

Jack
Bowers



Fidelity

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20
Years

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2007

Monitor™

Outlook for 2008

The Consumer Debt Crisis of 2007 knocked out a key pillar of support for the market. Takeovers and corporate buybacks are no longer the driving force behind stocks, because the credit crunch has shut off their main financing mechanism.

Foreign investors have been fleeing U.S. bonds and bank stocks, contributing to a sharp drop in the value of the dollar, and putting pressure on the value side of the S&P 500. Banks, severely impacted by the sub-prime meltdown, are facing an earnings slump that may drag on for more than a year, and other firms that depend on financing for consumer sales may also be dragged into the fray.

Despite all this, the U.S. is probably not facing a bear market. Exports were expanding briskly even before being spurred by the dollar's recent tumble, and the vast majority of consumers are not struggling with their mortgages. Most are spending normally because there's not that much to fear on the job front.

Here in the Sacramento area, supposedly one of the hardest-hit sub-prime markets, unemployment has edged up a bit, but the local economy is not taking a dive. Construction of single-family homes has slowed, but apartments and retail centers are still being built and occupied. High-end homes, often financed from the sale of stock (and not requiring a mortgage) are still going up. Things may get worse, but with area technology firms enjoying strong sales, it doesn't seem all that likely.

While there are some regions around the U.S. where the job situation is not as optimistic, most areas have full employment. Furthermore, the latest round of dollar weakness could lead to hiring by U.S. firms that sell overseas, higher manufacturing volume by foreign companies that build and sell their products here, and greater numbers of foreign tourists who come to the U.S. for a vacation and shopping trip. Many foreigners won't even travel to shop here; they'll just buy things online and have them shipped to their doorstep. Web sites were just getting started the last time the dollar was weak. This time around eBay alone may become a significant source of export activity. Bottom line: it's hard to see how the U.S. could slip into a recession with a weak greenback revving up the U.S. economy.

OUTLOOK FOR 2008 - *Continued on page 2*

Review & Recommendations

Investors struggled while attempting to get a handle on the depth of the banking mess, the outlook for the economy, and the Fed's intentions. November turned into a tug-of-war between the bulls and the bears, with the bears getting the upper hand and the S&P 500 finishing with a 4.2% loss. But there's a good chance the economy will not tumble into a recession as many are predicting, and the Fed may extend its easing cycle much longer than expected.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorite growth funds include **Independence**, **Trend**, **Growth Discovery**, **Export & Multinational**, **Spartan 500 Index**, and **Value Discovery**. We've taken **Leveraged Company Stock** off our favorites list, and we may reduce its weighting in the Unique Opportunities Model.

Large-cap growth funds held up better than the rest in November. **Contrafund** was off 2.7%, **Stock Selector** declined 3.7%, and **Magellan** slipped 3.8%. Smaller stocks were hit by economic worries. **Value Strategies** lost 7.8%, **Small Cap Independence** fell 8.4%, and **Aggressive Growth** tumbled 9.4%.

INTERNATIONAL FUNDS

We're not recommending many foreign funds, because Fidelity's domestic growth funds have more upside potential – they're able to pick the best stocks from both domestic and foreign markets. We do like **Canada** for natural resources – it makes a good alternative to emerging market funds.

Liquidity mattered during November's flight to safety. **Japan** (off 2.1%) and **Europe** (down 2.7%) held up relatively well because they hold large stocks in mature markets. Profit-taking and poor liquidity, on the other hand, magnified losses in **China Region** (down 11.4%) and **Southeast Asia** (11.5% drop).

GROWTH & INCOME FUNDS

Growth and Income Model holdings are listed on page 7. Our favorites include **Fidelity Fund**, **Convertible Securities**, **Asset Manager 70%**, **Balanced**, and **Puritan**.

Puritan was off 2.9%, **Fidelity Fund** declined 3.4%, and **Balanced** slid 3.7%. On the bottom end,

RECOMMENDATIONS - *Continued on page 8*

Along that line of thinking, there are many good opportunities in the large-cap growth corner of the stylebox. These are the companies that benefit most from a weak dollar. Technology firms lead the list, because their export markets are well defined, and a substantial portion of their revenue comes from foreign operations (and is now worth more due to favorable exchange rate effects). But tech firms are hardly alone. Industrial equipment makers and commodity producers of all kinds are poised to benefit. And don't forget about food – the U.S. has about 25% of the world's most productive farmland, and consumers in emerging markets can now afford to eat better than they have in the past.

The energy sector remains a wild card. Oil, already seeing upward pricing pressure from global supply limitations and rising demand in emerging countries, will almost certainly jump in price over the next five years. But 2008 is a tough call. If the global economy eases up, and Saudi Arabia gets serious about boosting output, oil may not climb permanently above \$100 until 2009 or later. The prudent bet is to maintain a slightly overweighted position in energy and hang on for the long run.

Bonds are also a tough call. Treasuries have been on a rally as investors turn more averse to credit risk. But inflation is still a big problem in many emerging countries, and long-term interest rates could move up if their ties to the dollar are loosened in 2008. That would be unfavorable for bonds.

On the opposite page is a chart showing asset class ranking for the last ten calendar years (plus the current year through 11/30). The illustration turns up some interesting observations:

- Foreign stocks have outperformed the S&P 500 in each of the last six years. Normally the EAFE index trails S&P 500 over the long run, because U.S. companies tend to have a higher rate of earnings growth – a result of faster adaptation of advancing technology and easier access to venture capital. This suggests the EAFE may be somewhat ahead of itself.
- The real estate sector tends to land in the top or bottom position more often than other asset classes, and its performance tends to persist for more than one calendar year. It's possible this asset class may land at the bottom once again in 2008.

All things considered, the S&P 500 may be the best-positioned asset class for 2008. With a P/E ratio of around 16, it's not expensive. It has more exposure to growth stocks than most foreign markets.

And when it comes to higher inflation, the S&P 500 has shown an ability to keep up better than most other asset classes – its long-term performance exceeds inflation by about 7 percentage points per year.

Following are the funds we favor for 2008.

INCOME FUNDS

There's no reason to get excited about bond funds for the coming year. Anything paying above-average yields will carry above-average risk of loss for 2008, so the best bet is to stick with short maturities and high credit quality. But with that approach, the income may not be much better than a money market fund.

If safety is the main consideration and a 4% yield is good enough, go with **U.S. Treasury Money Market**. It doesn't pay as much as other money markets, but with near-zero credit risk there's very little chance it would ever break its one dollar share price. **Cash Reserves** offers a higher yield (5%) but carries a bit more credit risk – though far less than any bond fund.

If keeping up with inflation is more important, consider adding a little equity exposure instead of reaching for higher yields. **Asset Manager 20%**, with a return of 7% annualized, has outperformed all money market funds and most bond funds during the last three years. The fund uses a disciplined multi-manager approach for its 20% domestic stock allocation, and its volatility is only one-fifth as great as the S&P 500. **Freedom Income**, which uses a fund-of-funds approach to achieve a similar level of risk, is also a solid bet – but hasn't performed quite as well as **Asset Manager 20%** in recent years.

GROWTH & INCOME FUNDS

Asset allocation funds are an excellent way to invest for the long run, because they tend to be more foolproof than other types of investments – taking on enough risk to stay ahead of inflation, but not so much they get hurt badly during the tough times. We're partial to funds that maintain an overall risk level that's about 65-70% as great as the S&P 500. The following funds achieve that with a 30-40% weighting in bonds – enough to protect against a bear market, but not so much their ability to keep ahead of inflation is compromised.

Puritan is the most conservative in this area; the stock side of its portfolio mirrors **Equity-Income**. The fund's heavy focus on value stocks has caused it to trail a bit in recent months, but the bond side of its portfolio is performing decently and its overall risk level is right where it should be.

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Balanced carries slightly more growth stock exposure and has been a leader in its category over the last five years, owing to the skills of manager Lawrence Rakers. It carries slightly more risk than **Puritan**, but so far its advantage in performance has been worth the added volatility.

Asset Manager 70%, having adopted a multi-manager approach using Fidelity's central sector funds for its domestic stock allocation, may have an edge over **Balanced** or **Puritan** in the coming years. We like its discipline and broad diversification.

Dynamic Strategies, a new fund co-managed by Jurrien Timmer, offers a unique top-down approach to asset allocation that may emphasize natural resources while sharply limiting overall volatility.

If you're willing to live with a bit less downside protection, two other funds are worth considering. Their relative volatility is closer to S&P 500 levels:

Convertible Securities offers a way to emphasize natural resources (42% of assets) and technology (20% of assets) while keeping overall volatility about 15% lower than the S&P.

Fidelity Fund offers large-cap growth exposure

while sticking closely to the sector weightings of the S&P 500. This keeps relative volatility near 1.0.

GROWTH FUNDS

Most of our favorites here are in the large-cap growth category. Domestic companies held in these funds should benefit from dollar weakness, and are less likely to be hurt by a slowdown in the economy. All of these funds include significant foreign holdings.

Independence emphasizes natural resources, technology, and industrial equipment. Foreign stocks comprise nearly 30% of its portfolio. With a risk rating of 1.27, it's the most volatile of our favorites, but also has the most to gain if stocks do well in 2008.

Trend is a well-balanced bet on large-cap growth stocks, and doesn't carry much exposure to financial and energy stocks. Its top industry holdings are tech (32%), health care (16%), and industrials (12%). Foreign holdings represent 17% of assets, and its overall risk is 10% higher than the S&P 500. If you plan to purchase it in a taxable account, consider waiting until after its distribution ex-date on 12/28.

OUTLOOK FOR 2008 - Continued on page 8

ANNUAL ASSET CLASS RETURNS

Source: Fidelity Mutual Fund Guide (2007 figures are estimates as of 11/30)

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
33.4%	28.6%	27.0%	30.7%	10.5%	10.3%	47.3%	34.8%	13.8%	35.7%	13.4%
22.4%	20.0%	21.3%	11.6%	8.4%	2.7%	38.8%	20.7%	13.7%	26.5%	6.2%
19.8%	8.7%	21.0%	-3.0%	4.5%	-0.5%	37.1%	18.3%	4.9%	18.4%	5.6%
12.9%	2.9%	2.4%	-5.2%	2.5%	-15.8%	28.7%	10.9%	4.6%	15.8%	2.2%
9.7%	-2.6%	-0.8%	-9.1%	-11.9%	-20.5%	28.0%	10.9%	2.8%	10.8%	-1.5%
1.9%	-17.4%	-3.2%	-13.5%	-21.3%	-22.1%	4.1%	4.3%	2.4%	4.3%	-12.8%
Large Cap (S&P 500)	Small Cap (Russell 2000)	High Yield (ML HY Mstr II)	Invest. Grade (LB Aggr Bond)	Real Estate (DJW R.E.)	Foreign Stock (EAFE)					

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 ↓.

NOVEMBER PERFORMANCE						2007	One	Three	One	3-Yr	5-Yr	10-Yr
Fund Name (Code/Symbol)	Rating	Risk	Ex-Date	NAV	Size	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H***	1.15		22.75	3997.0	17.4	-9.4	2.0	15.7	12.6	13.3	3.1
Blue Chip Gth (312/FBGRX)	B****	0.98	12/21(1.32)	45.12	18940.6	11.3	-4.5	3.4	11.4	8.1	8.7	4.4
Blue Chip Value (1271/FBCVX)	H***	1.06	12/14(0.04)	14.84	746.3	4.5	-5.5	-0.6	5.6	11.1		
Capital Apprec (307/FBCAX)	B****	1.16	12/7(1.90)	30.39	10143.0	12.1	-5.4	3.8	13.6	12.0	15.8	9.0
Contrafund (22/FCNTX)	B****↑	0.96	12/28(4.37)	77.04	82647.0	19.3	-2.7	8.4	19.4	16.7	17.8	10.9
Growth Discovery (339/FDSVX)	B****	1.01		16.18	1568.7	26.1	-4.6	9.5	28.2	15.2	13.3	
Disc Equity (315/FDEQX)	H***	1.05	12/7(2.79)	32.01	11481.3	10.3	-4.1	4.1	12.2	12.8	13.6	7.4
Dividend Gth (330/FDGFY)	H***	0.90	12/14(0.77)	30.69	16387.9	2.9	-5.1	-2.4	4.8	8.1	8.3	7.4
Export Fund (332/FECPX)	B****	1.10	12/7(0.11)	25.80	4899.4	14.4	-6.4	5.7	13.0	13.9	15.3	11.9
Fidelity Fifty (500/FFTYX)	H***	1.08	12/14(0.45)	23.15	1817.1	13.5	-7.0	0.5	14.9	13.1	11.0	10.1
Focused Stock (333/FTQGX)	H***	1.18	12/7(1.34)	14.33	97.2	14.6	-6.6	4.9	15.8	14.0	13.9	4.6
Growth Company (25/FDGRX)	B****	1.08	12/14(0.58)	83.71	39106.9	20.1	-5.5	8.0	20.2	15.9	16.3	9.7
Independence (73/FDFFX)	B****	1.27		27.60	6156.8	25.7	-6.3	10.5	25.7	17.2	15.6	10.4
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 Est	12/14(0.05)	10.25	628.4		-3.8	2.1				
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.0 Est	12/14(0.03)	10.43	33.9		-4.0	2.6				
Large Cap Growth (763/FSLGX)	H***	1.08	12/14(0.81)	11.76	182.1	2.2	-5.1	2.2	2.8	8.7	10.4	
Large-Cap Stock (338/FLCSX)	B****	1.01	12/7(0.17)	19.68	1229.4	12.6	-5.3	3.2	13.2	12.2	11.3	5.9
Lg Cap Val En Idx (1828/FLVEX)	H***	1.0 Est	12/14(0.07)	9.68	25.3		-4.5	-1.0				
Large Cap Value (708/FSLVX)	H***	1.09	12/14(0.65)	15.27	1732.3	4.1	-5.0	0.3	5.9	12.1	13.9	
Lev Co Stock (122/FLVCX)	B****	1.18	12/14(0.24)	32.27	8341.0	16.2	-7.4	1.5	15.9	17.3	30.9	
Low-Priced Stock (316/FLPSX)	H***	0.97	12/14(1.74)	42.52	38792.4	2.6	-6.3	-0.8	4.5	10.9	16.8	13.1
Magellan (21/FMAGX)	H***	1.12	12/7(6.74)	100.26	47337.1	18.4	-3.8	7.6	17.8	11.7	11.1	6.4
Mid Cap Growth (793/FSMGX)	H***	1.20	12/14(0.84)	14.36	419.2	2.8	-4.6	1.3	2.4	10.0	13.9	
Mid Cap Stock (337/FMCSX)	H***	1.09	12/21(0.85)	29.90	16405.6	7.6	-7.3	-2.8	7.3	14.3	14.4	11.2
Mid Cap Value (762/FSMVX)	H***	1.13	12/14(0.31)	16.80	915.4	2.8	-5.3	-1.1	3.9	11.6	16.1	
New Millennium (300/FMILX)	B****	1.08	12/21(4.09)	33.53	2442.9	16.0	-5.3	5.8	16.3	14.4	13.9	13.4
OTC Portfolio (93/FOCPX)	H***	1.20		51.97	10334.6	25.7	-7.4	8.2	23.9	15.8	15.1	8.3
Small Cap Gth (1388/FCPGX)	H***	1.08		15.65	1284.4	15.8	-5.7	2.4	15.1	15.9		
Small Cap Indep (336/FDSCX)	H***	1.10	12/7(2.95)	22.73	2597.0	8.0	-8.4	-0.5	8.9	12.4	15.4	7.4
Small Cap Stock (340/FLSCX)	H***	0.94	12/7(1.63)	19.04	5053.1	7.4	-6.3	-1.8	7.7	10.4	15.8	
Small Cap Value (1389/FCPVX)	H***	1.16	12/7(0.15)	13.79	1256.3	1.3	-7.6	-1.9	1.1	12.4		
Stock Selector (320/FDSSX)	H***	0.97	12/7(1.54)	31.16	1005.0	12.0	-3.7	3.8	12.6	12.5	12.6	6.0
Tax Mgd Stock (343/FTXMX)	B****	1.05	12/7(0.06)	15.92	98.3	12.7	-4.4	2.2	13.6	14.1	13.7	
Trend (5/FTRNX)	B****	1.11	12/28(5.49)	75.41	1213.8	17.5	-5.5	8.2	18.5	13.8	13.6	6.3
Value (39/FDVLX)	H***	1.01	12/7(7.66)	83.85	22568.6	4.0	-6.4	-2.9	5.1	12.1	16.6	10.4
Value Discovery (832/FVDFX)	B****	1.04	12/14(0.22)	18.30	1351.6	9.4	-5.6	0.6	9.5	15.4		
Value Strategies (14/FSLSX)	H***	1.09	12/14(4.56)	33.60	458.5	6.2	-7.8	-2.6	6.8	10.1	15.7	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.70	12/14(0.31)	19.88	28013.0	8.8	-3.7	1.4	8.9	11.5	13.2	9.7
Convertible Sec (308/FCVXX)	B****	0.84	12/14(0.86)	28.71	3076.9	14.8	-5.4	2.4	16.0	13.0	14.3	11.9
Equity-Income (23/FEQIX)	H***	1.02	12/14(2.64)	58.25	32540.9	2.3	-5.4	-2.8	4.5	10.2	12.3	7.1
Equity-Income II (319/FEQTX)	H***↓	1.02	12/14(1.14)	24.29	11108.1	5.2	-4.2	-0.2	6.9	8.8	11.2	7.4
Fidelity Fund (3/FFIDX)	B****	1.00	12/21(1.57)	41.22	8066.4	16.3	-3.4	8.6	17.2	13.4	13.1	7.2
Growth & Income (27/FGRIX)	H***	1.04	12/14(1.27)	28.91	21794.1	2.0	-5.0	-1.0	2.3	6.2	8.0	4.8
Growth & Inc II (361/FGRTX)	B****↑	0.97	12/14(0.11)	11.85	308.6	11.9	-3.6	3.8	12.6	11.8	11.1	
Puritan (4/FPURX)	B****	0.65	12/21(0.76)	19.75	26585.0	6.1	-2.9	1.7	7.5	9.3	10.8	7.4
Strategic Div & Inc (1329/FSDIX)	B****	0.84	12/21(0.42)	13.33	1275.3	4.1	-5.9	-0.8	3.9	10.3		
Utilities (311/FUIUX)	H***	1.04		20.47	1474.8	9.8	-3.8	1.0	12.5	17.6	18.4	6.9
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.28	12/14(4.86)	50.75	71.6	7.2	-5.8	-0.9	6.0	16.8	19.3	12.6
Automotive (502/FAVXX)	S**↓	1.34	12/14(0.53)	41.09	58.1	6.4	-12.9	-1.5	8.1	7.8	11.1	5.8
Banking (507/FSRXX)	S***	1.39	12/14(1.42)	27.74	269.2	-15.9	-6.9	-10.6	-13.0	-1.0	6.1	4.9
Biotechnology (42/FBIOX)	H***	1.01		71.50	1346.8	10.1	-2.3	8.1	6.5	10.0	11.7	9.9
Brokerage (68/FSLBX)	S***	1.48	12/14(2.63)	72.44	884.7	0.9	-5.0	8.7	4.2	18.6	17.5	13.1
IT Ser / Bus Ser (353/FBSOX)	H***	1.09	12/14(0.65)	17.43	51.5	7.3	-7.3	0.9	9.2	10.2	12.9	
Chemicals (69/FSCHX)	B****	1.17	12/14(2.58)	84.04	258.5	26.7	-3.3	6.5	30.0	15.2	20.4	11.0
Computers (7/FDCPX)	B****	1.28		48.19	666.0	22.0	-8.7	4.6	21.7	12.3	13.5	7.3
Const & Housing (511/FSHOX)	S***	1.43	12/14(4.36)	38.56	90.7	-12.6	-8.6	-10.1	-11.1	3.8	12.9	9.4
Consumer Disc (517/FSCPX)	S***	1.14	12/14(1.91)	24.08	29.5	-3.6	-5.3	-4.6	-3.3	5.6	7.3	4.8
Industrial / Cyc Ind (515/FCYIX)	H***	1.08	12/14(0.88)	23.22	132.7	17.6	-3.6	3.4	18.9	15.7	20.2	11.1
Defense & Aero (67/FSDAX)	H***	1.03	12/14(3.52)	94.46	1555.5	21.3	-2.7	5.3	23.1	20.2	23.1	13.7
Com Equip / DevC (518/FSDCX)	H***	1.35		22.80	356.4	11.4	-12.0	-1.4	10.7	6.8	15.4	6.9
Electronics (8/FSELX)	H***	1.28	12/7(0.10)	45.83	1767.0	4.6	-8.5	-7.6	2.0	8.2	8.2	6.4
Energy (60/FSENX)	B****	1.53	12/14(2.33)	64.11	3093.7	33.5	-4.6	8.5	28.9	31.5	30.5	16.1
Energy Service (43/FSSEX)	B****	1.73	12/7(0.40)	95.93	2505.1	45.7	-4.1	3.9	39.4	34.0	28.9	13.8
Environmental (516/FSLEX)	H***	1.03	12/7(0.06)	19.15	38.6	10.8	-3.0	7.3	11.8	11.4	12.0	2.0
Financial Services (66/FIDSX)	S***	1.33	12/21(5.50)	105.87	447.8	-9.7	-6.9	-4.7	-7.6	5.5	9.4	7.6
Con Stap / Food Ag (9/FDFAX)	B****	0.70	12/14(2.77)	69.15	534.3	22.2	1.0	10.0	25.8	17.6	15.5	8.8
Gold (41/FSAGX)	H***	1.75	12/14(2.52)	43.43	1816.2	24.7	-8.7	27.5	21.1	27.8	27.0	16.4
Health Care (63/FSPHX)	B****↑	0.80	12/14(8.68)	137.67	2190.6	13.9	-1.1	7.1	15.0	14.3	11.4	8.8
Home Finance (98/FSVLX)	S**	1.82		31.27	169.8	-35.4	-14.6	-22.3	-33.6	-11.5	0.7	1.7
Indust Equip (510/FSCGX)	B****	1.07	12/14(1.02)	37.06	189.1	21.6	-2.4	5.2	23.6	16.7	18.4	9.0
Materials / Ind Mat (509/FSDPX)	H***	1.31	12/14(2.17)	59.30	387.1	26.8	-4.6	7.4	28.3	20.7	24.8	11.9
Insurance (45/FSPCX)	S**↓	1.11	12/14(4.41)	68.77	197.2	-3.0	-3.6	-0.9	-0.6	8.9	11.0	11.4
Leisure (62/FDLSX)	H***	0.99	12/21(2.83)	83.12	263.3	7.8	-5.1	4.4	10.0	11.1	15.4	9.9
Medical Delivery (505/FSHCX)	B****↑	0.83	12/14(2.86)	54.49	588.1	14.6	1.1	7.0	19.4	16.2	22.2	10.3
Medical Equip/Sys (354/FSMEX)	B****	0.81	12/14(1.37)	26.14	967.6	16.6	-0.8	4.5	16.7	11.3	15.4	
Multimedia (503/FBMPX)	S**↓	1.03	12/14(2.51)	41.86	73.8	-5.8	-4.8	-4.1	-2.3	6.5	9.2	8.9
Natural Gas (513/FSNGX)	B****↑	1.47	12/14(2.46)	47.17	1425.4	30.2	-7.1	11.7	21.5	25.5	30.0	16.9
Nat Resources (514/FNARX)	B****	1.50	12/14(0.60)	37.78	2157.5	38.4	-5.4	10.8	34.4	33.0	31.3	16.5
Networking (912/FNINX)	H***	1.27		2.56	78.7	3.6	-13.2	-2.7	2.0	4.2	8.2	
Paper & Forest (506/FSFPX)	H***	1.20	12/14(0.40)	32.83	27.8	1.4	-6.7	-1.7	5.2	2.5	5.4	5.1
Pharmaceuticals (580/FPHAX)	H***	0.89	12/14(0.29)	12.31	206.5	16.4	0.5	8.1	16.3	16.1	11.8	
Retailing (46/FSRPX)	S***	1.32	12/21(6.25)	48.48	58.3	-4.0	-4.4	-6.4	-4.1	6.6	10.6	6.7
Software (28/FSCTX)	H***	1.16		78.14	982.2	19.2	-7.9	12.0	17.7	15.8	15.3	12.8
Technology (64/FSPTX)	H***	1.29		81.93	2304.3	20.7	-10.4	4.9	18.2	12.1	13.2	9.2
Telecom (96/FSCTX)	H***	1.19	12/21(0.17)	53.43	609.1	10.2	-7.8	-5.3	15.1	14.9	14.6	4.7
Transportation (512/FSRFY)	H***	1.32	12/14(2.83)	52.38	91.9	5.1	-6.2	-2.1	2.7	9.5	17.4	11.2
Utilities Growth (65/FSUTX)	H***	1.17	12/7(0.83)	65.16	734.0	17.9	-1.3	10.6	18.9	19.9	21.1	8.6
Wireless (963/FWRLX)	B****	1.32	12/7(0.21)	9.12	843.1	30.3	-8.5	2.7	33.1	19.2	27.5	

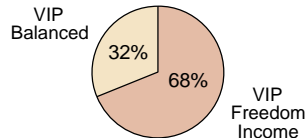
NOVEMBER PERFORMANCE						30-day	2007	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Ex-Date	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.91	12/7(2.49)	18.00	747.3		7.7	-6.7	1.6	10.3	13.9	16.4
Canada (309/FICDX)	B****	1.18	12/7(3.91)	63.36	4881.6		31.3	-9.8	7.9	29.7	25.3	29.4
China Region (352/FHKCX)	S**	1.54	12/7(4.85)	36.78	2034.6		50.0	-11.4	17.4	54.9	31.4	27.7
Diversified Int'l (325/FDIVX)	H***	1.03	12/7(3.00)	43.42	59940.8		17.5	-4.4	7.7	20.6	20.7	23.2
Emerging Mkts (322/FEMKX)	S**	1.48	12/7(0.75)	35.02	6588.8		43.6	-6.7	17.6	49.7	43.2	37.3
Europe (301/FIEUX)	H***	1.11	12/7(3.83)	46.19	5503.9		17.4	-2.7	10.7	21.1	22.7	25.2
Europe Cap Appr (341/FECAX)	H***	1.05	12/7(4.66)	31.47	1366.1		15.3	-3.6	8.2	19.3	23.7	23.4
Global Balanced (334/FGBLX)	B****	0.61	12/7(1.87)	24.64	370.2		13.9	-3.0	6.6	14.9	13.5	15.4
Int'l Discovery (305/FIGRX)	H***	1.05	12/7(2.13)	45.64	14157.4		20.4	-4.3	9.3	24.8	23.0	24.1
Int'l Small Cap (818/FISMXX)	H***	1.01	12/7(5.31)	29.03	1664.8		16.4	-7.7	4.9	20.2	21.7	31.9
Int'l Small Cap Opp (1504/FSCOX)	H***	1.24	12/7(1.28)	17.05	1434.6		8.0	-10.7	0.8	13.2		
Int'l Value (1597/FIVLX)	H***	1.07	12/7(0.55)	12.53	381.5		12.4	-4.1	5.2	15.7		
Japan (350/FJPNX)	H***	1.07	12/7(2.43)	17.61	1779.7		3.2	-2.1	1.2	5.1	13.6	15.7
Japan Smaller Co (360/FJSCX)	H***	1.05	12/7(0.35)	12.16	812.3		-5.2	-3.7	0.4	-5.2	2.6	15.6
Latin America (349/FLATX)	S**	2.09	12/7(2.11)	63.72	6215.8		42.5	-6.1	17.7	51.7	51.2	50.4
Nordic (342/FNORX)	H***	1.37	12/7(2.68)	49.72	996.1		24.3	-5.8	7.3	32.0	27.4	27.5
Overseas (94/FOSFX)	H***	1.17	12/7(6.38)	55.36	10226.5		23.6	-5.2	10.3	27.0	22.6	22.1
Pacific Basin (302/FPBFX)	H***	1.20	12/7(4.06)	34.63	1265.2		26.7	-7.2	9.6	31.0	26.9	24.5
Southeast Asia (351/FSOAX)	S**	1.55	12/7(2.93)	43.70	6367.5		58.9	-11.5	12.7	67.1	43.6	35.7
Worldwide (318/FWWFX)	H***	1.05	12/7(1.84)	23.80	1772.4		18.3	-5.5	7.1	21.0	17.8	18.1
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.82	12/28(0.35)	31.50	2082.8		7.1	-3.5	1.8	8.3	10.8	12.7
NASDAQ Comp (1282/FNCMX)	H***	1.09	12/21(0.66)	35.88	197.7		10.8	-6.9	2.5	10.1	8.8	
Spart Ext Mkt Idx (398/FSEMX)	H***	1.02	12/21(1.08)	39.99	2459.6		5.8	-5.6	0.1	6.1	11.9	16.7
Spart Int'l Index (399/FSIIX)	H***	1.00	12/21(0.87)	50.04	4990.3		13.7	-3.7	5.8	17.4	19.4	21.1
Spart 500 Index (317/FSMKX)	B****	1.00		103.47	8475.4		6.2	-4.2	1.0	7.6	10.0	11.5
Spart Total Mkt Idx (397/FSTMXX)	H***	1.00	12/21(0.43)	41.92	4980.2		6.2	-4.5	0.8	7.4	10.6	12.7
Asset Mgr 20% (328/FASIX)	B****	0.20	12/21(0.02)	12.82	2543.1		4.8	-0.7	1.6	4.8	6.6	7.5
Asset Mgr 30% (1957/FTANX)	B****	0.3 Est		9.85	1.6			-1.3				
Asset Mgr 40% (1958/FFANX)	B****	0.4 Est		9.81	1.7			-1.8				
Asset Mgr 50% (314/FASMX)	B****	0.49	12/21(0.18)	16.81	8907.3		6.7	-2.5	2.0	7.0	7.4	7.8
Asset Mgr 60% (1959/FSANX)	B****	0.6 Est		9.68	2.2			-2.9				
Asset Mgr 70% (321/FASGX)	B****	0.68	12/21(0.32)	17.51	3301.4		7.8	-3.7	2.0	8.5	8.3	8.8
Asset Mgr 85% (347/FAMRX)	B****	0.82	12/21(0.20)	14.51	605.4		8.7	-4.5	2.1	9.7	10.9	14.9
Freedom 2000 (370/FFBFX)	B****	0.28	12/28(0.31)	12.87	1803.6		5.2	-1.2	1.7	5.3	5.8	5.8
Freedom 2005 (1312/FFVFX)	B****	0.49	12/28(0.21)	12.21	1053.9		7.4	-2.3	2.5	7.8	8.1	
Freedom 2010 (371/FFFCX)	B****	0.51	12/28(0.23)	15.34	14953.4		7.6	-2.5	2.6	8.0	8.4	9.1
Freedom 2015 (1313/FFVFX)	B****	0.56	12/28(0.22)	12.89	6721.6		8.1	-2.7	2.6	8.6	9.4	
Freedom 2020 (372/FFDFX)	B****	0.69	12/28(0.25)	16.39	21682.7		8.8	-3.5	2.8	9.6	10.4	11.6
Freedom 2025 (1314/FFTWX)	B****	0.71	12/28(0.19)	13.58	6154.9		9.0	-3.7	2.7	9.7	10.7	
Freedom 2030 (373/FFFEEX)	B****	0.83	12/28(0.18)	17.02	14719.4		9.7	-4.3	2.7	10.7	11.6	12.9
Freedom 2035 (1315/FFTHX)	B****	0.84	12/28(0.18)	14.10	3709.3		9.8	-4.4	2.7	10.7	11.7	
Freedom 2040 (718/FFFEEX)	B****	0.87	12/28(0.15)	10.07	7596.3		9.8	-4.5	2.7	10.9	12.0	13.6
Freedom 2045 (1617/FFFGX)	B****	0.89	12/28(0.17)	11.68	461.6		10.0	-4.7	2.7	11.2		
Freedom 2050 (1618/FFFHX)	B****	0.91	12/28(0.16)	11.73	472.5		10.3	-4.8	2.8	11.6		
Freedom Income (369/FFFAFX)	B****	0.22	12/28(0.07)	11.62	2556.5		4.6	-0.9	1.6	4.6	5.3	5.1
Real Estate Income (833/FRIFX)	S**	0.36		10.62	465.6		-5.7	-2.7	-0.2	-5.5	4.0	
Real Estate (303/FRESX)	S**	1.58		28.35	5697.7		-15.4	-9.1	-5.5	-17.3	10.8	18.6
Int'l Real Estate (1368/FIREX)	S**	1.27	12/21(0.04)	15.14	999.5		-2.5	-7.8	1.8	4.9	19.2	
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	S**	0.30	12/7(0.02)	8.74	9808.6	6.86	3.7	-2.4	1.5	5.0	7.8	14.8
Floating Rate (814/FRHX)	S**	0.11		9.58	2667.9	7.02	2.2	-1.0	1.5	3.0	4.4	5.0
Focused High Inc (1366/HHIFX)	S**	0.17	12/7(0.01)	9.87	56.1	7.05	2.3	-1.0	2.0	3.2	4.8	
GNMA Portfolio (15/FGMNX)	H***	0.21		10.99	3179.2	4.82	6.8	2.1	3.9	6.6	4.7	4.2
Gov't Income (54/FGOVX)	H***	0.21		10.38	6400.3	4.29	7.7	2.5	3.9	7.0	4.9	4.3
High Income (455/SPHIX)	S**	0.19	12/7(0.03)	8.64	5156.9	7.93	1.7	-1.9	1.1	3.0	5.7	10.5
Inflation-Protected (794/FINPX)	H***	0.34		11.36	1257.4	2.00	9.3	3.4	5.5	6.8	4.4	6.2
Intermed Bond (32/FTHRX)	H***	0.18		10.19	8279.3	4.82	3.7	1.1	1.9	3.3	3.5	4.0
Intermed Gov't Inc (452/FSTGX)	H***	0.18		10.29	732.0	4.15	7.4	2.1	3.4	7.0	4.3	3.8
Invest Grade Bond (26/FBNDX)	H***	0.21		7.22	11700.5	5.10	2.5	0.8	1.8	1.9	3.7	4.3
Mortgage Securities (40/FMSFX)	H***	0.21		10.51	1348.1	5.42	-0.3	0.4	0.6	-0.6	2.5	3.2
New Markets Inc (331/FNMIX)	S**	0.25	12/28(0.03)	14.72	2156.9	6.05	5.0	-1.5	4.3	5.9	10.2	14.7
Short-Term Bond (450/FSBXX)	S**	0.11		8.62	7324.9	4.89	1.5	0.3	0.8	1.6	2.8	3.0
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.31	12/21(0.02)	10.44	756.1	3.89	9.9	3.6	5.0	8.7		
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.48		10.32	23.9	4.27	10.0	4.5	6.3	7.6		
Spart S-Term Tr Idx (1563/FSBIX)	H***	0.14	12/21(0.01)	10.34	73.6	3.29	7.7	2.2	3.4	7.5		
Strategic Income (368/FSICX)	S**	0.13	12/28(0.08)	10.63	5105.6	5.79	5.2	0.0	3.2	5.3	6.1	9.3
Strategic Real Rtn (1505/FSRRX)	H***	0.30	12/21(0.03)	10.08	4680.3	4.37	3.0	-1.6	3.0	1.2		
Total Bond (820/FTBFX)	H***	0.19	12/21(0.02)	10.37	7628.3	5.01	3.9	1.1	2.3	3.4	4.1	5.0
Ultra-Short Bond (812/FUSFX)	S**	0.15		9.02	711.0	5.66	-5.5	-2.7	-3.7	-5.3	0.7	1.1
US Bond Index (651/FBIDX)	H***	0.22		10.93	7863.0	4.82	5.2	1.5	2.8	4.5	4.2	4.6
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZAX)	H***	0.16	12/7(0.03)	11.27	131.5	3.69	2.5	0.6	2.4	2.1	3.6	4.2
CA Municipal Inc (91/FCTFX)	H***	0.15	12/14(0.04)	12.20	1583.3	3.81	2.7	0.4	2.3	2.3	4.1	4.6
CA Short-Int TF (1534/FCSTX)	B****	0.07		10.13	120.3	3.20	3.8	0.7	1.8	3.6		
CT Municipal Inc (407/FICNX)	H***	0.14	12/21(0.03)	11.32	437.6	3.49	3.5	0.9	2.5	3.1	3.7	4.1
Intermediate Muni (36/FLTMX)	H***	0.11	12/7(0.01)	9.96	1977.5	3.59	3.6	0.7	2.2	3.3	3.7	4.2
MA Municipal Inc (70/FDMMX)	H***	0.15	12/14(0.04)	11.82	1860.0	3.75	3.0	0.8	2.6	2.5	4.2	4.7
MD Municipal Inc (429/SMDMX)	H***	0.15	12/7(0.02)	10.79	139.0	3.59	3.0	0.8	2.5	2.5	3.6	4.2
MI Municipal Inc (81/FMHTX)	H***	0.13	12/28(0.02)	11.79	583.9	3.55	3.4	0.9	2.5	3.0	3.9	4.5
MN Municipal Inc (82/FMIMX)	H***	0.12	12/28(0.05)	11.28	346.9	3.58	2.9	0.6	2.4	2.6	3.6	4.2
Municipal Income (37/FHIGX)	H***	0.14	12/28(0.05)	12.64	5135.1	3.84	2.8	0.6	2.5	2.5	4.2	4.8
NJ Municipal Inc (416/FNJHX)	H***	0.15	12/21(0.01)	11.49	592.1	3.58	3.3	0.8	2.7	2.8	4.2	4.6
NY Municipal Inc (71/FIFMX)	H***	0.15	12/7(0.03)	12.72	1425.3	3.69	2.9	0.8	2.6	2.5	4.0	4.6
OH Municipal Inc (88/FOHFX)	H***	0.15	12/28(0.02)	11.54	420.2	3.56	3.3	1.0	2.8	2.9	4.0	4.6
PA Municipal Inc (402/FPXTX)	H***	0.12	12/28(0.03)	10.76	312.8	3.51	3.6	0.9	2.5	3.3	3.9	4.4
Short-Int Municipal (404/FSTFX)	B****	0.06		10.29	1620.7	3.14	3.9	0.6	1.8	3.8	2.8	2.8
Tax-Free Bond (90/FTABX)	H***	0.15	12/14(0.01)	10.71	808.6	3.95	3.0	0.7	2.6	2.5	4.3	5.0

NOVEMBER 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	13371.72	9.4	-3.8	0.6	11.8	11.2	11.0	7.6
S&P 500	1.00	1481.14	6.2	-4.2	1.0	7.7	10.1	11.6	6.2
NASDAQ	1.09	2660.96	10.9	-6.9	2.7	10.2	9.1	13.2	5.7
Russell 2000	1.26	767.77	-1.5	-7.2	-2.9	-1.2	7.9	14.9	7.3
Fidelity Monitor Income Model	0.29	89675.27	4.0	-1.4	1.7	4.5	5.0	5.6	4.5
Fidelity Monitor G&I Model	0.64	188383.78	5.8	-3.3	0.6	6.8	10.2	13.8	9.1
Fidelity Monitor Growth Model	1.02	212866.65	7.0	-4.8	1.7	8.8	12.6	16.0	8.5
Fidelity Monitor Select System	0.97	409650.81	14.1	-5.0	4.3	16.1	15.1	15.7	10.3
Fidelity Monitor Unique Opportunities	1.09	139065.02	9.8	-5.8	4.3	10.9	15.7	21.6	

VIP CORNER

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

VIP INCOME MODEL

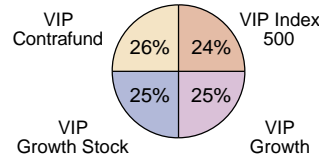


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	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: + 6.1%
2000: - 2.4%	

VIP GROWTH MODEL

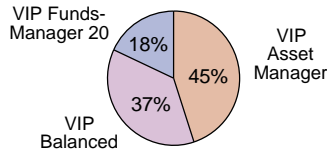


PAST PERFORMANCE

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: + 9.0%
2000: -10.3%	

VIP G & I MODEL

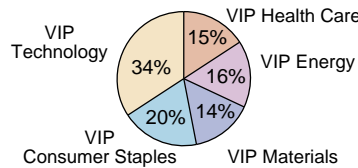


PAST PERFORMANCE

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: + 7.0%

VIP SECTOR MODEL



PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2006: +17.7%
2004: + 6.3%	*2007: +10.2%
2005: +14.0%	

Please see the figures at the bottom of the page for VIP model portfolio performance.

NOVEMBER 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 ***	12.89	13.50	15.4	-9.2	1.4	13.6		
VIP Asset Manager	B ***	12.41	38.95	13.1	-3.0	5.5	12.8	8.3	8.1
VIP Asset Manager: Growth	B ****	12.70	26.12	16.1	-4.3	6.6	15.9	9.3	9.3
VIP Balanced	B ****	12.61	18.70	8.2	-3.7	1.4	8.2	8.7	8.5
VIP Consumer Discretionary	S **	10.87	11.94	-4.2	-5.3	-4.8	-3.9	4.7	6.7
VIP Consumer Staples	B ****	11.19	11.16		1.0	9.6			
VIP Contrafund	B ****	13.86	51.44	16.2	-4.3	6.1	16.3	15.3	16.7
VIP Disciplined Small Cap	H ***	9.90	9.83	-2.7	-7.7	-3.9	-2.7		
VIP Dynamic Capital Appreciation	B ****	13.89	16.83	11.6	-5.6	3.7	13.0	15.6	
VIP Energy	B ****	16.98	29.34	33.0	-4.6	8.3	28.4	29.8	29.3
VIP Equity-Income	H ***	12.54	70.04	1.7	-5.5	-2.9	3.9	9.5	11.7
VIP Financial Services	S **	11.15	13.58	-10.4	-7.2	-5.2	-8.4	4.8	8.8
VIP Freedom 2005	B ****	12.16	12.31	8.0	-2.0	2.6	8.4		
VIP Freedom 2010	B ****	12.17	12.37	8.1	-2.0	2.7	8.6		
VIP Freedom 2015	B ****	12.47	12.74	8.7	-2.4	2.7	9.3		
VIP Freedom 2020	B ****	12.75	13.08	9.7	-3.1	3.0	10.4		
VIP Freedom 2025	B ****	12.86	13.26	10.0	-3.3	3.0	10.7		
VIP Freedom 2030	B ****	13.11	13.56	11.0	-4.0	3.1	11.9		
VIP Freedom Income	B ****	11.42	11.42	5.2	-0.5	1.7	5.3		
VIP FundsManager 20	B ****	11.04	10.94	5.0	-0.6	2.0	5.2		
VIP FundsManager 50	B ****	11.31	11.21	6.3	-2.4	1.9	6.8		
VIP FundsManager 70	B ****	11.51	11.41	7.3	-3.8	1.9	8.3		
VIP FundsManager 85	B ****	11.64	11.54	8.2	-4.7	2.0	9.4		
VIP Growth	B ****	13.75	76.02	25.3	-5.1	8.4	24.2	12.8	11.6
VIP Growth & Income	B ****	13.24	21.74	11.4	-3.8	3.7	12.1	11.1	10.5
VIP Growth Opportunities	B ****	13.56	16.38	21.0	-7.1	8.8	18.1	12.1	11.8
VIP Growth Stock	B ****	12.58	12.80	20.6	-6.0	7.7	17.3		
VIP Health Care	B ****	12.22	14.14	10.8	-1.2	7.0	12.0	13.2	10.5
VIP High Income	S **	11.40	31.85	1.1	-1.9	0.7	2.4	4.8	9.5
VIP Index 500	B ****	12.45	40.21	5.4	-4.3	0.8	6.8	9.1	10.6
VIP Industrials	B ****	14.22	20.50	17.2	-3.7	3.2	18.3	15.4	19.9
VIP Int'l Capital Appreciation	H ***	13.18	13.81	6.9	-6.6	1.2	9.3		
VIP Investment Grade Bond	H ***	10.88	30.32	3.5	1.4	2.4	2.8	3.1	3.7
VIP Materials	B ****	11.20	11.17		-4.6	7.3			
VIP Mid Cap	B ****	13.77	24.64	14.5	-5.5	3.0	13.4	15.5	20.9
VIP Money Market		11.06	21.33	4.0	0.3	1.0	4.3	3.4	2.2
VIP Overseas	H ***	15.47	48.40	18.2	-3.5	8.2	22.0	19.2	19.5
VIP Real Estate	S **	12.35	19.59	-13.6	-9.1	-4.3	-15.4	12.1	
VIP Strategic Income	S **	11.40	12.46	4.6	-0.1	3.0	4.5	5.1	
VIP Technology	B ****	13.52	12.57	15.9	-10.3	3.6	14.3	12.1	13.0
VIP Telecommunications	H ***	10.12	10.09		-7.8	-5.6			
VIP Utilities	H ****	15.77	15.85	19.4	-0.9	10.9	20.3	20.3	20.9
VIP Value	H ****	12.17	12.52	3.2	-6.4	-3.0	4.1		
VIP Value Leaders	H ****	12.48	12.86	3.9	-5.6	-0.6	4.9		
VIP Value Strategies	H ****	12.59	15.97	5.5	-7.8	-2.7	5.9	9.3	
Fidelity Monitor VIP Income Model			21034.30	6.1	-1.5	1.6	6.2	5.0	6.1
Fidelity Monitor VIP G&I Model			26984.27	7.0	-2.8	1.2	7.8	8.5	9.4
Fidelity Monitor VIP Growth Model			41326.85	9.0	-4.3	3.0	9.7	12.2	12.9
Fidelity Monitor VIP Sector Model			20612.50	10.2	-5.6	4.1	10.5	15.0	18.0

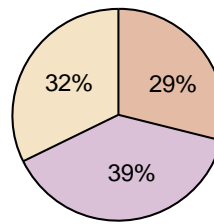
INCOME MODEL

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	\$19.75	1294.336	\$25563.14
Asset Mgr 20%	\$12.82	2758.051	\$35358.21
Freedom Income	\$11.62	2474.520	\$28753.92

8% Foreign Holdings
Balance as of 11/30/07: \$89675.27
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: + 4.0%

Our Income Model declined 1.4% for the month of November. The current asset mix is 33% stock, 47% bond, and 20% cash.

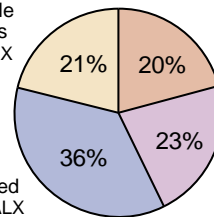
GROWTH AND INCOME MODEL

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%	\$12.82	3007.023	\$38550.03
Puritan	\$19.75	2165.729	\$42773.15
Balanced	\$19.88	3421.220	\$68013.85
Conv. Securities	\$28.71	1360.040	\$39046.75

10% Foreign Holdings
Balance as of 11/30/07: \$188383.78
Balance at start of 2007: \$178097.11

Convertible Securities
308/FCV SX



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: + 5.8%

For November our Growth and Income Model was down 3.3%. The current asset mix is 63% stock, 33% bond, and 4% cash.

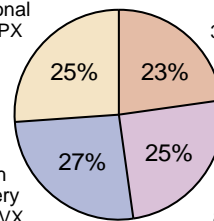
GROWTH MODEL

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	\$103.47	475.171	\$49165.94
Value Discovery	\$18.30	2927.614	\$53575.34
Growth Discovery	\$16.18	3513.386	\$56846.59
Export & Mult.	\$25.80	2065.069	\$53278.78

20% Foreign Holdings
Balance as of 11/30/07: \$212866.65
Balance at start of 2007: \$198855.65

Export &
Multinational
332/FEXPX



Spartan
500 Index
317/F5MXX

Growth
Discovery
339/FDSVX

Value
Discovery
832/FVDFX

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: + 7.0%

Our Growth Model lost 4.8% in November, versus a 4.2% decline for the S&P 500. On 11/12 we sold **Equity-Income** (\$57.13) and bought **Export** (\$25.17). Current mix is 98% stock, 2% cash.

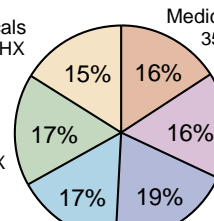
SELECT SYSTEM

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	\$26.14	2486.898	\$65007.51
Computers	\$48.19	1361.136	\$65593.14
Consumer Staples	\$69.15	1161.102	\$80290.20
Natural Resources	\$37.78	1824.338	\$68923.49
Wireless	\$9.12	7657.450	\$69835.94
Chemicals	\$84.04	713.952	\$60000.53

19% Foreign Holdings
Balance as of 11/30/07: \$409650.81
Balance at start of 2007: \$359086.92

Chemicals
69/FSCHX



Medical Equipment
354/FSMEX

Wireless
963/FWRLX

Natural Resources
514/FNARX

Computers
7/FDCPX

Consumer Staples
9/FDFAX

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: +14.1%

Our Select System lost 5.0% in November, versus a 4.2% decline for the S&P. On 11/12 we sold **Telecom** (\$51.52) and bought **Chemicals** (\$81.15). The current asset mix is 97% stock, 3% cash.

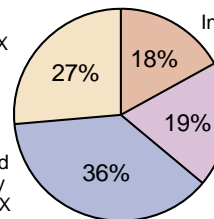
UNIQUE OPPORTUNITIES MODEL

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

FUND	NAV	SHARES	BALANCE
Industrial Equip.	\$37.06	666.244	\$24691.00
Independence	\$27.60	975.927	\$26935.59
Lev. Co. Stock	\$32.27	1533.817	\$49496.27
Trend	\$75.41	503.145	\$37942.16

17% Foreign Holdings
Balance as of 11/30/07: \$139065.02
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: + 9.8%

Our Unique Opportunities Model lost 5.8% in November. The current asset mix is 99% stock, 1% cash.

Export & Multinational emphasizes firms that sell outside their home country. Technology holdings account for 27% of assets, but the fund also has a significant weighting in financials (18%) and energy (17%). Foreign stocks account for 32% of holdings. Overall risk is about 10% higher than the S&P 500.

Growth Discovery has a heavy weighting in technology stocks (43% of assets), and is focusing on companies poised to benefit from the growing use of wireless devices to access the Internet. Foreign stocks account for 31% of holdings. The fund's overall risk is on par with the S&P 500.

Value Discovery, a large-cap blend fund, is a bit heavy on financial exposure (23%), but its other major positions include technology, energy, and industrials – setting it up to benefit from a weak dollar. Foreign holdings are 14% of assets, and overall volatility is about 5% higher than the S&P.

Contrafund continues to perform well despite its enormous size. The fund is modestly overweighted in tech (22%), and is underweighted in financials (12%). Overall risk is slightly below market levels, and foreign holdings are 25% of assets. Will Danoff may retire some day, but if the fund eventually goes multi-manager (as **VIP Contrafund** has done), we think it could outperform even if its assets climb to the \$250 billion mark and beyond.

Mega Cap Stock (formerly **Growth & Income II**) has a new manager and a new name. We'll be keeping an eye on it. Assuming the fund sticks close to the industry weightings of the S&P 500, as is currently the case, it could make a good replacement for **Spartan 500 Index** in the Growth Model.

INTERNATIONAL FUNDS

Dollar weakness is long-term bullish for U.S. stocks and long-term bearish for many international stocks. As such, we're not all that excited about investing overseas for 2008. Since most of our domestic growth fund recommendations include significant foreign holdings, we don't think it's necessary to add any extra foreign exposure.

That said, **Canada** has roughly a third of its assets in energy and materials, and should make a good replacement for money currently invested in emerging market funds (we recommend reducing emerging market exposure to 5% or less of overall holdings). If you are looking to purchase **Canada** in a taxable account, consider waiting until after the fund's distribution ex-date on December 7th. ■

Equity-Income was down 5.4%, and **Strategic Dividend & Income** lost 5.9%.

BOND/INCOME FUNDS

Income Model holdings are listed on page 7. Our favorites are **Asset Mgr. 20%** and **Freedom Income**.

Treasuries rallied as long-term interest rates fell. **Spartan Long-Term Treasury Index** gained 4.5%, and **Spartan Intermediate Treasury Index** rose 3.6%. But credit worries continued to put pressure on low-grade bonds. **Capital & Income** was down 2.4%, and **Ultra-Short Bond** lost 2.7%. Muni bond funds posted increases ranging from 0.4% to 1.0%.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Funds rated buy include **Energy Service, Natural Resources, Natural Gas, Energy, Consumer Staples, Medical Equipment, Medical Delivery, Health Care, Wireless, Chemicals, Computers, and Industrial Equipment**.

Medical Delivery rose 1.1%, **Consumer Staples** gained 1.0%, and **Pharmaceuticals** edged up 0.5%. On the bottom end, **Communications Equip.** lost 12.0%, **Automotive** was down 12.9%, **Networking** fell 13.2%, and **Home Finance** dropped 14.6%. ■

Happenings

Growth & Income II has been renamed **Mega Cap Stock**, and is now being managed by Rick Mace. Although this is not a big change, we like the concept and have upgraded the fund to a buy.

Fidelity has introduced two new foreign funds. **Total International Equity** includes developed and emerging country stocks, with exposure to all areas of the stylebox. **International Growth**, on the other hand, will focus on the growth side. We'll be rating both funds a hold.

Fidelity has rolled out **Dynamic Strategies**, a new fund that appears to use a variation on the original Asset Manager strategy from the late 1980s. It can hold ETFs and Fidelity mutual funds along with regular securities. We'll be rating it a buy. ■

NOVEMBER DISTRIBUTIONS

Asset Manager 20%	\$ 0.044/\$12.87 (11/2)
Asset Manager 30%	\$ 0.011 / \$9.93 (11/2)
Freedom Income	\$ 0.04 / \$11.69 (11/2)

Most funds are scheduled to pay in December. We've listed dates and estimates on pages 4-5 in the "Ex-Date" column.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	105529.9	4.82	CT MM (418/FCMXX)	1892.6	3.18			
Select MM (85/FSLXX)	5020.0	4.89	MA MM (74/FDMXX)	4907.9	3.16			
Money Market (454/SPRXX)	7623.0	4.93	MI MM (420/FMIXX)	927.1	3.18	MA AMT TF (426/FMSXX)	833.3	3.35
Gov't MM (458/SPAXX)	633.9	4.55	NJ MM (417/FNJXX)	2145.9	3.19	AMT Tax-Free (460/FIMXX)	3576.8	3.38
US Treas. MM (415/FDLXX)	2833.5	3.63	NY MM (92/FNYXX)	4825.1	3.18	NJ AMT TF (423/FSJXX)	720.5	3.36
Tax-Free MM (275/FMOXX)	4325.2	3.26	OH MM (419/FOMXX)	1108.0	3.18	NY AMT TF (422/FSNXX)	1308.6	3.37
US Gov't Reser (50/FGRXX)	3344.2	4.65	AZ MM (433/FSAXX)	359.1	3.20	PA MM (401/FPTXX)	668.4	3.21
CA MM (97/FCFXX)	5238.4	3.17	CA AMT TF (457/FSPXX)	1972.5	3.35	Municipal MM (10/FTEXX)	20195.2	3.30