

International Funds

A recent article in the Wall Street Journal pointed out how big the U.S. trade deficit has become. At an annual rate of \$550 billion, imports now exceed exports by roughly \$1 million every minute.

In theory, the dollar will grow weaker over time, export activity will pick up, and the trade gap will eventually close. But that could take a decade or more at the present rate of export growth. Furthermore, a rebound in the domestic economy could make the trade gap worse before it gets better. That's because a rise in consumer spending usually means higher demand for imported goods.

This brings us to an interesting argument in favor of foreign investing. With such a large amount of money being sent out of the country to purchase foreign-made products, logic dictates that there should be some good stocks to buy on the international scene.

Some Fidelity funds are already doing just that. **Capital Appreciation, Contrafund, Low-Priced Stock, and Small Cap Stock** currently have over 15% of their assets in foreign securities. Others, such as **Growth Company, Independence, Mid-Cap Stock, New Millennium, OTC Portfolio, and Value** are still below 10%, but appear to be ramping up.

International investing is not for everyone. As with sectors, there are unique risks when you venture outside the mainstream. And you can't necessarily expect your foreign holdings to offer diversification. These days any big news that affects the U.S. market is likely to affect stock markets all around the globe.

Still, for those who are up to the challenge, some foreign markets are now attractive enough to be given serious consideration.

This month we take a look at Fidelity's foreign stock fund lineup. Even though Fidelity's research machine may not have the same edge outside the U.S. market, there are some clear signs that the "pencil" is being sharpened. In this review, we've tried to highlight those that are earning their keep. Following is an alphabetical rundown on Fidelity's international stock fund offerings:

AGGRESSIVE INT'L (HOLD)

As you may expect, this fund is not very diverse. Based on 6/30 figures, it holds just 58 stocks. In

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Review & Recommendations

Economic growth appears to be surging, thanks to the combined impact of defense spending, a jump in business purchases, inventory replenishment, and consumer spending picking up steam. Job growth remains weak, but should eventually rebound if the current pace of economic growth is sustained. For investors, the stronger economy is good news, but higher long-term interest rates could be a problem. The S&P 500 finished August with a 1.9% gain. Bonds were volatile throughout the month, but managed to recover some of what they lost last month – even with rising expectations for inflation.

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**.

Growth sectors and economically-sensitive stocks performed best. **Leveraged Company Stock** led the group with a 7.2% gain. **New Millennium** was up 6.6%, and **Capital Appreciation** rose 5.6%. On the flip side, many large-cap value stocks trailed behind, due partly to higher interest rates. On the bottom end were **Disciplined Equity**, edging up 1.4%, and **Structured Large Cap Value** with a modest 1.2% increase.

INTERNATIONAL FUNDS

Diversified International is our favorite choice for broad-based foreign stock exposure. **Japan** is our pick for a more aggressive bet.

Continuing signs of growth in Asia gave a lift to the Japanese exchanges. **Japan Smaller Companies** gained 10.8%, and **Japan** climbed 9.1%. The euro finally pulled back a bit, but earnings in the region remain weak. **Europe**, up 1.8%, and **Europe Capital Appreciation**, gaining 0.3%, were the group laggards.

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.

Balanced, up 3.4%, posted a strong showing thanks to the stock side of its portfolio. **Equity-**

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addition, it has a high turnover. Surprisingly, though, it isn't all that volatile, as it maintains a conservative industry mix. Manager Kevin McCarey is placing a heavy emphasis on financial stocks, which account for 26% of assets. Technology and health care, the anchors of the growth stock universe, account for just 16% and 12%, respectively. Its country mix is also rather benign. Japan weighs in at 17% of assets. Germany and the United Kingdom account for 11% each. Except in 2000, when it lost 31%, **Aggressive International** has generally performed well relative to its benchmark. Still, at this time we prefer **Japan** for an aggressive foreign bet.

CANADA (HOLD)

Judged by its industry mix, **Canada** is positioned somewhat like an equity-income fund. Its main emphasis is on banks, energy, and materials, which together account for over 50% of assets. Technology and health care, on the flip side, sum up to just 12% of holdings. Canada runs a significant trade surplus with the U.S. However, the recent strength in the Canadian dollar, the SARS outbreak, and the ban on Canadian beef temporarily slowed the economy. Nevertheless, the fund might benefit as things get back to normal. The lack of growth stock exposure could be a hindrance, but a rebound in the energy sector would give it a boost.

DIVERSIFIED INT'L (BUY)

Diversified International has consistently outperformed its benchmark over the last five years, and it ranks as one of the least volatile and most broadly diversified stock funds in this group. Top country holdings include the United Kingdom, at 15% of assets, followed by Japan at 14%. Main industry groups are financial services at 22%, and health care at 14%. The fund has no concentrated bets on specific sectors or regions, so any negative surprises should carry limited impact. The only real concern is the fund's large size (\$9 billion), but its turnover is low enough that moving in and out of key positions should not be a problem.

EMERGING MARKETS (HOLD)

The most diversified of Fidelity's emerging market offerings, this fund lays claim to some of the least-developed equity markets on the globe. Russia, South Africa, India, and China account for a quarter of its holdings. Anchor positions include South Korea, Taiwan, Brazil, and Mexico. From an industry group standpoint, the fund is well-diversified, but lacks

exposure to health care. The main argument in favor of owning **Emerging Markets** is that many of the countries in its portfolio are running a trade surplus with the U.S. That means the fund could benefit if our own economy continues to gain strength. The key concern is anything that affects the U.S. economy in a negative way could actually hit this fund harder than the S&P 500.

EUROPE (HOLD)

The Euro zone is facing some stiff economic challenges, but so far, manager David Baverez has been able to prosper by making big bets on his favorite stocks. **Europe** is surprisingly concentrated for a fund with a relatively broad charter. The entire portfolio consists of just 64 stocks, and the top 10 holdings account for one-third of the asset base. Main industry groups are financial, consumer discretionary, health care, and energy. These sectors have the best shot at standing up to the big things that are working against European competitiveness: heavy-handed regulations, high tax rates, and strong currencies. We're not exactly thrilled about the opportunities here, but even with some added risk **Europe** seems better positioned than **Europe Capital Appreciation**.

EUROPE CAPITAL APPRECIATION (HOLD)

Manager Ian Hart is taking a more traditional approach with **Europe Capital Appreciation**. The fund's biggest position is the United Kingdom, which accounts for 27% of holdings – consistent with the European index it's measured against. Hart's most over-weighted country position is Germany, one of the more economically-challenged countries in the portfolio. This bet may pay off if recent tax cuts and deregulation moves prove to be effective. However, the lack of a business-friendly environment remains a key issue – not just in Germany, but in all of Europe.

CHINA REGION (HOLD)

This emerging market fund invests in Hong Kong, Taiwan, and China. In some respects, **China Region** has a lot going for it. China's economy is coming of age, its population tends to spend heavily on consumer goods, and the country enjoys a huge trade surplus with the U.S. Unfortunately, China's most successful companies are often privately held, so there really aren't that many investment opportunities. Another issue is the Chinese government's insistence on maintaining its currency link, which pegs its local currency to the dollar at an artificially low level to boost economic growth. Assuming this link remains intact, the capital markets are likely to rectify the

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imbalance by chasing up the price of major Chinese assets by 30-40%. That, in turn, could set off an inflationary cycle disruptive enough to hold back economic growth for several years.

INT'L GROWTH & INCOME (BUY)

Penelope Dobkin continues to do a solid job running this fund. Not only did she manage to narrow losses (relative to the EAFE index) in 2001 and 2002, but the fund has rebounded ahead of its benchmark so far this year. **International Growth and Income** maintains a portfolio that's similar to **Diversified International**, except that it has greater emphasis on Japan and a heavier weighting on energy stocks (12%). That makes it a good bet for investors who want a conservative international fund that's well-diversified. Unlike **Diversified International**, this fund is relatively small in size (assets of \$1 billion).

INTERNATIONAL SMALL CAP (BUY)

Fidelity's newest introduction looks somewhat like a foreign version of **Low-Priced Stock**. Its top industry groups are a match: consumer discretionary, technology, financial, industrial, and health care. It also appears to have a value orientation, as evidenced by its 30% weighting in Japan. The similarity ends when you try to compare foreign stock holdings – there's very little common ground as **Low-Priced Stock** doesn't invest in Japan. Our feeling is that **International Small Cap** makes an interesting choice for investors looking to benefit from a rebound in the global economy. With a small asset base and a broad mix of countries and industry groups, this fund may have the potential to benefit from Fidelity's emphasis on foreign research.

JAPAN (BUY)

Traditionally, this fund tends to invest in Japan's major export companies. However, under manager Yoko Ishibashi, the fund has shifted to emphasize companies that sell to Japanese consumers. The move seems timely, given that Japan's economic slump of more than 14 years may finally be ending. Not only are stock values attractive in this arena, but consumer spending appears to be putting the Japanese economy on the recovery path. There's some risk that deflation will continue to undermine economic growth. Still, with long-term interest rates moving up to Japanese norms, there's a good chance the recovery is real. This fund is our favorite country-specific play. Japanese stocks are reasonably attractive at current levels, and Japan's trade surplus with the U.S. is among the largest. That means **Japan** could benefit as American spending picks up.

JAPAN SMALLER COMPANIES (HOLD)

Japan's second-tier market has put this fund through a wild ride over the last six years. Manager Kenichi Mizushita rolled with the punches, logging huge gains during the bullish 1998-1999 period and doing his best to limit losses the rest of the time. Now that Japan's economy is getting back on track, Mizushita will have a chance to pick stocks in a more orderly environment. Like **Japan**, this fund has a heavy emphasis on consumer stocks. Specialty retailers, for example, account for five of the fund's top ten holdings. If Japan's economy does well, **Japan Smaller Companies** could actually perform better than **Japan**. But the risks are greater too. **Japan Smaller Companies** is not as diverse from an industry-group standpoint, and the liquidity of Japan's second-tier market is sometimes worse than an emerging market. All things considered, we think investors are better off with **International Small Cap**, which emphasizes Japan but has less risk.

LATIN AMERICA (HOLD)

As emerging market funds go, **Latin America** is not very diverse. It's the only fund in Fidelity's foreign lineup that has zero exposure in health care and technology. And with nearly 30% in telecom, a lot is riding on a single volatile industry group. The fund's country exposure is equally lopsided. Brazil and Mexico account for 90% of holdings, while Peru, Argentina, and Venezuela are at zero. The fund has mostly lagged its benchmark, except for a period of time in 1993 and 1996. On the plus side, Latin American securities often perform well when oil prices are high and the U.S. economy is expanding. Mexico, in particular, maintains a significant trade surplus with the U.S., and could benefit from rising export demand.

NORDIC (HOLD)

Europe and **Europe Capital Appreciation** have very little exposure to the technology sector, but this fund actually has two well-established growth stocks to choose from: Nokia and Ericsson. Manager Trygve Toraasen is underweighting both of them in **Nordic**, which helped last year but has set the fund back this year. Still, with about 35% of the portfolio devoted to technology and health care, **Nordic** is more growth-oriented than other European funds. But it's not very diversified. With 63 stocks and 43% of assets concentrated among its top ten holdings, any unpleasant surprises could have a significant impact on the fund's share price.

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GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed, with no adjustment for loads. Size figures are for the beginning of the prior month, in millions. Dividend Yield is based on actual dollars posted to accounts, not the SEC yield that Fidelity must quote. Risk is based on standard deviation of daily gains and losses over a one-year period, relative to the S&P 500. Loads: **3-0.75(90)** means 3% load, 0.75% redemption fee if held less than 90 days. 3% loads are waived for IRA/Keogh accounts – except on Magellan, New Millennium, and Selects. If a fund is closed to new investors, we will list it as such in the Load column. Ratings: **B ******* is **favorite buy**, **B ****** means **buy**, **H ***** means **hold** for the long run, **S **** means cut to 5% of holdings, **S *** means **sell** and move to a buy-rated fund in the same group. Upgrades and downgrades are indicated by ↑ and ↓.

AUGUST PERFORMANCE						2003	One	Three	One	3-Yr	5-Yr	10-Yr
Fund Name (Code/Symbol)	Rating	Risk	Load	NAV	Size	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Gth (324/FDEGX)	H***	1.17	0-1.5(90)	13.68	4734.3	22.3	3.9	8.3	27.5	-37.1	-4.5	4.6
Blue Chip Gth (312/FBGRX)	H***	0.97	0-0	36.80	19928.5	15.2	1.9	4.8	10.9	-16.0	1.1	8.7
Blue Chip Value (1271/FBCVX)	H***	1.0 Est	0-0	9.93	18.5		2.1					
Capital Apprec (307/FDCAX)	B****	1.10	0-0	21.63	2860.7	33.7	5.6	11.2	33.9	-7.7	9.2	10.0
Contrafund (22/FCNTX)	H***	0.64	0-0	44.72	31160.7	15.9	3.2	7.8	12.4	-5.7	7.0	11.0
Discovery (Contra II) (339/FCONX)	B****	0.86	0-0	9.54	677.1	10.3	1.9	2.8	10.4	-11.6	8.2	
Disc Equity (315/FDEQX)	H***	0.91	0-0	20.56	3397.9	14.4	1.4	4.5	9.2	-11.2	3.7	9.3
Dividend Gth (330/FDGFY)	B****	1.03	0-0	25.18	15726.8	12.8	1.7	3.3	10.4	-4.8	6.4	13.7
Export Fund (332/FEXPX)	B****	1.06	0-0.75(30)	16.23	842.7	18.0	2.1	4.8	19.9	-2.8	12.5	
Fidelity Fifty (500/FFTYX)	H***	1.04	0-0.75(30)	18.36	894.4	14.7	2.4	2.9	13.9	1.3	13.2	
Growth Company (25/FDGRX)	B****	1.15	0-0	46.11	19319.7	30.2	4.7	10.1	29.9	-19.4	7.8	10.7
Large-Cap Stock (338/FLCSX)	H***	0.92	0-0	12.72	650.2	14.3	1.9	4.8	9.0	-16.0	1.6	
Lev Co Stock (122/FLVCX)	B****	1.10	0-1.5(90)	16.00	726.4	60.0	7.2	13.6	88.5			
Low-Priced Stock (316/FLPSX)	B****	0.78	0-1.5(90)	31.33	19574.8	24.5	4.2	12.3	20.9	16.3	16.4	15.5
Magellan (21/FMAGX)	B****	1.00	Closed	90.05	62509.9	14.3	1.7	4.1	9.7	-12.9	3.2	8.3
Mid Cap Stock (337/FMCSX)	B****	0.94	0-0.75(30)	19.82	6512.6	22.2	4.9	8.7	22.5	-8.1	13.0	
New Millennium (300/FMILX)	B****	1.05	Closed	27.16	3006.6	22.7	6.6	7.6	22.8	-13.5	18.4	17.4
OTC Portfolio (93/FOCPX)	B****	1.06	0-0	29.75	7044.2	24.4	5.0	13.0	26.8	-23.0	6.1	9.5
Independence (73/FDFFX)	H***	1.05	0-0	14.97	4493.8	14.5	2.3	4.5	8.5	-16.3	6.9	9.2
Small Cap Indep (336/FDSCX)	H***	0.66	0-1.5(90)	15.88	849.7	19.4	3.2	10.2	11.9	-2.0	7.5	7.6
Small Cap Stock (340/FSLCX)	H***	0.80	0-2(90)	14.74	1772.3	24.5	4.6	14.3	24.1	1.4	17.7	
Stock Selector (320/FDSSX)	H***	1.00	0-0	19.20	763.7	15.8	1.5	5.0	13.4	-12.5	2.8	8.3
Strc Lg Cap Gth (763/FSLGX)	H***	0.99	0-0.75(30)	8.31	18.5	16.7	1.8	5.2	12.4			
Strc Lg Cap Val (708/FSLVX)	H***	1.00	0-0.75(30)	9.45	19.8	12.2	1.2	4.1	7.4			
Strc Mid Cap Gth (793/FSMGX)	H***	1.02	0-0.75(30)	9.43	29.4	28.5	5.5	10.8	26.6			
Strc Mid Cap Val (762/FSMVX)	H***	0.91	0-0.75(30)	10.76	41.9	18.5	3.8	6.3	10.7			
Focused Stock (333/FTQGX)	S**	1.03	0-0.75(30)	7.99	33.0	11.9	2.8	4.4	3.5	-20.6	-1.1	
Trend (5/FTRNX)	B****	0.98	0-0	44.88	797.6	16.1	1.8	4.9	13.6	-11.3	6.4	4.9
Value (39/FDVLX)	H***	0.95	0-0	55.73	5654.3	20.1	4.7	7.7	18.1	9.9	10.8	11.3
Value Discovery (832/FVDFX)	H***	1.0 Est	0-0	11.44	34.9	15.8	3.2	5.0				
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.65	0-0	15.42	7884.9	17.0	3.4	4.5	16.8	2.9	8.4	8.3
Convertible Sec (308/FCVXS)	H***	0.43	0-0	18.65	1631.6	16.5	1.5	2.3	19.7	-3.7	13.3	11.2
Equity-Income (23/FEQIX)	B****	1.01	0-0	45.27	20087.3	15.1	2.3	5.8	11.1	-1.8	5.3	9.8
Equity-Income II (319/FEQTX)	B****	1.08	0-0	20.69	10675.3	19.7	2.6	6.5	18.4	-0.2	5.8	10.1
Fidelity Fund (3/FFIDX)	H***	0.94	0-0	25.50	9578.8	15.0	1.7	5.3	12.0	-11.8	2.6	9.9
Growth & Income (27/FGRIX)	H***	0.82	0-0	32.99	28296.3	9.5	0.5	2.2	4.7	-8.7	2.5	9.6
Growth & Inc II (361/FGRTX)	H***	0.86	0-0	8.77	209.0	16.0	1.3	4.8	13.8	-6.1		
Puritan (4/FPURX)	B****	0.61	0-0	17.29	19613.1	10.9	1.9	2.8	10.5	1.4	5.6	8.8
Real Estate Inc (833/FRIFX)	B****	0.2 Est	0-0.75(90)	10.85	227.4		0.5	2.6				
Real Estate (303/FRESX)	H***	0.57	0-0.75(90)	21.48	2235.2	18.5	1.0	8.2	15.7	14.0	13.0	10.4
Utilities (311/FUIX)	H***	0.99	0-0	10.54	837.6	9.8	0.6	-2.7	14.8	-18.6	-2.2	4.4
SELECT FUNDS:												
Air Transportation (34/FAIAX)	S**	1.18	3-0.75(30)	28.31	52.5	28.4	4.7	16.5	20.2	-3.8	11.9	11.0
Automotive (502/FAVAX)	S**	1.07	3-0.75(30)	29.20	22.8	28.9	7.1	20.1	22.6	9.8	7.4	6.1
Banking (507/FSRBX)	H***	1.12	3-0.75(30)	35.42	405.4	17.1	-0.4	5.6	6.5	6.2	8.4	14.0
Biotechnology (42/FBIOX)	B****	1.13	3-0.75(30)	50.57	2044.8	30.6	-1.7	6.2	37.2	-19.7	15.1	11.6
Brokerage (68/FSLBX)	H***	1.43	3-0.75(30)	45.50	400.7	24.7	1.5	9.7	23.3	-4.8	13.3	15.3
Business Ser (353/FBSOX)	S**	1.24	3-0.75(30)	13.01	33.3	14.5	2.7	6.6	10.1	-0.5	9.7	
Chemicals (69/FSCHX)	H***	1.17	3-0.75(30)	43.96	41.0	13.9	-0.2	6.6	4.7	8.9	9.0	9.4
Computers (7/FDCPX)	B****	1.52	3-0.75(30)	32.85	804.7	49.0	8.5	17.3	47.3	-30.1	5.6	15.4
Const & Housing (511/FSHOX)	H***	1.17	3-0.75(30)	29.57	61.1	22.6	5.0	10.5	15.8	16.0	10.5	11.1
Consumer Indust (517/FSCPX)	H***	0.86	3-0.75(30)	22.24	30.3	15.4	3.5	6.2	10.0	-1.6	3.5	8.9
Cyclical Indust (515/FCYIX)	H***↑	1.00	3-0.75(30)	14.18	22.7	19.1	4.3	11.8	14.4	1.1	7.5	
Defense & Aero (67/FSDAX)	S**	0.94	3-0.75(30)	47.25	261.7	19.1	5.0	15.1	11.3	4.1	12.5	14.5
Develop Commn (518/FSDCX)	B****	1.32	3-0.75(30)	14.61	492.2	48.0	9.4	16.0	50.6	-34.1	5.8	8.2
Electronics (8/FSLEX)	H***	1.99	3-0.75(30)	37.62	3072.6	54.4	12.5	18.2	40.4	-28.8	14.5	18.6
Energy (60/FSENX)	H***	0.98	3-0.75(30)	22.44	180.6	9.5	6.2	-0.6	8.1	-4.1	10.9	7.5
Energy Services (43/FSSESX)	B****	1.52	3-0.75(30)	30.79	384.0	4.8	7.7	-8.4	11.1	-6.8	18.2	11.3
Environmental (516/FSLEX)	H***	0.85	3-0.75(30)	12.23	12.0	18.5	5.6	9.4	18.7	1.3	0.4	1.6
Financial Services (66/FIDSX)	H***	1.09	3-0.75(30)	102.36	481.4	15.4	-0.1	4.1	10.5	0.9	8.6	13.7
Food & Agriculture (9/FDFAX)	H***	0.65	3-0.75(30)	40.12	89.5	3.4	1.0	2.3	-2.0	5.1	4.1	9.9
Gold (41/FSAGX)	H***	1.24	3-0.75(30)	26.06	590.4	11.9	11.0	17.9	27.5	30.6	25.8	3.5
Health Care (63/FSPHX)	H***	0.83	3-0.75(30)	110.06	1954.8	8.0	-2.7	0.3	7.6	-6.1	4.8	15.7
Home Finance (98/FSVLX)	H***	1.02	3-0.75(30)	56.93	370.0	17.1	1.3	3.5	7.3	15.7	11.0	15.4
Indust Equip (510/FSGDX)	H***↑	1.09	3-0.75(30)	21.06	29.3	21.1	7.1	17.3	17.5	-6.2	5.0	9.4
Indust Materials (509/FSDPX)	H***	0.92	3-0.75(30)	28.38	29.6	18.4	5.0	15.0	20.4	12.7	9.7	7.1
Insurance (45/FSPCX)	H***	1.05	3-0.75(30)	50.26	104.9	12.7	-0.9	1.7	9.9	7.5	12.7	14.4
Leisure (62/FDLSX)	H***	1.07	3-0.75(30)	64.72	162.8	29.3	4.0	10.2	30.6	-3.9	7.8	11.8
Medical Delivery (505/FSHCX)	H***	1.30	3-0.75(30)	25.72	104.0	8.6	0.6	7.3	-11.5	7.7	5.3	10.4
Medical Equip/Sys (354/FSMEX)	H***	0.70	3-0.75(30)	18.90	274.4	22.6	-0.3	5.5	27.9	7.0	20.0	
Multimedia (503/FBMPX)	H***	1.37	3-0.75(30)	45.72	158.5	34.7	8.3	13.4	59.4	-1.3	11.3	13.2
Natural Gas (513/FSNGX)	H***	1.04	3-0.75(30)	19.17	160.7	14.3	7.9	-2.2	11.5	-4.0	14.9	6.9
Nat Resources (514/FNARX)	H***	0.91	3-0.75(30)	12.47	28.9	12.7	6.1	3.3	11.4	-2.4	12.7	
Networking/Infra (912/FNINX)	H***	1.75	3-0.75(30)	2.25	129.2	51.0	10.3	18.4	46.1			
Paper & Forest (506/FSFPX)	H***	1.06	3-0.75(30)	27.09	15.9	4.4	4.8	9.5	5.9	6.6	10.6	8.8
Pharmaceuticals (580/FPHAX)	H***	0.90	3-0.75(30)	7.99	61.6	9.8	-2.6	-2.1	11.7			
Retailing (46/FSRPX)	H***	1.02	3-0.75(30)	43.22	77.5	26.6	6.4	16.2	19.3	-0.1	4.8	10.2
Software (28/FSCSX)	B****	1.29	3-0.75(30)	45.74	745.3	25.5	5.3	12.4	47.1	-14.1	15.6	15.7
Technology (64/FSPTX)	B****	1.55	3-0.75(30)	54.63	2072.5	44.9	7.7	14.9	48.6	-30.2	10.6	13.7
Telecom (96/FSTCX)	H***	1.53	3-0.75(30)	28.79	346.1	12.6	3.3	1.3	34.0	-28.1	-3.6	4.1
Transportation (512/FSRFX)	S**	1.13	3-0.75(30)	31.19	35.1	27.4	4.3	11.5	24.4	7.9	15.2	11.8
Utilities Growth (65/FSUTX)	H***	0.96	3-0.75(30)	29.69	194.0	12.8	0.9	-2.7	15.3	-21.2	-2.0	4.9
Wireless (963/FWRLX)	H***	1.35	3-0.75(30)	3.57	100.4	46.9	7.9	16.3	37.8			

AUGUST PERFORMANCE							Div.	2003	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Load	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate	Rate
Aggressive Int'l (335/FIVFX)	H***	0.79	0-1 (30)	13.31	482.1		24.0	2.1	11.5	17.0	-8.6	5.6	
Canada (309/FICDX)	H***	0.65	0-1.5(90)	23.07	120.1		27.3	5.2	7.8	25.7	-1.8	15.4	
Diversified Int'l (325/FDIVX)	B****	0.61	0-1 (30)	20.58	9473.4		19.9	3.9	9.4	16.2	-3.9	8.2	
Emerging Mkts (322/FEMKX)	H***	0.69	0-1.5(90)	9.10	318.6		26.2	6.8	18.3	21.7	-4.1	10.3	
Europe (301/FIEUX)	H***	1.04	0-1 (30)	21.78	1131.5		18.9	1.8	4.4	14.1	-13.3	-1.5	
Europe Cap Appr (341/FECAX)	H***	0.79	0-1 (30)	15.47	384.4		11.9	0.3	1.6	4.3	-6.6	2.1	
China Region (352/FHKCX)	H***	0.66	0-1.5(90)	13.70	141.0		26.2	9.0	19.9	19.6	-6.5	14.7	
Global Balanced (334/FGBLX)	H***	0.46	0-1 (30)	16.83	98.8		13.9	2.9	6.6	11.2	-2.6	5.7	
Int'l Growth & Inc (305/FIGRX)	B****↑	0.70	0-1 (30)	20.00	1024.1		18.9	4.2	10.7	13.1	-7.7	6.2	
Int'l Small Cap (818/FISMV)	B****↑	0.7 Est	0-2 (90)	15.29	128.0		44.9	8.6	22.1				
Japan (350/FJPNX)	B****	0.92	0-1.5(90)	10.10	404.9		19.8	9.1	22.9	12.0	-18.7	7.2	
Japan Smaller Co (360/FJSCX)	H***	0.75	0-1.5(90)	8.31	466.1		29.0	10.8	25.7	9.8	-10.0	18.4	
Latin America (349/FLATX)	H***	1.00	0-1.5(90)	12.34	192.4		32.3	5.0	12.1	31.5	-5.7	8.3	
Nordic (342/FNORX)	H***	0.88	0-1.5(90)	17.60	74.1		15.6	3.8	4.8	8.9	-16.1	3.4	
Overseas (94/FOSEFX)	H***	0.95	0-1 (30)	26.52	3042.3		20.5	3.8	13.9	11.5	-12.5	1.3	
Pacific Basin (302/FPBFX)	B****	0.72	0-1.5(90)	15.54	320.0		21.8	8.4	21.3	13.0	-11.2	9.9	
Southeast Asia (351/FSEAX)	H***	0.93	0-1.5(90)	12.62	308.2		30.6	8.4	23.7	15.5	-4.6	15.8	
Worldwide (318/FWWFX)	H***	0.87	0-1 (30)	14.34	748.3		20.7	3.5	9.6	15.1	-6.0	4.9	

INDEX AND ASSET ALLOCATION:

Four-In-One Index (355/FFNOX)	H***	0.75	0-0.5(90)	20.76	347.2		15.1	2.1	5.1	12.6	-8.1	
Spart Ext Mkt Idx (398/FSEMXX)	B****	0.86	0-0.75(90)	24.48	623.2		27.3	4.1	11.3	25.4	-9.3	7.1
Spart Int'l Index (399/FSIIX)	H***	0.84	0-1(90)	23.08	319.2		15.1	2.5	7.1	8.7	-11.4	0.2
Spart 500 Index (317/FSMKX)	H***	1.00	0-0.5(90)	69.74	8217.6		15.8	1.9	5.0	11.9	-11.5	2.3
Spart Total Mkt Idx (397/FSTMXX)	H***	0.96	0-0.5(90)	27.18	1507.9		18.2	2.4	6.3	14.6	-10.7	3.6
Asset Manager (314/FASMX)	H***	0.54	0-0	14.95	10659.9		9.8	1.3	1.5	10.6	-3.1	6.1
Asset Mgr Agg (347/FAMRX)	H***	1.00	0-0	9.14	216.3		31.9	5.4	10.5	21.9	-15.0	
Asset Mgr Gth (321/FASGX)	H***	0.76	0-0	13.48	3478.6		12.6	1.6	2.8	12.3	-6.9	3.7
Asset Mgr Inc (328/FASIX)	B****	0.24	0-0	11.75	888.9		9.5	1.8	1.9	11.0	2.9	5.3
Freedom 2000 (370/FFBFX)	B****	0.20	0-0	11.49	1399.0		4.9	1.0	0.3	5.9	0.0	6.2
Freedom 2010 (371/FFFCX)	B****	0.38	0-0	12.47	5670.0		9.6	1.5	2.0	10.0	-2.9	6.8
Freedom 2020 (372/FFFDX)	B****	0.60	0-0	12.10	5224.3		14.1	2.1	4.2	13.2	-6.9	6.1
Freedom 2030 (373/FFFX)	B****	0.72	0-0	11.85	3048.7		16.2	2.3	5.3	14.4	-9.2	5.2
Freedom 2040 (718/FFFFX)	B****	0.80	0-0	6.88	699.3		17.8	2.5	6.3	15.4		
Freedom Income (369/FFAFX)	B****	0.17	0-0	10.91	1430.3		3.9	0.8	0.0	4.8	1.9	5.3

TAXABLE BOND FUNDS:

Capital & Income (38/FAGIX)	B****	0.32	0-1(90)	7.67	3984.2	6.13	27.6	1.7	3.6	40.8	2.9	5.8
Floating Rate (814/FFRHXX)	B****	0.1 Est	0-1(60)	9.80	532.9	2.72	4.5	0.3	1.3			
GNMA Portfolio (15/FGMNX)	H***	0.10	0-0	11.08	5630.9	2.59	0.4	0.5	-0.7	2.8	6.9	6.0
Gov't Income (54/FGOVX)	H***	0.23	0-0	10.22	3614.7	2.62	-0.4	0.8	-4.2	2.2	7.5	5.8
Intermed Bond (32/FTHRXX)	H***	0.16	0-0	10.55	6842.0	3.60	2.0	0.3	-2.5	5.4	8.2	6.6
Intermed Gov't Inc (452/FSTGX)	H***	0.17	0-0	10.17	1286.7	2.68	-0.1	0.2	-3.0	2.6	7.6	6.2
Invest Grade Bond (26/FBNDX)	H***	0.17	0-0	7.44	5244.1	3.20	1.6	0.8	-2.8	5.3	8.0	6.3
Mortgage Securities (40/FMSFX)	H***	0.10	0-0	11.19	1348.4	2.23	1.1	0.9	-0.7	3.5	7.6	6.4
New Markets Inc (331/FNMIX)	H***	0.36	0-1(90)	12.97	769.9	6.02	19.6	3.0	-0.6	30.5	12.6	22.2
Short-Term Bond (450/FSHBX)	B****	0.09	0-0	8.97	5620.5	2.76	1.9	0.2	-0.8	4.8	6.6	5.8
Spart Gov't Inc (453/SPGVX)	H***	0.24	0-0	10.83	1048.5	3.25	-0.6	0.8	-4.3	2.2	7.7	6.1
High Income (455/SPHIX)	B****	0.18	0-1(90)	8.51	2506.9	6.86	17.1	1.2	2.9	24.5	0.3	2.4
Spart Invest Grade (448/FSIBX)	H***	0.17	0-0	10.66	2726.7	3.46	1.7	0.8	-2.8	5.5	8.3	6.6
Strategic Income (368/FSICX)	B****	0.14	0-0	9.98	1759.8	5.74	10.1	1.1	-0.6	16.9	8.8	8.9
Inflation-Protected (794/FINPX)	H***	0.2 Est	0-0	10.68	534.3	1.66	2.8	1.8	-4.0	5.8		
Total Bond (820/FTBFX)	H***	0.2 Est	0-0	10.34	82.0	3.22	2.4	0.9	-2.8			
Ultra-Short Bond (812/FUSFX)	B****	0.1 Est	0-0.25(60)	10.03	225.3	1.11	1.2	0.2	0.3	2.1		
US Bond Index (651/FBIDX)	H***	0.2 Est	0-0	11.10	4786.5	3.62	1.5	0.7	-2.9	5.0	8.2	

MUNICIPAL BOND FUNDS:

Spart AZ Muni Inc (434/FSAZX)	H***	0.17	0-0.5(30)	11.32	72.8	4.04	0.9	0.9	-3.8	3.0	6.3	5.2
Spart CA Muni Inc (91/FCIFX)	H***	0.16	0-0.5(30)	12.35	1557.7	4.50	0.5	0.6	-3.8	2.1	5.7	5.0
Spart CT Muni Inc (407/FICNX)	H***	0.16	0-0.5(30)	11.64	451.5	4.24	0.7	0.8	-3.6	2.9	6.4	5.1
Spart FL Muni Inc (427/FFLIX)	H***	0.16	0-0.5(30)	11.53	556.2	4.26	0.3	0.7	-4.1	2.4	6.1	4.8
Spart Intermediate (36/FLTMX)	H***	0.13	0-0.5(30)	10.09	1718.3	4.13	1.4	0.8	-2.5	3.3	6.3	5.1
Spart MA Muni Inc (70/FDMMX)	H***	0.16	0-0.5(30)	12.04	1855.4	4.50	1.0	0.7	-3.4	3.0	6.5	5.1
Spart MD Muni Inc (429/SMDMX)	H***	0.15	0-0.5(30)	10.78	95.4	4.09	1.0	0.8	-3.2	2.9	6.1	4.9
Spart MI Muni Inc (81/FMHTX)	H***	0.16	0-0.5(30)	11.89	556.9	4.45	1.6	0.7	-3.5	3.7	6.7	5.1
Spart MN Muni Inc (82/FMIX)	H***	0.13	0-0.5(30)	11.48	337.6	4.15	1.4	0.7	-2.8	3.5	6.1	4.8
Spart Municipal Inc (37/FHIGX)	H***	0.16	0-0.5(30)	12.94	4686.2	4.59	1.0	0.8	-3.7	3.4	6.9	5.5
Spart NJ Muni Inc (416/FNJHX)	H***	0.17	0-0.5(30)	11.56	545.1	4.37	0.4	0.6	-3.9	2.6	6.1	5.1
Spart NY Muni Inc (71/FTFMX)	H***	0.17	0-0.5(30)	13.05	1437.3	4.34	0.9	0.7	-3.9	3.4	6.9	5.4
Spart OH Muni Inc (88/FOHFX)	H***	0.16	0-0.5(30)	11.82	423.3	4.41	1.1	0.8	-3.7	3.4	6.5	5.1
Spart PA Muni Inc (402/FPXTX)	H***	0.15	0-0.5(30)	10.86	288.5	4.40	0.9	0.7	-3.2	3.0	6.3	5.0
Spart Short-Int Muni (404/FSTFX)	B****	0.08	0-0.5(30)	10.45	1795.7	2.67	1.2	0.5	-0.9	2.8	5.2	4.5
Spart Tax-Free Bond (90/FTABX)	H***	0.18	0-0.5(30)	10.46	230.9	4.37	0.9	0.9	-4.0	3.3		

AUGUST PERFORMANCE

Indexes & Model Portfolios	Risk	Value	2003 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	1.00	9415.82	14.6	2.2	7.0	11.2	-3.8	6.5	12.2
S&P 500	1.00	1008.01	15.9	1.9	5.1	12.0	-11.4	2.5	10.1
NASDAQ	1.22	1810.45	36.0	4.4	13.6	38.3	-24.2	4.2	9.9
Russell 2000	0.98	497.42	31.0	4.6	13.2	29.1	-1.2	9.5	8.8
Fidelity Monitor Income Model	0.07	72191.87	4.7	0.6	0.6	7.2	4.7	4.4	5.5
Fidelity Monitor G&I Model	0.51	117576.63	20.4	3.2	4.7	21.7	2.4	8.1	
Fidelity Monitor Growth Model	1.04	119135.44	26.6	4.7	9.5	23.6	-6.8	7.0	10.1
Fidelity Monitor Select System	1.10	239367.25	29.3	5.7	11.1	26.0	-7.7	9.9	11.5
Fidelity Monitor Unique Opportunities	0.67	65966.97	24.6	4.5	9.4	27.5	3.1		

UNIQUE OPPORTUNITIES MODEL

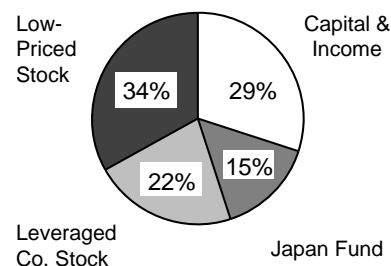
This model invests in special situations and where Fidelity's research skills give it an edge over its peers.

FUND	NAV	SHARES	BALANCE
Capital & Income	\$7.67	2466.449	\$18917.66
Japan	\$10.10	982.913	\$9927.42
Leveraged Co.	\$16.00	909.967	\$14559.47
Low-Priced Stock	\$31.33	720.154	\$22562.42

22% Foreign Holdings
Balance as of 8/29/03: \$65966.97
Balance at start of 2003: \$52924.96

PERFORMANCE

Partial Yr 99: + 33.8%
 2000: - 20.5%
 2001: + 1.6%
 2002: - 2.1%
 *2003: + 24.6%



Our Unique Opportunities portfolio gained 4.5% in August. On 8/11 we sold one-third of **Capital & Income** (\$7.50) and bought **Japan Fund** (\$9.38).

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 (+20.6% YTD)	Portfolio B (+13.4% YTD)	Portfolio C (+14.8% YTD)	Portfolio D (+14.8% YTD)
59% Dividend Growth, 41% Capital Appreciation	64% Magellan, 36% Contrafund	32% Magellan 68% Equity-Income	31% Magellan 69% Equity-Income

For the month of August Portfolio A gained 3.3%, Portfolio B rose 2.2%, and Portfolios C and D both moved up 2.1%.

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.	72% VIP Inv. Grade, 28% VIP High Income.

AUGUST VIP PERFORMANCE		Unit Value	2003 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
Portfolio	Rating							
VIP Asset Manager	B ****	28.07	9.6	1.2	1.5	10.4	-4.3	2.9
VIP Asset Manager: Growth	H ***	18.07	12.9	1.5	2.8	12.7	-9.6	1.0
VIP Balanced	H ***↓	13.50	10.9	1.0	2.2	10.7	-3.3	2.5
VIP Contrafund	H ***	27.26	15.5	3.1	7.7	12.0	-6.1	6.1
VIP Equity-Income	B ****	44.11	14.8	2.3	5.6	10.5	-2.3	4.3
VIP Growth	B *****	49.08	21.6	4.3	8.1	15.7	-17.8	2.6
VIP Growth & Income	B ****	14.63	15.8	1.2	4.7	13.3	-6.4	3.1
VIP Growth Opportunities	B ****	10.30	17.7	2.8	5.1	13.5	-13.8	-3.3
VIP High Income	B ****	23.83	16.8	1.4	2.8	25.3	-4.4	-2.2
VIP Index 500	H ***	26.34	15.2	1.9	4.8	11.0	-12.3	1.4
VIP Investment Grade Bond	B ****	26.13	1.2	0.6	-3.1	4.8	7.6	5.9
VIP Overseas	H ***	22.02	19.2	3.7	13.5	9.5	-14.1	-0.3
VIP Mid Cap	H ***	11.57	20.1	6.0	12.4	16.2	1.2	
VIP Consumer Industries	H ***	9.40	15.7	3.5	6.3	10.4		
VIP Cyclical Industries	H ***	9.59	18.9	4.2	11.6	14.6		
VIP Financial Services	H ***	9.85	15.0	-0.2	4.0	9.7		
VIP Health Care	B ****	8.99	7.5	-2.7	0.2	7.0		
VIP Natural Resources	H ***	9.29	12.9	6.1	3.2	11.4		
VIP Technology	B ****	8.44	44.5	7.7	14.6	48.1		
VIP Telecom & Utilities	H ***	6.73	11.4	0.7	-3.2	13.0		
Morgan Stanley Emg Mkts Debt	H ***	14.62	17.0	2.5	0.6	24.9	10.7	
Morgan Stanley Emg Mkts Equity	H ***	9.29	25.2	7.0	18.3	20.4	-10.3	
Morgan Stanley Global Equity	H ***	11.12	11.0	2.4	7.2	2.1	-3.5	
Morgan Stanley Int'l Magnum	H ***	8.20	8.0	2.9	6.3	1.4	-12.8	
PBHG Growth II	S **	8.85	22.5	6.4	11.2	16.2	-32.6	
PBHG Select Value	H ***	13.90	4.4	1.5	2.3	-1.1	-16.8	
PBHG Select 20	S **	13.51	24.1	3.1	9.9	17.1	-22.0	
PBHG Small Cap Value	H ***	15.75	22.9	4.2	9.8	15.8	-4.9	
PBHG Tech & Communications	S **	7.16	34.5	9.6	14.0	25.9	-48.8	
Strong Mid Cap Growth Fund II	S **	11.29	27.5	4.2	7.0	22.5	-27.0	
Strong Opportunity Fund II	H ***	14.01	24.9	4.7	9.2	21.3	-5.7	
CS Int'l Focus	H ***	8.14	14.9	3.6	8.9	4.4	-17.1	
CS Global Post-VC	S **	8.53	30.6	6.2	14.8	19.1	-24.5	
CS Small Cap Growth	S **	9.86	34.4	5.6	14.5	38.5	-16.7	
Fidelity Monitor VIP Sector Model		12027.03	44.5	7.7	14.7	33.0		
Fidelity Monitor VIP Growth Model		25599.78	18.4	3.6	7.3	13.5	-12.2	2.0
Fidelity Monitor VIP G&I Model		18673.26	11.0	1.6	2.5	11.2	-3.5	2.7
Fidelity Monitor VIP Income Model		16707.34	5.2	0.8	-1.4	8.2	4.1	3.4

INCOME MODEL

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

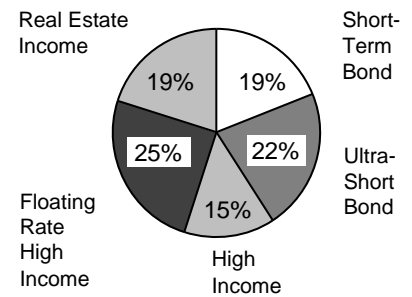
FUND	NAV	SHARES	BALANCE
Short-Term Bond	\$8.97	1563.156	\$14021.51
Ultra-Short Bond	\$10.03	1547.211	\$15518.53
High Income	\$8.51	1235.484	\$10513.97
Floating Rate	\$9.80	1848.809	\$18118.33
Real Estate Inc.	\$10.85	1292.123	\$14019.53

4% Foreign Holdings

Balance as of 8/29/03: \$72191.87
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: + 4.7%



Our Income Model gained 0.6% in August. On 8/11 we sold **Ginnie Mae** (\$11.08) and bought **Real Estate Income** (\$10.77). The income stream for the month was 3.3%.

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.

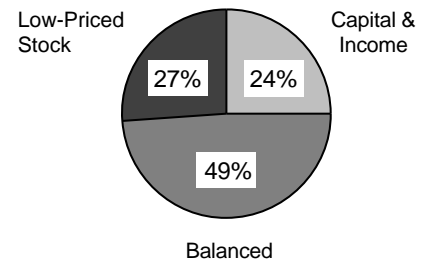
FUND	NAV	SHARES	BALANCE
Capital & Inc.	\$7.67	3646.656	\$27969.85
Balanced	\$15.42	3764.818	\$58053.49
Low-Priced Stock	\$31.33	1007.127	\$31553.29

9% Foreign Holdings

Balance as of 8/29/03: \$117576.63
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: + 20.4%



Our Growth and Income Model gained 3.2% for the month of August.

GROWTH MODEL

Our Growth Model aims for long-term growth of 13% per year. The model will typically invest in a mix of domestic stock funds and will focus only on those that do not charge a load.

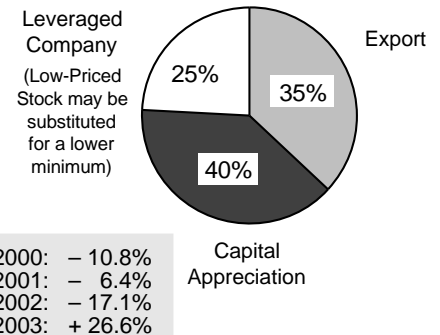
FUND	NAV	SHARES	BALANCE
Export	\$16.23	2533.346	\$41116.21
Capital Apprec.	\$21.63	2213.934	\$47887.39
Leveraged Co.	\$16.00	1883.240	\$30131.84

9% Foreign Holdings

Balance as of 8/29/03: \$119135.44
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 August our Growth Model gained 4.7%, versus 1.9% for the S&P 500.

SELECT SYSTEM

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

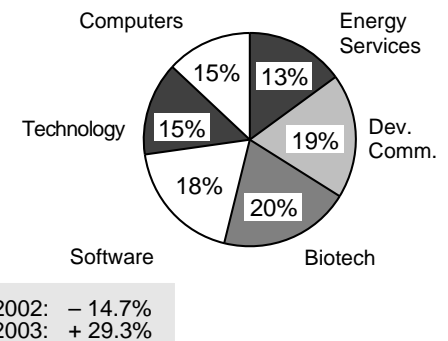
FUND	NAV	SHARES	BALANCE
Energy Services	\$30.79	1023.041	\$31499.43
Developing Com.	\$14.61	3151.676	\$46045.99
Biotechnology	\$50.57	938.154	\$47442.45
Software	\$45.74	938.003	\$42904.26
Technology	\$54.63	676.687	\$36967.41
Computers	\$32.85	1050.463	\$34507.71

7% Foreign Holdings

Balance as of 8/29/03: \$239367.25
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 was up 5.7% in August, compared to a 1.9% increase for the S&P 500.

OVERSEAS (HOLD)

Manager Rick Mace has not outperformed the EAFE index as consistently as the managers of **Diversified Int'l** and **Int'l Growth & Income**, but he may now have an opportunity to excel. In recent months, a focus on Japanese brokerages and a broad-based bet on semiconductor stocks have been giving the fund a boost. **Overseas** has a relatively concentrated portfolio, with 26% of assets in its top 10 holdings, so good stockpicking can make more of a difference. Still, this fund carries more risk than Fidelity's other broad-based international funds.

PACIFIC BASIN (BUY)

Japan accounts for almost 60% of assets in this fund, but unlike **Japan** its holdings are more in line with market capitalization. Manager June-Yon Kim is sticking reasonably close to the makeup of his benchmark. The good news for this fund is the Asian markets are relatively cheap, and the region's economic growth is likely to exceed the U.S. and Europe over the next 10 years. There are nearly a billion consumers climbing the economic ladder, and many of the companies in this fund will be future suppliers of cars, electronics, household products, food, and other goods and services.

SOUTHEAST ASIA (HOLD)

This emerging market fund has a 36% weighting in South Korea, followed by Taiwan at 18% and Hong Kong at 16%. That makes the fund more diverse than **China Region** or **Latin America**, but higher risk than broad-based **Emerging Markets**. Still, **Southeast Asia** probably represents the best of the long-term emerging market opportunities. The region has an established technology industry and solid business ties with U.S. companies. Plus, it should be helped by the continuing trade surpluses that exist between these countries and the U.S.

WORLDWIDE (HOLD)

One way to look at **Worldwide** is to consider it a domestic growth fund with 40% foreign holdings. Brian Hogan, who picks stocks for the domestic side, appears to be using a strategy similar to **Blue Chip Value**, another fund he manages. Rick Mace, the fund's foreign stockpicker and lead manager, holds many of the same stocks he chooses for **Overseas** – although it appears that risk may be toned down a bit for this fund. **Worldwide** is doing well relative to its benchmark, but we're not sure that a large-cap value approach is the best bet for the U.S. market. ■

Income I & II finished ahead of other stock funds in the group – respective gains were 2.3% and 2.6%. **Growth & Income** and conservative **Real Estate Income** wound up on the bottom end; both funds posted an increase of 0.5%.

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**.

Expectations for rising energy prices and higher inflation actually benefited some funds. **New Markets Income** gained 3.0%, **Inflation-Protected Bond** was up 1.8%, and **Capital & Income** rose 1.7%. Most other funds were slightly ahead of a typical month. Municipal bond funds logged returns ranging from 0.5% to 0.9%.

SELECT PORTFOLIOS

Select System holdings are listed on page 7. Our current buys include **Biotechnology, Software, Dev. Communications, Computers, Technology, and Energy Services**.

The leading sectors came from the technology and natural resource groups. **Electronics** jumped 12.5%, **Gold** was up 11.0%, **Networking** climbed 10.3%, **Developing Communications** gained 9.4%, and **Computers** rose 8.5%. Defensive groups fell behind as investors reacted to signs of a stronger economy. The health care sectors were hit particularly hard. Finishing last were **Pharmaceuticals**, down 2.6%, and **Health Care** with a 2.7% loss. ■

AUGUST DISTRIBUTIONS

Asset Manager: Income	\$ 0.02 / \$11.50 (8/1)
Contrafund II	\$ 0.02 / \$9.28 (8/8)
Fidelity Fifty	\$ 0.03 / \$17.52 (8/8)
Freedom Income	\$ 0.02 / \$10.80 (8/1)
Real Estate Income	\$ 0.11 / \$10.78 (8/8)

Funds scheduled for September: **Asset Manager: Income** (9/5), **Asset Manager** (9/12), **Balanced** (9/5), **Blue Chip Growth** (9/5), **Blue Chip Value** (9/5), **Conv. Securities** (9/12), **Dividend Growth** (9/5), **Equity-Income** (9/12), **Equity-Income II** (9/12), **Fidelity Fund** (9/12), **Freedom Income** (9/5), **Ginnie Mae** (9/5), **Gov't Income** (9/5), **Growth & Income** (9/5), **Growth & Inc. II** (9/12), **Int. Gov't Inc.** (9/5), **Leveraged Co. Stock** (9/5), **Low-Priced Stock** (9/5), **OTC Portfolio** (9/5), **Puritan** (9/5), **Real Estate** (9/5), **Total Bond** (9/5), **Ultra-Short Bond** (9/5), **Utilities** (9/12), and **Value Discovery** (9/5).

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser (55/FDRXX)	56365.4	0.80	CT MM (418/FCMXX)	1039.7	0.40	FL MM (428/FSFXX)	941.5	0.47
Select MM (85/FSLXX)	869.3	0.79	MA MM (74/FDMXX)	3311.7	0.40	Spart MA MM (426/FMSXX)	1003.8	0.50
Spart MM (454/SPRXX)	6599.3	0.79	MI MM (420/FMIXX)	596.8	0.40	Spart Municipal (460/FIMXX)	3009.4	0.61
Spart US Gov't (458/SPAXX)	707.2	0.74	NJ MM (417/FNJXX)	1289.8	0.38	Spart NJ MM (423/FSJXX)	579.0	0.54
Spart US Treas (415/FDLXX)	2512.5	0.63	NY MM (92/FNYXX)	2779.6	0.42	Spart NY MM (422/FSNXX)	1111.3	0.52
Tax-Free MM (275/FMOXX)	481.2	0.50	OH MM (419/FOMXX)	681.3	0.44	PA MM (401/FPTXX)	289.9	0.45
US Gov't Reser (50/FGRXX)	2386.3	0.80	AZ MM (433/FSAXX)	135.6	0.44	Municipal MM (10/FTEXX)	13632.0	0.53
CA MM (97/FCFXX)	2725.7	0.38	Spart CA MM (457/FSPXX)	1279.6	0.53			