

Jack
Bowers



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20
Years

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2009

Monitor™

Outlook For 2010

Climbing the wall of worry. That sums up the market's behavior this year, and 2010 is likely to continue along that line. It may be ugly out there from an economic standpoint, but there's a huge amount of cash on the sidelines that's earning very little. Unless something bad happens to create a renewed sense of fear, investors will most likely be putting that cash to work throughout the coming year.

INFLATION NOT A BIG CONCERN

It's easy to see why many investors are worried about inflation. The Fed – as lender of last resort – has effectively printed money to buy up debt securities, and is also borrowing large sums to keep the financial system functioning. Servicing this debt with the existing tax structure may be a stretch, leading some to believe that inflation will play a role in shrinking the obligation in the future.

But at this stage in the game, we are many years away from that kind of problem. Inflation at its core is too much money chasing too few goods or services, and that isn't happening today. Almost all of the liquidity

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Select System, VIP Sector, and VIP Growth Plan Changes

On Monday, 12/14, we'll make changes in the following portfolios:

Our Select System will sell **Retailing** (46/FSRPX) and purchase **Consumer Staples** (9/FDFAX). We're a little uneasy with **Retailing**'s heavy construction supply exposure. Furthermore, in the pricing battle between retailers and the brands they stock, it appears the latter is gaining the upper hand. **Consumer Staples** is better positioned from that standpoint, and it represents a significant reduction in risk too.

Our VIP Sector Model will sell one-half of **VIP Consumer Discretionary** and buy **VIP Consumer Staples**.

Our VIP Growth Model will sell **VIP Disc. Small Cap** and buy **VIP Equity-Income**. **VIP Disc. Small Cap** has lagged its benchmark this year, and after a strong rebound small-cap valuations are less compelling than a year ago. **VIP Equity-Income**'s dividend focus may benefit if investors seek higher-quality value stocks.

Review & Recommendations

Stocks posted gains as central bankers around the globe reaffirmed their commitment to easy-money policies. Bonds rallied later in the month as mortgage payment data suggested new foreclosures could weigh down the residential housing market for several years to come. During the Thanksgiving Holiday, a debt crisis in Dubai sent a deflationary chill through the European banking system as lenders reassessed their exposure to emerging market economies. The S&P 500 was up 6.0% for the month of November.

GROWTH FUNDS

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

Growth-oriented funds with limited exposure to financial and energy stocks were the group leaders. **Fidelity Fifty** gained 7.8%, **Independence** climbed 7.4%, and **Mid Cap Growth** was up 6.9%. Several small-cap funds finished on the bottom end as investors locked in profits and rotated into higher-quality stocks. **Small Cap Independence** returned 2.3%, **Small Cap Value** rose 1.7%, and **Small Cap Discovery** edged up 1.5%.

INTERNATIONAL FUNDS

Global Balanced remains our favorite for investors who prefer international exposure. We upgraded **Int'l Small Cap** because it was reopened to retail investors, and new inflows could make it easier to reposition the portfolio.

Commodity-heavy funds saw a boost as investors concluded that central bankers will not be tightening anytime soon. **Latin America** was up 10.8%, **Global Commodity Stock** climbed 8.7%, and **Canada** gained 8.0%. On the flip side, Japanese stocks pulled back on reports that the nation's economy has slipped back into deflation. A stronger yen only added to the problem. **Japan** broke even, and **Japan Smaller Companies** was down 3.3%

GROWTH & INCOME FUNDS

Our Growth and Income Model holdings are listed on page 7. If you prefer to pick your own funds, consider **Balanced**, **Puritan**, and **Equity-Income**.

Dividend stocks saw renewed interest, giving many funds in this group a boost. **Real Estate** jumped 8.6%,

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created by the Fed has been absorbed, not spent. The housing crisis has created a huge reverse wealth effect, and consumers are trying hard to reduce debt. This will go on for at least five years – perhaps even ten.

While cost-push inflation may still be a problem in some areas such as health care, food, and imported commodities, those pressures are easily offset by cuts in labor costs as well as declining floor space expenses. Those two factors together account for perhaps 70-75% of employer costs, and both could be in a negative trend for several years to come, thanks to high unemployment levels and high vacancy rates.

Given the deflationary pressures of debt reduction, declining wages, falling rents, and the resulting tough environment for consumers, many investors will remain unwilling to take on much risk. But that's exactly why those who do could be rewarded for it. Furthermore, the situation for investors is not as bad as it might seem at first glance. The Fed is likely to keep short-term interest rates at near-zero levels throughout 2010, resulting in a steep yield curve that promotes lending. Low short-term rates will also encourage global investors to borrow in dollars and invest the money in higher-yielding currencies, which may keep the dollar under pressure.

INTEREST RATES

Some investors view the dollar's descent with alarm, worrying that it reflects eroding creditworthiness on the part of the U.S. government. But if that were true, interest rates on long-term treasuries would be much higher than they are today. The reality is that U.S. government debt is still one of the safest places on the planet where you can earn a yield that exceeds the rate of inflation.

As for the sliding dollar, it's interest-rate differentials that drive currency movements, not the other way around. The greenback is declining because short-term interest rates are at near-zero levels, while higher yields are available in other currencies. While a declining dollar may put some upward pressure on long-term bond yields, it's probably temporary unless inflation follows. And in this environment, a higher rate of inflation is not likely to be sustained.

That means the interest rate environment in 2010 is likely to be stable for short-term and medium-term debt, with some upward pressure on the long end of the curve. As such, most bond-oriented investments should remain an attractive option relative to cash.

EXPORTS, INVENTORY RESTOCKING

Turning to the economy, the main question is where GDP growth will come from. With real estate woes restraining consumer spending and keeping unemployment high, it may not seem like a good time to be betting on economic growth. But as bad as the economy is, there are good reasons to remain optimistic about the stock market.

For starters, multinational companies are coming out on the winning side of the weak dollar. Those who sell overseas are booking more revenue and earnings due to favorable currency translation. And those who export from the U.S. have the added bonus of an improved competitive position, which can lead to a gain in global market share.

Then there's inventory restocking. While this activity doesn't represent a permanent addition to economic growth, it might provide a significant boost to GDP in 2010. Currently, warehouses are looking a little bare, and spending has picked up enough that firms lacking inventory risk losing out on sales.

COMMODITIES

The bullish trend in gold, industrial metals, and energy is largely the result of near-zero interest rates and the resulting impact on the dollar. In other words, it's a side effect of easy money policy.

Anytime a rally is not backed by real and sustainable demand, the potential for a bubble exists. The Fed is aware of this, but given a choice between pinching off the economic recovery or allowing a bullish trend in commodities, they're going to pick the latter unless the inflation threat gets out of hand.

The problem with participating in this "opportunity" is that things may not end well. Eventually the Fed will drop hints about a possible tightening move, prompting the dollar to surge. That probably won't happen in 2010, but if the inventory restocking cycle is strong enough, it's a possibility.

As such, it's best to use commodity exposure as a *hedge*, not as a core investment. Limit your exposure to 10-15%. It's better to invest in domestic stocks, which offer the best long-term inflation protection and are less subject to boom-and-bust cycles.

RECOMMENDATIONS

At this time, inflationary and deflationary forces are roughly in balance, but as we move through 2010, the pendulum could swing either way.

Because stocks offer the best inflation protection, and bonds offer the best deflation protection, a prudent strategy involves having both in your portfolio. That's easily accomplished with a growth and income approach.

Our Growth and Income Model (page 7) is the easiest way to do that. Although we are still considering the addition of a stock fund to the portfolio, it won't be for a month or two, and unless a new debt crisis comes along we plan to keep **High Income** for another 90 days. Our Growth and Income Model may not appear to be broadly diversified because we are holding only three funds, but in reality these positions represent about 500 different stock holdings and around 1000 unique bonds.

As model portfolios go, our Growth and Income Model is probably the most robust in our lineup. It takes

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on enough risk to stay well ahead of inflation, but not so much that it can't recover from a big loss over a few years' time. In a very tough decade, those qualities have made it our best performing portfolio. Over the last 10 years, it has outperformed the S&P 500 by nearly six percentage points per year, posting an annualized return of 5.2%.

Following are our favorite funds for 2010, which we've summarized by category. Within each group they are listed in increasing order of risk.

INCOME FUNDS

If you're earning near-zero yields in cash, the first reasonable step up the risk ladder is **Short-Term Bond**. A 2% yield may not seem like much, but it should keep you at least even with inflation. There's a little interest rate risk to go with it, but it's not bad. Even if short-term interest rates climb a full percentage point in 2010, the fund should still finish ahead of a money market position.

Mortgage Securities will get you to a 4% yield. The interest rate sensitivity is on par with **Short-Term Bond**, but there's a bit more principal risk due to the Fed's large position in this area of the bond market. Odds are the Fed will go to great lengths to unwind its holdings in orderly fashion to avoid prolonging the housing slump, but investors do not seem to be convinced. Thus, the yield premium. This is one of those situations where taking intelligent risk could pay off.

Intermediate Bond and **Investment Grade Bond** are broadly diversified bond funds that offer a blend of government debt and corporate debt. The latter may have a small amount of capital appreciation potential, because spreads on BBB-rated and A-rated debt are still higher than normal. This is prompting some corporations to use cash to buy back their own bonds and retire them early, hastening the return to normal valuation levels.

Total Bond is the most venturesome choice in the investment-grade arena. It has stakes in treasuries, mortgage debt, investment-grade corporates, and high-yield. Thanks to broad diversification, it's only a tad more risky than **Investment Grade Bond**. The high-yield component, which accounts for 17% of assets, helps reduce interest-rate sensitivity.

Strategic Income has been a big winner for its risk level this year, but a bit of caution is in order due to the Dubai situation. The fund has an 11% stake in emerging market debt, and a 38% position in high-yield bonds. Both could be a drag on performance if Dubai turns out to be the start of a bigger problem. Still, Fidelity has a great long-term record with this fund, and it offers an above-average yield with limited interest rate sensitivity. However, the overall volatility is nearly double that of an investment-grade fund, making it half the risk of the S&P.

The easy money has been made in the high-yield sector. While there are still opportunities in funds like **High Income** and **Capital & Income**, 2010 will not be anything like 2009 for these two funds. Both have lifetime returns in the range of 9-10%. If things go well they'll do somewhat better, if not they'll do somewhat worse. The main thing these funds offer is an above-average income stream and an ability to hold up well when interest rates are rising.

GROWTH & INCOME FUNDS

Balanced offers a broadly diversified stock/bond approach with a bit less stock exposure than usual (56%). On the equity side the fund's multi-manager approach provides a broadly diversified stock portfolio with modest foreign exposure. On the bond side its holdings are solidly investment-grade. While our risk score puts the fund close to 0.8 based on its trailing 3-year behavior, its current positioning is only about two-thirds as volatile as the S&P 500. It's a great choice for an uncertain market environment.

Puritan, which also uses a stock/bond strategy, has become a bit more bold these days. Within its 62% equity position, the fund holds a technology position which accounts for almost a quarter of stock holdings. On the income side it has a high-yield position that amounts to 25% of bond holdings. Overall **Puritan** has a risk level of about 0.75. It's a great choice for today's market, and may have the potential to keep up with the S&P 500 over the long run.

Equity-Income looks for value stocks that pay good dividends, and that approach is likely to work well next year. Many dividend stocks were left behind in the current recovery, because it wasn't clear which firms were willing and able to meet their dividend obligations. Now that the fog is lifting, this fund has good odds for outperforming the S&P 500 in 2010.

GROWTH FUNDS

Over the last few months, long-time manager Will Danoff has reduced **Contrafund**'s cash position to just under 5%. The fund offers a broad bet on large-cap growth stocks, and has the least risk of any fund in this category. There's a possibility the fund's 20% foreign weighting may hold it back, but with Danoff's strength as a stockpicker it's only a passing concern.

The Russell 2000 universe is not the bargain it was earlier this year, but **Low-Priced Stock** should still be able to benefit from great research and prudent stock picks on the part of long-time manager Joel Tillinghast. The fund's 30% weighting in foreign stocks and its 10% cash position could hamper performance if domestic

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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 **↓**.

NOVEMBER 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**	1.21	none	6.50	21.1	1.1	5.7	5.7	2.2			
Growth Strategies (324/FDEGX)	H***	1.22	1.5(90)	15.28	1714.8	31.2	6.6	5.2	35.8	-8.0	-0.8	-9.5
Blue Chip Gth (312/FBGRX)	B****	1.08	none	36.21	10175.5	38.1	6.5	9.0	39.8	-1.7	1.5	-1.8
Blue Chip Value (1271/FBCVX)	H***	1.18	none	9.78	339.5	25.1	5.3	4.6	27.7	-10.0	-1.1	
Capital Apprec (307/FDCAX)	H***	1.14	none	19.99	4625.9	27.1	6.8	6.7	33.4	-6.5	0.3	1.3
Contrafund (22/FCNTX)	B****	0.93	none	56.78	52867.5	25.5	5.5	10.1	27.6	-1.9	4.7	3.8
Growth Discovery (339/FDSVX)	H***	1.12	none	10.68	714.3	24.4	6.4	7.0	24.1	-5.1	0.4	0.5
Disc Equity (315/FDEQX)	H***	1.02	none	20.77	10561.5	19.3	5.3	6.5	22.4	-6.9	0.6	0.3
Dividend Gth (330/FDGFV)	B****	1.28	none	22.60	7126.0	43.8	5.4	6.6	50.7	-5.5	0.4	1.2
Export Fund (332/FEVPX)	S**	1.13	0.75(30)	19.26	2615.6	34.3	5.9	9.8	37.6	-4.7	2.5	4.8
Fidelity Fifty (500/FFTYX)	S**	1.25	none	14.77	713.0	34.3	7.8	7.5	38.6	-8.0	-0.4	1.3
Focused Stock (333/FTQGX)	H***	1.00	none	10.84	122.7	22.8	6.6	7.7	23.0	-1.0	4.4	-0.5
Growth Company (25/FDGRX)	B****	1.11	Closed	65.75	25826.2	34.3	6.5	8.4	39.5	-1.6	4.3	0.6
Independence (73/FDFFX)	H***	1.41	none	19.10	3644.1	33.8	7.4	9.2	35.8	-3.4	2.9	1.7
Lg Cap Core En Idx (1827/FLCEX)	H***	1.0 Est	none	7.71	1060.9	21.0	5.9	6.9	22.5			
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.2 Est	none	8.35	41.7	31.0	6.2	8.7	33.7			
Large Cap Growth (763/FSLGX)	H***	1.02	none	7.88	105.6	19.8	6.6	5.9	24.8	-8.7	-1.0	
Large-Cap Stock (338/FLCSX)	H***	1.30	none	14.67	727.5	46.9	6.2	6.7	51.6	-4.3	1.8	-1.8
Lg Cap Val En Idx (1828/FLVEX)	H***	1.2 Est	none	6.69	63.5	13.6	5.5	5.4	15.2			
Large Cap Value (708/FSLVX)	H***	1.10	none	9.72	937.8	13.9	5.2	5.8	17.1	-10.2	-0.7	
Lev Co Stock (122/FLVCX)	H***↓	1.72	1.5(90)	21.76	3836.1	51.2	5.8	6.5	57.9	-6.8	2.4	
Low-Priced Stock (316/FLPSX)	B****↓	1.15	1.5(90)	30.64	22842.9	33.4	3.9	4.8	44.9	-3.6	3.2	11.0
Magellan (21/FMAGX)	H***	1.32	none	61.92	21113.4	35.2	5.4	5.0	41.9	-6.8	-0.9	-2.0
Mid Cap Growth (793/FMSGX)	H***	1.28	0.75(30)	9.32	194.7	37.3	6.9	6.0	42.3	-10.8	-1.6	
Mid Cap Stock (337/FMCSX)	H***	1.36	0.75(30)	22.17	5875.7	42.0	6.1	4.7	52.5	-6.1	2.9	4.5
Mid Cap Value (762/FMSVX)	H***	1.29	0.75(30)	12.21	460.0	28.4	4.7	5.8	39.0	-7.5	1.2	
New Millennium (300/FMILX)	B****	1.17	none	23.58	1541.1	33.7	5.3	5.5	38.9	-2.3	3.7	2.8
OTC Portfolio (93/FOCPX)	B****	1.30	none	42.42	4819.5	50.5	6.1	7.5	56.5	0.4	4.8	-0.8
Small Cap Discovery (384/FSCRX)	B****	1.37	1.5(90)	14.28	243.9	38.2	1.5	-0.7	51.9	-1.4	3.6	
Small Cap Growth (1388/FCPGX)	H***	1.25	1.5(90)	11.45	1087.4	31.8	3.4	2.3	36.5	-5.5		
Small Cap Indep (336/FDSCX)	H***	1.36	1.5(90)	12.90	1378.6	22.5	2.3	-1.2	28.0	-11.1	-1.7	2.8
Small Cap Stock (340/FSLCX)	B****	1.41	2 (90)	14.53	3211.4	48.3	5.7	3.3	61.3	-2.9	2.7	7.6
Small Cap Value (1389/FCPVX)	H***↓	1.32	1.5(90)	11.69	1601.2	25.8	1.7	0.3	36.3	-4.0		
Stock Selector (320/FDSSX)	H***	1.03	none	20.98	551.7	23.6	5.0	5.1	24.5	-6.8	0.5	-0.4
Tax Mgd Stock (343/FTXMX)	H***	1.09	none	10.65	76.2	16.8	5.2	5.1	20.2	-8.3	0.2	
Trend (5/FTRNX)	B****	1.14	none	54.60	718.2	39.7	6.7	11.2	43.3	-2.4	3.0	1.4
Value (39/FDVLX)	B****	1.47	none	54.47	7284.8	36.7	5.1	3.9	42.4	-8.9	0.2	6.2
Value Discovery (832/FVDFX)	H***	1.15	none	12.38	625.5	22.5	5.0	2.3	23.1	-8.1	1.7	
Value Strategies (14/FSLSX)	H***	1.60	none	20.89	229.5	50.4	4.2	3.9	60.0	-7.9	-0.5	5.4
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.80	none	16.15	17365.1	25.7	3.7	5.6	28.5	-2.0	3.7	5.3
Convertible Sec (308/FCVSVX)	H***	1.36	none	21.30	2283.4	58.3	3.8	6.2	67.7	-1.0	3.9	6.0
Equity-Income (23/FEQIX)	B****	1.15	none	38.68	17177.1	27.5	5.0	5.8	29.6	-8.3	-0.3	1.8
Equity-Income II (319/FEQTX)	B****	1.11	none	16.16	5086.0	23.4	5.1	5.6	24.1	-7.9	-1.2	1.3
Fidelity Fund (3/FFIDX)	H***	1.05	none	27.86	4847.0	24.3	5.2	5.3	26.1	-4.4	1.7	-0.1
Growth & Income (27/FGRIX)	H***	1.19	none	15.62	5961.9	19.5	5.3	5.1	21.4	-16.0	-7.1	-4.0
Mega Cap Stock (361/FGRTX)	H***	1.04	none	8.73	271.3	27.1	6.3	7.8	28.7	-4.9	1.3	0.0
Puritan (4/FPURX)	B****	0.72	none	15.92	16102.0	24.7	4.3	6.4	27.5	-1.7	2.9	4.1
Real Estate Income (833/FRIFX)	B****	0.80	0.75(90)	9.17	611.0	42.8	2.3	7.3	46.0	-2.6	1.9	
Real Estate (303/FRESX)	H***	2.08	0.75(90)	19.00	2352.6	24.4	8.6	11.1	47.6	-16.1	-0.6	10.3
Strategic Div & Inc (1329/FSDIX)	H***	1.15	none	9.16	432.9	31.4	4.2	4.4	37.4	-7.3	0.6	
Telecom & Utilities (311/FUIUX)	H***↑	0.90	none	13.25	675.4	4.2	6.2	3.4	4.2	-8.2	2.3	-1.9
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.57	0.75(30)	27.15	47.4	4.2	6.6	1.5	16.9	-12.0	0.5	4.2
Automotive (502/FSAVX)	H***	2.58	0.75(30)	29.36	112.7	107.3	10.5	6.2	105.0	-6.5	-1.1	4.3
Banking (507/FSRBX)	H***	1.58	0.75(30)	15.47	309.6	6.2	5.1	1.4	4.5	-18.5	-9.6	-1.1
Biotechnology (42/FBIOX)	H***	1.03	0.75(30)	62.48	979.7	5.7	7.0	-3.4	14.7	-2.4	3.1	1.7
Brokerage (68/FSLBX)	H***	1.51	0.75(30)	47.07	659.3	48.7	-0.1	-0.8	59.5	-8.1	4.5	6.5
IT Ser / Bus Ser (353/FBSOX)	B****	1.19	0.75(30)	16.92	81.0	50.9	7.2	13.6	57.1	4.7	7.1	5.8
Chemicals (69/FSCHX)	H***	1.37	0.75(30)	74.50	361.2	61.5	10.6	10.0	56.7	6.5	7.3	10.8
Computers (7/FDCPX)	B****	1.42	0.75(30)	42.11	471.1	69.2	4.9	8.3	67.0	2.1	4.4	-4.1
Const & Housing (511/FSHOX)	H***	1.48	0.75(30)	27.64	93.0	15.9	6.1	-2.9	24.3	-9.4	-1.3	7.2
Consumer Disc (517/FSPCX)	H***	1.17	0.75(30)	17.99	62.5	31.9	6.1	7.4	39.7	-7.4	-0.7	-0.3
Industrial / Cyc Ind (515/FCYIX)	H***	1.40	0.75(30)	17.50	215.7	33.5	8.7	8.0	39.8	-1.7	4.4	7.2
Defense & Aero (67/FSDAX)	S**	1.32	0.75(30)	58.37	530.3	19.3	8.1	8.8	29.0	-5.1	3.8	9.2
Com Equip / DevC (518/FSDCX)	B****	1.61	0.75(30)	19.54	339.8	69.6	2.7	7.0	76.0	-1.6	1.0	-4.8
Electronics (8/FSELX)	B****	1.47	0.75(30)	36.59	1026.1	62.0	5.4	-0.9	70.5	-6.1	0.6	-4.6
Energy (60/FSENX)	S**	1.71	0.75(30)	42.19	2076.5	40.3	1.8	11.8	32.4	-3.2	9.9	10.7
Energy Service (43/FSESX)	S**	2.01	0.75(30)	55.85	1271.4	55.5	1.5	10.6	37.3	-5.3	8.0	11.0
Environmental (516/FSLEX)	S**	1.06	0.75(30)	14.99	47.5	11.9	4.2	4.0	17.9	-4.1	1.8	4.7
Financial Services (66/FIDSX)	H***	1.48	0.75(30)	57.40	489.7	23.6	1.2	-1.0	26.7	-18.2	-7.0	-0.1
Con Stap / Food Ag (9/FDFAX)	B****↑	0.80	0.75(30)	61.44	843.1	20.6	2.3	7.5	24.3	5.4	8.7	8.2
Gold (41/FSAGX)	S**	2.25	0.75(30)	47.03	2679.0	48.9	18.2	26.1	89.1	12.8	19.9	18.4
Health Care (63/FSPHX)	H***	0.94	0.75(30)	102.78	1482.5	27.2	6.8	6.1	35.0	-0.8	4.9	3.4
Home Finance (98/FSVLX)	H***	1.36	0.75(30)	10.51	67.0	-4.0	2.0	-2.4	-3.2	-36.7	-23.4	-5.9
Indust Equip (510/FSCGX)	H***	1.50	0.75(30)	24.82	102.1	34.8	8.5	9.2	39.4	-3.5	2.9	3.4
Materials / Ind Mat (509/FSDPX)	H***	1.55	0.75(30)	52.62	428.0	73.1	11.8	12.0	78.5	5.9	10.2	11.7
Insurance (45/FSPCX)	H***	1.40	0.75(30)	39.41	129.0	20.3	2.3	-0.5	32.1	-14.5	-4.1	4.3
Leisure (62/FDLSX)	B****	1.07	0.75(30)	65.32	208.0	21.5	6.7	5.3	34.8	-2.8	2.7	2.1
Medical Delivery (505/FSHCX)	H***	1.35	0.75(30)	40.69	333.9	40.8	8.7	8.3	55.2	-1.7	4.6	12.8
Medical Equip/Sys (354/FSMEX)	H***	0.94	0.75(30)	23.54	1134.7	27.6	6.6	4.4	34.1	4.9	6.4	12.0
Multimedia (503/FBMPX)	H***	1.30	0.75(30)	32.20	44.3	45.2	7.9	12.6	53.2	-6.0	0.5	0.8
Natural Gas (513/FSNGX)	H***	1.83	0.75(30)	29.82	1119.3	47.8	-0.3	6.6	40.4	-5.5	6.5	11.9
Nat Resources (514/FNARX)	S**	1.73	0.75(30)	27.52	1444.0	46.1	4.6	13.5	43.4	0.5	12.1	12.1
Pharmaceuticals (580/FPHAX)	H***	0.90	0.75(30)	10.71	172.4	22.1	9.1	9.7	29.3	2.3	7.6	
Retailing (46/FSRPX)	H***↓	1.22	0.75(30)	43.23	161.4	51.1	4.7	7.5	63.2	-0.7	4.3	2.9
Software (28/FSCSX)	B****	1.20	0.75(30)	71.79	832.0	52.7	6.1	14.2	55.1	2.6	7.4	3.7
Technology (64/FSPTX)	B****	1.56	0.75(30)	69.82	1769.3	76.0	5.9	11.4	84.4	0.3	3.8	-3.6
Telecom (96/FSTCX)	B****↑	1.31	0.75(30)	38.29	267.4	43.8	7.3	8.7	48.8	-5.3	2.3	-5.5
Transportation (512/FSRFV)	H***	1.20	0.75(30)	36.41	72.0	13.1	10.2	3.7	13.4	-7.1	0.5	6.7
Utilities (65/FSUTX)												

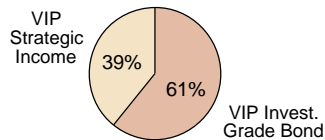
NOVEMBER PERFORMANCE						30-day	2009	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	S**	1.51	1.5(90)	48.02	3150.1		37.0	8.0	7.6	41.6	1.6	9.7
China Region (352/FHKCX)	H***↑	1.60	1.5(90)	27.64	2138.3		62.5	4.1	14.3	73.0	10.6	14.7
Diversified Int'l (325/FDIVX)	H***	1.27	1(30)	27.88	30991.4		29.6	3.8	6.4	40.1	-5.4	4.3
Emerging EMEA (2053/FEMEX)	S**	1.8 Est	1.5(90)	7.48	104.9		56.8	2.7	7.9	67.9		
Emerging Mkts (322/FEMKX)	H***	1.80	1.5(90)	21.99	3650.7		69.3	6.3	15.2	81.3	0.1	14.5
Europe (301/FEUX)	S**	1.25	1(30)	29.24	2844.5		28.4	2.5	3.9	38.0	-4.8	5.6
Europe Cap Appr (341/FECAX)	S**	1.28	1(30)	17.90	520.9		30.9	4.3	5.9	40.8	-5.8	5.8
Global Balanced (334/FGBLX)	B****	0.74	1(30)	20.47	418.8		22.9	4.3	6.6	29.3	2.7	6.6
Glob Commodity Stk (2120/FFGCX)	H***	1.6 Est	1(30)	14.47	158.9			8.7	12.4			
Int'l Capital Apprec. (335/FIVFX)	H***↓	1.54	1(30)	11.20	454.6		50.7	3.9	5.3	62.8	-7.1	1.5
Int'l Discovery (305/FIGRX)	H***	1.22	1(30)	30.01	8111.1		27.0	4.2	5.6	36.1	-4.4	5.4
Int'l Enhanced Index (2010/FIENX)	H***	1.4 Est	1(30)	6.98	18.6		23.3	3.4	5.3	33.6		
Int'l Growth (1979/FIGFX)	H***	1.5 Est	1(30)	7.34	18.2		32.5	4.6	8.9	44.0		
Int'l Real Estate (1368/FIREX)	S**	1.43	1.5(90)	8.85	364.4		33.5	0.6	5.5	40.9	-13.3	1.0
Int'l Small Cap (818/FISMXX)	B****↑	1.38	2(90)	17.84	669.0		44.5	2.1	6.1	55.4	-3.3	6.3
Int'l Small Cap Opp (1504/FSCOX)	H***	1.53	2(90)	8.39	329.2		40.1	3.1	7.7	48.6	-14.3	
Int'l Value (1597/FIVLX)	H***	1.43	1(30)	8.02	180.5		34.6	3.5	5.7	46.3	-6.8	
Japan (350/FJPNX)	H***	1.14	1.5(90)	10.03	944.8		12.4	0.0	-6.8	23.4	-11.0	-0.4
Japan Smaller Co (360/FJSCX)	H***	1.26	1.5(90)	8.30	396.4		15.8	-3.3	-6.7	26.0	-12.7	-5.4
Latin America (349/FLATX)	S**	1.82	1.5(90)	52.41	4044.3		89.8	10.8	25.2	99.3	9.6	24.6
Nordic (342/FNORX)	H***	1.61	1.5(90)	27.54	334.6		46.6	4.6	7.9	56.6	-5.5	5.7
Overseas (94/FOSFX)	H***	1.29	1(30)	31.10	6603.0		24.0	3.2	2.2	32.7	-6.5	3.5
Pacific Basin (302/FPBFX)	B****	1.67	1.5(90)	20.37	609.2		53.4	2.5	4.4	72.8	-4.2	6.5
Southeast Asia (351/FSEAX)	H***	1.49	1.5(90)	25.11	1738.3		33.1	4.7	8.4	42.4	1.5	13.2
Total Int'l Equity (1978/FTIEX)	H***	1.3 Est	1(30)	6.69	33.0		37.9	4.4	8.3	49.9		
Worldwide (318/FWWFX)	H***	1.11	1(30)	15.78	991.9		25.3	5.3	6.5	30.0	-3.2	4.2
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.91	none	24.31	1950.3		22.7	4.3	5.8	26.5	-3.9	2.2
NASDAQ Comp (1282/FNCMX)	B****	1.14	0.75(90)	28.54	211.8		36.9	5.0	7.0	40.8	-3.4	1.1
Spart Ext Mkt Idx (398/FSEMX)	B****	1.18	0.75(90)	28.86	2349.0		28.0	4.0	4.1	34.0	-5.9	1.9
Spart Int'l Index (399/FSIUX)	H***	1.25	1(90)	33.79	4785.9		26.7	3.0	4.7	37.5	-5.3	4.3
Spart 500 Index (317/FSMKX)	H***	1.00	none	76.49	6422.8		24.1	6.0	7.9	25.4	-5.8	0.7
Spart Total Mkt Idx (397/FSTMX)	H***	1.03	0.5(90)	31.17	5142.0		24.8	5.6	7.1	27.0	-5.7	1.1
Asset Mgr 20% (328/FASIX)	H***	0.37	none	11.98	2361.2		19.0	1.7	4.0	21.5	2.3	4.4
Asset Mgr 30% (1957/FTANX)	H***	0.5 Est	none	9.17	64.7		22.8	2.3	4.7	25.4		
Asset Mgr 40% (1958/FFANX)	H***	0.6 Est	none	8.88	38.9		24.5	2.5	5.1	27.3		
Asset Mgr 50% (314/FASMXX)	H***	0.71	none	13.68	5930.1		28.7	3.0	5.7	32.8	-0.3	2.8
Asset Mgr 60% (1959/FSANX)	H***	0.8 Est	none	8.58	55.9		30.0	3.2	5.8	34.0		
Asset Mgr 70% (321/FASGX)	H***	0.91	none	14.21	2176.3		32.3	3.7	6.4	37.0	-2.4	1.7
Asset Mgr 85% (347/FAMRX)	H***	1.03	none	11.42	523.0		34.4	4.2	6.6	39.5	-3.5	2.2
Dynamic Strategies (1960/FDYSX)	H***	0.8 Est	none	8.49	122.7		27.1	4.4	7.6	30.7		
Freedom 2000 (370/FFFBX)	H***	0.38	none	11.56	1682.5		15.7	2.0	4.0	17.8	1.6	3.3
Freedom 2005 (1312/FFVFX)	H***	0.64	none	10.16	998.1		21.8	3.0	5.1	25.2	-0.3	3.0
Freedom 2010 (371/FFFCX)	H***	0.67	none	12.68	11134.2		23.1	3.3	5.3	26.8	-0.3	3.2
Freedom 2015 (1313/FFVFX)	H***	0.71	none	10.55	8371.3		23.8	3.4	5.5	27.7	-0.8	3.3
Freedom 2020 (372/FFFDX)	H***	0.84	none	12.64	19521.4		26.4	3.9	5.9	30.5	-2.1	2.9
Freedom 2025 (1314/FFTWX)	H***	0.88	none	10.44	8473.3		27.3	4.1	6.1	31.4	-2.6	2.7
Freedom 2030 (373/FFFEEX)	H***	0.97	none	12.39	13628.1		27.5	4.4	6.2	31.8	-3.9	2.2
Freedom 2035 (1315/FFTHX)	H***	0.99	none	10.24	5425.0		27.9	4.5	6.2	32.2	-4.3	2.0
Freedom 2040 (718/FFFFX)	H***	1.02	none	7.15	7861.2		28.4	4.7	6.4	32.6	-4.6	1.9
Freedom 2045 (1617/FFFGX)	H***	1.03	none	8.43	1677.8		28.4	4.6	6.4	32.9	-4.7	
Freedom 2050 (1618/FFFHX)	H***	1.07	none	8.30	1371.2		28.8	4.7	6.4	33.3	-5.3	
Freedom Income (369/FFFA)	H***	0.34	none	10.81	2631.2		15.5	2.0	4.0	17.7	2.1	3.5
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.90	1(90)	8.35	10437.9	7.48	64.2	2.7	11.0	68.2	5.5	7.0
Floating Rate (814/FRHX)	H***↓	0.48	1(60)	9.27	2353.0	4.56	25.6	-0.1	1.3	26.8	2.8	3.7
Focused High Inc (1366/FHIFX)	B****	0.64	1(90)	9.06	432.0	6.83	31.2	0.4	5.7	38.2	2.7	3.9
GNMA Portfolio (15/FGMNX)	B****	0.15	none	11.67	7211.9	3.14	8.6	1.5	2.9	10.2	7.4	5.9
Gov't Income (54/FGOVX)	H***	0.21	none	10.69	4681.2	2.43	3.3	1.2	2.3	6.6	7.1	5.8
High Income (455/SPHIX)	B****	0.77	1(90)	8.25	6654.4	7.51	46.1	1.0	8.0	53.7	4.9	5.8
Inflation-Protected (794/FINPX)	S**	0.44	none	11.70	2052.0	0.54	12.2	2.7	6.3	19.0	5.3	4.5
Intermed Bond (32/FTHRX)	B****	0.26	none	10.35	4352.9	3.43	18.6	1.4	4.3	22.1	5.0	4.4
Intermed Gov't Inc (452/FSTGX)	H***	0.17	none	10.94	1541.4	1.68	2.8	1.3	2.2	5.4	6.7	5.2
Invest Grade Bond (26/FBNDX)	B****	0.26	none	7.14	6157.2	3.95	17.1	1.4	4.5	20.6	3.5	3.9
Mortgage Securities (40/FMSFX)	B****	0.14	none	10.67	831.6	4.24	10.6	1.4	3.6	12.2	3.6	3.8
New Markets Inc (331/FNMIX)	S**↓	0.79	1(90)	15.28	2845.0	6.33	44.3	0.6	7.4	55.3	8.0	9.7
Short-Term Bond (450/FSHBX)	B****↑	0.12	none	8.37	6693.6	1.98	7.8	0.8	2.5	8.5	1.8	2.5
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.35	none	10.89	1185.8	2.73	-1.3	2.1	3.1	2.9	7.7	
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.63	none	10.74	166.6	3.85	-8.2	1.8	2.3	0.3	6.9	
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.14	none	10.60	188.7	0.98	1.2	1.0	1.5	2.2	5.8	
Strategic Income (368/FSICX)	B****↓	0.47	none	10.91	6924.7	5.11	31.1	1.6	6.3	36.6	7.1	6.8
Strategic Real Rtn (1505/FSRRX)	H***	0.69	0.75(60)	8.52	4855.6	2.37	26.1	2.7	6.5	29.5	-0.5	
Total Bond (820/FTBFX)	B****	0.29	none	10.61	11462.5	4.25	20.2	1.2	4.2	24.3	5.6	5.1
Ultra-Short Bond (812/FUSFX)	H***↑	0.19	0.25(60)	8.15	225.4	0.52	1.1	0.2	0.6	1.4	-3.9	-0.9
US Bond Index (651/FBIDX)	H***	0.19	none	11.27	10577.5	3.08	8.1	1.3	2.9	11.9	5.5	4.9
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H***	0.32	0.5(30)	11.28	160.6	3.62	13.3	0.7	2.4	14.4	3.5	3.8
CA Municipal Inc (91/FCTFX)	H***	0.33	0.5(30)	11.75	1516.0	4.22	11.2	0.0	1.8	12.1	2.5	3.5
CA Short-Int TF (1534/FCSTX)	H***	0.15	0.5(30)	10.58	538.6	1.94	5.9	1.1	1.4	6.9	4.6	
CT Municipal Inc (407/FICNX)	H***	0.27	0.5(30)	11.46	572.9	3.05	11.0	1.2	1.9	12.3	4.3	4.1
Intermediate Muni (36/FLTMX)	B****	0.20	0.5(30)	10.17	3663.4	2.79	8.5	0.9	1.9	10.0	4.4	4.2
MA Municipal Inc (70/FDMMX)	H***	0.29	0.5(30)	11.81	2284.1	3.41	12.4	1.0	2.2	13.6	3.7	4.2
MD Municipal Inc (429/SMDMX)	H***	0.29	0.5(30)	10.93	166.3	3.12	13.8	0.8	2.3	14.2	3.8	4.0
MI Municipal Inc (81/FMHTX)	H***	0.26	0.5(30)	11.86	633.0	3.29	8.9	0.6	1.9	10.7	4.0	4.1
MN Municipal Inc (82/FMIX)	H***	0.24	0.5(30)	11.43	459.8	2.75	10.0	1.2	1.9	11.7	4.1	4.1
Municipal Income (37/FHIGX)	H***	0.30	0.5(30)	12.43	5527.1	3.86	12.4	0.4	1.9	14.0	3.3	4.0
NJ Municipal Inc (416/FNJHX)	H***	0.29	0.5(30)	11.48	646.4	3.31	11.3	0.6	1.7	11.7	3.7	4.1
NY Municipal Inc (71/FTFMX)	H***	0.30	0.5(30)	12.81	1699.4	3.58	11.5	0.8	1.9	13.7	3.8	4.2
OH Municipal Inc (88/FOHFX)	H***	0.29	0.5(30)	11.61	503.9	3.42	10.8	0.7	1.9	13.1	4.0	4.2
PA Municipal Inc (402/FPXTX)	H***	0.23	0.5(30)	10.80	413.4	3.31	9.5	1.0	2.2	10.5	4.0	4.1
Short-Int Municipal (404/FSSTX)	B****	0.13	0.5(30)	10.65	2947.9	1.62	5.6	0.9	1.3	6.4	4.5	3.6
Tax-Free Bond (90/FTABX)	H***	0.30	0.5(30)	10.73	1748.9	3.92	12.6	0.5	2.1	14.3	3.8	4.4

NOVEMBER 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	0.93	10344.84	21.4	6.8	9.6	20.9	-2.8	2.5	1.8
S&P 500	1.00	1095.63	24.0	6.0	7.9	25.4	-5.8	0.7	-0.6
NASDAQ	1.14	2144.60	37.2	4.9	6.9	41.0	-3.3	1.3	-3.7
Russell 2000	1.24	579.73	17.7	3.1	1.7	24.5	-8.4	-0.5	3.8
Fidelity Monitor Income Model	0.34	88341.22	20.3	1.4	5.8	23.2	1.0	2.7	3.7
Fidelity Monitor G&I Model	0.74	157762.25	25.5	3.5	6.4	28.2	-3.6	2.3	5.2
Fidelity Monitor Growth Model	1.13	153314.57	25.4	5.2	7.2	27.1	-7.8	0.6	2.5
Fidelity Monitor Select System	1.18	317930.18	26.1	5.2	4.8	27.9	-3.4	3.4	2.9
Fidelity Monitor Unique Opportunities	1.20	101615.98	37.2	4.5	5.2	41.1	-6.8	2.5	4.4

VIP CORNER

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

VIP INCOME MODEL

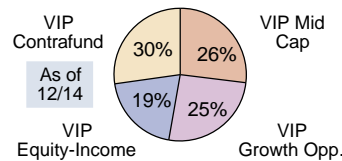


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	2002: +7.3%
1994: -3.8%	2003: +9.9%
1995: +16.9%	2004: +5.1%
1996: +6.9%	2005: +1.8%
1997: +10.9%	2006: +6.1%
1998: +0.4%	2007: +6.2%
1999: +0.8%	2008: -18.3%
2000: -2.4%	
2001: -3.4%	
*2009: +23.6%	

VIP GROWTH MODEL

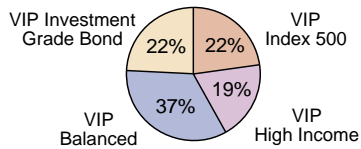


PAST PERFORMANCE

Starting Balance: \$10,000

1993: +20.6%	2002: -21.7%
1994: +4.6%	2003: +30.0%
1995: +36.1%	2004: +7.0%
1996: +16.1%	2005: +10.1%
1997: +23.5%	2006: +14.5%
1998: +22.6%	2007: +9.3%
1999: +22.1%	2008: -45.5%
2000: -10.3%	
2001: -14.0%	
*2009: +20.5%	

VIP G & I MODEL

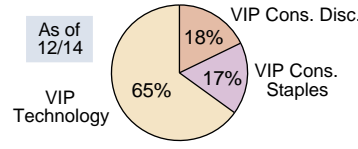


PAST PERFORMANCE

Starting Balance: \$10,000

1995: +26.4%	2003: +20.8%
1996: +12.8%	2004: +6.3%
1997: +21.4%	2005: +4.5%
1998: +15.1%	2006: +11.6%
1999: +6.1%	2007: +7.7%
2000: -4.9%	2008: -31.0%
2001: +3.1%	
2002: -9.4%	
*2009: +24.7%	

VIP SECTOR MODEL



PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2007: +11.2%
2004: +6.3%	2008: -41.4%
2005: +14.0%	
2006: +17.7%	
*2009: +40.7%	

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

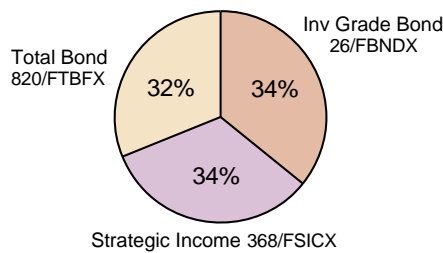
NOVEMBER VIP PERFORMANCE Portfolio	Rating	Risk	RR Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	1.21	9.03	30.2	6.5	4.9	34.9	-8.8	
VIP Asset Manager	H ***	0.79	35.18	26.0	3.8	6.2	28.9	0.6	2.8
VIP Asset Manager: Growth	H ***	1.01	21.75	28.6	4.9	7.2	31.4	-1.2	1.7
VIP Balanced	B ****	0.94	16.34	33.3	4.0	5.6	38.6	-1.8	2.3
VIP Consumer Discretionary	B ****	1.17	9.75	31.2	6.0	7.1	38.6	-7.8	-1.3
VIP Consumer Staples	B ****↑	0.8 Est	10.34	19.6	2.2	7.3	23.0		
VIP Contrafund	B ****	1.11	38.23	29.8	5.1	6.1	31.8	-4.8	2.6
VIP Disciplined Small Cap	S **↓	1.15	7.26	12.8	3.5	1.6	18.7	-10.4	
VIP Dynamic Capital Appreciation	H ***	1.15	11.77	26.0	6.8	6.6	32.2	-7.6	1.5
VIP Energy	H ***	1.72	20.28	40.1	1.8	11.8	32.0	-3.9	8.6
VIP Equity-Income	B ****	1.17	50.16	27.2	5.0	5.7	29.3	-9.4	-1.2
VIP Financial Services	H ***	1.53	8.01	24.2	1.2	-1.4	27.5	-18.6	-7.5
VIP Freedom 2005	H ***	0.62	11.19	20.6	2.7	4.3	23.8	-0.5	
VIP Freedom 2010	H ***	0.66	11.18	21.8	3.0	4.6	25.2	-0.6	
VIP Freedom 2015	H ***	0.70	11.27	22.5	3.1	4.7	26.1	-1.1	
VIP Freedom 2020	H ***	0.84	10.95	25.6	3.7	5.2	29.3	-2.6	
VIP Freedom 2025	H ***	0.89	10.90	26.3	3.9	5.4	30.1	-3.1	
VIP Freedom 2030	H ***	0.99	10.58	27.4	4.2	5.6	31.2	-4.4	
VIP Freedom Income	H ***	0.31	11.53	13.5	1.5	2.9	15.5	2.1	
VIP FundsManager 20	H ***	0.28	10.91	9.4	1.6	2.7	12.0	1.6	
VIP FundsManager 50	H ***	0.59	10.06	16.9	3.0	4.3	20.6	-1.5	
VIP FundsManager 70	H ***	0.81	9.30	21.2	3.9	5.3	25.2	-4.1	
VIP FundsManager 85	H ***	0.97	8.77	24.6	4.4	6.2	29.0	-6.0	
VIP Growth	H ***	1.11	49.06	22.5	6.2	6.7	22.1	-7.1	-1.5
VIP Growth & Income	H ***	1.03	15.42	22.8	5.2	5.1	23.6	-7.4	-0.5
VIP Growth Opportunities	B ****	1.37	10.14	37.3	6.0	7.9	36.7	-9.9	-2.7
VIP Growth Stock	B ****	1.16	9.85	39.0	6.6	11.0	42.0	-3.3	
VIP Health Care	H ***	0.93	11.89	26.8	6.8	5.9	34.5	-2.0	4.1
VIP High Income	B ****	0.72	33.10	38.5	0.8	6.6	42.4	2.1	3.7
VIP Index 500	H ***	1.00	30.74	23.3	5.9	7.7	24.6	-6.5	-0.1
VIP Industrials	H ***	1.41	16.38	33.7	8.7	7.8	40.0	-1.9	4.2
VIP Int'l Capital Appreciation	H ***	1.54	9.92	50.1	4.0	5.1	61.8	-7.7	
VIP Investment Grade Bond	B ****	0.25	33.80	16.1	1.2	3.8	20.1	4.6	4.1
VIP Materials	H ***	1.5 Est	10.26	71.3	11.9	11.9	76.8		
VIP Mid Cap	B ****	1.12	20.29	36.8	5.3	9.6	42.9	-2.2	4.9
VIP Money Market			21.87	0.0	0.0	-0.1	0.1	2.3	2.6
VIP Overseas	H ***	1.23	32.83	23.5	4.2	5.5	31.8	-6.1	2.8
VIP Real Estate	H ***	2.16	14.02	27.1	7.4	9.2	52.0	-15.4	0.2
VIP Strategic Income	B ****↓	0.45	14.30	28.6	1.4	5.7	33.8	6.2	5.9
VIP Technology	B ****	1.55	10.90	79.8	5.6	11.2	88.1	-0.3	4.1
VIP Telecommunications	H ***	1.3 Est	7.19	39.3	7.1	8.5	43.6		
VIP Utilities	H ***	0.98	10.93	7.7	3.8	0.0	5.2	-6.0	3.7
VIP Value	B ****	1.45	8.76	34.5	5.2	3.8	39.8	-10.0	
VIP Value Leaders	H ***	1.18	8.76	24.2	5.3	4.4	26.8	-10.6	
VIP Value Strategies	H ***	1.59	11.38	47.9	4.3	3.9	56.8	-9.0	-1.4
Fidelity Monitor VIP Income Model		0.32	21264.12	23.6	1.3	5.3	26.9	2.4	3.2
Fidelity Monitor VIP G&I Model		0.71	23354.34	24.7	3.2	5.8	27.6	-2.3	2.0
Fidelity Monitor VIP Growth Model		1.15	27198.75	20.5	5.1	6.6	21.6	-10.3	-1.4
Fidelity Monitor VIP Sector Model		1.29	17161.52	40.7	5.4	9.0	42.7	-2.7	4.8

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	\$7.14	4283.594	\$30584.86
Strategic Income	\$10.91	2727.891	\$29761.29
Total Bond	\$10.61	2638.555	\$27995.07

17% Foreign Holdings
Balance as of 11/30/09: \$88341.22
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: +20.3%

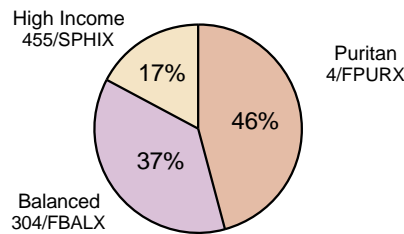
For November our Income Model gained 1.4%.

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	\$15.92	4538.619	\$72254.81
Balanced	\$16.15	3640.609	\$58795.84
High Income	\$8.25	3237.770	\$26711.60

11% Foreign Holdings
Balance as of 11/30/09: \$157762.25
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: +25.5%

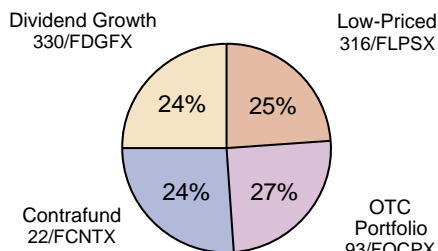
Our Growth and Income Model gained 3.5% in November.

GROWTH MODEL

Focuses on domestic funds and aims to hold profitable positions long enough to qualify for long-term gains.
Target Growth Rate: 13% Target Risk Level: 1.0

FUND	NAV	SHARES	BALANCE
Low-Priced Stock	\$30.64	1231.092	\$37720.66
OTC Portfolio	\$42.42	984.424	\$41759.27
Contrafund	\$56.78	646.628	\$36715.54
Dividend Growth	\$22.60	1642.438	\$37119.10

18% Foreign Holdings
Balance as of 11/30/09: \$153314.57
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: +25.4%

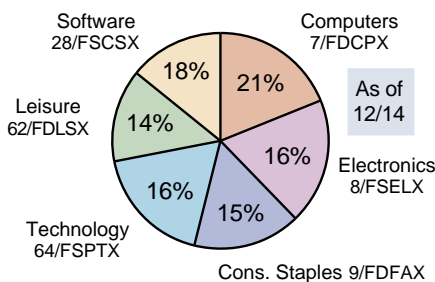
Our Growth Model gained 5.2% in November, versus 6.0% for the S&P 500. We may soon reduce our position in **Low-Priced Stock**.

SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Computers	\$42.11	1560.153	\$65698.04
Electronics	\$36.59	1433.672	\$52458.06
Retailing	\$43.23	1099.611	\$47536.18
Technology	\$69.82	734.691	\$51296.13
Leisure	\$65.32	683.802	\$44665.95
Software	\$71.79	783.895	\$56275.82

6% Foreign Holdings
Balance as of 11/30/09: \$317930.18
Balance at start of 2009: \$252121.09



PAST PERFORMANCE
Starting Balance: ~\$25,000

1989: +23.4%	1999: +44.9%
1990: +31.3%	2000: -14.9%
1991: +35.3%	2001: - 7.3%
1992: +20.4%	2002: -14.7%
1993: +25.9%	2003: +38.4%
1994: - 0.9%	2004: + 7.4%
1995: +39.0%	2005: +15.0%
1996: + 5.2%	2006: +13.6%
1997: +29.3%	2007: +15.6%
1998: +21.7%	2008: -39.3%

2009 YTD: +26.1%

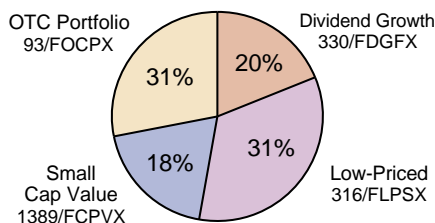
Our Select System gained 5.2% in November, versus 6.0% for the S&P 500. On 11/16 we traded **Brokerage** (\$49.54) for **Software** (\$72.64). On 12/14 we'll exchange **Retailing** for **Consumer Staples**.

UNIQUE OPPORTUNITIES MODEL

An aggressive portfolio looking for contrarian values.
Target Growth Rate: 14% Target Risk Level: 1.2

FUND	NAV	SHARES	BALANCE
Dividend Growth	\$22.60	918.617	\$20760.74
Low-Priced Stock	\$30.64	1041.543	\$31912.88
Small Cap Value	\$11.69	1527.816	\$17860.17
OTC Portfolio	\$42.42	732.725	\$31082.19

16% Foreign Holdings
Balance as of 11/30/09: \$101615.98
Balance at start of 2009: \$74054.57



PAST PERFORMANCE
Starting Balance: \$50,000

(Partial Yr 99)	2004: +20.6%
1999: +33.8%	2005: +18.8%
2000: -20.5%	2006: +16.6%
2001: + 1.6%	2007: +11.6%
2002: - 2.1%	2008: -47.6%
2003: +43.2%	

2009 YTD: +37.2%

Our Unique Opportunities Model gained 4.5% in November. In the coming months we may reduce our position in **Small Cap Value** and/or **Low-Priced Stock**.

OUTLOOK FOR 2010 - *Continued from page 1*

stocks continue to perform well, but there's always the option of switching to **Equity-Income** (in effect a shift from mid-cap value to large-cap value).

Larry Rakers is doing well at **Dividend Growth**, and we like his structured approach to bargain-hunting. This large-cap blend fund is well-balanced from an industry group standpoint, broadly diversified at the individual stock level, and has very little similarity to the S&P 500. When backed by good research, funds that use this kind of approach (which is known as high active share) have the potential to be long-term winners.

OTC Portfolio aligns closely with the NASDAQ Composite, which has a heavy growth-stock orientation. With a 52% weighting in technology stocks, it's a bit of a stretch to call it a diversified growth fund. Still, in an economic environment where foreign revenue and exports could be the main driver of GDP growth, large-cap multinationals like these may be the best bet for long-term earnings growth. With 30% more volatility than the S&P 500, **OTC Portfolio** is the riskiest of our favorites.

INTERNATIONAL FUNDS

The weak dollar has boosted the value of foreign stocks this year, but don't expect the same to happen again in 2010. The dollar's decline has shifted global export dynamics such that the U.S. economy is now recovering at the expense of Europe and Japan. While there may be some opportunity in emerging country stocks, the Dubai crisis and the potential for a pullback in commodities could make it dicey to invest in emerging markets. In general, we think it's better to pick a domestic fund with foreign exposure than to invest directly in a foreign fund for 2010.

The one exception is **Global Balanced**. This fund, which operates like a worldwide version of **Balanced** or **Puritan**, has a solid long-term track record and is unlikely to disappoint. With 62% in stocks and a volatility level of 0.75, it should hold up well with an increase in global inflationary pressures, but also limit losses if deflation becomes a bigger problem. And with foreign bonds in its portfolio, dollar weakness is not a major concern. ■

NOVEMBER DISTRIBUTIONS

Asset Manager 20%	\$ 0.009/\$11.85 (11/6)
Asset Manager 30%	\$ 0.015 / \$9.06 (11/6)
Freedom Income	\$ 0.03 / \$10.68 (11/6)

Most funds are scheduled for December, but carryforward losses suggest that most funds will pay only dividends this year. Please see Fidelity's Web site for estimates. You can pull them up by searching on "year end distributions."

RECOMMENDATIONS - *Continued from page 1*

Mega Cap Stock gained 6.3%, **Telecom & Utilities** increased 6.2%, and **Growth & Income** returned 5.3%. Even for those that trailed behind, results were hardly a disappointment. **Conv. Securities** rose 3.8%, **Balanced** gained 3.7%, and **Real Estate Income** edged up 2.3%.

INCOME FUNDS

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

Declining long-term interest rates gave a boost to most bond funds. **Capital & Income**, **Inflation-Protected Bond**, and **Strategic Real Return** all posted a return of 2.7%. In some cases, credit concerns weighed on funds that had low-grade portfolios. **Focused High Income** edged up 0.4%, **Ultra-Short Bond** returned 0.2%, and **Floating Rate High Income** declined 0.1%.

Municipal bond funds posted gains ranging from break-even to 1.2%.

SELECT PORTFOLIOS

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

Commodity and industrial sectors led the group as investors responded to an extended easy-money period. **Gold** jumped 18.2%, **Materials** was up 11.8%, **Chemicals** climbed 10.6%, and **Automotive** gained 10.5%. Energy and financial groups dominated the bottom end. **Energy Service** rose 1.5%, **Financial Services** edged up 1.2%, **Brokerage** slid 0.1%, and **Natural Gas** declined 0.3%. ■

Happenings

Fidelity has reopened **International Small Cap** and has named Dale Nicholls as co-manager of the fund. We've upgraded it to a buy.

In other manager changes, Jeffrey Feingold is the new stockpicker for **Large Cap Growth**, Christopher Sharpe and Geoffrey Stein have been named lead portfolio managers of **Stock Selector**, Ray Lesser, Shadman Riaz, Chuck Myers, and Pat Venanzi have been appointed co-managers of **Small Cap Independence**, and Franco Castagliuolo has been named co-manager of **Ginnie Mae**, **Mortgage Securities**, **Gov't Income**, and **Int. Gov't Inc**. There are no rating changes on any of the affected funds. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	133646.8	0.11	CT MM (418/FCMXX)	1773.6	0.01			
Select MM (85/FSLXX)	8100.8	0.19	MA MM (74/FDMXX)	4665.2	0.01			
Money Market (454/SPRXX)	8106.7	0.06	MI MM (420/FMIXX)	893.0	0.01	MA AMT TF (426/FMSXX)	479.0	0.01
Gov't MM (458/SPAXX)	884.8	0.01	NJ MM (417/FNJXX)	2257.3	0.01	AMT Tax-Free (460/FIMXX)	2404.9	0.01
US Treas. MM (415/FDLXX)	6274.3	0.01	NY MM (92/FNYXX)	5110.7	0.01	NJ AMT TF (423/FSJXX)	442.2	0.01
Tax-Free MM (275/FMOXX)	5903.0	0.01	OH MM (419/FOMXX)	1017.4	0.01	NY AMT TF (422/FSNXX)	806.6	0.01
US Gov't Reser (50/FRGXX)	4155.4	0.01	AZ MM (433/FSAXX)	370.1	0.01	PA MM (401/FPTXX)	658.5	0.01
CA MM (97/FCFXX)	5113.8	0.01	CA AMT TF (457/FSPXX)	915.5	0.01	Municipal MM (10/FTEXX)	23767.6	0.01