

Year-End Review

2002 will likely be remembered as the year that shareholders realized accounting fraud was no longer limited to scrappy start-ups and penny stocks. As stories of deception dominated the headlines, many investors reached the conclusion that Wall Street was a rigged game they could no longer afford to play. The resulting exodus from stocks dragged previously unaffected sectors into the bear market, and accelerated the decline for those that had already logged substantial losses.

Terrorism fears and the standoff with Iraq also weighed down stocks later in the year. As was the case prior to the Gulf War in 1991, many investors have opted to stay in cash until the uncertainty of the potential military conflict is resolved.

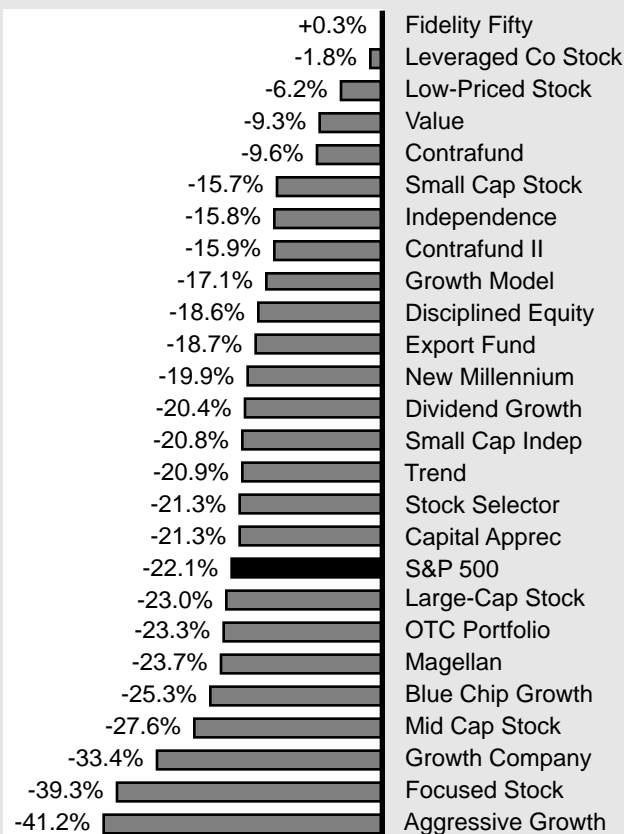
There were several bullish developments, but investors were in no mood to see the bright side.

Productivity surged to unusually high levels in spite of the weak economy, suggesting that profitability will improve quickly once business spending picks up. The Fed quit worrying about inflation and cut short-term interest rates significantly in a bold bid to get the economy moving. And corporate earnings saw robust year-over-year gains in the third quarter, thanks to successful cost-cutting efforts.

What's the most probable scenario for 2003? Unless we encounter unforeseen difficulties in the process of disarming Iraq, stocks have a reasonable shot at moving up in 2003. There's an outside chance the Fed will spoil the party by hiking interest rates to fight inflation. However, weak capital spending and plenty of excess manufacturing capacity suggest that short-term interest rates will remain low in 2003.

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2002 GROWTH FUND PERFORMANCE

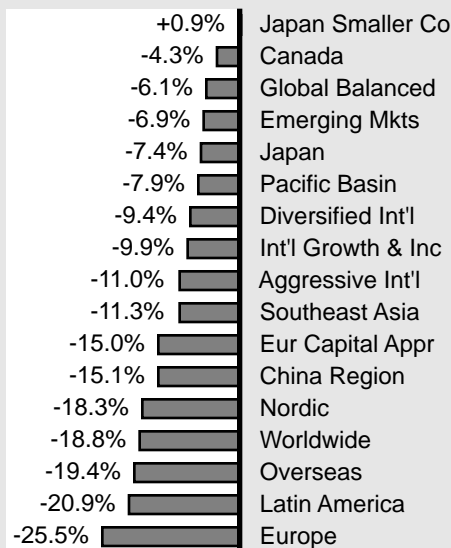


Trades For VIP, 401(k) Models

On Monday, 1/13, our VIP Growth Model will sell **VIP Contrafund** and buy **VIP Growth**. The resulting mix will be roughly 34% VIP Growth & Income and 66% VIP Growth.

Also on 1/13, our 401(k) Portfolio B will sell half of **Contrafund** and buy **Magellan**, resulting in a mix of 65% **Magellan** and 35% **Contrafund**.

2002 INTERNATIONAL PERFORMANCE



DOMESTIC GROWTH FUNDS

Fidelity Fifty took the top spot in 2002. Previous manager John Muresianu was bearish and had placed 75% of assets into energy and gold. Fergus Shiel, who took over mid-year, wound down the bearish bets and managed to scoop up some bargains in the consumer, telecom, and tech sectors just before the fourth-quarter rebound. By the luck of the draw, Fidelity changed managers at just the right time.

Leveraged Company Stock also held up well for the year. David Glancy, who also runs **Capital & Income**, found plenty of bargains in the debt-heavy media and telecom groups. Those groups languished for most of the year, but staged a dramatic recovery in the fourth quarter.

Low-Priced, Value, and Contrafund held their value better than most, thanks to their defensive positioning. **Low-Priced** was helped by its consumer stock holdings and its heavy cash position in the early part of the year. **Value** did well because of its focus on cheap stocks. And **Contrafund** limited losses by sharply underweighting the hard-hit technology and telecom groups.

Our Growth Model finished with a 17.1% loss.

During the first half of the year we emphasized value and small-caps, which allowed us to finish 2002 with a smaller loss than the S&P 500.

Looking ahead, a weak dollar should continue to give exporters a boost, and an improving picture for earnings could help large-cap stocks get back on track. Consider **Export & Multinational** or **Dividend Growth** for a well-balanced approach that doesn't stray much from the S&P 500. **Capital Appreciation** and **Contrafund II** offer a chance to participate in a growth-stock recovery without taking on excessive risk. Consumer stocks could do well if the economy continues to recover. **Low-Priced Stock** offers a chance to benefit while keeping risk unusually low. Finally, **Leveraged Company Stock** continues to offer a unique turnaround opportunity in the depressed telecom and media groups.

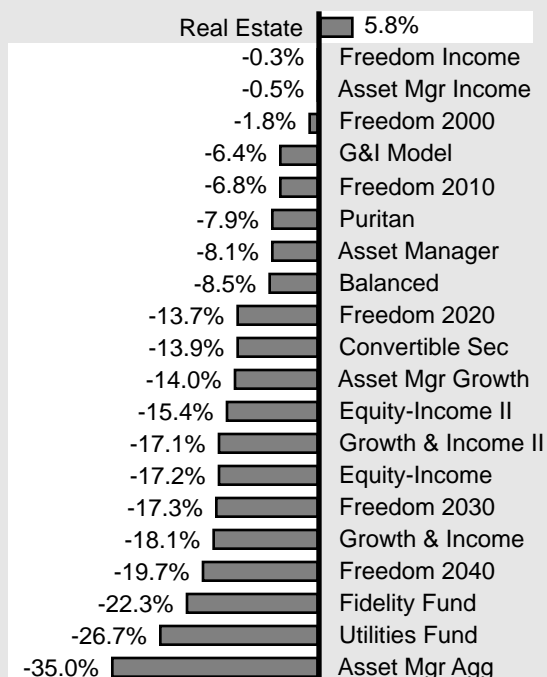
INTERNATIONAL FUNDS

A few funds held up relatively well, but for the most part international markets offered little help from a diversification standpoint.

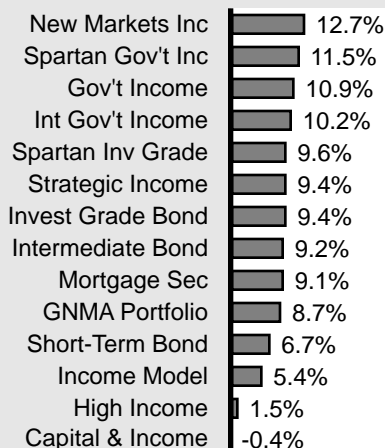
Those that held up best included **Canada**, with a focus on natural resources and financial stocks, and **Japan Smaller Companies**, which invested heavily in consumer stocks and avoided much of the downfall that engulfed Japan's market. **Emerging Markets** also held up reasonably well, underscoring the recovery of many Asian developing countries.

European funds lagged as exporters lost market share and economic conditions worsened in several parts of the region. Unfavorable currency trends had a negative impact on earnings, and productivity growth remained anemic. Many companies are

2002 G & I / ASSET ALLOCATION PERFORMANCE



2002 BOND FUND PERFORMANCE



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suffocating under heavy-handed regulations, a lack of labor flexibility, and high tax rates.

Despite the upbeat view of some Fidelity analysts and managers, we don't see any compelling reason to invest overseas. If you really want some foreign exposure in your portfolio, go with a broad-based fund. Our favorite is **Diversified International**.

G&I AND ASSET ALLOCATION FUNDS

Real Estate took the top spot for 2002. Real Estate Investment Trusts, which are required by law to pay out most of their profits each year, stood out as a source of earnings that couldn't be faked. There were some concerns with rising vacancy rates, but the decline in short-term interest rates was a plus.

A heavy weighting in bonds allowed **Asset Manager Income** and **Freedom Income** to finish near breakeven, and helped **Freedom 2000** to post only a small loss.

Balanced, one of our favorites, was helped by its bond holdings but dragged down by stock losses. It finished on par with **Puritan** and **Asset Manager**, both of which maintained a similar asset mix.

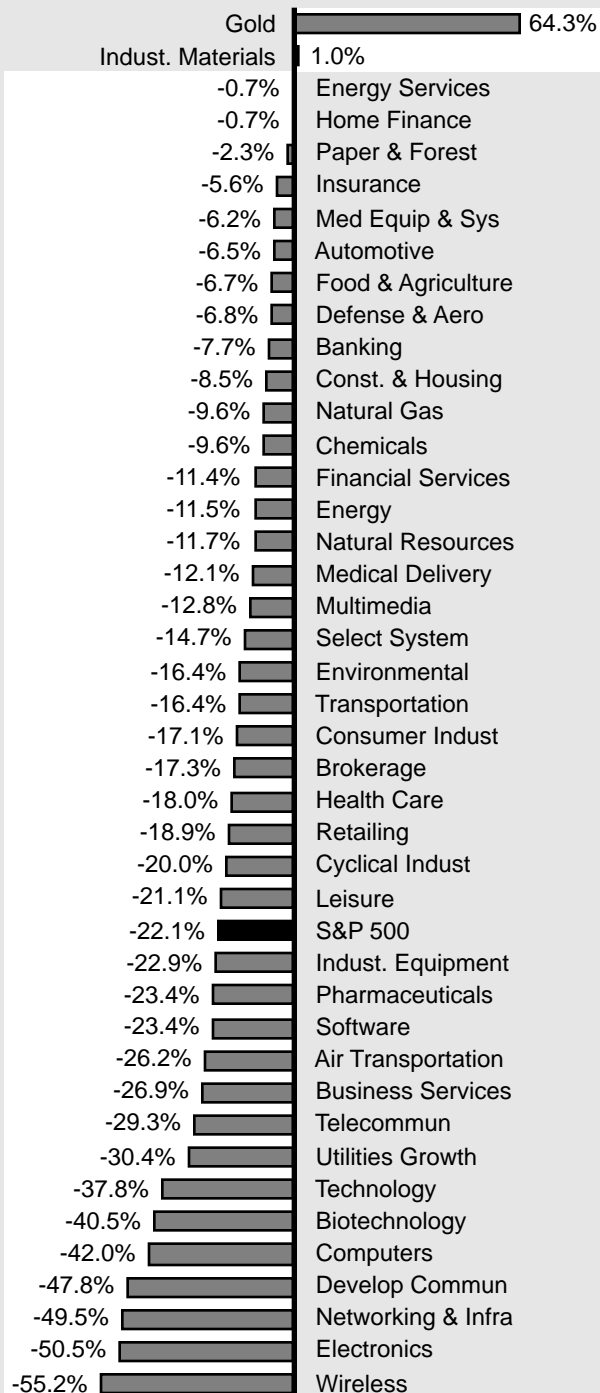
Convertible Securities was hit harder, but still held up better than most stock funds in the group. Victor Thay made a number of defensive moves after taking over the fund early in the year.

Our Growth and Income Model finished with a decline of 6.4%. Our modest stake in **Real Estate**, which we held for most of the year, allowed us to hold our value better than most funds in the group. Still, we were pulled down a bit by our position in **Convertible Securities**.

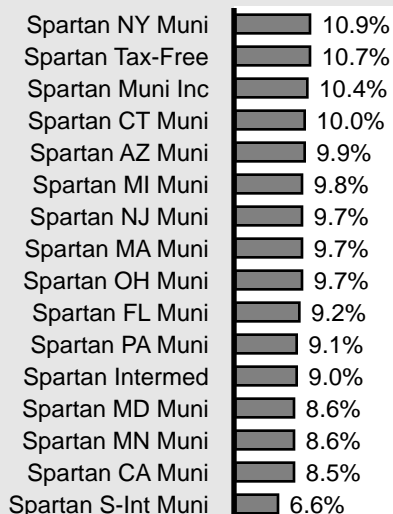
Going forward, **Balanced** remains our favorite for a combination of stocks and bonds. **Convertible Securities** could benefit if companies with lots of debt continue to bounce back. For stock-oriented funds,

YEAR-END REVIEW - *Continued on page 8*

2002 SELECT FUND PERFORMANCE



2002 MUNI BOND FUND PERFORMANCE



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. Loads: **3-0.75(90)** means 3% load, 0.75% redemption fee if held less than 90 days. 3% loads are waived for IRA/Keogh accounts – except on Magellan, New Millennium, and Selects. If a fund is closed to new investors, we will list it as such in the Load 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 ↓.

DECEMBER PERFORMANCE						One	Three	One	3-Yr	5-Yr	10-Yr	
Fund Name (Code/Symbol)	Rating	Risk	Payout	NAV	Size	2002	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H***	1.47		11.19	4495.0	-41.2	-8.1	20.7	-41.2	-39.1	-8.0	4.0
Blue Chip Gth (312/FBGRX)	H***	1.01	0.08/32.50	31.94	17730.0	-25.3	-6.2	6.8	-25.3	-17.7	-1.4	9.2
Capital Apprec (307/FDCAX)	B*****	1.09		16.18	1958.2	-21.3	-8.5	10.2	-21.3	-15.8	0.3	9.2
Contrafund (22/FCNTX)	H***	0.62	0.05/38.35	38.60	27962.6	-9.6	-0.6	1.2	-9.6	-9.7	3.9	11.5
Contrafund II (339/FCONX)	B***	0.94	0.02/8.79	8.67	702.8	-15.9	-3.9	9.9	-15.9	-11.4		
Disc Equity (315/FDEQX)	H***	0.90	0.03/18.54	17.97	2869.7	-18.6	-4.8	4.0	-18.6	-12.3	0.1	8.9
Dividend Gth (330/FDGFY)	B****↓	1.01	0.09/22.75	22.32	14176.3	-20.4	-6.6	10.4	-20.4	-4.9	4.9	
Export Fund (332/FEXPX)	B*****	1.06	0.03/13.99	13.75	708.0	-18.7	-5.2	13.7	-18.7	-6.0	7.6	
Fidelity Fifty (500/FFTYX)	H***	0.89	0.08/16.48	16.04	738.0	0.3	-6.7	11.9	0.3	-5.7	7.2	
Growth Company (25/FDGRX)	H***	1.19		35.42	16411.0	-33.4	-10.0	11.8	-33.4	-22.5	1.2	8.9
Large-Cap Stock (338/FLCSX)	B*****	0.91	0.04/11.61	11.15	599.1	-23.0	-6.1	5.6	-23.0	-18.5	-0.8	
Lev Co Stock (122/FLVCX)	B***	1.08		10.00	65.3	-1.8	-2.2	27.4	-1.8			
Low-Priced Stock (316/FLPSX)	B***	0.67		25.17	15539.7	-6.2	-3.9	5.9	-6.2	12.2	8.3	14.2
Magellan (21/FMAGX)	B***	1.01	0.52/82.37	78.96	60873.3	-23.7	-6.5	7.5	-23.7	-15.1	0.3	9.2
Mid Cap Stock (337/FMCSX)	H***	1.02	0.06/16.81	16.26	5439.9	-27.6	-6.1	8.2	-27.6	-5.9	6.1	
New Millennium (300/FMILX)	B***	1.07		22.14	2714.6	-19.9	-7.6	7.3	-19.9	-14.9	10.4	
OTC Portfolio (93/FOCPX)	B***	1.17		23.91	6510.0	-23.3	-8.0	8.8	-23.3	-24.7	0.6	7.4
Independence (73/FDFFX)	H***	0.90	0.21/13.38	13.07	4444.4	-15.8	-4.0	10.5	-15.8	-14.6	4.5	9.3
Small Cap Indep (336/FDSCX)	H***	0.72		13.30	886.3	-20.8	-4.1	-3.8	-20.8	-3.8	-1.2	
Small Cap Stock (340/FSLCX)	H***	0.76		11.84	1468.6	-15.7	-4.1	6.6	-15.7	0.1		
Stock Selector (320/FDSSX)	H***	1.00	0.06/17.21	16.58	781.8	-21.3	-6.3	8.5	-21.3	-14.4	-1.9	7.9
Strc Lg Cap Gth (763/FSLGX)	B*****	1.05		7.12	36.7	-29.1	-6.6	7.2	-29.1			
Strc Lg Cap Val (708/FSLVX)	H***	0.94	0.07/8.46	8.43	17.0	-17.2	-4.6	7.5	-17.2			
Strc Mid Cap Gth (793/FSMGX)	H***	1.11		7.34	18.3	-30.5	-6.7	5.8	-30.5			
Strc Mid Cap Val (762/FSMVX)	H***	0.85	0.07/9.06	9.08	43.2	-13.5	-3.1	4.3	-13.5			
Focused Stock (333/FTQGX)	S**↓	1.22		7.14	34.3	-39.3	-5.3	4.2	-39.3	-21.0	-4.8	
Trend (5/FTRNX)	B***	0.99	0.155/38.44	38.64	784.6	-20.9	-6.1	9.4	-20.9	-13.7	-1.4	4.8
Value (39/FDVLX)	H***	0.89	0.35/46.93	46.39	5287.2	-9.3	-3.5	9.5	-9.3	3.3	3.7	11.0
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B*****	0.59	0.08/13.29	13.29	6713.7	-8.5	-2.8	7.1	-8.5	-0.5	5.2	8.5
Convertible Sec (308/FCVXS)	B***	0.53	0.29/16.37	16.34	1420.7	-13.9	-1.4	6.8	-13.9	-2.5	9.2	11.0
Equity-Income (23/FEQIX)	B***	0.97	0.17/39.78	39.67	18495.4	-17.2	-4.7	9.4	-17.2	-5.1	0.6	10.0
Equity-Income II (319/FEQTX)	B*****	1.01	0.07/17.78	17.39	10156.6	-15.4	-6.7	10.4	-15.4	-5.5	1.6	9.7
Fidelity Fund (3/FFIDX)	H***	0.92	0.07/22.66	22.26	9256.4	-22.3	-5.2	7.8	-22.3	-15.0	0.0	9.8
Growth & Income (27/FGRIX)	H***↓	0.81	0.12/30.70	30.31	27196.2	-18.1	-3.1	5.6	-18.1	-10.0	0.6	10.3
Growth & Inc II (361/FGRTX)	B****↓	0.81	0.02/7.70	7.59	133.5	-17.1	-4.2	7.8	-17.1	-10.2		
Puritan (4/FPURX)	B*****	0.57	0.14/15.75	15.79	18468.4	-7.9	-2.1	6.9	-7.9	-0.6	3.3	9.6
Real Estate (303/FRESX)	H***	0.55	0.47/18.09	18.39	1697.3	5.8	1.4	1.7	5.8	15.0	4.2	10.0
Utilities (311/FUIX)	B***	1.04	0.07/9.48	9.70	827.7	-26.7	0.9	15.5	-26.7	-20.9	-4.2	5.4
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.07		22.05	30.9	-26.2	-2.5	4.2	-26.2	-4.3	4.6	10.5
Automotive (502/FAVX)	H***	1.02		22.65	22.6	-6.5	-7.1	1.4	-6.5	2.1	-0.7	5.8
Banking (507/FSRBX)	B***	1.09	0.30/30.66	30.31	425.5	-7.7	-4.3	1.8	-7.7	3.1	2.0	13.6
Biotechnology (42/FBIOX)	B***	1.51		38.73	1638.7	-40.5	-5.8	9.1	-40.5	-16.0	6.4	7.4
Brokerage (68/FSLBX)	H***	1.36	0.22/37.65	36.54	386.1	-17.3	-8.4	12.1	-17.3	-1.2	5.9	16.5
Business Ser (353/FBSOX)	S**	1.22		11.36	34.0	-26.9	-3.0	13.8	-26.9	-7.6		
Chemicals (69/FSCHX)	H***	1.11	0.39/38.67	38.64	36.1	-9.6	-5.7	4.1	-9.6	1.5	0.9	8.8
Computers (7/FDCPX)	B***	1.63		22.04	658.7	-42.0	-13.8	15.6	-42.0	-33.6	0.8	12.5
Const & Housing (511/FSHOX)	H***	1.12		24.11	61.8	-8.5	-3.4	7.6	-8.5	6.1	5.1	10.6
Consumer Indust (517/FSCPX)	H***	0.81		19.28	21.5	-17.1	-6.1	1.6	-17.1	-10.0	0.4	9.0
Cyclical Indust (515/FCYIX)	H***	0.98		11.91	14.4	-20.0	-2.7	6.5	-20.0	-3.5	2.0	
Defense & Aero (67/FSDAX)	S**	0.92		39.66	325.1	-6.8	-0.8	-2.3	-6.8	3.9	5.5	14.6
Develop Commun (518/FSDCX)	H***	1.47		9.87	370.3	-47.8	-11.4	15.6	-47.8	-38.1	-2.4	6.7
Electronics (8/FSLEX)	H***	2.09		24.37	2861.1	-50.5	-21.1	14.2	-50.5	-29.7	1.7	16.4
Energy (60/FSENX)	H***	1.06	0.10/21.02	20.52	185.6	-11.5	1.1	6.2	-11.5	0.9	3.3	9.6
Energy Services (43/FSESX)	H***	1.54		29.38	457.5	-0.7	0.4	12.7	-0.7	5.7	0.4	14.8
Environmental (516/FSLEX)	H***	0.81		10.32	17.6	-16.4	-5.1	6.7	-16.4	0.6	-8.9	-0.3
Financial Services (66/FIDSX)	H***	1.06	0.70/89.49	88.78	452.0	-11.4	-4.1	7.2	-11.4	1.1	3.7	14.1
Food & Agriculture (9/FDFAX)	S**	0.58	0.25/38.34	38.80	101.8	-6.7	0.0	2.4	-6.7	6.4	2.1	10.0
Gold (41/FSAGX)	B***	1.30	0.20/22.51	23.92	504.3	64.3	26.0	11.3	64.3	18.9	10.7	7.4
Health Care (63/FSPHX)	H***	0.93	0.15/101.84	101.98	1921.7	-18.0	-2.7	4.2	-18.0	-1.6	5.5	13.6
Home Finance (98/FSVLX)	H***	0.96	0.90/49.14	48.71	380.9	-0.7	-1.0	6.3	-0.7	13.0	1.5	15.7
Indust Equip (510/FSCGX)	H***	1.10		17.39	19.2	-22.9	-4.7	7.9	-22.9	-9.9	-0.7	10.6
Indust Materials (509/FSDPX)	H***	0.90	0.46/23.50	24.06	22.2	1.0	3.0	14.8	1.0	1.0	1.3	6.5
Insurance (45/FSPCX)	H***	0.96	0.74/45.22	44.59	109.7	-5.6	-4.7	5.8	-5.6	11.2	9.2	14.8
Leisure (62/FDLSX)	H***	1.05		50.04	129.8	-21.1	-5.7	5.3	-21.1	-14.9	2.4	11.5
Medical Delivery (505/FSHCX)	H***	1.17		23.68	146.7	-12.1	-1.2	-20.5	-12.1	12.9	-1.0	7.8
Medical Equip/Sys (354/FSMEX)	H***	0.83		15.42	143.7	-6.2	0.5	5.1	-6.2	12.3		
Multimedia (503/FBMPX)	H***	1.47		33.94	159.8	-12.8	-9.2	19.2	-12.8	-12.8	5.4	12.7
Natural Gas (513/FSNGX)	H***	0.88	0.08/16.59	16.77	133.1	-9.6	2.9	4.5	-9.6	6.2	5.8	
Nat Resources (514/FNARX)	H***	0.99		11.06	25.1	-11.7	1.4	7.2	-11.7	0.7	3.4	
Networking/Infra (912/FNINX)	H***	1.94		1.49	91.2	-49.5	-13.9	24.2	-49.5			
Paper & Forest (506/FSPFX)	H***	0.93		25.96	19.5	-2.3	-2.6	11.4	-2.3	1.7	4.8	9.3
Pharmaceuticals (580/FPHAX)	H***	0.90		7.28	56.7	-23.4	-2.4	9.3	-23.4			
Retailing (46/FSRPX)	B***	0.99		34.15	79.2	-18.9	-8.2	1.2	-18.9	-11.1	1.5	8.3
Software (28/FSCSX)	B***	1.38		36.46	710.4	-23.4	-5.8	31.6	-23.4	-17.1	9.9	15.9
Technology (64/FSPTX)	B***	1.64		37.70	1735.9	-37.8	-14.5	20.8	-37.8	-34.0	3.0	11.8
Telecom (96/FSTCX)	H***	1.50	0.03/26.28	25.57	446.6	-29.3	-8.9	36.6	-29.3	-31.7	-5.6	5.7
Transportation (512/FSRFX)	H***	1.01		24.49	26.9	-16.4	-1.2	8.6	-16.4	1.5	5.0	11.1
Utilities Growth (65/FSUTX)	H***	1.03	0.38/26.21	26.40	186.0	-30.4	-1.2	11.6	-30.4	-22.2	-3.3	5.6
Wireless (963/FWRXL)	H***	1.54		2.43	68.8	-55.2	-15.3	5.2	-55.2			

DECEMBER PERFORMANCE							Div.	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Payout	NAV	Size	Yield	2002	Mth	Mth	Year	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.71	0.01/10.81	10.73	319.0		-11.0	-4.2	5.2	-11.0	-17.6	-0.1
Canada (309/FICDX)	H***	0.67	0.04/18.08	18.12	79.1		-4.3	-0.2	5.5	-4.3	-1.0	3.0
Diversified Int'l (325/FDIVX)	B****	0.58	0.13/16.96	17.16	7106.9		-9.4	-1.1	6.1	-9.4	-10.5	4.3
Emerging Mkts (322/FEMKX)	H***	0.63	0.05/7.30	7.21	276.8		-6.9	-3.3	8.3	-6.9	-15.3	-5.3
Europe (301/FIEUX)	H***	0.94	0.14/18.83	18.32	955.2		-25.5	-6.6	14.0	-25.5	-17.1	-4.0
Europe Cap Appr (341/FECAX)	H***	0.70	0.19/13.61	13.83	433.0		-15.0	-1.1	5.5	-15.0	-11.4	0.9
China Region (352/FHKCX)	H***	0.59	0.19/11.46	10.86	117.5		-15.1	-6.1	2.2	-15.1	-14.4	1.9
Global Balanced (334/FGBLX)	H***	0.41	0.22/14.91	14.78	90.9		-6.1	-1.9	3.1	-6.1	-6.8	3.3
Int'l Growth & Inc (305/FIGRX)	H***	0.65	0.09/16.95	16.82	931.5		-9.9	-2.8	5.2	-9.9	-13.8	1.6
Int'l Small Cap (818/FISMX)	H***		0.02/10.35	10.55	12.6			-0.5	10.5			
Japan (350/FJPNX)	H***	0.96		8.43	297.2		-7.4	-2.3	-3.4	-7.4	-27.0	1.6
Japan Smaller Co (360/FJSCX)	H***	0.72		6.44	372.1		0.9	-0.2	-9.7	0.9	-26.2	12.2
Latin America (349/FLATX)	H***	1.03	0.17/9.02	9.33	143.6		-20.9	3.2	20.0	-20.9	-15.0	-10.1
Nordic (342/FNORX)	H***	0.87	0.12/15.46	15.23	81.2		-18.3	-9.3	8.5	-18.3	-18.6	2.2
Overseas (94/FOSEFX)	H***	0.88	0.09/22.74	22.00	3058.9		-19.4	-6.8	3.8	-19.4	-19.3	-3.3
Pacific Basin (302/FPBFX)	H***	0.69		12.76	309.6		-7.9	-3.3	-1.6	-7.9	-21.8	2.6
Southeast Asia (351/FSEAX)	H***	0.87	0.08/10.40	9.66	261.1		-11.3	-8.5	1.4	-11.3	-15.9	1.4
Worldwide (318/FWWFX)	H***	0.78	0.02/11.97	11.88	689.7		-18.8	-6.2	5.7	-18.8	-11.2	-0.4
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.74	0.35/17.93	18.05	275.2		-16.0	-4.1	6.9	-16.0	-11.3	
Spart Ext Mkt Idx (398/FSEMX)	H***	0.85	0.18/19.32	19.23	462.5		-18.1	-4.2	5.7	-18.1	-14.4	-1.8
Spart Int'l Index (399/FMIIX)	H***	0.81	0.38/19.92	20.14	351.2		-16.0	-3.6	6.2	-16.0	-17.6	-2.7
Spart 500 Index (317/FSMKX)	H***	1.00	0.71/62.63	60.47	7245.2		-22.2	-5.9	8.4	-22.2	-14.6	-0.7
Spart Total Mkt Idx (397/FSTMX)	B****	0.96	0.27/23.40	23.05	1082.8		-21.0	-5.6	7.7	-21.0	-14.4	-0.8
Asset Manager (314/FASMXX)	H***	0.52	0.14/13.92	13.80	10496.4		-8.1	-2.9	7.1	-8.1	-3.3	3.6
Asset Mgr Agg (347/FAMRX)	S**	1.08	0.07/7.02	6.93	161.6		-35.0	-7.4	3.1	-35.0	-14.1	
Asset Mgr Gth (321/FASGX)	H***	0.75	0.36/12.13	11.97	3534.8		-14.0	-4.6	9.1	-14.0	-8.4	0.7
Asset Mgr Inc (328/FASIX)	B****	0.21	0.07/10.91	10.86	893.7		-0.5	-1.1	3.7	-0.5	1.5	4.0
Freedom 2000 (370/FFFBX)	B****	0.20	0.23/11.00	11.01	1186.8		-1.8	-0.4	2.6	-1.8	0.7	5.7
Freedom 2010 (371/FFFCX)	B****	0.38	0.24/11.42	11.44	4323.5		-6.8	-1.5	4.4	-6.8	-3.6	5.0
Freedom 2020 (372/FFFDX)	B****	0.60	0.17/10.61	10.64	3741.9		-13.7	-3.2	6.1	-13.7	-8.7	3.0
Freedom 2030 (373/FFFEF)	B****	0.72	0.12/10.21	10.24	2116.8		-17.3	-4.1	6.9	-17.3	-11.5	1.7
Freedom 2040 (718/FFFFX)	B****	0.80	0.06/5.84	5.86	341.4		-19.7	-4.7	7.6	-19.7		
Freedom Income (369/FFFAFX)	B****	0.16	see page 8	10.60	1078.6		-0.3	-0.3	2.0	-0.3	2.7	5.2
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.35		6.28	2624.0	7.68	-0.4	3.3	12.6	-0.4	-4.9	0.4
Floating Rate (814/FFRHX)	B****		0.021/9.58	9.58	31.8	3.72		1.1	2.2			
GNMA Portfolio (15/FGMNX)	B****	0.09		11.24	6606.2	3.89	8.7	1.1	1.5	8.7	8.9	6.8
Gov't Income (54/FGOVX)	H***	0.19	0.13/10.42	10.48	3260.7	3.91	10.9	2.3	0.5	10.9	10.1	7.2
Intermed Bond (32/FTHRX)	H***	0.13		10.73	6031.1	4.34	9.2	2.2	1.9	9.2	9.2	7.2
Intermed Gov't Inc (452/FSTGX)	H***	0.14		10.38	1344.2	3.40	10.2	2.1	1.0	10.2	9.5	7.3
Invest Grade Bond (26/FBNDX)	H***	0.14	0.12/7.47	7.57	4605.5	3.53	9.4	2.2	2.4	9.4	9.6	7.0
Mortgage Securities (40/FMSFX)	B****	0.09	0.08/11.20	11.26	1252.7	3.86	9.1	1.1	1.7	9.1	9.3	7.2
New Markets Inc (331/FNMIX)	H***	0.36	0.11/11.31	11.33	399.5	7.89	12.7	3.3	13.5	12.7	11.3	7.9
Short-Term Bond (450/FSHBX)	B****	0.08		8.99	5005.1	4.08	6.7	1.4	1.8	6.7	7.4	6.3
Spart Gov't Inc (453/SPGVX)	H***	0.19	0.04/11.12	11.27	1172.8	4.07	11.5	2.3	0.6	11.5	10.4	7.5
High Income (455/SPHIX)	B****	0.22	0.063/7.59	7.60	1633.8	7.77	1.5	1.2	7.1	1.5	-6.1	-1.4
Spart Invest Grade (448/FSIBX)	H***	0.15	0.20/10.69	10.73	2574.3	4.26	9.6	2.1	2.4	9.6	9.8	7.4
Strategic Income (368/FSICX)	B****	0.12	0.042/9.37	9.40	652.8	5.72	9.4	2.2	5.9	9.4	6.6	
Inflation-Protected (794/FINPX)	H***		0.05/10.35	10.63	401.3	2.05		3.5	0.5			
Total Bond (820/FTBFX)	H***	0.2 Est		10.29	38.8	2.57		2.0				
Ultra-Short Bond (812/FUSFX)	B****	0.1 Est		10.02	53.5	2.56		0.2	0.7			
MUNICIPAL BOND FUNDS:												
Spart AZ Muni Inc (434/FAZXX)	H***	0.12		11.51	70.3	3.84	9.9	2.5	-0.2	9.9	8.5	5.7
Spart CA Muni Inc (91/FCTFX)	H***	0.11	0.058/12.61	12.71	1689.6	4.35	8.5	2.0	-0.9	8.5	8.5	5.8
Spart CT Muni Inc (407/FICNX)	H***	0.11	0.035/11.80	11.88	454.3	4.17	10.0	2.3	-0.2	10.0	8.6	5.8
Spart FL Muni Inc (427/FFLIX)	H***	0.11	0.078/11.73	11.81	551.6	4.24	9.2	2.2	-0.2	9.2	8.4	5.7
Spart Intermediate (36/FLTMX)	B****	0.10	0.060/10.10	10.23	1725.7	4.17	9.0	2.0	0.0	9.0	7.9	5.7
Spart MA Muni Inc (70/FDMMX)	H***	0.11	0.055/12.18	12.30	1956.1	4.36	9.7	2.2	-0.2	9.7	8.6	5.8
Spart MD Muni Inc (429/SMDMX)	H***	0.11		10.96	97.7	3.99	8.6	2.0	-0.2	8.6	8.1	5.5
Spart MI Muni Inc (81/FMHTX)	H***	0.11		12.04	556.1	4.49	9.8	2.2	-0.1	9.8	8.5	5.6
Spart MN Muni Inc (82/FMIX)	H***	0.09		11.62	339.3	4.21	8.6	2.0	0.1	8.6	7.9	5.3
Spart Municipal Inc (37/FHIGX)	H***	0.11	0.160/13.13	13.21	4744.0	4.61	10.4	2.3	-0.2	10.4	9.2	6.1
Spart NJ Muni Inc (416/FNJHX)	H***	0.11	0.058/11.75	11.84	572.4	4.13	9.7	2.5	-0.2	9.7	8.4	5.8
Spart NY Muni Inc (71/FTFMX)	H***	0.12	0.170/13.24	13.33	1467.4	4.36	10.9	2.4	-0.1	10.9	9.3	6.1
Spart OH Muni Inc (88/FOHFX)	H***	0.11	0.080/11.95	12.03	426.8	4.46	9.7	2.2	-0.2	9.7	8.6	5.7
Spart PA Muni Inc (402/FPXTX)	H***	0.11	0.036/11.00	11.07	293.8	4.45	9.1	2.3	0.0	9.1	8.3	5.6
Spart Short-Int Muni (404/FSTFX)	B****	0.06	0.047/10.49	10.53	1631.9	2.97	6.6	1.6	0.7	6.6	6.2	4.9
Spart Tax-Free Bond (90/FTABX)	H***	0.13	0.018/10.55	10.68	258.1	4.15	10.7	2.5	-0.3	10.7		

DECEMBER PERFORMANCE				One	Three	One	3-Yr	5-Yr	10-Yr
Indexes & Model Portfolios	Risk	Value	2002	Month	Month	Year	Rate	Rate	Rate
Dow Jones Industrial	0.98	8341.63	-15.0	-6.1	10.5	-15.0	-8.5	2.8	12.0
S&P 500	1.00	879.82	-22.1	-5.9	8.4	-22.1	-14.6	-0.6	9.3
NASDAQ	1.32	1335.51	-31.3	-9.7	14.0	-31.3	-30.8	-2.9	7.7
Russell 2000	0.97	383.09	-20.2	-5.6	6.1	-20.2	-7.5	-1.4	7.2
Fidelity Monitor Income Model	0.09	68975.37	5.4	1.1	1.0	5.4	3.7	3.5	6.0
Fidelity Monitor G&I Model	0.52	97626.98	-6.4	-1.1	6.8	-6.4	-0.9	3.9	
Fidelity Monitor Growth Model	0.92	94089.60	-17.1	-7.0	8.8	-17.1	-11.5	-0.4	9.2
Fidelity Monitor Select System	1.01	185062.79	-14.7	-6.1	8.7	-14.7	-12.4	3.5	10.8
Fidelity Monitor Unique Opportunities	0.62	52924.96	-2.1	1.4	9.1	-2.1	-7.5		

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
Gold	\$23.92	515.730	\$12336.26
Export	\$13.75	971.836	\$13362.75
Leveraged Co.	\$10.00	909.967	\$9099.67
Low-Priced Stock	\$25.17	720.154	\$18126.28

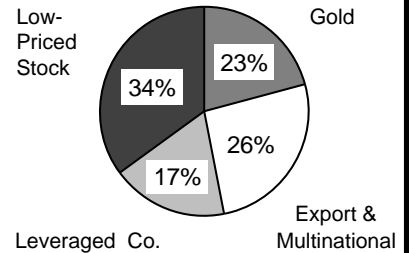
22% Foreign Holdings

Balance as of 12/31/02: \$52924.96

Balance at start of 2002: \$54083.48

PERFORMANCE

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



Our Unique Opportunities Model gained 1.4% in December. On 12/16 we sold one-third of **Low-Priced Stock** (\$25.60) and bought **Leveraged Company Stock** (\$10.13).

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 (- 18.1% YTD)	Portfolio B (- 14.3% YTD)	Portfolio C (- 22.6% YTD)	Portfolio D (- 21.7% YTD)
63% Dividend Growth, 37% Capital Appreciation	As of 1/13: 65% Magellan, 35% Contrafund	32% Magellan 68% Equity-Income	31% Magellan 69% Equity-Income

For December Portfolio A lost 7.3%, Portfolio B slid 2.4%, and Portfolios C and D both declined 5.3%.

VIP CORNER

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

VIP SECTOR MODEL:	VIP GROWTH MODEL: (as of 1/13)	VIP G&I MODEL:	VIP INCOME MODEL:
100% VIP Technology	34% VIP Growth & Income, 66% VIP Growth	42% VIP Asset Mgr, 58% VIP Balanced.	75% VIP Inv. Grade, 25% VIP High Income.

DECEMBER VIP PERFORMANCE		Unit Value	2002	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
Portfolio	Rating							
VIP Asset Manager	B ****	25.61	-9.5	-3.0	7.1	-9.5	-6.4	0.7
VIP Asset Manager: Growth	H ***	16.00	-16.2	-4.6	9.1	-16.2	-12.6	-2.3
VIP Balanced	B *****	12.17	-9.5	-2.0	5.6	-9.5	-5.7	0.3
VIP Contrafund	H ***	23.60	-10.1	-0.7	1.1	-10.1	-10.2	2.9
VIP Equity-Income	B ****	38.44	-17.6	-4.8	9.2	-17.6	-5.8	-0.5
VIP Growth	B *****	40.35	-30.7	-8.0	6.6	-30.7	-20.6	-1.2
VIP Growth & Income	B *****	12.63	-17.3	-4.2	7.6	-17.3	-10.5	-0.1
VIP Growth Opportunities	B ****	8.75	-22.5	-6.6	7.8	-22.5	-18.5	-7.1
VIP High Income	B ****	20.41	2.6	1.1	7.0	2.6	-11.6	-6.8
VIP Index 500	H ***	22.86	-22.9	-6.0	8.2	-22.9	-15.4	-1.6
VIP Investment Grade Bond	B ****	25.82	9.5	2.1	2.6	9.5	9.1	6.6
VIP Overseas	H ***	18.47	-20.9	-7.0	3.5	-20.9	-20.8	-4.7
VIP Mid Cap	H ***↑	9.63	-10.5	0.7	1.8	-10.5		
VIP Consumer Industries	B ****	8.12	-17.0	-6.1	1.9	-17.0		
VIP Cyclical Industries	H ***	8.06	-20.4	-2.8	6.7	-20.4		
VIP Financial Services	B ****	8.56	-12.1	-4.1	6.9	-12.1		
VIP Health Care	B ****	8.36	-17.7	-2.7	4.0	-17.7		
VIP Natural Resources	H ***	8.22	-12.3	1.2	7.0	-12.3		
VIP Technology	B ****	5.84	-38.3	-14.5	20.9	-38.3		
VIP Telecom & Utilities	H ****	6.04	-30.4	-1.3	10.9	-30.4		
Morgan Stanley Emg Mkts Debt	S **	12.49	8.3	2.5	10.9	8.3	9.4	
Morgan Stanley Emg Mkts Equity	H ***	7.42	-9.7	-4.7	7.4	-9.7	-20.2	
Morgan Stanley Global Equity	H ***	10.02	-17.5	-4.3	4.6	-17.5	-5.6	
Morgan Stanley Int'l Magnum	H ***	7.59	-17.5	-3.1	5.4	-17.5	-16.9	
PBHG Growth II	S **	7.22	-30.9	-6.2	-0.1	-30.9	-30.4	
PBHG Select Value	H ****	13.31	-25.7	-2.8	9.6	-25.7	-15.8	
PBHG Select 20	S **	10.89	-31.9	-4.9	-0.6	-31.9	-21.8	
PBHG Small Cap Value	S **	12.82	-31.7	-5.8	1.0	-31.7	-1.2	
PBHG Tech & Communications	S **	5.32	-54.4	-14.9	11.7	-54.4	-50.1	
Strong Mid Cap Growth Fund II	S **	8.86	-38.0	-7.7	5.1	-38.0	-28.9	
Strong Opportunity Fund II	H ***	11.16	-27.7	-7.4	9.1	-27.7	-10.0	
CS Int'l Focus	H ***	7.08	-20.6	-3.4	3.8	-20.6	-24.0	
CS Global Post-VC	S **	6.53	-34.7	-8.5	1.0	-34.7	-27.5	
CS Small Cap Growth	S **	7.33	-34.2	-6.7	6.9	-34.2	-23.7	
Fidelity Monitor VIP Sector Model		8322.02		-7.5	3.2			
Fidelity Monitor VIP Growth Model		21620.42	-21.7	-4.1	4.4	-21.7	-15.5	-2.0
Fidelity Monitor VIP G&I Model		16827.82	-9.4	-2.4	6.3	-9.4	-6.0	0.3
Fidelity Monitor VIP Income Model		15886.49	7.3	1.7	2.1	7.3	2.6	1.8

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	1912.392	\$17192.40
Ultra-Short Bond	\$10.02	851.537	\$8532.40
High Income	\$7.60	1128.616	\$8577.48
Floating Rate	\$9.58	1809.577	\$17335.75
Ginnie Mae	\$11.24	1542.468	\$17337.34

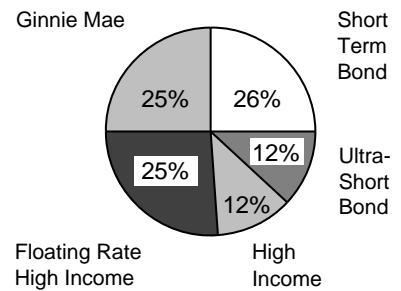
2% Foreign Holdings

Balance as of 12/31/02: \$68975.37

Balance at start of 2002: \$65415.92

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%



We were up 1.1% in December. On 12/16 we sold one-half of **Short-Term Bond** (\$8.93), splitting the proceeds evenly between **Ultra-Short Bond** (\$10.02) and **High Income** (\$7.64).

GROWTH AND INCOME MODEL

Our Growth and Income Model is for conservative growth, with a long-term goal of 11% per year. The model holds funds that focus on stocks and bonds.

FUND	NAV	SHARES	BALANCE
Capital & Inc.	\$6.28	3490.204	\$21918.48
Balanced	\$13.29	3732.394	\$49603.52
Conv. Securities	\$16.34	1597.612	\$26104.98

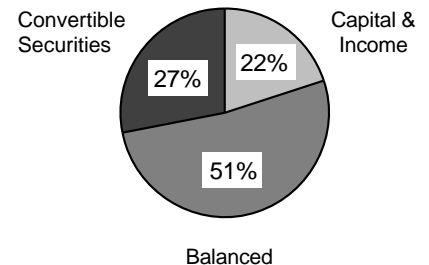
5% Foreign Holdings

Balance as of 12/31/02: \$97626.98

Balance at start of 2002: \$104347.74

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%



Our Growth and Income Model declined 1.1% in December.

GROWTH MODEL

Our Growth Model aims for long-term growth of 15% per year. The model will typically invest in a mix of domestic stock funds and will focus only on those that do not charge a load.

FUND	NAV	SHARES	BALANCE
Export	\$13.75	1697.656	\$23342.77
Capital Apprec.	\$16.18	2213.934	\$35821.45
Dividend Growth	\$22.32	1564.757	\$34925.38

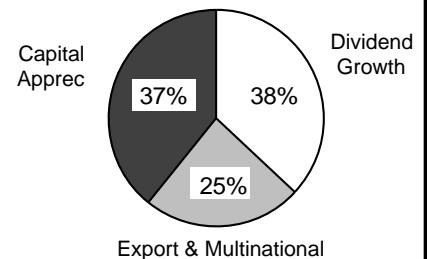
3% Foreign Holdings

Balance as of 12/31/02: \$94089.60

Balance at start of 2002: \$113506.04

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%

In December our Growth Model lost 7.0%, lagging the S&P 500's 5.9% decline.

SELECT SYSTEM

Our Select System aims for growth in sector funds, and has a long-term goal of 18% per year. We use a valuation model to identify attractive growth sectors.

FUND	NAV	SHARES	BALANCE
Retailing	\$34.15	864.073	\$29508.09
Banking	\$30.31	1157.238	\$35075.88
Biotechnology	\$38.73	938.154	\$36334.70
Software	\$36.46	938.003	\$34199.59
Brokerage	\$36.54	733.233	\$26792.33
Computers	\$22.04	1050.463	\$23152.20

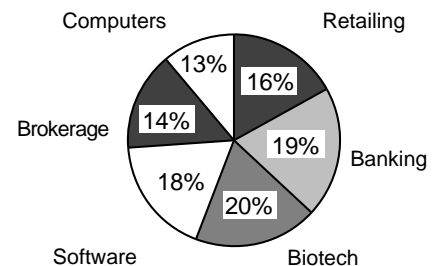
1% Foreign Holdings

Balance as of 12/31/02: \$185062.79

Balance at start of 2002: \$216887.90

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%

In December we were down 6.1%. The S&P 500 declined 5.9%. On 12/16 we made several exchanges: **Home Finance** (\$50.04) for **Retailing** (\$35.21), **Health Care** (\$101.73) for **Biotechnology** (\$39.32), and **Telecom** (\$25.53) for **Computers** (\$22.97).

Equity-Income II offers a well-balanced portfolio that doesn't ignore the growth side of the equation.

BOND FUNDS

Strong demand for bonds helped to bring down long-term interest rates. Government bond funds, the most interest-rate sensitive funds of the group, were among the top performers for 2002.

Emerging market bonds did well despite the economic problems in South America. As such, **New Markets Income** finished on a strong note. The increase came with a lot of volatility – monthly gains and losses of 5% were common during the year.

High Income and **Capital & Income** continued to suffer as many accounting scandals involved companies with lots of junk bond debt. Still, a significant recovery took hold late in the year as corporate raiders began to buy up the bonds of potential survivors.

Municipal bond funds posted a strong year, thanks to good credit quality and a high sensitivity to interest rates. **Spartan Short-Intermediate Muni** trailed the group because of its shorter maturity.

Our Income Model finished with a 5.4% gain. Our strategy of minimizing interest-rate sensitivity held us back compared with other bond funds, but still gave us a solid gain for the year.

Looking ahead, the high yield market appears well-positioned for a rebound. Unless the economy slides back into recession, **Capital & Income** and **High Income** seem likely to outperform in 2003. **Strategic Income**, which keeps about 40% in high yield, may also benefit to a lesser degree.

SELECT PORTFOLIOS

Gold was the runaway winner for 2002. As short-term interest rates tumbled, mining companies weren't able to make much money with forward sales, so many of them bought back their contracts. That took a lot of supply off the table. At the same time, war fears and reduced insurance limits for Japanese bank accounts sparked a surge in demand.

Other commodities also saw increases in price, but for various reasons the stocks didn't respond much. Still, most of the commodity-oriented Selects finished in the upper third of the performance ranking.

Financial sectors also held up reasonably well. As the Fed cut short-term interest rates, the yield curve became steeper and thus more profitable for many players in the industry.

Growth sectors, in contrast, finished on the bottom end for the third year in a row. Profit expectations tumbled throughout the first half of the year, and high-priced stocks had the most to lose.

Our Select System finished the year with a 14.7% decline. A heavy focus on the financial sectors kept our loss much smaller than the S&P 500. Measured against the Select family returns, we finished a little ahead of the 50 percentile mark.

For 2003 we've turned optimistic toward growth sectors. Our Relative Sector Volatility model now suggests that these groups have the best upside potential. Among the technology sectors, we like **Software, Technology, and Computers**. All three are focused heavily on the industry leaders, which are more likely to survive and prosper. In the health care group, we favor **Biotechnology**, a sector that has potential for positive surprises. We also have a few favorites on the value side. **Retailing** could benefit from continued strength in consumer spending, and **Banking** is a good bet while short-term interest rates remain low. We are maintaining a buy on **Gold**, but we might downgrade it to a hold next month. Robust demand from Japan could taper off once the insurance reduction kicks in on consumer bank accounts at the end of March. Furthermore, if we go to war with Iraq, any progress toward victory might boost the dollar and cut demand for the metal as investors migrate back into stocks. ■

Happenings

Fidelity has introduced **Value Discovery**, a new fund that will invest in cheap stocks across a full range of market caps (as opposed to **Value**, which generally focuses on mid-caps). It will be managed by Scott Offen. We'll be rating it a hold.

A number of Select managers were changed in December. **Computers** is now headed by Sonu Kalra, **Consumer Industries** and **VIP Consumer Industries** are being run by Christian Zann, and **Retailing's** new manager is Adam Segel. ■

DECEMBER DISTRIBUTIONS

December payouts are listed on pages 4 & 5 (Ex-dates were listed last month). **Freedom Income** made two payouts for the month (.02/10.66 on 12/6 and .06/10.59 on 12/27) Funds scheduled for 1/3/03 include: **Aggressive Growth, Conv Securities, Equity-Income II, Growth Company, New Millennium, Independence, Spartan CT, Spartan FL, Spartan Muni, and Spartan NJ.**

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser (55/FDRXX)	57095.7	1.22	CT MM (418/FCMXX)	976.5	0.79			
Select MM (85/FSLXX)	988.1	1.25	MA MM (74/FDMXX)	3150.8	0.85	FL MM (428/FSFXX)	784.5	0.84
Spart MM (454/SPRXX)	7508.7	1.22	MI MM (420/FMIXX)	554.2	0.82	Spart MA MM (426/FMSXX)	1014.8	0.94
Spart US Gov't (458/SPAXX)	804.8	1.13	NJ MM (417/FNJXX)	1239.9	0.80	Spart Municipal (460/FIMXX)	2935.4	1.05
Spart US Treas (415/FDLXX)	2653.6	1.13	NY MM (92/FNYXX)	2657.7	0.87	Spart NJ MM (423/FSJXX)	570.3	0.99
Tax-Free MM (275/FMOXX)	280.0	0.98	OH MM (419/FOMXX)	637.7	0.90	Spart NY MM (422/FSNXX)	1067.5	0.98
US Gov't Reser (50/FGRXX)	2561.1	1.18	AZ MM (433/FSAXX)	135.8	0.84	PA MM (401/FPTXX)	270.9	0.85
CA MM (97/FCFXX)	2499.4	0.86	Spart CA MM (457/FSPXX)	1275.7	1.01	Municipal MM (10/FTEXX)	12422.7	0.96