

Smaller Stocks Shine

Smaller stocks have been standout performers for nearly four years running. In the years that have followed the indexing craze of the late 90s, mid-caps and small-caps have been making up for lost time. Not only have these stocks been the better place to be during the bear market, but they have out-paced large-caps during this year's recovery as well.

There may still be room to run. Bank loans are becoming easier to obtain, the economy is showing clear signs of recovery, and the low cost of technology is making it easier for smaller firms to compete with the big guys. Furthermore, the valuation premium on smaller stocks is still modest. Many smaller stocks were hit hard in the bear market, and there is room for recovery as earnings get back on track. This is especially true for firms with established business models that have proved to be successful in taking market share from larger competitors.

Fidelity funds tend to perform well in times like these. The firm's researchers often have an edge in the mid-cap and small-cap universe, because other mutual fund companies don't have the staffing to keep tabs

SMALLER STOCKS SHINE - *Continued on page 2*

Unique Opportunities Trade

On Monday, 11/10, our Unique Opportunities Model will sell **Japan** (FJPNX) and buy **Int'l Small Cap** (FISMX). The resulting mix will be approximately 28% **Capital & Income**, 15% **Int'l Small Cap**, 23% **Leveraged Company Stock**, and 34% **Low-Priced Stock**. The sharp rise in Japanese valuations, along with a corresponding increase in volatility, is prompting us to make a risk-cutting move. We're diversifying into **Int'l Small Cap**, which invests in a variety of countries. We'll still have a 30% weighting in Japan, but it'll be balanced by several other positions: 43% in Europe, 9% in U.S. securities, 6% in Australia, and 4% in Hong Kong (the remaining 8% is held in cash). Please make sure you have held **Japan** for at least 90 days to avoid the 1.5% redemption fee (our model will have held it for 91 days as of 11/10). Also note that **Int'l Small Cap** carries a 2% redemption fee on shares held less than 90 days.

Review & Recommendations

Third-quarter earnings lived up to the market's high expectations, and stocks rose as skepticism gave way to consensus that the bulls may have called it right. Also helping was new evidence that the economy is rebounding strongly, and reinforcing language from the Fed stating that interest rates would remain low for an extended period. The S&P 500 finished October with a gain of 5.7%.

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**.

New Millennium led the group with a 9.8% climb. **Leveraged Company** posted a robust 9.7% increase. Defensively positioned funds tended to trail behind, although even the laggards did reasonably well. On the bottom were **Dividend Growth**, up 3.4%, and **Discovery** with a gain of 3.0%.

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.

Clear signs of economic strength in Japan boosted Japanese securities for the third month in a row. Investors shook off concerns that a stronger yen might pose a problem. **Japan Smaller Companies** surged 14.1%, and **Southeast Asia** climbed 8.8%. Other funds that did well included **Nordic**, rising 8.6%, and **Int'l Small Cap**, gaining 8.5%. **Global Balanced** trailed the group with a 4.6% increase; it was up less because of its conservative stance.

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.

Stock-oriented funds finished ahead of the others. **Equity-Income II** gained 6.2%, **Fidelity** rose 5.8%, and **Equity-Income** was up 5.3%. **Real Estate** and **Real Estate Income** trailed behind, with respective increases of 2.0% and 1.1%. Both funds were held back by their interest-rate sensitivity.

RECOMMENDATIONS - *Continued on page 8*

on as many as several thousand smaller companies.

But even at Fidelity, not all of its funds are able to benefit from this research advantage. Some popular funds are so large they are effectively locked into a large-cap approach. That's not necessarily a bad thing, as some fund managers thrive by picking stocks within the S&P 500 arena.

Still, with smaller stocks potentially benefiting from a continued tail-wind, investors may want to consider at least some exposure to smaller companies. Following is a review of the diversified Fidelity growth funds that look beyond the large-cap arena. We've listed them in alphabetical order.

AGGRESSIVE GROWTH (HOLD)

Aggressive Growth has become relatively tame since manager Rajiv Kaul took over last November. Technology stocks, which accounted for almost 40% of holdings a year ago, have been trimmed to 23% of assets. Currently, the fund's biggest bet is health care stocks, which account for 29% of holdings. **Aggressive Growth** is classified as a mid-cap growth fund. The biggest concern here is that health care stocks may not outperform if the economy remains strong. With business spending picking up and the dollar remaining weak, there's a chance that tech stocks will continue to lead the market. With that in mind, we think **Mid-Cap Stock** offers similar long-term potential with slightly less risk.

LEVERAGED COMPANY STOCK (BUY)

The name for this fund, along with the way it describes risks in its prospectus, has tended to limit its popularity. Perhaps a new name would help – something like **Survival Of The Fittest** or **New Lease On Life**. The basic strategy here is to invest in turnaround situations, usually companies that took on too much debt and suffered a big hit to their stock price. It's a strategy that worked exceptionally well over the last 12 months, thanks to a combination of low interest rates and an improving economy. Good stock picks by former manager David Glancy also played a big role. Fidelity's high-yield bond group does the research for this fund, and the goal is to pick well-managed firms that have a decent chance of returning to normal profit margins. The upside potential is often quite good; in some cases market expectations are so low that survival alone is all that's needed for a company's stock price to move up. **Leveraged Company Stock** is considered a mid-cap blend fund. Many of its holdings were large-caps

before the bear market came along. New manager Thomas Soviero took over the fund in July. He has a good shot at keeping a good thing going, thanks to his experience picking these types of stocks for Fidelity's high-yield bond funds. In some ways, **Leveraged Company** represents a true contrarian approach to stock-picking. The fund's top four industry holdings are telecom, industrials, utilities, and energy – groups that are currently shunned by most other growth-oriented funds.

LOW-PRICED STOCK (BUY)

Low-Priced Stock falls in the small-cap blend category, although the approach used by long-time manager Joel Tillinghast leans mostly toward the value side. In a year that has heavily favored growth stocks, **Low-Priced Stock** may not seem like the best place to be. However, from the standpoint of anchoring your portfolio with a fund that holds its value when times get tough, **Low-Priced** is hard to beat. Not only is the fund unusually well diversified, with 950 stocks in its portfolio, but it also has an 18% foreign position. **Low-Priced Stock** competes with the Russell 2000 index, and has exceeded the benchmark by an average of 7 percentage points annually over the last 10 years. The only negative for this fund is its huge size (\$21 billion). Over time, Tillinghast may be forced to add a greater number of mid-cap stocks in order to keep up with inflows and prevent the fund's cash position (currently 12%) from climbing too high.

MID-CAP STOCK (BUY)

Landing solidly in the mid-cap growth category, **Mid-Cap Stock**'s main advantage over other mid-cap growth funds is its below-average volatility. Despite having 31% in technology stocks, manager Beso Sikharulidze has found a way to keep overall risk lower than the S&P 500. No doubt his 7% weighting in convertible securities has been a contributing factor, but other tactics have helped too. Sikharulidze has opted to run a very flat portfolio. Only 9% of assets are concentrated in the fund's top 10, meaning the other 91% is distributed broadly among 410 stock positions. About the only concern here is the fund's weakness relative to its benchmark, the S&P MidCap 400. Although **Mid-Cap Stock** is neck-and-neck with the index this year, it trailed behind throughout the bear market.

NEW MILLENNIUM (BUY)

This fund is also in the mid-cap growth stylebox, thanks to a heavy bet on communications equipment

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makers. Long-time manager Neal Miller has about one-third of the fund in technology stocks overall. **New Millennium** remains closed to new accounts, although existing shareholders can still add to their holdings. This year the fund is downright conservative compared with its aggressive positioning in 1999, when it more than doubled in value. But that hasn't kept it from outperforming the S&P 500 by a wide margin. The fund remains a solid bet for those who have been in it for years. Shareholders can rest easy knowing that Miller's risk-assessment skills are among the best around.

SMALL CAP INDEPENDENCE (HOLD)

Manager Jamie Harmon has finally thrown in the towel on an ill-fated bet on medical providers. Back at the end of March, the fund had 44% of its assets riding on health care stocks. Since then the outsized bet has been pared back to a 16% weighting, but not before setting the fund back as much as 10 percentage points relative to the Russell 2000 index. Oddly enough, this fund's portfolio is considered small-cap growth, even though it hasn't been very growth-oriented over the last year. Only in recent months have technology holdings climbed to 19% of assets – a level that almost matches the sector's representation in the Russell 2000.

SMALL CAP STOCK (HOLD)

Small Cap Stock is considered a small-cap blend fund, although it has been classified as a small-cap growth fund at times in the past. Manager Paul Antico has done quite well over the last five years, beating the Russell 2000 by roughly 9 percentage points annually. This year the fund's 11% cash position has held it back somewhat, although the combination of cash and a 17% foreign position has kept relative volatility down around 0.8. Antico is currently emphasizing the health care and industrial groups, which together account for over 40% of the fund's portfolio. Technology, at 17% of holdings, hasn't changed much over the last year. We may upgrade this fund to a buy in the months ahead, but for now we're happy with **Low-Priced Stock** – which carries similar overall risk and has delivered comparable performance over the last year.

STRUCTURED MID-CAP FUNDS (HOLD)

These two funds are part of a group of four that Fidelity introduced two years ago. The idea is that investors can target a specific style box and know that their fund will stay there over time. But so far, the concept has left something to be desired on the

performance front, just like the “index-plus” funds of years past. After 24 months, both funds are trailing their Russell benchmarks by roughly three percentage points per year. This certainly isn't a major concern, but it begs the question – if an indexing approach can do the job, why not just index? Neither fund has attracted much capital, so matching the benchmarks would reduce the month-to-month drag by cutting trading expenses and sidelining a stockpicking strategy that hasn't been all that effective. Of course, in a market like this, a modest annual drag is barely noticeable. Minimal cash holdings may even allow these two funds to outperform others as long as stocks keep moving up. Still, our preference is for Fidelity's traditional offerings. We favor **Mid-Cap Stock** over **Structured Mid-Cap Growth**, and we prefer **Value** over **Structured Mid-Cap Value**.

VALUE (BUY)

For most of the bear market, manager Rich Fentin maintained industrial stocks as his top-weighted industry group for this mid-cap value fund. Assuming the economy continues to gain strength, **Value** could be especially well-positioned for the coming 12-18 months. Fentin is hardly betting the farm – industrial stocks account for a modest 16% of assets. And **Value** has significant positions in several other groups, including financial, technology, consumer, and energy. In a market with high expectations, Fentin's stock picks stand out not only because they are cheap, but also because they are long-term choices. Turnover is a low 30%, making **Value** similar to **Low-Priced Stock** from the standpoint of manager conviction.

VALUE DISCOVERY (HOLD)

Some growth funds focus on companies that are industry leaders. **Value Discovery** does the opposite, buying firms that are undervalued relative to their industry peers. There may be something to this strategy, as most second-tier players tend to adopt the practices of their best competitors over time, leading to improved margins and higher stock prices. This manner of targeting out-of-favor stocks is similar to that of **Contrafund** and **Discovery** (formerly **Contrafund II**). However, in **Value Discovery**'s case, the emphasis is more on the value side, although technically the fund is in the mid-cap blend category. Time will tell if this particular twist represents a worthwhile opportunity.

SPARTAN EXTENDED MKT INDEX (BUY)

Many stocks outside the S&P 500 universe were hit hard in the bear market. As a result, valuations

SMALLER STOCKS SHINE - *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 ↓.

OCTOBER PERFORMANCE						2003	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***	1.13	1.5(90)	14.31	4836.9	27.9	6.2	8.7	34.0	-31.4	-6.5	4.7
Blue Chip Gth (312/FBGRX)	H***	0.98	none	37.93	20202.3	19.1	4.6	5.3	16.9	-12.8	-0.9	8.8
Blue Chip Value (1271/FBCVX)	H***	1.0 Est	none	10.38	31.6		5.4	6.8				
Capital Apprec (307/FDCAX)	B****	1.16	none	23.53	3310.9	45.4	7.4	14.8	44.5	0.1	8.2	10.6
Contrafund (22/FCNTX)	H***	0.70	none	47.24	32057.8	22.4	6.5	9.0	21.0	-2.5	6.2	11.5
Discovery (339/FDSVX)	H***	0.82	none	9.72	644.9	12.4	3.0	3.8	14.2	-9.7	6.2	
Disc Equity (315/FDEQX)	H***	0.92	none	21.78	3495.2	21.2	6.2	7.4	18.5	-7.1	2.7	9.5
Dividend Gth (330/FDGFY)	H***↓	1.02	none	25.70	16301.9	15.7	3.4	4.3	14.9	-4.8	3.8	13.5
Export Fund (332/FEXPX)	B****	1.04	0.75(30)	16.94	877.9	23.6	5.5	6.9	25.8	-0.8	11.1	
Fidelity Fifty (500/FFTYX)	H***	1.12	0.75(30)	18.67	892.1	16.6	4.7	4.1	20.5	4.9	11.0	12.3
Growth Company (25/FDGRX)	B****	1.23	none	49.14	20380.8	38.7	7.5	11.6	39.1	-15.3	5.9	10.9
Large-Cap Stock (338/FLCSX)	H***	0.96	none	13.23	656.8	18.8	5.2	6.0	16.9	-12.0	-0.6	
Lev Co Stock (122/FLVCX)	B****	1.14	1.5(90)	17.49	781.2	76.0	9.7	17.9	100.0			
Low-Priced Stock (316/FLPSX)	B****	0.81	1.5(90)	33.20	21452.4	31.9	6.7	10.4	34.7	18.2	16.1	15.6
Magellan (21/FMAGX)	H***↓	0.99	Closed	93.05	62268.2	18.1	4.9	5.0	16.0	-9.8	1.1	8.5
Mid Cap Stock (337/FMCSX)	B****	0.98	0.75(30)	20.82	6903.4	28.3	8.1	10.2	29.1	-6.0	11.5	
New Millennium (300/FMILX)	B****	1.14	Closed	29.46	3172.0	33.1	9.8	15.6	32.6	-8.0	15.6	17.9
OTC Portfolio (93/FOCPX)	B****	1.18	none	31.46	7317.4	31.6	6.8	11.0	30.1	-16.6	3.6	9.7
Independence (73/FDFFX)	H***	1.08	none	15.49	4463.8	18.5	5.3	5.9	20.7	-12.9	4.5	9.3
Small Cap Indep (336/FDSCX)	H***	0.77	1.5(90)	16.87	864.3	26.8	8.1	9.6	24.4	2.5	7.7	7.9
Small Cap Stock (340/FSLCX)	H***	0.82	2(90)	15.80	1935.2	33.4	7.9	12.1	37.0	5.7	17.2	
Stock Selector (320/FDSSX)	H***	1.00	none	19.96	759.4	20.4	4.9	5.5	19.0	-8.8	1.8	8.5
Strc Lg Cap Gth (763/FSLGX)	H***	1.01	0.75(30)	8.57	18.6	20.4	4.5	5.0	17.7			
Strc Lg Cap Val (708/FSLVX)	H***	0.97	0.75(30)	9.88	20.1	17.4	6.0	5.8	17.8			
Strc Mid Cap Gth (793/FSMGX)	H***	1.06	0.75(30)	9.92	41.0	35.1	8.4	11.0	34.6			
Strc Mid Cap Val (762/FSMVX)	H***	0.88	0.75(30)	11.41	43.8	25.7	7.3	10.0	27.9			
Focused Stock (333/FTQGX)	S**	0.95	0.75(30)	8.29	32.8	16.1	4.3	6.7	14.2	-17.2	-2.6	
Trend (5/FTRNX)	H***↓	0.99	none	46.72	792.5	20.9	5.4	6.0	20.6	-8.1	5.2	4.9
Value (39/FDVLX)	B****↑	0.92	none	57.91	5891.2	24.8	6.1	8.8	30.5	12.1	9.3	11.4
Value Discovery (832/FVDFX)	H***	1.0 Est	none	11.79	36.8	20.9	6.9	7.7				
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.66	none	15.99	8344.4	21.8	4.4	7.6	25.3	4.4	7.1	8.8
Convertible Sec (308/FCVXS)	H***	0.43	none	19.37	1649.4	22.2	4.0	6.4	27.3	-0.4	12.7	11.4
Equity-Income (23/FEQIX)	B****	0.97	none	46.88	20373.0	19.7	5.3	6.4	22.1	-1.7	3.4	10.0
Equity-Income II (319/FEQTX)	B****	1.10	none	21.55	10819.1	25.0	6.2	7.1	25.6	-0.5	4.1	10.4
Fidelity Fund (3/FFIDX)	H***	0.96	none	26.46	9327.8	19.6	5.8	5.7	18.7	-8.9	1.0	10.0
Growth & Income (27/FGRIX)	H***	0.82	none	33.95	28156.8	13.0	3.8	3.7	11.5	-7.1	0.4	9.8
Growth & Inc II (361/FGRTX)	H***	0.91	none	9.01	221.6	19.3	4.4	4.2	18.7	-5.5		
Puritan (4/FPURX)	B****	0.61	none	17.57	19994.7	14.7	3.4	5.4	17.4	1.9	4.5	9.0
Real Estate Inc (833/FRIFX)	B****	0.2 Est	0.75(90)	11.23	279.9		1.1	4.3				
Real Estate (303/FRESX)	H***	0.60	0.75(90)	22.57	2393.9	25.1	2.0	6.7	32.6	16.5	13.4	10.7
Utilities (311/FUIUX)	H***	0.97	none	11.08	827.0	16.0	5.0	6.3	24.2	-15.0	-3.7	5.1
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***↑	1.29	0.75(30)	30.38	46.0	37.8	8.3	12.3	41.2	-3.7	11.7	11.4
Automotive (502/FAVX)	S**	1.11	0.75(30)	30.14	33.1	33.1	8.3	10.6	36.9	12.3	6.2	6.1
Banking (507/FSRBX)	H***	1.03	0.75(30)	38.32	386.5	26.7	8.1	7.8	23.9	8.1	6.3	15.1
Biotechnology (42/FBIOX)	B****	1.28	0.75(30)	49.10	1916.0	26.8	-0.3	-4.5	25.1	-19.8	9.5	10.0
Brokerage (68/FSLBX)	H***	1.42	0.75(30)	48.19	384.5	32.1	6.1	7.5	35.1	-1.7	13.4	16.1
Business Ser (353/FBSOX)	S**	1.14	0.75(30)	13.49	33.0	18.8	6.3	6.5	24.2	-1.2	7.1	
Chemicals (69/FSCHX)	H***	1.11	0.75(30)	45.74	30.3	18.5	9.8	3.9	20.0	10.5	9.4	9.8
Computers (7/FDCPX)	B****	1.64	0.75(30)	35.84	868.1	62.6	12.3	18.4	58.8	-22.0	2.4	16.0
Const & Housing (511/FSHOX)	H***	1.15	0.75(30)	33.24	62.5	37.9	13.1	18.0	42.4	19.2	11.0	11.7
Consumer Indust (517/FSCPX)	H***	0.89	0.75(30)	23.16	30.6	20.1	6.5	7.8	16.0	-1.0	1.8	8.7
Cyclical Indust (515/FCYIX)	H***	0.98	0.75(30)	14.78	24.4	24.1	9.0	8.8	29.4	1.7	6.3	
Defense & Aero (67/FSDAX)	S**	1.01	0.75(30)	49.83	249.0	25.6	10.7	10.7	30.2	4.9	10.1	14.3
Develop Commn (518/FSDCX)	B****	1.44	0.75(30)	16.45	555.6	66.7	13.8	23.2	71.9	-25.8	3.9	9.0
Electronics (8/FSELX)	H***	2.03	0.75(30)	40.52	3342.6	66.3	12.3	21.2	61.8	-19.2	9.4	19.5
Energy (60/FSENX)	H***	0.98	0.75(30)	22.18	188.0	8.2	0.9	5.0	12.2	-3.3	7.0	7.6
Energy Services (43/FSSEX)	B****	1.62	0.75(30)	28.74	375.3	-2.2	-1.3	0.5	2.8	-4.6	8.9	11.1
Environmental (516/FSLEX)	H***	0.92	0.75(30)	12.68	11.8	22.9	5.1	9.5	25.4	1.6	-1.0	1.7
Financial Services (66/FIDSX)	H***	1.02	0.75(30)	110.31	472.0	24.4	7.1	7.7	23.8	1.7	7.4	14.6
Food & Agriculture (9/FDFAX)	H***	0.69	0.75(30)	42.25	90.6	8.9	3.5	6.3	6.9	3.8	2.3	10.1
Gold (41/FSAGX)	H***	1.44	0.75(30)	28.91	690.7	24.2	9.6	23.1	54.3	43.4	18.4	4.3
Health Care (63/FSPHX)	H***	0.90	0.75(30)	110.21	1889.8	8.1	-0.3	-2.6	8.5	-8.0	1.9	14.5
Home Finance (98/FSVLX)	H***	0.94	0.75(30)	63.23	353.5	30.0	9.9	12.5	30.8	13.3	11.6	15.8
Indust Equip (510/FSFGX)	H***	1.08	0.75(30)	21.65	32.8	24.5	9.4	10.1	28.8	-1.3	2.8	9.5
Indust Materials (509/FSDPX)	H***	0.87	0.75(30)	31.64	48.1	32.0	9.9	17.1	46.9	16.3	10.2	8.0
Insurance (45/FSPCX)	H***	0.99	0.75(30)	53.42	97.2	19.8	5.9	5.3	20.8	4.9	11.7	15.4
Leisure (62/FDLSX)	H***	1.13	0.75(30)	67.01	166.3	33.9	5.9	7.7	33.9	-0.8	6.2	11.0
Medical Delivery (505/FSHCX)	H***	1.49	0.75(30)	27.09	93.1	14.4	4.0	5.9	-0.5	3.5	4.3	9.6
Medical Equip/Sys (354/FSMEX)	H***	0.76	0.75(30)	19.41	320.7	25.9	2.0	2.4	30.7	7.7	17.7	
Multimedia (503/FBMPX)	H***	1.43	0.75(30)	46.06	167.1	35.7	8.0	9.1	38.9	1.5	9.3	12.2
Natural Gas (513/FSNGX)	H***	1.15	0.75(30)	18.90	173.2	12.7	0.8	6.4	18.5	-3.7	9.7	7.5
Nat Resources (514/FNARX)	H***	0.90	0.75(30)	12.57	32.1	13.7	2.7	7.0	19.0	-1.2	8.9	
Networking/Infra (912/FNINX)	H***	1.82	0.75(30)	2.35	160.7	57.7	7.8	15.2	72.8	-35.6		
Paper & Forest (506/FSFPX)	H***	1.13	0.75(30)	27.59	18.0	6.3	2.8	6.8	14.2	6.7	9.2	9.1
Pharmaceuticals (580/FPHAX)	H***	0.93	0.75(30)	8.19	64.1	12.5	-2.0	-0.1	13.9			
Retailing (46/FSRPX)	H***	1.06	0.75(30)	44.31	90.8	29.8	7.6	9.1	24.3	0.7	3.4	9.9
Software (28/FSCSX)	B****	1.39	0.75(30)	47.10	755.8	29.2	5.9	8.4	37.6	-11.3	12.5	15.9
Technology (64/FSPTX)	B****	1.63	0.75(30)	59.64	2229.5	58.2	11.0	17.6	60.2	-22.0	7.3	14.7
Telecom (96/FSTCX)	H***	1.59	0.75(30)	30.12	326.7	17.8	9.4	8.0	27.2	-21.8	-5.3	4.1
Transportation (512/FSRFY)	H***↑	1.13	0.75(30)	33.25	33.0	35.8	7.8	11.2	39.1	8.8	14.4	12.2
Utilities Growth (65/FSUTX)	H***	0.97	0.75(30)	31.81	193.4	20.8	6.9	8.1	27.6	-17.7	-3.7	5.8
Wireless (963/FWRLX)	H***	1.46	0.75(30)	3.90	114.1	60.5	13.0	17.8	56.0	-27.9		

OCTOBER PERFORMANCE							Div.	2003	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.84	1 (30)	14.36	509.4		33.8	6.1	10.1	33.3	0.3	5.4	
Canada (309/FICDX)	H***	0.64	1.5(90)	25.13	145.8		38.7	7.3	14.5	43.8	5.9	15.2	
Diversified Int'l (325/FDIVX)	B****	0.63	1 (30)	22.36	10513.9		30.3	5.4	12.9	33.3	1.4	8.6	
Emerging Mkts (322/FEMKX)	H***	0.74	1.5(90)	9.81	370.3		36.1	7.6	15.1	40.5	4.5	8.1	
Europe (301/FIEUX)	H***	1.02	1 (30)	24.37	1216.4		33.0	7.2	13.9	34.1	-6.7	-0.2	
Europe Cap Appr (341/FECAX)	H***	0.83	1 (30)	17.26	374.1		24.8	7.6	11.9	26.3	-1.6	3.3	
China Region (352/FHKCX)	H***	0.78	1.5(90)	15.14	187.0		39.4	7.5	20.4	37.9	2.6	10.4	
Global Balanced (334/FGBLX)	H***	0.51	1 (30)	18.06	105.2		22.2	4.6	10.5	23.5	1.6	5.6	
Int'l Growth & Inc (305/FIGRX)	B****	0.75	1 (30)	21.88	1146.7		30.1	6.1	14.0	32.0	-2.1	7.0	
Int'l Small Cap (818/FISMV)	B****	0.58	2 (90)	17.71	332.4		67.9	8.5	25.8	79.8			
Japan (350/FJPNX)	B****	1.09	1.5(90)	11.18	498.5		32.6	6.9	20.7	35.7	-11.7	7.4	
Japan Smaller Co (360/FJSCX)	H***	0.89	1.5(90)	10.35	672.3		60.7	14.1	38.0	58.7	3.2	21.3	
Latin America (349/FLATX)	H***	0.96	1.5(90)	13.38	206.0		43.4	5.6	13.9	52.8	0.3	6.2	
Nordic (342/FNORX)	H***	0.91	1.5(90)	19.49	75.7		28.0	8.6	15.0	27.8	-9.9	4.5	
Overseas (94/FOSEFX)	H***	0.98	1 (30)	29.20	3256.9		32.7	7.0	14.3	31.2	-6.4	1.5	
Pacific Basin (302/FPBFX)	B****	0.86	1.5(90)	17.06	367.1		33.7	6.4	19.1	34.0	-3.4	9.3	
Southeast Asia (351/FSEAX)	H***	1.00	1.5(90)	13.73	362.0		42.1	8.8	18.0	38.9	5.7	11.4	
Worldwide (318/FWVFX)	H***	0.92	1 (30)	15.30	788.8		28.8	5.8	10.5	28.6	-2.0	5.3	

INDEX AND ASSET ALLOCATION:

Four-In-One Index (355/FFNOX)	H***	0.76	0.5(90)	21.82	382.1		21.0	5.0	7.3	21.9	-4.7		
Spart Ext Mkt Idx (398/FSEMXX)	B****	0.89	0.75(90)	26.00	710.9		35.2	7.6	10.6	38.5	-3.5	5.6	
Spart Int'l Index (399/FSIIX)	H***	0.84	1(90)	25.20	360.5		25.6	5.8	11.9	26.7	-6.6	-0.2	
Spart 500 Index (317/FSMKX)	H***	1.00	0.5(90)	72.88	8509.8		21.1	5.6	6.5	20.6	-8.5	0.4	
Spart Total Mkt Idx (397/FSTMXX)	H***	0.96	0.5(90)	28.50	1615.2		23.9	6.1	7.3	24.0	-7.1	1.7	
Asset Manager (314/FASMX)	H***	0.53	none	15.24	10836.2		12.5	1.9	3.8	13.9	-1.2	4.9	
Asset Mgr Agg (347/FAMRX)	H***	1.03	none	9.92	250.2		43.1	7.1	14.4	40.1	-9.8		
Asset Mgr Gth (321/FASGX)	H***	0.75	none	13.85	3525.6		15.7	2.8	4.4	16.5	-4.4	2.5	
Asset Mgr Inc (328/FASIX)	B****	0.27	none	12.06	971.5		12.8	2.4	4.9	14.2	4.5	5.2	
Freedom 2000 (370/FFFBX)	B****	0.22	none	11.74	1444.9		7.2	1.2	3.2	8.3	1.3	5.4	
Freedom 2010 (371/FFFCX)	B****	0.40	none	12.91	6006.1		13.4	2.6	5.1	14.8	-0.7	5.7	
Freedom 2020 (372/FFFDX)	B****	0.62	none	12.66	5660.4		19.4	4.2	6.8	20.5	-3.9	4.9	
Freedom 2030 (373/FFFEY)	B****	0.73	none	12.45	3280.5		22.0	5.0	7.5	22.9	-5.9	4.0	
Freedom 2040 (718/FFFFX)	B****	0.81	none	7.26	787.0		24.3	5.7	8.2	25.1	-7.1		
Freedom Income (369/FFFAV)	B****	0.18	none	11.08	1503.4		5.7	0.9	2.6	6.6	2.6	4.9	

TAXABLE BOND FUNDS:

Capital & Income (38/FAGIX)	B****	0.30	1(90)	7.96	4026.3	6.71	33.8	2.5	6.6	50.2	6.1	7.1	
Floating Rate (814/FFRHXX)	B****	0.05	1(60)	9.87	716.0	2.94	5.7	0.6	1.5				
GNMA Portfolio (15/FGMNX)	H***	0.14	none	11.15	4919.6	2.68	1.5	-0.6	1.5	2.7	6.8	6.0	
Gov't Income (54/FGOVX)	H***	0.28	none	10.19	3705.9	2.80	1.1	-1.2	2.4	2.6	7.5	5.7	
Intermed Bond (32/FTHRXX)	H***	0.20	none	10.67	6821.9	3.39	3.8	-0.7	2.0	6.3	8.3	6.6	
Intermed Gov't Inc (452/FSTGX)	H***	0.21	none	10.25	1189.2	2.60	1.1	-1.1	1.4	2.1	7.5	6.0	
Invest Grade Bond (26/FBNDX)	H***	0.22	none	7.53	5346.5	3.31	3.4	-0.9	2.6	6.3	8.3	6.4	
Mortgage Securities (40/FMSFX)	H***	0.14	none	11.31	1314.5	1.54	2.5	-0.5	2.3	3.7	7.5	6.6	
New Markets Inc (331/FNMIX)	H***	0.40	1(90)	13.35	772.5	5.71	24.3	0.9	7.1	32.9	15.6	19.5	
Short-Term Bond (450/FSHXX)	B****	0.11	none	9.00	5351.0	2.13	2.7	-0.4	1.0	4.4	6.4	5.7	
Spart Gov't Inc (453/SPGVX)	H***	0.29	none	10.96	975.3	3.32	1.2	-1.2	2.6	2.7	7.8	6.0	
High Income (455/SPHIX)	B****	0.18	1(90)	8.83	2609.5	6.54	22.9	2.3	6.1	30.3	4.2	3.5	
Spart Invest Grade (448/FSIBX)	H***	0.22	none	10.79	2690.5	3.74	3.6	-1.0	2.6	6.6	8.5	6.7	
Strategic Income (368/FSICX)	B****	0.17	none	10.29	1851.1	5.21	14.5	0.7	5.1	19.9	10.9	8.9	
Inflation-Protected (794/FINPX)	H***	0.37	none	11.06	604.9	1.56	6.7	0.3	5.7	10.3			
Total Bond (820/FTBFX)	H***	0.2 Est	none	10.43	89.5	3.14	4.5	-1.0	2.9				
Ultra-Short Bond (812/FUSFX)	B****	0.03	0.25(60)	10.04	311.9	0.85	1.5	0.1	0.5	2.1			
US Bond Index (651/FBIDX)	H***	0.2 Est	none	11.25	4763.5	3.45	3.5	-0.9	2.6	5.9	8.5		

MUNICIPAL BOND FUNDS:

Spart AZ Muni Inc (434/FSAZX)	H***	0.20	0.5(30)	11.45	71.2	3.75	3.2	-0.8	3.2	4.8	7.0	5.4	
Spart CA Muni Inc (91/FCITFX)	H***	0.18	0.5(30)	12.57	1531.5	4.30	3.0	-0.4	3.1	4.9	6.4	5.1	
Spart CT Muni Inc (407/FICNX)	H***	0.18	0.5(30)	11.83	440.0	4.20	3.0	-0.7	3.1	4.8	7.1	5.4	
Spart FL Muni Inc (427/FLLIX)	H***	0.19	0.5(30)	11.74	547.6	4.12	2.9	-0.8	3.2	4.5	6.8	5.1	
Spart Intermediate (36/FLTMX)	H***	0.15	0.5(30)	10.25	1743.9	4.06	3.7	-0.6	3.1	5.4	7.0	5.3	
Spart MA Muni Inc (70/FDMMX)	H***	0.18	0.5(30)	12.24	1845.7	4.38	3.4	-0.4	3.1	5.0	7.1	5.4	
Spart MD Muni Inc (429/SMDMX)	H***	0.18	0.5(30)	10.95	95.1	3.99	3.2	-0.7	3.1	4.8	6.6	5.1	
Spart MI Muni Inc (81/FMHTX)	H***	0.19	0.5(30)	12.09	558.2	4.25	4.0	-0.7	3.1	5.8	7.3	5.4	
Spart MN Muni Inc (82/FIMIX)	H***	0.15	0.5(30)	11.64	341.2	4.18	3.5	-0.5	2.8	5.3	6.6	5.0	
Spart Municipal Inc (37/FHIGX)	H***	0.19	0.5(30)	13.19	4762.5	4.52	3.7	-0.7	3.5	5.6	7.6	5.8	
Spart NJ Muni Inc (416/FNJHXX)	H***	0.19	0.5(30)	11.79	549.2	4.16	3.1	-0.7	3.3	5.0	6.8	5.4	
Spart NY Muni Inc (71/FTFMX)	H***	0.20	0.5(30)	13.28	1448.4	4.17	3.4	-0.7	3.2	5.1	7.5	5.6	
Spart OH Muni Inc (88/FOHFX)	H***	0.19	0.5(30)	12.02	430.5	4.29	3.5	-0.8	3.2	5.2	7.1	5.4	
Spart PA Muni Inc (402/FPXTX)	H***	0.17	0.5(30)	11.03	292.8	4.16	3.2	-0.6	3.0	4.9	6.9	5.2	
Spart Short-Int Muni (404/FSTFX)	B****	0.09	0.5(30)	10.53	1790.0	2.57	2.4	-0.4	1.7	3.9	5.4	4.5	
Spart Tax-Free Bond (90/FTABX)	H***	0.21	0.5(30)	10.69	221.7	4.28	3.8	-0.8	3.9	5.9			

OCTOBER 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	9801.12	19.8	5.9	6.7	19.4	-1.7	4.6	12.5	
S&P 500	1.00	1050.71	21.2	5.7	6.6	20.8	-8.3	0.5	10.4	
NASDAQ	1.31	1932.21	45.3	8.2	11.5	46.0	-16.6	2.1	10.1	
Russell 2000	1.06	528.22	39.4	8.4	11.3	43.4	3.4	8.3	8.9	
Fidelity Monitor Income Model	0.06	73592.78	6.7	0.6	2.5	8.7	6.0	4.6	5.7	
Fidelity Monitor G&I Model	0.50	123208.14	26.2	4.6	8.1	32.4	5.0	8.0		
Fidelity Monitor Growth Model	1.06	128276.46	36.3	7.3	12.8	36.4	-1.7	6.8	10.2	
Fidelity Monitor Select System	1.16	249496.77	34.8	7.0	10.2	35.7	-2.8	8.6	11.4	
Fidelity Monitor Unique Opportunities	0.71	70755.27	33.7	6.2	12.0	42.3	9.5			

UNIQUE OPPORTUNITIES MODEL

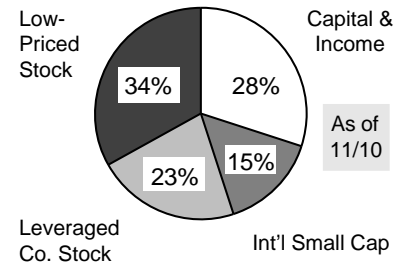
This model invests in special situations and where Fidelity's research skills give it an edge over its peers.

FUND	NAV	SHARES	BALANCE
Capital & Income	\$7.96	2492.107	\$19837.17
Japan	\$11.18	982.913	\$10988.97
Leveraged Co.	\$17.49	915.526	\$16012.55
Low-Priced Stock	\$33.20	720.379	\$23916.58

22% Foreign Holdings
Balance as of 10/31/03: \$70755.27
Balance at start of 2003: \$52924.96

PERFORMANCE

Partial Yr 99: + 33.8%
 2000: - 20.5%
 2001: + 1.6%
 2002: - 2.1%
 *2003: + 33.7%



Our Unique Opportunities portfolio gained 6.2% for the month of October. On 11/10 we will sell **Japan** and buy **Int'l Small Cap**, for a resulting mix of 66% stock, 26% bond, 8% cash.

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 (+18.1% YTD)	Portfolio C (+19.2% YTD)	Portfolio D (+19.2% YTD)
57% Dividend Growth, 43% Capital Appreciation	64% Magellan, 36% Contrafund	32% Magellan 68% Equity-Income	31% Magellan 69% Equity-Income

For the month of October, Portfolio A gained 5.1%, Portfolio B rose 5.5%, and Portfolios C and D were both up 5.2%.

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 MODEL:
100% VIP Technology	34% VIP Equity-Income, 66% VIP Growth	41% VIP Asset Mgr, 30% VIP Equity-Inc., 29% VIP High Inc.	71% VIP Inv. Grade, 29% VIP High Income.

OCTOBER VIP PERFORMANCE		Unit Value	2003 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
Portfolio	Rating							
VIP Asset Manager	B ****	28.78	12.4	1.9	3.7	13.8	-2.0	1.9
VIP Asset Manager: Growth	H ***	18.58	16.1	3.0	4.3	17.0	-6.1	-0.4
VIP Balanced	H ***	13.84	13.7	2.4	3.6	14.5	-1.0	1.2
VIP Contrafund	H ***	28.78	22.0	6.5	8.9	20.5	-3.0	5.4
VIP Dynamic Capital Appreciation	H ***	10.55		4.7				
VIP Equity-Income	B ****	45.83	19.2	5.3	6.3	21.5	-2.2	2.4
VIP Growth	B ****	51.31	27.2	7.1	9.0	25.1	-13.6	0.1
VIP Growth & Income	B ****	15.04	19.0	4.3	4.1	18.2	-5.8	0.7
VIP Growth Opportunities	B ****	10.69	22.2	5.2	6.8	20.7	-9.8	-5.2
VIP High Income	B ****	24.91	22.0	1.8	6.0	29.1	0.1	-0.6
VIP Index 500	H ***	27.48	20.2	5.6	6.3	19.6	-9.3	-0.5
VIP Investment Grade Bond	B ****	26.59	3.0	-0.8	2.4	5.9	7.9	5.9
VIP Mid Cap	H ***	12.35	28.3	8.2	13.2	31.5	4.1	
VIP Overseas	H ***	24.20	31.0	6.9	13.9	29.2	-8.1	-0.1
VIP Real Estate	H ***	10.30		1.8				
VIP Value Strategies	B ****↑	11.05		10.2				
VIP Consumer Industries	H ***	9.78	20.5	6.5	7.8	16.2		
VIP Cyclical Industries	H ***	9.99	24.0	8.9	8.7	29.2		
VIP Financial Services	H ***	10.60	23.8	7.1	7.5	23.1		
VIP Health Care	B ****	9.00	7.7	-0.3	-2.6	7.9		
VIP Natural Resources	H ***	9.36	13.8	2.6	6.9	19.1		
VIP Technology	B ****	9.17	57.1	10.6	17.0	59.0		
VIP Telecom & Utilities	H ***	7.20	19.2	7.0	7.8	25.8		
Morgan Stanley Emg Mkts Debt	H ***	15.13	21.1	1.1	6.1	27.9	13.7	
Morgan Stanley Emg Mkts Equity	H ***	10.07	35.7	7.4	16.0	37.4	0.0	
Morgan Stanley Global Equity	H ***	11.74	17.2	4.6	8.2	18.1	-1.8	
Morgan Stanley Int'l Magnum	H ***	8.80	15.9	4.6	10.4	17.3	-8.4	
PBHG Growth II	S **	9.30	28.8	9.0	11.9	24.3	-25.9	
PBHG Select Value	H ***	14.17	6.5	3.0	3.5	8.3	-16.9	
PBHG Select 20	S **	14.05	29.0	8.8	7.3	22.2	-15.5	
PBHG Small Cap Value	H ***	16.65	29.9	9.0	10.2	29.2	-1.2	
PBHG Tech & Communications	S **	7.58	42.4	9.7	16.0	40.3	-42.5	
Strong Mid Cap Growth Fund II	S **	11.90	34.4	9.3	9.8	33.2	-21.9	
Strong Opportunity Fund II	H ***	14.50	29.3	5.6	8.3	33.2	-3.6	
CS Int'l Focus	H ***	8.71	22.9	7.1	10.9	22.5	-11.0	
CS Global Post-VC	S **	9.26	41.8	8.1	15.4	39.2	-18.2	
CS Small Cap Growth	S **	10.55	43.8	12.1	13.0	44.7	-10.2	
Fidelity Monitor VIP Sector Model		13067.28	57.0	10.6	17.0	50.7		
Fidelity Monitor VIP Growth Model		26706.46	23.5	6.5	8.1	21.9	-8.3	1.0
Fidelity Monitor VIP G&I Model		19329.71	14.9	2.9	5.1	15.9	-0.9	1.8
Fidelity Monitor VIP Income Model		17132.54	7.8	-0.1	3.4	10.3	5.9	3.8

INCOME MODEL

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

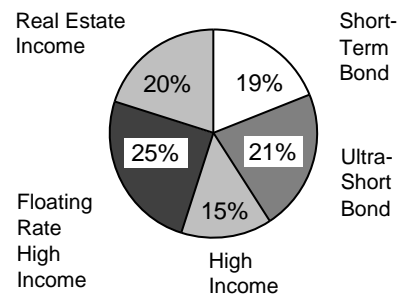
FUND	NAV	SHARES	BALANCE
Short-Term Bond	\$9.00	1569.375	\$14124.38
Ultra-Short Bond	\$10.04	1549.866	\$15560.65
High Income	\$8.83	1248.749	\$11026.45
Floating Rate	\$9.87	1857.226	\$18330.82
Real Estate Inc.	\$11.23	1295.679	\$14550.48

4% Foreign Holdings

Balance as of 10/31/03: \$73592.78
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: + 6.7%



Our Income Model gained 0.6% in October. The current asset mix is 10% stock, 76% bond, 14% cash.

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.

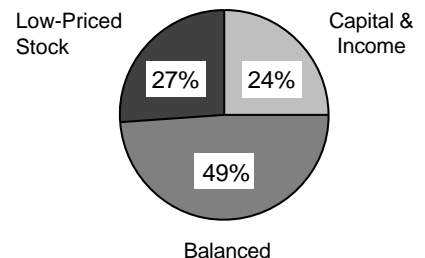
FUND	NAV	SHARES	BALANCE
Capital & Inc.	\$7.96	3684.591	\$29329.34
Balanced	\$15.99	3779.345	\$60431.73
Low-Priced Stock	\$33.20	1007.442	\$33447.07

11% Foreign Holdings

Balance as of 10/31/03: \$123208.14
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: + 26.2%



Our Growth and Income Model gained 4.6% for the month of October. The current asset mix is 58% stock, 38% bond, 4% cash.

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.

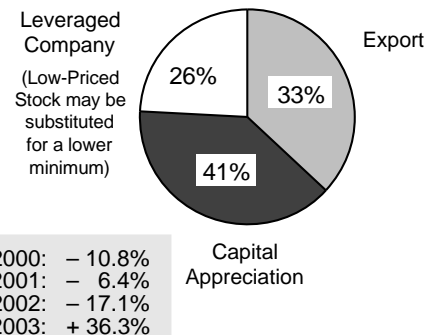
FUND	NAV	SHARES	BALANCE
Export	\$16.94	2540.940	\$43043.52
Capital Apprec.	\$23.53	2213.934	\$52093.87
Leveraged Co.	\$17.49	1894.744	\$33139.07

14% Foreign Holdings

Balance as of 10/31/03: \$128276.46
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 October our Growth Model gained 7.3%, versus 5.7% for the S&P 500. Current asset mix is 96% stock, 1% bond, 3% cash.

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.

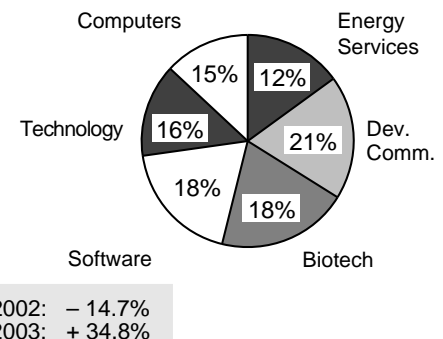
FUND	NAV	SHARES	BALANCE
Energy Services	\$28.74	1023.041	\$29402.20
Developing Com.	\$16.45	3151.676	\$51845.07
Biotechnology	\$49.10	938.154	\$46063.36
Software	\$47.10	938.003	\$44179.94
Technology	\$59.64	676.687	\$40357.61
Computers	\$35.84	1050.463	\$37648.59

15% Foreign Holdings

Balance as of 10/31/03: \$249496.77
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 7.0% in October, versus 5.7% for the S&P 500. The current asset mix is 98% stock, 2% cash.

in the extended market have been reduced enough to place this fund in the small-cap blend stylebox. One of the nice things about owning the extended market is that you have exposure to nearly all the up-and-comers. In other words, tomorrow's S&P 500 companies will come from this universe of stocks. **Spartan Extended Market Index** does not own every one of the extended market companies, but it does hold more than 3500 – enough to closely track the Wilshire 4500. So far there has been only one year (1999) in which the fund trailed the index by more than one percentage point. Currently, financial stocks account for 25% of fund holdings. Other well-represented industry groups include consumer discretionary (18% of assets), technology (15%), and health care (12%). Volatility currently runs about 10% less than the S&P 500. If you want a small-stock fund that you can buy and forget for 10, 15, or even 20 years, **Spartan Extended Market Index** is probably the most dependable choice. ■

Question & Answer

My subscription is still active, so why have I stopped getting your weekly email updates?

Many email providers are trying to block spam (unsolicited email). Unfortunately, their software sometimes filters out other things as well. Imagine a local postal carrier who's told to throw away anything resembling junk mail. No question about it, a few important letters would get tossed in the process.

If you get missed, let us know and we'll be happy to resend the latest update. If the problem is ongoing, consider setting up a different email address, perhaps with a free service like yahoo or hotmail. Both of these services have control panels allowing the user to choose filtering options. We recommend turning the filters off, as spam isn't a problem for a new email account. Then, tell us your new address by sending a message to fidmonservic@aol.com. Be sure to include your name and street address too. ■

OCTOBER DISTRIBUTIONS

Asset Manager Income	\$ 0.02 / \$11.90 (10/3)
Export & Multinational	\$ 0.05 / \$16.68 (10/3)
Freedom Income	\$ 0.01 / \$11.02 (10/3)
Spartan AZ Muni	\$ 0.06 / \$11.47 (10/3)

Funds that are scheduled for November (11/7) include **Asset Manager Income** and **Freedom Income**. Fidelity is now posting year-end distribution estimates on its Web site.

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**.

Junk bonds continued to perform well. A stronger economy means that some high-yield issues will eventually be upgraded to investment-grade status. As a result, **Capital & Income** and **High Income** posted gains of 2.5% and 2.3%, respectively. Higher quality bond funds, on the other hand, pulled back as long-term interest rates climbed on signs of economic strength. Finishing on the bottom were **Spartan Gov't Income** and **Gov't Income**, both with a 1.2% loss. Municipal funds were also weak, posting declines ranging from 0.4% to 0.8%.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Our current buys include **Biotechnology, Software, Dev Communications, Computers, Technology, and Energy Services**. There's a chance we'll be making some changes next month.

The technology and cyclical groups surged on economic strength, favorable earnings, and a pickup in business spending. **Dev. Communications** was up 13.8%, **Construction & Housing** jumped 13.1%, and **Wireless** gained 13.0%. However, defensive groups, such as health care and energy, did poorly. Finishing on the bottom were **Energy Services**, off 1.3%, and **Pharmaceuticals** with a 2.0% loss. ■

Happenings

Fidelity has introduced **NASDAQ Composite Index**, a new fund that tracks the popular benchmark. Unlike other index funds, this offering is heavily concentrated, and keeps over 50% of its assets in technology stocks. We'll be rating it a hold. We think the index could do well, but we prefer **Spartan Extended Market Index** for its moderate risk level and broad diversification.

Several stock funds have new managers as of 10/1. Alexander Sacerdote now heads **Defense & Aero**, Joshua Spencer has taken over **Leisure**, Brian Kennedy now runs **Brokerage & Investment**, Dion Hershman is the new leader at **Business Services & Outsourcing**, and Andrew Burzumanto has taken over stockpicking at **Utilities Fund**. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser (55/FDRXX)	56380.3	0.79	CT MM (418/FCMXX)	1053.9	0.52	FL MM (428/FSFXX)	907.2	0.58
Select MM (85/FSLXX)	820.3	0.76	MA MM (74/FDMXX)	3223.2	0.51	Spart MA MM (426/FMSXX)	993.4	0.60
Spart MM (454/SPRXX)	6402.7	0.77	MI MM (420/FMIXX)	585.4	0.53	Spart Municipal (460/FIMXX)	3002.7	0.73
Spart US Gov't (458/SPAXX)	685.1	0.72	NJ MM (417/FNJXX)	1249.9	0.51	Spart NJ MM (423/FSJXX)	567.3	0.67
Spart US Treas (415/FDLXX)	2455.0	0.62	NY MM (92/FNYXX)	2700.5	0.54	Spart NY MM (422/FSNXX)	1111.6	0.64
Tax-Free MM (275/FMOXX)	487.9	0.59	OH MM (419/FOMXX)	664.9	0.55	PA MM (401/FPTXX)	286.9	0.55
US Gov't Reser (50/FGRXX)	2361.5	0.79	AZ MM (433/FSAXX)	130.8	0.56	Municipal MM (10/FTEXX)	13977.7	0.64
CA MM (97/FCFXX)	2746.8	0.49	Spart CA MM (457/FSPXX)	1278.2	0.64			