

Keeping It Simple

Fidelity has expanded its successful Freedom series, adding funds with target dates of 2005, 2015, 2025, and 2035. The new portfolios make it easier to pick a target date that aligns with a key financial event, such as retirement or college enrollment.

The **Freedom** approach, introduced about seven years ago, has delivered on its promise of simplicity, consistency, and broad diversification. It's well-suited for anyone who wants a single long-term investment choice for themselves or a family member.

Buying a Freedom fund is not like investing in a regular mutual fund. These portfolios are considered "lifecycle" funds, meaning their holdings gradually become more conservative as the target date draws near. Shareholders are relieved of the ongoing risk management function, because it's built-in. The asset mix is adjusted in a highly structured fashion, with more control and discipline than most investors would have on their own.

The Freedom group uses a "fund-of-funds" structure. Rather than investing directly in stocks and bonds, the assets are placed in other Fidelity mutual funds. By leaving the job of security selection to the underlying funds, fund manager Ron Cheng

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Select System, VIP Sector Trades

On Tuesday, 12/16, our Select System and VIP Sector Model will make several trades. Place these trades after the Monday close to match the models (we are trading on this date to avoid payouts on new positions and qualify for long-term gains in the Select System). For the Select System, we'll sell **Developing Communications** (FSDCX) and buy **Banking** (FSRBX). Also, we'll sell **Biotechnology** (FBIOX) and buy **Medical Equipment & Systems** (FSMEX). Finally, we'll sell **Energy Services** (FSESX) and buy **Energy** (FSENX). The resulting mix will be roughly 11% **Energy**, 21% **Banking**, 19% **Medical Equipment & Sys.**, 18% **Software**, 16% **Technology**, and 15% **Computers**. For our VIP Sector Model we'll sell half of **VIP Technology**, splitting the proceeds evenly between **VIP Financial Ser.**, **VIP Health Care**, and **VIP Nat. Resources**.

Review & Recommendations

November brought fresh evidence of robust productivity growth and continued signs that the economy is rebounding strongly. However, overseas terrorism fears and the possibility of trade sanctions against the U.S. kept the market from rallying much after last month's strong showing. The S&P 500 finished with a gain of 0.9%.

A weak dollar is normally good news for many corporations, because it boosts foreign earnings and makes exported goods more competitive on the global front. But in the short run, it may drive off foreign investors because of the losses that are seen on U.S. holdings when local currency effects are factored in. Furthermore, the current trade dispute could have a negative impact on stock values if it escalates to where sanctions are placed on high-value exports.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorites include **Capital Appreciation**, **Low-Priced Stock**, **Leveraged Company Stock**, **Export & Multinational**, and **Mid-Cap Stock**.

Small-cap funds did well, partly because of the strong economy, but also because most small stocks are insulated from trade disputes and foreign selling activity. **Leveraged Company** gained 4.6%, **Small Cap Stock** rose 4.0%, and **Small Cap Independence** climbed 3.8%. Large-cap funds were on the weak side. On the bottom end were **Capital Appreciation**, declining 0.2% because of weakness in its Japanese holdings, **Independence** which pulled back 0.3%, and **Fidelity Fifty** with a 1.0% loss.

INTERNATIONAL FUNDS

Diversified International is our favorite for broad-based foreign stock exposure. Go with **Int'l Small Cap** to bet on a global economic rebound.

A decline in the dollar helped increase the value of some European funds, and the stocks of NAFTA partners got a boost due to the threat of overseas trade sanctions against the U.S. **Europe** was up 6.4%, **Latin America** climbed 4.6%, **Canada** rose 3.7%, and **Nordic** gained 3.5%. Japanese stocks pulled back on terrorism fears and concern over the weak dollar. **Japan** declined 3.5%, and **Japan Smaller Companies** was down 6.4%.

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can focus primarily on the job of asset allocation.

So far it's been a winning combination, not only because the **Freedom** funds have a lower expense ratio than most "fund-of-funds" offerings, but also because the asset allocation rules in this group are well-structured and conservative. Fidelity learned an important lesson in the mid-1990s, when Bob Beckwith's **Asset Manager** strategy backfired due to poor risk management. That lesson has been taken to heart with the **Freedom** family - so much so that a Freedom fund is rebalanced if its portfolio deviates even a small amount from its targeted mix.

HOW IT WORKS

Let's use **Freedom 2040** as an example, since its target date is more than 35 years into the future. This fund currently holds 74% in domestic stock funds, 15% in foreign stock funds, and 11% in high-yield bond funds. When investing for several decades, it makes sense to focus mainly on stocks so that long-term returns are maximized. Granted, a bear market could do a lot of damage in the short run, but there's more than enough time to recover.

Ten years down the road, **Freedom 2040**'s mix of funds will become a little more conservative as assets are shifted away from foreign stocks and high-yield bonds, and into investment grade bonds. A decade from now it will look a lot like **Freedom 2030** does today, with 69% in domestic stock funds, 13% foreign stocks, 9% in high-yield bonds, and 9% in investment grade bonds. Stocks are still the main focus because they usually provide the best returns over a period of 20 years or more, but an 18% bond position helps cut downside exposure.

Two decades from now, **Freedom 2040** will become noticeably more conservative. The portfolio will look something like a balanced fund in order to more fully cushion against a major stock-market decline. The asset mix will shift to roughly 60% domestic stock funds, 11% foreign stock funds, 9% high yield bond funds, and 20% investment-grade bond funds (similar to **Freedom 2020** today).

Thirty years in the future, **Freedom 2040**'s cash and bond holdings will outflank its stock holdings. With only 6 years until its target date, bonds and cash provide the stability that's necessary to preserve prior gains. Granted, a bear market in either stocks or bonds could still hurt, but odds are any losses will be limited, allowing for recovery ahead of the target date. Asset mix will likely be similar to present-day **Freedom 2010**: 42% domestic stock, 6% foreign

stock, 6% high-yield, 38% investment-grade bond, and 8% money market.

As **Freedom 2040** closes in on its target year, stock funds and high-yield bond funds will continue to be liquidated for cash. By 2040, the approximate mix of assets will be 31% domestic stock funds, 3% foreign stock funds, 3% high-yield bond funds, 40% investment grade bond funds, and 23% money market. This blend is hardly risk-free, but is sufficiently conservative for an investor who is entering retirement or a future grandchild who is starting college.

Freedom 2040 continues to cut equity exposure and raise cash a few years beyond its target date, with the ultimate goal of holding 20% stock funds, 40% investment-grade bond funds, and 40% money market. When it gets there, the fund will likely merge into **Freedom Income**, which has a similar mix and is designed for investors already well into retirement.

CONSIDERATIONS

The management fee for the Freedom group is 0.1%, and is temporarily being capped at 0.08%. Along with the underlying funds, the total expense burden ranges between 0.7% and 1.0%. It's possible to find other asset allocation funds that run leaner, but the overall combination of moderate fees and above-average potential makes these funds a solid bet.

As for fund distributions, the Freedom group has been reasonably tax-efficient. Payouts have been higher than stock index funds, but lower than actively managed funds. Currently, most distributions come from underlying funds. (Note: the upcoming payout date is 12/26, so delay taxable purchases until then.)

This could change as the funds approach their target retirement date. As inflows dwindle and redemptions pick up, distributions might increase. But at that point, most **Freedom** shareholders will likely be in retirement or college, and should be in a lower tax bracket. Furthermore, the overall tax bite should be no worse than liquidating any other long-term position that has substantial unrealized gains.

The Freedom family currently uses eight funds for domestic stock fund exposure: **Equity-Income, Disciplined Equity, Growth & Income, Fidelity Fund, Blue Chip Growth, Growth Company, Mid-Cap Stock, and OTC Portfolio**. As such, stock-fund performance is heavily skewed toward large-caps. This may be somewhat of a drawback near term, but over a decade or more it should not be a problem. Fidelity could always revise its asset mix targets or change the underlying fund choices. So far most adjustments have occurred in small steps.

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In sum, the Freedom family may be just the ticket for anyone looking to put some of their money on “auto-pilot.” When investing over long periods of time, asset mix is usually the most important factor. **Freedom 2040** may never top the performance charts, but it will benefit from compounding. If we assume 9% per year in an IRA account, \$10,000 invested now could potentially grow to \$224,000 by the time the fund reaches its target date. Even if inflation runs 4%, that’s like having \$54,000 in today’s dollars. ■

Sector Update

The results from our latest Relative Sector Volatility Model are summarized on the lower right. This ranking forms the basis for our Select System and VIP Sector Model. In this update, technology sectors continue to dominate the top spots, whereas labor-intensive industries with weak productivity growth are tending to cluster near the bottom end.

Last June we made two Select System trades. Adding **Developing Communications** turned out to be a good move, but taking on **Energy Services** was a losing bet (Collectively, the two funds may still finish ahead of the S&P 500). One of our reasons for adding **Energy Services** was to allow for diversification. Given such a heavy bet on technology, we wanted something that would hold its value if technology stocks hit tough times. **Energy Services** seemed a good match at the time. It scored well in our volatility ranking, and it tended to move opposite of the tech sectors. We viewed it as a form of “insurance” for our aggressive stance. In hindsight, given strong technology gains, it was insurance we didn’t need.

The prospect of remaining heavily overweighted in technology stocks for a second year has prompted us to seek out a more effective means for limiting the Select System’s overall risk. Specifically, we have been looking at ways to achieve better balance by modifying our pool of eligible candidates (these are the sectors shown in bold in the ranking table).

After backtesting a number of different scenarios, it’s become clear that within each industry group, the highest-priced sectors add little value to the Select System over the long run. In contrast, the lower-priced sectors are an essential part of the success formula. This occurs because our volatility model tends to pick up on out-of-favor industry groups. In almost any down-and-out situation, the hardest hit stocks usually have the most upside potential. Because Fidelity does a good job of screening out losing stocks, sooner or later most out-of-favor Selects become strong performers. The main job of our volatility

model is to flag the turning point. Sometimes we’re too early, sometimes we’re late, but occasionally we’re close to the mark – as was the case for our plunge into technology a year ago.

With those thoughts in mind, following are the changes we’re making to nudge the Select System toward a less expensive sector mix. Our backtest indicates that long-term returns will change very little, meaning that we stand to improve upon risk-adjusted performance. Even with these changes, the Select System will remain aggressively positioned, with technology representing about 50% of assets as we enter 2004. But compared with our current risk level, we won’t be quite as far out on the limb.

In the technology group, we’ve reduced the number of possible candidates to four by removing **Developing Communications** from our pool. The fund is typically the highest-priced technology sector, and it adds the least value in our backtests. This change means the Select System will be picking up **Banking**, which has the next-best volatility score among eligible candidates. It’s entirely possible that **Developing Communications** will continue to outperform **Banking**. However, with three other technology sectors in the portfolio, tech stocks are still well-represented. **Banking** remains one of the more attractive value-oriented choices. A steep yield curve continues to give banks a profitable lending spread, and the strengthening economy should more than make up for any fall-off in refinancing activity.

Among health care Selects, **Biotechnology** has been removed from the pool. This sector is the highest-priced and least predictable of the group.

SECTOR UPDATE - *Continued on page 8*

VOLATILITY AS % OF HISTORICAL

Biotechnology	54%	Insurance	81%
Software	56%	Brokerage	81%
Dev Com	59%	Paper & Forest	83%
Technology	61%	Food & Ag	83%
Computers	63%	Cyclical Ind	84%
Natural Resources	66%	Chemicals	84%
Energy Services	66%	Environmental	84%
Energy	67%	Leisure	85%
Banking	67%	Telecom	85%
Medical Equip	68%	Defense	87%
Electronics	68%	Transportation	90%
Health Care	72%	Consumer Ind	92%
Industrial Mat	74%	Multimedia	93%
Pharmaceuticals	75%	Natural Gas	93%
Financial Ser	75%	Gold	93%
Utilities	75%	Const & Housing	93%
Retailing	75%	Air Transport	94%
Home Finance	76%	Medical Delivery	97%
Industrial Equip	80%	Automotive	98%

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 ↑ and ↓.

NOVEMBER PERFORMANCE						2003	One	Three	One	3-Yr	5-Yr	10-Yr
Fund Name (Code/Symbol)	Rating	Risk	Ex-Date	NAV	Size	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H***	0.99	12/19(0.00)	14.65	5118.8	30.9	2.4	7.1	20.4	-24.6	-7.4	5.3
Blue Chip Gth (312/FBGRX)	H***	0.99	12/19(0.10)	38.10	21243.8	19.7	0.4	3.9	12.2	-9.4	-2.2	9.1
Blue Chip Value (1271/FBCVX)	H***	1.0 Est	12/26(0.03)	10.49	37.0		1.1	5.8				
Capital Apprec (307/FDCAX)	B*****	1.14	12/5(0.03)	23.49	3933.0	45.2	-0.2	8.6	32.9	4.1	7.1	10.6
Contrafund (22/FCNTX)	H***	0.72	12/26(0.04)	48.11	34260.8	24.6	1.8	7.6	23.9	0.6	5.2	12.2
Discovery (339/FDSVX)	H***	0.80	12/19(0.03)	9.76	641.4	12.8	0.4	2.3	8.4	-5.4	4.3	
Disc Equity (315/FDEQX)	H***	0.93	12/5(0.11)	22.03	3718.6	22.6	1.1	7.1	16.8	-4.2	1.9	10.0
Dividend Gth (330/FDGFY)	H***	1.02	12/12(0.08)	25.73	16870.4	15.9	0.1	2.7	8.3	-3.2	2.8	13.9
Export Fund (332/FEXPX)	B*****	1.03	12/19(0.02)	17.04	919.3	24.3	0.6	5.3	17.8	1.3	9.9	
Fidelity Fifty (500/FFTYX)	H***	1.11	12/19(0.00)	18.49	940.1	15.5	-1.0	0.7	7.7	4.7	9.3	12.4
Growth Company (25/FDGRX)	B*****	1.23	12/19(0.00)	49.40	22063.1	39.5	0.5	7.1	25.5	-10.2	4.8	11.3
Large-Cap Stock (338/FLCSX)	H***	0.97	12/5(0.05)	13.32	676.9	19.7	0.7	4.7	12.4	-8.6	-1.7	
Lev Co Stock (122/FLVCX)	B*****	1.09	12/5(0.19)	18.29	903.6	84.0	4.6	15.0	80.1			
Low-Priced Stock (316/FLPSX)	B*****	0.80	12/19(0.46)	34.32	23528.8	36.4	3.4	9.6	31.1	20.1	15.9	16.2
Magellan (21/FMAGX)	H***	0.99	12/5(0.60)	93.46	65007.7	18.6	0.4	3.8	11.0	-6.9	-0.3	8.9
Mid Cap Stock (337/FMCSX)	B*****	0.97	12/5(0.04)	21.34	7551.7	31.5	2.5	7.7	23.6	-3.7	10.7	
New Millennium (300/FMILX)	B*****	1.15	12/19(0.02)	30.27	3493.8	36.7	2.7	11.5	26.3	-1.2	14.5	18.7
OTC Portfolio (93/FOCPX)	B*****	1.20	12/19(0.00)	31.82	7713.3	33.1	1.1	7.0	22.4	-9.9	2.3	10.1
Independence (73/FDFFX)	H***	1.09	12/19(0.10)	15.45	4650.7	18.2	-0.3	3.2	13.5	-8.2	3.0	9.4
Small Cap Indep (336/FDSCX)	H***	0.77	12/5(0.00)	17.51	932.0	31.7	3.8	10.3	26.2	6.8	7.4	8.6
Small Cap Stock (340/FSLCX)	H***	0.83	12/5(0.06)	16.43	2125.9	38.8	4.0	11.5	33.1	10.0	16.3	
Stock Selector (320/FDSSX)	H***	1.00	12/5(0.12)	20.06	790.3	21.0	0.5	4.5	13.4	-6.1	0.8	8.9
Strc Lg Cap Gth (763/FSLGX)	H***	1.02	12/5(0.00)	8.67	19.8	21.8	1.2	4.3	13.8			
Strc Lg Cap Val (708/FSLVX)	H***	0.97	12/5(0.05)	10.01	21.6	18.9	1.3	5.9	13.4			
Strc Mid Cap Gth (793/FSMGX)	H***	1.05	12/5(0.00)	10.27	46.6	39.9	3.5	8.9	30.5			
Strc Mid Cap Val (762/FSMVX)	H***	0.87	12/5(0.04)	11.72	48.5	29.1	2.7	8.9	25.1			
Focused Stock (333/FTQGX)	S**	0.92	12/5(0.02)	8.49	33.6	18.9	2.4	6.3	12.6	-13.5	-3.2	
Trend (5/FTRNX)	H***	0.99	12/26(0.34)	47.05	834.9	21.8	0.7	4.8	14.3	-5.0	4.0	5.5
Value (39/FDVLX)	B*****	0.90	12/5(0.28)	59.17	6324.0	27.5	2.2	6.2	23.1	12.8	9.1	11.9
Value Discovery (832/FVDFX)	H***	1.0 Est	12/12(0.16)	11.93	40.1	22.3	1.2	5.7				
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B*****	0.66	12/12(0.07)	16.26	8862.5	23.9	1.7	5.9	20.4	6.0	6.7	9.1
Convertible Sec (308/FCVX)	H***	0.42	12/19(0.00)	19.71	1730.7	24.3	1.8	6.7	22.6	4.2	12.1	11.7
Equity-Income (23/FEQIX)	B*****	0.97	12/12(1.11)	47.25	21445.8	20.6	0.8	4.8	14.9	-0.4	2.7	10.3
Equity-Income II (319/FEQTX)	B*****	1.07	12/19(0.07)	21.52	11525.7	24.8	-0.1	4.3	16.4	1.2	3.0	10.5
Fidelity Fund (3/FFIDX)	H***	0.97	12/19(0.10)	26.63	9822.9	20.3	0.6	4.7	14.1	-5.2	-0.1	10.4
Growth & Income (27/FGRIX)	H***	0.84	12/19(0.14)	34.01	29152.9	13.2	0.2	3.4	9.6	-5.4	-0.7	10.0
Growth & Inc II (361/FGRTX)	H***	0.92	12/19(0.03)	8.92	231.3	18.1	-1.0	1.8	13.2	-3.5		
Puritan (4/FPURX)	B*****	0.61	12/12(0.23)	17.69	20646.4	15.5	0.7	4.1	13.1	2.9	3.8	9.3
Real Estate Inc (833/FRIFX)	B*****	0.2 Est	12/12(0.04)	11.38	307.8		1.3	5.2				
Real Estate (303/FRESX)	H***	0.63	12/19(0.42)	23.52	2495.7	30.3	4.2	10.0	32.2	17.1	14.1	11.8
Utilities (311/FUIX)	H***	0.96	12/5(0.00)	10.85	855.1	13.6	-2.1	3.5	14.8	-11.4	-4.7	5.3
SELECT FUNDS:												
Air Transportation (34/FSAX)	H***	1.33	12/19(0.00)	29.91	48.7	35.6	-1.5	5.7	32.2	-4.1	10.9	11.2
Automotive (502/FSAXV)	S**	1.13	12/19(0.00)	31.12	28.2	37.4	3.3	6.6	27.6	16.4	5.8	6.4
Banking (507/FSRBX)	B*****↑	1.01	12/5(0.90)	38.68	419.5	27.9	0.9	9.2	22.3	9.2	5.9	15.6
Biotechnology (42/FBIOX)	B*****	1.32	12/12(0.00)	49.77	1870.4	28.5	1.4	-1.6	21.0	-14.8	9.0	10.3
Brokerage (68/FSLBX)	H***	1.41	12/19(0.08)	47.25	410.0	29.5	-2.0	3.8	18.7	2.2	10.4	16.2
Business Ser (353/FBSOX)	H***↑	1.14	12/5(0.00)	13.87	34.9	22.1	2.8	6.6	18.4	0.1	6.6	
Chemicals (69/FSCHX)	H***	1.10	12/19(0.41)	47.42	34.5	22.8	3.7	7.9	15.8	12.3	8.6	10.1
Computers (7/FDCPX)	B*****	1.63	12/19(0.00)	36.61	974.7	66.1	2.1	11.4	43.1	-12.8	0.7	15.8
Const & Housing (511/FSHOX)	S**↓	1.14	12/19(0.00)	34.31	99.2	42.3	3.2	16.0	37.5	20.8	10.1	12.2
Consumer Indust (517/FSCPX)	H***	0.91	12/19(0.00)	23.29	34.8	20.8	0.6	4.7	13.4	0.4	0.8	9.0
Cyclical Indust (515/FCYIX)	H***	0.98	12/12(0.36)	15.25	26.9	28.0	3.2	7.5	24.6	3.8	6.3	
Defense & Aero (67/FSDAX)	H***↑	0.99	12/19(0.00)	51.29	272.8	29.3	2.9	8.6	28.3	7.7	10.2	15.0
Develop Commun (518/FSDCX)	B*****	1.43	12/19(0.00)	16.71	668.6	69.3	1.6	14.4	50.0	-18.6	1.4	10.0
Electronics (8/FSLEX)	H***	1.90	12/12(0.00)	42.20	3767.8	73.2	4.1	12.2	36.6	-9.4	7.5	20.1
Energy (60/FSENX)	B*****↑	0.94	12/12(0.08)	22.47	186.8	9.7	1.3	0.1	10.9	-1.2	8.0	9.1
Energy Services (43/FSSEX)	B*****	1.60	12/12(0.00)	28.24	360.2	-3.9	-1.7	-8.3	-3.5	-0.5	14.6	12.1
Environmental (516/FSLEX)	H***	0.95	12/12(0.00)	13.02	12.8	26.2	2.7	6.5	19.8	2.7	0.6	2.4
Financial Services (66/FIDSX)	H***	1.02	12/12(0.60)	110.81	508.3	24.9	0.5	8.3	19.8	3.4	6.3	15.2
Food & Agriculture (9/FDFAX)	H***	0.71	12/12(0.14)	43.40	92.8	11.9	2.7	8.2	11.8	2.7	2.1	10.5
Gold (41/FSAGX)	H***	1.54	12/12(1.00)	31.51	769.5	35.4	9.0	20.9	70.5	45.6	21.0	5.2
Health Care (63/FSPHX)	H***	0.94	12/12(0.02)	112.06	1863.6	9.9	1.7	1.8	7.0	-7.6	1.4	14.8
Home Finance (98/FSVLX)	H***	0.95	12/19(2.13)	65.17	398.7	34.0	3.1	14.5	32.7	14.1	11.1	16.7
Indust Equip (510/FSCGX)	H***	1.09	12/12(0.00)	22.61	34.1	30.0	4.4	7.4	24.0	2.6	3.0	10.0
Indust Materials (509/FSDPX)	H***	0.86	12/12(0.05)	32.79	76.7	36.8	3.6	15.5	40.8	18.1	10.3	8.2
Insurance (45/FSPCX)	H***	1.01	12/12(1.37)	54.07	104.7	21.3	1.2	7.6	15.5	5.9	10.6	16.3
Leisure (62/FDLSX)	H***	1.15	12/12(0.00)	68.30	174.2	36.5	1.9	5.5	28.7	4.2	4.8	11.7
Medical Delivery (505/FSHCX)	H***	1.26	12/12(0.00)	30.06	99.6	26.9	11.0	16.9	25.4	5.7	5.7	10.5
Medical Equip/Sys (354/FSMEX)	B*****↑	0.80	12/5(0.56)	20.03	330.2	29.9	3.2	6.0	30.5	8.2	16.9	
Multimedia (503/FBMPX)	H***	1.42	12/12(3.42)	46.24	179.3	36.2	0.4	1.1	23.7	6.5	8.1	13.0
Natural Gas (513/FSNGX)	H***	1.17	12/5(0.00)	19.37	176.8	15.5	2.5	1.0	18.9	-1.2	11.8	8.7
Nat Resources (514/FNARX)	B*****↑	0.86	12/12(0.01)	12.83	33.7	16.0	2.1	2.9	17.6	0.9	10.2	
Networking/Infra (912/FNINX)	H***	1.72	12/19(0.00)	2.39	176.3	60.4	1.7	6.2	38.1	-27.0		
Paper & Forest (506/FSFPX)	H***	1.11	12/5(0.00)	27.83	18.1	7.2	0.9	2.7	4.5	7.3	8.4	8.5
Pharmaceuticals (580/FPHAX)	H***	0.97	12/19(0.00)	8.16	59.3	12.1	-0.4	2.1	9.4			
Retailing (46/FSRPX)	H***	1.06	12/5(0.00)	45.07	93.8	32.0	1.7	4.3	21.1	2.1	1.8	10.0
Software (28/FSCSX)	B*****	1.36	12/5(0.00)	48.17	793.5	32.1	2.3	5.3	24.5	-2.6	11.0	16.4
Technology (64/FSPTX)	B*****	1.58	12/5(0.00)	60.36	2509.9	60.1	1.2	10.5	36.8	-13.4	4.5	15.0
Telecom (96/FSTCX)	H***	1.56	12/5(0.02)	30.05	346.2	17.5	-0.2	4.4	7.1	-16.4	-6.4	5.0
Transportation (512/FSRFX)	H***	1.15	12/5(0.00)	33.18	35.8	35.5	-0.2	6.4	33.8	8.2	13.3	12.2
Utilities Growth (65/FSUTX)	H***	0.97	12/12(0.22)	31.51	203.1	19.7	-0.9	6.1	18.2	-13.4	-4.6	6.2
Wireless (963/FWRLX)	H***	1.46	12/19(0.00)	3.93	130.1	61.7	0.8	10.1	36.9	-22.2		

NOVEMBER PERFORMANCE							Div.	2003	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Ex-Date	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.85	12/12(0.10)	14.22	554.4		32.5	-1.0	6.8	27.0	2.8	3.9	
Canada (309/FICDX)	H***	0.64	12/5(0.08)	26.05	166.5		43.8	3.7	12.9	43.5	10.0	15.5	
Diversified Int'l (325/FDIVX)	B****	0.65	12/12(0.30)	22.86	11488.9		33.2	2.2	11.1	31.7	3.1	8.2	
Emerging Mkts (322/FEMKX)	H***	0.79	12/12(0.06)	9.92	430.6		37.6	1.1	9.0	33.0	8.5	7.1	
Europe (301/FIEUX)	H***	1.05	12/5(0.24)	25.92	1281.9		41.5	6.4	19.0	32.2	-2.0	-0.1	
Europe Cap Appr (341/FECAX)	H***	0.86	12/12(0.24)	17.70	394.1		28.0	-2.5	14.4	26.6	0.1	2.7	
China Region (352/FHKCX)	H***	0.81	12/5(0.28)	15.02	231.1		38.3	0.8	9.6	29.8	3.7	9.6	
Global Balanced (334/FGBLX)	H***	0.52	12/5(0.30)	18.25	115.2		23.5	1.1	8.4	21.1	3.0	5.0	
Int'l Growth & Inc (305/FIGRX)	B****	0.78	12/5(0.20)	22.40	1241.5		33.2	2.4	12.0	29.5	0.4	6.3	
Int'l Small Cap (818/FISMV)	B****	0.63	12/12(0.39)	17.78	541.3		68.5	0.4	16.3	67.7			
Japan (350/FJPNX)	H***↓	1.19	12/5(0.01)	10.79	529.0		28.0	-3.5	6.8	25.0	-11.2	5.2	
Japan Smaller Co (360/FJSCX)	H***	0.99	12/12(0.02)	9.69	929.1		50.5	-6.4	16.6	50.2	2.7	17.8	
Latin America (349/FLATX)	H***	1.00	12/12(0.15)	14.00	219.5		50.1	4.6	13.5	54.9	6.5	6.0	
Nordic (342/FNORX)	H***	0.93	12/12(0.20)	20.18	81.3		32.5	3.5	14.7	20.2	-6.3	4.1	
Overseas (94/FOSFX)	H***	0.97	12/5(0.30)	29.68	3498.4		34.9	1.6	11.9	25.7	-4.5	0.7	
Pacific Basin (302/FPBFX)	H***↓	0.92	12/12(0.14)	16.64	418.8		30.4	-2.5	7.1	26.2	-2.6	7.3	
Southeast Asia (351/FSEAX)	H***	1.05	12/5(0.09)	13.62	395.3		41.0	-0.8	7.9	29.0	7.1	9.8	
Worldwide (318/FWWFX)	H***	0.91	12/12(0.07)	15.49	848.1		30.4	1.2	8.0	22.4	0.3	4.5	

INDEX AND ASSET ALLOCATION:

Four-In-One Index (355/FFNOX)	H***	0.76	12/26(0.10)	22.12	417.6		22.7	1.4	6.6	17.7	-1.8	
NASDAQ Comp (1282/FNCMX)	H***	1.30	12/26(0.00)	26.97	28.4			1.4				
Spart Ext Mkt Idx (398/FSEMXX)	B****	0.90	12/19(0.09)	26.89	798.7		39.9	3.5	9.9	34.1	3.7	4.9
Spart Int'l Index (399/FSIIX)	H***	0.86	12/19(0.37)	25.80	392.3		28.6	2.4	11.8	24.0	-4.5	-0.8
Spart 500 Index (317/FSMKX)	H***	1.00	12/5(0.70)	73.51	9072.7		22.1	0.9	5.4	14.9	-5.7	-0.6
Spart Total Mkt Idx (397/FSTMX)	H***	0.97	12/19(0.18)	28.90	1765.5		25.7	1.4	6.3	18.7	-3.4	0.7
Asset Manager (314/FASMX)	H***	0.52	12/19(0.11)	15.28	10998.3		12.8	0.3	2.7	9.5	0.5	4.0
Asset Mgr Agg (347/FAMRX)	H***	1.03	12/19(0.05)	9.91	290.9		43.0	-0.1	8.4	32.4	-6.2	
Asset Mgr Gth (321/FASGX)	H***	0.74	12/19(0.31)	13.90	3611.9		16.1	0.4	3.1	10.8	-1.8	1.5
Asset Mgr Inc (328/FASIX)	B****	0.28	12/5(0.00)	12.10	1018.1		13.5	0.6	3.6	12.2	5.1	5.1
Freedom 2000 (370/FFFVX)	B****	0.23	12/26(0.21)	11.78	1476.1		7.6	0.3	2.5	7.1	2.3	4.9
Freedom 2005 (1312/FFFVX)	B****	0.3 Est	12/26(0.00)	10.04								
Freedom 2010 (371/FFFCX)	B****	0.41	12/26(0.31)	12.99	6341.6		14.1	0.6	4.2	12.4	1.2	5.0
Freedom 2015 (1313/FFVFX)	B****	0.5 Est	12/26(0.00)	10.04								
Freedom 2020 (372/FFFDX)	B****	0.62	12/26(0.20)	12.78	6091.3		20.5	0.9	5.6	16.7	-1.2	4.0
Freedom 2025 (1314/FFTWX)	B****	0.7 Est	12/26(0.00)	10.04								
Freedom 2030 (373/FFFEX)	B****	0.73	12/26(0.13)	12.58	3532.3		23.3	1.0	6.2	18.3	-2.8	3.1
Freedom 2035 (1315/FFTHX)	B****	0.8 Est	12/26(0.00)	10.05								
Freedom 2040 (718/FFFFX)	B****	0.81	12/26(0.09)	7.34	874.4		25.7	1.1	6.7	19.8	-3.8	
Freedom Income (369/FFFAV)	B****	0.19	12/5(0.18)	11.08	1542.6		5.9	0.2	1.9	5.6	3.0	4.6

TAXABLE BOND FUNDS:

Capital & Income (38/FAGIX)	B****	0.28	12/12(0.00)	8.01	4067.3	6.39	35.3	1.1	6.1	39.8	9.7	5.7
Floating Rate (814/FRHX)	B****	0.05	12/12(0.00)	9.87	805.7	2.89	6.0	0.2	1.4	7.1		
GNMA Portfolio (15/FGMNX)	H***	0.15	12/19(0.07)	11.14	4745.3	2.82	1.6	0.1	1.1	2.7	6.3	5.9
Gov't Income (54/FGOVX)	H***	0.30	12/19(0.02)	10.18	3804.2	3.07	1.3	0.2	1.7	3.6	6.9	5.7
Intermed Bond (32/FTHRX)	H***	0.21	12/5(0.06)	10.66	6793.3	3.55	4.0	0.2	1.9	6.2	7.9	6.6
Intermed Gov't Inc (452/FSTGX)	H***	0.22	12/19(0.00)	10.24	1155.0	2.64	1.2	0.1	1.3	3.3	7.0	6.1
Invest Grade Bond (26/FBNDX)	H***	0.24	12/5(0.03)	7.53	5422.0	3.04	3.7	0.2	2.0	5.9	7.8	6.3
Mortgage Securities (40/FMSFX)	H***	0.15	12/5(0.14)	11.30	1299.6	2.76	2.6	0.1	1.5	3.8	7.0	6.5
New Markets Inc (331/FNMIX)	H***	0.42	12/26(0.10)	13.50	776.2	5.82	26.3	1.6	5.6	30.3	16.4	18.2
Short-Term Bond (450/FSHBX)	B****	0.11	12/5(0.00)	8.99	5289.3	2.40	2.8	0.1	0.8	4.2	6.1	5.7
Spart Gov't Inc (453/SPGVX)	H***	0.31	12/5(0.00)	10.95	928.3	3.51	1.4	0.2	2.0	3.8	7.2	6.0
High Income (455/SPHIX)	B****	0.17	12/5(0.00)	8.89	2730.3	6.58	24.3	1.2	6.1	25.8	7.4	2.3
Spart Invest Grade (448/FSIBX)	H***	0.23	12/19(0.14)	10.81	2508.3	3.43	4.1	0.5	2.3	6.3	8.1	6.6
Strategic Income (368/FSICX)	B****	0.18	12/26(0.04)	10.38	1987.3	5.14	15.9	1.3	5.3	18.5	11.8	8.3
Inflation-Protected (794/FINPX)	H***	0.40	12/12(0.12)	11.05	655.2	1.51	6.7	0.0	3.9	10.5		
Total Bond (820/FTBFX)	H***	0.2 Est	12/12(0.00)	10.43	271.9	2.96	4.7	0.2	2.3	6.8		
Ultra-Short Bond (812/FUSFX)	B****	0.03	12/12(0.00)	10.05	325.1	1.04	1.6	0.2	0.5	1.9		
US Bond Index (651/FBIDX)	H***	0.2 Est	12/19(0.14)	11.24	4712.3	3.81	3.7	0.2	2.1	5.9	7.9	

MUNICIPAL BOND FUNDS:

Spart AZ Muni Inc (434/FAZAX)	H***	0.20	12/5(0.01)	11.54	72.0	3.64	4.3	1.1	3.4	6.9	7.1	5.6
Spart CA Muni Inc (91/FCTFX)	H***	0.19	12/12(0.10)	12.65	1516.6	4.31	4.0	1.0	3.5	6.1	6.5	5.3
Spart CT Muni Inc (407/FICNX)	H***	0.19	12/19(0.10)	11.91	436.6	4.14	4.1	1.0	3.4	6.4	7.2	5.5
Spart FL Muni Inc (427/FFLIX)	H***	0.19	12/19(0.18)	11.84	538.0	4.07	4.1	1.2	3.7	6.4	7.0	5.3
Spart Intermediate (36/FLTIX)	H***	0.16	12/5(0.12)	10.30	1767.2	4.01	4.5	0.8	3.1	6.7	7.0	5.4
Spart MA Muni Inc (70/FDMMX)	H***	0.19	12/12(0.12)	12.32	1824.1	4.33	4.4	1.0	3.4	6.7	7.1	5.6
Spart MD Muni Inc (429/SMDMX)	H***	0.18	12/5(0.00)	11.03	94.3	3.90	4.3	1.0	3.3	6.4	6.7	5.3
Spart MI Muni Inc (81/FMHTX)	H***	0.19	12/12(0.00)	12.16	551.5	4.25	5.0	0.9	3.3	7.2	7.4	5.5
Spart MN Muni Inc (82/FMIX)	H***	0.16	12/12(0.04)	11.70	338.0	4.09	4.4	0.8	2.9	6.5	6.7	5.1
Spart Municipal Inc (37/FHIGX)	H***	0.19	12/19(0.17)	13.29	4702.6	4.44	4.8	1.1	3.8	7.3	7.7	5.9
Spart NJ Muni Inc (416/FNJHX)	H***	0.20	12/19(0.13)	11.90	544.0	4.15	4.4	1.3	4.0	7.0	7.0	5.6
Spart NY Muni Inc (71/FTFMX)	H***	0.20	12/19(0.24)	13.39	1424.6	4.06	4.6	1.2	3.7	7.1	7.6	5.8
Spart OH Muni Inc (88/FOHFX)	H***	0.19	12/19(0.08)	12.12	424.2	4.19	4.7	1.2	3.6	7.1	7.3	5.5
Spart PA Muni Inc (402/FPXTX)	H***	0.18	12/19(0.08)	11.10	289.9	4.14	4.2	1.0	3.3	6.6	7.0	5.4
Spart Short-Int Muni (404/FSTFX)	B****	0.09	12/19(0.06)	10.54	1814.6	2.55	2.7	0.3	1.5	4.2	5.4	4.6
Spart Tax-Free Bond (90/FTABX)	H***	0.22	12/12(0.09)	10.79	216.0	4.20	5.1	1.3	4.2	7.8		

NOVEMBER PERFORMANCE				2003	One	Three	One	3-Yr	5-Yr	10-Yr
Indexes & Model Portfolios	Risk	Value		YTD	Month	Month	Year	Rate	Rate	Rate
Dow Jones Industrial	0.97	9782.46		19.8	0.1	4.6	12.6	0.0	3.3	12.5
S&P 500	1.00	1058.20		22.3	0.9	5.5	15.1	-5.5	-0.5	10.6
NASDAQ	1.30	1960.26		47.5	1.5	8.5	33.3	-8.6	0.4	10.6
Russell 2000	1.07	546.51		44.4	3.6	10.2	36.4	8.5	8.0	9.6
Fidelity Monitor Income Model	0.06	74003.90		7.3	0.6	2.5	8.5	6.8	4.3	5.7
Fidelity Monitor G&I Model	0.49	125691.71		28.7	2.0	6.9	27.3	8.1	7.6	
Fidelity Monitor Growth Model	1.06	129957.80		38.1	1.3	9.1	28.5	3.2	5.8	10.5
Fidelity Monitor Select System	1.18	252732.99		36.6	1.3	5.6	28.2	3.9	7.6	11.9
Fidelity Monitor Unique Opportunities	0.70	72514.19		37.0	2.5	9.9	38.9	12.9		

UNIQUE OPPORTUNITIES MODEL

This model invests in special situations and where Fidelity's research skills give it an edge over its peers.

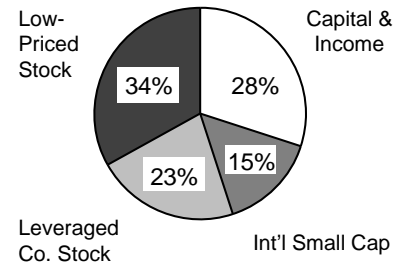
FUND	NAV	SHARES	BALANCE
Capital & Income	\$8.01	2504.822	\$20063.62
Int'l Small Cap	\$17.78	617.671	\$10982.19
Leveraged Co.	\$18.29	915.526	\$16744.97
Low-Priced Stock	\$34.32	720.379	\$24723.41

22% Foreign Holdings

Balance as of 11/28/03: **\$72514.19**
Balance at start of 2003: **\$52924.96**

PERFORMANCE

Partial Yr 99: +33.8%
2000: -20.5%
2001: +1.6%
2002: -2.1%
*2003: +37.0%



Our Unique Opportunities portfolio gained 2.5% for the month of November. On 11/10 we sold **Japan** (\$11.06) and bought **Int'l Small Cap** (\$17.60).

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 (+26.8% YTD)	Portfolio B (+19.3% YTD)	Portfolio C (+20.0% YTD)	Portfolio D (+20.0% YTD)
57% Dividend Growth, 43% Capital Appreciation	63% Magellan, 37% Contrafund	31% Magellan 69% Equity-Income	31% Magellan 69% Equity-Income

For the month of November, Portfolio A was flat, Portfolio B rose 1.0%, and Portfolios C and D were both up 0.7%.

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 12/16)	VIP GROWTH:	VIP G&I MODEL:	VIP INCOME MODEL:
50% Technology, 17% Fin Services, 16% Health Care, 16% Natural Res.	34% Equity-Income, 66% Growth	41% Asset Manager, 30% Equity-Income, 29% High Inc.	71% Investment Grade, 29% High Income.

NOVEMBER VIP PERFORMANCE		Unit Value	2003 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
Portfolio	Rating							
VIP Asset Manager	B ****	28.85	12.7	0.2	2.8	9.3	-0.4	1.2
VIP Asset Manager: Growth	H ***	18.63	16.5	0.3	3.1	11.1	-3.1	-1.3
VIP Balanced	H ***	13.77	13.2	-0.5	2.0	10.9	0.6	0.4
VIP Contrafund	H ***	29.31	24.2	1.8	7.5	23.4	0.1	4.5
VIP Dynamic Capital Appreciation	H ***	10.72		1.6				
VIP Equity-Income	B ****	46.17	20.1	0.7	4.7	14.4	-0.9	1.8
VIP Growth	B ****	51.72	28.2	0.8	5.4	17.9	-10.1	-1.1
VIP Growth & Income	B ****	14.88	17.8	-1.1	1.7	12.8	-3.8	-0.8
VIP Growth Opportunities	B ****	10.77	23.2	0.7	4.6	15.0	-6.5	-6.2
VIP High Income	B ****	25.15	23.2	1.0	5.6	24.6	4.2	-1.9
VIP Index 500	H ***	27.70	21.2	0.8	5.2	13.9	-6.5	-1.5
VIP Investment Grade Bond	B ****	26.67	3.3	0.3	2.1	5.4	7.4	5.8
VIP Mid Cap	H ***	12.75	32.5	3.2	10.2	33.4	7.0	
VIP Overseas	H ***	24.59	33.1	1.6	11.7	23.8	-6.2	-0.9
VIP Real Estate	H ***	10.73		4.2				
VIP Value Strategies	B ****	11.41		3.3				
VIP Consumer Industries	H ***	9.83	21.1	0.5	4.6	13.6		
VIP Cyclical Industries	H ***	10.30	27.8	3.1	7.5	24.3		
VIP Financial Services	B ****↑	10.63	24.2	0.3	8.0	19.1		
VIP Health Care	B ****	9.15	9.4	1.7	1.8	6.4		
VIP Natural Resources	B ****↑	9.55	16.2	2.0	2.8	17.6		
VIP Technology	B ****	9.28	58.9	1.2	10.0	35.8		
VIP Telecom & Utilities	H ***	7.15	18.4	-0.7	6.3	16.8		
Morgan Stanley Emg Mkts Debt	H ***	15.42	23.4	1.9	5.4	26.5	14.7	
Morgan Stanley Emg Mkts Equity	H ***	10.22	37.8	1.5	10.0	31.1	4.8	
Morgan Stanley Global Equity	H ***	12.01	19.9	2.3	8.0	14.7	-1.1	
Morgan Stanley Int'l Magnum	H ***	8.97	18.1	1.9	9.4	14.7	-7.2	
PBHG Growth II	S **	9.39	30.0	1.0	6.1	22.1	-17.0	
PBHG Select Value	H ***	14.43	8.4	1.8	3.8	5.4	-16.5	
PBHG Select 20	S **	14.26	31.0	1.5	5.6	24.6	-6.7	
PBHG Small Cap Value	H ***	17.18	34.1	3.2	9.1	26.3	2.6	
PBHG Tech & Communications	S **	7.64	43.5	0.8	6.6	22.2	-32.1	
Strong Mid Cap Growth Fund II	S **	12.00	35.5	0.8	6.2	25.0	-13.2	
Strong Opportunity Fund II	H ***	14.71	31.1	1.4	4.9	22.1	-0.9	
CS Int'l Focus	H ***	8.74	23.3	0.3	7.3	19.1	-8.9	
CS Global Post-VC	S **	9.35	43.1	1.0	9.6	30.8	-11.3	
CS Small Cap Growth	S **	10.75	46.5	1.9	9.1	36.8	-4.2	
Fidelity Monitor VIP Sector Model		13224.03	58.9	1.2	10.0	47.1		
Fidelity Monitor VIP Growth Model		26914.65	24.5	0.8	5.1	19.4	-5.0	-0.1
Fidelity Monitor VIP G&I Model		19446.11	15.6	0.6	4.1	12.8	0.9	1.1
Fidelity Monitor VIP Income Model		17216.85	8.4	0.5	3.0	10.2	6.9	3.4

INCOME MODEL

Our Income Model aims for positive annual returns with a 4% yield. Long-term goal is 6% per year.

FUND	NAV	SHARES	BALANCE
Short-Term Bond	\$8.99	1572.436	\$14136.20
Ultra-Short Bond	\$10.05	1551.182	\$15589.38
High Income	\$8.89	1255.304	\$11159.65
Floating Rate	\$9.87	1861.585	\$18373.84
Real Estate Inc.	\$11.38	1295.679	\$14744.83

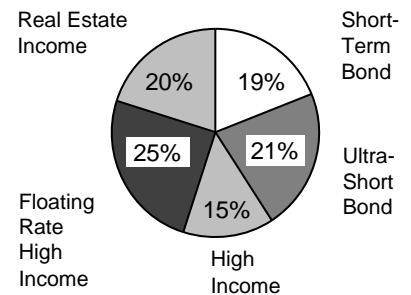
4% Foreign Holdings

Balance as of 11/28/03: \$74003.90

Balance at start of 2003: \$68975.37

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: + 7.3%



For November our Income Model gained 0.6%.

GROWTH AND INCOME MODEL

Our Growth and Income Model is for conservative growth, with a long-term goal of 10% per year. The model holds funds that focus on stocks and bonds.

FUND	NAV	SHARES	BALANCE
Capital & Inc.	\$8.01	3703.390	\$29664.15
Balanced	\$16.26	3779.345	\$61452.15
Low-Priced Stock	\$34.32	1007.442	\$34575.41

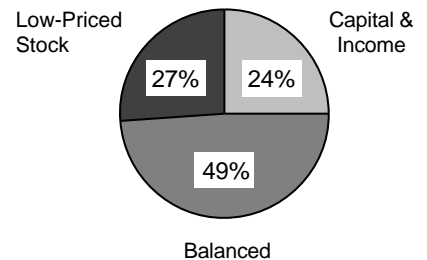
11% Foreign Holdings

Balance as of 11/28/03: \$125691.71

Balance at start of 2003: \$97626.98

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: + 28.7%



Our Growth and Income Model gained 2.0% for the month of November.

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	\$17.04	2540.940	\$43297.62
Capital Apprec.	\$23.49	2213.934	\$52005.31
Leveraged Co.	\$18.29	1894.744	\$34654.87

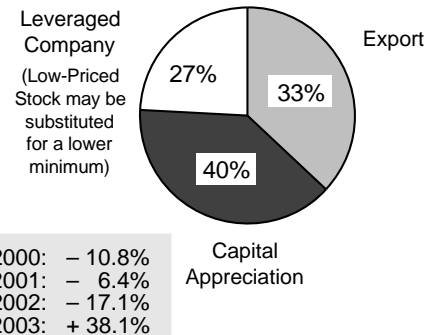
14% Foreign Holdings

Balance as of 11/28/03: \$129957.80

Balance at start of 2003: \$94089.60

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%



In November our Growth Model gained 1.3%, versus 0.9% for the S&P 500.

SELECT SYSTEM

Our Select System aims for growth in sector funds, and has a long-term goal of 16% per year. We use a valuation model to identify attractive growth sectors.

FUND	NAV	SHARES	BALANCE
Energy Services	\$28.24	1023.041	\$28890.68
Developing Com.	\$16.71	3151.676	\$52664.51
Biotechnology	\$49.77	938.154	\$46691.92
Software	\$48.17	938.003	\$45183.60
Technology	\$60.36	676.687	\$40844.83
Computers	\$36.61	1050.463	\$38457.45

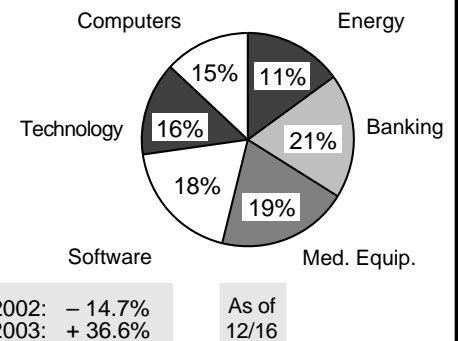
15% Foreign Holdings

Balance as of 11/28/03: \$252732.99

Balance at start of 2003: \$185070.14

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%



Our Select System gained 1.3% in November, versus 0.9% for the S&P 500. On 12/16 we will make three trades. Please see page 1 for details.

In its place we are adding **Medical Equipment & Systems**. Over the last five years, this fund has been one of the best performers in the Select family while taking on less risk than the S&P 500. We might have added it sooner, but our volatility model requires more than five years worth of data, and only recently did we find an easy way to simulate it in our backtests. **Medical Equipment & Systems** offers defensive characteristics that can help the Select System perform better during periods of weakness. But it also has long-term growth potential. Health care spending continues to grow faster than the overall economy, and many of the companies in this sector are key to productivity growth within the medical profession.

The energy group was our toughest call, in part because we added **Energy Services** just six months ago, and excluding it now could mean getting out at the worst possible time. But the bottom line is that this sector is high-priced relative to other energy sectors. We've decided to replace it with **Energy**, where expectations are lower and the turnaround potential may be greater if oil prices rise at a moderate pace. Some subscribers may question the logic of having any exposure at all to the energy group, since it's been a losing bet for so long. But the Select System thrives on out-of-favor sectors, so we're hesitant to exclude it entirely. Furthermore, demand for oil is climbing rapidly in China, which may unseat the U.S. as the world's largest oil importer in 10-15 years. Worldwide, output from new wells is barely keeping ahead of what's lost as mature wells gradually run dry. A global peak in production, much like what took place in the U.S. some 33 years ago, is close at hand.

Biotechnology, Developing Communications, and Energy Services will retain their buy ratings. Although we've excluded them due to high valuations, our volatility model still gives them a thumbs up.

Our VIP Sector Model will adopt a multi-sector approach. We will begin matching up with the Select System using VIP sectors from the same basic groups.

For subscribers following the Select System in a taxable account, we'll be taking a short-term capital gain in **Developing Communications**, some of which will be offset by a short-term loss in **Energy Services**. Our profit in **Biotech** will qualify as a long-term capital gain on 12/16, so we are delaying our trades until that date. Upcoming distributions are not small on the new funds. **Banking and Medical Equipment** will pay out on 12/5, whereas **Energy** will go "Ex" 12/12. Avoid making taxable purchases until then. ■

GROWTH & INCOME FUNDS

Growth and Income Model holdings are listed on page 7. Our favorite conservative funds include **Balanced** and **Puritan**. Go with **Equity-Income I** or **II** for a stock-oriented approach.

Real Estate, up 4.2%, got a boost from the weak dollar and reports of economic strength, and saw very little foreign selling impact. **Convertible Securities** and **Balanced** also did well, posting gains of 1.8% and 1.7%, respectively. Laggards included **Growth & Income II**, off 1.0%, and **Utilities**, down 2.1%.

BOND FUNDS

Income Model holdings are listed on page 7. Our favorites, in increasing order of risk, include **Ultra-Short, Short-Term, Floating Rate High Income, Strategic Income, High Income, and Capital & Income**.

The best returns occurred in funds that took the most credit risk. **New Markets Income** gained 1.6%, **Strategic Income** rose 1.3%, **High Income** edged up 1.2%, and **Capital & Income** returned 1.1%. Higher quality bond funds were held back a bit due to rising interest rates, with most finishing slightly better than even for the month. **Inflation-Protected Bond** landed on the bottom end with a breakeven return. Municipal bond funds posted returns ranging from 0.3% to 1.3%.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Our current buy recommendations include **Biotechnology, Software, Develop. Communications, Technology, Computers, Natural Resources, Energy Services, Energy, Banking, and Medical Equipment**.

Medical Delivery jumped 11.0%, in part because of provisions in the new Medicare bill. **Gold** rose 9.0%, mainly because of the weak dollar and signs of inflation outside the U.S. **Industrial Equipment** was up 4.4% in response to reports of economic strength. Laggards included **Energy Services**, off 1.7%, and **Brokerage**, down 2.0%. ■

NOVEMBER DISTRIBUTIONS

Asset Manager Income	\$ 0.03 / \$12.06 (11/7)
Freedom Income	\$ 0.02 / \$11.04 (11/7)
Spartan Ext Market Index	\$ 0.01 / \$26.55 (11/7)

Most funds are scheduled to pay in December. Carry forward losses will eliminate the capital gain portion for many stock funds, making this year another easy one for taxes. We've listed dates and estimates on pages 4-5 under "Ex-Date."

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser (55/FDRXX)	55368.5	0.77	CT MM (418/FCMXX)	1046.8	0.62	FL MM (428/FSFXX)	914.5	0.64
Select MM (85/FSLXX)	747.7	0.78	MA MM (74/FDMXX)	3199.4	0.58	Spart MA MM (426/FMSXX)	990.6	0.69
Spart MM (454/SPRXX)	6303.2	0.76	MI MM (420/FMIXX)	582.8	0.61	Spart Municipal (460/FIMXX)	3019.4	0.82
Spart US Gov't (458/SPAXX)	686.9	0.71	NJ MM (417/FNJXX)	1245.0	0.56	Spart NJ MM (423/FSJXX)	556.7	0.76
Spart US Treas (415/FDLXX)	2423.8	0.60	NY MM (92/FNYXX)	2664.3	0.59	Spart NY MM (422/FSNXX)	1097.5	0.70
Tax-Free MM (275/FMOXX)	494.3	0.67	OH MM (419/FOMXX)	662.9	0.63	PA MM (401/FPTXX)	284.7	0.67
US Gov't Reser (50/FGRXX)	2315.4	0.78	AZ MM (433/FSAXX)	131.7	0.63	Municipal MM (10/FTEXX)	13957.5	0.71
CA MM (97/FCFXX)	2741.0	0.59	Spart CA MM (457/FSPXX)	1244.2	0.76			