

## The Foolproof Way To Wealth

This month's issue is dedicated to funds that blend multiple asset classes, otherwise known as hybrid or asset allocation funds. While the slow and steady approach may not seem very exciting, it's actually the most reliable option available for building substantial wealth over the long run.

FOOLPROOF - *Continued on page 2*

## Unique Opportunities, Growth and Income, and Growth Model To Make Changes

On Monday, 4/16, we will reduce our shares of **Equity-Income** in three of our model portfolios. Now that the market has discounted the credit crunch in sub-prime mortgages, along with the Fed's change in stance, we think it makes sense to cut back our exposure to financial stocks.

**Equity-Income** has a heavy position in this group, so these changes will get us part way there while we monitor the sector during earnings season.

Our Growth and Income Model will sell a third of **Equity-Income** (23/FEQIX), buying **Balanced** (304/FBALX) for a resulting position of 21% **Asset Manager 20**, 22% **Puritan**, 36% **Balanced**, and 21% **Equity-Income**.

Our Growth Model will sell one-half of its **Equity-Income** shares (23/FEQIX), buying **Value Strategies** (14/FSLSX) for a mix of roughly 23% **Spartan 500 Index**, 25% **Value Discovery**, 26% **Value Strategies**, and 26% **Equity-Income**. We like what manager Matthew Friedman has done with **Value Strategies** – in particular the fund's 18% position in cheap tech stocks, and its 11% weighting in electric utilities.

Finally, our Unique Opportunities Model will sell all of **Spartan 500 Index** (317/FSMKX) and one-fifth of **Equity-Income** (23/FEQIX), buying **Leveraged Company Stock** (122/FLVCX). The resulting mix will be roughly 25% **Utilities Growth**, 19% **Int'l Value**, 30% **Leveraged Company Stock**, and 26% **Equity-Income**. If the \$10,000 minimum for **Leveraged Company Stock** is a problem, use **Convertible Securities** as a substitute. We like **Leveraged Company** as a value play on growth stocks. It has low exposure to financial stocks.

## Review & Recommendations

The sub-prime mortgage situation, along with rising energy costs, resulted in continuing volatility in the month of March. Initially, investors were thrilled when the Fed shifted to a neutral stance on interest rates, thinking that an easing move might be just around the corner. But Ben Bernanke dashed those hopes during testimony in the final days of the month, saying that inflation was still a significant concern. The S&P 500 finished with a 1.1% gain.

Rising defaults in the sub-prime mortgage arena were a key focus of the market for most of March. While this issue may turn out to have only a limited impact on the stock market, it's still a problem for the economy because lending standards have already tightened up, cutting off loans to many who are in the market for their first home. With fewer buyers at the bottom of the food chain, and recycled foreclosures returning to the market, chances are the housing slump will deepen, with recovery taking a lot longer than expected. There's a possibility that many existing home owners will cut back their spending to some degree, although at this point it's hard to know the extent.

### GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorite growth funds include **Value Strategies**, **Leveraged Company**, **Value Discovery**, and **Spartan 500 Index**. While **Value Strategies** and **Leveraged Company Stock** are new to our favorites list, both funds have been rated buy for many months, and are doing especially well this year. We downgraded **Blue Chip Growth**, **Blue Chip Value**, and **Dividend Growth**. With the Fed having shifted to a neutral stance, funds that invest in the bluest of the Blue Chips are not as attractive.

**Fidelity Fifty** gained 2.6%, while **Leveraged Company Stock**, **Tax Managed Stock**, and **Large Cap Value** all rose 2.5%. Trailing behind, **Blue Chip Growth** edged up 0.4%, and **Aggressive Growth** rose 0.1%.

### INTERNATIONAL FUNDS

**Int'l Value** offers broad exposure to foreign stocks, with an emphasis on European markets. **Canada** may benefit from exposure to commodities.

RECOMMENDATIONS - *Continued on page 8*

You can't do this with cash or bonds, because those asset classes struggle to keep up with inflation after taxes are paid. And even though a stock-only portfolio can get you there faster, there's a greater chance that your portfolio will be derailed along the way, as sticking with a disciplined approach can be difficult for some. Plus, there's also the risk of being overweighted in an expensive asset class or a fund that performs poorly. The more aggressive the portfolio, the greater the chance you'll end up in the wrong place at the wrong time.

The prudent path, on the other hand, gives you dependability. By taking on enough risk to stay ahead of inflation, but not so much that you leave yourself heavily exposed to short-term losses, you eliminate the possibility of a major disappointment.

The risk/reward chart below shows how all of Fidelity's funds performed for the 10 years ending 2/28. The vast majority fell short of the upper limit to the efficient frontier (the best possible mix of securities for any level of risk), but finished above the "unfavorable reality curve," which shows how adding stocks can cause disappointment potential to increase.

The distribution of dots suggests that you are rewarded for taking on additional risk, but not as much as you might think. As volatility rises above 0.6, variability in performance starts to pick up, although mostly on the favorable side. Above 0.85, the "wrong place, wrong time" effect starts to factor in. Go beyond 1.0, and there's a significant risk that you'll end up worse off than a bond fund.

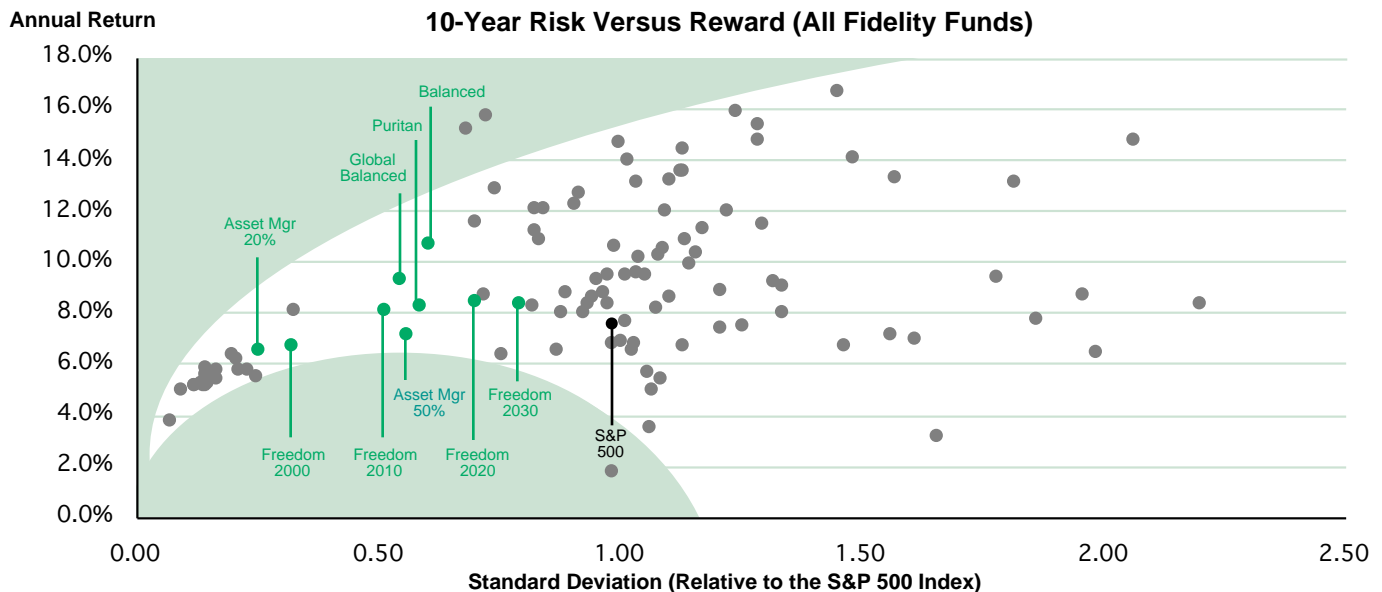
Things can get even more dicey above 1.5. Savvy risk assessment skills kept all Fidelity funds in positive territory, but this is often a place where the realities of loss recovery make it increasingly difficult to be compensated for the added risk. Sustain a 20% loss and you need a 25% gain to recover. Lose 33% and you need 50%. Lose 45% and it takes 82% to get even.

The point of the chart is to illustrate the sweet spot that starts at around 0.3 and extends to about 0.85. In this zone are funds that take prudent risks and deliver surprisingly good returns. Many of them blend together different asset classes – we've shown those in green.

These conservative funds share common traits that make them less likely to disappoint. Their managers tend to be more disciplined, so they're less likely to take on added risk to chase performance. Their portfolios tend to be less concentrated, so the occasional bad stock pick doesn't have much impact. And bear markets don't usually affect the whole portfolio, providing an added opportunity to boost returns by rebalancing asset classes.

In this zone you can often beat the S&P 500 while taking on less risk – otherwise known as having your cake and eating it too. It's relatively easy to earn long-term returns in the range of 8-10% per year. And you can sleep at night while doing it.

There are several ways to build wealth the "foolproof" way. You can follow our Growth and Income Model. You can buy a **Freedom** fund that's matched to your retirement date. Or you can hold a



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conservative collection of funds for the long run.

Following is a review of Fidelity's asset allocation choices. All of these funds are rated a buy.

#### ASSET MANAGER 20%

Last July, Fidelity changed the way its Asset Manager lineup invests in domestic stocks. Instead of having a single manager in charge of stockpicking, the domestic equity portion of the portfolios was transferred into 10 Equity Sector Central Funds that are available internally within Fidelity. This move, which created a fund-of-funds structure without any increase in expenses, is designed to impose a more disciplined stock strategy. We like the idea. Fidelity's long-term success with the Select Portfolios is quite impressive, and this change effectively imports that ability to outperform into the Asset Manager Lineup.

As for **Asset Manager 20%**, it targets a neutral weighting of 20% stocks, 50% bonds, 30% short-term/money market. With a volatility score of just under 0.3, this fund is one of the least risky asset allocation choices. Even in a bear market, it's unlikely the fund would sustain a loss over a 12-month period. Yet, over the long run it should finish well ahead of a diversified bond portfolio.

#### ASSET MANAGER 50%

This portfolio has a neutral mix of 50% stocks, 40% bonds, and 10% short-term/money market. Currently, its overall risk score is about 0.55. Like the other Asset Manager funds, its stock holdings fall in the large-cap blend category. And with 25-30% of its stocks invested in foreign markets, the fund is globally diversified.

#### ASSET MANAGER 70%

Here the neutral mix is 70% stocks, 25% bonds, and 5% short-term/money market, and the overall risk score is currently about 0.75. This portfolio derives significant volatility-reducing benefits from the diversifying effects of its bond holdings. Going forward, it may turn into a serious contender for **Puritan** and **Balanced**. However, with foreign stocks accounting for 25-30% of equity, this may depend largely on the performance of foreign markets.

#### BALANCED

Stockpicker Lawrence Rakers is keeping a good thing going. According to Lipper, **Balanced** is one of the top funds in its class for trailing five and ten year periods. Currently, the fund is holding 65% in stocks and 35% in bonds, a mix of assets that tends to provide superior risk-adjusted returns. The equity portion of **Balanced** falls in the large-cap blend

category, so the fund tilts a bit more toward growth than **Puritan**. But with thousands of stock holdings and an industry mix that's similar to the S&P 500, it has the advantage of being both well-diversified and research-advantaged. Overall, **Balanced** has about 20% less risk than the S&P 500, thanks to the bond side of its portfolio. Foreign holdings account for 11% of assets. We think the fund is an excellent core holding for any conservative portfolio. And given its record of outperforming growth funds, it may even be worth a look by investors who don't normally hold asset allocation funds.

#### GLOBAL BALANCED

Foreign funds are usually more volatile than their domestic counterparts, but this fund is the rare exception – its volatility score, at just under 0.8, is actually a bit lower than **Balanced**. That's partly due to the fact that its stock weighting has been cut to 58%, versus 65% for **Balanced**. But when you consider how the EAFE index is 35% more volatile than the S&P 500 (in U.S. dollar terms), it's still a significant feat. The fund is not completely foreign. Domestic holdings account for about 25% of stocks, 20% of bonds, and most of the 7% cash position. Manager Derek Young, who took over the fund 15 months ago, also co-manages **Strategic Dividend & Income**.

#### PURITAN

**Puritan** is holding a 65/35 mix of stocks and bonds, just as it has for most of the last 60 years. The fund's lifetime return of 11.7% per year says a lot about the power of conservative investment strategies and long-term compounding. An initial investment of \$1000 back in April 1947 would be worth nearly three-quarters of a million today. Even after discounting a 4% rate of inflation, shares in the fund have grown by a factor of 85 in real terms.

Compared with **Balanced**, **Puritan** takes on slightly less equity risk, owing to the fact that its stock portfolio is value-oriented like **Equity-Income**. But it does take a bit more risk on the bond side, investing about a quarter of its holdings (currently 9% of assets) in high yield. Overall, the reduced risk on the stock side makes **Puritan** a more conservative portfolio, with about two-thirds as much volatility as the S&P 500.

Over the last year, we've had a preference for **Puritan** over **Balanced** because of its lower risk level. But **Balanced** may now be worth its added risk, given how opportunities on the growth side of the stylebox are gaining traction.

FOOLPROOF - Continued on page 8

#### GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed. Size figures are for the close of the prior month, in millions. Risk is based on standard deviation of daily gains and losses over a one-year period, relative to the S&P 500. Fee: **0.75(90)** indicates a 0.75% redemption fee on shares held less than 90 days. All retail Fidelity funds are no-load. If a fund is closed to new investors, it is listed as such in the Fee column. Fidelity limits roundtrip trades to two in the last 90 days and four in the last 12 months (a roundtrip trade is defined as the purchase and sale of a fund within 30 days). Fund ratings: **B \*\*\*\*\*** is for a **favorite buy**, **B \*\*\*\*** means **buy**, **H \*\*\*** means **hold** for the long run, **S \*\*** means reduce to below 5% of holdings, **S \*** means **sell** and move to a buy-rated fund within the same asset class. Upgrades and downgrades from the prior month are indicated by ↑ and ↓.

MARCH PERFORMANCE						2007	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***	1.66	1.5(90)	19.86	3670.5	2.5	0.1	2.5	5.0	8.3	3.5	3.9
Blue Chip Gth (312/FBGRX)	H***↓	1.04	none	44.04	20066.7	-0.6	0.4	-0.6	2.5	4.7	1.8	5.5
Blue Chip Value (1271/FBCVX)	H***↓	1.08	none	15.16	497.6	2.4	1.5	2.4	11.9	13.3		
Capital Apprec (307/FDCAX)	B****	1.37	none	27.73	9028.2	2.3	1.1	2.3	6.9	9.6	10.1	10.4
Contrafund (22/FCNTX)	B****	1.12	Closed	65.47	68134.7	1.4	1.4	1.4	8.0	13.4	11.2	11.3
Growth Discovery (339/FDSVX)	H***	0.98	none	12.89	434.3	0.3	1.7	0.3	6.6	9.1	5.5	
Disc Equity (315/FDEQX)	H***	1.14	none	29.87	8416.5	2.9	2.3	2.9	12.7	12.4	8.3	9.4
Dividend Gth (330/FDGFY)	H***↓	0.92	none	31.76	16634.5	0.3	0.8	0.3	9.7	7.5	4.2	9.8
Export Fund (332/FEPPX)	H***	1.28	0.75(30)	23.55	4166.3	2.5	1.6	2.5	7.6	12.6	9.5	14.0
Fidelity Fifty (500/FFTYX)	B****	1.24	none	24.25	1354.8	4.7	2.6	4.7	8.8	11.0	8.5	11.5
Focused Stock (333/FTQGX)	H***	1.33	none	12.91	72.6	3.3	0.9	3.3	5.4	13.3	2.5	6.0
Growth Company (25/FDGRX)	H***	1.39	Closed	69.52	29724.5	-0.3	0.5	-0.3	2.3	10.5	7.0	9.8
Independence (73/FDFFX)	H***	1.24	none	22.41	4553.3	2.0	2.2	2.0	6.2	11.5	7.0	10.2
Large Cap Growth (763/FSLGX)	H***	1.61	none	11.52	175.4	0.1	1.2	0.1	1.1	10.2	4.8	
Large-Cap Stock (338/FLCSX)	H***	1.09	none	17.77	873.5	1.4	0.5	1.4	9.1	9.0	4.7	7.2
Large Cap Value (708/FLVLX)	B****	1.11	none	15.09	1431.2	2.9	2.5	2.9	13.8	14.9	9.9	
Lev Co Stock (122/FLVCX)	B****	1.42	1.5(90)	31.04	5390.3	7.1	2.5	7.1	14.9	20.4	29.4	
Low-Priced Stock (316/FLPSX)	H***	1.07	Closed	44.67	39255.4	2.6	1.6	2.6	11.2	14.9	14.7	15.6
Magellan (21/FMAGX)	H***	1.31	Closed	91.32	43812.3	2.0	0.8	2.0	3.2	7.2	3.9	7.3
Mid Cap Growth (793/FSMGX)	H***	1.78	0.75(30)	14.21	430.8	1.7	0.9	1.7	-0.8	11.8	7.8	
Mid Cap Stock (337/FMCSX)	H***	1.49	Closed	31.06	14124.6	6.6	1.2	6.6	7.9	14.5	8.6	14.0
Mid Cap Value (762/FSMVX)	H***	1.22	0.75(30)	17.45	759.1	6.7	2.4	6.7	15.9	17.1	13.1	
New Millennium (300/FMILX)	H***	1.63	Closed	29.61	2266.9	2.4	1.2	2.4	4.1	9.8	8.0	14.5
OTC Portfolio (93/FOCPX)	H***	1.54	none	42.02	8676.0	1.6	1.4	1.6	5.0	8.8	6.6	8.2
Small Cap Gth (1388/FCPGX)	H***	1.57	1.5(90)	15.29	792.1	5.8	1.5	5.8	5.7			
Small Cap Indep (336/FDSCX)	H***	1.52	1.5(90)	22.08	2924.7	4.9	1.2	4.9	8.6	13.6	9.9	10.0
Small Cap Stock (340/FLSCX)	H***	1.47	Closed	19.80	4795.7	4.2	1.7	4.2	2.6	11.4	11.0	
Small Cap Value (1389/FCPVX)	H***	1.46	1.5(90)	14.44	1269.1	3.1	1.1	3.1	5.4			
Stock Selector (320/FDSSX)	H***	1.03	none	28.24	838.0	1.5	1.4	1.5	9.1	10.6	6.8	7.4
Tax Mgd Stock (343/FTXMX)	B****	1.28	1(730)	14.78	71.8	4.6	2.5	4.6	11.8	13.3	7.5	
Trend (5/FTRNX)	H***	1.08	none	64.16	891.5	0.0	0.8	0.0	8.0	9.8	6.5	6.6
Value (39/FDVLX)	B****	1.08	none	84.45	20169.5	4.8	0.6	4.8	13.1	16.7	13.4	12.3
Value Discovery (832/FVDFX)	B****	1.14	none	18.05	1148.7	3.3	1.2	3.3	11.4	16.1		
Value Strategies (14/FLSX)	B****	1.15	none	33.97	332.5	7.3	1.7	7.3	16.1	11.0	11.4	
<b>GROWTH &amp; INCOME FUNDS:</b>												
Balanced (304/FBALX)	B****	0.81	none	20.03	23501.8	3.1	0.9	3.1	10.2	11.0	10.1	11.0
Convertible Sec (308/FCVXS)	B****	1.01	none	26.52	2212.2	4.7	1.2	4.7	12.8	11.1	9.4	12.6
Equity-Income (23/FEQIX)	B****↓	1.00	none	58.23	30929.0	1.1	1.0	1.1	15.1	11.9	8.1	9.3
Equity-Income II (319/FEQTX)	B****	1.00	none	23.66	11381.0	1.4	1.2	1.4	10.3	9.7	7.7	9.2
Fidelity Fund (3/FFIDX)	H***	1.14	none	36.52	7202.2	1.9	1.8	1.9	10.3	10.0	6.2	8.5
Growth & Income (27/FGRIX)	H***	1.09	none	31.00	29084.1	-0.5	-0.3	-0.5	5.9	7.0	3.7	7.0
Growth & Inc II (361/FGRTX)	H***	1.01	none	11.33	193.2	1.3	1.3	1.3	9.2	9.0	5.9	
Puritan (4/FPURX)	B****↓	0.67	none	20.22	25686.0	1.3	0.7	1.3	12.4	9.2	7.9	8.7
Strategic Div & Inc (1329/FSDIX)	B****	0.91	none	13.40	1163.3	3.4	0.6	3.4	11.3	12.5		
Utilities (311/FUIX)	H***	0.99	none	20.41	1688.5	8.2	4.1	8.2	32.2	22.9	12.7	9.3
<b>SELECT FUNDS:</b>												
Air Transportation (34/FSAIX)	H***	1.80	0.75(30)	50.18	148.4	3.4	-1.1	3.4	11.2	21.2	9.5	15.0
Automotive (502/FAVX)	H***	1.39	0.75(30)	40.12	48.8	3.9	-0.3	3.9	12.1	7.1	7.6	7.1
Banking (507/FSRBX)	H***↓	1.05	0.75(30)	33.05	349.8	-2.9	-1.4	-2.9	6.2	5.9	6.8	9.6
Biotechnology (42/FBIOX)	S***↓	1.60	0.75(30)	62.03	1372.2	-4.5	-2.9	-4.5	-6.7	3.1	2.8	10.3
Brokerage (68/FLBIX)	H***	1.71	0.75(30)	73.93	1254.2	-0.2	0.3	-0.2	8.1	18.5	14.3	18.0
IT Ser / Bus Ser (353/FBSOX)	S***↓	1.36	0.75(30)	17.47	34.2	2.0	0.5	2.0	8.6	12.4	4.6	
Chemicals (69/FSCHX)	B****	1.38	0.75(30)	71.45	119.6	7.0	1.2	7.0	17.5	18.6	14.2	10.8
Computers (7/FDCPX)	H***	1.56	0.75(30)	39.63	462.2	0.4	0.9	0.4	5.2	3.1	2.1	7.5
Const & Housing (511/FSHOX)	S**	1.73	0.75(30)	44.64	164.3	0.1	-2.9	0.1	0.4	11.9	13.1	13.6
Consumer Disc (517/FSCPX)	H***	1.20	0.75(30)	27.22	40.2	3.9	1.4	3.9	12.4	8.7	5.4	8.5
Industrial / Cyc Ind (515/FCYIX)	H***	1.33	0.75(30)	20.75	76.0	1.4	0.2	1.4	3.9	17.2	11.8	11.2
Defense & Aero (67/FSMAX)	H***	1.40	0.75(30)	85.31	1202.3	4.6	1.0	4.6	11.6	21.8	15.1	14.9
Com Equip / DevC (518/FSDCX)	H***	1.85	0.75(30)	21.00	322.3	2.6	1.7	2.6	-9.4	3.9	6.5	9.0
Electronics (8/FSLEX)	H***	1.97	0.75(30)	44.79	1947.1	2.2	-2.9	2.2	-3.3	1.7	-2.3	8.9
Energy (60/FSENX)	H***	2.36	0.75(30)	51.92	2147.1	6.4	6.4	6.4	8.8	31.7	19.7	15.2
Energy Services (43/FSSEX)	H***	2.90	0.75(30)	72.46	1222.0	7.3	8.4	7.3	3.8	30.2	17.5	14.9
Environmental (516/FSLEX)	H***	1.36	0.75(30)	17.27	46.4	-0.1	0.3	-0.1	-6.2	9.5	7.8	2.4
Financial Services (66/FIDSX)	H***↓	1.15	0.75(30)	116.95	541.6	-1.4	-0.3	-1.4	9.1	9.4	8.7	11.7
Con Stap / Food Ag (9/FDFAX)	B****	0.83	0.75(30)	59.97	370.7	4.7	3.2	4.7	20.0	13.5	9.0	9.3
Gold (41/FSAGX)	H***	2.47	0.75(30)	36.38	1476.1	-0.3	-0.4	-0.3	6.5	17.8	20.4	8.8
Health Care (63/FSPHX)	H***	1.03	0.75(30)	126.81	2074.8	1.4	0.0	1.4	4.5	9.8	6.0	10.2
Home Finance (98/FSVLX)	H***	1.22	0.75(30)	46.67	257.0	-6.2	-3.6	-6.2	2.9	1.4	6.6	8.8
Indust Equip (510/FSFGX)	H***	1.35	0.75(30)	31.76	82.7	2.6	0.8	2.6	6.0	13.0	8.6	9.2
Materials / Ind Mat (509/FSDPX)	H***	1.77	0.75(30)	51.74	229.1	9.3	1.6	9.3	18.9	19.8	17.8	11.2
Insurance (45/FSPCX)	B****	0.97	0.75(30)	69.67	244.4	-1.8	0.4	-1.8	9.4	9.8	10.0	14.7
Leisure (62/FDLSX)	H***	1.30	0.75(30)	80.33	258.5	1.4	0.9	1.4	7.1	11.0	9.7	12.5
Medical Delivery (505/FSHCX)	H***	1.32	0.75(30)	51.98	643.9	6.7	1.9	6.7	4.7	23.1	16.0	11.3
Medical Equip/Sys (354/FSMEX)	H***	1.14	0.75(30)	24.14	797.6	4.8	2.0	4.8	8.5	9.5	11.7	
Multimedia (503/FBMPX)	H***	1.12	0.75(30)	47.64	92.9	-0.4	0.7	-0.4	12.0	9.0	9.6	12.6
Natural Gas (513/FSNGX)	H***	2.65	0.75(30)	41.87	1027.8	11.0	5.7	11.0	10.4	30.6	21.3	16.1
Nat Resources (514/FNARX)	H***	2.34	0.75(30)	30.37	958.8	9.0	5.6	9.0	14.0	31.0	19.9	14.6
Networking (912/FNINX)	S***↓	2.03	0.75(30)	2.45	91.7	-0.8	-1.6	-0.8	-11.9	-0.1	-1.9	
Paper & Forest (506/FSFPX)	B****	1.24	0.75(30)	34.13	56.6	5.1	-1.2	5.1	11.5	4.8	4.0	7.2
Pharmaceuticals (580/FPHAX)	B****	1.04	0.75(30)	10.95	195.3	1.5	0.6	1.5	6.7	8.7	4.2	
Retailing (46/FSRPX)	H***	1.50	0.75(30)	55.74	84.1	6.2	1.4	6.2	13.8	13.1	9.7	11.3
Software (28/FSCSX)	B****	1.34	0.75(30)	66.64	925.9	1.6	1.8	1.6	17.8	9.6	8.4	13.9
Technology (64/FSPTX)	H***	1.59	0.75(30)	70.03	1700.3	3.2	0.3	3.2	5.0	5.2	4.6	9.4
Telecom (96/FSSTX)	B****	1.36	0.75(30)	51.60	625.6	6.2	1.4	6.2	17.9	15.8	11.9	7.8
Transportation (512/FSRFX)	S**	1.89	0.75(30)	52.62	104.8	5.0	-0.7	5.0	2.7	19.1	11.8	14.0
Utilities Growth (65/FSUTX)	B****	0.99	0.75(30)	60.89	795.5	9.9	4.5	9.9	31.8	24.0	13.7	10.6
Wireless (963/FWRX)	H***	1.47	0.75(30)	7.19	278.6	2.7	0.8	2.7	2.8	16.7	13.8	

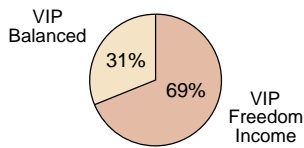
MARCH PERFORMANCE						30-day	2007	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	1.43	1 (30)	17.54	448.0		4.9	1.7	4.9	15.0	13.2	12.0
Canada (309/FICDX)	B****	1.39	1.5(90)	50.27	2947.7		4.2	2.5	4.2	12.4	22.0	21.4
China Region (352/FHKCX)	H***	1.23	1.5(90)	24.32	1022.2		-0.8	1.0	-0.8	19.2	16.7	14.6
Diversified Int'l (325/FDIVX)	B****	1.33	Closed	38.09	48309.4		3.1	2.8	3.1	15.2	18.4	17.4
Emerging Mkts (322/FEMKX)	H***	1.89	1.5(90)	25.28	3525.6		3.6	5.1	3.6	20.8	30.6	24.8
Europe (301/FIEUX)	H***	1.44	1 (30)	40.31	4440.2		2.4	3.3	2.4	15.5	22.8	15.7
Europe Cap Appr (341/FECAX)	H***	1.41	1 (30)	28.51	1437.3		4.5	3.3	4.5	21.8	22.4	16.2
Global Balanced (334/FGBLX)	B****	0.78	1 (30)	22.30	303.2		3.1	1.4	3.1	11.8	11.9	11.7
Int'l Discovery (305/FIGRX)	B****	1.39	1 (30)	39.12	10042.8		3.2	3.1	3.2	16.7	19.8	17.4
Int'l Small Cap (818/FISMX)	H***	1.39	Closed	26.42	1540.5		6.0	3.3	6.0	6.8	22.0	
Int'l Small Cap Opp (1504/FSCOX)	H***	1.87	2 (90)	16.90	1381.5		7.0	2.9	7.0	16.2		
Int'l Value (1597/FIVLX)	B****	1.2 Est	1 (30)	11.57	306.4		3.8	2.5	3.8			
Japan (350/FJPNX)	H***	1.91	1.5(90)	17.80	1848.3		4.3	1.5	4.3	-4.0	11.4	14.3
Japan Smaller Co (360/FJSCX)	H***	1.86	Closed	12.61	995.1		-1.7	-1.2	-1.7	-20.3	4.3	16.0
Latin America (349/FLATX)	S**	2.65	1.5(90)	46.03	3720.1		2.9	5.2	2.9	26.2	44.2	31.4
Nordic (342/FNORX)	H***	1.87	1.5(90)	41.96	621.1		4.9	5.9	4.9	24.0	27.4	20.0
Overseas (94/FOSFX)	H***	1.37	1 (30)	46.39	7756.8		3.5	3.5	3.5	16.1	16.9	14.0
Pacific Basin (302/FPBFX)	H***	1.44	1.5(90)	28.58	1007.2		4.5	3.5	4.5	11.8	18.4	16.9
Southeast Asia (351/FSEAX)	H***	1.66	1.5(90)	28.64	2242.4		4.1	3.5	4.1	29.3	26.3	20.6
Worldwide (318/FWWFX)	H***	1.23	1 (30)	20.81	1390.6		3.5	2.5	3.5	15.0	14.4	11.2
<b>INDEX AND ASSET ALLOCATION:</b>												
Four-In-One Index (355/FFNOX)	H***	0.91	none	30.05	1698.7		1.8	1.2	1.8	11.9	11.0	8.5
NASDAQ Comp (1282/FNCMX)	H***	1.38	0.75(90)	32.53	182.0		0.5	0.3	0.5	4.2	7.2	
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.34	0.75(90)	40.08	2077.9		4.0	1.1	4.0	9.5	13.8	12.3
Spart Int'l Index (399/FSIIX)	B****	1.32	1(90)	45.97	3387.4		4.1	2.8	4.1	20.4	19.7	15.5
Spart 500 Index (317/FSMKX)	B****	1.00	none	98.58	7917.9		0.6	1.1	0.6	11.7	10.0	6.2
Spart Total Mkt Idx (397/FSTMX)	H***	1.06	0.5(90)	40.13	3934.0		1.4	1.1	1.4	11.3	10.9	7.5
Asset Mgr 50% (314/FASMX)	B****↑	0.55	none	16.46	9129.4		2.2	0.7	2.2	8.5	6.4	5.5
Asset Mgr 85% (347/FAMRX)	B****↑	0.94	none	13.71	497.4		2.7	1.3	2.7	10.7	9.8	5.8
Asset Mgr 70% (321/FASGX)	B****↑	0.73	none	16.64	3161.0		2.4	1.1	2.4	8.8	7.0	5.3
Asset Mgr 20% (328/FASIX)	B****	0.28	none	12.78	2283.4		1.6	0.4	1.6	6.6	6.5	6.9
Freedom 2000 (370/FFFBX)	B****	0.34	none	12.65	1653.9		1.5	0.4	1.5	6.7	5.1	4.8
Freedom 2005 (1312/FFVFX)	B****	0.58	none	11.84	822.2		2.0	0.8	2.0	8.3	7.2	
Freedom 2010 (371/FFFCX)	B****	0.60	none	14.89	12794.6		1.8	0.7	1.8	8.2	7.4	6.7
Freedom 2015 (1313/FFVFX)	B****	0.69	none	12.45	4807.3		2.0	0.9	2.0	8.6	8.5	
Freedom 2020 (372/FFFDX)	B****	0.82	none	15.84	17799.4		2.0	1.0	2.0	8.9	9.5	7.7
Freedom 2025 (1314/FFTWX)	B****	0.85	none	13.04	4016.7		2.1	1.0	2.1	9.1	9.9	
Freedom 2030 (373/FFFEY)	B****	0.96	none	16.36	11424.4		2.1	1.1	2.1	9.4	10.6	8.0
Freedom 2035 (1315/FFTHX)	B****	0.97	none	13.48	2324.9		2.2	1.2	2.2	9.5	10.8	
Freedom 2040 (718/FFFFX)	B****	0.99	none	9.68	5650.3		2.1	1.1	2.1	9.7	11.1	8.1
Freedom 2045 (1617/FFFGX)	B****	1.0 Est	none	10.96	128.7		2.0	1.3	2.0			
Freedom 2050 (1618/FFHHX)	B****	1.0 Est	none	10.98	114.8		2.1	1.3	2.1			
Freedom Income (369/FFFAA)	B****	0.28	none	11.66	2346.2		1.6	0.4	1.6	6.5	4.7	4.5
Real Estate Income (833/FRIFX)	H***	0.36	0.75(90)	12.05	657.3		1.7	-0.3	1.7	10.7	8.4	
Real Estate (303/FRESX)	S**	1.55	0.75(90)	37.69	9416.9		3.8	-2.9	3.8	21.3	23.7	22.8
Int'l Real Estate (1368/FIREX)	S**	1.41	1.5(90)	17.34	1390.1		4.6	2.9	4.6	30.8		
<b>TAXABLE BOND FUNDS:</b>												
Capital & Income (38/FAGIX)	H***	0.26	1(90)	9.04	8264.0	5.82	3.1	0.8	3.1	12.6	10.8	13.9
Floating Rate (814/FFRHX)	B****	0.04	1(60)	9.96	3193.4	6.53	1.7	0.3	1.7	6.4	5.2	
Focused High Inc (1366/FHIFX)	H***	0.13	1(90)	10.28	53.2	6.24	2.2	0.4	2.2	9.1		
GNMA Portfolio (15/FGMNX)	H***	0.24	none	10.78	3295.2	5.06	1.4	0.2	1.4	6.0	3.5	4.4
Gov't Income (54/FGOVX)	H***	0.26	none	10.07	6252.4	4.50	1.4	0.1	1.4	5.8	2.7	4.8
High Income (455/SPHIX)	H***	0.14	1(90)	9.12	4803.0	6.74	2.4	0.5	2.4	10.3	8.3	10.7
Inflation-Protected (794/FINPX)	H***	0.41	none	10.89	1305.0	2.38	2.2	0.1	2.2	4.7	2.6	
Intermed Bond (32/FTHRXX)	H***	0.21	none	10.30	8110.0	4.78	1.5	0.1	1.5	6.1	2.8	5.0
Intermed Gov't Inc (452/FSTGX)	H***	0.21	none	10.01	717.7	4.41	1.4	0.3	1.4	5.5	2.2	4.2
Invest Grade Bond (26/FBNDX)	H***	0.26	none	7.38	11404.9	4.96	1.3	0.0	1.3	6.6	3.6	5.5
Mortgage Securities (40/FMSFX)	H***	0.24	none	11.03	1583.3	5.19	1.1	0.3	1.1	6.1	3.6	4.8
New Markets Inc (331/FNMIX)	H***	0.33	1(90)	14.90	2287.9	5.77	2.1	1.0	2.1	10.4	11.4	14.5
Short-Term Bond (450/FSHXX)	H***	0.12	none	8.87	7073.7	4.90	1.1	0.3	1.1	5.2	2.8	3.9
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.5 Est	none	9.94	608.1	4.46	1.6	-0.1	1.6	6.3		
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.3 Est	none	9.79	9.3	4.68	0.9	-1.1	0.9	6.4		
Spart S-Term Tr Idx (1563/FSBIX)	H***	0.1 Est	none	10.02	26.5	4.47	1.4	0.3	1.4	5.1		
Strategic Income (368/FSICX)	H***	0.20	none	10.65	4495.5	5.44	1.7	0.3	1.7	8.5	6.8	9.8
Strategic Real Rtn (1505/FSRRX)	H***	0.49	0.75(60)	10.42	3630.0	4.41	2.7	0.1	2.7	8.0		
Total Bond (820/FTBFX)	H***	0.23	none	10.48	3391.9	5.03	1.4	0.0	1.4	6.8	4.0	
Ultra-Short Bond (812/FUSFX)	B****	0.05	0.25(60)	9.98	1047.4	4.99	0.9	0.1	0.9	4.8	3.2	
US Bond Index (651/FBIDX)	H***	0.26	none	10.90	6806.5	4.89	1.5	-0.1	1.5	6.5	3.3	5.5
<b>MUNICIPAL BOND FUNDS:</b>												
AZ Municipal Inc (434/FSAAZ)	H***	0.19	0.5(30)	11.37	119.7	3.44	0.6	-0.4	0.6	5.2	3.2	5.1
CA Municipal Inc (91/FCTFX)	H***	0.17	0.5(30)	12.33	1607.7	3.57	0.7	-0.2	0.7	5.1	3.9	5.4
CA Short-Int TF (1534/FCSTX)	B****	0.10	0.5(30)	10.07	101.7	3.29	0.9	0.2	0.9	4.1		
CT Municipal Inc (407/FICNX)	H***	0.17	0.5(30)	11.30	438.5	3.42	0.7	-0.1	0.7	4.8	2.8	4.8
FL Municipal Inc (427/FFLIX)	H***	0.16	0.5(30)	11.40	441.3	3.57	0.7	-0.1	0.7	5.0	3.4	5.1
Intermediate Muni (36/FLTMX)	H***	0.14	0.5(30)	9.94	2030.4	3.56	0.7	-0.1	0.7	4.6	3.1	4.9
MA Municipal Inc (70/FDMMX)	H***	0.19	0.5(30)	11.87	1879.2	3.57	0.7	-0.4	0.7	5.3	3.8	5.5
MD Municipal Inc (429/SMDMX)	H***	0.18	0.5(30)	10.83	119.8	3.48	0.6	-0.2	0.6	5.0	3.2	4.8
MI Municipal Inc (81/FMHTX)	H***	0.17	0.5(30)	11.77	582.3	3.49	0.6	-0.3	0.6	5.0	3.3	5.2
MN Municipal Inc (82/FIMIX)	H***	0.16	0.5(30)	11.33	336.5	3.48	0.7	-0.2	0.7	4.8	3.2	4.8
Municipal Income (37/FHIGX)	H***	0.18	0.5(30)	12.72	4761.6	3.61	0.7	-0.3	0.7	5.2	3.9	5.8
NJ Municipal Inc (416/FNJHX)	H***	0.19	0.5(30)	11.49	593.1	3.48	0.7	-0.4	0.7	5.4	3.6	5.3
NY Municipal Inc (71/FTFMX)	H***	0.19	0.5(30)	12.74	1425.4	3.51	0.5	-0.4	0.5	4.9	3.6	5.5
OH Municipal Inc (88/FOHFX)	H***	0.18	0.5(30)	11.54	423.3	3.43	0.7	-0.3	0.7	5.1	3.6	5.4
PA Municipal Inc (402/FPXTX)	H***	0.15	0.5(30)	10.74	307.9	3.41	0.8	-0.2	0.8	4.7	3.3	5.0
Short-Int Municipal (404/STTFX)	B****	0.09	0.5(30)	10.20	1495.9	3.31	0.9	0.3	0.9	3.7	1.9	3.1
Tax-Free Bond (90/FTABX)	H***	0.19	0.5(30)	10.76	543.2	3.68	0.7	-0.3	0.7	5.4	4.0	6.0

MARCH PERFORMANCE Indexes and Model Portfolios	Risk	Value	2007 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.96	12354.35	-0.3	0.8	-0.3	13.8	8.5	5.8	8.6
S&P 500	1.00	1420.86	0.6	1.1	0.6	11.8	10.1	6.3	8.2
NASDAQ	1.37	2421.64	0.4	0.3	0.4	4.2	7.4	6.2	7.6
Russell 2000	1.69	800.71	1.9	1.0	1.9	5.9	12.0	10.9	10.2
Fidelity Monitor Income Model	0.25	87511.72	1.4	0.4	1.4	6.6	4.8	5.9	5.2
Fidelity Monitor G&I Model	0.70	181157.13	1.7	0.8	1.7	11.0	10.4	11.1	10.3
Fidelity Monitor Growth Model	1.11	201843.27	1.5	1.1	1.5	11.8	12.3	11.5	10.2
Fidelity Monitor Select System	1.33	376240.85	4.8	2.1	4.8	9.4	12.5	11.7	12.2
Fidelity Monitor Unique Opportunities	1.23	129916.51	2.6	2.2	2.6	10.1	17.4	17.7	

## VIP CORNER

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

### VIP INCOME MODEL

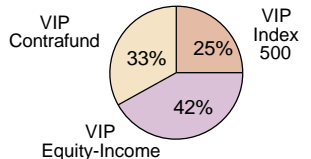


#### PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	2001: - 3.4%
1994: - 3.8%	2002: + 7.3%
1995: +16.9%	2003: + 9.9%
1996: + 6.9%	2004: + 5.1%
1997: +10.9%	2005: + 1.8%
1998: + 0.4%	2006: + 6.1%
1999: + 0.8%	<b>*2007: + 1.9%</b>
2000: - 2.4%	

### VIP GROWTH MODEL

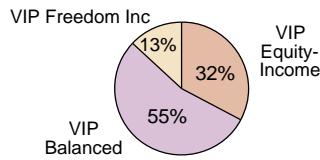


#### PAST PERFORMANCE

Starting Balance: \$10,000

1993: +20.6%	2001: -14.0%
1994: + 4.6%	2002: -21.7%
1995: +36.1%	2003: +30.0%
1996: +16.1%	2004: + 7.0%
1997: +23.5%	2005: +10.1%
1998: +22.6%	2006: +14.5%
1999: +22.1%	<b>*2007: + 1.5%</b>
2000: -10.3%	

### VIP G & I MODEL

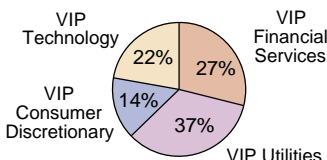


#### PAST PERFORMANCE

Starting Balance: \$10,000

1994: - 2.3%	2001: + 3.1%
1995: +26.4%	2002: - 9.4%
1996: +12.8%	2003: +20.8%
1997: +21.4%	2004: + 6.3%
1998: +15.1%	2005: + 4.5%
1999: + 6.1%	2006: +11.6%
2000: - 4.9%	<b>*2007: + 2.0%</b>

### VIP SECTOR MODEL



#### PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2006: +17.7%
2004: + 6.3%	<b>*2007: + 4.2%</b>
2005: +14.0%	

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

MARCH VIP PERFORMANCE Portfolio	Rating	PRA Value	RR Value	2007 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	11.39	11.95	2.1	0.0	2.1	3.8		
VIP Asset Manager	H ***	11.15	35.12	1.9	1.0	1.9	5.7	5.0	4.5
VIP Asset Manager: Growth	H ***	11.13	22.95	2.0	1.3	2.0	4.6	5.0	4.0
VIP Balanced	B ****↑	11.95	17.79	2.9	0.9	2.9	9.3	7.5	5.8
VIP Cons Disc (Consumer Indust)	B ****	11.74	12.93	3.7	1.4	3.7	11.0	7.7	4.9
VIP Contrafund	B ****	12.05	44.88	1.3	1.3	1.3	7.4	12.9	10.7
VIP Industrials (Cyclical Industries)	H ***	12.24	17.70	1.2	0.1	1.2	3.6	16.8	11.4
VIP Disciplined Small Cap	H ***	10.38	10.34	2.3	1.5	2.3			
VIP Dynamic Capital Appreciation	B ****	12.69	15.43	2.3	1.1	2.3	6.7	12.1	
VIP Equity-Income	B ****↓	12.40	69.47	0.9	1.0	0.9	14.6	11.2	7.5
VIP Financial Services	B ****	12.22	14.92	-1.6	-0.4	-1.6	8.4	8.8	8.0
VIP Freedom 2005	B ****	11.44	11.63	2.0	0.9	2.0	8.3		
VIP Freedom 2010	B ****	11.45	11.67	2.0	0.9	2.0	8.4		
VIP Freedom 2015	B ****	11.67	11.96	2.1	0.9	2.1	9.0		
VIP Freedom 2020	B ****	11.85	12.20	2.3	1.2	2.3	9.5		
VIP Freedom 2025	B ****	11.93	12.34	2.3	1.2	2.3	9.7		
VIP Freedom 2030	B ****	12.07	12.52	2.5	1.3	2.5	10.1		
VIP Freedom Income	B ****	10.97	11.02	1.5	0.3	1.5	6.3		
VIP FundsManager 20	B ****	10.64	10.59	1.6	0.4	1.6			
VIP FundsManager 50	B ****	10.81	10.76	2.0	0.6	2.0			
VIP FundsManager 70	B ****	10.92	10.87	2.2	0.9	2.2			
VIP FundsManager 85	B ****	10.97	10.91	2.4	1.1	2.4			
VIP Growth	H ***	11.08	61.45	1.3	1.0	1.3	3.1	4.6	1.4
VIP Growth & Income	B ****	11.99	19.76	1.2	1.3	1.2	8.6	8.4	5.4
VIP Growth Opportunities	H ***	11.69	14.17	4.6	2.5	4.6	7.2	7.9	4.9
VIP Growth Stock	H ***	10.50	10.72	1.0	0.3	1.0	-1.8		
VIP Health Care	H ***	11.12	12.91	1.2	0.4	1.2	4.9	9.6	5.6
VIP High Income	H ***	11.51	32.27	2.5	0.4	2.5	10.4	7.3	10.1
VIP Index 500	H ***	11.81	38.30	0.4	1.0	0.4	10.9	9.0	5.3
VIP Int'l Capital Appreciation	H ***	12.90	13.56	4.9	1.6	4.9	13.4		
VIP Investment Grade Bond	H ***	10.60	29.68	1.3	-0.1	1.3	5.6	2.5	4.7
VIP Mid Cap	B ****	12.32	22.11	2.7	1.0	2.7	5.4	16.4	14.6
VIP Money Market		10.71	20.73	1.1	0.4	1.1	4.3	2.6	1.7
VIP Energy (Natural Resources)	H ***	13.55	23.46	6.4	6.4	6.4	8.7	28.4	18.4
VIP Overseas	H ***	13.61	42.69	4.2	3.9	4.2	14.6	15.5	12.5
VIP Real Estate	S **	14.66	23.32	2.9	-3.2	2.9	21.7	23.6	
VIP Strategic Income	H ***	11.04	12.09	1.5	0.2	1.5	7.5		
VIP Technology	B ****	11.81	11.02	1.5	0.2	1.5	-2.5	6.1	4.7
VIP Utilities (Telecom & Utilities)	B ****	14.56	14.67	10.5	4.6	10.5	33.5	24.0	13.2
VIP Value	B ****	12.28	12.67	4.4	0.6	4.4	13.4		
VIP Value Leaders	B ****	12.24	12.66	2.3	1.4	2.3	11.0		
VIP Value Strategies	B ****	12.76	16.22	7.1	1.6	7.1	15.4	10.0	
Fidelity Monitor VIP Income Model			20196.39	1.9	0.5	1.9	7.2	4.2	6.4
Fidelity Monitor VIP G&I Model			25734.94	2.0	0.8	2.0	9.6	7.6	6.8
Fidelity Monitor VIP Growth Model			38471.93	1.5	1.1	1.5	9.7	10.5	6.7
Fidelity Monitor VIP Sector Model			19482.26	4.2	1.9	4.2	13.0	13.5	

Our Apologies: FundsManager Data Was Incorrect Last Month

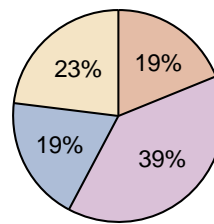
## INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Puritan	\$20.22	812.797	\$16434.76
Asset Mgr 20%	\$12.78	2684.074	\$34302.47
Ultra-Short Bond	\$9.98	1654.571	\$16512.62
Floating Rate	\$9.96	2034.324	\$20261.87

9% Foreign Holdings	<b>Balance as of 3/30/07:</b>	<b>\$87511.72</b>
	<b>Balance at start of 2007:</b>	<b>\$86264.24</b>

Floating Rate High Income  
814/FFRHX



Puritan 4/FPURX

Asset Mgr 20% (Income) 328/FASIX

### PAST PERFORMANCE

Starting Balance: \$35,000

1992: +10.1%	2000: + 0.3%
1993: +11.3%	2001: + 5.6%
1994: - 2.1%	2002: + 5.4%
1995: +14.8%	2003: + 8.4%
1996: + 9.0%	2004: + 4.2%
1997: +10.5%	2005: + 3.6%
1998: + 3.5%	2006: + 6.9%
1999: + 3.0%	

**2007 YTD: + 1.4%**

Our Income Model gained 0.4% for the month of March.

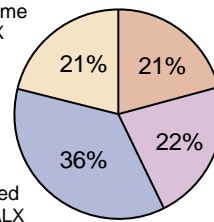
## GROWTH AND INCOME MODEL

Our Growth and Income Model aims for long-term growth of 10% per year from stocks and bonds.

FUND	NAV	SHARES	BALANCE
Asset Mgr 20%	\$12.78	2926.369	\$37399.00
Puritan	\$20.22	2019.244	\$40829.11
Balanced	\$20.03	2244.229	\$44951.91
Equity-Income	\$58.23	995.657	\$57977.11

9% Foreign Holdings	<b>Balance as of 3/30/07:</b>	<b>\$181157.13</b>
	<b>Balance at start of 2007:</b>	<b>\$178097.11</b>

Equity-Income 23/FEQIX



Asset Mgr. 20% (Inc) 328/FASIX

As of 4/16

Balanced 304/FBALX

Puritan 4/FPURX

### PAST PERFORMANCE

Starting Balance: \$50,000

1994: - 3.7%	2001: + 1.3%
1995: +21.6%	2002: - 6.4%
1996: +15.8%	2003: +33.0%
1997: +18.7%	2004: +11.5%
1998: +11.1%	2005: + 8.2%
1999: +12.2%	2006: +13.7%
2000: + 2.7%	

**2007 YTD: + 1.7%**

For March our Growth and Income Model gained 0.8%. On 4/16 we will sell one-third of **Equity-Income** and buy **Balanced**.

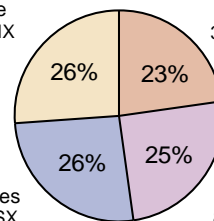
## GROWTH MODEL

Our Growth Model aims for long-term growth of 13% per year. The model focuses on domestic funds and strives to hold profitable positions for at least a year.

FUND	NAV	SHARES	BALANCE
Spartan 500 Index	\$98.58	472.682	\$46596.99
Value Discovery	\$18.05	2801.678	\$50570.29
Equity-Income	\$58.23	1797.630	\$104675.99

8% Foreign Holdings	<b>Balance as of 3/30/07:</b>	<b>\$201843.27</b>
	<b>Balance at start of 2007:</b>	<b>\$198855.65</b>

Equity-Income 23/FEQIX



Spartan 500 Index 317/FSMKX

As of 4/16

Value Strategies 14/FSLSX

Value Discovery 832/FVDFX

### PAST PERFORMANCE

Starting Balance: \$15,000

1987: + 2.8%	1997: +25.5%
1988: +26.0%	1998: + 9.9%
1989: +30.4%	1999: +29.0%
1990: - 4.4%	2000: -10.8%
1991: +40.6%	2001: - 6.4%
1992: +15.7%	2002: -17.1%
1993: +31.9%	2003: +46.1%
1994: - 2.1%	2004: +12.4%
1995: +27.2%	2005: +11.2%
1996: +19.2%	2006: +15.7%

**2007 YTD: + 1.5%**

Our Growth Model gained 1.1% in March, matching the S&P 500's return. On 4/16 we will sell one-half of **Equity-Income** and buy **Value Strategies**.

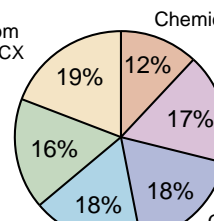
## SELECT SYSTEM

Our Select System uses a volatility model to identify attractive sectors, and aims for growth of 14% per year.

FUND	NAV	SHARES	BALANCE
Chemicals	\$71.45	638.713	\$45636.05
Insurance	\$69.67	901.795	\$62828.06
Consumer Staples	\$59.97	1147.172	\$68795.90
Utilities Growth	\$60.89	1119.244	\$68150.77
Software	\$66.64	920.627	\$61350.57
Telecom	\$51.60	1346.502	\$69479.50

15% Foreign Holdings	<b>Balance as of 3/30/07:</b>	<b>\$376240.85</b>
	<b>Balance at start of 2007:</b>	<b>\$359086.92</b>

Telecom 96/FSTCX



Chemicals 69/FSCHX

Insurance 45/FSPCX

Software 28/FSCSX

Utilities Growth 65/FSUTX

Consumer Staples 9/FDFAX

### PAST PERFORMANCE

Starting Balance: ~\$25,000

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

**2007 YTD: + 4.8%**

Our Select System gained 2.1% in March, versus 1.1% for the S&P 500. On 3/12 we sold **Energy** (\$49.06), buying **Software** (\$65.81) with a quarter of the proceeds, and **Chemicals** (\$71.20) with the rest.

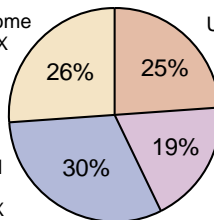
## UNIQUE OPPORTUNITIES MODEL

Aims for a long-term return of 12% by emphasizing value, inflation protection, and foreign opportunities.

FUND	NAV	SHARES	BALANCE
Utilities Growth	\$60.89	522.428	\$31810.64
Int'l Value	\$11.57	2177.189	\$25190.08
Spartan 500 Idx	\$98.58	311.673	\$30724.72
Equity-Income	\$58.23	724.559	\$42191.07

22% Foreign Holdings	<b>Balance as of 3/30/07:</b>	<b>\$129916.51</b>
	<b>Balance at start of 2007:</b>	<b>\$126671.24</b>

Equity-Income 23/FEQIX



Utilities Growth 65/FSUTX

As of 4/16

Leveraged Company 122/FLVCCX

Int'l Value 1597/FIVLX

### PAST PERFORMANCE

Starting Balance: \$50,000

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

**2007 YTD: + 2.6%**

For the month of March our Unique Opportunities Model gained 2.2%. On 4/16 we will sell all of **Spartan 500 Index** and one-fifth of **Equity-Income**, buying **Leveraged Company**.

**STRATEGIC DIVIDEND & INCOME**

This fund carries slightly more risk than other asset allocation funds because it doesn't include investment grade bonds. With its current volatility score of about 0.9, it's outside the ideal zone on the risk-reward curve.

Still, it may be worth considering as a lower-risk alternative to a growth fund. **Strategic Dividend & Income** blends four conservative asset classes: dividend stocks, real estate securities, preferred stocks, and convertibles. The neutral mix for these groups is 50/15/20/15. Currently, the fund is a bit heavy on the real estate side and slightly underweight in the other groups (owing to its 9% cash position).

Even though we are somewhat bearish on the real estate sector, many of the fund's REIT positions are income-oriented, which should help soften any blows that come along. More importantly, Fidelity has a nice advantage in research when it comes to convertibles and preferred stock. ■

## Happenings

Several manager changes took place on 3/1. Stephen DuFour is picking stocks at **Focused Stock**, Gavin Baker has taken over at both **Wireless** and **Telecommunications**, Stavros Koutsantonis has been appointed to **Environmental**, and Vincent Montemaggiore is heading **Industrial Equipment**. ■

**MARCH DISTRIBUTIONS**

<b>Asset Manager 20%</b>	\$ 0.039/\$12.69 (3/2)
<b>Equity-Income</b>	\$ 0.92 / \$56.80 (3/2)
<b>Freedom Income</b>	\$ 0.03 / \$11.57 (3/2)
<b>Large Cap Growth</b>	\$ 0.213/\$11.13 (3/2)
<b>Large Cap Value</b>	\$ 0.29 / \$14.54 (3/2)
<b>MA Municipal Income</b>	\$ 0.01 / \$11.85 (3/2)
<b>Mid Cap Value</b>	\$ 0.33 / \$16.78 (3/2)
<b>MA Municipal Income</b>	\$ 0.013/\$11.97 (3/2)
<b>NY Municipal Income</b>	\$ 0.009/\$12.84 (3/2)
<b>Real Estate</b>	\$ 0.05 / \$37.68 (3/2)
<b>Real Estate Income</b>	\$ 0.10 / \$12.03 (3/2)
<b>Tax-Free Bond</b>	\$ 0.004/\$10.84 (3/2)

Funds that are scheduled in April include **Asset Manager 20%**, **Asset Manager 50%**, **Balanced**, **CA Muni Income**, **Convertible Securities**, **Equity-Income**, **Equity-Income II**, **Fidelity Fund**, **Four-In-One Index**, **Freedom Income**, **Growth & Income**, **Growth & Income II**, **Puritan**, all **Select Portfolios**, **Spartan Extended Market Index**, **Spartan International Index**, **Spartan Total Market Index**, **Strategic Dividend & Income**, **Strategic Real Return**, and **Utilities Fund**.

**Nordic** gained 5.9% on a strong showing for Ericsson and Nokia. **Latin America** and **Emerging Markets** were helped by a rebound in oil prices, posting respective increases of 5.2% and 5.1%. In contrast, **China Region** rose 1.0%, and **Japan Smaller Companies** declined 1.2%.

**GROWTH & INCOME FUNDS**

Growth and Income Model holdings are listed on page 7. Favorites include **Balanced**, **Equity-Income**, and **Puritan**. For less risk, consider **Asset Manager 20%**. **Equity-Income** and **Puritan** were downgraded to a four-star buy rating because of their overweighted financial stock position.

**Utilities** gained 4.1%, **Fidelity Fund** moved up 1.8%, and **Growth & Income II** returned 1.3%. On the flip side, **Puritan** rose 0.7%, **Strategic Dividend & Income** edged up 0.6%, and **Growth & Income** slipped 0.3%.

**BOND FUNDS**

Income Model holdings are listed on page 7. **Ultra-Short Bond** offers a yield slightly higher than a money market fund, but carries only minimal interest rate risk. **Floating Rate High Income** offers an income stream on par with junk bond funds, but has only a fraction of the credit risk.

The Fed's shift in stance improved the outlook for high yield bonds. **New Markets Income** gained 1.0%, and **Capital & Income** rose 0.8%. On the bottom end, **Spartan Long-Term Treasury Index** was off 1.1% due to rising long-term interest rates.

Among Munis, the short-intermediate funds finished ahead of breakeven, but other funds posted declines ranging from 0.1% to 0.4%.

**SELECT PORTFOLIOS**

Select System holdings are listed on page 7. Funds rated buy include **Utilities Growth**, **Consumer Staples**, **Software**, **Telecom**, **Paper & Forest**, **Chemicals**, **Insurance**, and **Pharmaceuticals**. We downgraded **Banking** and **Financial Services** because the sub-prime situation could slow earnings.

Concerns about Iran and a greater number of springtime refinery glitches gave energy stocks a boost. **Energy Services** jumped 8.4%, **Energy** was up 6.4%, **Natural Gas** climbed 5.7%, and **Natural Resources** rose 5.6%. Also doing well was **Utilities Growth**, up 4.5% with only a fraction of the energy group's risk. In contrast, **Construction & Housing**, **Biotechnology**, and **Electronics** all lost 2.9%, and **Home Finance** was down 3.6%. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reserves (55/FDRXX)	90099.0	5.00	CT MM (418/FCMXX)	1657.0	3.19			
Select MM (85/FSLXX)	2541.6	0.00	MA MM (74/FDMXX)	5019.5	3.19	FL MM (428/FSFXX)	1496.2	3.26
Money Market (454/SPRXX)	7248.8	5.02	MI MM (420/FMIXX)	845.9	3.16	MA AMT TF (426/FMSXX)	1879.5	3.28
Gov't MM (458/SPAXX)	489.5	5.00	NJ MM (417/FNJXX)	1979.3	3.22	AMT Tax-Free (460/FIMXX)	3254.5	3.38
US Treas. MM (415/FDLXX)	1774.9	4.71	NY MM (92/FNYXX)	4651.4	3.20	NJ AMT TF (423/FSJXX)	1291.4	3.32
Tax-Free MM (275/FMOXX)	3167.2	3.29	OH MM (419/FOMXX)	971.8	3.24	NY AMT TF (422/FSNXX)	2361.6	3.28
US Gov't Reser (50/FGRXX)	3160.4	5.03	AZ MM (433/FSAXX)	301.5	3.22	PA MM (401/FPTXX)	576.3	3.23
CA MM (97/FCFXX)	4743.3	3.18	CA AMT TF (457/FSPXX)	3207.4	3.29	Municipal MM (10/FTEXX)	18137.7	3.32