

Growth & Income Funds

In a market where a large proportion of the participants are obsessed with getting rich quickly, growing your portfolio at a moderate 8-10% per year becomes a comparatively simple and easy task. It's not necessary to outsmart the crowd, because you're not trying to double your money in 8 or 9 months – you'll be happy with a two-fold gain in 8 or 9 years. If someone asks why you own a particular fund, you can answer that the stocks pay dividends, and smile if you get a funny look. Your goal is to

GROWTH & INCOME FUNDS - *Continued on page 2*

Model Changes for Growth and Income, Unique Opportunities

On Monday, 3/14, our Growth and Income Model will sell **Low-Priced Stock** (316/FLPSX) and buy **Strategic Dividend & Inc.** (1329/FSDIX), resulting in a mix of 22% **Asset Manager Income**, 23% **Puritan**, 25% **Balanced**, and 30% **Strategic Dividend & Income**. We're making this trade partly to reduce risk, and partly to place a greater emphasis on dividend stocks. If you are holding **Value** as a substitute for **Low-Priced Stock**, you should trade it for **Strategic Dividend & Income**. If you want to ignore this trade and hang onto your shares of **Low-Priced**, we have no objection, but recognize you'll carry a bit more risk and that future returns will vary from the model. There are no changes to the VIP Growth & Income Model.

Also on 3/14, our Unique Opportunities Model will sell **Low-Priced Stock** (316/FLPSX) and buy **Value** (39/FDVLX). The resulting mix will be approximately 16% **Natural Resources**, 12% **Utilities Growth**, 14% **Banking**, 25% **Leveraged Company Stock**, and 33% **Value**. If you have been holding **Value** as a substitute for **Low-Priced**, no action is necessary. While **Low-Priced Stock** and **Value** have performed similarly over the past year, **Value's** industry mix is better matched to rising inflation and higher short-term interest rates. Here again we have no objection if you want to ignore this trade and keep **Low-Priced**, but recognize that your future performance may trail that of the model.

Review & Recommendations

During February the market seemed to conclude that the economy can stand up to rising interest rates and higher oil prices. Even with concerns that a weak dollar could push up inflation, cyclical stocks enjoyed a nice rally and other groups were mostly positive. The S&P 500 posted a gain of 2.1% for the month.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorites, in order of increasing risk, are **Value**, **Small Cap Value**, **Contrafund**, and **Leveraged Company**.

Funds that were overweighted in energy and cyclicals did well. **Leveraged Company Stock** jumped 7.3%, **Focused Stock** was up 5.5%, and **Small Cap Value** climbed 5.0%. Those with heavy exposure to growth stocks and consumer finance trailed the market. **Blue Chip Growth** rose 0.5%, **Fidelity Fifty** gained 0.4%, **Discovery** finished flat, and **Aggressive Growth** declined 1.7%.

INTERNATIONAL FUNDS

Consider **Spartan Int'l Index** for broad-based foreign stock exposure. **Canada** could benefit from higher export revenue on natural resources, and **Int'l Small Cap** could be helped by rising global inflation.

Latin America jumped 12.6% on expectations that higher prices for oil and other commodities will help boost economic growth. **Emerging Markets**, helped by strong gains in its Latin American holdings, was up 9.2%. On the flip side, Japanese stocks were weak in dollar terms. **Japan** gained 1.9%, and **Japan Smaller Companies** edged up 0.3%.

GROWTH & INCOME FUNDS

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

Dividend stocks were on a roll, and some utility stocks benefited from the likelihood of higher prices for electricity and natural gas. **Equity-Income II** gained 3.3%, **Utilities** and **Equity-Income** returned 2.9%, and **Strategic Dividend & Income** rose 2.5%. On the bottom end, weakness in growth stocks caused **Convertible Securities** to post a 0.2% decline.

RECOMMENDATIONS - *Continued on page 8*

GROWTH & INCOME FUNDS - *Continued from page 1*

grow your portfolio faster than the rate of inflation while keeping risk moderate. There's no need to be fashionable, or find an interesting or compelling story. Boring is better – if you're having fun you may be paying too much or taking on too much risk.

Welcome to the world of growth and income investing. You may not always keep up with more aggressive investments, but you'll come surprisingly close. Over the last 10 years, the average Fidelity growth fund compounded at a 12.1% annual rate. The average diversified growth and income fund returned 11.0%. The numbers change very little if you look back 20 years. Average growth fund, 13.0% per year. Average growth and income fund, 11.7%. Here's the eye-opener: earning the extra percentage point required a portfolio that was 30-40% more volatile. The big increase in risk required for a small increase in return is partially explained by efficient frontier theory, which suggests that above a certain level of risk the potential returns level off. But it gets uglier than that in the real world. As risk moves above S&P 500 levels, the odds of inflicting permanent damage to your portfolio increase rapidly. Take on twice the risk of the S&P 500 and there's a good chance you'll eventually lag the index. Take on three times as much and you'll be lucky to come out ahead of a money market fund.

Many growth and income funds, especially those that blend more than one asset class, tend to operate in a sweet spot on the efficient frontier curve. Stay in a range where volatility varies between 0.6 and 0.8, and investing becomes somewhat foolproof. You're taking on enough risk to beat inflation, but not so much that you lose your shirt when things go the wrong way. Stay in this zone long enough, and the odds of success are very high. Spend a decade being the tortoise with a conservative fund like **Balanced** or **Puritan**, and you're almost sure to end up ahead of all those growth-crazed hares who chase after the latest and greatest technology stocks.

Following is a review of Fidelity's often ignored growth and income lineup. If you're looking to make investing easy, this is a good place to start.

BALANCED (BUY)

One of the most broadly diversified funds in Fidelity's growth and income lineup, **Balanced** is currently holding 70% in stocks and 30% in bonds. The stocks fall into the large-cap blend category. While the industry mix is conservative relative to most growth funds, technology and health care are

weighted more heavily (28% of assets) than most funds in this group, raising overall volatility to about 0.85 – on the high side for a fund that has nearly a third of its assets in bonds. So far that hasn't been a problem, even during the tough period for growth last year. Lawrence Rakers gets good marks for his stock picks. He was able to limit 2002 losses to less than half the S&P 500's decline, yet managed to keep up with the index's 40% gain for 2003-2004. That's impressive, considering that only two-thirds of the portfolio was in stocks.

CONVERTIBLE SECURITIES (HOLD)

By purchasing convertibles issued by growth companies, you benefit if the underlying stocks do well, but the income stream offers support if things go the wrong way. With the exception of 2002, when the fund lost 14%, **Convertible Securities** has realized its potential. Fidelity is known for research strength in this segment, and it shows – over the last 10 years this fund has been a top performer in its category. Still, with 46% in health and technology securities, and with short-term interest rates on the rise, we question whether this is really the best time to jump in. **Strategic Dividend & Income**, which currently keeps 20% in convertibles, might be the better way to gain exposure to this segment of the market.

EQUITY-INCOME (BUY)

Stock dividends are once again gaining respect. Last year's dividend tax cut – which is likely to be made permanent – was the event that got the ball rolling. Investors have rediscovered stock dividends because they more-or-less prove that a company is not faking its earnings or its stock repurchases. Corporations, having realized that a dividend hike will once again boost stock values, are responding. A self-reinforcing cycle has begun, and it will likely benefit all parties involved. The companies that make up the S&P 500 are collectively sitting on a mountain of cash, yet only 35% of earnings get paid out to shareholders. Assuming dividends become the preferred form of shareholder compensation, annual payouts could grow at a 15-20% clip for several years to come.

If that scenario comes to pass, **Equity-Income** would be the right investment at the right time. The fund represents a pure play on the dividend paying stocks of the S&P 500. In an environment where earnings growth is tapering off, companies that raise their dividends are likely to garner a greater share of overall stock appreciation. It may not be all that

MANAGED ACCOUNTS: Money management services are available through Weber Asset Management, Inc., where the strategies used by Fidelity Monitor are personalized to meet your individual needs and risk tolerance. Your account stays at Fidelity and is invested in Fidelity funds. For information please call 800-438-3863, or visit www.fidelitymonitor.com and click on the money management link. You may also write Weber Asset Management, Inc, 1983 Marcus Avenue #221, Lake Success, NY 11042. Minimum account size is \$200,000.

Fidelity Monitor is published by Independent Fidelity Investors, Inc, P.O. Box 1270, Rocklin, CA 95677. Web site: www.fidelitymonitor.com For information/service, call (800) 397-3094, email fidmonserv@aol.com or visit the web site. Subscription rate: \$139 per year, including weekly hotline service. Fidelity Monitor is not associated with Fidelity Investments. All facts and figures are obtained from reliable sources but are subject to revision. Before buying a fund, please read its prospectus. Editor: Jack Bowers. Copyright (c) 2005.

noticeable in the short run, as **Equity-Income** tends to track the S&P 500 day in and day out. However, over the next five years there's a good chance that the fund will exceed the S&P 500 by at least several percentage points annually.

EQUITY-INCOME II (HOLD)

Equity-Income II looks for opportunities in dividend stocks, just as **Equity-Income** does, although it tends to focus a bit less on yield and more on capital appreciation potential. It also tends to run with a more concentrated portfolio – currently about 35% of assets are invested in the top ten stocks, versus 23% for **Equity-Income**.

Does this make sense? It's probably a lot better than swinging for the fences in a more growth-oriented fund, but in this market environment we question the benefit. Investing in dividend stocks is already a time-tested strategy, as evidenced by **Equity-Income's** 13% annual returns over a period of almost four decades. As dividend increases are rolled out, the stocks benefiting most will be those with a strong balance sheet and a competitive yield. That describes roughly a third of the S&P 500 universe. Many of these companies may end up boosting their payouts by 50-100% over a period of several years, and all of them could be winners. In that situation, it might not make sense to cut back on diversification or take a chance on companies with weak management.

FIDELITY FUND (HOLD)

Having been around since 1930, this fund has survived virtually every kind of market, and has provided a lifetime return greater than 10% per year. In its early days, **Fidelity Fund** offered a form of diversification that was unique, but today it struggles to differentiate itself from the S&P 500. Fidelity's own **Spartan 500 Index**, fresh off its latest expense cap reduction (0.1%), may in fact be its toughest competitor. Our concerns with **Fidelity Fund** are somewhat related. It has an underweighted position in the energy and utility groups at a time when those groups may actually help long-term performance. Despite being closely tied to the S&P 500, it runs with a lower dividend yield. And most important of all, its portfolio is not likely to offer much protection in a down market.

GROWTH & INCOME (BUY)

We have a slight preference for **Equity-Income** over this fund, but we're giving **Growth & Income** the benefit of the doubt. The fund operates in the large-cap blend arena. A defensive posture left it

10 percentage points behind the S&P 500 index in 2003, but long-time manager Steven Kaye turned things around, nearly matching the benchmark last year. The fund's below-average volatility, due in part to its underweighted technology position, is probably its main attraction. We calculate a relative risk score of around 0.9. At \$31 billion, **Growth & Income** is one of Fidelity's largest funds. That alone explains its low turnover of 30% – elephant funds must change gradually to avoid liquidity issues when they trade.

GROWTH & INCOME II (HOLD)

A heavy bet on consumer stocks has not yet paid off, and this fund is not positioned to benefit from dividend stock leadership. However, it should hold up well if growth stocks run into trouble, because technology and health care stocks are substantially underweighted (less than 8% of assets). Long-time manager Louis Salemy definitely gets credit for not mimicking the S&P 500. There's still a chance that telecom and media stocks could bring home the bacon in 2005, but otherwise the fund may end up lagging for a third straight year. **Growth & Income II's** overall volatility has been 5-10% lower than the S&P 500, but that's mainly a function of its cash position – 7.5% in the most recent quarterly update.

PURITAN (BUY)

Puritan, like **Balanced**, holds a mix of stocks and bonds. Historically the ratio has been around 60/40, a classic blend that reduces volatility as much as possible without becoming too dependent on either asset class. The primary difference versus **Balanced** is the makeup of its stock portfolio, which aligns closely with **Equity-Income** (Stephen Petersen maintains nearly identical stock portfolios for both funds). While **Puritan's** stock holdings may not be as broad-based as that of **Balanced**, it may be better positioned for a dividend stock rally, and it takes on significantly less overall risk (about two-thirds the volatility of the S&P 500). **Puritan** has delivered returns of around 12% per year since its inception in 1946, and continues to follow an approach that has served it well for the last 58 years. It probably won't do quite that well over the next decade, but from the standpoint of earning a good return with moderate risk, it remains one of the most efficient investment vehicles around.

REAL ESTATE (SELL)

Real Estate has been advancing well ahead of earnings for several years running, and equity REITs

GROWTH & INCOME FUNDS - *Continued on page 8*

GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed, with no adjustment for loads. Size figures are for the beginning of the prior month, in millions. Dividend Yield is based on actual dollars posted to accounts, not the SEC yield that Fidelity must quote. Risk is based on standard deviation of daily gains and losses over a one-year period, relative to the S&P 500. Fee: **0.75(90)** indicates a 0.75% redemption fee on shares held less than 90 days. As of September, 2003, all retail Fidelity funds are no-load. If a fund is closed to new investors, we will list it as such in the Fee column. 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 ↓.

FEBRUARY PERFORMANCE						2005	One	Three	One	3-Yr	5-Yr	10-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H***	1.53	1.5(90)	15.67	4767.9	-5.6	-1.7	-1.8	0.1	-0.6	-23.1	5.4
Blue Chip Gth (312/FBGRX)	H***	1.05	none	40.80	22743.0	-2.2	0.5	1.2	1.0	0.6	-6.2	8.5
Blue Chip Value (1271/FBCVX)	H***	1.07	none	12.84	111.6	2.3	3.4	5.7	12.7			
Capital Apprec (307/FDCAX)	H***	1.31	none	25.24	6467.5	-3.0	0.7	1.0	3.9	10.1	-1.2	10.6
Contrafund (22/FCNTX)	B****	1.02	none	57.66	44405.1	1.6	3.0	4.3	13.4	10.8	1.8	13.7
Discovery (339/FDSVX)	S**	0.88	none	10.67	513.2	-5.6	0.0	-1.7	2.9	2.4	-3.0	
Disc Equity (315/FDEQX)	H***	1.07	none	25.90	5014.5	2.4	3.5	5.5	11.2	6.7	0.3	10.9
Dividend Gth (330/FDGFY)	H***	1.02	none	27.97	18571.0	-1.8	0.8	1.7	0.9	1.5	3.9	13.7
Export Fund (332/FEXPX)	H***	1.16	0.75(30)	19.97	1859.8	1.7	2.8	5.1	11.5	9.2	4.9	17.2
Fidelity Fifty (500/FFTYX)	H***	1.27	0.75(30)	20.05	850.0	-2.8	0.4	0.5	2.7	6.3	0.5	12.5
Growth Company (25/FDGRX)	H***	1.50	none	53.81	23937.2	-4.0	0.6	0.2	4.4	4.3	-11.7	11.8
Large-Cap Stock (338/FLCSX)	H***	1.09	none	14.34	711.6	-1.9	0.6	1.3	1.5	1.2	-7.2	
Lev Co Stock (122/FLVCX)	B****	1.51	1.5(90)	24.25	2227.4	6.9	7.3	7.4	23.5	41.5		
Low-Priced Stock (316/FLPSX)	B****	0.97	Closed	40.70	35208.7	1.1	3.2	5.1	16.9	17.4	19.4	17.6
Magellan (21/FMAGX)	S**	1.03	Closed	103.05	60397.1	-0.7	1.2	2.4	3.9	2.2	-3.3	9.6
Mid Cap Stock (337/FMCSX)	H***	1.31	0.75(30)	23.16	8757.9	-1.2	2.1	2.8	3.9	3.3	-1.7	13.9
New Millennium (300/FMILX)	H***	1.45	Closed	31.14	3439.4	-1.7	2.2	1.4	-1.3	6.4	-6.6	18.1
OTC Portfolio (93/FOCPX)	S**	1.61	none	33.16	7664.4	-4.4	0.5	-0.9	-0.5	5.6	-12.3	10.0
Independence (73/FDFFX)	H***	1.26	none	17.57	4546.1	-1.4	1.0	1.7	7.4	4.3	-7.1	10.2
Small Cap Gth (1388/FCPGX)	H***	1.3 Est	1.5(90)	11.78	76.3	3.2	2.3	7.3				
Small Cap Indep (336/FDSCX)	H***	1.16	1.5(90)	19.79	1092.4	0.4	1.7	3.9	10.7	8.8	5.3	10.4
Small Cap Stock (340/FSLCX)	H***	1.25	2(90)	18.10	4207.5	-0.3	2.3	2.9	8.8	12.5	7.4	
Small Cap Value (1389/FCPVX)	B****	0.9 Est	1.5(90)	11.65	180.7	4.4	5.0	7.4				
Stock Selector (320/FDSSX)	H***	1.04	none	22.82	802.3	0.0	1.9	3.3	6.7	4.9	-1.9	9.8
Strc Lg Cap Gth (763/FSLGX)	H***	1.30	0.75(30)	10.52	49.2	2.5	3.4	7.9	13.2	3.9		
Strc Lg Cap Val (708/FSLVX)	B****	0.97	0.75(30)	12.43	176.3	1.7	3.2	5.7	15.7	8.2		
Strc Mid Cap Gth (793/FSMGX)	H***	1.42	0.75(30)	12.02	77.5	1.7	3.8	7.3	13.6	8.1		
Strc Mid Cap Val (762/FSMVX)	B****	1.06	0.75(30)	14.64	152.3	2.0	3.5	6.1	18.4	12.3		
Focused Stock (333/FTQGX)	H***	1.27	0.75(30)	10.68	44.5	5.7	5.5	9.9	19.2	-0.3	-6.1	
Trend (5/FTRNX)	H***	1.02	none	53.34	858.7	-0.6	1.8	2.6	6.6	5.0	-3.0	7.1
Value (39/FDVLX)	B****	1.12	none	72.78	10238.9	2.1	3.6	5.1	17.1	13.9	16.6	13.4
Value Discovery (832/FVDFX)	H***	1.23	none	14.11	77.0	3.1	3.9	5.6	12.0			
Value Strategies (14/FSLSX)	H***	1.61	none	36.38	195.0	-2.8	2.5	2.6	4.5	12.0	11.1	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****↑	0.84	none	18.04	12601.4	1.2	2.3	4.3	8.0	9.7	8.2	10.9
Convertible Sec (308/FCVXS)	H***	0.85	none	21.09	1838.0	-2.4	-0.2	0.6	4.7	7.8	2.2	12.7
Equity-Income (23/FEQIX)	B****	1.00	none	53.00	25825.4	0.4	2.9	3.6	8.4	6.6	7.1	11.5
Equity-Income II (319/FEQTX)	H***	1.02	none	23.81	12346.4	0.0	3.3	3.0	7.6	7.7	6.0	11.3
Fidelity Fund (3/FFIDX)	H***	0.98	none	29.78	10670.2	-0.3	1.2	2.2	4.7	3.4	-3.2	10.8
Growth & Income (27/FGRIX)	B****	0.90	none	37.76	31259.9	-1.2	1.1	1.9	5.7	2.4	0.2	10.5
Growth & Inc II (361/FGRTX)	H***↓	0.92	none	9.58	194.1	-1.0	1.4	1.9	2.2	3.1	0.1	
Puritan (4/FPURX)	B****	0.66	none	19.02	23533.6	0.4	1.9	2.7	6.7	7.2	6.8	10.2
Strategic Div & Inc (1329/FSDIX)	B****↑	0.85	none	11.50	527.3	0.9	2.5	4.1	11.0			
Utilities (311/FUIX)	H***↓	1.01	none	13.66	937.5	0.5	2.9	3.7	17.7	6.9	-7.0	8.1
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.49	0.75(30)	33.46	33.4	-0.8	2.2	-1.2	12.9	1.2	8.8	13.8
Automotive (502/FSAVX)	S**	1.34	0.75(30)	34.10	25.3	-2.1	1.1	3.6	5.4	9.6	12.1	8.1
Banking (507/FSRBX)	B****	1.03	0.75(30)	37.98	490.5	-4.1	-1.5	-2.0	2.7	9.3	13.1	15.2
Biotechnology (42/FBIOX)	H***	2.30	0.75(30)	49.04	1694.1	-14.9	-9.1	-8.6	-11.5	-2.8	-14.0	11.3
Brokerage (68/FSLBX)	H***	1.45	0.75(30)	54.95	425.3	-1.6	0.8	3.3	2.0	9.6	8.4	18.6
Business Ser (353/FBSOX)	H***	1.13	0.75(30)	15.50	38.2	-4.2	-0.4	-1.7	11.3	1.1	4.6	
Chemicals (69/FSCHX)	B****↑	1.48	0.75(30)	71.53	188.8	4.8	6.5	7.1	39.4	19.6	17.2	12.6
Computers (7/FDCPX)	H***	2.14	0.75(30)	34.65	664.9	-1.4	3.9	1.9	-7.6	1.9	-17.7	12.1
Const & Housing (511/FSHOX)	H***↑	1.55	0.75(30)	45.82	183.2	5.2	4.5	15.0	30.3	18.2	22.7	16.2
Consumer Indust (517/FSCPX)	H***	1.12	0.75(30)	24.23	43.4	-1.7	-0.1	3.3	4.2	2.8	2.1	10.4
Cyclical Indust (515/FCYIX)	H***	1.25	0.75(30)	19.21	58.5	2.7	4.1	5.0	25.6	12.3	12.8	
Defense & Aero (67/FSDAX)	H***	1.25	0.75(30)	67.18	519.3	3.3	3.9	4.0	22.8	13.7	15.9	16.8
Develop Commn (518/FSDCX)	S**↓	2.33	0.75(30)	17.67	570.2	-8.6	-1.6	-5.5	-12.7	5.7	-20.0	8.4
Electronics (8/FSLEX)	H***	2.51	0.75(30)	38.93	2649.9	3.0	8.0	7.5	-10.9	-4.2	-16.5	16.0
Energy (60/FSENX)	B****	1.65	0.75(30)	38.70	632.2	19.0	14.3	16.8	48.0	19.2	14.8	14.7
Energy Services (43/FSSESX)	H***	2.21	0.75(30)	49.44	680.5	15.9	10.8	14.4	38.7	17.2	11.3	17.7
Environmental (516/FSLEX)	H***	1.30	0.75(30)	13.80	12.6	-3.5	0.2	-0.4	3.8	6.0	7.6	3.6
Financial Services (66/FIDSX)	H***	1.06	0.75(30)	114.70	517.5	-2.1	-0.3	2.0	3.3	8.4	11.3	15.5
Food & Agriculture (9/FDFAX)	H***	0.85	0.75(30)	51.42	132.6	1.4	0.7	6.1	11.2	6.2	13.4	10.9
Gold (41/FSAGX)	H***	2.42	0.75(30)	27.45	650.5	2.0	7.3	-3.2	0.9	17.5	17.6	5.9
Health Care (63/FSPHX)	H***	1.18	0.75(30)	127.07	1899.0	-0.8	2.2	6.0	3.1	2.4	2.6	12.9
Home Finance (98/FSVLX)	H***	1.12	0.75(30)	59.12	415.2	-6.3	-2.4	-3.6	-0.5	10.9	20.3	15.6
Indust Equip (510/FSCGX)	H***	1.38	0.75(30)	26.85	44.0	0.5	2.9	4.3	13.3	7.4	3.5	11.3
Indust Materials (509/FSDPX)	H***	1.61	0.75(30)	40.77	122.1	2.6	7.2	4.2	16.1	18.2	17.2	9.0
Insurance (45/FSPCX)	H***	1.15	0.75(30)	62.15	177.2	0.6	2.3	5.6	5.4	9.5	19.8	17.5
Leisure (62/FDLSX)	H***	1.18	0.75(30)	75.07	224.2	-4.2	-2.1	0.8	7.4	9.1	1.2	13.2
Medical Delivery (505/FSHCX)	H***↑	1.58	0.75(30)	46.80	701.9	4.4	2.4	12.6	42.9	20.9	25.0	12.1
Medical Equip/Sys (354/FSMEX)	H***	1.17	0.75(30)	23.70	902.2	1.3	1.9	7.0	13.5	15.4	14.9	
Multimedia (503/FBMPX)	H***↓	1.26	0.75(30)	43.55	136.5	-3.7	-1.0	0.7	0.0	9.1	-0.1	12.0
Natural Gas (513/FSNGX)	H***	1.93	0.75(30)	34.40	671.0	15.5	11.3	14.4	52.0	25.2	18.8	15.7
Nat Resources (514/FNARX)	B****	1.56	0.75(30)	20.07	192.0	15.8	13.8	13.2	37.5	17.1	14.2	
Networking/Infra (912/FNINX)	H***	2.39	0.75(30)	2.14	121.8	-8.9	-1.4	-5.3	-19.6	-3.5		
Paper & Forest (506/FSFPX)	S**↓	1.51	0.75(30)	31.64	24.0	-4.9	5.4	-1.4	0.4	3.3	7.7	7.3
Pharmaceuticals (580/FPHAX)	H***	1.35	0.75(30)	8.64	101.4	-4.5	0.8	4.0	-3.5	-2.2		
Retailing (46/FSRPX)	B****	1.18	0.75(30)	50.90	110.2	-1.1	1.0	1.2	8.5	7.3		
Software (28/FSCSX)	H***↓	1.66	0.75(30)	47.57	738.3	-9.3	-3.7	-5.4	-6.5	4.7	-7.1	15.0
Technology (64/FSPTX)	H***	2.03	0.75(30)	57.62	1997.1	-4.3	1.9	-1.0	-6.7	3.5	-19.3	12.4
Telecom (96/FSTCX)	H***	1.45	0.75(30)	34.83	347.8	-6.3	-1.0	-3.2	-1.4	5.0	-17.3	5.7
Transportation (512/FSRFX)	H***	1.51	0.75(30)	42.08	85.8	-1.5	4.1	0.4	28.9	11.0	15.6	13.2
Utilities Growth (65/FSUTX)	B****	0.98	0.75(30)	40.04	330.3	-0.5	1.9	2.2	19.9	6.9	-6.7	9.4
Wireless (963/FWRLX)	H***	1.65	0.75(30)	5.69	427.9	-2.4	1.1	-0.5	17.3	15.6		

FEBRUARY PERFORMANCE							Div.	2005	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate	
Aggressive Int'l (335/FIVFX)	H***	1.28	1 (30)	17.03	686.9		1.9	4.2	6.4	9.5	11.8	-2.6	
Canada (309/FICDX)	B****	1.25	1.5(90)	34.91	709.3		3.1	5.1	4.9	21.5	22.9	11.9	
Diversified Int'l (325/FDIVX)	B****	1.09	Closed	29.36	23788.9		2.5	4.3	6.7	16.6	17.2	4.5	
Emerging Mkts (322/FEMKX)	H***	1.55	1.5(90)	14.31	800.8		10.7	9.2	17.7	26.4	21.3	4.2	
Europe (301/FIEUX)	B****	1.28	1 (30)	36.00	2283.4		5.4	5.6	12.1	27.6	15.2	1.6	
Europe Cap Appr (341/FECAX)	H***	1.16	1 (30)	22.81	455.3		5.9	6.4	10.5	13.2	13.1	2.5	
China Region (352/FHKCX)	H***	1.42	1.5(90)	17.53	325.6		2.8	5.5	4.7	5.3	13.9	0.4	
Global Balanced (334/FGBLX)	H***	0.85	1 (30)	21.07	165.6		0.4	1.9	4.0	11.5	12.1	3.8	
Int'l Discovery (305/FIGRX)	H***	1.19	1 (30)	29.04	2667.6		3.0	4.3	8.0	16.7	17.3	1.6	
Int'l Small Cap (818/FISMX)	B****↑	1.24	2 (90)	25.30	1589.8		8.7	5.4	13.8	30.2			
Japan (350/FJPNX)	H***	2.07	1.5(90)	12.88	721.3		0.6	1.9	5.4	13.7	14.1	-9.3	
Japan Smaller Co (360/FJSCX)	H***	2.09	1.5(90)	12.85	1342.4		2.1	0.3	4.8	27.6	27.7	-5.0	
Latin America (349/FLATX)	B****	2.00	1.5(90)	23.68	530.2		12.0	12.6	21.4	49.3	25.5	9.3	
Nordic (342/FNORX)	H***	1.35	1.5(90)	28.75	153.0		4.1	8.0	6.8	22.1	16.9	-1.9	
Overseas (94/FOSEFX)	H***	1.25	1 (30)	36.01	4526.5		1.8	4.7	5.6	11.1	11.4	-2.5	
Pacific Basin (302/FPBFX)	H***	1.57	1.5(90)	20.49	506.0		3.6	2.9	8.5	15.7	14.5	-3.7	
Southeast Asia (351/FSEAX)	H***	1.81	1.5(90)	17.80	531.3		8.4	6.7	10.3	12.7	16.3	1.8	
Worldwide (318/FWWFX)	H***	1.06	1 (30)	18.49	1136.1		1.3	3.6	5.1	9.6	9.5	1.9	

INDEX AND ASSET ALLOCATION:

Four-In-One Index (355/FFNOX)	H***	0.87	0.5(90)	25.13	812.4		-0.2	2.0	3.2	8.4	7.6	0.5
NASDAQ Comp (1282/FNCMX)	S**	1.51	0.75(90)	27.73	104.9		-5.6	-0.5	-2.2	1.4		
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.25	0.75(90)	31.47	1412.2		-1.6	1.9	2.6	10.2	12.5	-1.7
Spart Int'l Index (399/FSIIX)	B****	1.16	1(90)	32.70	1078.6		2.1	4.0	6.6	17.5	14.1	-0.3
Spart 500 Index (317/F500IX)	H***	1.00	0.5(90)	83.03	11932.3		-0.4	2.1	3.0	6.8	4.5	-1.1
Spart Total Mkt Idx (397/FSTMX)	B****	1.04	0.5(90)	32.89	2755.1		-0.5	2.2	3.0	7.6	6.2	-1.3
Asset Manager (314/FASMX)	H***	0.57	none	16.11	10736.9		-0.6	0.6	1.6	2.4	4.4	2.0
Asset Mgr Agg (347/FAMRX)	H***	1.16	none	11.00	388.2		-2.7	0.6	1.2	4.4	3.2	-2.3
Asset Mgr Gth (321/FASGX)	H***	0.78	none	14.66	3604.7		-1.1	1.0	1.8	2.3	3.8	0.2
Asset Mgr Inc (328/FASIX)	B****	0.37	none	12.72	1523.7		0.5	1.2	2.0	4.9	6.7	5.1
Freedom 2000 (370/FFFBX)	B****	0.31	none	12.07	1592.7		-0.1	0.3	1.2	2.9	4.0	2.8
Freedom 2005 (1312/FFVFX)	B****	0.50	none	10.79	212.6		-0.1	0.8	1.9	4.5		
Freedom 2010 (371/FFFCX)	B****	0.52	none	13.61	8545.0		-0.1	0.9	2.0	4.7	5.8	2.0
Freedom 2015 (1313/FFVFX)	B****	0.65	none	11.03	758.1		-0.2	1.2	2.3	5.5		
Freedom 2020 (372/FFDX)	B****	0.76	none	13.95	9571.1		-0.1	1.5	2.8	6.5	6.6	0.4
Freedom 2025 (1314/FFTWX)	B****	0.83	none	11.27	549.8		-0.1	1.7	2.9	6.7		
Freedom 2030 (373/FFFCX)	B****	0.88	none	14.08	5600.0		0.0	2.0	3.1	7.2	6.6	-0.8
Freedom 2035 (1315/FFTHX)	B****	0.90	none	11.44	273.1		0.0	2.0	3.2	7.6		
Freedom 2040 (718/FFFCX)	B****	0.95	none	8.27	1929.8		0.0	2.2	3.3	7.9	6.8	
Freedom Income (369/FFFCX)	B****	0.27	none	11.25	1958.0		-0.1	0.2	1.0	2.3	3.6	3.6
Real Estate Income (833/FRIFX)	H***	0.28	0.75(90)	11.79	603.4		-0.1	0.4	1.5	8.6		
Real Estate (303/FRESX)	S**	1.55	0.75(90)	28.16	4270.9		-4.7	3.3	0.4	20.5	21.1	21.6
Int'l Real Estate (1368/FIREX)	H***	1.3 Est	1.5(90)	11.78	143.1		-0.2	1.4	5.4			

TAXABLE BOND FUNDS:

Capital & Income (38/FAGIX)	H***	0.29	1(90)	8.56	5011.9	5.89	2.0	2.1	3.8	13.2	17.7	6.1
Floating Rate (814/FFRHX)	B****	0.06	1(60)	10.00	2265.3	3.84	0.8	0.5	1.3	4.6		
Focused High Inc (1366/FHIFX)	B****	0.2 Est	1(90)	10.26	40.9	5.18	0.9	1.2	1.8			
GNMA Portfolio (15/FGMNX)	H***	0.25	none	11.04	4059.5	3.77	0.2	-0.3	0.8	3.0	4.3	6.5
Gov't Income (54/FGOVX)	H***	0.35	none	10.17	4623.9	3.04	-0.2	-0.6	0.8	1.4	4.8	6.8
Intermed Bond (32/FTHRX)	H***	0.28	none	10.43	7197.6	3.42	-0.3	-0.5	0.3	1.2	5.2	7.0
Intermed Gov't Inc (452/FSTGX)	H***	0.28	none	10.14	931.2	3.16	-0.5	-0.5	0.1	0.4	4.1	6.3
Invest Grade Bond (26/FBNDX)	H***	0.34	none	7.50	6455.3	3.34	0.1	-0.5	1.0	2.9	5.7	7.4
Mortgage Securities (40/FMSFX)	H***	0.25	none	11.19	1674.5	3.55	0.1	-0.4	0.7	3.1	5.0	7.0
New Markets Inc (331/FNMIX)	H***	0.67	1(90)	14.13	1172.7	5.91	1.6	1.2	4.3	13.6	16.5	14.1
Short-Term Bond (450/FSHFX)	B****	0.15	none	8.93	5022.3	3.12	-0.1	-0.2	0.2	0.8	3.7	5.3
Spart Gov't Inc (453/SPGVX)	H***	0.35	none	10.98	857.3	3.51	-0.2	-0.6	0.8	1.8	5.2	7.2
High Income (455/SPHIX)	H***	0.21	1(90)	9.08	3141.5	6.54	0.9	1.5	2.4	9.3	13.4	3.3
Spart Invest Grade (448/FSIBX)	H***	0.34	none	10.62	2576.3	3.59	0.1	-0.5	1.1	3.2	6.0	7.7
Strategic Income (368/FSICX)	B****	0.31	none	10.70	3371.6	4.80	0.8	0.9	2.4	9.1	12.4	9.6
Inflation-Protected (794/FINPX)	B****	0.55	none	11.32	1383.2	1.35	-0.6	-0.5	1.2	4.1		
Total Bond (820/FIBFX)	H***	0.32	none	10.58	378.9	3.28	0.0	-0.4	1.0	3.8		
Ultra-Short Bond (812/FUSFX)	B****	0.06	0.25(60)	10.03	788.1	2.41	0.3	0.1	0.5	1.2		
US Bond Index (651/FBIDX)	H***	0.33	none	11.08	5330.3	3.58	0.0	-0.5	0.9	2.5	5.9	

MUNICIPAL BOND FUNDS:

Spart AZ Muni Inc (434/FSAZX)	H***	0.31	0.5(30)	11.52	88.8	3.62	0.4	-0.5	1.6	1.9	5.3	6.9
Spart CA Muni Inc (91/FCTFX)	H***	0.30	0.5(30)	12.55	1497.3	4.17	0.7	-0.4	2.0	3.1	5.4	7.0
Spart CT Muni Inc (407/FICNX)	H***	0.31	0.5(30)	11.64	436.2	4.08	0.0	-0.5	1.3	1.3	5.0	6.8
Spart FL Muni Inc (427/FFLIX)	H***	0.30	0.5(30)	11.69	524.0	3.96	0.3	-0.6	1.6	2.2	5.3	6.9
Spart Intermediate (36/FLTMX)	H***	0.26	0.5(30)	10.09	1841.8	3.88	0.1	-0.5	1.2	1.8	5.2	6.5
Spart MA Muni Inc (70/FDMMX)	H***	0.29	0.5(30)	12.13	1769.4	4.28	0.8	-0.3	2.0	3.1	5.7	7.2
Spart MD Muni Inc (429/SMDMX)	H***	0.29	0.5(30)	11.01	104.1	3.73	0.2	-0.5	1.4	2.1	5.0	6.6
Spart MI Muni Inc (81/FMHTX)	H***	0.29	0.5(30)	12.02	564.6	4.04	0.2	-0.6	1.4	1.9	5.4	7.0
Spart MN Muni Inc (82/FMIX)	H***	0.26	0.5(30)	11.58	360.1	4.04	0.3	-0.4	1.5	2.3	5.1	6.6
Spart Municipal Inc (37/FHIGX)	H***	0.29	0.5(30)	13.04	4676.0	4.37	0.6	-0.5	2.0	2.9	6.1	7.6
Spart NJ Muni Inc (416/FNJHX)	H***	0.31	0.5(30)	11.71	552.5	3.99	0.7	-0.5	2.0	2.5	5.6	6.9
Spart NY Muni Inc (71/FTFMX)	H***	0.30	0.5(30)	13.06	1400.3	4.10	0.6	-0.5	1.9	2.6	6.0	7.5
Spart OH Muni Inc (88/FOHFX)	H***	0.31	0.5(30)	11.93	426.3	4.17	0.4	-0.5	1.8	2.5	5.7	7.2
Spart PA Muni Inc (402/FPXTX)	H***	0.29	0.5(30)	10.99	301.3	4.19	0.4	-0.4	1.7	2.5	5.3	6.8
Spart Short-Int Muni (404/FSSTX)	B****	0.16	0.5(30)	10.29	1840.7	2.75	-0.4	-0.4	0.2	0.1	2.9	4.5
Spart Tax-Free Bond (90/FTABX)	H***	0.33	0.5(30)	10.79	262.8	4.02	0.5	-0.6	1.9	2.9	6.3	

FEBRUARY PERFORMANCE				2005	One	Three	One	3-Yr	5-Yr	10-Yr
Indexes	Risk	Value		YTD	Month	Month	Year	Rate	Rate	Rate
Dow Jones Industrial	0.97	10766.23		0.2	2.8	3.8	4.0	4.4	3.3	12.5
S&P 500	1.00	1203.60		-0.4	2.1	3.0	7.0	4.6	-1.0	11.3
NASDAQ	1.50	2051.72		-5.6	-0.5	-2.0	1.6	6.3	-14.9	10.5
Russell 2000	1.61	634.06		-2.6	1.7	0.3	9.5	11.9	3.2	10.9

FEBRUARY PERFORMANCE			2005	One	Three	One	3-Yr	5-Yr	10-Yr
Model Portfolios	Risk	Value	YTD	Month	Month	Year	Rate	Rate	Rate
S&P 500	1.00	1203.60	-0.4	2.1	3.0	7.0	4.6	-1.0	11.3
Fidelity Monitor Income Model	0.09	78260.09	0.5	0.4	1.0	3.5	5.9	4.8	6.1
Fidelity Monitor G&I Model	0.70	145988.74	0.8	2.2	3.7	8.3	12.3	7.2	11.5
Fidelity Monitor Growth Model	1.15	157590.66	2.0	3.6	5.7	9.4	12.2	0.7	11.8
Fidelity Monitor Select System	1.21	274283.62	-0.3	1.8	2.1	2.5	9.7	-1.8	12.3
Fidelity Monitor Unique Opportunities	1.09	94667.28	3.6	4.9	5.4	18.6	20.2	7.0	

UNIQUE OPPORTUNITIES MODEL

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

FUND	NAV	SHARES	BALANCE
Natural Resources	\$20.07	731.257	\$14676.33
Utilities Growth	\$40.04	289.151	\$11577.61
Banking	\$37.98	344.477	\$13083.24
Leveraged Co.	\$24.25	980.276	\$23771.69
Low-Priced Stock	\$40.70	775.391	\$31558.41

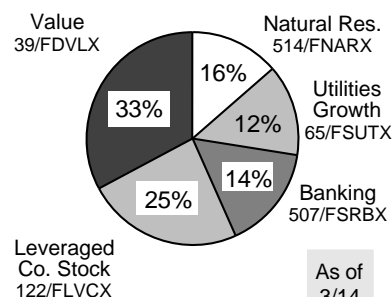
17% Foreign Holdings

Balance as of 2/28/05: **\$94667.28**

Balance at start of 2005: **\$91397.34**

PERFORMANCE

Partial Yr 99: +33.8%
 2000: -20.5%
 2001: +1.6%
 2002: -2.1%
 2003: +43.2%
 2004: +20.6%
 *2005: +3.6%



Our Unique Opportunities Model gained 4.9% for February. On 3/14 we will sell **Low-Priced Stock** and buy **Value**.

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 (+1.2% YTD)	Portfolio B (-0.1% YTD)	Portfolio C (+0.4% YTD)	Portfolio D (+0.4% YTD)
35% Contrafund, 24% Value, 41% Equity-Income	62% Growth & Income, 38% Contrafund	100% Equity-Income	100% Equity-Income

In February, Portfolio A was up 3.1%, Portfolio B rose 1.8%, and Portfolios C and D both gained 2.9%.

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:	VIP G&I MODEL:	VIP INCOME:
15% Tech, 17% Fin Ser, 16% Telecom & Util, 20% Natural Res, 32% Cons. Ind.	57% Equity-Income, 43% Contrafund	54% Asset Mgr, 32% Equity-Inc, 14% Investment Grade Bond.	70% Inv. Grade, 30% Money Market.

FEBRUARY VIP PERFORMANCE Portfolio	Rating	Unit Value	2005 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Asset Manager	B ****	31.10	-0.8	0.5	1.4	1.6	3.9	0.4
VIP Asset Manager: Growth	H ***	20.35	-1.1	0.9	1.6	1.5	3.5	-2.5
VIP Balanced	H ***	14.75	-0.8	0.7	1.2	1.9	3.7	1.3
VIP Contrafund	B ****	34.99	1.6	3.0	4.2	12.8	10.3	1.3
VIP Dynamic Capital Appreciation	H ***	11.20	0.9	3.2	2.6	-1.6		
VIP Equity-Income	B *****	55.14	0.3	2.8	3.4	7.7	5.9	6.4
VIP Growth	S **↓	53.38	-2.1	1.2	0.8	-3.3	-0.9	-8.7
VIP Growth & Income	B ****	16.11	-1.1	1.3	1.6	1.6	2.7	-0.3
VIP Growth Opportunities	B ****	11.83	-1.3	1.1	1.7	3.0	2.9	-5.0
VIP High Income	H ***	28.20	0.7	1.3	1.9	8.5	12.9	-0.7
VIP Index 500	H ***	31.77	-0.6	2.0	2.7	5.8	3.6	-2.0
VIP Investment Grade Bond	H ***	27.89	-0.1	-0.6	0.7	1.7	5.2	6.9
VIP Mid Cap	B ****	17.08	4.1	5.6	6.8	23.3	16.9	
VIP Overseas	H ***	30.10	1.6	4.6	5.3	10.3	10.0	-4.0
VIP Real Estate	S **	13.92	-4.9	3.3	0.1	19.3		
VIP Strategic Income	B ****	10.97	0.8	0.9	2.3			
VIP Value Strategies	H ***	12.50	-3.0	2.4	2.2	3.1		
VIP Consumer Industries	B ****	10.74	-1.7	-0.1	3.3	3.6	2.7	
VIP Cyclical Industries	H ***	13.99	2.7	4.2	4.9	25.3	11.8	
VIP Financial Services	B ****	12.01	-2.4	-0.5	1.8	2.8	7.7	
VIP Health Care	H ***	10.33	-0.8	2.3	6.0	2.7	1.9	
VIP Natural Resources	B ****	15.15	15.6	13.7	13.1	36.6	16.8	
VIP Technology	H ***	8.89	-3.2	2.7	-0.2	-6.4	3.1	
VIP Telecom & Utilities	B ****	9.28	-0.6	1.9	2.0	19.3	6.7	
Fidelity Monitor VIP Sector Model		14145.12	1.5	3.4	4.3	3.9		
Fidelity Monitor VIP Growth Model		30342.74	0.9	2.9	3.8	4.2	4.5	-3.5
Fidelity Monitor VIP G&I Model		21543.15	-0.4	1.1	1.9	3.8	5.7	2.0
Fidelity Monitor VIP Income Model		18377.81	0.1	0.0	1.1	3.7	7.0	4.5

INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Short-Term Bond	\$8.93	1623.360	\$14496.60
Ultra-Short Bond	\$10.03	3647.324	\$36582.66
Floating Rate	\$10.00	2718.083	\$27180.83

6% Foreign Holdings

Balance as of 2/28/05: \$78260.09

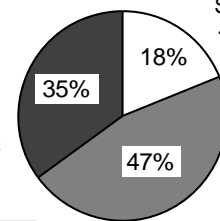
Balance at start of 2005: \$77905.57

PERFORMANCE

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

Floating Rate High Income 814/FFRHX

2004: + 4.2%
*2005: + 0.5%



Ultra-Short 812/FUSFX

Our Income Model gained 0.4% for February. On 2/14 we sold **High Income** (\$9.07) and bought **Ultra-Short Bond** (\$10.04). The dividend yield for February was 3.0%.

GROWTH AND INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Asset Mgr. Inc.	\$12.72	2550.577	\$32443.34
Puritan	\$19.02	1771.272	\$33689.59
Balanced	\$18.04	1980.137	\$35721.67
Low-Priced Stock	\$40.70	1084.377	\$44134.14

14% Foreign Holdings

Balance as of 2/28/05: \$145988.74

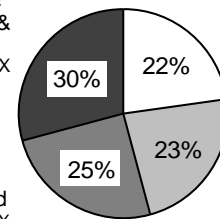
Balance at start of 2005: \$144788.14

PERFORMANCE

1994:	- 3.7%
1995:	+ 21.6%
1996:	+ 15.8%
1997:	+ 18.7%
1998:	+ 11.1%
1999:	+ 12.2%
2000:	+ 2.7%
2001:	+ 1.3%
2002:	- 6.4%
2003:	+ 33.0%
2004:	+ 11.5%
*2005:	+ 0.8%

Strategic Dividend & Income 1329/FSDIX

Balanced 304/FBALX



Asset Mgr. Income 328/FASIX

As of 3/14

Puritan 4/FPURX

We were up 2.2% in February. On 3/14 we will sell **Low-Priced Stock** and buy **Strategic Dividend & Income**.

GROWTH MODEL

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

FUND	NAV	SHARES	BALANCE
Small Cap Value	\$11.65	3197.846	\$37254.91
Value	\$72.78	812.842	\$59158.64
Equity-Income	\$53.00	1154.285	\$61177.11

10% Foreign Holdings

Balance as of 2/28/05: \$157590.66

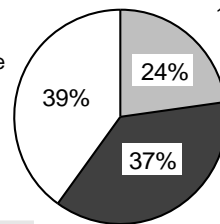
Balance at start of 2005: \$154558.63

PERFORMANCE

1987:	+ 2.8%
1988:	+ 26.0%
1989:	+ 30.4%
1990:	- 4.4%
1991:	+ 40.6%
1992:	+ 15.7%
1993:	+ 31.9%
1994:	- 2.1%
1995:	+ 27.2%
1996:	+ 19.2%
1997:	+ 25.5%
1998:	+ 9.9%
1999:	+ 29.0%
2000:	- 10.8%

Equity-Income 23/FEQIX

2001: - 6.4%
2002: - 17.1%
2003: + 46.1%
2004: + 12.4%
*2005: + 2.0%



1389/FCPVX Small Cap Value

Value 39/FDVLX

For February our Growth Model gained 3.6%, compared to a 2.1% increase for the S&P 500.

SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Energy	\$38.70	1334.868	\$51659.39
Banking	\$37.98	1430.720	\$54338.75
Utilities Growth	\$40.04	1309.670	\$52439.19
Software	\$47.57	947.238	\$45060.11
Multimedia	\$43.55	853.006	\$37148.41
Retailing	\$50.90	660.860	\$33637.77

9% Foreign Holdings

Balance as of 2/28/05: \$274283.62

Balance at start of 2005: \$275072.39

PERFORMANCE

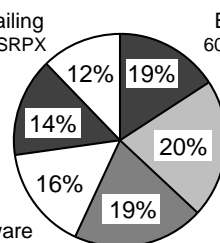
1989:	+ 23.4%
1990:	+ 31.3%
1991:	+ 35.3%
1992:	+ 20.4%
1993:	+ 25.9%
1994:	- 0.9%
1995:	+ 39.0%
1996:	+ 5.2%
1997:	+ 29.3%
1998:	+ 21.7%
1999:	+ 44.9%
2000:	- 14.9%
2001:	- 7.3%
2002:	- 14.7%

Retailing 46/FSRPX

Multimedia 503/FBMPX

Software 28/FSCSX

2003: + 38.4%
2004: + 7.4%
*2005: - 0.3%



Energy 60/FSENX

Banking 507/FSRBX

Utilities Growth 65/FSUTX

Our Select System edged up 1.8% in February, trailing the the S&P 500's 2.1% return. There's a chance we'll make changes to the portfolio in April.

are now at risk from rising interest rates, and could later be hurt by overbuilding. Consider stepping down in risk to **Real Estate Income**. Its volatility is only about one-fifth as great as this fund.

REAL ESTATE INCOME (HOLD)

What **Puritan** is to the stock and bond markets, this fund is to real estate securities. By combining equity REITs, debt offerings, and convertibles, **Real Estate Income** generates an income stream of more than 5%. As such, it has a fighting chance to hold onto its value if real estate – as an asset class – slips into a long-term slump.

STRATEGIC DIVIDEND & INC (BUY)

This fund blends four types of conservative investments: dividend stocks, real estate securities, convertibles, and preferred stocks. The neutral mix for these groups is 50/15/15/20. Currently the fund is underweighted in the real estate component by about one-third. The fund’s overall volatility is roughly 15% less than the S&P 500, and its dividend yield (1.8%) is slightly higher than **Equity-Income**.

Some of the income generated from this fund may not qualify for the low dividend tax rate, but the idea of blending together several asset classes makes good sense. Fidelity’s commitment to research gives it an edge in most of these areas. On the stock side, **Strategic Dividend & Income** appears to be focusing on companies that are likely to boost their quarterly payouts – much like **Equity-Income** is doing.

Until now, we had some concerns with the real estate position. We watched closely when equity REITs corrected in January, but it seems the fund has been conservative – there was little, if any impact.

UTILITIES FUND (HOLD)

It’s no longer necessary to avoid utility stocks, as many of these firms are getting back on track and finding new sources of revenue growth. Still, this portfolio is basically a sector fund. It’s very heavily concentrated, with 64% of assets in its top 10 stocks, and it doesn’t really have much of an advantage in dividend yield. Furthermore, Fidelity does not appear to be adding much value here, as evidenced by the fund’s poor showing against its peers. As such, this fund is not really suitable for growth and income investors. We do rate **Select Utilities Growth** a buy for more aggressive investors. It carries about the same amount of risk as this fund, but seems to be better positioned for long-term growth. ■

BOND FUNDS

Income Model holdings are listed on page 7. Our bond favorites include **Ultra-Short Bond** and **Floating Rate High Income**.

The prospect of higher energy costs and rising inflation helped junk bonds and emerging market debt. **Capital & Income** rose 2.1%, **High Income** gained 1.5%, and **New Markets Income** returned 1.2%. With the exception of **Ultra-Short Bond**, which edged up 0.1%, high-grade bond funds and munis were slightly down for the month.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Our current buys, in order of increasing risk, include **Utilities Growth, Banking, Retailing, Chemicals, Natural Resources, and Energy**. **Chemicals** was upgraded, **Multimedia** and **Software** were reduced to hold. A review of sectors is planned for next month.

The energy Selects took the top spots. **Energy** jumped 14.3%, **Natural Resources** was up 13.8%, **Natural Gas** climbed 11.3%, and **Energy Services** rose 10.8%. However, several growth and consumer groups lost ground. **Leisure** declined 2.1%, **Home Finance** slid 2.4%, **Software** lost 3.7%, and **Biotech** fell 9.1% after Tysabri was taken off the market. ■

Happenings

Bruce Dirks is now managing **Structured Large Cap Value** and **Structured Mid Cap Value**.

Fidelity has reduced expense caps on a number of funds. Smaller sector portfolios will benefit most, thanks to a Select cap of 1.25%, down from 2.5%. ■

FEBRUARY DISTRIBUTIONS

Asset Manager: Income	\$ 0.01 / \$12.67 (2/4)
Contrafund	\$ 0.01 / \$56.93 (2/4)
Freedom Income	\$ 0.01 / \$11.29 (2/4)
New Markets Income	\$ 0.30 / \$14.16 (2/4)
Spartan Intermediate Muni	\$ 0.01 / \$10.21 (2/4)
Spartan MI Municipal	\$ 0.035 / \$12.18 (2/4)
Spartan MN Municipal	\$ 0.003 / \$11.71 (2/4)
Spartan Municipal Income	\$ 0.042 / \$13.21 (2/4)
Spartan OH Municipal	\$ 0.020 / \$12.10 (2/4)
Spartan Short-Int. Muni	\$ 0.003 / \$10.37 (2/4)
Strategic Income	\$ 0.070 / \$10.69 (2/4)
Trend	\$ 0.015 / \$53.36 (2/4)

Following are the funds scheduled for payouts on 3/4: **Asset Manager: Income, Equity-Income, Freedom Income, Real Estate, Real Estate Income, Spartan MA Muni, Spartan NY Muni, Spartan Tax-Free Bond**, all four of the **Structured** funds, and **Utilities**.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser (55/FDRXX)	56952.4	2.11	CT MM (418/FCMXX)	1123.8	1.40	FL MM (428/FSFXX)	1696.2	1.41
Select MM (85/FSLXX)	609.5	2.15	MA MM (74/FDMXX)	3663.4	1.36	Spart MA MM (426/FMSXX)	985.9	1.51
Spart MM (454/SPRXX)	5610.4	2.10	MI MM (420/FMIXX)	609.4	1.40	Spart Municipal (460/FIMXX)	3447.1	1.59
Spart US Gov't (458/SPAXX)	514.1	2.07	NJ MM (417/FNJXX)	1442.2	1.35	Spart NJ MM (423/FSJXX)	674.0	1.51
Spart US Treas (415/FDLXX)	2150.5	1.91	NY MM (92/FNYXX)	3172.1	1.36	Spart NY MM (422/FSNXX)	1167.4	1.51
Tax-Free MM (275/FMOXX)	1187.2	1.47	OH MM (419/FOMXX)	752.4	1.41	PA MM (401/FPTXX)	337.5	1.39
US Gov't Reser (50/FGRXX)	2291.5	2.17	AZ MM (433/FSAXX)	175.9	1.38	Municipal MM (10/FTEXX)	16667.1	1.39
CA MM (97/FCFX)	3405.2	1.38	Spart CA MM (457/FSPXX)	1480.6	1.55			