

Question & Answer Forum

The bird flu situation looks really serious. Are you planning to reposition your portfolios?

There are two factors that should keep the bird flu from turning into a major human pandemic. First, global health experts already have their eye on the ball. The 1918-1919 bug has been reconstructed from scratch and is being tested along with the current bird flu virus. Scientists have a pretty good idea of the mutations that would need to take place for human transmission to become a problem, and they'll be watching closely. Efforts to develop effective vaccines and anti-viral drugs are already underway, and there's a good chance that effective countermeasures will be in place ahead of any big outbreak. Second, China's experience with SARS showed how a heavy-handed

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Exchanges for Growth Model, VIP Growth and Income Model

On Monday, 11/14, our Growth Model will sell one-third of **Equity-Income** (23/FEQIX) and one-third of **Value** (39/FDVLX), investing the proceeds in **Contrafund** (22/FCNTX). The resulting mix will be approximately 24% **Small Cap Value**, 26% **Value**, 25% **Contrafund**, and 25% **Equity-Income**. There is no change for the VIP Growth Model. We are making this change because **Contrafund** continues to perform well with below-average volatility, and we want to add some large-cap growth and foreign exposure to the portfolio. With nearly one-fourth of stocks in foreign markets, adding **Contrafund** to the model will increase its overall foreign exposure to about 15%.

Also on 11/14, our VIP Growth and Income Model will make two trades. **VIP Equity-Income** will be exchanged for **VIP Growth and Income**, and **VIP Investment Grade Bond** will be dropped for **VIP Freedom Income**. The resulting mix will be roughly 32% **VIP Growth & Income**, 54% **VIP Balanced**, and 14% **VIP Freedom Income**. These changes will allow the portfolio to slightly overweight the energy sector while reducing its exposure to bonds.

Review & Recommendations

Strong earnings and good economic news were not enough to overcome worries about higher rates of inflation in October. Conservation efforts and regulatory waivers for the refiners helped stop the upward march of oil prices, although without a mild winter the relief may only be temporary. Still, it was enough to trigger a correction in the energy group. The nomination of Ben Bernanke to succeed Alan Greenspan appeared to please the stock market, but for bond investors it may be another story. The S&P 500 declined 1.6% for the month.

GROWTH FUNDS

Growth Model holdings are listed on page 7. Our favorites include **Contrafund** and **Value**.

Funds that overweighted financial stocks and underweighted the energy group tended to perform best. **Export** posted a 1.0% gain, and **Dividend Growth** limited losses to 0.7%. But funds that had energy or small-cap exposure lagged. On the bottom end, **New Millennium** declined 4.1%, **Low-Priced** was down 4.2%, and **Leveraged Company** lost 4.7%.

INTERNATIONAL FUNDS

Int'l Discovery and **Spartan Int'l Index** offer broad exposure to foreign markets. **Europe** provides a focused bet on a group of defensive stocks. **Pacific Basin** should benefit from recovery in Japan while keeping risk at a moderate level.

Japanese funds finished ahead of other regions as investors concluded Japan's economic rebound is on solid ground. **Japan Smaller Companies** gained 1.9%, while **Japan** pulled back 0.4%. Emerging market funds were weak, but others lost even more. **Nordic** declined 6.5% due to a sizable loss in its top holding, Ericsson, and **Canada** lost 6.9% due to weakness in the commodity groups.

GROWTH & INCOME FUNDS

Growth and Income Model holdings are listed on page 7. Our favorites include **Balanced**, **Strategic Dividend & Income**, **Convertible Securities**, **Equity-Income**, and **Puritan**. For a low-risk choice, consider **Asset Manager Income**.

Growth & Income II was off only 0.8%, **Fidelity Fund** slipped 1.1%, and **Growth & Income** declined

RECOMMENDATIONS - *Continued on page 8*

approach can be effective. As a result, the stigma of airport screening, roadblocks, and quarantining hospitals and cities is largely gone, clearing the way for such tactics to be used in countries where personal freedom is normally an overriding factor. So, even if a human outbreak occurs, odds are it won't get very far.

From a stock market perspective, the fear factor is probably the biggest potential problem. Historical data shows that U.S. stocks actually rose during the 1918-1919 pandemic, partly because World War I knocked stock prices down before the flu outbreak began, but also due to increased exports of U.S. goods. Given that Asian economies are most at risk at the present time, the impact today might be a lot like a major earthquake – with shortages of Asian parts and products playing havoc with the global economy. Odds are, corporate earnings would get back on track in relatively short order. So it wouldn't necessarily be a deflationary event, but investors might perceive it that way during the initial stages.

That brings us to the tradeoff that exists with almost any type of market timing. To successfully defend against a low-probability event with negative stock-market repercussions, your portfolio must be mostly in bonds and cash. But if you make that move and the low-probability event fails to occur, your investment results will almost certainly lag the market by a substantial amount.

Thus, the best way to handle the bird-flu threat is to stick with your long-term strategy, and be willing to ride out any downturn that might come along.

Can you explain why inflation has become such a problem this year?

Hurricane season may have been the catalyst, but inflationary pressures have been building for some time. In recent years there have been significant increases in the cost of health care, construction, insurance, food, and energy. Until now, most of these rising costs have been absorbed by the supply chain, or offset by wage concessions and outsourcing. But there's not much of a cushion left on those fronts, so future increases are more likely to be passed on.

Meanwhile, new problems are on the horizon. Wage growth could become a bigger issue as the economy strains to replace highly skilled jobs that are vacated by retiring baby boomers in the coming decade. And even if real estate prices stop climbing, rents are likely to play catch-up for 5-10 years.

Once inflation gets rolling, it can be many years

before it settles down. The energy shocks of 1973-74 and 1979 caused inflation to average about 8% per year for an 8-year period. Today's economy is much more competitive than it was back then, so it probably won't be that bad this time around – even if the price of oil ultimately climbs above \$100 per barrel.

Still, investors are right to be nervous, because even a modest increase in the rate of inflation can have a substantial impact on the financial markets. Long-term interest rates get pushed up. Firms with a low P/E ratio gain pricing power, and growth company earnings become less predictable. But perhaps the biggest problem of all is the increased risk of a recession. As the Fed gears up for battle, the odds of making a catastrophic mistake are greatly increased.

What do you think about Ben Bernanke as a replacement for Alan Greenspan?

The market perceives Bernanke as an inflation dove, which stems both from his work studying the Fed's mistakes during the 1930s depression, and the views he expressed during the Fed's recent bout with deflation. As Federal Reserve chairman, Bernanke seems more likely to follow closely in Greenspan's footsteps – although he may face some challenges in convincing the bond market he's not too soft on inflation. So, it should be no surprise if he initially talks and acts more hawkish than might be expected. Fortunately, Bernanke is well regarded on Wall Street, and is considered a favorable choice from the stock market's point of view.

Energy stocks took quite a hit in October. Are you rethinking your position?

The worst is probably over for this particular correction. Barring a major economic slowdown, these stocks are still on solid ground for at least the next five years.

The recent selloff was the result of several factors. First, stock values climbed too quickly. Between mid-May and early October, **Energy and Natural Resources** gained about 45%, setting the stage for a pullback. Second, hurricanes Katrina and Rita brought about significant conservation efforts, and prompted both federal and state agencies to waive regulations that were constraining refineries and gasoline imports. Even without these unique events, September and October tend to be weak months for energy stocks, because fossil fuel supplies catch up with demand after summer driving ends and before the winter heating season picks up.

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It's unlikely that a bearish long-term trend has started. Energy stock values are still near the low end of their historical range. Global production of light sweet crude is in decline, and there's a shortage of refining capacity for heavy sour grades. Growing demand will make it tough to catch up. Additionally, high natural gas prices in North America could boost demand for home heating oil this winter.

The seasonally strong February through April period is not far off. In the Spring, many refiners must get maintenance out of the way and switch to a lower-polluting blend of summer gasoline before summer driving season kicks in. Depending on the weather, those activities are often in conflict with continuing demand for heating oil.

I'm worried that a housing bust will lead to a severe downturn in consumer spending and a major hit to the economy.

The risk of a housing bust is significant, but it's debatable whether it would hurt the economy in any major way. Most likely, the impact would be regional, with larger homes in high-priced markets taking the biggest hit. Houses in less expensive areas and in prime leisure locations might hold up relatively well. And some vacation condos and timeshares might even continue to appreciate, thanks to baby boomer retirement demand.

As for the economy, consumer spending may be at risk with any significant housing slump, but the main impact could be limited mostly to vehicles and other high ticket items. There's also a good chance that any consumer slowdown might be offset by growth in other areas. Corporate spending has finally picked up, and appears to have staying power. Couple that with even a moderate increase in exports, and the economy might survive a housing downturn just fine.

As for the stock market, a significant portion of the wealth that was liquidated in the 2000-2002 bear market ended up in real estate. If the real estate market were to enter a prolonged liquidation phase, it's certainly possible that some of that money might find its way back into stocks.

Given that mutual fund expenses are being slashed for indexers, but not for actively managed funds, doesn't it make more sense to index these days?

Not necessarily. Let's suppose that for the past 15 years, fees on all index funds had been zero, and fees on all actively managed funds had been 50 basis points higher. In Fidelity's case, it still wouldn't

have made sense to index – fully two-thirds of its actively managed domestic stock funds would have finished ahead of its **Spartan 500 Index** fund. This suggests that when you are dealing with actively-managed funds that are backed by solid research and talented managers, no amount of fee cutting can make indexing the superior choice.

There are times when indexing can make sense. Index funds help keep distributions to a minimum, a plus for tax-sensitive investors. They also work well in foreign markets, where expenses and trading costs can sometimes exceed 300 basis points. And for those who don't have their money in Fidelity funds, a significant majority could improve their long-term performance by going passive.

How long have you served as Chief Investment Strategist at Weber Asset Management, and how much does the firm have under management?

Ken Weber and I have been partners for 13 years. At the end of the third quarter, total assets under management stood at \$258 million. Roughly one out of every 15 Fidelity Monitor subscribers is a client of the firm.

The main benefit of this service is the relief that comes from putting your portfolio on "auto-pilot." As a Weber client, we do everything that needs to be done with your Fidelity account – the research, the trading, the record-keeping, and the performance reporting. We devise a customized investment plan for you, incorporating the same risk-management techniques used in Fidelity Monitor, but tailored for your specific objectives. And we provide peace of mind from knowing that no important trades will be missed.

If you'd like to learn more, call (800) 438-3863 or visit www.weberasset.com and request our latest information package. Management services are also available for variable annuities, 403(b) accounts, and corporate 401(k) plans.

The Unique Opportunities Model now carries the highest risk score in your model portfolio lineup. Is this normal?

Typically this portfolio is more volatile than the Growth and Income Model but less risky than the Growth Model. However, during the last 12 months, our heavy energy emphasis has pushed the model's risk score higher than the Growth Model and the Select System. We'll be looking to resolve this in the coming year, possibly by moving to funds that benefit from energy without as much volatility.

QUESTION & ANSWER FORUM - *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. Fund ratings: **B ******* is for a favorite buy, **B ****** means buy, **H ***** means hold for the long run, **S **** means reduce to below 5% of holdings, **S *** means sell and move to a buy-rated fund within the same asset class. Upgrades and downgrades are indicated by ↑ and ↓.

OCTOBER 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***	1.35	1.5(90)	16.84	4476.7	1.4	-3.1	-2.0	9.8	16.4	-17.6	2.5
Blue Chip Gth (312/FBGRX)	H***	0.98	none	41.55	22244.8	-0.1	-1.3	-2.2	6.7	9.2	-5.9	6.4
Blue Chip Value (1271/FBCVX)	B****	1.06	none	12.94	190.9	4.0	-2.3	-1.2	13.4			
Capital Apprec (307/FDCAX)	H***	1.22	none	26.26	7131.9	0.9	-2.9	-1.6	9.8	19.2	3.3	10.0
Contrafund (22/FCNTX)	B****	0.99	none	62.51	55682.7	10.2	-1.6	2.1	19.1	17.1	4.2	11.8
Discovery (339/FDSVX)	S**	0.97	none	11.08	448.2	-1.3	-1.0	0.3	7.0	10.0	-3.0	
Disc Equity (315/FDEQX)	H***	1.11	none	26.71	5924.2	5.6	-2.5	-1.2	14.9	13.7	-0.1	8.8
Dividend Gth (330/FDGFY)	H***	0.97	none	28.08	16566.0	-0.5	-0.7	-1.8	6.6	8.8	-0.6	11.4
Export Fund (332/FEXPX)	B****↑	1.09	0.75(30)	20.90	3305.3	9.6	1.0	1.8	19.6	18.9	5.5	15.2
Fidelity Fifty (500/FFTYX)	H***	1.20	0.75(30)	21.40	840.4	3.7	-2.1	0.9	13.4	11.5	5.8	10.9
Focused Stock (333/FTQGX)	H***	1.36	0.75(30)	11.37	108.3	12.6	-3.4	-0.5	24.8	16.3	-4.8	
Growth Company (25/FDGRX)	H***	1.28	none	59.21	25668.1	5.6	-1.3	1.1	15.5	18.8	-6.0	9.6
Independence (73/FDFFX)	H***	1.18	none	18.38	4596.1	3.1	-3.1	-1.2	13.3	13.2	-4.5	9.2
Large Cap Growth (763/FSLGX)	H***	1.30	0.75(30)	10.96	105.7	6.8	-1.8	-1.5	18.5	14.6		
Large-Cap Stock (338/FLCSX)	B****↑	1.00	none	14.86	640.9	1.9	-0.9	0.1	9.7	10.1	-4.9	7.5
Large Cap Value (708/FSLVX)	B****	1.12	0.75(30)	12.93	394.1	6.5	-3.0	-0.4	16.3	16.6		
Lev Co Stock (122/FLVCX)	B****	1.48	1.5(90)	24.51	3502.8	9.9	-4.7	-2.2	22.9	45.0		
Low-Priced Stock (316/FLPSX)	H***	0.99	Closed	39.54	37195.3	2.2	-4.2	-3.6	14.7	21.5	17.1	15.9
Magellan (21/FMAGX)	H***↑	1.00	Closed	104.51	52491.6	1.0	-1.3	-1.7	7.6	10.0	-3.4	7.0
Mid Cap Growth (793/FSMGX)	H***	1.42	0.75(30)	12.49	162.1	7.0	-3.1	-2.0	18.7	20.3		
Mid Cap Stock (337/FMCSX)	H***	1.27	0.75(30)	24.90	9399.3	6.4	-3.9	-2.0	16.1	15.9	0.0	12.4
Mid Cap Value (762/FSMVX)	B****	1.22	0.75(30)	15.26	235.4	8.3	-3.2	-1.7	19.9	21.5		
New Millennium (300/FMILX)	H***	1.38	Closed	32.44	3408.3	2.4	-4.1	0.7	12.4	13.5	-3.0	14.9
OTC Portfolio (93/FOCPX)	H***	1.27	none	35.55	7897.4	2.5	-1.2	-1.2	13.6	14.2	-7.9	7.9
Small Cap Gth (1388/FCPGX)	H***	1.28	1.5(90)	12.52	250.9	10.9	-2.2	-2.5				
Small Cap Indep (336/FDSCX)	H***	1.24	1.5(90)	20.82	1579.4	5.6	-3.8	-2.5	19.0	17.1	6.8	8.2
Small Cap Stock (340/FSLCX)	H***	1.17	2(90)	17.94	4312.4	2.4	-3.6	-2.8	12.5	20.5	8.5	
Small Cap Value (1389/FCPVX)	H***	1.24	1.5(90)	12.20	672.9	11.6	-1.8	-2.9				
Stock Selector (320/FDSSX)	H***	1.02	none	23.74	783.7	4.1	-1.0	0.0	12.1	12.9	-1.7	7.2
Trend (5/FTRNX)	H***	1.01	none	55.07	863.7	2.7	-1.6	-0.6	10.6	13.1	-1.4	5.7
Value (39/FDVLX)	B****	1.05	none	75.61	13309.7	6.1	-3.3	-3.6	16.1	21.8	14.3	12.2
Value Discovery (832/FVDFX)	B****	1.15	none	14.60	220.3	9.8	-3.5	-1.4	19.3			
Value Strategies (14/FSLSX)	H***	1.38	none	35.44	175.4	-5.3	-3.4	-5.7	8.3	21.2	7.3	
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.81	none	17.97	15285.9	5.1	-2.2	-0.8	12.6	15.4	6.9	10.5
Convertible Sec (308/FCVXS)	B****	0.80	none	21.65	1799.4	1.5	-4.0	-0.3	8.6	14.3	3.0	11.8
Equity-Income (23/FEQIX)	B****	0.96	none	52.10	25992.8	1.0	-1.6	-1.4	9.0	14.2	3.0	9.8
Equity-Income II (319/FEQTX)	B****	1.02	none	23.65	12292.6	0.4	-2.1	-2.2	8.0	13.7	2.9	9.9
Fidelity Fund (3/FFIDX)	H***	0.98	none	30.36	9851.6	2.4	-1.1	-0.9	9.2	11.7	-2.3	9.0
Global Balanced (334/FGBLX)	B****↑	0.68	1 (30)	21.65	192.9	4.6	-1.6	1.7	14.0	16.0	5.8	
Growth & Income (27/FGRIX)	B****	0.90	none	36.60	31288.8	-0.3	-1.2	-1.5	6.7	8.8	-1.6	8.5
Growth & Inc II (361/FGRTX)	B****	1.01	none	9.95	185.2	3.4	-0.8	2.3	9.4	10.2	-0.9	
Puritan (4/FPURX)	B****	0.63	none	18.34	24077.7	1.1	-1.3	-1.0	6.5	11.4	4.5	9.0
Strategic Div & Inc (1329/FSDIX)	B****	0.84	none	11.75	776.3	4.5	-2.3	-1.3	12.1			
Utilities (311/FUIX)	B****	1.11	none	14.51	1105.0	8.1	-4.8	-0.4	16.9	19.2	-3.4	7.1
SELECT FUNDS:												
Air Transportation (34/FAIAX)	H***	1.38	0.75(30)	37.20	34.0	10.4	0.0	1.9	17.9	20.6	2.1	11.7
Automotive (502/FAVAX)	S**↓	1.27	0.75(30)	32.42	23.8	-6.9	-7.9	-8.6	3.5	13.8	8.8	7.0
Banking (507/FSRBX)	H***	1.06	0.75(30)	37.65	361.8	-3.1	2.1	-1.5	1.8	11.9	7.4	12.7
Biotechnology (42/FBIOX)	H***	2.06	0.75(30)	58.21	1685.4	1.0	-2.5	-2.3	9.1	14.0	-9.4	10.8
Brokerage (68/FSLBX)	B****	1.21	0.75(30)	66.61	557.6	19.3	2.2	6.5	33.9	23.4	5.8	18.7
Business Ser (353/FBSOX)	H***	1.03	0.75(30)	15.86	31.1	0.3	-0.3	0.5	10.2	14.9	3.3	
Chemicals (69/FSCHX)	H***	1.58	0.75(30)	64.20	133.2	-5.0	-0.6	-7.3	8.3	20.0	14.2	10.5
Computers (7/FDCPX)	H***	1.58	0.75(30)	33.98	570.2	-3.3	-4.4	-5.8	5.8	14.6	-14.7	6.8
Const & Housing (511/FSHOX)	H***	1.89	0.75(30)	44.37	327.9	2.8	-6.2	-11.8	19.2	25.3	18.5	14.6
Consumer Indust (517/FSCPX)	S**	1.09	0.75(30)	24.31	40.8	-1.4	0.2	-4.7	7.8	8.8	1.5	8.2
Cyclical Indust (515/FCYIX)	H***	1.32	0.75(30)	19.08	58.1	4.1	-2.9	-3.4	14.5	22.7	8.5	
Defense & Aero (67/FSDAX)	H***	1.19	0.75(30)	71.45	838.9	10.1	-5.3	-3.7	19.9	23.5	10.8	14.8
Develop Commn (518/FSDCX)	H***	1.55	0.75(30)	18.91	468.3	-2.2	-3.3	0.2	8.2	25.5	-14.0	7.0
Electronics (8/FSLEX)	H***	1.73	0.75(30)	39.13	2637.7	3.6	-7.5	-8.3	11.3	16.0	-12.6	9.9
Energy (60/FSENX)	B****	2.22	0.75(30)	46.32	2662.1	45.1	-7.2	6.4	53.2	34.5	14.4	16.4
Energy Services (43/FSSEX)	H***	2.57	0.75(30)	60.44	1480.1	41.7	-5.7	5.5	49.4	29.3	12.8	18.8
Environmental (516/FSLEX)	H***	1.25	0.75(30)	15.02	24.5	5.0	-4.5	-3.8	16.6	14.1	4.5	2.6
Financial Services (66/FIDSX)	H***	1.01	0.75(30)	112.75	443.5	1.8	1.6	1.5	9.9	13.7	4.6	13.5
Food & Agriculture (9/FDFAX)	S**	0.89	0.75(30)	52.20	125.7	3.5	-0.3	-0.5	15.5	10.3	7.0	9.1
Gold (41/FSAGX)	H***	2.31	0.75(30)	28.69	837.7	12.9	-5.7	18.7	10.9	18.7	26.1	6.2
Health Care (63/FSPHX)	H***	1.06	0.75(30)	143.15	2249.1	11.8	-1.3	0.2	21.9	12.2	0.3	11.7
Home Finance (98/FSVLX)	S**	1.15	0.75(30)	55.65	312.4	-11.4	0.1	-4.6	-5.4	11.4	9.0	12.2
Indust Equip (510/FSGDX)	H***	1.31	0.75(30)	25.92	45.6	-0.7	-4.3	-4.2	10.2	17.9	4.1	8.9
Indust Materials (509/FSDPX)	H***	1.47	0.75(30)	40.92	119.4	4.4	-0.9	3.0	14.3	25.5	16.2	8.6
Insurance (45/FSPCX)	H***	1.10	0.75(30)	66.90	175.8	8.8	0.8	1.4	20.8	16.4	8.5	16.6
Leisure (62/FDLSX)	H***	1.15	0.75(30)	74.37	194.7	-3.4	-1.3	-2.1	6.3	17.2	3.3	11.6
Medical Delivery (505/FSHCX)	B****	1.32	0.75(30)	52.73	1456.8	22.4	-1.1	3.4	56.9	26.3	17.6	12.6
Medical Equip/Sys (354/FSMEX)	H***	0.95	0.75(30)	24.42	1191.9	4.4	-2.5	-2.9	14.0	19.3	10.1	
Multimedia (503/FBMPX)	B****	1.06	0.75(30)	45.97	80.5	1.7	0.1	1.3	8.8	15.6	3.0	10.3
Natural Gas (513/FSNGX)	B****	2.59	0.75(30)	38.70	1940.0	38.9	-9.0	7.3	49.0	38.1	14.7	16.7
Nat Resources (514/FNARX)	B****	2.14	0.75(30)	23.19	659.6	35.8	-7.3	6.3	41.9	31.5	13.0	
Networking/Infra (912/FNINX)	B****↑	1.70	0.75(30)	2.26	94.6	-3.8	-0.9	1.8	8.1	18.4	-23.8	
Paper & Forest (506/FSFPX)	S**	1.44	0.75(30)	26.32	23.6	-20.8	-4.4	-8.9	-13.2	3.0	3.1	4.1
Pharmaceuticals (580/FPHAX)	H***	1.09	0.75(30)	9.57	118.7	5.8	-1.8	3.8	17.6	10.0		
Retailing (46/FSRPX)	S**	1.49	0.75(30)	50.36	70.2	1.6	-0.4	-10.3	8.8	14.0	4.0	11.4
Software (28/FSCSX)	B****	1.35	0.75(30)	52.36	643.9	-0.2	1.1	3.4	9.5	15.6	-4.7	12.5
Technology (64/FSPTX)	B****	1.42	0.75(30)	60.13	1857.6	-0.1	-2.3	-3.0	9.6	17.4	-13.7	8.3
Telecom (96/FSTCX)	B****	1.14	0.75(30)	37.36	349.7	0.7	-1.5	-1.6	9.5	17.1	-9.6	4.4
Transportation (512/FSRFX)	H***	1.49	0.75(30)	44.09	57.6	4.0	0.0	3.9	13.3	23.2	11.6	13.3
Utilities Growth (65/FSUTX)	H***	1.08	0.75(30)	43.10	369.2	7.4	-4.0	-1.8	14.2	21.2	-4.9	8.3
Wireless (963/FWRLX)	B****	1.21	0.75(30)	6.52	446.1	11.8	-3.7	-1.4	19.9	37.6	-8.9	

OCTOBER 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	Rate
Aggressive Int'l (335/FIVFX)	H***	1.03	1 (30)	17.19	723.5		2.8	-3.2	1.4	13.5	17.3	4.1	
Canada (309/FICDX)	B****	1.15	1.5(90)	39.14	1733.4		15.6	-6.9	3.5	23.1	31.1	13.3	
Diversified Int'l (325/FDIVX)	H***	0.94	Closed	30.80	30283.2		7.5	-3.5	3.2	19.1	23.3	8.0	
Emerging Mkts (322/FEMKX)	H***	1.25	1.5(90)	15.71	1421.2		21.5	-5.9	5.4	40.3	31.9	13.3	
Europe (301/FIEUX)	B****	1.06	1 (30)	37.26	2699.3		9.1	-4.7	0.6	23.2	27.7	4.8	
Europe Cap Appr (341/FECAX)	H***	1.06	1 (30)	23.15	514.2		7.5	-4.1	0.5	19.2	20.1	5.5	
China Region (352/FHKCX)	H***	0.93	1.5(90)	17.74	424.5		4.0	-5.9	-4.8	13.5	18.6	5.5	
Int'l Discovery (305/FIGRX)	B****	0.98	1 (30)	30.65	3983.5		8.7	-3.3	4.3	22.3	23.5	6.0	
Int'l Small Cap (818/FISMX)	B****	1.05	Closed	26.88	2211.4		15.5	-5.0	3.6	30.7	42.4		
Int'l Small Cap Opp (1504/FSCOX)	B****	1.1 Est	2 (90)	10.40	143.2			-4.0					
Japan (350/FJPNX)	H***	1.61	1.5(90)	14.99	977.7		17.1	-0.4	20.9	28.9	22.1	-1.5	
Japan Smaller Co (360/FJSCX)	H***	1.56	1.5(90)	14.25	1342.4		13.3	1.9	9.4	23.7	30.1	8.8	
Latin America (349/FLATX)	H***	2.07	1.5(90)	29.40	1343.5		39.0	-4.1	17.5	64.9	51.3	18.0	
Nordic (342/FNORX)	H***	1.23	1.5(90)	30.92	204.9		11.9	-6.5	0.0	27.6	27.2	3.3	
Overseas (94/FOSFX)	H***	1.07	1 (30)	37.65	5016.4		6.4	-2.8	4.1	17.9	19.9	1.5	
Pacific Basin (302/FPBFX)	B****	1.11	1.5(90)	22.42	616.8		13.4	-2.6	8.0	26.6	21.6	3.9	
Southeast Asia (351/FSEAX)	H***	1.12	1.5(90)	18.71	816.4		13.9	-5.4	-1.8	26.9	24.4	10.4	
Worldwide (318/FWWFX)	H***	0.97	1 (30)	19.05	1209.0		4.4	-2.3	1.4	14.7	17.4	3.4	

INDEX AND ASSET ALLOCATION:

Four-In-One Index (355/FFNOX)	H***	0.83	0.5(90)	25.72	1014.8		2.2	-1.8	-0.9	10.0	14.1	1.1
NASDAQ Comp (1282/FNCMX)	S**	1.23	0.75(90)	28.76	109.2		-2.1	-1.5	-2.8	7.7		
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.19	0.75(90)	33.40	1765.3		4.6	-2.4	-2.7	16.6	21.7	3.2
Spart Int'l Index (399/FSIIX)	B****	1.01	1(90)	33.82	1469.6		6.1	-2.6	4.4	17.7	21.0	2.7
Spart 500 Index (317/FSMKX)	H***	1.00	0.5(90)	83.75	12905.5		1.0	-1.7	-1.8	8.7	12.7	-1.9
Spart Total Mkt Idx (397/FSTMXX)	B****	1.03	0.5(90)	33.68	3256.9		2.2	-1.9	-1.9	10.7	14.6	-0.6
Asset Manager (314/FASMX)	H***	0.53	none	16.04	10204.5		0.8	-0.7	-0.7	5.1	8.0	1.3
Asset Mgr Agg (347/FAMRX)	H***	1.13	none	11.37	403.1		0.5	-2.7	-1.6	9.2	17.6	-3.2
Asset Mgr Gth (321/FASGX)	H***	0.72	none	14.83	3308.3		0.1	-0.7	-1.1	6.0	9.2	-0.5
Asset Mgr Inc (328/FASIX)	B****	0.37	none	12.84	1725.8		3.2	-1.0	0.8	6.5	8.3	4.9
Freedom 2000 (370/FFFVX)	B****	0.29	none	12.24	1594.4		1.9	-0.6	-0.1	4.2	5.5	2.4
Freedom 2005 (1312/FFFVX)	B****	0.47	none	10.98	355.0		2.2	-1.2	-0.5	6.3		
Freedom 2010 (371/FFFCX)	B****	0.49	none	13.84	9529.1		2.3	-1.3	-0.4	6.6	9.2	2.1
Freedom 2015 (1313/FFVFX)	B****	0.60	none	11.28	1509.0		2.6	-1.5	-0.4	8.2		
Freedom 2020 (372/FFFDX)	B****	0.71	none	14.28	11440.8		2.9	-1.7	-0.5	9.4	12.4	0.9
Freedom 2025 (1314/FFTWX)	B****	0.76	none	11.58	1163.9		3.0	-1.7	-0.5	10.1		
Freedom 2030 (373/FFFCX)	B****	0.82	none	14.47	6826.3		3.3	-1.8	-0.5	10.9	13.8	0.0
Freedom 2035 (1315/FFTHX)	B****	0.83	none	11.77	626.5		3.3	-1.9	-0.6	11.2		
Freedom 2040 (718/FFFFX)	B****	0.86	none	8.50	2774.7		3.2	-2.0	-0.5	11.6	14.9	-0.6
Freedom Income (369/FFFAFX)	B****	0.25	none	11.29	2060.3		1.9	-0.5	-0.1	3.7	4.6	3.0
Real Estate Income (833/FRIFX)	H***	0.27	0.75(90)	11.68	648.5		3.4	-0.8	-1.4	6.2		
Real Estate (303/FRESX)	S**	1.51	0.75(90)	30.62	5821.4		8.4	-2.2	-5.7	19.7	27.3	19.8
Int'l Real Estate (1368/FRIFX)	H***	0.95	1.5(90)	11.81	172.4		4.3	-3.6	1.8	20.5		

TAXABLE BOND FUNDS:

Capital & Income (38/FAGIX)	H***	0.31	1(90)	8.29	5348.6	6.00	2.6	-1.2	-1.2	7.2	21.7	7.5
Floating Rate (814/FFRHX)	B****	0.06	1(60)	9.95	2429.2	5.30	3.3	0.2	1.0	4.3	5.6	
Focused High Inc (1366/FHIFX)	H***	0.2 Est	1(90)	9.93	38.6	5.89	1.2	-0.5	-0.6	2.7		
GNMA Portfolio (15/FGMNX)	H***	0.21	none	10.83	3967.1	4.48	1.3	-0.5	-0.3	1.5	3.0	5.3
Gov't Income (54/FGOVX)	H***	0.28	none	10.08	5290.5	3.56	1.1	-0.7	-0.3	1.2	2.8	5.7
Intermed Bond (32/FTHRX)	H***	0.22	none	10.26	7414.5	4.07	0.7	-0.4	-0.1	0.6	3.8	6.0
Intermed Gov't Inc (452/FSTGX)	H***	0.22	none	10.02	865.6	3.38	0.5	-0.5	-0.1	0.1	2.0	5.2
Invest Grade Bond (26/FBNDX)	H***	0.28	none	7.34	7264.6	4.12	1.3	-0.7	-0.5	1.5	4.4	6.4
Mortgage Securities (40/FMSFX)	H***	0.21	none	11.01	1835.4	4.38	1.3	-0.6	-0.3	1.5	3.5	5.8
New Markets Inc (331/FNMIX)	H***	0.50	1(90)	14.37	1619.7	5.81	7.4	-1.7	2.1	11.9	19.2	14.5
Short-Term Bond (450/FSHFX)	B****	0.12	none	8.85	4995.8	3.68	1.4	0.0	0.4	1.2	2.8	4.7
Spart Gov't Inc (453/SPGVX)	H***	0.28	none	10.86	867.1	3.66	1.1	-0.7	-0.3	1.4	3.0	6.0
High Income (455/SPHIX)	H***	0.24	1(90)	8.75	3273.0	6.97	1.6	-0.3	-0.4	4.6	14.7	5.5
Spart Invest Grade (448/FSIBX)	H***	0.26	none	10.46	2942.5	4.20	1.2	-0.7	-0.4	1.5	4.7	6.6
Strategic Income (368/FSICX)	H***	0.25	none	10.43	3965.3	5.03	1.5	-0.8	-0.2	4.5	11.3	9.4
Strategic Real Rtn (1505/FSRRX)	B****	0.5 Est	0.75(60)	9.94	20.6			-2.1				
Inflation-Protected (794/FINPX)	H***	0.48	none	11.29	1685.0	1.50	1.0	-1.2	0.7	2.3	6.8	
Total Bond (820/FTBFX)	H***	0.24	none	10.36	434.3	4.43	1.0	-0.8	-0.6	1.6	4.9	
Ultra-Short Bond (812/FUSFX)	B****	0.05	0.25(60)	10.02	870.8	3.81	2.3	0.2	0.8	2.4	2.0	
US Bond Index (651/FBIDX)	H***	0.27	none	10.84	5848.2	4.38	0.9	-0.7	-0.6	1.1	4.2	6.4

MUNICIPAL BOND FUNDS:

AZ Municipal Inc (434/FAZAX)	H***	0.24	0.5(30)	11.32	100.2	3.73	1.4	-0.7	-0.5	1.5	4.0	5.6
CA Municipal Inc (91/FCTFX)	H***	0.23	0.5(30)	12.41	1568.4	4.21	2.4	-0.7	-0.1	2.8	4.7	5.7
CT Municipal Inc (407/FICNX)	H***	0.23	0.5(30)	11.45	442.0	4.04	1.0	-0.5	-0.2	1.2	3.8	5.5
FL Municipal Inc (427/FFLIX)	H***	0.23	0.5(30)	11.52	517.3	4.00	1.4	-0.6	-0.3	1.8	4.2	5.7
Intermediate Muni (36/FLTMX)	H***	0.20	0.5(30)	9.96	1947.7	3.76	1.4	-0.5	-0.1	1.6	4.0	5.5
MA Municipal Inc (70/FDMMX)	H***	0.24	0.5(30)	11.95	1854.9	4.17	2.1	-0.7	-0.4	2.4	4.5	6.0
MD Municipal Inc (429/SMDMX)	H***	0.22	0.5(30)	10.78	109.8	3.80	1.3	-0.5	-0.3	1.6	3.9	5.4
MI Municipal Inc (81/FMHTX)	H***	0.23	0.5(30)	11.84	581.4	4.03	1.3	-0.6	-0.4	1.5	4.3	5.8
MN Municipal Inc (82/FIMIX)	H***	0.21	0.5(30)	11.40	354.4	4.06	1.4	-0.5	-0.2	1.7	4.1	5.4
Municipal Income (37/FHIGX)	H***	0.24	0.5(30)	12.88	4730.6	4.24	2.2	-0.6	-0.3	2.7	4.9	6.4
NJ Municipal Inc (416/FNJHX)	H***	0.26	0.5(30)	11.54	570.2	4.02	1.9	-0.9	-0.7	2.1	4.3	5.7
NY Municipal Inc (71/FTFMX)	H***	0.24	0.5(30)	12.83	1444.6	3.95	1.7	-0.6	-0.4	2.1	4.4	6.2
OH Municipal Inc (88/FOHFX)	H***	0.25	0.5(30)	11.74	430.3	4.03	1.5	-0.7	-0.4	1.8	4.4	5.9
PA Municipal Inc (402/FPXTX)	H***	0.22	0.5(30)	10.81	315.5	4.08	1.4	-0.6	-0.2	1.8	4.2	5.6
Short-Int Municipal (404/FSTFX)	B****	0.12	0.5(30)	10.19	1807.9	2.86	0.5	-0.2	0.2	0.5	2.2	3.8
Tax-Free Bond (90/FTABX)	H***	0.26	0.5(30)	10.68	351.9	4.04	2.2	-0.7	-0.2	2.6	5.1	

OCTOBER PERFORMANCE				2005	One	Three	One	3-Yr	5-Yr	10-Yr
Indexes	Risk	Value		YTD	Month	Month	Year	Rate	Rate	Rate
Dow Jones Industrial	1.00	10440.07		-1.2	-1.1	-1.3	6.6	10.0	1.1	10.3
S&P 500	1.00	1207.01		1.1	-1.6	-1.7	8.8	12.9	-1.7	9.3
NASDAQ	1.21	2120.30		-2.0	-1.4	-2.8	8.1	17.5	-8.4	7.9
Russell 2000	1.53	646.61		0.2	-3.1	-4.7	12.1	21.5	6.7	9.5

OCTOBER 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	1207.01	1.1	-1.6	-1.7	8.8	12.9	-1.7	9.3
Fidelity Monitor Income Model	0.05	79785.69	2.4	0.2	0.8	3.4	5.6	5.2	5.4
Fidelity Monitor G&I Model	0.68	150142.71	3.7	-1.8	-0.7	11.2	17.3	7.1	10.5
Fidelity Monitor Growth Model	1.02	162690.86	5.3	-2.4	-2.7	15.0	20.0	3.8	10.2
Fidelity Monitor Select System	1.10	301323.08	9.5	-2.2	1.5	16.9	17.9	2.1	11.0
Fidelity Monitor Unique Opportunities	1.16	99791.82	9.2	-4.7	-1.5	19.2	26.1	13.1	

UNIQUE OPPORTUNITIES MODEL

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

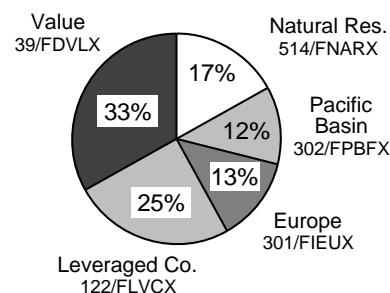
FUND	NAV	SHARES	BALANCE
Natural Resources	\$23.19	742.049	\$17208.12
Pacific Basin	\$22.42	550.726	\$12347.28
Europe	\$37.26	350.191	\$13048.12
Leveraged Co.	\$24.51	996.929	\$24434.73
Value	\$75.61	433.191	\$32753.57

37% Foreign Holdings

Balance as of 10/31/05: **\$99791.82**
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: +9.2%



Our portfolio was down 4.7% in October. On 10/17 we sold **Utilities Growth** (\$42.11), buying **Pacific Basin** (\$22.18). The approximate asset mix is 97% stock, 3% cash.

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:	VIP GROWTH:	VIP G&I MODEL: (as of 11/14)	VIP INCOME MODEL:
14% Technology, 16% Financial Ser, 31% Telecom & Util., 24% Natural Res., 15% Health Care	25% Mid-Cap Stock, 41% Equity-Income, 34% Contrafund	32% Growth & Income, 54% Balanced, 14% Freedom Income.	69% Inv. Grade, 31% Money Market.

OCTOBER VIP PERFORMANCE Portfolio	Rating	Unit Value	2005 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Aggressive Growth	H ***	10.30		-3.1				
VIP Asset Manager	H ***	31.37	0.1	-0.8	-1.0	4.3	7.4	0.5
VIP Asset Manager: Growth	H ***	20.47	-0.5	-0.9	-1.3	5.2	8.8	-1.8
VIP Balanced	B ****	14.82	-0.3	-2.4	-1.1	3.2	7.0	0.8
VIP Consumer Industries	S **	10.70	-2.1	0.2	-5.1	6.9	8.3	
VIP Contrafund	B ****	37.90	10.0	-1.7	2.0	18.9	16.6	3.8
VIP Cyclical Industries	H ***	14.14	3.8	-2.9	-3.5	14.0	22.3	
VIP Dynamic Capital Appreciation	H ***	12.59	13.4	-0.6	3.4	23.6		
VIP Equity-Income	B ****	55.21	0.4	-1.7	-1.6	8.3	13.5	2.4
VIP Financial Services	B ****	12.45	1.2	1.5	1.2	9.2	13.0	
VIP Freedom 2005	B ****	10.16		-1.2				
VIP Freedom 2010	B ****	10.16		-1.3				
VIP Freedom 2015	B ****	10.22		-1.4				
VIP Freedom 2020	B ****	10.27		-1.5				
VIP Freedom 2025	B ****	10.30		-1.6				
VIP Freedom 2030	B ****	10.35		-1.7				
VIP Freedom Income	B ****	10.06		-0.6				
VIP Growth	H ***	54.69	0.3	-1.5	-2.2	6.8	10.1	-7.2
VIP Growth & Income	B ****↑	16.74	2.9	-0.8	2.0	8.4	9.6	-1.4
VIP Growth Opportunities	H ***	12.24	2.1	-0.7	0.2	9.4	11.4	-3.4
VIP Growth Stock	H ***	10.05		-3.3				
VIP Health Care	B ****	11.58	11.2	-1.3	0.1	21.2	11.6	
VIP High Income	H ***	28.09	0.3	-0.5	-0.5	2.9	13.3	2.5
VIP Index 500	H ***	32.05	0.3	-1.7	-2.0	7.7	11.8	-2.7
VIP Int'l Capital Appreciation	H ***	10.29		-3.2				
VIP Investment Grade Bond	H ***	27.96	0.2	-0.9	-0.8	0.2	3.6	5.7
VIP Mid Cap	B ****	17.93	9.3	-3.4	0.4	22.7	24.1	10.4
VIP Money Market		19.62	1.7	0.2	0.7	1.8	0.8	1.5
VIP Natural Resources	B ****	17.70	35.1	-7.4	6.0	41.0	31.1	
VIP Overseas	B ****↑	31.30	5.7	-2.9	3.8	16.9	18.6	0.1
VIP Real Estate	S **	15.74	7.6	-2.6	-6.1	18.7		
VIP Strategic Income	H ***	10.98	0.8	-0.9	-0.4	3.6		
VIP Technology	B ****	9.50	3.3	-1.8	0.2	13.1	18.1	
VIP Telecom & Utilities	B ****	9.98	6.8	-4.0	-2.0	13.6	20.4	
VIP Value	B ****	10.23		-1.8				
VIP Value Leaders	B ****	10.26		-2.3				
VIP Value Strategies	H ***	12.11	-6.0	-3.5	-6.1	7.1		
Fidelity Monitor VIP Income Model		18494.39	0.7	-0.5	-0.4	1.6	6.0	5.1
Fidelity Monitor VIP G&I Model		21658.20	0.2	-1.9	-1.2	4.9	9.1	1.7
Fidelity Monitor VIP Growth Model		31369.72	4.3	-2.1	-0.3	12.5	12.7	-1.9
Fidelity Monitor VIP Sector Model		15164.71	8.8	-3.3	0.6	16.8	20.5	

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	\$8.85	1662.083	\$14709.43
Asset Mgr. Inc.	\$12.84	1208.402	\$15515.88
Ultra-Short Bond	\$10.02	3092.523	\$30987.08
Floating Rate	\$9.95	1866.663	\$18573.30

7% Foreign Holdings

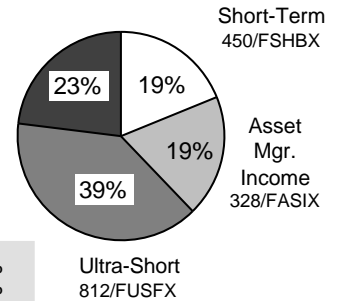
Balance as of 10/31/05: \$79785.69
Balance at start of 2005: \$77905.57

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: + 2.4%



For October we gained 0.2%. The asset mix is approximately 5% stock, 76% bond, 19% cash. On 10/17 we sold one-third of Ultra-Short (\$10.02), buying Asset Mgr Income (\$12.80).

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.	\$12.84	2595.061	\$33320.58
Puritan	\$18.34	1851.006	\$33947.45
Balanced	\$17.97	2064.229	\$37094.20
Strat. Div. & Inc.	\$11.75	3896.211	\$45780.48

9% Foreign Holdings

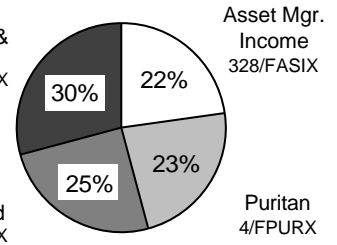
Balance as of 10/31/05: \$150142.71
Balance at start of 2005: \$144788.14

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:	+ 3.7%

Strategic Dividend & Income
1329/FSDIX

Balanced
304/FBALX



Our portfolio declined 1.8% in October. The approximate asset mix is 68% stock, 21% bond, and 11% 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
Small Cap Value	\$12.20	3265.664	\$39841.10
Value	\$75.61	812.842	\$61458.98
Equity-Income	\$52.10	1178.326	\$61390.78

15% Foreign Holdings

Balance as of 10/31/05: \$162690.86
Balance at start of 2005: \$154558.63

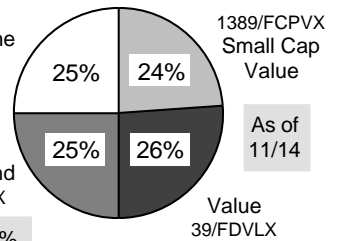
PERFORMANCE

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/FEIQX

Contrafund
22/FCNTX

2001: - 6.4%
2002: - 17.1%
2003: + 46.1%
2004: + 12.4%
*2005: + 5.3%



We lost 2.4% in October, versus the S&P 500's 1.6% decline. Approximate mix is 95% stock, 5% cash. On 11/14 we will sell one-third each of Equity-Income and Value, buying Contrafund.

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	\$46.32	1360.001	\$62995.25
Brokerege	\$66.61	870.904	\$58010.92
Wireless	\$6.52	8642.722	\$56350.55
Software	\$52.36	869.714	\$45538.23
Medical Delivery	\$52.73	795.875	\$41966.49
Telecom	\$37.36	975.954	\$36461.64

17% Foreign Holdings

Balance as of 10/31/05: \$301323.08
Balance at start of 2005: \$275072.39

PERFORMANCE

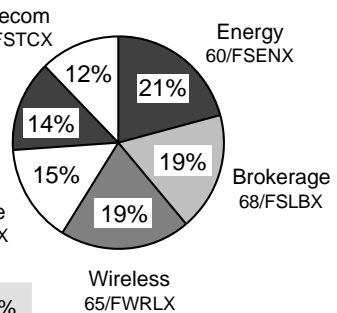
1989:	+ 23.4%
1990:	+ 31.3%
1991:	+ 35.3%
1992:	+ 20.4%
1993:	+ 25.9%
1994:	- 0.9%
1995:	+ 39.0%
1996:	+ 5.2%
1997:	+ 29.3%
1998:	+ 21.7%
1999:	+ 44.9%
2000:	- 14.9%
2001:	- 7.3%
2002:	- 14.7%

Telecom
96/FSTCX

Med Delivery
505/FSHCX

Software
28/FSCSX

2003: + 38.4%
2004: + 7.4%
*2005: + 9.5%



We were down 2.2% in October, compared to the S&P 500's loss of 1.6%. Approximate asset mix: 98% stock, 2% cash. On 10/17 we sold Utilities Growth (\$42.11) and bought Wireless (\$6.40).

December distributions are right around the corner. Should I delay my stock fund purchases or sales until next year?

Perhaps. Payouts of capital gains are set to be larger than usual, especially for funds in the value, international, and small-cap categories. If you're planning to purchase a fund in a taxable account, you may want to check Fidelity's Web site for the latest December estimates before making any trades. Likewise, if you have a significant short-term gain in a taxable account, it could make sense to wait more than a year to qualify for long-term capital gains.

In the case of our upcoming Growth Model trade, **Contrafund's** estimated distribution percentage is lower than either **Equity-Income** or **Value**. And both the positions we're selling have been held over a year.

Is there hope for Magellan now that Harry Lange has taken over the fund?

Most definitely. In some ways it's surprising that Fidelity waited as long as it did to make a change. **Magellan** used to be Fidelity's flagship fund, but under Stansky it has trailed the S&P 500 for the better part of a decade. Large funds don't have to be laggards. Will Danoff continues to enjoy good success with **Contrafund**, which is now just as big as **Magellan**. And Harry Lange, with his experience and insight into technology stocks, seems particularly well-suited for a fund that requires long-term vision and low turnover to ensure success. ■

1.2%. On the flip side, declines in the energy group pulled down **Strategic Dividend & Income** and **Convertible Securities**. Their respective losses were 2.3% and 4.0%.

BOND FUNDS

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

Bond funds were weak as the market priced in a higher rate of inflation. **Floating Rate High Income** and **Ultra-Short Bond** both managed to post an increase of 0.2%, while **Short-Term Bond** finished near breakeven. Others lost ground. Most impacted were **New Markets Income**, off 1.7% on softness in the emerging market debt arena, and **Strategic Real Return**, slipping 2.1% on commodity price declines.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Funds rated buy, as ranked by our volatility model, include **Brokerage, Technology, Medical Delivery, Software, Networking, Wireless, Multimedia, Telecom, Energy, Natural Resources, and Natural Gas**.

Financial groups accounted for most of the top spots. **Brokerage** gained 2.2%, **Banking** rose 2.1%, and **Financial Services** moved up 1.6%. The bottom end consisted of groups that could lose out from an extended string of tightening moves by the Fed. **Electronics** lost 7.5%, **Automotive** was down 7.9%, and **Natural Gas** fell 9.0%. ■

Happenings

Fidelity has introduced Advantage Class shares for its Spartan index funds, one-upping Vanguard in the race to cut fees on index funds. The Advantage Class carries expenses of 0.07%, versus 0.10% for regular shares. To be eligible, you must have at least \$100,000 in one of Fidelity's stock index funds.

Robert Stansky is retiring from **Magellan**, and Harry Lange has taken his place. J. Fergus Shiel will take Lange's place at **Capital Appreciation**. As a result, we've upgraded **Magellan** to a hold. In other changes, Timothy Cohen has taken over at **Growth & Income**, Victor Thay will pick stocks for **Export**, and James Catudal is the new leader at **Growth & Income II**. Also, Rich Thompson will now manage **Small Cap Independence**, while Lionel Harris and Charles Myers will co-manage **Small Cap Growth**. Finally, Rajiv Kaul is now managing **Biotech**, and Samuel Wald has taken over at **VIP Real Estate**. ■

OCTOBER DISTRIBUTIONS

Asset Manager	\$ 0.12 / \$15.95 (10/7)
Asset Manager Income	\$ 0.03 / \$12.86 (10/7)
AZ Municipal Income	\$ 0.03 / \$11.42 (10/7)
Balanced	\$ 0.07 / \$17.99 (10/7)
Convertible Securities	\$ 0.11 / \$21.92 (10/7)
Equity-Income	\$ 0.22 / \$51.59 (10/7)
Equity-Income II	\$ 0.09 / \$23.49 (10/7)
Export & Multinational	\$ 0.61 / \$20.26 (10/7)
Fidelity Fund	\$ 0.05 / \$29.94 (10/7)
Freedom Income	\$ 0.03 / \$11.28 (10/7)
Growth & Income	\$ 0.12 / \$36.21 (10/7)
Growth & Income II	\$ 0.01 / \$ 9.75 (10/7)
MD Municipal Income	\$ 0.07 / \$10.86 (10/7)
Puritan	\$ 0.13 / \$18.26 (10/7)
Strategic Dividend & Income	\$ 0.061 / \$11.73 (10/7)
Utilities	\$ 0.07 / \$14.71 (10/7)

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

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reserves (55/FDRXX)	62135.0	3.54	CT MM (418/FCMXX)	1233.4	2.28			
Select MM (85/FSLXX)	707.0	3.66	MA MM (74/FDMXX)	3882.3	2.22	FL MM (428/FSFXX)	1523.3	2.25
Money Market (454/SPRXX)	5798.0	3.58	MI MM (420/FMIXX)	628.2	2.21	MA AMT TF (426/FMSXX)	1315.7	2.34
Gov't MM (458/SPAXX)	493.5	3.50	NJ MM (417/FNJXX)	1451.6	2.23	AMT Tax-Free (460/FIMXX)	3697.2	2.41
US Treas. MM (415/FDLXX)	1895.7	3.23	NY MM (92/FNYXX)	3264.9	2.25	NJ AMT TF (423/FSJXX)	753.6	2.35
Tax-Free MM (275/FMOXX)	1770.5	2.30	OH MM (419/FOMXX)	758.0	2.22	NY AMT TF (422/FSNXX)	1444.0	2.32
US Gov't Reser (50/FGRXX)	2353.8	3.58	AZ MM (433/FSAXX)	219.8	2.27	PA MM (401/FPTXX)	397.1	2.27
CA MM (97/FCFXX)	3755.0	2.21	CA AMT TF (457/FSPXX)	1894.8	2.37	Municipal MM (10/FTEXX)	16228.6	2.34