

Freedom Funds Make it Easy

Lifecycle investing continues to win converts among individual and professional investors. By imposing a strict investment discipline, the strategy eliminates the tendency to chase performance in bullish times and retreat to cash after sustaining losses. It also guards against excessive caution by young investors, and excessive risk-taking by those who are nearing retirement.

This month we review the strategy used in the Freedom family, taking a look at some of the recent changes. We also consider the situations where a Freedom portfolio makes the most sense.

ROLLING DOWN

Unlike regular mutual funds, which typically buy individual securities and focus on a specific area of

FREEDOM FUNDS - *Continued on page 2*

Switches for Select System and Growth Model

On Monday, 4/17, our Select System will sell **Medical Delivery** (505/FSHCX) and purchase **Biotechnology** (42/FBIOX). We will also sell one-fifth of **Energy** (60/FSENX), placing the proceeds into **Telecommunications** (96/FSTCX) as a rebalancing move. The resulting mix will be approximately 17% **Energy**, 20% **Brokerage**, 19% **Wireless**, 14% **Technology**, 13% **Biotechnology**, and 17% **Telecommunications**. Place your trades over the weekend to obtain the Monday 10 a.m. price. There are no changes in the VIP Sector Model. The purchase of **Biotechnology** reflects the sector's improving rank in our volatility model, a function of the sector's improving earnings. Adding it increases overall risk by a small amount.

Also on 4/17, our Growth Model will sell **Export & Multinational** (332/FEXPX), and buy **Mid Cap Stock** (337/FMCSX) for a mix of 24% **Mid Cap**, 26% **Value**, 25% **Contrafund**, and 25% **Equity-Income**. There are no changes to our VIP Growth Model. **Export** has been a disappointment this year, so we are moving on to a fund that is positioned to benefit from improving earnings and continued buyout activity.

Review & Recommendations

March brought indications that economic growth is picking up abroad, while continuing to run at a healthy clip here at home. That's good news for earnings, but investors were on guard because of the inflationary implications. Bonds showed weakness, in part because the Fed may push up short-term rates more than expected, but also because institutional investors appear to be shifting their asset mix in favor of stocks and cash. The S&P 500 gained 1.2%.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorites include **Value**, **Mid Cap Stock**, **Growth Company**, and **Value Discovery**.

Small stocks rallied on strong economic news. **Small Cap Stock** was up 5.4%, **Small Cap Growth** gained 5.2%, and **New Millennium** rose 4.7%. Trailing behind, **Tax-Managed Stock** returned 1.3%, and **Blue Chip Growth** edged up 1.1%.

INTERNATIONAL FUNDS

Int'l Discovery offers broad exposure to foreign stocks, with an emphasis on Europe. **Pacific Basin** is likely to benefit from continued economic growth in Asian markets.

Nordic, boosted by communications equipment stocks, was up 8.5%, and **Int'l Small Cap Opp.** posted a 7.5% increase. Emerging market funds were weak as investors worried that rising interest rates might draw capital away from the region. **Emerging Markets** returned 2.5%, and **Latin America** declined 0.1%.

GROWTH & INCOME FUNDS

Growth and Income Model holdings are listed on page 7. Our favorites include **Balanced**, **Equity-Income**, **Convertible Securities**, and **Puritan**. For less risk, consider **Asset Manager Income**.

Fidelity Fund led the group, up 2.6%, followed by **Growth & Income** with a 2.5% increase. **Equity-Income** also did well, climbing 1.8%. Lagging behind, **Equity-Income II** edged up 0.7%, and **Utilities** declined 0.6%.

BOND FUNDS

Income Model holdings are listed on page 7. **Floating Rate High Income** offers a competitive

RECOMMENDATIONS - *Continued on page 8*

FREEDOM FUNDS - Continued from page 1

the market, the Freedom portfolios invest in a variety of Fidelity mutual funds, blending different asset classes and continuously adjusting the mix to become more conservative as time goes on.

The Freedom portfolios are governed by Fidelity's "roll-down" process, which is illustrated below. The portfolios with a retirement date several decades in the future invest mostly in stock funds, with a small allocation to high-yield funds. As the years go by, money is gradually shifted into investment-grade bond funds. Roughly a decade before the target retirement date, a cash position ramps up as gains from prior years are gradually locked in. By the time the target date rolls around, bonds and cash account for more than 50% of holdings. It doesn't stop there. Cash levels continue to climb through the retirement years, and ultimately the stock allocation is cut to 20%, giving the portfolio a 20/40/40 mix similar to that of **Freedom Income**.

Compared with the competition, the roll-down algorithm has a high degree of sophistication, but it's also undergoing constant modifications as new data is factored in. Among the latest changes is a five-year delay in post-retirement stock fund liquidation, a move that's aimed at boosting returns to account for a projected increase in life expectancy. Fidelity also plans to increase its foreign stock weighting by up to five percentage points, reflecting the rise in global opportunities. Finally, an inflation-hedged bond fund (**Strategic Real Return**) will soon be added to the investment grade lineup to help defend against the

possibility of a sustained period of rising prices.

ALL-IN-ONE

Each Freedom portfolio is a diversified set of mutual funds, containing up to 23 underlying Fidelity funds – up from 18 last summer. The domestic stock allocation now includes small positions in **Small Cap Growth, Small Cap Independence, Small Cap Value, and Value**. Presumably these positions will increase over time, addressing Freedom's long-time lack of small-stock exposure.

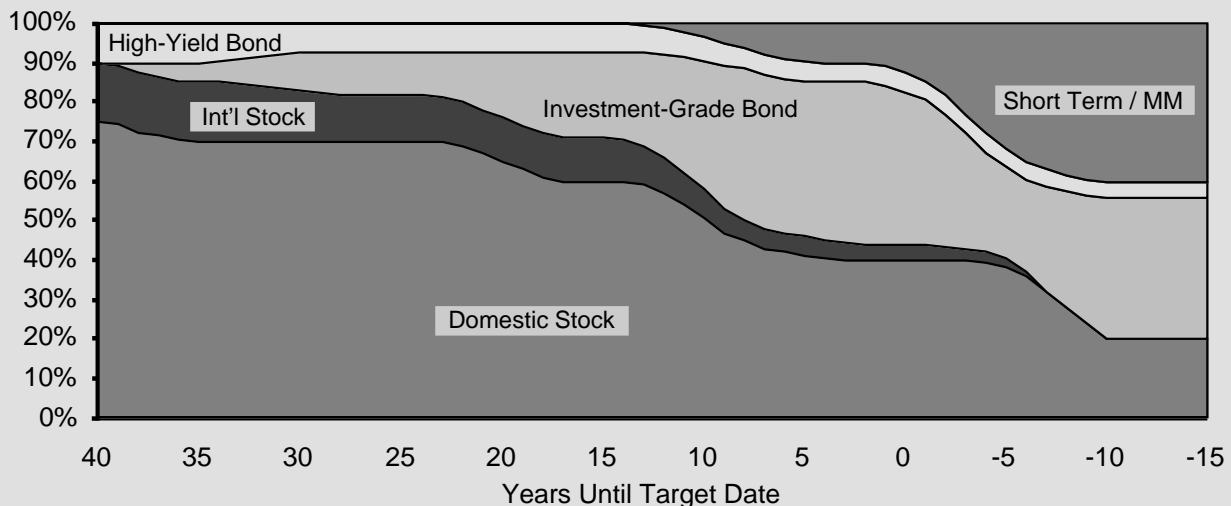
To invest, you simply pick the portfolio that is closest to your anticipated retirement date. The current choices are **2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, and 2040**. In June, Fidelity plans to introduce **Freedom 2045** and **Freedom 2050**, creating options for those just entering the workforce.

How much does all this cost? Nothing more than if you bought all the underlying funds yourself. Thanks to competitive pressures, Freedom fees are waived, meaning there's only the expense ratio of the underlying funds – which currently averages between 0.5% and 0.8%, depending on the portfolio.

PERFORMANCE

Five of the Freedom portfolios have been around for nearly a decade, and a look at their lifetime returns confirms that the roll-down process works. Over the last 9 years and five months, the S&P 500 returned 8.4% per year. During that period, **Freedom 2030** appreciated at an 8.8% rate, **Freedom 2020** realized an 9.0% annual return, **Freedom 2010** returned 8.5% annually, and **Freedom 2000** grew at 6.9% per year.

ENJOYING THE REWARDS OF THE MARKET WHILE MINIMIZING LONG-TERM RISK



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That's not bad, considering the lackluster slate of underlying funds and the significant holdings of cash and bonds. The rolldown process does more than just cut risk over time, it also rebalances the asset classes. Cutting back on stocks after 1999's runup helped to keep losses at a minimum in 2000, and increasing the stock weighting at the end of the bear market allowed the group to realize the full benefit of the stock market recovery in 2003.

Given that the rolldown process has worked well with a mediocre slate of funds, odds are it will perform even better now that there's a full range of fund choices.

RECOMMENDATIONS

The Freedom group holds the promise of solid returns, limited risk, and a worry-free asset allocation plan. Performance may not be anything to write home about, but the odds of doing any damage to your portfolio are very low.

As such, the Freedom funds are well-matched for a wide variety of situations:

- Investment gifts that avoid the necessity of ongoing oversight. The range of Freedom choices even makes it possible to span generations - the new **Freedom 2050** portfolio should work reasonably well as a retirement gift for a grandson or granddaughter, if they're in their late teens.

- Investors who lack the time or inclination to supervise their own portfolio, but don't have the option of professional money management. The minimum for a Freedom fund is only \$2500, and it should deliver results that are among the best for conservative asset allocation programs.

- Those who haven't done well investing on their own. Rare is the investor who can succeed by alternating between cash and the hottest thing going. A Freedom fund can improve long-term results by imposing the necessary market discipline. ■

Question & Answer Forum

Are you planning to add a gold position to the Unique Opportunities Model?

Demand for gold is climbing faster than supply, in part because jewelry demand is rising in Asia, but also because gold ETFs are spurring large purchases of the metal (before the ETFs came along, there was no easy and convenient way to own gold).

Still, even though we are long-term bullish on gold (the metal), a high level of volatility has kept us from putting a buy rating on **Gold**, which invests

mainly in gold *stocks* (which are typically 2-3 times as volatile as the underlying metal).

The Unique Opportunities Model already has plenty of commodity exposure through **Natural Resources, Convertible Securities, and Pacific Basin**. If inflation continues to be a long-term issue, the model is well-positioned to weather the storm.

You just added Export & Multinational to the Growth Model in December. Don't you usually hold positions for at least a year?

Typically the Growth Model keeps profitable positions for at least a year in order to qualify for long-term capital gains. However, we've decided to move sooner than that, because the unrealized gain on **Export & Multinational** is small, and we don't want to stay in a fund that might hold back those that follow the model in a retirement account.

I noticed you took Contrafund and Strategic Dividend & Income off your favorites list. Are you expecting to replace these funds in your model portfolios?

It's a possibility. For **Contrafund**, the announced closure confirms that size is becoming a burden. And we're not sure how much the closure will help, because the fund will still be widely available to existing shareholders. For **Strategic Dividend & Income**, we're a little concerned about how well the fund's real estate and convertible holdings will do if the Fed tightens several more times. We plan to keep a close eye on both funds in the months ahead.

Given your bullish outlook for oil, why are you reducing the Energy position in the Select System?

The main reason is that **Telecommunications** looks very attractive at this stage, yet it has only a 13% weighting in the model. **Energy**, on the other hand, is overweighted and has recently slipped down in rank in our volatility model.

Rebalancing **Energy** gives us some flexibility. Currently, some of the upward pressure on oil prices is due to the upcoming phaseout of MTBE, a gasoline additive. But it may just be a short-term move. If the price of oil continues to advance after the switch, we can always add a second energy fund to the mix.

Given how well New Markets Income has been doing, I'm surprised you aren't rating it a buy.

Although the emerging country debt markets are more stable than they were 5-10 years ago, any

QUESTION & ANSWER FORUM - *Continued on page 8*

GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed, 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. 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 are indicated by ↑ and ↓.

MARCH PERFORMANCE						2006	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***	1.31	1.5(90)	18.93	4351.3	6.3	2.2	6.3	23.9	19.2	-4.1	3.7
Blue Chip Gth (312/FBGRX)	H***	1.01	none	44.17	21702.2	2.3	1.1	2.3	10.9	12.9	1.1	6.6
Blue Chip Value (1271/FBCVX)	B****	1.08	none	14.25	255.6	5.6	1.4	5.6	16.7			
Capital Apprec (307/FDCAX)	H***	1.26	none	27.32	7630.2	8.8	3.1	8.9	20.8	24.0	9.6	10.7
Contrafund (22/FCNTX)	B****	1.08	none	66.54	63827.3	4.8	2.1	4.7	21.3	22.4	10.3	11.9
Discovery (339/FDSVX)	S**	0.96	none	12.23	428.9	7.2	2.9	7.2	19.2	14.6	4.4	
Disc Equity (315/FDEQX)	H***	1.15	none	28.99	6434.9	4.6	1.8	4.6	14.9	18.6	5.7	9.4
Dividend Gth (330/FDGFY)	H***	0.96	none	30.16	16517.6	4.8	1.8	4.8	13.2	14.2	3.4	10.7
Export Fund (332/FEXPX)	H***↓	1.17	0.75(30)	21.93	4799.6	3.2	1.6	3.2	20.8	22.6	9.8	16.3
Fidelity Fifty (500/FFTYX)	H***	1.22	0.75(30)	24.30	1090.7	6.9	3.2	6.9	23.8	17.4	8.0	11.3
Focused Stock (333/FTQGX)	H***	1.41	0.75(30)	12.26	125.8	3.0	1.8	3.0	18.3	21.4	0.5	
Growth Company (25/FDGRX)	B****	1.30	none	67.99	29200.6	6.9	2.1	6.9	28.6	24.5	5.4	10.4
Independence (73/FDFFX)	H***	1.22	none	21.20	4558.4	7.9	3.2	7.9	23.1	20.3	6.1	9.9
Large Cap Growth (763/FSLGX)	H***	1.38	0.75(30)	11.69	157.7	4.6	2.6	4.6	17.4	20.2		
Large-Cap Stock (338/FLCSX)	H***	1.02	none	16.40	710.4	5.1	2.4	5.1	17.1	15.6	2.1	7.6
Large Cap Value (708/FSLVX)	B****	1.16	0.75(30)	13.68	596.2	5.9	1.6	5.9	17.6	22.7		
Lev Co Stock (122/FLVCX)	B****	1.49	1.5(90)	28.54	3839.4	9.7	4.0	9.7	23.1	44.5	26.5	
Low-Priced Stock (316/FLPSX)	H***	1.00	Closed	44.36	37960.7	8.6	2.5	8.6	19.2	29.3	18.4	16.5
Magellan (21/FMAGX)	H***	1.08	Closed	112.80	50230.1	6.0	2.7	6.0	15.9	15.9	3.1	7.9
Mid Cap Growth (793/FSMGX)	H***	1.53	0.75(30)	14.32	387.7	10.6	4.1	10.6	26.0	27.5		
Mid Cap Stock (337/FMCSX)	B****↑	1.31	0.75(30)	30.13	11022.5	13.4	4.4	13.4	36.5	25.3	6.1	13.8
Mid Cap Value (762/FSMVX)	H***	1.23	0.75(30)	15.63	377.7	5.5	1.6	5.5	20.3	26.4		
New Millennium (300/FMILX)	H***	1.48	Closed	38.99	3609.3	11.8	4.7	11.8	29.3	22.2	9.3	15.3
OTC Portfolio (93/FOCPX)	H***	1.31	none	40.00	8248.3	5.8	3.2	5.8	22.9	20.9	6.5	8.7
Small Cap Gth (1388/FCPGX)	H***	1.34	1.5(90)	14.57	374.7	13.3	5.2	13.3	26.7			
Small Cap Indep (336/FDSCX)	H***	1.32	1.5(90)	22.67	2190.1	10.7	4.0	10.7	24.3	25.1	13.1	9.7
Small Cap Stock (340/FLSCL)	H***	1.22	2(90)	20.88	4644.2	14.1	5.4	14.1	27.0	29.1	15.0	
Small Cap Value (1389/FCVPX)	H***	1.25	1.5(90)	14.43	862.1	13.2	4.5	13.2	30.0			
Stock Selector (320/FDSSX)	H***	1.04	none	26.04	824.6	5.3	1.6	5.3	17.2	18.1	4.9	7.8
Tax Mgd Stock (343/FTXMX)	B****	1.27	1(730)	13.28	64.4	4.8	1.3	4.8	17.2	20.6	5.1	
Trend (5/FTRNX)	H***	1.03	none	59.91	899.0	4.7	1.6	4.7	15.4	17.8	5.0	6.0
Value (39/FDVLX)	B****	1.05	none	80.90	15597.2	6.6	1.7	6.6	20.9	27.6	14.5	12.3
Value Discovery (832/FVDFX)	B****	1.18	none	16.77	431.4	7.2	1.5	7.2	25.2	25.7		
Value Strategies (14/FLSXX)	H***	1.24	none	33.25	172.9	7.3	2.1	7.3	17.2	29.4	10.6	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.81	none	19.60	18539.1	4.5	1.2	4.5	16.8	18.8	9.5	11.3
Convertible Sec (308/FCVXS)	B****	0.88	none	24.00	1923.1	6.9	1.6	6.9	17.6	15.9	8.3	12.0
Equity-Income (23/FEQIX)	B****	0.98	none	54.69	26010.3	5.2	1.8	5.2	13.4	19.8	6.1	9.4
Equity-Income II (319/FEQTX)	B****	1.02	none	23.70	12148.3	4.5	0.7	4.5	11.8	18.8	6.2	9.3
Fidelity Fund (3/FFIDX)	H***	1.03	none	33.40	9301.5	5.0	2.6	5.0	14.6	16.5	4.5	8.8
Growth & Income (27/FGRIX)	H***	0.96	none	35.78	30712.1	4.0	2.5	4.0	9.5	12.6	3.1	7.9
Growth & Inc II (361/FGRTX)	H***	1.07	none	10.64	189.7	4.7	1.5	4.7	14.8	14.0	4.2	
Puritan (4/FPURX)	B****	0.63	none	19.36	23840.3	3.4	0.9	3.4	9.7	14.3	6.4	8.7
Strategic Div & Inc (1329/FSDIX)	B****↓	0.87	none	12.88	884.8	5.9	1.6	5.9	17.6			
Utilities (311/FIUIX)	B****	1.13	none	15.67	1050.1	6.8	-0.6	6.8	17.0	21.4	2.4	7.6
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.39	0.75(30)	45.98	116.9	14.0	6.6	14.0	37.9	33.3	8.5	12.1
Automotive (502/FAVX)	S**	1.34	0.75(30)	35.86	15.4	5.0	4.4	5.0	10.2	19.7	12.5	7.0
Banking (507/FSRBX)	H***	1.06	0.75(30)	36.89	367.2	3.5	0.5	3.5	10.5	17.1	7.8	11.8
Biotechnology (42/FBIOX)	B****↑	1.67	0.75(30)	66.50	1806.8	6.1	-2.3	6.1	37.4	18.0	3.3	10.7
Brokerage (68/FLSBL)	B****	1.28	0.75(30)	77.21	1240.0	12.0	1.4	12.0	54.2	34.6	14.9	19.6
Business Ser (353/FBSOX)	H***	1.00	0.75(30)	17.74	39.3	7.6	1.7	7.6	20.4	22.2	7.4	
Chemicals (69/FSCHX)	S**	1.56	0.75(30)	70.92	114.8	6.3	2.0	6.3	4.6	24.7	14.5	9.7
Computers (7/FDCPX)	H***	1.51	0.75(30)	37.67	532.1	4.4	0.3	4.4	12.8	19.5	0.6	9.3
Const & Housing (511/FSHOX)	H***	2.08	0.75(30)	50.35	244.8	6.8	1.9	6.8	18.7	32.9	19.0	14.8
Consumer Indust (517/FSCPX)	S**	1.11	0.75(30)	26.24	49.7	4.5	1.9	4.5	10.0	14.5	4.5	8.1
Cyclical Indust (515/FCYIX)	H***	1.35	0.75(30)	21.93	82.9	12.1	4.6	12.1	25.2	32.1	13.3	
Defense & Aero (67/FSDAX)	H***	1.16	0.75(30)	82.80	898.9	13.1	4.9	13.1	27.0	33.7	17.5	15.0
Develop Commun (518/FSDCX)	H***	1.56	0.75(30)	23.19	480.0	15.9	7.0	15.9	35.5	31.4	1.7	9.3
Electronics (8/FSLEX)	B****	1.68	0.75(30)	46.33	2840.5	5.9	-0.6	5.9	23.6	23.4	0.7	12.4
Energy (60/FSENX)	B****	2.53	0.75(30)	52.23	2552.3	11.7	6.2	11.7	44.4	40.1	17.9	15.9
Energy Services (43/FSESX)	H***	2.97	0.75(30)	73.88	1748.1	12.4	8.6	12.4	50.6	37.4	15.4	17.6
Environmental (516/FSLEX)	H***	1.21	0.75(30)	18.42	53.8	17.8	6.2	17.8	38.5	22.5	7.3	3.6
Financial Services (66/FIDSX)	H***	1.04	0.75(30)	120.74	489.9	4.9	0.6	4.9	20.8	20.0	7.9	13.2
Food & Agriculture (9/FDFAX)	S**	0.83	0.75(30)	53.14	125.2	4.9	1.9	4.9	10.2	17.1	7.7	8.6
Gold (41/FSAGX)	H***	2.51	0.75(30)	38.99	1330.9	17.3	8.6	17.3	68.8	31.9	33.9	6.6
Health Care (63/FSPHX)	H***	1.00	0.75(30)	138.58	2379.0	1.8	-0.4	1.8	20.4	14.5	5.0	11.1
Home Finance (98/FSVLX)	S**	1.15	0.75(30)	52.02	292.2	2.3	0.4	2.3	7.8	14.8	8.4	11.5
Indust Equip (510/FSCGX)	H***	1.33	0.75(30)	30.38	74.2	13.3	4.2	13.3	22.8	29.6	10.5	9.8
Indust Materials (509/FSDPX)	H***	1.57	0.75(30)	48.46	168.1	9.9	4.6	9.9	24.2	31.6	18.8	9.3
Insurance (45/FSPCX)	H***	1.14	0.75(30)	68.34	209.0	-0.1	-0.6	-0.1	17.3	20.2	10.0	16.0
Leisure (62/FDLX)	H***	1.22	0.75(30)	86.29	203.2	10.1	7.1	10.1	21.5	24.1	9.3	12.4
Medical Delivery (505/FSHCX)	H***	1.21	0.75(30)	54.72	1471.2	0.3	-0.5	0.3	21.4	34.8	19.3	11.1
Medical Equip/Sys (354/FSMEX)	H***	0.96	0.75(30)	24.45	1115.7	0.5	-0.7	0.5	10.1	17.8	12.7	
Multimedia (503/FBMPX)	B****	1.15	0.75(30)	48.41	80.7	1.3	2.3	1.3	13.4	19.6	7.2	10.5
Natural Gas (513/FSNGX)	H***	2.96	0.75(30)	41.10	1571.4	5.9	5.8	5.9	34.8	39.8	15.5	15.8
Nat Resources (514/FNARX)	B****	2.45	0.75(30)	27.60	884.9	13.8	6.7	13.8	46.7	39.2	17.3	
Networking/Infra (912/FNINX)	B****	1.68	0.75(30)	2.78	126.7	18.3	7.8	18.3	36.3	23.1	-3.5	
Paper & Forest (506/FSFPX)	S**	1.50	0.75(30)	31.97	28.8	5.3	4.4	5.3	4.1	11.1	6.0	6.0
Pharmaceuticals (580/FPHAX)	H***	1.02	0.75(30)	10.61	142.2	7.0	1.9	7.0	26.5	13.8		
Retailing (46/FSRPX)	H***	1.53	0.75(30)	52.36	66.9	7.3	3.1	7.3	14.2	23.6	7.0	11.2
Software (28/FSCSX)	H***	1.41	0.75(30)	56.59	564.2	7.8	4.9	7.8	21.2	17.1	8.8	13.4
Technology (64/FSPTX)	B****	1.34	0.75(30)	66.68	1922.9	5.6	2.2	5.6	19.6	20.7	2.7	10.4
Telecom (96/FSTCX)	B****	1.19	0.75(30)	44.28	400.0	14.3	5.5	14.3	30.7	24.0	2.1	5.9
Transportation (512/FSRFY)	H***	1.52	0.75(30)	52.25	103.1	11.9	4.0	11.9	28.4	31.8	13.7	14.3
Utilities Growth (65/FSUTX)	H***	1.09	0.75(30)	46.75	296.3	8.5	0.7	8.5	19.3	25.0	1.9	8.9
Wireless (963/FWRX)	B****	1.22	0.75(30)	7.43	502.4	8.6	3.2	8.6	30.8	44.9	3.7	

MARCH PERFORMANCE							Div.	2006	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***	1.18	1 (30)	17.89	599.6		5.3	3.8	5.3	21.2	26.9	11.5	
Canada (309/FICDX)	B****	1.29	1.5(90)	46.01	2636.5		6.7	0.5	6.7	30.3	35.7	21.0	
China Region (352/FHKCX)	H***	1.01	1.5(90)	20.83	505.8		7.9	2.7	7.9	24.3	28.6	10.7	
Diversified Int'l (325/FDIVX)	H***	1.07	Closed	35.68	36942.5		9.6	4.0	9.6	28.4	32.5	14.4	
Emerging Mkts (322/FEMKX)	H***	1.41	1.5(90)	21.10	2880.5		14.4	2.5	14.4	60.4	48.4	23.9	
Europe (301/FIEUX)	H***	1.15	1 (30)	39.93	3024.5		11.0	3.2	11.0	28.6	40.9	12.6	
Europe Cap Appr (341/FECAX)	H***	1.13	1 (30)	25.59	569.3		16.2	6.1	16.2	32.9	33.8	12.9	
Global Balanced (334/FGBLX)	B****	0.72	1 (30)	22.08	215.2		4.8	2.0	4.8	15.2	20.4	9.7	
Int'l Discovery (305/FIGRX)	B****	1.11	1 (30)	34.75	5650.8		9.8	4.3	9.8	30.5	34.1	13.7	
Int'l Small Cap (818/FISMX)	B****	1.19	Closed	30.56	2469.5		13.3	5.5	13.3	38.8	50.8		
Int'l Small Cap Opp (1504/FSCOX)	B****	1.3 Est	2 (90)	14.54	891.7		15.8	7.5	15.8				
Japan (350/FJPNX)	H***	2.13	1.5(90)	18.80	1871.8		3.1	4.5	3.1	49.0	34.0	9.4	
Japan Smaller Co (360/FJSCX)	H***	2.25	Closed	16.27	2086.3		-3.3	5.2	-3.3	36.2	41.0	18.4	
Latin America (349/FLATX)	H***	2.28	1.5(90)	37.65	2787.2		17.7	-0.1	17.7	78.2	63.1	27.9	
Nordic (342/FNORX)	H***	1.31	1.5(90)	34.55	202.2		15.7	8.5	15.7	35.5	41.6	14.1	
Overseas (94/FOSEFX)	H***	1.16	1 (30)	44.73	5836.1		7.5	4.1	7.5	30.2	32.7	8.8	
Pacific Basin (302/FPBFX)	B****	1.35	1.5(90)	27.87	1057.7		8.6	5.6	8.6	44.1	35.0	13.5	
Southeast Asia (351/FSEAX)	H***	1.29	1.5(90)	23.43	1201.4		10.5	3.3	10.5	42.3	40.6	18.1	
Worldwide (318/FWWFX)	H***	1.03	1 (30)	20.68	1304.2		5.7	3.0	5.7	22.1	25.7	9.4	
INDEX AND ASSET ALLOCATION:													
Four-In-One Index (355/FFNOX)	H***	0.84	0.5(90)	27.67	1138.1		5.0	1.7	5.0	14.0	18.5	6.4	
NASDAQ Comp (1282/FNCMX)	H***	1.24	0.75(90)	31.56	120.7		6.1	2.6	6.1	17.6			
Spart Ext Mkt Idx (398/FSEMX)	H***	1.21	0.75(90)	38.06	1497.0		9.6	3.8	9.6	24.8	28.1	12.5	
Spart Int'l Index (399/FSIIX)	B****	1.12	1(90)	39.00	1437.2		9.2	3.7	9.2	24.6	30.7	9.5	
Spart 500 Index (317/FSMKX)	H***	1.00	0.5(90)	89.63	7166.8		4.2	1.2	4.2	11.7	17.1	3.8	
Spart Total Mkt Idx (397/FSTMX)	B****	1.03	0.5(90)	36.55	1970.1		5.5	1.8	5.5	14.8	19.5	5.8	
Asset Manager (314/FASMX)	H***	0.52	none	16.50	9933.0		3.0	1.1	3.0	9.6	10.1	4.4	
Asset Mgr Agg (347/FAMRX)	H***	1.08	none	12.60	425.6		4.3	1.8	4.3	17.4	21.7	3.3	
Asset Mgr Gth (321/FASGX)	H***	0.72	none	15.66	3279.4		3.8	1.4	3.8	11.3	12.5	4.1	
Asset Mgr Inc (328/FASIX)	B****	0.37	none	13.07	1971.0		2.1	0.1	2.1	9.3	9.1	6.1	
Freedom 2000 (370/FFBFX)	B****	0.28	none	12.40	1564.2		1.6	0.4	1.6	6.3	6.4	4.1	
Freedom 2005 (1312/FFVFX)	B****	0.48	none	11.44	453.9		2.9	1.0	2.9	10.0			
Freedom 2010 (371/FFFCX)	B****	0.51	none	14.47	10287.4		3.0	1.0	3.0	10.5	11.2	5.5	
Freedom 2015 (1313/FFVFX)	B****	0.61	none	11.98	2235.9		3.7	1.4	3.7	12.8			
Freedom 2020 (372/FFFDX)	B****	0.74	none	15.37	13078.6		4.5	1.7	4.5	14.6	16.0	6.1	
Freedom 2025 (1314/FFTWX)	B****	0.78	none	12.52	1783.8		4.7	1.8	4.7	15.4			
Freedom 2030 (373/FFFEY)	B****	0.85	none	15.82	8041.5		5.3	2.1	5.3	16.9	18.4	6.1	
Freedom 2035 (1315/FFTHX)	B****	0.86	none	12.89	1004.8		5.4	2.1	5.4	17.2			
Freedom 2040 (718/FFLFX)	B****	0.89	none	9.33	3537.7		5.7	2.2	5.7	17.7	19.9	6.1	
Freedom Income (369/FFFAX)	B****	0.25	none	11.49	2094.4		1.4	0.3	1.4	5.8	5.4	3.9	
Real Estate Income (833/FRIFX)	H***	0.25	0.75(90)	11.76	582.1		2.6	0.7	2.6	9.0			
Real Estate (303/FRESX)	H***	1.45	0.75(90)	35.35	6390.8		13.6	4.6	13.6	38.1	32.2	22.6	
Int'l Real Estate (1368/FIREX)	H***	1.07	1.5(90)	14.73	289.0		14.3	5.9	14.3	36.8			
TAXABLE BOND FUNDS:													
Capital & Income (38/FAGIX)	H***	0.29	1(90)	8.54	5728.8	6.14	3.5	1.0	3.5	9.5	15.3	9.7	
Floating Rate (814/FFRHX)	B****	0.06	1(60)	9.98	2599.1	5.85	1.7	0.5	1.7	5.1	5.1		
Focused High Inc (1366/FHIFX)	H***	0.2 Est	1(90)	10.01	40.9	5.98	1.6	0.0	1.6	6.6			
GNMA Portfolio (15/FGMNX)	H***	0.24	none	10.68	3710.5	4.82	-0.4	-0.9	-0.4	2.3	2.6	4.4	
Gov't Income (54/FGOVX)	H***	0.28	none	9.95	5809.8	3.85	-0.8	-1.0	-0.8	2.0	2.2	4.5	
High Income (455/SPHIX)	H***	0.23	1(90)	8.88	3533.3	6.78	2.8	0.6	2.8	8.2	11.7	6.8	
Inflation-Protected (794/FINPX)	H***	0.48	none	10.71	1544.6	2.18	-2.2	-2.2	-2.2	0.4	4.4		
Intermed Bond (32/FTHRX)	H***	0.22	none	10.16	7646.1	4.34	-0.2	-0.4	-0.2	2.3	2.6	4.8	
Intermed Gov't Inc (452/FSTGX)	H***	0.22	none	9.91	806.3	3.72	-0.3	-0.4	-0.3	2.0	1.5	4.1	
Invest Grade Bond (26/FBNDX)	H***	0.28	none	7.27	7790.7	4.09	-0.4	-0.8	-0.4	2.7	3.2	5.2	
Mortgage Securities (40/FMSFX)	H***	0.24	none	10.92	1719.0	4.78	-0.1	-0.9	-0.1	2.7	3.1	4.9	
New Markets Inc (331/FNMIX)	H***	0.45	1(90)	14.66	1938.6	5.48	3.5	-1.4	3.4	16.4	16.2	14.9	
Short-Term Bond (450/FSHBX)	H***	0.13	none	8.82	5541.4	4.23	0.5	0.1	0.5	2.9	2.3	3.9	
Spart Gov't Inc (453/SPGVX)	H***	0.29	none	10.72	808.6	4.01	-0.7	-0.9	-0.7	2.1	2.4	4.8	
Spart Invest Grade (448/FSIBX)	H***	0.27	none	10.26	3248.3	4.04	-0.4	-0.8	-0.4	2.8	3.4	5.4	
Strategic Income (368/FSICX)	H***	0.24	none	10.43	3520.6	5.24	1.3	-0.2	1.3	5.7	9.1	9.1	
Strategic Real Rtn (1505/FSRRX)	H***	0.5 Est	0.75(60)	9.97	609.3		-0.3	0.2	-0.3				
Total Bond (820/FTBFX)	H***	0.25	none	10.29	533.8	4.54	-0.2	-0.7	-0.2	3.1	3.8		
Ultra-Short Bond (812/FUSFX)	B****	0.05	0.25(60)	10.02	892.6	4.62	1.1	0.4	1.1	3.6	2.3		
US Bond Index (651/FBIDX)	H***	0.28	none	10.72	5762.6	4.70	-0.6	-0.9	-0.6	2.2	3.1	5.2	
MUNICIPAL BOND FUNDS:													
AZ Municipal Inc (434/FSAZX)	H***	0.21	0.5(30)	11.27	102.7	3.77	-0.1	-0.8	-0.1	3.1	3.4	4.7	
CA Municipal Inc (91/FCITFX)	H***	0.20	0.5(30)	12.31	1597.5	4.26	0.3	-0.8	0.3	4.0	4.2	5.0	
CA Short-Int TF (1534/FCSTX)	B****	0.1 Est	0.5(30)	10.00	53.5	3.24	0.4	-0.3	0.4				
CT Municipal Inc (407/FICNX)	H***	0.20	0.5(30)	11.28	435.0	4.05	-0.1	-0.7	-0.1	2.9	3.2	4.6	
FL Municipal Inc (427/FFLIX)	H***	0.21	0.5(30)	11.34	509.3	4.10	0.0	-0.7	0.0	3.2	3.6	4.9	
Intermediate Muni (36/FLTMX)	H***	0.18	0.5(30)	9.89	2015.7	4.00	0.1	-0.5	0.1	3.3	3.5	4.7	
MA Municipal Inc (70/FDMMX)	H***	0.22	0.5(30)	11.77	1869.6	4.20	0.1	-0.7	0.1	3.6	4.1	5.1	
MD Municipal Inc (429/SMDMX)	H***	0.20	0.5(30)	10.73	112.4	3.91	-0.2	-0.9	-0.2	2.8	3.4	4.5	
MI Municipal Inc (81/FMHTX)	H***	0.20	0.5(30)	11.72	567.4	4.09	0.0	-0.8	0.0	3.2	3.5	4.9	
MN Municipal Inc (82/FMIX)	H***	0.19	0.5(30)	11.32	343.4	4.20	0.1	-0.6	0.1	3.1	3.5	4.6	
Municipal Income (37/FHIGX)	H***	0.21	0.5(30)	12.70	4732.8	4.25	0.2	-0.7	0.2	3.9	4.4	5.5	
NJ Municipal Inc (416/FNJHX)	H***	0.24	0.5(30)	11.37	565.9	4.05	0.0	-0.9	0.0	3.5	3.8	4.9	
NY Municipal Inc (71/FTFMX)	H***	0.22	0.5(30)	12.67	1424.5	3.96	0.2	-0.7	0.2	3.5	3.9	5.3	
OH Municipal Inc (88/FOHFX)	H***	0.22	0.5(30)	11.54	427.6	4.09	0.0	-0.9	0.0	3.4	3.9	5.0	
PA Municipal Inc (402/FPXTX)	H***	0.19	0.5(30)	10.71	308.7	4.06	0.1	-0.6	0.1	3.1	3.7	4.8	
Short-Int Municipal (404/FSTFX)	B****	0.10	0.5(30)	10.14	1673.9	3.06	0.1	-0.2	0.1	2.0	1.7	3.2	
Tax-Free Bond (90/FTABX)	H***	0.23	0.5(30)	10.63	390.5	4.08	0.1	-0.8	0.1	4.1	4.5		

MARCH PERFORMANCE Indexes and Model Portfolios	Risk	Value	2006 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	1.01	11109.32	4.2	1.2	4.2	8.3	14.1	4.6	9.2
S&P 500	1.00	1294.82	4.2	1.2	4.2	11.7	17.2	4.0	9.0
NASDAQ	1.22	2339.79	6.4	2.6	6.4	18.0	21.1	5.5	8.3
Russell 2000	1.56	765.14	13.9	4.8	13.9	25.8	29.5	12.6	10.1
Fidelity Monitor Income Model	0.12	82108.66	1.7	0.5	1.7	4.8	5.3	5.2	5.3
Fidelity Monitor G&I Model	0.67	163169.90	4.2	1.1	4.2	13.8	17.8	10.2	10.3
Fidelity Monitor Growth Model	1.06	180494.30	5.0	1.8	5.0	16.7	25.0	11.4	10.4
Fidelity Monitor Select System	1.18	343998.14	8.8	3.1	8.8	26.5	23.9	10.9	11.1
Fidelity Monitor Unique Opportunities	1.25	117958.45	8.6	3.6	8.6	26.7	32.2	18.4	

UNIQUE OPPORTUNITIES MODEL

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

FUND	NAV	SHARES	BALANCE
Natural Resources	\$27.60	1042.907	\$28784.23
Pacific Basin	\$27.87	843.140	\$23498.31
Conv. Securities	\$24.00	1168.880	\$28053.12
Value	\$80.90	465.053	\$37622.79

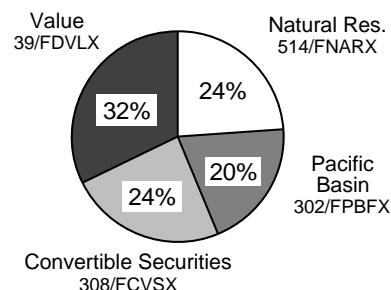
32% Foreign
Holdings

Balance as of 3/31/06: \$117958.45

Balance at start of 2006: \$108605.62

PERFORMANCE

Partial Yr 99:	+ 33.8%
2000:	- 20.5%
2001:	+ 1.6%
2002:	- 2.1%
2003:	+ 43.2%
2004:	+ 20.6%
2005:	+ 18.8%
*2006:	+ 8.6%



In March our Unique Opportunities Model gained 3.6%.

VIP CORNER

VIP SECTOR MODEL:

15% Technology, 15% Financial
Ser. 30% Telecom & Util., 26%
Natural Res., 14% Health Care

VIP GROWTH MODEL:

26% Mid-Cap Stock,
40% Equity-Income,
34% Contrafund

VIP G & I MODEL:

32% Growth & Income,
55% Balanced,
13% Freedom Income.

VIP INCOME MODEL:

69% Freedom Income,
31% Balanced.

MARCH VIP PERFORMANCE Portfolio

Portfolio	Rating	Unit Value	2006 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	11.51	5.9	2.1	5.9			
VIP Asset Manager	H ***	33.22	2.7	1.0	2.7	8.7	9.5	3.7
VIP Asset Manager: Growth	H ***	21.95	3.5	1.5	3.5	10.3	11.9	3.4
VIP Balanced	B *****	16.27	4.3	1.2	4.3	11.4	10.2	4.5
VIP Consumer Industries	S **	11.65	4.3	2.0	4.3	9.0	14.0	
VIP Contrafund	B *****	41.80	4.6	2.0	4.6	21.1	21.9	9.8
VIP Cyclical Industries	H ***	17.09	12.0	4.6	12.0	24.9	31.7	
VIP Dynamic Capital Appreciation	H ***	14.46	8.4	3.2	8.4	33.1		
VIP Equity-Income	B *****	60.63	5.0	1.8	5.0	12.6	19.0	5.5
VIP Financial Services	B ****	13.76	4.8	0.5	4.8	20.0	19.4	
VIP Freedom 2005	B ****	10.74	2.4	0.7	2.4			
VIP Freedom 2010	B ****	10.77	2.5	0.8	2.5			
VIP Freedom 2015	B ****	10.97	3.2	1.0	3.2			
VIP Freedom 2020	B ****	11.14	3.8	1.3	3.8			
VIP Freedom 2025	B ****	11.24	4.1	1.5	4.1			
VIP Freedom 2030	B ****	11.38	4.5	1.7	4.5			
VIP Freedom Income	B ****	10.36	1.3	0.1	1.3			
VIP Growth	H ***	59.57	4.1	2.3	4.1	13.9	15.0	0.1
VIP Growth & Income	B *****	18.18	4.6	1.4	4.6	13.9	13.4	3.7
VIP Growth Opportunities	H ***	13.22	2.1	2.4	2.1	13.9	15.6	3.3
VIP Growth Stock	H ***	10.92	3.2	0.7	3.2			
VIP Health Care	H ***	12.30	1.7	-0.4	1.7	19.6	13.8	
VIP High Income	H ***	29.24	2.5	0.6	2.5	6.9	10.5	5.3
VIP Index 500	H ***	34.55	4.0	1.2	4.0	10.8	16.1	3.0
VIP Int'l Capital Appreciation	H ***	11.96	5.1	3.8	5.1			
VIP Investment Grade Bond	H ***	28.11	-0.7	-1.0	-0.7	1.5	2.4	4.5
VIP Mid Cap	B *****	20.99	9.0	3.2	9.0	26.6	32.2	15.8
VIP Money Market		19.88	0.9	0.3	0.9	2.7	1.2	1.3
VIP Natural Resources	B ****	21.59	13.5	6.6	13.5	45.6	38.5	
VIP Overseas	B *****	37.24	6.5	3.7	6.5	28.0	31.1	7.0
VIP Real Estate	H ***	19.16	14.7	5.0	14.7	38.9		
VIP Strategic Income	H ***	11.25	1.0	-0.4	1.0	4.5		
VIP Technology	B *****	11.30	11.8	3.7	11.8	31.6	24.3	
VIP Telecom & Utilities	B ****	10.99	8.3	0.6	8.3	18.5	24.3	
VIP Value	B ****	11.17	4.8	0.5	4.8			
VIP Value Leaders	B *****	11.41	5.3	1.3	5.3			
VIP Value Strategies	H ***	14.06	7.1	2.0	7.1	16.2		
Fidelity Monitor VIP Income Model		18836.94	0.8	0.5	0.8	3.0	4.9	5.2
Fidelity Monitor VIP G&I Model		23490.92	4.0	1.2	4.0	11.0	11.9	5.3
Fidelity Monitor VIP Growth Model		35063.12	5.9	2.2	5.9	17.8	19.0	5.2
Fidelity Monitor VIP Sector Model		17242.29	8.5	2.4	8.5	24.2	27.1	

INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Balanced	\$19.60	771.011	\$15111.82
Asset Mgr. Inc.	\$13.07	2462.606	\$32186.26
Ultra-Short Bond	\$10.02	1573.363	\$15765.10
Floating Rate	\$9.98	1908.365	\$19045.48

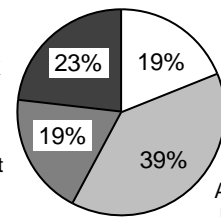
8% Foreign Holdings

Balance as of 3/31/06: \$82108.66
Balance at start of 2006: \$80716.02

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%

Floating Rate High Income 814/FFRHX	23%
Ultra-Short 812/FUSFX	19%
Balanced 304/FBALX	19%
Asset Mgr. Income 328/FASIX	39%
2005:	+ 3.6%
*2006:	+ 1.7%



Our Income Model gained 0.5% for the month of March.

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.	\$13.07	2684.911	\$35091.79
Puritan	\$19.36	1875.726	\$36314.06
Balanced	\$19.60	2081.872	\$40804.69
Strat. Div. & Inc.	\$12.88	3956.472	\$50959.36

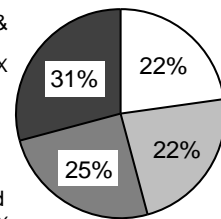
9% Foreign Holdings

Balance as of 3/31/06: \$163169.90
Balance at start of 2006: \$156588.48

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:	+ 8.2%
*2006:	+ 4.2%

Strategic Dividend & Income 1329/FSDIX	31%
Balanced 304/FBALX	25%
Asset Mgr. Income 328/FASIX	22%
Puritan 4/FPURX	22%



In March our Growth and Income model increased by 1.1%.

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
Export	\$21.93	1963.038	\$43049.42
Value	\$80.90	581.752	\$47063.74
Contrafund	\$66.54	680.579	\$45285.73
Equity-Income	\$54.69	824.564	\$45095.41

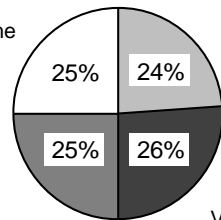
17% Foreign Holdings

Balance as of 3/31/06: \$180494.30
Balance at start of 2006: \$171931.86

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:	+ 11.2%
*2006:	+ 5.0%

Equity-Income 23/FEQIX	25%
Contrafund 22/FCNTX	25%
Mid Cap 337/FMCSX	24%
Value 39/FDVLX	26%



Our Growth Model gained 1.8% in March, compared with a 1.2% increase for the S&P 500. On 4/17 we'll be selling **Export & Multinational** and buying **Mid-Cap Stock**.

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	\$52.23	1411.434	\$73719.20
Brokerage	\$77.21	916.091	\$70731.39
Wireless	\$7.43	8642.722	\$64215.42
Technology	\$66.68	712.107	\$47483.29
Medical Delivery	\$54.72	810.466	\$44348.70
Telecom	\$44.28	982.388	\$43500.14

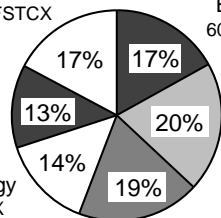
20% Foreign Holdings

Balance as of 3/31/06: \$343998.14
Balance at start of 2006: \$316217.19

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:	+ 15.0%
*2006:	+ 8.8%

Telecom 96/FSTCX	17%
Biotech 42/FBIOX	13%
Technology 64/FSPTX	14%
Wireless 65/FWRLX	19%
Energy 60/FSENX	17%
Brokerage 68/FSLBX	20%



We were up 3.1% in March, compared with a 1.2% gain for the S&P 500. On 4/17 we'll sell **Medical Delivery** and purchase **Biotech**. We'll also exchange one-fifth of **Energy** for **Telecom**.

bond fund that takes on substantial credit risk can turn into a different animal in a liquidity crisis. For **New Markets Income**, the moment of truth came in August 1998, when it lost 36% as Russia defaulted on its bond obligations. The fund wasn't alone that month, as **Capital & Income** and **High Income** both lost 10%, and **Strategic Income** was down 7%. Investment-grade bond funds, however, held up fine through the whole period.

Given that emerging market debt funds have such a large potential for losses when they are fully valued, it just doesn't make sense to buy them unless they are selling at a deep discount.

Do you offer a sector portfolio that takes on more risk than the Select System?

For individuals with large accounts, we offer customized versions of the Select System through our money management affiliate, Weber Asset Management. The most aggressive sector option is a three-sector Select model that often has two-thirds of its assets in a single industry group. Over the last 7.5 years it returned 14.4% annually, net of management fees. That compares with 11.5% per year for the Select System, and 4.1% for the S&P 500. For most clients, the sector models are blended with diversified funds, both foreign and domestic. To learn more, call 800-438-3863, or send an email to info@weberasset.com. Management services are also available for 401k and 403b/ORP accounts. ■

MARCH DISTRIBUTIONS

Asset Manager: Income	\$ 0.03 / \$13.05 (3/3)
Equity-Income	\$ 0.83 / \$54.02 (3/3)
Freedom Income	\$ 0.02 / \$11.46 (3/3)
Large Cap Growth	\$ 0.19 / \$11.54 (3/3)
Large Cap Value	\$ 0.22 / \$13.56 (3/3)
MA Municipal Income	\$ 0.01 / \$11.85 (3/3)
Mid Cap Growth	\$ 0.18 / \$13.94 (3/3)
Mid Cap Value	\$ 0.24 / \$15.48 (3/3)
NY Municipal Income	\$ 0.052 / \$12.75 (3/3)
Real Estate	\$ 0.05 / \$33.64 (3/3)
Real Estate Income	\$ 0.05 / \$11.67 (3/3)
Tax-Free Bond	\$ 0.02 / \$10.70 (3/3)

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

yield with very limited interest-rate risk.

Favorable economic news helped domestic high yield funds. **Capital & Income** posted a 1.0% gain, **High Income** rose 0.6%, and **Floating Rate High Income** edged up 0.5%. Most investment-grade funds posted small losses, and some funds fared a bit worse. Weakness in emerging country debt caused **New Markets Income** to lose 1.4%, and **Inflation-Protected Bond** was down 2.2% as long-term rates moved up faster than inflation.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Funds rated buy, as ranked by our volatility model, are **Brokerage, Telecom, Technology, Electronics, Biotechnology, Multimedia, Wireless, Networking, Natural Resources, and Energy.**

Strong economic news gave a boost to the energy, cyclical, and commodity groups. **Energy Services** and **Gold** both climbed 8.6%, **Networking** was up 7.8%, **Leisure** gained 7.1%, and **Developing Communications** rose 7.1%. Defensive groups were left behind. **Medical Delivery** was off 0.5%, **Insurance** slid 0.6%, **Medical Equipment** declined 0.7%, and **Biotechnology** was down 2.3%. ■

Happenings

Fidelity is planning to close **Contrafund** to new accounts on 4/28. Manager Will Danoff has kept up the good returns by betting heavy on foreign stocks, but after mushrooming to \$65 billion the fund is getting tough to manage no matter how you slice it.

A Fidelity laptop with Social Security numbers and other personal information for 196,000 current and former Hewlett-Packard employees was stolen, prompting Fidelity to notify all affected retirement plan participants. While frustrating to those involved, and surprisingly sloppy for a company that invests so heavily in software and security, the decision to notify those involved is likely to wipe out any value the information might have to identity thieves.

Several funds had management changes in March. Charles Hebard is now running **Brokerage**, Stephen Hermsdorf is the new stockpicker for **Insurance**, Chris Bartel and Justin Bennett have been named co-managers of **Paper & Forest Products**, Jim Morrow and Ben Hesse will share responsibilities at **Business Services**, and Thomas Hense will take over at **Small Cap Value.** ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reserves (55/FDRXX)	67823.0	4.35	CT MM (418/FCMXX)	1369.9	2.75	FL MM (428/FSFXX)	1874.2	2.81
Select MM (85/FSLXX)	891.3	4.43	MA MM (74/FDMXX)	4182.3	2.73	MA AMT TF (426/FMSXX)	1392.6	2.77
Money Market (454/SPRXX)	6140.4	4.39	MI MM (420/FMIXX)	688.5	2.69	AMT Tax-Free (460/FIMXX)	3218.5	2.93
Gov't MM (458/SPAXX)	503.3	4.40	NJ MM (417/FNJXX)	1629.5	2.71	NJ AMT TF (423/FSJXX)	907.9	2.85
US Treas. MM (415/FDLXX)	1826.5	4.11	NY MM (92/FNYXX)	3719.4	2.74	NY AMT TF (422/FSNXX)	1665.5	2.85
Tax-Free MM (275/FMOXX)	2180.5	2.78	OH MM (419/FOMXX)	803.1	2.66	PA MM (401/FPTXX)	423.2	2.75
US Gov't Reser (50/FGRXX)	2600.4	4.46	AZ MM (433/FSAXX)	242.2	2.73	Municipal MM (10/FTEXX)	17130.2	2.81
CA MM (97/FCFXX)	4087.5	2.73	CA AMT TF (457/FSPXX)	2200.6	2.85			