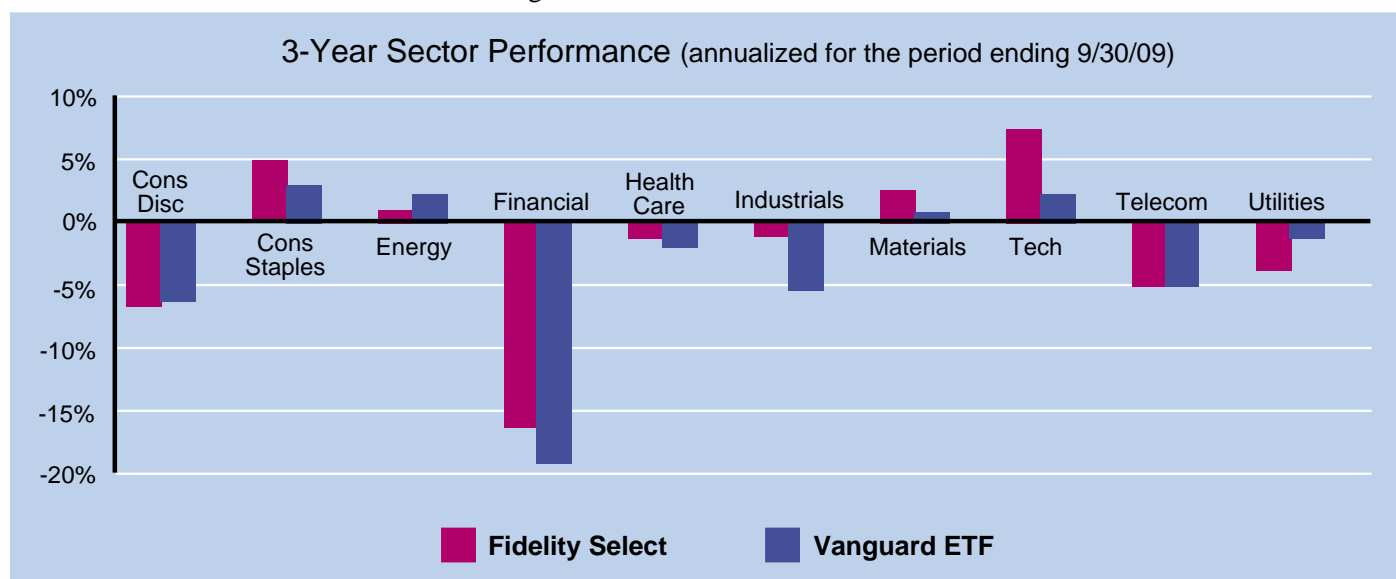
SELECTS IGNORED BY THE PRESS

It’s amazing how much press coverage is devoted to ETFs, while the Select family is all but ignored. The media mantra: look for low expenses, low turnover, and managers that don’t try to reduce risk or improve performance. These pundits, having harped on this philosophy for decades, have become blind to actively-managed success stories like the Selects. Part of their problem is a focus on short-term performance. To fully appreciate the advantage of good research, you have to look back over a period of ten years or more. Not many ETFs have been around that long.

At Fidelity, where sector managers appear to have the stockpicking odds skewed in their favor, the idea that investors should walk from any fund with an expense ratio of more than 0.25% is almost laughable. Rather than questioning whether it makes sense to have a research department, the financial press should be focusing instead on the return generated for each research dollar spent.

Unfortunately, for those who have adopted the ETF belief system, the real cost of kissing off actively managed funds may not become obvious for years to come. In order for sector ETFs to maintain liquidity, they must focus mainly on large cap stocks and leave small-cap opportunities to others. That’s good news for Fidelity, where the small-cap exposure is the tailwind that gives the Selects their long-term edge. Not only is it the place where good research makes the most difference, it’s also where earnings growth rates are highest.

To be sure, ETFs can do some things better than mutual funds. These investment vehicles can purchase commodities directly, mimicking the price of gold, silver, oil, and other hard assets. It doesn’t cost as much to start



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up an ETF, making it possible to offer foreign country indexes and unique index strategies that wouldn't be profitable in a mutual fund format. And for better or for worse, ETFs let you use leverage to magnify your gains or losses – without any need to qualify for a brokerage account allowing margin and short-selling. No question, this blurs the line between investing and gambling.

SECTOR REVIEW

Whether you invest in sectors with Selects or ETFs, the current market environment favors the technology and consumer discretionary groups. Technology, because the expansion of the Internet is a global trend, the U.S. is the major supplier, and a weak dollar helps U.S. tech firms boost market share and profits. Consumer stocks, because expectations are low, yet there are many well managed firms expanding globally and winning market share from their weakened competitors. Here's a review of the Selects we like best:

TECHNOLOGY

This broad-based sector has exposure to all the major tech suppliers, both hardware and software. In addition to being the group with the best long-term growth potential, technology is an area where Fidelity analysts are especially savvy. With over 20% of its holdings in foreign stocks, **Technology** is not limited to U.S. success stories, but it still captures the full benefit of America's most competitive and least regulated industry group. And unlike most other major sectors, the companies in this fund can grow through exports even if consumer spending remains in a slump.

COMPUTERS

There's a lot of old hardware out there, and even with budget constraints consumers seem willing to open their wallets. Prices on hardware have dropped to the point where it's preferable to buy a new laptop or smart phone rather than replace furniture or cars. And it's more fun that way, because today's devices do double duty as media centers. For PC users, Windows 7 is expected to spur sales of new hardware. That's because anyone upgrading from XP must back up all their personal files and do a clean install – an onerous process that will prompt many to just start with a brand new machine.

SOFTWARE

Windows 7 should help this Select too, because Microsoft accounts for about 25% of the fund's assets. Business customers are eager to upgrade to Windows 7 for cost savings (because of improved functionality, the annual cost of supporting it with IT personnel should drop significantly). But that's not the only reason to own **Software**. Many service companies in this sector are expanding their global operations, and their foreign

earnings – when translated into dollars – are worth more these days.

ELECTRONICS

Emerging countries have never been a very big slice of the global semiconductor pie, but that's starting to change. Rising per capita income and declining technology costs are beginning to set the stage for mass adoption of technology products in developing regions. Unlike computer designs or software, chips are not easily copied because it takes massive capital investment to build a factory with state-of-the-art equipment and quality control. That means emerging country demand for semiconductors will help close the U.S. trade gap for some time to come. The Windows 7 effect is not as significant in this fund, but to the extent that computer sales increase, component demand could follow.

RETAILING

Retailers have been hit hard by the pullback in consumer spending, but it's not all bad news. Companies with strong business models and global reach are grabbing market share from weakened or bankrupt competitors. And with many brick and mortar stores paring back inventory, customers are defecting to those who still carry their favorite products, which often means going on-line. Amazon, the number five holding in the fund, is the strongest internet-only retailer. But even among traditional retailers, Fidelity appears to be emphasizing firms whose internet operations account for a sizeable portion of overall sales. **NOTE:** This fund might make a 5% short-term capital gain payout on 12/18. Unless you have an offsetting loss, delay any taxable purchases.

LEISURE

Normally this fund has a significant retail emphasis, but at this stage it's focusing on restaurants and hotel operators, because that's where the bargains are. Now that credit markets have largely healed and the weak dollar is luring in foreign travelers, there are some decent opportunities here. These stocks carry less risk than the financial and industrial groups, but may have similar rebound potential. Here again, Fidelity appears to be emphasizing firms with global scale that will benefit from cost cutting and a weaker dollar. ■

Question & Answer Forum

Aren't you worried that the decline in the dollar will push up interest rates and hurt bond funds?

It's interest rates that drive currency movements, not the other way around. With U.S. short-term interest

QUESTION & ANSWER FORUM - *Continued on page 8*

GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed. Size figures are for the close of the prior month, in millions. Risk is based on standard deviation of 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 ↓.

OCTOBER 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**	1.22	none	6.15	22.7	-4.4	-3.6	4.8	-12.1			
Growth Strategies (324/FDEGX)	H***	1.24	1.5(90)	14.34	1860.1	23.1	-6.3	2.4	16.1	-8.2	-1.3	-9.1
Blue Chip Gth (312/FBGRX)	B****	1.08	none	33.99	10566.5	29.7	-2.9	6.7	20.1	-3.3	0.9	-2.1
Blue Chip Value (1271/FBCVX)	H***	1.19	none	9.29	357.6	18.8	-3.9	4.9	10.5	-10.8	-1.1	
Capital Apprec (307/FDCAX)	H***	1.14	none	18.71	5044.6	18.9	-7.2	3.7	13.5	-7.6	-0.2	1.4
Contrafund (22/FCNTX)	B****↑	0.93	none	53.83	53656.7	19.0	-1.2	6.2	12.5	-2.7	4.7	3.6
Growth Discovery (339/FDSVX)	H***	1.12	none	10.04	774.8	16.9	-4.0	2.3	5.0	-6.4	-0.1	0.7
Disc Equity (315/FDEQX)	H***	1.02	none	19.72	11008.1	13.3	-3.0	4.8	6.6	-8.2	0.7	0.0
Dividend Gth (330/FDGFV)	B****	1.29	none	21.45	7304.9	36.4	-4.7	6.4	27.9	-6.9	0.0	0.7
Export Fund (332/FEXPX)	S**	1.14	0.75(30)	18.19	2675.5	26.9	-1.3	5.5	16.3	-5.4	2.5	4.7
Fidelity Fifty (500/FFTYX)	S**	1.25	none	13.70	760.8	24.5	-4.5	3.1	14.8	-9.5	-0.8	1.0
Focused Stock (333/FTQGX)	H***	0.99	none	10.17	132.0	15.2	-2.3	4.5	4.4	-2.9	4.5	-0.8
Growth Company (25/FDGRX)	B****	1.11	Closed	61.76	27170.2	26.1	-4.1	4.1	16.5	-2.5	4.0	1.1
Independence (73/FDFFX)	H***	1.42	none	17.79	3912.5	24.7	-5.5	6.0	15.6	-4.8	2.7	1.7
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 Est	none	7.28	1091.4	14.2	-2.4	4.4	8.0			
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.2 Est	none	7.86	42.2	23.3	-1.5	4.5	16.3			
Large Cap Growth (763/FSLGX)	H***	1.02	none	7.39	109.7	12.3	-3.5	0.4	8.8	-9.7	-1.2	
Large-Cap Stock (338/FLCSX)	H***	1.30	none	13.82	752.3	38.4	-3.5	6.1	26.8	-5.4	1.4	-2.0
Lg Cap Val En Idx (1828/FLVEX)	H***	1.2 Est	none	6.34	66.4	7.7	-3.4	4.6	1.7			
Large Cap Value (708/FLSVX)	H***	1.10	none	9.24	991.3	8.2	-4.0	6.0	1.9	-11.3	-0.8	
Lev Co Stock (122/FLVCX)	B****	1.74	1.5(90)	20.57	4136.5	43.0	-6.1	5.6	22.1	-7.2	3.4	
Low-Priced Stock (316/FLPSX)	B****	1.17	1.5(90)	29.50	23586.0	28.5	-2.8	5.3	27.3	-3.5	4.0	10.9
Magellan (21/FMAGX)	H***	1.33	none	58.72	22722.6	28.3	-5.4	1.8	19.3	-7.7	-1.3	-2.3
Mid Cap Growth (793/FSMGX)	H***	1.29	0.75(30)	8.72	211.7	28.4	-6.3	4.3	19.3	-11.5	-1.9	
Mid Cap Stock (337/FMCSX)	H***	1.37	0.75(30)	20.90	6388.9	33.9	-7.1	5.4	29.8	-7.2	2.6	4.5
Mid Cap Value (762/FSMVX)	H***	1.30	0.75(30)	11.66	485.4	22.6	-4.7	9.4	16.4	-8.4	1.5	
New Millennium (300/FMILX)	B****	1.19	none	22.40	1632.5	27.0	-5.9	4.8	22.4	-2.9	3.9	3.5
OTC Portfolio (93/FOCPX)	B****	1.31	none	39.98	5110.5	41.9	-5.3	3.2	29.5	-0.1	5.0	-0.4
Small Cap Growth (1388/FCPGX)	H***	1.39	1.5(90)	14.07	244.9	36.2	-6.5	2.6	27.4	-0.9	5.1	
Small Cap Discovery (384/FSCRX)	B****↑	1.27	1.5(90)	11.07	1169.0	27.4	-6.4	1.7	20.7	-5.2		
Small Cap Indep (336/FDSCX)	H***	1.38	1.5(90)	12.61	1515.3	19.8	-8.6	0.4	12.0	-10.4	-0.5	3.1
Small Cap Stock (340/FSLCX)	B****	1.43	2 (90)	13.75	3471.7	40.3	-9.1	3.5	33.1	-3.9	2.9	7.9
Small Cap Value (1389/FCPVX)	B****	1.34	1.5(90)	11.49	1705.5	23.7	-6.6	2.7	19.7	-3.6		
Stock Selector (320/FDSSX)	H***↓	1.03	none	19.98	576.3	17.7	-3.1	3.1	7.8	-7.6	0.4	-0.7
Tax Mgd Stock (343/FTXMX)	H***	1.09	none	10.12	81.0	11.0	-3.9	4.4	2.9	-9.2	0.4	
Trend (5/FTRNX)	B****	1.15	none	51.17	728.3	31.0	-1.9	6.9	23.3	-3.8	2.5	1.3
Value (39/FDVLX)	B****	1.49	none	51.82	7869.8	30.0	-6.1	6.0	19.1	-9.5	0.5	5.7
Value Discovery (832/FVDFX)	H***	1.16	none	11.79	672.7	16.7	-5.0	2.6	6.9	-8.7	1.9	
Value Strategies (14/FLSLX)	H***	1.62	none	20.04	243.0	44.3	-5.8	7.6	32.6	-8.1	0.3	5.1
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.81	none	15.58	17790.1	21.2	-1.7	4.7	17.9	-2.4	3.7	4.9
Convertible Sec (308/FCVX)	H***	1.38	none	20.53	2327.8	52.6	-2.5	6.8	41.9	-1.0	3.9	6.3
Equity-Income (23/FEQIX)	B****	1.16	none	36.85	17977.3	21.5	-2.8	6.7	13.8	-9.2	-0.3	1.2
Equity-Income II (319/FEQTX)	B****	1.12	none	15.37	5284.9	17.3	-2.7	6.2	9.5	-9.2	-1.3	0.8
Fidelity Fund (3/FFID)	H***↓	1.06	none	26.48	5021.0	18.1	-2.9	3.0	10.5	-5.4	1.4	-0.2
Growth & Income (27/FGRIX)	H***	1.20	none	14.83	6261.6	13.4	-3.4	3.4	1.6	-16.7	-7.3	-4.4
Mega Cap Stock (361/FGRTX)	H***	1.04	none	8.21	279.9	19.5	-1.6	5.4	11.8	-6.2	0.6	-0.6
Puritan (4/FPURX)	B****	0.72	none	15.27	16411.2	19.6	-1.1	4.8	16.0	-2.5	2.6	3.7
Real Estate Income (833/FRIFX)	B****	0.81	0.75(90)	8.96	584.9	39.5	0.7	10.7	25.6	-2.8	1.7	
Real Estate (303/FRESX)	H***	2.10	0.75(90)	17.50	2536.5	14.6	-5.9	20.6	2.9	-17.1	-1.3	9.3
Strategic Div & Inc (1329/FSDIX)	H***	1.16	none	8.79	439.8	26.1	-3.7	6.8	18.4	-7.7	0.5	
Select & Utilities (311/FUIX)	S**	0.89	none	12.48	720.9	-1.8	-4.9	-2.7	2.7	-9.5	2.0	-2.2
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.59	0.75(30)	25.47	64.7	-2.2	-12.9	6.1	-3.8	-12.1	0.6	3.4
Automotive (502/FSAVX)	H***	2.61	0.75(30)	26.58	137.1	87.7	-6.3	-5.8	68.2	-9.3	-2.1	2.9
Banking (507/FSRBX)	H***	1.60	0.75(30)	14.72	330.7	1.1	-5.3	9.0	-14.5	-19.9	-10.0	-2.1
Biotechnology (42/FBIOX)	H***	1.03	0.75(30)	58.40	1136.2	-1.2	-12.1	-10.5	-1.9	-4.3	1.8	1.8
Brokerage (68/FSLBX)	H***↓	1.53	0.75(30)	47.13	696.0	48.9	-5.0	7.7	38.3	-7.7	5.9	6.8
IT Ser / Bus Ser (353/FBSOX)	B****↑	1.20	0.75(30)	15.78	76.1	40.8	-1.7	9.8	37.0	3.5	7.1	5.4
Chemicals (69/FSCHX)	H***	1.36	0.75(30)	67.35	387.4	46.0	-5.6	1.7	22.2	3.9	7.4	9.9
Computers (7/FDCPX)	B****	1.44	0.75(30)	40.16	478.1	61.3	-4.3	8.8	38.0	2.0	4.6	-3.3
Const & Housing (511/FSHOX)	H***	1.50	0.75(30)	26.06	129.0	9.3	-8.7	-2.7	11.3	-9.6	-1.3	6.4
Consumer Disc (517/FSCPX)	H***	1.17	0.75(30)	16.96	62.7	24.3	-3.6	4.7	17.9	-9.5	-1.1	-0.8
Industrial / Cyc Ind (515/FCYIX)	H***	1.40	0.75(30)	16.10	218.8	22.8	-4.5	3.7	19.8	-3.7	4.2	6.1
Defense & Aero (67/FSDAX)	S**↓	1.33	0.75(30)	54.01	564.3	10.4	-3.9	7.0	5.0	-5.9	3.8	8.3
Com Equip / DevC (518/FSDCX)	B****↑	1.64	0.75(30)	19.02	360.0	65.1	-5.7	3.5	48.3	-1.5	1.8	-4.0
Electronics (8/FSELX)	B****	1.49	0.75(30)	34.73	1146.2	53.8	-8.7	-1.8	36.0	-6.4	0.1	-4.2
Energy (60/FSENX)	S**	1.76	0.75(30)	41.43	2093.2	37.7	-1.5	9.9	19.7	-1.1	11.1	10.5
Energy Service (43/FSESX)	S**	2.06	0.75(30)	55.02	1286.6	53.2	-2.3	12.9	18.1	-2.9	9.1	11.4
Environmental (516/FSLEX)	S**↓	1.07	0.75(30)	14.39	50.0	7.5	-3.3	1.8	8.3	-5.9	2.4	4.0
Financial Services (66/FIDSX)	H***	1.51	0.75(30)	56.74	524.0	22.2	-4.5	6.8	7.3	-18.1	-6.5	-0.8
Con Stap / Food Ag (9/FDFAX)	H***	0.81	0.75(30)	60.08	820.0	17.9	1.4	7.2	21.2	5.0	9.6	7.7
Gold (41/FSAGX)	S**	2.25	0.75(30)	39.79	2754.3	26.0	-4.4	5.7	98.4	10.7	16.7	16.0
Health Care (63/FSPHX)	H***	0.94	0.75(30)	96.21	1557.2	19.1	-4.2	2.8	18.1	-3.0	3.9	3.0
Home Finance (98/FSVLX)	H***	1.38	0.75(30)	10.30	74.7	-6.0	-5.8	0.4	-12.5	-36.9	-23.1	-6.8
Indust Equip (510/FSCGX)	H***	1.50	0.75(30)	22.88	106.4	24.2	-4.5	5.4	19.9	-5.2	2.6	2.7
Materials / Ind Mat (509/FSDPX)	H***	1.54	0.75(30)	47.06	420.5	54.8	-5.5	3.0	46.2	3.4	9.4	10.3
Insurance (45/FSPCX)	H***	1.42	0.75(30)	38.51	130.4	17.6	-5.1	9.9	25.6	-14.5	-3.5	3.6
Leisure (62/FDLSX)	B****	1.07	0.75(30)	61.22	220.3	13.9	-5.7	3.3	19.0	-3.9	2.3	1.7
Medical Delivery (505/FSHCX)	H***	1.35	0.75(30)	37.45	355.9	29.6	-1.0	4.3	30.9	-4.2	6.4	12.4
Medical Equip/Sys (354/FSMEX)	H***	0.94	0.75(30)	22.09	1209.1	19.7	-5.3	2.6	8.8	3.0	5.7	11.7
Multimedia (503/FBMPX)	H***	1.29	0.75(30)	29.84	47.9	34.6	-3.4	10.3	28.3	-8.2	-0.6	0.2
Natural Gas (513/FSNGX)	H***	1.88	0.75(30)	29.90	1162.5	48.2	-4.4	7.7	21.9	-2.3	8.3	11.3
Nat Resources (514/FNARX)	S**	1.77	0.75(30)	26.31	1475.9	39.7	-2.8	8.2	28.4	1.9	12.6	11.7
Pharmaceuticals (580/FPHAX)	H***	0.88	0.75(30)	9.82	166.8	12.0	-1.8	3.9	14.2	-0.8	6.1	
Retailing (46/FSRPX)	B****	1.23	0.75(30)	41.30	161.8	44.4	-1.4	6.2	39.0	-2.6	4.3	2.8
Software (28/FSCSX)	B****↑	1.21	0.75(30)	67.67	788.3	44.0	1.5	11.0	34.4	1.7	7.2	4.5
Technology (64/FSPTX)	B****	1.58	0.75(30)	65.92	1744.5	66.2	-2.7	7.5	51.1	-0.2	3.8	-3.1
Telecom (96/FSTCX)	H***	1.32	0.75(30)	35.70	281.5	34.1	-5.0	-1.0	41.0	-7.4	1.9	-5.2
Transportation (512/FSREX)	H***	1.18	0.75(30)	33.03	91.3	2.6	-7.7	0.9	-9.2	-9.4	-0.1	5.3
Utilities (65/FSUTX)	S**	0.99	0.75(30)									

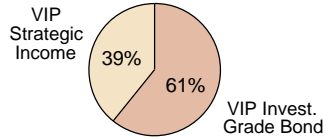
OCTOBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	30-day Yield	2009 YTD	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	S**	1.51	1.5(90)	44.46	3356.6		26.8	-5.7	-2.3	16.4	-0.5	9.0
China Region (352/FHKCX)	S**	1.63	1.5(90)	26.55	2013.1		56.1	1.4	2.3	60.8	11.2	15.3
Diversified Int'l (325/FDIVX)	H***	1.29	1(30)	26.87	31833.5		24.9	-2.0	6.0	24.4	-5.6	4.8
Emerging EMEA (2053/FEMEX)	S**	1.8 Est	1.5(90)	7.28	102.1		52.6	-0.8	6.8	54.1		
Emerging Mkts (322/FEMKX)	H***↑	1.83	1.5(90)	20.68	3640.1		59.2	-1.6	8.2	53.9	0.3	15.0
Europe (301/FIEUX)	S**	1.27	1(30)	28.52	2917.3		25.2	-2.4	6.2	25.3	-4.6	6.4
Europe Cap Appr (341/FECAX)	S**	1.30	1(30)	17.16	538.5		25.5	-2.3	6.3	25.7	-5.6	6.2
Global Balanced (334/FGLBX)	B****	0.75	1(30)	19.62	404.5		17.8	-1.8	4.8	19.8	2.2	6.8
Glob Commodity Stk (2120/FFGCX)	H***	1.6 Est	1(30)	13.31	131.1			-1.3	4.3			
Int'l Capital Apprec. (335/FIVFX)	B****	1.57	1(30)	10.78	413.4		45.1	-3.4	6.5	46.1	-6.6	1.8
Int'l Discovery (305/FIGRX)	H***	1.24	1(30)	28.79	8408.6		21.8	-2.8	5.0	22.5	-4.7	6.0
Int'l Enhanced Index (2010/FIENX)	H***	1.4 Est	1(30)	6.75	18.2		19.3	-1.9	6.3	21.9		
Int'l Growth (1979/FIGFX)	H***	1.5 Est	1(30)	7.02	16.9		26.7	-1.3	7.3	30.0		
Int'l Real Estate (1368/FIREX)	S**	1.46	1.5(90)	8.80	364.3		32.7	-0.2	6.1	27.2	-11.9	2.7
Int'l Small Cap (818/FISMXX)	H***	1.40	Closed	17.48	680.6		41.5	-1.4	8.6	45.3	-3.1	7.5
Int'l Small Cap Opp (1504/FSCOX)	H***	1.57	2(90)	8.14	334.1		35.9	-1.3	10.4	29.7	-13.6	
Int'l Value (1597/FIVLX)	H***	1.45	1(30)	7.75	185.6		30.0	-2.5	6.9	33.1	-7.1	
Japan (350/FJPNX)	H***	1.16	1.5(90)	10.03	1001.3		12.4	-3.7	-4.7	12.7	-10.8	0.6
Japan Smaller Co (360/FJSCX)	H***	1.28	1.5(90)	8.58	422.4		19.7	-2.6	1.2	23.7	-12.3	-3.6
Latin America (349/FLATX)	S**	1.83	1.5(90)	47.29	3914.6		71.2	1.2	13.0	67.9	7.8	24.3
Nordic (342/FNORX)	H***	1.64	1.5(90)	26.33	344.9		40.1	-0.7	9.9	35.1	-5.3	7.0
Overseas (94/FOSFX)	H***	1.31	1(30)	30.13	6898.5		20.1	-3.8	3.7	20.3	-6.4	4.2
Pacific Basin (302/FPBFX)	B****↑	1.70	1.5(90)	19.87	624.3		49.6	-2.4	5.0	55.7	-3.3	7.3
Southeast Asia (351/FSEAX)	H***	1.52	1.5(90)	23.98	1816.4		27.1	-2.9	0.5	31.2	2.6	14.2
Total Int'l Equity (1978/FTIEX)	H***	1.3 Est	1(30)	6.41	32.9		32.2	-1.8	7.2	34.2		
Worldwide (318/FWWFX)	H***	1.12	1(30)	14.98	1027.9		19.0	-3.2	4.5	13.3	-3.9	4.3
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.92	none	23.31	1978.8		17.7	-2.1	4.9	13.8	-4.5	2.2
NASDAQ Comp (1282/FNCMX)	B****	1.15	0.75(90)	27.17	218.6		30.3	-3.7	3.5	19.7	-4.1	1.3
Spart Ext Mkt Ldx (398/FSEMX)	B****	1.20	0.75(90)	27.75	2466.9		23.1	-5.5	3.7	14.3	-6.1	2.5
Spart Int'l Index (399/FSIIX)	H***	1.27	1(90)	32.80	4836.4		23.0	-2.2	6.3	25.4	-5.4	4.9
Spart 500 Index (317/FSMKX)	H***	1.00	none	72.16	6545.8		17.1	-1.9	5.5	9.8	-7.1	0.3
Spart Total Mkt Ldx (397/FSTMX)	H***	1.03	0.5(90)	29.51	5262.2		18.2	-2.6	5.0	10.6	-6.8	0.9
Asset Mgr 20% (328/FASIX)	H***	0.38	none	11.79	2304.1		17.0	0.0	4.0	16.5	2.1	4.3
Asset Mgr 30% (1957/FTANX)	H***	0.5 Est	none	8.98	61.0		20.0	-0.4	4.3	18.4		
Asset Mgr 40% (1958/FFANX)	H***	0.6 Est	none	8.66	36.2		21.4	-0.6	4.7	19.3		
Asset Mgr 50% (314/FASMX)	H***	0.71	none	13.28	6007.3		25.0	-1.1	5.1	22.5	-0.7	2.6
Asset Mgr 60% (1959/FSANX)	H***	0.8 Est	none	8.31	51.1		25.9	-1.4	5.2	23.3		
Asset Mgr 70% (321/FASGX)	H***	0.91	none	13.70	2213.8		27.6	-1.9	5.4	23.7	-3.0	1.5
Asset Mgr 85% (347/FAMRX)	H***	1.04	none	10.96	528.3		28.9	-2.5	5.5	24.2	-4.0	2.3
Dynamic Strategies (1960/FDYSX)	H***	0.8 Est	none	8.13	118.3		21.7	-1.1	4.6	17.6		
Freedom 2000 (370/FFFBX)	H***	0.38	none	11.33	1694.9		13.4	-0.3	3.8	12.1	1.4	3.1
Freedom 2005 (1312/FFVFX)	H***	0.64	none	9.86	1000.0		18.2	-1.2	4.6	15.6	-0.7	2.8
Freedom 2010 (371/FFFCX)	H***	0.68	none	12.27	11369.6		19.1	-1.4	4.7	16.6	-0.7	2.9
Freedom 2015 (1313/FFVFX)	H***	0.72	none	10.20	8428.8		19.7	-1.4	4.8	16.9	-1.2	3.2
Freedom 2020 (372/FFDXX)	H***	0.85	none	12.17	19909.1		21.7	-1.9	5.2	17.6	-2.6	2.8
Freedom 2025 (1314/FFTXX)	H***	0.89	none	10.03	8625.7		22.3	-2.1	5.3	17.7	-3.2	2.6
Freedom 2030 (373/FFEX)	H***	0.98	none	11.87	14017.4		22.1	-2.4	5.2	16.7	-4.5	2.1
Freedom 2035 (1315/FFTHX)	H***	1.00	none	9.80	5564.6		22.4	-2.5	5.4	16.7	-4.9	2.0
Freedom 2040 (718/FFFXX)	H***	1.03	none	6.83	8067.5		22.6	-2.7	5.4	16.4	-5.3	1.9
Freedom 2045 (1617/FFGXX)	H***	1.04	none	8.06	1696.0		22.8	-2.7	5.4	16.5	-5.3	
Freedom 2050 (1618/FFFHX)	H***	1.08	none	7.93	1386.8		23.0	-2.8	5.5	16.4	-6.0	
Freedom Income (369/FFFAX)	H***	0.35	none	10.63	2625.1		13.2	-0.2	3.7	12.3	1.9	3.2
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.92	1(90)	8.17	10357.8	7.83	59.8	0.4	11.2	45.8	5.3	7.0
Floating Rate (814/FFRHX)	B****	0.49	1(60)	9.30	2356.8	4.31	25.7	-0.1	1.9	20.5	3.0	3.8
Focused High Inc (1366/FHIFX)	B****	0.66	1(90)	9.07	453.6	6.89	30.6	1.4	5.9	30.7	3.1	3.9
GNMA Portfolio (15/FGMNX)	B****	0.15	none	11.53	7060.2	3.35	7.0	0.7	2.2	12.4	7.2	5.6
Gov't Income (54/FGOVX)	H***	0.21	none	10.58	4678.7	2.63	2.0	0.3	1.8	9.8	7.1	5.3
High Income (455/SPHIX)	B****	0.78	1(90)	8.21	6553.2	7.73	44.6	1.3	8.0	39.4	5.1	5.9
Inflation-Protected (794/FINPX)	S**	0.44	none	11.40	1977.4	0.88	9.2	1.2	4.3	16.1	4.8	3.8
Intermed Bond (32/FTHRX)	B****	0.26	none	10.24	4288.6	3.72	16.9	1.1	4.6	18.9	4.8	3.9
Intermed Gov't Inc (452/FSTGX)	H***	0.17	none	10.82	1544.7	1.85	1.5	0.4	1.5	7.3	6.6	4.8
Invest Grade Bond (26/FBNDX)	B****	0.27	none	7.06	6064.8	4.23	15.4	1.2	4.7	17.7	3.4	3.5
Mortgage Securities (40/FMSFX)	B****	0.14	none	10.56	838.8	4.39	9.1	1.2	3.3	12.1	3.5	3.5
New Markets Inc (331/FNMIX)	H***	0.80	1(90)	15.26	2700.3	6.23	43.5	0.5	10.4	55.6	8.1	9.9
Short-Term Bond (450/FSHXX)	H***	0.12	none	8.32	6527.9	2.17	6.9	0.7	2.6	5.7	1.8	2.2
Spart Intermed Tr Ldx (1561/FIBIX)	H***	0.36	none	10.69	1172.6	2.85	-3.3	0.1	2.0	7.8	7.4	
Spart L-Term Tr Ldx (1562/FLBIX)	H***	0.64	none	10.58	164.0	3.94	-9.8	-1.4	2.3	10.6	6.9	
Spart S-Term Tr Ldx (1560/FSBIX)	H***	0.14	none	10.51	187.1	1.13	0.2	0.2	1.2	3.2	5.7	
Strategic Income (368/FSICX)	B****	0.48	none	10.78	6730.0	5.26	29.1	0.6	6.7	32.6	7.0	6.7
Strategic Real Rtn (1505/FSRRX)	H***	0.70	0.75(60)	8.30	4913.9	2.33	22.8	0.6	6.5	16.9	-0.6	
Total Bond (820/FTBFX)	B****↑	0.29	none	10.52	11306.0	4.45	18.8	1.0	4.4	21.9	5.6	4.8
Ultra-Short Bond (812/FUSFX)	S**	0.19	0.25(60)	8.14	227.1	0.53	0.9	0.2	0.6	0.1	-3.8	-0.9
US Bond Index (651/FBIDX)	H***	0.19	none	11.16	10421.5	3.21	6.8	0.5	2.5	13.2	5.5	4.5
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZXX)	H***	0.33	0.5(30)	11.23	168.4	3.51	12.4	-2.1	3.1	13.6	3.5	3.5
CA Municipal Inc (91/FCITX)	H***	0.33	0.5(30)	11.79	1568.6	4.06	11.2	-2.6	3.9	10.8	2.7	3.3
CA Short-Int TF (1534/FCSTX)	H***	0.16	0.5(30)	10.48	526.5	1.88	4.7	-0.9	0.7	7.1	4.4	
CT Municipal Inc (407/FICNX)	H***	0.28	0.5(30)	11.36	586.7	3.09	9.7	-2.0	1.9	11.3	4.1	3.7
Intermediate Muni (36/FLTMX)	B****	0.20	0.5(30)	10.11	3715.0	2.74	7.6	-1.4	1.9	9.7	4.3	3.8
MA Municipal Inc (70/FDMMX)	H***	0.30	0.5(30)	11.73	2339.2	3.38	11.3	-2.1	2.8	12.6	3.6	3.8
MD Municipal Inc (429/SMDMX)	H***	0.29	0.5(30)	10.87	169.8	3.03	12.8	-1.7	2.8	13.5	3.8	3.6
MI Municipal Inc (81/FMHTX)	H***	0.26	0.5(30)	11.83	639.8	3.28	8.3	-1.7	2.5	10.7	4.0	3.8
MN Municipal Inc (82/FIMIX)	H***	0.24	0.5(30)	11.33	465.7	2.74	8.7	-1.6	1.7	10.9	3.9	3.7
Municipal Income (37/FHIGX)	H***	0.31	0.5(30)	12.42	5756.5	3.74	12.0	-2.2	3.5	12.7	3.4	3.8
NJ Municipal Inc (416/FNJHX)	H***	0.30	0.5(30)	11.45	665.8	3.14	10.7	-2.2	2.6	11.8	3.7	3.8
NY Municipal Inc (71/FTFMX)	H***	0.31	0.5(30)	12.75	1746.6	3.47	10.7	-2.3	2.9	12.4	3.8	3.8
OH Municipal Inc (88/FOHFX)	H***	0.29	0.5(30)	11.56	512.8	3.42	9.9	-1.8	2.7	12.8	4.0	3.8
PA Municipal Inc (402/FPXTX)	H***	0.24	0.5(30)	10.73	417.6	3.28	8.5	-1.3	2.2	10.1	3.9	3.7
Short-Int Municipal (404/FSTFX)	B****	0.13	0.5(30)	10.58	2893.6	1.71	4.7	-0.7	0.9	6.6	4.3	3.3
Tax-Free Bond (90/FTABX)	H***	0.31	0.5(30)	10.71	1834.1	3.72	12.0	-2.1	3.5	13.5	3.9	4.1

OCTOBER 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	9712.73	13.7	0.2	6.7	7.7	-4.4	1.9	1.3
S&P 500	1.00	1036.19	17.0	-1.9	5.5	9.8	-7.0	0.3	-0.9
NASDAQ	1.15	2045.11	30.7	-3.6	3.6	20.1	-3.9	1.5	-3.1
Russell 2000	1.26	562.77	14.1	-6.8	1.4	6.4	-8.5	0.6	4.1
Fidelity Monitor Income Model	0.34	87126.94	18.6	1.2	5.9	17.6	0.8	2.5	3.6
Fidelity Monitor G&I Model	0.73	152472.85	21.3	-0.9	5.3	17.1	-4.2	2.5	4.9
Fidelity Monitor Growth Model	1.18	145712.77	19.2	-3.6	5.2	9.9	-8.8	0.6	2.7
Fidelity Monitor Select System	1.28	302326.36	19.9	-5.1	3.4	9.7	-4.4	3.2	3.0
Fidelity Monitor Unique Opportunities	1.20	97278.81	31.4	-4.6	4.4	21.1	-7.0	3.0	4.5

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

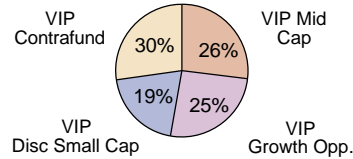


PAST PERFORMANCE

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: +22.1%
2001: -3.4%	

VIP GROWTH MODEL

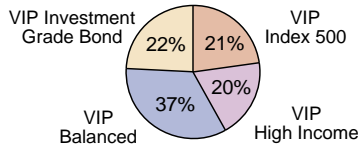


PAST PERFORMANCE

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: +14.6%
2001: -14.0%	

VIP G & I MODEL

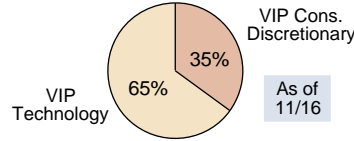


PAST PERFORMANCE

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: +20.9%
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: +33.5%
2006: +17.7%	

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

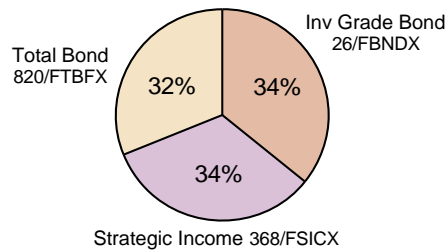
OCTOBER VIP PERFORMANCE Portfolio	Rating	Risk	RR Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	1.23	8.47	22.2	-6.5	2.1	15.4	-9.0	
VIP Asset Manager	H ***	0.80	33.88	21.4	-2.4	5.1	18.6	0.1	2.4
VIP Asset Manager: Growth	H ***	1.02	20.74	22.6	-3.5	5.4	17.7	-1.8	1.3
VIP Balanced	B ****	0.95	15.71	28.2	-3.0	5.4	23.8	-2.4	1.8
VIP Consumer Discretionary	B ****	1.17	9.19	23.8	-3.8	4.5	17.2	-9.9	-1.7
VIP Consumer Staples	H ***	0.8 Est	10.12	17.0	1.2	6.9	20.4		
VIP Contrafund	B ****	1.12	36.37	23.5	-3.6	4.6	16.1	-5.5	2.7
VIP Disciplined Small Cap	B ****	1.16	7.01	9.0	-6.9	0.7	0.5	-10.8	
VIP Dynamic Capital Appreciation	H ***	1.15	11.02	18.0	-7.3	3.4	12.6	-8.7	1.6
VIP Energy	H ***	1.76	19.92	37.6	-1.6	9.8	18.8	-1.8	9.7
VIP Equity-Income	B ****	1.18	47.78	21.1	-2.9	6.5	12.8	-10.3	-1.3
VIP Financial Services	H ***↓	1.55	7.91	22.8	-4.7	6.6	7.1	-18.5	-7.0
VIP Freedom 2005	H ***	0.63	10.90	17.4	-1.4	4.2	16.3	-0.9	
VIP Freedom 2010	H ***	0.66	10.85	18.2	-1.6	4.3	16.5	-1.1	
VIP Freedom 2015	H ***	0.71	10.93	18.8	-1.8	4.4	16.8	-1.5	
VIP Freedom 2020	H ***	0.85	10.56	21.1	-2.3	4.7	17.5	-3.2	
VIP Freedom 2025	H ***	0.90	10.49	21.5	-2.4	4.8	17.4	-3.7	
VIP Freedom 2030	H ***	1.00	10.15	22.3	-2.9	4.9	16.6	-5.1	
VIP Freedom Income	H ***	0.32	11.36	11.9	-0.5	2.8	12.1	1.9	
VIP FundsManager 20	H ***↓	0.28	10.74	7.7	-0.6	2.2	9.8	1.4	
VIP FundsManager 50	H ***↓	0.60	9.77	13.5	-1.6	3.5	13.3	-1.9	
VIP FundsManager 70	H ***↓	0.82	8.95	16.7	-2.4	4.1	14.1	-4.7	
VIP FundsManager 85	H ***↓	0.98	8.40	19.3	-2.8	4.9	15.1	-6.6	
VIP Growth	H ***	1.11	46.20	15.4	-4.0	2.2	3.3	-8.5	-2.0
VIP Growth & Income	H ***	1.04	14.66	16.8	-3.2	3.0	7.0	-8.3	-1.0
VIP Growth Opportunities	B ****	1.39	9.57	29.6	-4.0	4.1	15.9	-10.3	-3.1
VIP Growth Stock	B ****	1.17	9.25	30.5	-2.1	6.6	21.6	-4.4	
VIP Health Care	H ***	0.92	11.13	18.7	-4.3	2.6	17.8	-4.1	3.1
VIP High Income	B ****	0.73	32.82	37.4	1.2	6.4	31.5	2.3	3.8
VIP Index 500	H ***	1.00	29.02	16.4	-1.9	5.3	9.1	-7.8	-0.5
VIP Industrials	H ***	1.41	15.06	23.0	-4.6	3.6	20.1	-3.9	4.0
VIP Int'l Capital Appreciation	H ***	1.56	9.54	44.4	-3.6	6.3	45.2	-7.3	
VIP Investment Grade Bond	B ****	0.25	33.41	14.8	0.9	3.8	18.4	4.6	3.7
VIP Materials	H ***	1.5 Est	9.17	53.1	-5.6	2.7	44.3		
VIP Mid Cap	B ****	1.13	19.26	29.9	-2.6	5.7	25.9	-2.7	5.7
VIP Money Market			21.88	0.0	0.0	-0.1	0.3	2.4	2.6
VIP Overseas	H ***	1.24	31.50	18.5	-2.9	5.1	17.1	-6.4	3.3
VIP Real Estate	H ***	2.19	13.06	18.3	-5.5	19.5	6.6	-16.0	-0.3
VIP Strategic Income	B ****	0.46	14.10	26.8	0.5	6.1	30.7	6.2	5.9
VIP Technology	B ****	1.58	10.32	70.3	-2.5	7.6	55.3	-0.4	4.2
VIP Telecommunications	H ***	1.3 Est	6.71	30.1	-5.0	-1.4	36.9		
VIP Utilities	H ***	1.00	10.53	3.7	-4.5	-0.9	5.7	-6.1	3.7
VIP Value	B ****	1.46	8.33	27.9	-6.1	5.8	16.8	-11.1	
VIP Value Leaders	H ***	1.19	8.32	17.9	-4.1	4.6	9.7	-11.3	
VIP Value Strategies	H ***	1.61	10.91	41.7	-6.0	7.3	29.8	-9.2	-0.7
Fidelity Monitor VIP Income Model		0.33	20998.16	22.1	0.8	5.3	21.5	2.4	2.9
Fidelity Monitor VIP G&I Model		0.72	22637.79	20.9	-1.1	5.2	16.3	-2.7	1.9
Fidelity Monitor VIP Growth Model		1.15	25883.94	14.6	-4.1	3.9	6.4	-11.0	-1.5
Fidelity Monitor VIP Sector Model		1.34	16281.20	33.5	-3.3	6.5	28.0	-3.8	4.6

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	\$7.06	4271.032	\$30153.49
Strategic Income	\$10.78	2718.174	\$29301.92
Total Bond	\$10.52	2630.374	\$27671.53

17% Foreign Holdings
Balance as of 10/30/09: \$87126.94
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: +18.6%

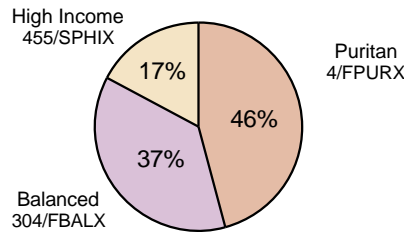
For October we edged up 1.2%. On 10/12 we sold **Focused H. I.** (\$9.01), buying **Total Bond** (\$10.46). Asset mix: 96% bond, 4% cash.

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	\$15.27	4538.619	\$69304.71
Balanced	\$15.58	3640.609	\$56720.69
High Income	\$8.21	3221.370	\$26447.45

11% Foreign Holdings
Balance as of 10/30/09: \$152472.85
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: +21.3%

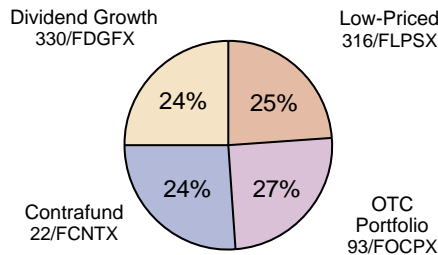
Our Growth and Income Model declined 0.9% in October. The current asset mix is 51% stock, 44% bond, and 5% cash.

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	\$29.50	1231.092	\$36317.21
OTC Portfolio	\$39.98	984.424	\$39357.27
Contrafund	\$53.83	646.628	\$34807.99
Dividend Growth	\$21.45	1642.438	\$35230.30

18% Foreign Holdings
Balance as of 10/30/09: \$145712.77
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: +19.2%

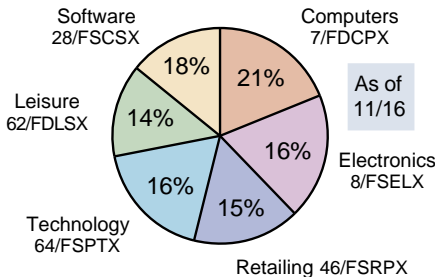
Our Growth Model lost 3.6% in October, versus a 1.9% decline for the S&P 500. Current asset mix is 96% stock, 4% cash.

SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Computers	\$40.16	1560.153	\$62655.74
Electronics	\$34.73	1433.672	\$49791.43
Retailing	\$41.30	1099.611	\$45413.93
Technology	\$65.92	734.691	\$48430.83
Leisure	\$61.22	683.802	\$41862.36
Brokerage	\$47.13	1149.418	\$54172.07

6% Foreign Holdings
Balance as of 10/30/09: \$302326.36
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: +19.9%

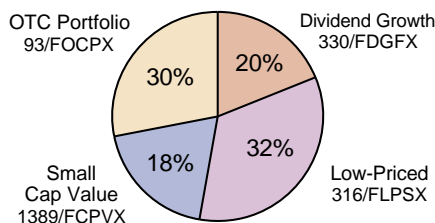
We were down 5.1% in October; the S&P was off 1.9%. On 10/12 we exchanged **Con. & Housing** (\$28.51) for **Tech** (\$69.35). On 11/16 we'll trade **Brokerage** for **Software**. Asset mix: 99% stock, 1% cash.

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	\$21.45	918.617	\$19704.33
Low-Priced Stock	\$29.50	1041.543	\$30725.52
Small Cap Value	\$11.49	1527.816	\$17554.61
OTC Portfolio	\$39.98	732.725	\$29294.35

16% Foreign Holdings
Balance as of 10/30/09: \$97278.81
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: +31.4%

Our Unique Opportunities Model declined 4.6% in October. Current asset mix is 97% stock, 3% cash.

QUESTION & ANSWER FORUM - Continued from page 1

rates at near-zero levels, global investors are borrowing in dollars and putting the money to work in places where higher returns are available. This weakens the dollar.

Don't mistake the trend as an alarm bell on U.S. debt, because it's not. Government borrowing is up sharply, but it's more than offset by a sharp reduction in private sector borrowing and by a trade deficit that's been cut in half since the financial crisis hit.

While the dollar's decline may put some upward pressure on long-term interest rates, the effect is likely to be temporary unless inflation picks up. And that's unlikely to occur in this economic environment, where wage pressures are non-existent, rents are falling, factory capacity utilization is low, and consumers are likely to be in debt-reduction mode for at least five more years. Granted, there's a whiff of inflation in rising commodity prices, but those cost pressures are easily absorbed. Furthermore, the commodity bubble is easily pricked with a small tightening move if the Fed wants to end it. And from where we are now, bonds would probably benefit from yield-curve flattening in that type of situation.

Do you recommend taking Required Minimum Distributions (RMDs) from IRA accounts this year?

Not unless you need the money for living expenses. The government is allowing everyone age 70 1/2 or older to skip their 2009 RMDs, amounting to a one-time tax break. While there is some risk that income tax rates will be higher in the future, most investors are likely to come out ahead keeping their 2009 distribution dollars compounding in a tax-deferred account. Note that if your account is set up for automatic RMDs, you'll need to call Fidelity and tell them to suspend the 2009 distribution.

I read in the Wall Street Journal that FMR's debt rating has been downgraded to A2 by Moody's.

Fidelity says they are on a solid financial footing, and we don't see any reason to worry. Moody's downgrade was based on lower profits and heavy use of internal debt. But a large portion of the debt is owed to the Johnson family, and could be repaid quickly and easily if Fidelity did an IPO. Furthermore, each Fidelity fund is a unique financial entity whose assets are held with a custodian. If FMR ever got forced into bankruptcy, expense ratios might go up and managers would change, but shareholders would still be able to liquidate their holdings. ■

Happenings

As of 10/1, Colin Chickles has been named manager of **Southeast Asia**. We continue to rate the fund a hold. ■

RECOMMENDATIONS - Continued from page 1

following the portfolio, consider **Puritan** or **Balanced**.

Real Estate Income was off a modest 0.7%, and **Puritan** pulled back 1.1%. Laggards included **Telecom & Utilities**, which declined 4.9%, and **Real Estate**, which posted a 5.9% loss.

INCOME FUNDS

Our Income Model holdings are listed on page 7. Our favorite funds, in increasing order of risk, are **Total Bond**, **Strategic Income** and **High Income**.

Long-term interest rates edged up a bit on dollar fears, and the high-yield sector cooled off as the pace of new issues picked up – although it still led the group. **Focused High Income** rose 1.4%, and **High Income** moved up 1.3%. On the bottom, **Spartan Long-Term Treasury Index** declined 1.4%.

Municipal bond funds pulled back on rising interest rates, posting declines ranging from 0.7% to 2.6%.

SELECT PORTFOLIOS

Our Select System holdings are listed on page 7. The following funds have above-average scores in our volatility model: **Technology**, **Computers**, **Software**, **Retailing**, **Electronics**, **Leisure**, **Communications Equipment**, and **IT Services**.

Software led the group with a 1.5% increase, thanks to a trouble free rollout of Windows 7. **Consumer Staples** rose 1.4%, **Medical Delivery** slid 1.0%, and **Retailing** posted a 1.4% decline. On the bottom end, **Biotech** lost 12.1%, and **Air Transportation** fell 12.9%. ■

OCTOBER DISTRIBUTIONS

Asset Manager 20%	\$ 0.029/\$11.71 (10/2)
Asset Manager 30%	\$ 0.021/ \$8.93 (10/2)
Asset Manager 40%	\$ 0.053/ \$8.60 (10/2)
Asset Manager 50%	\$ 0.076/\$13.19 (10/2)
Balanced	\$ 0.11 / \$15.51 (10/2)
Convertible Securities	\$ 0.163/\$20.52 (10/2)
Equity-Income	\$ 0.119/\$36.50 (10/2)
Equity-Income II	\$ 0.057/\$15.22 (10/2)
Export & Multinational	\$ 0.093/\$18.72 (10/9)
Fidelity Fund	\$ 0.136/\$26.33 (10/2)
Freedom Income	\$ 0.02 / \$10.57 (10/2)
Growth & Income	\$ 0.025/\$14.81 (10/2)
Puritan	\$ 0.102/\$15.12 (10/2)
Strategic Dividend & Income	\$ 0.043/ \$8.80 (10/2)
Strategic Real Return	\$ 0.067/ \$8.14 (10/2)
Utilities	\$ 0.12 / \$12.74 (10/2)

Funds that are scheduled for November include **Asset Manager 20%**, **30%**, and **Freedom Income**. Year-end payout estimates are now available on fidelity.com (search on "year end distributions" to pull up the link).

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	135203.7	0.20	CT MM (418/FCMXX)	1830.9	0.01			
Select MM (85/FSLXX)	8215.9	0.26	MA MM (74/FDMXX)	4736.8	0.01			
Money Market (454/SPRXX)	8423.1	0.12	MI MM (420/FMIXX)	901.5	0.01	MA AMT TF (426/FMSXX)	491.9	0.01
Gov't MM (458/SPAXX)	938.7	0.01	NJ MM (417/FNJXX)	2271.1	0.01	AMT Tax-Free (460/FIMXX)	2429.3	0.01
US Treas. MM (415/FDLXX)	6507.9	0.01	NY MM (92/FNYXX)	5253.8	0.01	NJ AMT TF (423/FSJXX)	455.5	0.03
Tax-Free MM (275/FMOXX)	6098.1	0.01	OH MM (419/FOMXX)	1025.5	0.01	NY AMT TF (422/FSNXX)	846.3	0.01
US Gov't Reser (50/FGRXX)	4255.5	0.03	AZ MM (433/FSAXX)	383.9	0.01	PA MM (401/FPTXX)	687.6	0.01
CA MM (97/FCFXX)	5015.6	0.01	CA AMT TF (457/FSPXX)	945.4	0.02	Municipal MM (10/FTEXX)	24041.6	0.01