

Select System Branches Out

Six years ago, we restricted our Select System to a pool of 14 “New Economy” Selects – a group of mostly growth sectors that showed potential to grow faster than the economy, compete in global markets, and benefit from advancing technology.

The timing of that move was probably not ideal, given the 2000-2002 bear market was right around the corner. However, the model portfolio managed to hold its own, deriving enough benefit from technology stocks in 1999 and 2003 to make up for a mixed showing in other years. Over the last six years, the model has returned 5.7% annually, versus breakeven performance (0.1% per year) for the S&P 500.

Until the fossil fuel crunch began to unfold about a year ago, we didn't worry too much about the portfolio's heavy reliance on tech and the lack of value choices outside of the financial group. But the implications are clear. Technology stocks could wind up on the losing end if energy costs continue to rise. Some 30% of discretionary consumer purchases involve electronics gear. If consumers are paying more for gasoline, home heating oil, natural gas,

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Select System, VIP Sector Model Changes

On Monday, 4/18, our Select System will sell **Software** (28/FSCSX) and buy **Chemicals** (69/FSCHX). Also, we'll sell **Multimedia** (503/FBMPX) and buy **Medical Delivery** (505/FSHCX). The approximate mix will be 19% **Energy**, 19% **Banking**, 19% **Utilities Growth**, 16% **Chemicals**, 14% **Medical Delivery**, and 13% **Retailing**. Place your trades over the weekend in order to obtain the Monday, 10 am price. Please note that we have scheduled these trades to occur after the Select group makes its April distributions on the 8th and the 15th. Please see our lead story (above) for a discussion of the logic behind these moves.

Our VIP Sector portfolio will be selling **VIP Technology**, and buying **VIP Cyclical Industries**. It will also be selling one-half of **VIP Consumer Industries** and buying **VIP Health Care**. Both trades will take place on 4/18.

Review & Recommendations

It's not entirely correct to say that fear of rising inflation caused the S&P 500 to decline 1.8% in March. What really worries investors is the prospect of a Fed that gets carried away in the battle against inflation, and the resulting negative impact on the economy. The latest federal funds hike, which boosts the short-term interest rate to 2.75%, is having a greater effect on the global financial markets than earlier tightening moves did. Enough foreign money is being attracted into treasuries that the dollar is seeing a temporary boost, even with the U.S. trade deficit at unprecedented levels. Short-term rates are close to moving above the rate of inflation, and money is increasingly being drawn away from high-risk securities. As the year progresses, this deleveraging activity could become more pronounced within each asset class, benefiting mainstream investments and making it more difficult to outperform the indexes.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorites include **Value**, **Contrafund**, **Small Cap Value**, and **Leveraged Company Stock**.

Funds with broad industry diversification held up well. **Small Cap Growth** led the group, slipping only 1.0%. **Contrafund**, **Value**, and **Fidelity Fifty** were all off 1.3%. Funds with heavy cyclical exposure were negatively affected by concerns that the Fed's hawkish bias may slow the economy. **New Millennium** slid 3.2%, and **Value Strategies** was down 3.3%.

INTERNATIONAL FUNDS

Spartan Int'l Index is best for a diversified bet on foreign markets. **Canada** may benefit from higher export revenue, although a pullback is possible in the short run. We downgraded emerging market funds because of concern that financial outflows may create liquidity problems in some markets.

Dollar strength resulted in a weak month for most foreign funds. **Canada** ran counter to the trend, rising 1.5%. **Global Balanced** was off 1.2%, and **Japan Smaller Companies** declined 1.7%. Emerging market funds were hurt by profit-taking. **Southeast Asia** lost 4.4%, **Emerging Markets** was down 7.0%, and **Latin America** fell 8.4%.

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and electricity, there won't be as much money to spend on electronics.

Last June we opted to anchor one of the model's six holdings to the energy group – requiring either **Energy, Natural Gas, or Natural Resources** to remain in the portfolio at all times. That move has helped, but it only goes part way. What's really needed is a sector model that depends less on the technology group – one that can take full advantage of value sectors when conditions call for it.

After backtesting a number of alternatives, we've settled on a modified volatility indicator that retains the advantages of the current approach, but allows a greater range of choices. By adjusting our volatility figures to favor funds that have performed well over the last 12 months, we've come up with a system that has favorable odds working across the entire Select family. It allows the Select System to include any portfolio with at least \$100 million in assets, a requirement that 32 Select portfolios currently satisfy.

The biggest challenge was finding a way to keep switching activity at a similar level (roughly 6-8 exchanges per year). We accomplished that goal with a variety of techniques. Gone is the six-month update cycle. In its place is a rule that allows the Select System to make a single trade in any given month, but only if the lowest ranked fund in the model has declined significantly in rank. New positions will be subject to a minimum holding period of 5 months. Our energy slot will be allowed to hold all of the energy funds in the Select family, and will be able to invest in other groups if none of the energy sectors are highly ranked.

Moving from the current model to the new one involves two changes. **Software** will be replaced by **Chemicals**, giving the model some cyclical exposure that moves it toward the value side of the stylebox. **Multimedia** will be replaced by **Medical Delivery**, giving the portfolio a stake in mid-caps and reducing its exposure to high-priced stocks. Other positions will remain the same for now, but could change in coming months.

Our new indicator gives us a straightforward approach for determining buy-hold-sell ratings for sectors that are not part of the Select System. As a result, a number of upgrades and downgrades have occurred this month. Please see the rating column on page 4 for details. We've also summarized the funds rated buy in our recommendations column.

Following is a brief look at the fundamentals

for the industry groups we currently rate a buy, along with a few that have been recently downgraded:

BANKING (BUY)

Judging from recent action in banking stocks, the market is worried that higher short-term interest rates will squeeze the bottom line. That problem could prove to be temporary. In the last decade, banks have found many new sources of fee-based revenue. Their take from borrowing short and lending long is a much smaller piece of the earnings pie than it was in the past. Furthermore, the assumption that the yield curve will flatten is hardly a sure bet. At some point, rising inflation and higher short-term rates could push up long-term interest rates, possibly restoring a healthy yield spread. Bank stocks remain cheap relative to other groups, and many firms are well positioned to increase their dividends over the next 12-18 months.

CHEMICALS (BUY)

This is a broadly diversified cyclical sector which includes companies that supply petroleum additives, plastic, agricultural commodities, industrial gasses, and packaging material. Many of these products are derived from oil and natural gas. In a weak economy, higher energy costs might be a problem. But with global economic growth on the upswing, these firms are enjoying considerable pricing power, allowing most of them to increase their operating margins.

DEFENSE & AEROSPACE (BUY)

This fund is currently emphasizing the aerospace aspect of its charter, an area where business is getting better after a long dry spell. Orders for commercial jets have picked up – especially in Asia, where a growing segment of the population can afford to fly for the first time. Aviation equipment suppliers are also poised to do well, as older planes are upgraded with new equipment that can make flying safer and easier. On the defense side of the portfolio, Federal outlays for national security continue to be a key priority, and many firms could benefit from new initiatives to modernize the military.

ENERGY (BUY)

The market is finally beginning to realize that rising global oil demand is not just a short-term problem. About two million cars a year are being sold in China, and it's only one of several emerging nations that are building roads to improve economic growth. However, increasing global oil production to facilitate higher living standards for billions of

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consumers is not that simple. Almost all the easy oil has been found in the last six decades, a period in which nearly five million wells were drilled across the globe. Production of high-quality crude already appears to be in decline, and it may not be possible to reverse this trend at any price. The futures market has begun to recognize the situation, but oil stock analysts have been slow to respond. Upward revisions to their forecasts are likely to come later this year if oil prices keep climbing. A short-term correction of 10% could come at any time here, but this fund is a reasonably sure bet for the next five years.

MEDICAL DELIVERY (BUY)

We've been skeptics here, but recent events have prompted a rethinking of our position. Most notably, a number of high-priced drugs have been taken off the market due to safety concerns. Health providers who collect fixed monthly premiums may end up seeing some relief on medication costs as a result. On the productivity front, many hospitals have stepped up their technology initiatives, and some are beginning to see benefits. From a revenue standpoint, some medical providers are taking considerable advantage of their pricing power, and their biggest competitive threat - HSA accounts - might take a decade or more to become widespread. Finally, liability relief is on the horizon for this group, although for the most part stock prices have already discounted the situation.

MULTIMEDIA (HOLD)

Media stocks are a mixed bag, in part because old business models are breaking down, and the rules are still being written for new methods of distribution and advertising. This group of stocks shows potential, but uncertainty remains. Some of the higher-multiple stocks may be vulnerable to rising inflation, which reduces the value of earnings in present dollar terms. As for the traditional players, many are enjoying an upturn in advertising revenues, but the struggle with new age competition is taking a toll. This fund does not rank high enough to remain in the Select System with our new approach, although it could return if a sustainable trend develops.

NATURAL GAS (BUY)

The short-term risk in this portfolio is about 20% greater than Select **Energy**, but the long-term growth could be greater here. Natural gas is cheap and abundant in many parts of the world, but U.S. supplies are running short because older wells are depleting faster than new projects can be brought on line. Unless oil suddenly becomes cheap, U.S.

natural gas prices are likely to stay high. Utilities need to build stocks for next winter's heating season, but demand for electricity has grown to the point where summertime usage is now at odds with that goal. That's good news for domestic gas producers. It's also favorable for companies involved with Liquefied Natural Gas (LNG) and Gas To Liquids (GTL) projects. LNG can be brought in on tankers, providing relief for the supply crunch in the U.S. GTL technology makes it possible to produce a clean-burning synthetic diesel fuel. Expanding the infrastructure for these solutions will take lots of time and money, but the companies doing the work could see higher revenues for decades to come.

NATURAL RESOURCES (BUY)

More than two-thirds of this fund is invested in energy stocks, with the balance invested in industrial materials - including a small position in gold mining stocks. Overall the fund is slightly less volatile than Select **Energy**, and its performance could end up slightly lower over the long run. The production of industrial commodities is more cyclical than oil, as shortages can be resolved through additional capacity. Generally speaking, a fund like this is used as a hedge against inflation, although in practice **Natural Resources** is more or less an energy fund of a slightly different flavor.

RETAILING (BUY)

The "big-boxing" of America continues, and while approvals for new store locations are seeing opposition in some areas, these highly-efficient retailers have found an unlikely ally - the nation's mall operators. The idea of anchoring an upscale shopping center with a store like Wal-Mart would have seemed crazy just a few years ago, but many aging malls are hungry for traffic, and will do what it takes. It's too early to tell if new manager Martin Zinny has shifted **Retailing's** emphasis away from food, drugs, and home improvement, but so far the fund is holding up well despite the possibility for higher energy prices to weigh on consumer spending.

SOFTWARE (HOLD)

Over the last year the players in this industry have invaded each other's turf on a more frequent basis. There's still a possibility the sector can benefit from industry consolidation, although technology buyouts do not usually go as smoothly as, say, bank mergers. Meanwhile, revenue from consumers could be headed lower because rising household energy

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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, with no adjustment for loads. Size figures are for the beginning of the prior month, in millions. Dividend Yield is based on actual dollars posted to accounts, not the SEC yield that Fidelity must quote. 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. As of September, 2003, all retail Fidelity funds are no-load. If a fund is closed to new investors, we will list it as such in the Fee column. Ratings: **B ******* is **favorite buy**, **B ****** means **buy**, **H ***** means **hold** for the long run, **S **** means **cut** to 5% of holdings, **S *** means **sell** and move to a buy-rated fund in the same group. Upgrades and downgrades are indicated by \uparrow and \downarrow .

| MARCH PERFORMANCE | | | | | | 2005 | One | Three | One | 3-Yr | 5-Yr | 10-Yr |
|-----------------------------------|--------|---------|----------|--------|---------|-------|------|-------|-------|------|-------|-------|
| Fund Name (Code/Symbol) | Rating | Risk | Fee | NAV | Size | YTD | Mth | Mth | Year | Rate | Rate | Rate |
| Aggressive Gth (324/FDEGX) | H*** | 1.53 | 1.5(90) | 15.28 | 4594.9 | -8.0 | -2.5 | -8.0 | -2.4 | -3.0 | -23.1 | 4.7 |
| Blue Chip Gth (312/FBGRX) | H*** | 1.04 | none | 40.05 | 22686.5 | -4.0 | -1.8 | -4.0 | 1.0 | -1.3 | -7.7 | 7.9 |
| Blue Chip Value (1271/FBCVX) | H*** | 1.06 | none | 12.50 | 144.3 | -0.4 | -2.6 | -0.4 | 11.5 | | | |
| Capital Apprec (307/FDCAX) | H*** | 1.31 | none | 24.82 | 6479.4 | -4.6 | -1.7 | -4.6 | 1.8 | 7.7 | -2.1 | 10.4 |
| Contrafund (22/FCNTX) | B**** | 1.01 | none | 56.92 | 46664.1 | 0.3 | -1.3 | 0.3 | 11.3 | 9.1 | 0.6 | 13.2 |
| Discovery (339/FDSVX) | S** | 0.90 | none | 10.38 | 495.5 | -8.1 | -2.7 | -8.1 | 2.1 | 0.9 | -4.6 | |
| Disc Equity (315/FDEQX) | H*** | 1.07 | none | 25.40 | 5273.1 | 0.4 | -1.9 | 0.4 | 9.7 | 4.8 | -1.6 | 10.4 |
| Dividend Gth (330/FDGFY) | H*** | 1.02 | none | 27.28 | 18311.8 | -4.2 | -2.5 | -4.2 | 0.0 | -0.4 | 1.1 | 12.9 |
| Export Fund (332/FEFXX) | H*** | 1.15 | 0.75(30) | 19.35 | 2137.1 | -1.5 | -3.1 | -1.5 | 9.9 | 6.6 | 3.8 | 16.6 |
| Fidelity Fifty (500/FFTYX) | H*** | 1.26 | 0.75(30) | 19.78 | 841.4 | -4.1 | -1.3 | -4.1 | 1.5 | 3.7 | 0.2 | 11.8 |
| Growth Company (25/FDGRX) | H*** | 1.49 | none | 52.88 | 23934.7 | -5.7 | -1.7 | -5.7 | 2.6 | 2.2 | -10.1 | 11.2 |
| Large-Cap Stock (338/FLCSX) | H*** | 1.08 | none | 14.10 | 647.5 | -3.6 | -1.7 | -3.6 | 1.4 | -0.6 | -7.8 | |
| Lev Co Stock (122/FLVCX) | B**** | 1.52 | 1.5(90) | 23.74 | 2658.5 | 4.7 | -2.1 | 4.7 | 23.5 | 36.8 | | |
| Low-Priced Stock (316/FLPSX) | B**** | 0.98 | Closed | 39.86 | 36402.5 | -1.0 | -2.1 | -1.0 | 14.4 | 14.4 | 18.2 | 17.3 |
| Magellan (21/FMAGX) | S** | 1.03 | Closed | 101.00 | 59656.7 | -2.7 | -2.0 | -2.7 | 3.1 | 0.4 | -5.3 | 9.0 |
| Mid Cap Stock (337/FMCSX) | H*** | 1.31 | 0.75(30) | 22.61 | 8728.3 | -3.6 | -2.4 | -3.6 | 1.9 | 0.8 | -1.1 | 13.2 |
| New Millennium (300/FMILX) | H*** | 1.40 | Closed | 30.15 | 3465.7 | -4.9 | -3.2 | -4.9 | -1.6 | 2.9 | -6.5 | 17.3 |
| OTC Portfolio (93/FOCPX) | S** | 1.58 | none | 32.55 | 7611.0 | -6.2 | -1.8 | -6.2 | -0.2 | 2.2 | -12.7 | 9.4 |
| Independence (73/FDFFX) | H*** | 1.23 | none | 17.26 | 4554.4 | -3.1 | -1.8 | -3.1 | 6.1 | 2.3 | -6.6 | 9.7 |
| Small Cap Gth (1388/FCPGX) | H*** | 1.3 Est | 1.5(90) | 11.66 | 113.0 | 2.2 | -1.0 | 2.2 | | | | |
| Small Cap Indep (336/FDSCX) | H*** | 1.14 | 1.5(90) | 19.49 | 1133.0 | -1.2 | -1.5 | -1.2 | 8.8 | 5.9 | 4.1 | 9.9 |
| Small Cap Stock (340/FSLCX) | H*** | 1.25 | 2(90) | 17.64 | 4389.3 | -2.9 | -2.5 | -2.9 | 6.1 | 9.0 | 7.5 | |
| Small Cap Value (1389/FCPVX) | B**** | 0.9 Est | 1.5(90) | 11.43 | 226.1 | 2.4 | -1.9 | 2.4 | | | | |
| Stock Selector (320/FDSSX) | H*** | 1.03 | none | 22.33 | 806.8 | -2.1 | -2.1 | -2.1 | 5.9 | 2.8 | -3.7 | 9.2 |
| Strc Lg Cap Gth (763/FSLGX) | H*** | 1.31 | 0.75(30) | 10.33 | 54.6 | 0.7 | -1.8 | 0.7 | 12.8 | 2.1 | | |
| Strc Lg Cap Val (708/FSLVX) | B**** | 0.99 | 0.75(30) | 12.15 | 191.2 | 0.1 | -1.6 | 0.1 | 13.2 | 6.2 | | |
| Strc Mid Cap Gth (793/FSMGX) | H*** | 1.42 | 0.75(30) | 11.64 | 89.0 | -0.3 | -2.0 | -0.3 | 11.8 | 5.3 | | |
| Strc Mid Cap Val (762/FSMVX) | B**** | 1.09 | 0.75(30) | 14.04 | 179.9 | -0.4 | -2.3 | -0.4 | 15.2 | 9.9 | | |
| Focused Stock (333/FTQGX) | H*** | 1.28 | 0.75(30) | 10.40 | 57.6 | 3.0 | -2.6 | 3.0 | 16.6 | -3.2 | -7.6 | |
| Trend (5/FTRNX) | H*** | 1.01 | none | 52.30 | 876.1 | -2.5 | -1.9 | -2.5 | 6.1 | 3.1 | -3.5 | 6.7 |
| Value (39/FDVLX) | B**** | 1.12 | none | 71.82 | 10857.4 | 0.7 | -1.3 | 0.7 | 16.3 | 11.1 | 14.0 | 12.9 |
| Value Discovery (832/FVDFX) | H*** | 1.20 | none | 13.90 | 84.6 | 1.6 | -1.5 | 1.6 | 12.2 | | | |
| Value Strategies (14/FSLSX) | H*** | 1.60 | none | 35.19 | 197.2 | -6.0 | -3.3 | -6.0 | 0.6 | 8.0 | 7.7 | |
| GROWTH & INCOME FUNDS: | | | | | | | | | | | | |
| Balanced (304/FBALX) | B**** | 0.84 | none | 17.64 | 13043.3 | -1.0 | -2.2 | -1.0 | 6.3 | 8.0 | 6.3 | 10.5 |
| Convertible Sec (308/FCVXS) | H*** | 0.84 | none | 20.79 | 1819.1 | -3.8 | -1.4 | -3.8 | 3.3 | 5.7 | 2.2 | 12.2 |
| Equity-Income (23/FEQIX) | B**** | 0.99 | none | 51.26 | 26562.1 | -1.9 | -2.3 | -1.9 | 7.3 | 4.3 | 4.4 | 11.0 |
| Equity-Income II (319/FEQTX) | H*** | 1.02 | none | 23.30 | 12669.9 | -2.2 | -2.1 | -2.2 | 7.0 | 5.5 | 3.9 | 10.7 |
| Fidelity Fund (3/FFIDX) | H*** | 0.97 | none | 29.42 | 10704.3 | -1.5 | -1.2 | -1.5 | 5.1 | 2.2 | -4.3 | 10.3 |
| Growth & Income (27/FGRIX) | B**** | 0.90 | none | 37.27 | 31572.7 | -2.5 | -1.3 | -2.5 | 5.7 | 1.2 | -1.6 | 10.0 |
| Growth & Inc II (361/FGRTX) | H*** | 0.92 | none | 9.49 | 194.2 | -2.0 | -0.9 | -2.0 | 3.2 | 2.0 | -1.5 | |
| Puritan (4/FPURX) | B**** | 0.66 | none | 18.69 | 24057.0 | -1.4 | -1.7 | -1.4 | 5.6 | 5.9 | 5.3 | 9.7 |
| Strategic Div & Inc (1329/FSDIX) | B**** | 0.86 | none | 11.27 | 568.5 | -1.1 | -2.0 | -1.1 | 8.9 | | | |
| Utilities (311/FUIX) | H*** | 1.03 | none | 13.64 | 970.6 | 0.4 | -0.1 | 0.4 | 20.1 | 5.6 | -8.2 | 8.0 |
| SELECT FUNDS: | | | | | | | | | | | | |
| Air Transportation (34/FSAIX) | H*** | 1.46 | 0.75(30) | 33.99 | 35.5 | 0.8 | 1.6 | 0.8 | 16.3 | 0.9 | 5.5 | 13.3 |
| Automotive (502/FAVX) | S** | 1.31 | 0.75(30) | 32.60 | 17.8 | -6.4 | -4.4 | -6.4 | -0.6 | 5.4 | 7.8 | 7.7 |
| Banking (507/FSRBX) | B**** | 1.05 | 0.75(30) | 37.04 | 476.1 | -6.5 | -2.5 | -6.5 | 1.1 | 5.8 | 9.5 | 14.8 |
| Biotechnology (42/FBIOX) | S**↓ | 2.40 | 0.75(30) | 48.40 | 1488.7 | -16.0 | -1.3 | -16.0 | -14.5 | -3.6 | -8.1 | 10.9 |
| Brokerage (68/FSLBX) | H*** | 1.46 | 0.75(30) | 52.70 | 417.6 | -5.7 | -4.1 | -5.7 | -0.2 | 5.3 | 4.1 | 18.0 |
| Business Ser (353/FBSOX) | H*** | 1.14 | 0.75(30) | 15.35 | 37.2 | -5.1 | -1.0 | -5.1 | 8.5 | -1.4 | 3.9 | |
| Chemicals (69/FSCHX) | B**** | 1.47 | 0.75(30) | 70.15 | 233.0 | 2.8 | -1.9 | 2.8 | 35.7 | 16.5 | 14.7 | 12.1 |
| Computers (7/FDCPX) | H*** | 2.15 | 0.75(30) | 33.40 | 669.9 | -5.0 | -3.6 | -5.0 | -7.6 | -2.2 | -18.6 | 10.9 |
| Const & Housing (511/FSHOX) | H*** | 1.62 | 0.75(30) | 42.85 | 233.6 | -1.7 | -6.5 | -1.7 | 17.6 | 15.8 | 17.9 | 15.3 |
| Consumer Indust (517/FSFXX) | H*** | 1.12 | 0.75(30) | 24.09 | 39.7 | -2.3 | -0.6 | -2.3 | 3.9 | 1.8 | 0.8 | 10.0 |
| Cyclical Indust (515/FCYIX) | H*** | 1.26 | 0.75(30) | 18.81 | 64.2 | 0.5 | -2.1 | 0.5 | 23.9 | 10.4 | 9.3 | |
| Defense & Aero (67/FSDAX) | B****↑ | 1.25 | 0.75(30) | 68.28 | 580.5 | 5.0 | 1.6 | 5.0 | 27.4 | 12.6 | 13.2 | 16.5 |
| Develop Commn (518/FSDCX) | S** | 2.27 | 0.75(30) | 17.11 | 517.6 | -11.5 | -3.2 | -11.5 | -8.7 | 3.8 | -20.1 | 8.0 |
| Electronics (8/FSELX) | H*** | 2.55 | 0.75(30) | 37.50 | 2801.7 | -0.7 | -3.7 | -0.7 | -12.0 | -9.3 | -17.7 | 14.4 |
| Energy (60/FSENX) | B**** | 1.76 | 0.75(30) | 38.24 | 1114.6 | 17.6 | -1.2 | 17.6 | 45.5 | 16.1 | 11.2 | 14.0 |
| Energy Services (43/FSSESX) | H*** | 2.31 | 0.75(30) | 49.07 | 887.3 | 15.1 | -0.7 | 15.1 | 41.3 | 12.7 | 7.7 | 17.0 |
| Environmental (516/FSLEX) | S**↓ | 1.30 | 0.75(30) | 13.30 | 11.9 | -7.0 | -3.6 | -7.0 | 1.2 | 3.8 | 5.7 | 2.7 |
| Financial Services (66/FIDSX) | H*** | 1.09 | 0.75(30) | 109.37 | 487.4 | -6.7 | -4.6 | -6.7 | -0.8 | 4.8 | 7.1 | 14.7 |
| Food & Agriculture (9/FDFAX) | H*** | 0.87 | 0.75(30) | 51.06 | 139.4 | 0.7 | -0.7 | 0.7 | 10.4 | 5.2 | 11.0 | 10.6 |
| Gold (41/FSAGX) | H*** | 2.53 | 0.75(30) | 26.29 | 707.8 | -2.3 | -4.2 | -2.3 | -9.2 | 12.1 | 18.3 | 3.9 |
| Health Care (63/FSFXX) | H*** | 1.21 | 0.75(30) | 126.61 | 1908.8 | -1.2 | -0.4 | -1.2 | 5.1 | 2.0 | 2.8 | 12.5 |
| Home Finance (98/FSVLX) | H*** | 1.18 | 0.75(30) | 55.60 | 397.0 | -11.9 | -6.0 | -11.9 | -6.1 | 7.5 | 15.8 | 15.0 |
| Indust Equip (510/FSFGX) | H*** | 1.35 | 0.75(30) | 26.48 | 46.2 | -0.9 | -1.4 | -0.9 | 11.0 | 5.1 | 1.9 | 10.2 |
| Indust Materials (509/FSDFX) | H*** | 1.61 | 0.75(30) | 40.16 | 140.9 | 1.1 | -1.5 | 1.1 | 16.4 | 15.3 | 14.8 | 8.6 |
| Insurance (45/FSFXX) | H*** | 1.18 | 0.75(30) | 59.90 | 173.4 | -3.1 | -3.6 | -3.1 | 3.1 | 7.8 | 14.1 | 16.9 |
| Leisure (62/FDLSX) | H*** | 1.18 | 0.75(30) | 73.83 | 207.3 | -5.8 | -1.7 | -5.8 | 5.0 | 6.9 | -0.4 | 12.7 |
| Medical Delivery (505/FSHCX) | B****↑ | 1.64 | 0.75(30) | 47.78 | 701.8 | 6.6 | 2.1 | 6.6 | 47.0 | 18.3 | 25.4 | 11.6 |
| Medical Equip/Sys (354/FSMEX) | H*** | 1.19 | 0.75(30) | 22.95 | 964.1 | -1.9 | -3.2 | -1.9 | 9.8 | 13.3 | 13.9 | |
| Multimedia (503/FBMPX) | H*** | 1.24 | 0.75(30) | 43.39 | 126.2 | -4.0 | -0.4 | -4.0 | 1.9 | 7.7 | -1.1 | 11.3 |
| Natural Gas (513/FSNGX) | B****↑ | 2.08 | 0.75(30) | 34.09 | 923.2 | 14.4 | -0.9 | 14.4 | 49.6 | 20.9 | 15.1 | 14.9 |
| Nat Resources (514/FNARX) | B**** | 1.66 | 0.75(30) | 19.63 | 299.9 | 13.3 | -2.2 | 13.3 | 34.4 | 14.0 | 10.5 | |
| Networking/Infra (912/FNINX) | S**↓ | 2.38 | 0.75(30) | 2.04 | 111.3 | -13.2 | -4.7 | -13.2 | -17.1 | -8.9 | | |
| Paper & Forest (506/FSFPX) | S** | 1.51 | 0.75(30) | 30.85 | 27.6 | -7.2 | -2.5 | -7.2 | -0.7 | 1.7 | 5.5 | 6.9 |
| Pharmaceuticals (580/FPHAX) | S**↓ | 1.37 | 0.75(30) | 8.40 | 95.4 | -7.2 | -2.8 | -7.2 | -4.9 | -3.0 | | |
| Retailing (46/FSRFX) | B**** | 1.20 | 0.75(30) | 51.83 | 105.8 | 0.7 | 1.8 | 0.7 | 11.4 | 6.9 | 1.4 | 12.1 |
| Software (28/FSFXX) | H*** | 1.67 | 0.75(30) | 46.67 | 685.7 | -11.1 | -1.9 | -11.1 | -7.8 | 1.6 | -6.9 | 14.2 |
| Technology (64/FSPTX) | H*** | 2.02 | 0.75(30) | 55.75 | 1960.3 | -7.4 | -3.2 | -7.4 | -7.2 | -0.1 | -19.4 | 11.4 |
| Telecom (96/FSTCX) | H*** | 1.41 | 0.75(30) | 34.17 | 334.9 | -8.1 | -1.9 | -8.1 | 0.8 | 4.5 | -18.0 | 5.4 |
| Transportation (512/FSRFX) | H*** | 1.50 | 0.75(30) | 41.68 | 81.7 | -2.5 | -1.0 | -2.5 | 27.9 | 9.8 | 12.9 | 12.9 |
| Utilities Growth (65/FSUTX) | B**** | 0.99 | 0.75(30) | 40.02 | 325.1 | -0.6 | 0.0 | -0.6 | 21.2 | 6.5 | -8.2 | 9.3 |
| Wireless (963/FWRLX) | H*** | 1.59 | 0.75(30) | 5.68 | 378.2 | -2.6 | -0.2 | -2.6 | 18.1 | 12.4 | | |

| MARCH PERFORMANCE | | | | | | Div. | 2005 | One | Three | One | 3-Yr | 5-Yr |
|-------------------------------|--------|------|---------|-------|---------|-------|------|------|-------|------|------|------|
| Fund Name (Code/Symbol) | Rating | Risk | Fee | NAV | Size | Yield | YTD | Mth | Mth | Year | Rate | Rate |
| Aggressive Int'l (335/FIVFX) | H*** | 1.27 | 1 (30) | 16.54 | 699.8 | | -1.1 | -2.9 | -1.1 | 4.0 | 8.2 | -2.2 |
| Canada (309/FICDX) | B**** | 1.28 | 1.5(90) | 35.44 | 830.4 | | 4.7 | 1.5 | 4.7 | 24.0 | 21.6 | 11.2 |
| Diversified Int'l (325/FDIVX) | B**** | 1.08 | Closed | 28.68 | 25305.9 | | 0.1 | -2.3 | 0.1 | 12.3 | 14.7 | 4.1 |
| Emerging Mkts (322/FEMKX) | S**↓ | 1.60 | 1.5(90) | 13.31 | 954.9 | | 2.9 | -7.0 | 2.9 | 15.1 | 16.1 | 2.4 |
| Europe (301/FIEUX) | B**** | 1.24 | 1 (30) | 34.84 | 2452.6 | | 2.0 | -3.2 | 2.0 | 24.6 | 11.8 | 0.5 |
| Europe Cap Appr (341/FECAX) | H*** | 1.12 | 1 (30) | 21.87 | 493.3 | | 1.6 | -4.1 | 1.6 | 13.2 | 9.5 | 1.9 |
| China Region (352/FHKCX) | H*** | 1.41 | 1.5(90) | 16.95 | 347.4 | | -0.6 | -3.3 | -0.6 | 7.3 | 10.1 | -1.0 |
| Global Balanced (334/FGBLX) | H*** | 0.83 | 1 (30) | 20.82 | 174.0 | | -0.8 | -1.2 | -0.8 | 8.8 | 10.6 | 3.0 |
| Int'l Discovery (305/FIGRX) | H*** | 1.16 | 1 (30) | 28.11 | 2948.2 | | -0.3 | -3.2 | -0.3 | 12.9 | 13.5 | 1.4 |
| Int'l Small Cap (818/FISMIX) | B**** | 1.26 | 2 (90) | 24.60 | 1890.3 | | 5.7 | -2.8 | 5.7 | 22.5 | | |
| Japan (350/FJPNX) | H*** | 2.07 | 1.5(90) | 12.64 | 732.1 | | -1.3 | -1.9 | -1.3 | -3.4 | 10.8 | -9.5 |
| Japan Smaller Co (360/FJSCX) | H*** | 2.11 | 1.5(90) | 12.63 | 1276.2 | | 0.4 | -1.7 | 0.4 | 4.4 | 24.6 | -3.4 |
| Latin America (349/FLATX) | H***↓ | 2.07 | 1.5(90) | 21.68 | 729.0 | | 2.5 | -8.4 | 2.5 | 33.3 | 20.3 | 7.1 |
| Nordic (342/FNORX) | H*** | 1.29 | 1.5(90) | 27.96 | 164.8 | | 1.2 | -2.7 | 1.2 | 23.3 | 14.1 | -2.5 |
| Overseas (94/FOSEFX) | H*** | 1.24 | 1 (30) | 34.84 | 4762.1 | | -1.5 | -3.2 | -1.5 | 5.6 | 8.3 | -3.4 |
| Pacific Basin (302/FPBFX) | H*** | 1.59 | 1.5(90) | 19.74 | 533.4 | | -0.2 | -3.7 | -0.2 | 3.1 | 10.6 | -4.5 |
| Southeast Asia (351/FSEAX) | S**↓ | 1.86 | 1.5(90) | 17.02 | 584.7 | | 3.7 | -4.4 | 3.7 | 9.5 | 11.5 | -0.1 |
| Worldwide (318/FWWFX) | H*** | 1.05 | 1 (30) | 17.93 | 1168.6 | | -1.8 | -3.0 | -1.8 | 6.7 | 6.6 | 0.9 |

INDEX AND ASSET ALLOCATION:

| | | | | | | | | | | | | |
|----------------------------------|-------|---------|----------|-------|---------|--|------|------|------|------|------|------|
| Four-In-One Index (355/FFNOX) | H*** | 0.86 | 0.5(90) | 24.70 | 847.6 | | -1.9 | -1.7 | -1.9 | 7.1 | 5.7 | -0.9 |
| NASDAQ Comp (1282/FNCMX) | S** | 1.49 | 0.75(90) | 27.03 | 104.2 | | -8.0 | -2.5 | -8.0 | 0.5 | | |
| Spart Ext Mkt Idx (398/FSEMIX) | H*** | 1.24 | 0.75(90) | 30.88 | 1457.8 | | -3.4 | -1.9 | -3.4 | 7.7 | 9.4 | -1.4 |
| Spart Int'l Index (399/FSIIX) | B**** | 1.15 | 1(90) | 31.89 | 1177.2 | | -0.4 | -2.5 | -0.4 | 14.3 | 11.1 | -1.5 |
| Spart 500 Index (317/FSMKX) | H*** | 1.00 | 0.5(90) | 81.57 | 12246.7 | | -2.1 | -1.8 | -2.1 | 6.6 | 2.6 | -3.3 |
| Spart Total Mkt Idx (397/FSTMIX) | B**** | 1.03 | 0.5(90) | 32.32 | 2847.2 | | -2.2 | -1.7 | -2.2 | 6.9 | 4.1 | -2.8 |
| Asset Manager (314/FASMX) | H*** | 0.58 | none | 15.85 | 10736.5 | | -2.2 | -1.6 | -2.2 | 1.5 | 3.3 | 0.9 |
| Asset Mgr Agg (347/FAMRX) | H*** | 1.17 | none | 10.79 | 391.8 | | -4.6 | -1.9 | -4.6 | 2.1 | 0.6 | -4.6 |
| Asset Mgr Gth (321/FASGX) | H*** | 0.78 | none | 14.35 | 3604.5 | | -3.2 | -2.1 | -3.2 | 1.1 | 2.2 | -1.2 |
| Asset Mgr Inc (328/FASIX) | B**** | 0.38 | none | 12.54 | 1564.8 | | -0.8 | -1.3 | -0.8 | 3.4 | 6.1 | 4.4 |
| Freedom 2000 (370/FFBFX) | B**** | 0.32 | none | 12.00 | 1591.9 | | -0.7 | -0.6 | -0.7 | 2.2 | 3.7 | 2.2 |
| Freedom 2005 (1312/FFVFX) | B**** | 0.50 | none | 10.67 | 222.8 | | -1.2 | -1.1 | -1.2 | 3.4 | | |
| Freedom 2010 (371/FFFCX) | B**** | 0.52 | none | 13.45 | 8710.8 | | -1.2 | -1.2 | -1.2 | 3.6 | 4.9 | 1.2 |
| Freedom 2015 (1313/FFVFX) | B**** | 0.64 | none | 10.87 | 837.5 | | -1.6 | -1.5 | -1.6 | 4.3 | | |
| Freedom 2020 (372/FFFDX) | B**** | 0.75 | none | 13.71 | 9874.0 | | -1.8 | -1.7 | -1.8 | 5.0 | 5.0 | -0.6 |
| Freedom 2025 (1314/FFTWX) | B**** | 0.82 | none | 11.07 | 622.1 | | -1.9 | -1.8 | -1.9 | 5.3 | | |
| Freedom 2030 (373/FFFEEX) | B**** | 0.86 | none | 13.81 | 5813.5 | | -1.9 | -1.9 | -1.9 | 5.7 | 4.7 | -1.8 |
| Freedom 2035 (1315/FFTHX) | B**** | 0.89 | none | 11.22 | 316.4 | | -1.9 | -1.9 | -1.9 | 6.1 | | |
| Freedom 2040 (718/FFFFX) | B**** | 0.94 | none | 8.10 | 2048.6 | | -2.1 | -2.1 | -2.1 | 6.4 | 4.6 | |
| Freedom Income (369/FFAFX) | B**** | 0.27 | none | 11.19 | 1960.2 | | -0.5 | -0.4 | -0.5 | 1.8 | 3.4 | 3.1 |
| Real Estate Income (833/FRIFX) | H*** | 0.31 | 0.75(90) | 11.61 | 614.2 | | -1.1 | -1.0 | -1.1 | 5.4 | | |
| Real Estate (303/FRESX) | S** | 1.67 | 0.75(90) | 27.80 | 4585.0 | | -5.5 | -0.9 | -5.5 | 13.0 | 18.6 | 20.2 |
| Int'l Real Estate (1368/FRIFX) | H*** | 1.3 Est | 1.5(90) | 11.33 | 163.8 | | -4.0 | -3.8 | -4.0 | | | |

TAXABLE BOND FUNDS:

| | | | | | | | | | | | | |
|---------------------------------|--------|---------|----------|-------|--------|------|------|------|------|------|------|------|
| Capital & Income (38/FAGIX) | H*** | 0.32 | 1(90) | 8.29 | 5155.5 | 5.95 | -0.7 | -2.7 | -0.7 | 10.2 | 15.8 | 5.7 |
| Floating Rate (814/FFRHX) | H***↓ | 0.06 | 1(60) | 9.97 | 2409.0 | 4.09 | 0.9 | 0.0 | 0.9 | 4.3 | | |
| Focused High Inc (1366/FHIFX) | H***↓ | 0.2 Est | 1(90) | 9.92 | 43.2 | 5.55 | -2.0 | -2.9 | -2.0 | | | |
| GNMA Portfolio (15/FGMNX) | H*** | 0.27 | none | 10.97 | 4053.2 | 3.81 | 0.0 | -0.3 | 0.0 | 2.3 | 4.5 | 6.1 |
| Gov't Income (54/FGOVX) | H*** | 0.36 | none | 10.13 | 4657.8 | 3.18 | -0.3 | -0.1 | -0.3 | 0.4 | 5.5 | 6.5 |
| Intermed Bond (32/FTHRX) | H*** | 0.29 | none | 10.35 | 7159.3 | 3.64 | -0.8 | -0.5 | -0.8 | 0.0 | 5.5 | 6.7 |
| Intermed Gov't Inc (452/FSTGX) | H*** | 0.28 | none | 10.08 | 916.3 | 3.22 | -0.8 | -0.3 | -0.8 | -0.7 | 4.5 | 6.0 |
| Invest Grade Bond (26/FBNDX) | H*** | 0.36 | none | 7.44 | 6503.3 | 3.68 | -0.3 | -0.5 | -0.3 | 1.5 | 6.1 | 7.0 |
| Mortgage Securities (40/FMSFX) | H*** | 0.27 | none | 11.11 | 1715.1 | 3.84 | -0.3 | -0.4 | -0.3 | 2.2 | 5.2 | 6.7 |
| New Markets Inc (331/FNMIX) | H*** | 0.73 | 1(90) | 13.66 | 1270.3 | 6.08 | -1.3 | -2.8 | -1.3 | 7.7 | 15.2 | 12.9 |
| Short-Term Bond (450/FSHBX) | B**** | 0.16 | none | 8.90 | 4956.4 | 3.25 | -0.1 | -0.1 | -0.1 | 0.3 | 3.9 | 5.2 |
| Spart Gov't Inc (453/SPGVX) | H*** | 0.36 | none | 10.93 | 838.0 | 3.61 | -0.3 | -0.2 | -0.3 | 0.7 | 5.9 | 6.8 |
| High Income (455/SPHIX) | H*** | 0.23 | 1(90) | 8.79 | 3199.4 | 6.85 | -1.8 | -2.6 | -1.8 | 6.4 | 11.6 | 3.0 |
| Spart Invest Grade (448/FSIBX) | H*** | 0.35 | none | 10.52 | 2548.7 | 3.78 | -0.5 | -0.6 | -0.5 | 1.7 | 6.4 | 7.3 |
| Strategic Income (368/FSICX) | H***↓ | 0.33 | none | 10.46 | 3641.3 | 5.00 | -1.1 | -1.8 | -1.1 | 6.3 | 11.7 | 9.1 |
| Inflation-Protected (794/FINPX) | B**** | 0.58 | none | 11.32 | 1444.6 | 1.08 | -0.5 | 0.1 | -0.5 | 2.7 | | |
| Total Bond (820/FTBFX) | H*** | 0.33 | none | 10.46 | 381.8 | 3.71 | -0.8 | -0.8 | -0.8 | 2.1 | | |
| Ultra-Short Bond (812/FUSEFX) | B****↑ | 0.06 | 0.25(60) | 10.03 | 826.5 | 2.54 | 0.5 | 0.2 | 0.5 | 1.3 | | |
| US Bond Index (651/FBIDX) | H*** | 0.35 | none | 10.98 | 5364.6 | 3.82 | -0.6 | -0.6 | -0.6 | 1.1 | 6.3 | |

MUNICIPAL BOND FUNDS:

| | | | | | | | | | | | | |
|----------------------------------|-------|------|---------|-------|--------|------|------|------|------|-----|-----|-----|
| Spart AZ Muni Inc (434/FAZXX) | H*** | 0.31 | 0.5(30) | 11.39 | 90.0 | 3.77 | -0.4 | -0.8 | -0.4 | 1.5 | 5.8 | 6.2 |
| Spart CA Muni Inc (91/FCTFX) | H*** | 0.30 | 0.5(30) | 12.40 | 1502.4 | 4.27 | -0.1 | -0.8 | -0.1 | 2.7 | 5.9 | 6.2 |
| Spart CT Muni Inc (407/FICNX) | H*** | 0.31 | 0.5(30) | 11.51 | 438.7 | 4.13 | -0.7 | -0.8 | -0.7 | 0.8 | 5.5 | 6.1 |
| Spart FL Muni Inc (427/FFLIX) | H*** | 0.30 | 0.5(30) | 11.57 | 523.1 | 3.97 | -0.4 | -0.7 | -0.4 | 1.9 | 5.7 | 6.3 |
| Spart Intermediate (36/FLTMX) | H*** | 0.26 | 0.5(30) | 9.99 | 1837.6 | 3.97 | -0.5 | -0.7 | -0.5 | 1.5 | 5.6 | 6.0 |
| Spart MA Muni Inc (70/FDMMX) | H*** | 0.29 | 0.5(30) | 11.99 | 1781.0 | 4.37 | 0.0 | -0.7 | 0.0 | 2.6 | 6.2 | 6.6 |
| Spart MD Muni Inc (429/SMDMX) | H*** | 0.29 | 0.5(30) | 10.90 | 104.3 | 3.84 | -0.5 | -0.7 | -0.5 | 1.7 | 5.5 | 6.0 |
| Spart MI Muni Inc (81/FMHTX) | H*** | 0.29 | 0.5(30) | 11.90 | 565.9 | 4.05 | -0.5 | -0.7 | -0.5 | 1.6 | 5.9 | 6.4 |
| Spart MN Muni Inc (82/FMIX) | H*** | 0.26 | 0.5(30) | 11.46 | 357.6 | 4.18 | -0.4 | -0.7 | -0.4 | 1.8 | 5.4 | 6.0 |
| Spart Municipal Inc (37/FHIGX) | H*** | 0.30 | 0.5(30) | 12.91 | 4644.7 | 4.46 | 0.0 | -0.6 | 0.0 | 2.6 | 6.7 | 6.9 |
| Spart NJ Muni Inc (416/FNJHX) | H*** | 0.31 | 0.5(30) | 11.57 | 552.4 | 4.05 | -0.1 | -0.9 | -0.1 | 2.0 | 5.9 | 6.3 |
| Spart NY Muni Inc (71/FTFMX) | H*** | 0.30 | 0.5(30) | 12.88 | 1404.6 | 4.07 | -0.2 | -0.8 | -0.2 | 2.4 | 6.4 | 6.8 |
| Spart OH Muni Inc (88/FOHFX) | H*** | 0.31 | 0.5(30) | 11.79 | 424.6 | 4.19 | -0.4 | -0.8 | -0.4 | 2.2 | 6.1 | 6.5 |
| Spart PA Muni Inc (402/FPXTX) | H*** | 0.29 | 0.5(30) | 10.88 | 300.5 | 4.16 | -0.3 | -0.7 | -0.3 | 2.2 | 5.7 | 6.3 |
| Spart Short-Int Muni (404/FSTFX) | B**** | 0.15 | 0.5(30) | 10.23 | 1840.1 | 2.81 | -0.8 | -0.3 | -0.8 | 0.1 | 3.3 | 4.3 |
| Spart Tax-Free Bond (90/FTABX) | H*** | 0.33 | 0.5(30) | 10.67 | 275.6 | 4.09 | -0.2 | -0.7 | -0.2 | 2.5 | 6.8 | |

MARCH PERFORMANCE

| Indexes | Risk | Value | 2005 YTD | One Month | Three Month | One Year | 3-Yr Rate | 5-Yr Rate | 10-Yr Rate |
|----------------------|------|----------|----------|-----------|-------------|----------|-----------|-----------|------------|
| Dow Jones Industrial | 0.96 | 10503.76 | -2.1 | -2.3 | -2.1 | 3.6 | 2.5 | 1.2 | 11.8 |
| S&P 500 | 1.00 | 1180.59 | -2.1 | -1.8 | -2.1 | 6.7 | 2.7 | -3.2 | 10.8 |
| NASDAQ | 1.48 | 1999.23 | -8.0 | -2.5 | -8.0 | 0.8 | 3.2 | -14.9 | 9.9 |
| Russell 2000 | 1.60 | 615.07 | -5.4 | -2.9 | -5.4 | 5.3 | 8.0 | 4.0 | 10.4 |

| MARCH PERFORMANCE | | | 2005 | One | Three | One | 3-Yr | 5-Yr | 10-Yr |
|---------------------------------------|------|-----------|------|-------|-------|------|------|------|-------|
| Model Portfolios | Risk | Value | YTD | Month | Month | Year | Rate | Rate | Rate |
| S&P 500 | 1.00 | 1180.59 | -2.1 | -1.8 | -2.1 | 6.7 | 2.7 | -3.2 | 10.8 |
| Fidelity Monitor Income Model | 0.09 | 78339.60 | 0.6 | 0.1 | 0.6 | 2.9 | 6.0 | 4.8 | 6.0 |
| Fidelity Monitor G&I Model | 0.71 | 143389.09 | -1.0 | -1.8 | -1.0 | 6.6 | 10.3 | 6.3 | 11.0 |
| Fidelity Monitor Growth Model | 1.13 | 154720.69 | 0.1 | -1.8 | 0.1 | 8.5 | 9.7 | 0.8 | 11.2 |
| Fidelity Monitor Select System | 1.20 | 271924.11 | -1.1 | -0.9 | -1.1 | 2.8 | 7.9 | -2.4 | 11.8 |
| Fidelity Monitor Unique Opportunities | 1.12 | 93069.35 | 1.8 | -1.7 | 1.8 | 15.8 | 17.4 | 7.5 | |

UNIQUE OPPORTUNITIES MODEL

This model aims for a long-term growth rate of 12% per year by emphasizing value and foreign opportunities.

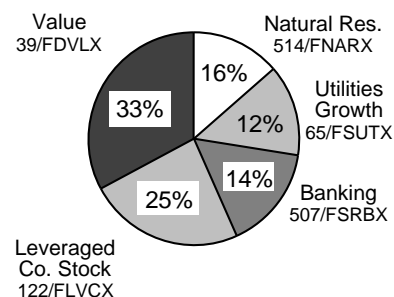
| FUND | NAV | SHARES | BALANCE |
|---------------------|---------|---------|------------|
| Natural Resources | \$19.63 | 731.257 | \$14354.57 |
| Utilities Growth | \$40.02 | 289.151 | \$11571.82 |
| Banking | \$37.04 | 344.477 | \$12759.43 |
| Leveraged Co. Value | \$23.74 | 980.276 | \$23271.75 |
| | \$71.82 | 433.191 | \$31111.78 |

17% Foreign Holdings

Balance as of 3/31/05: **\$99069.35**
Balance at start of 2005: **\$91397.34**

PERFORMANCE

Partial Yr 99: +33.8%
2000: -20.5%
2001: +1.6%
2002: -2.1%
2003: +43.2%
2004: +20.6%
*2005: +1.8%



Our Unique Opportunities Model declined 1.7% in March. On 3/14 we sold **Low-Priced Stock** (\$40.80) and bought **Value** (\$73.03).

401(k) CORNER

Portfolio A is for plans similar to the one offered by General Motors. Portfolio B is for plans that include Magellan, Growth & Income, and Contrafund. Portfolio C is for plans including Magellan, Equity-Income, and Growth & Income. Portfolio D is for plans with Magellan and Equity-Income.

| Portfolio A (-0.5% YTD) | Portfolio B (-1.4% YTD) | Portfolio C (-1.9% YTD) | Portfolio D (-1.9% YTD) |
|--|-------------------------------------|-------------------------|-------------------------|
| 35% Contrafund, 24% Value, 41% Equity-Income | 62% Growth & Income, 38% Contrafund | 100% Equity-Income | 100% Equity-Income |

In March, Portfolio A was off 1.7%, Portfolio B declined 1.3%, and Portfolios C and D both lost 2.3%.

VIP CORNER

Fidelity's Variable Insurance Products allow tax-deferred growth, but the benefit is offset by a 0.8% annual annuity charge and potentially higher tax rates at withdrawal. Unless you are in a low tax bracket during the withdrawal period, annuities may not provide a higher after-tax return.

| VIP SECTOR MODEL: (as of 4/18) | VIP GROWTH: | VIP G&I MODEL: | VIP INCOME: |
|--|-----------------------------------|---|-----------------------------------|
| 15% Cyc Ind, 15% Fin Ser, 16% Telecom & Util, 22% Nat Res, 16% Con Ind, 16% Health | 56% Equity-Income, 44% Contrafund | 54% Asset Mgr, 32% Equity-Inc, 14% Investment Grade Bond. | 69% Inv. Grade, 31% Money Market. |

| MARCH VIP PERFORMANCE | | Unit | 2005 | One | Three | One | 3-Yr | 5-Yr |
|-----------------------------------|---------|----------|------|-------|-------|------|------|------|
| Portfolio | Rating | Value | YTD | Month | Month | Year | Rate | Rate |
| VIP Asset Manager | B **** | 30.56 | -2.5 | -1.7 | -2.5 | 0.6 | 2.8 | -0.8 |
| VIP Asset Manager: Growth | H *** | 19.89 | -3.4 | -2.3 | -3.3 | 0.2 | 1.8 | -3.7 |
| VIP Balanced | H *** | 14.60 | -1.8 | -1.0 | -1.8 | 1.9 | 2.9 | 0.1 |
| VIP Contrafund | B **** | 34.52 | 0.2 | -1.3 | 0.2 | 10.7 | 8.6 | 0.2 |
| VIP Dynamic Capital Appreciation | H *** | 10.87 | -2.1 | -2.9 | -2.1 | -0.8 | | |
| VIP Equity-Income | B **** | 53.85 | -2.1 | -2.3 | -2.1 | 6.6 | 3.7 | 3.8 |
| VIP Growth | S ** | 52.28 | -4.1 | -2.1 | -4.1 | -2.8 | -3.1 | -9.8 |
| VIP Growth & Income | B **** | 15.96 | -2.0 | -0.9 | -2.0 | 2.8 | 1.6 | -1.9 |
| VIP Growth Opportunities | B **** | 11.61 | -3.1 | -1.9 | -3.1 | 3.0 | 1.3 | -6.4 |
| VIP High Income | H *** | 27.36 | -2.3 | -3.0 | -2.3 | 4.9 | 11.2 | -0.8 |
| VIP Index 500 | H *** | 31.19 | -2.4 | -1.8 | -2.4 | 5.6 | 1.7 | -4.1 |
| VIP Investment Grade Bond | H *** | 27.69 | -0.8 | -0.7 | -0.8 | 0.3 | 5.5 | 6.5 |
| VIP Mid Cap | B **** | 16.57 | 1.0 | -3.0 | 1.0 | 18.3 | 14.1 | |
| VIP Overseas | H *** | 29.09 | -1.8 | -3.4 | -1.8 | 4.9 | 7.0 | -4.8 |
| VIP Real Estate | S ** | 13.79 | -5.8 | -0.9 | -5.8 | 11.8 | | |
| VIP Strategic Income | H ***↓ | 10.76 | -1.2 | -1.9 | -1.2 | | | |
| VIP Value Strategies | H *** | 12.10 | -6.1 | -3.2 | -6.1 | -0.7 | | |
| VIP Consumer Industries | B **** | 10.68 | -2.3 | -0.6 | -2.3 | 3.2 | 1.7 | |
| VIP Cyclical Industries | B ****↑ | 13.68 | 0.4 | -2.2 | 0.4 | 23.2 | 9.9 | |
| VIP Financial Services | B **** | 11.47 | -6.7 | -4.5 | -6.7 | -1.0 | 4.1 | |
| VIP Health Care | B ****↑ | 10.28 | -1.3 | -0.5 | -1.3 | 4.7 | 1.5 | |
| VIP Natural Resources | B **** | 14.83 | 13.2 | -2.1 | 13.2 | 33.7 | 13.8 | |
| VIP Technology | H *** | 8.59 | -6.5 | -3.4 | -6.5 | -6.8 | -0.7 | |
| VIP Telecom & Utilities | B **** | 9.27 | -0.8 | -0.1 | -0.8 | 20.4 | 5.5 | |
| Fidelity Monitor VIP Sector Model | | 13879.11 | -0.4 | -1.9 | -0.4 | 4.1 | | |
| Fidelity Monitor VIP Growth Model | | 29763.79 | -1.1 | -1.9 | -1.1 | 4.5 | 2.3 | -4.7 |
| Fidelity Monitor VIP G&I Model | | 21157.95 | -2.1 | -1.8 | -2.1 | 2.4 | 4.6 | 0.7 |
| Fidelity Monitor VIP Income Model | | 18291.91 | -0.4 | -0.5 | -0.4 | 2.6 | 7.3 | 4.5 |

INCOME MODEL

Our Income Model aims for long-term growth of 6% per year from bonds and other income securities.

| FUND | NAV | SHARES | BALANCE |
|------------------|---------|----------|------------|
| Short-Term Bond | \$8.90 | 1627.774 | \$14487.19 |
| Ultra-Short Bond | \$10.03 | 3655.106 | \$36660.71 |
| Floating Rate | \$9.97 | 2727.352 | \$27191.70 |

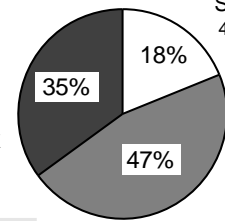
6% Foreign Holdings

Balance as of 3/31/05: \$78339.60
Balance at start of 2005: \$77905.57

PERFORMANCE

| | |
|--------|---------|
| 1992: | + 10.1% |
| 1993: | + 11.3% |
| 1994: | - 2.1% |
| 1995: | + 14.8% |
| 1996: | + 9.0% |
| 1997: | + 10.5% |
| 1998: | + 3.5% |
| 1999: | + 3.0% |
| 2000: | + 0.3% |
| 2001: | + 5.6% |
| 2002: | + 5.4% |
| 2003: | + 8.4% |
| 2004: | + 4.2% |
| *2005: | + 0.6% |

Floating Rate High Income 814/FFRHX



Ultra-Short 812/FUSFX

Our Income Model gained 0.1% for March. The dividend yield for the month was 3.2%.

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. Inc. | \$12.54 | 2554.572 | \$32034.33 |
| Puritan | \$18.69 | 1771.272 | \$33105.07 |
| Balanced | \$17.64 | 1980.137 | \$34929.62 |
| Strat. Div. & Inc. | \$11.27 | 3843.839 | \$43320.07 |

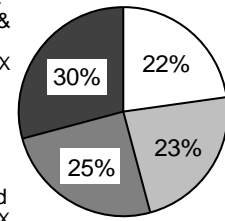
14% Foreign Holdings

Balance as of 3/31/05: \$143389.09
Balance at start of 2005: \$144788.14

PERFORMANCE

| | |
|--------|---------|
| 1994: | - 3.7% |
| 1995: | + 21.6% |
| 1996: | + 15.8% |
| 1997: | + 18.7% |
| 1998: | + 11.1% |
| 1999: | + 12.2% |
| 2000: | + 2.7% |
| 2001: | + 1.3% |
| 2002: | - 6.4% |
| 2003: | + 33.0% |
| 2004: | + 11.5% |
| *2005: | - 1.0% |

Strategic Dividend & Income 1329/FSDIX



Asset Mgr. Income 328/FASIX

Puritan 4/FPURX

We were off 1.8% in March. On 3/14 we sold **Low-Priced Stock** (\$40.80) and bought **Strategic Dividend & Income** (\$11.51).

GROWTH MODEL

Our Growth Model aims for long-term growth of 13% per year. The model typically invests in a mix of domestic stock funds and will strive to hold profitable positions for at least one year.

| FUND | NAV | SHARES | BALANCE |
|-----------------|---------|----------|------------|
| Small Cap Value | \$11.43 | 3197.846 | \$36551.38 |
| Value | \$71.82 | 812.842 | \$58378.31 |
| Equity-Income | \$51.26 | 1166.426 | \$59791.00 |

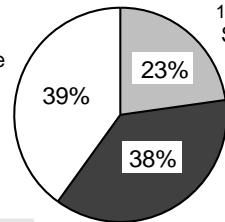
10% Foreign Holdings

Balance as of 3/31/05: \$154720.69
Balance at start of 2005: \$154558.63

PERFORMANCE

| | |
|--------|---------|
| 1987: | + 2.8% |
| 1988: | + 26.0% |
| 1989: | + 30.4% |
| 1990: | - 4.4% |
| 1991: | + 40.6% |
| 1992: | + 15.7% |
| 1993: | + 31.9% |
| 1994: | - 2.1% |
| 1995: | + 27.2% |
| 1996: | + 19.2% |
| 1997: | + 25.5% |
| 1998: | + 9.9% |
| 1999: | + 29.0% |
| 2000: | - 10.8% |
| 2001: | - 6.4% |
| 2002: | - 17.1% |
| 2003: | + 46.1% |
| 2004: | + 12.4% |
| *2005: | + 0.1% |

Equity-Income 23/FEQIX



1389/FCPVX Small Cap Value

Value 39/FDVLX

For March our Growth Model lost 1.8%, in line with the S&P 500's decline.

SELECT SYSTEM

Our Select System aims for growth in sector funds, and has a long-term goal of 14% per year. We use a volatility model to identify attractive growth sectors.

| FUND | NAV | SHARES | BALANCE |
|------------------|---------|----------|------------|
| Energy | \$38.24 | 1334.868 | \$51045.35 |
| Banking | \$37.04 | 1430.720 | \$52993.87 |
| Utilities Growth | \$40.02 | 1309.670 | \$52412.99 |
| Software | \$46.67 | 947.238 | \$44207.60 |
| Multimedia | \$43.39 | 853.006 | \$37011.93 |
| Retailing | \$51.83 | 660.860 | \$34252.37 |

9% Foreign Holdings

Balance as of 3/31/05: \$271924.11
Balance at start of 2005: \$275072.39

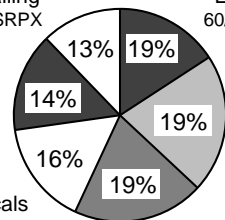
PERFORMANCE

| | |
|--------|---------|
| 1989: | + 23.4% |
| 1990: | + 31.3% |
| 1991: | + 35.3% |
| 1992: | + 20.4% |
| 1993: | + 25.9% |
| 1994: | - 0.9% |
| 1995: | + 39.0% |
| 1996: | + 5.2% |
| 1997: | + 29.3% |
| 1998: | + 21.7% |
| 1999: | + 44.9% |
| 2000: | - 14.9% |
| 2001: | - 7.3% |
| 2002: | - 14.7% |
| 2003: | + 38.4% |
| 2004: | + 7.4% |
| *2005: | - 1.1% |

Retailing 46/FSRPX

Med Delivery 505/FSHCX

Chemicals 69/FSCHX



Energy 60/FSENX

Banking 507/FSRBX

Utilities Growth 65/FSUTX

As of 4/18

We were off 0.9% in March, versus a 1.8% decline for the S&P 500. On 4/18 we will sell **Software** and buy **Chemicals**. We will also sell **Multimedia** and buy **Medical Delivery**.

costs tend to reduce discretionary income, while thermal limits are continuing to hinder advances in microprocessor clock speed. At this stage, it's not yet clear that business spending will be able to make up for a slowdown in consumer upgrading activity.

UTILITIES GROWTH (BUY)

Electricity suppliers are getting back on their feet, with some benefiting from stronger-than-expected demand, a side effect of economic growth. Telecom providers are evolving to new business models that are largely based on new services and fixed monthly rates. This fund has some sensitivity to long-term interest rates, but the energy component should allow it to stand up reasonably well to rising inflation. ■

Happenings

Several manager changes took place in March. Harlan Carere is now running **Health Care** and **VIP Health Care**. Aaron Cooper has taken over **Medical Equipment & Systems**. Jonathan Shelon has been named co-manager of the **Freedom** family, and will manage the funds with current manager Ren Cheng. Finally, Steven Calhoun has been named co-manager of **Mid-Cap Stock**, and will be working alongside current manager Shep Perkins.

Fidelity has permanently capped expenses at 0.1% on its domestic index funds, ending speculation that the voluntary caps might end some day. **Spartan Int'l Index** is now permanently capped at 0.2%, though a voluntary cap of 0.1% still applies. ■

MARCH DISTRIBUTIONS

| | |
|-----------------------------------|--------------------------|
| Asset Manager: Income | \$ 0.02 / \$12.77 (3/4) |
| Equity-Income | \$ 0.56 / \$53.24 (3/4) |
| Freedom Income | \$ 0.01 / \$11.29 (3/4) |
| Real Estate | \$ 0.11 / \$28.90 (3/4) |
| Real Estate Income | \$ 0.06 / \$11.80 (3/4) |
| Spartan MA Muni | \$ 0.01 / \$12.13 (3/4) |
| Spartan NY Muni | \$ 0.035 / \$13.05 (3/4) |
| Spartan Tax-Free Bond | \$ 0.007 / \$10.80 (3/4) |
| Structured Large Cap Value | \$ 0.085 / \$12.58 (3/4) |
| Structured Mid Cap Growth | \$ 0.15 / \$12.06 (3/4) |
| Structured Mid Cap Value | \$ 0.27 / \$14.69 (3/4) |

Funds that are scheduled in April include **Asset Manager, Asset Manager: Income, Balanced, Conv. Securities, Equity-Income I & II, Fidelity Fund, Four-In-One Index, Freedom Inc., Growth & Income, Growth & Income II, Puritan**, all of the **Select Portfolios, Spartan CA, Spartan Extended Market Index, Spartan Int'l Index, Spartan Total Market Index, Strategic Dividend & Income, U.S. Bond Index, and Utilities Fund.**

GROWTH & INCOME FUNDS

Growth and Income Model holdings are listed on page 7. Our favorites include **Equity-Income** and **Strategic Dividend & Income** for dividend stocks. Go with **Puritan** or **Balanced** for a blend of stocks and bonds.

Utilities Fund, slipping 0.1%, was helped by its defensive nature. **Growth & Income II**, off 0.9%, held up well because of its overweighted position in consumer stocks. On the flip side, **Balanced** and **Equity-Income** were weighed down by their cyclical and financial holdings. Their respective declines were 2.2% and 2.3%.

BOND FUNDS

Income Model holdings are listed on page 7. Our favorite in this group is **Ultra-Short Bond**. We downgraded **Floating Rate High Income** to a hold while we consider a weighting reduction in our Income Model. We also downgraded other funds that take on significant amounts of credit risk.

An uptick in long-term interest rates made for a weak month. Leading the group were **Ultra-Short Bond** with a 0.2% gain, **Inflation-Protected Bond** which rose 0.1%, and **Floating Rate High Income** at breakeven. On the flip side, lower-grade funds were hurt by economic slowdown worries, and by higher returns on cash. **High Income** slid 2.6%, **Capital & Income** lost 2.7%, **New Markets Income** slipped 2.8%, and **Focused High Income** declined 2.9%.

Among municipals, **Spartan Short-Intermediate** was off 0.3%, while losses on the longer maturity funds ranged from 0.6% to 0.9%.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Funds rated buy, as ranked by our new indicator, include **Chemicals, Energy, Natural Resources, Utilities Growth, Natural Gas, Defense, Medical Delivery, Banking, and Retailing**. Keep in mind that **Energy, Natural Resources, and Natural Gas** are at greater risk for short-term corrections, but are relatively well-positioned for the long run.

Medical Delivery logged a 2.1% gain, mostly because of its defensive nature. **Retailing** rose 1.8% from interest in food companies and from an upturn in the dollar. **Defense** and **Air Transportation** were both up 1.6% on hopes of increased defense spending. On the bottom end, housing-related stocks saw selling activity. **Home Finance** lost 6.0%, and **Construction & Housing** fell 6.5%. ■

| Money Market Funds | Size | Yield | Money Market Funds | Size | Yield | Money Market Funds | Size | Yield |
|----------------------------|---------|-------|-------------------------|--------|-------|-----------------------------|---------|-------|
| Cash Reser (55/FDRXX) | 56378.3 | 2.42 | CT MM (418/FCMXX) | 1174.4 | 1.66 | FL MM (428/FSFXX) | 1631.5 | 1.71 |
| Select MM (85/FSLXX) | 587.1 | 2.42 | MA MM (74/FDMXX) | 3632.2 | 1.61 | Spart MA MM (426/FMSXX) | 994.2 | 1.72 |
| Spart MM (454/SPRXX) | 5537.6 | 2.42 | MI MM (420/FMIXX) | 606.5 | 1.66 | Spart Municipal (460/FIMXX) | 3478.3 | 1.86 |
| Spart US Gov't (458/SPAXX) | 506.8 | 2.35 | NJ MM (417/FNJXX) | 1446.3 | 1.64 | Spart NJ MM (423/FSJXX) | 712.7 | 1.79 |
| Spart US Treas (415/FDLXX) | 2088.3 | 2.20 | NY MM (92/FNYXX) | 3320.2 | 1.62 | Spart NY MM (422/FSNXX) | 1215.2 | 1.74 |
| Tax-Free MM (275/FMOXX) | 1259.5 | 1.73 | OH MM (419/FOMXX) | 754.9 | 1.67 | PA MM (401/FPTXX) | 348.0 | 1.68 |
| US Gov't Reser (50/FGRXX) | 2266.5 | 2.43 | AZ MM (433/FSAXX) | 179.0 | 1.69 | Municipal MM (10/FTEXX) | 16526.7 | 1.74 |
| CA MM (97/FCFXX) | 3472.9 | 1.65 | Spart CA MM (457/FSPXX) | 1484.6 | 1.81 | | | |