

Jack  
Bowers



# Fidelity

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20  
Years

JANUARY  
2010

# Monitor™

## Year-End Review

In the strange world of investing, even bad news can be good, as long as things turn out better than expected. A year ago, investors and business managers were bracing for the possibility of a depression. Inventories were being

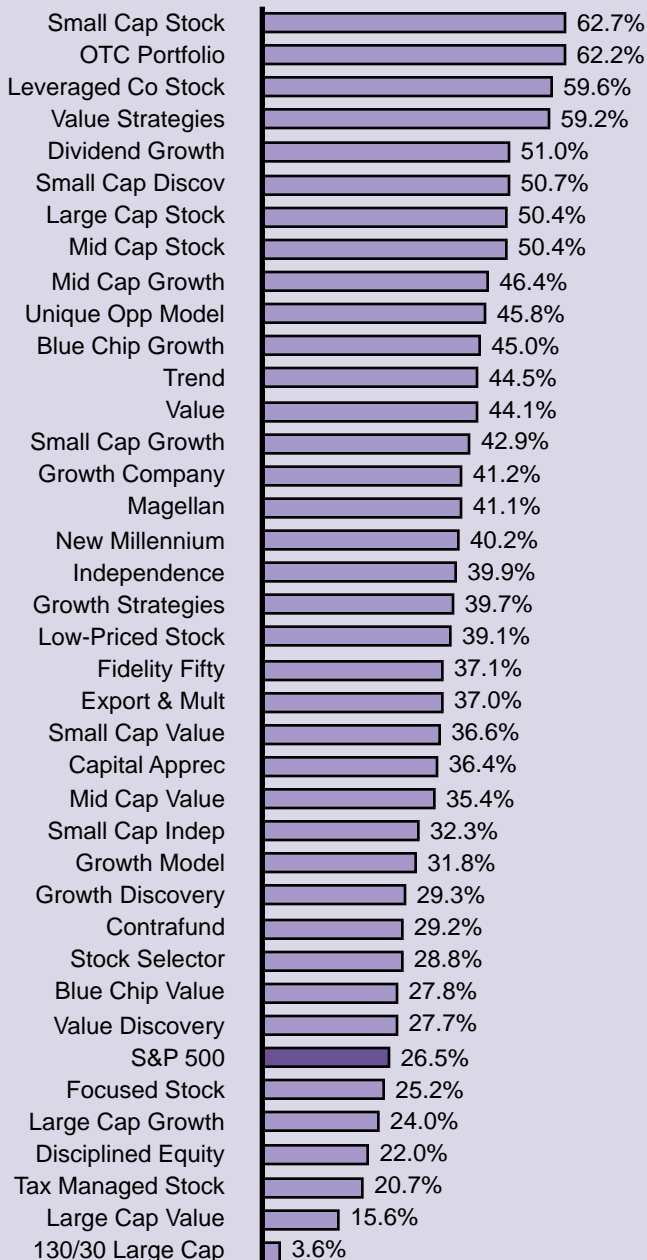
liquidated for cash, and unprofitable business lines were being sold or shut down. Staffing cuts were running deep.

Fortunately, the Fed – led by Ben Bernanke – found a way to unfreeze the credit markets. Faced with a crisis of epic proportions, the central bank quickly assumed its emergency role as lender of last resort, “printing” money to recapitalize the banks and buy up roughly 1.25 trillion dollars of bad debt. The response prompted inflation hawks to complain long and loud, but it kept the economy out of a depression. A steep yield curve has boosted bank earnings while encouraging lending, and inflation remains well-contained. The Fed has the ability to “unprint” most of the money it created, and will do so when the lending markets can handle it.

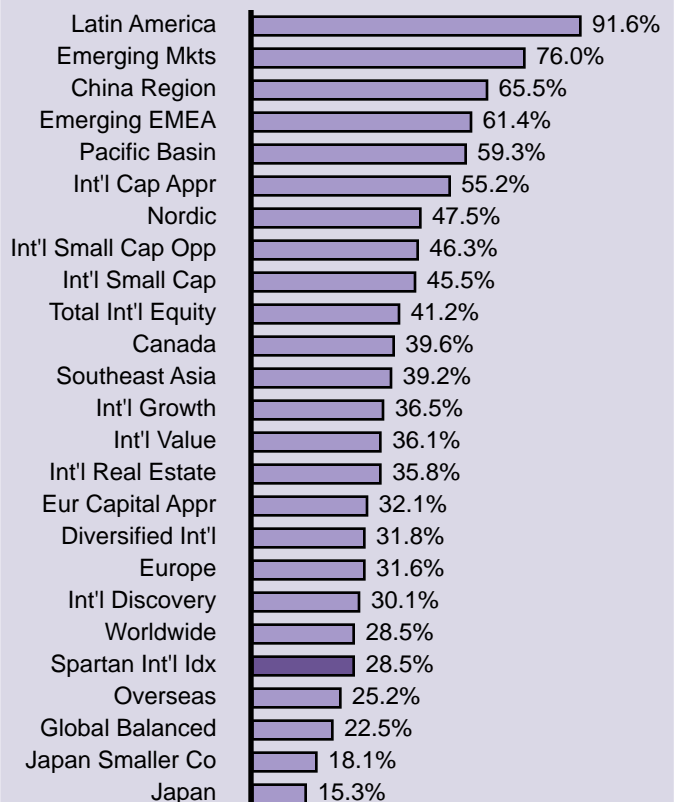
The first signs of a return to more normal credit conditions occurred near the end of the first quarter, just as stocks and bonds were closing in on depression-level valuations. By the second quarter, credit markets were improving rapidly, and economic data began to suggest

YEAR-END REVIEW - *Continued on page 2*

### 2009 GROWTH FUND PERFORMANCE



### 2009 INTERNATIONAL PERFORMANCE



that we were facing only a deep recession, not a depression. The stock market began a strong comeback, led by the stocks of companies that might otherwise have been casualties of the credit crisis. As the rally gained strength, theories of a double dip abounded, but with pessimists largely in cash and optimists increasingly scooping up bargains, stocks and bonds began to enjoy a favorable order imbalance that limited any downside moves.

Concerns about government debt, inflation, and the weakening dollar became bigger worries in the third quarter, putting upward pressure on long-term interest rates. But with the economy pulling out of recession and job losses waning, the economic glass was soon looking half-full, rather than half-empty, as the fourth quarter approached. A wave of profit-taking threatened to derail the rally, but central bankers put it to rest by reaffirming

their commitment to easy-money policies. Growing debt problems in Europe gave a sharp boost to the dollar in the final stretch of the year, and a robust treasury auction showed that foreigners still have an appetite for U.S. bonds.

### DOMESTIC GROWTH FUNDS

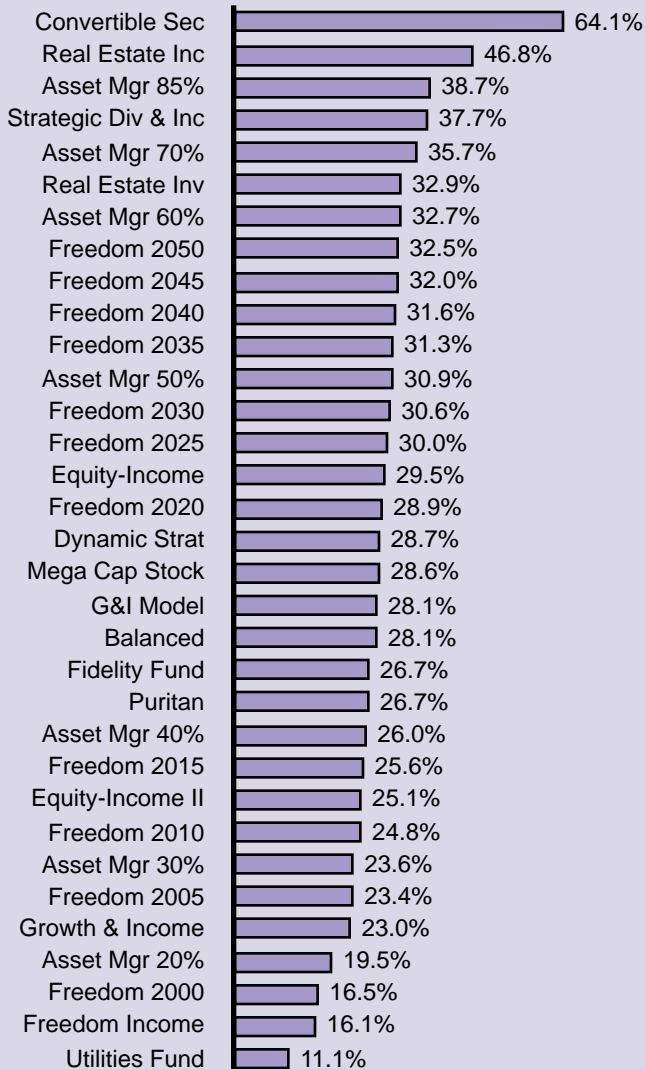
Depressed small-caps and technology issues rallied strongly as stocks were repriced to reflect a less dire outcome for the economy.

**Small Cap Stock**, which kept around 30% in tech stocks throughout the year, was in the right stylebox and the right sectors. Manager Andrew Sassine limited losses in the early part of the year by emphasizing U.S. exporters and foreign stocks, then rotated into cheap domestic financial stocks just as the turnaround was taking hold.

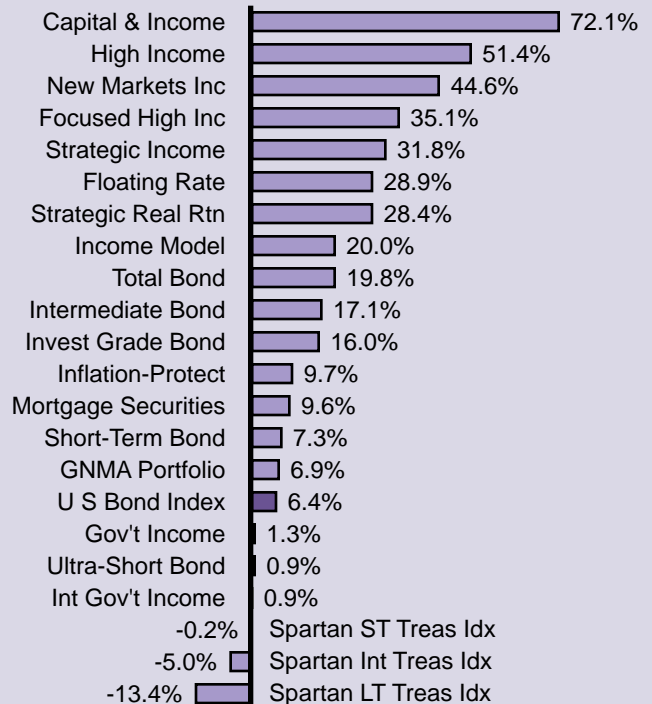
**OTC Portfolio** never really strayed much from the industry mix of the NASDAQ Composite Index, which is two-thirds in growth sectors (52% technology and 14% health care). Former manager Sonu Kalra added value with his stock picks in the first half of the year, whereas current manager Gavin Baker kept shareholders happy just matching the fund's benchmark in the second half.

After sustaining unusually heavy losses in 2008, **Leveraged Company Stock** bounced back strongly as the high-yield bond markets unfroze, giving "junk stocks" a new lease on life. Manager Thomas Soviero cut his heavy bet on the energy sector in half, taking advantage of opportunities in the financial sector as well as other groups. Despite the grim outlook in the early part of the year, he managed to avoid any defensive bets that might

### 2009 G & I, REAL ESTATE, & ASSET ALLOCATION PERFORMANCE



### 2009 BOND FUND PERFORMANCE



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have held back the fund's recovery potential.

**Value Strategies**, under the guidance of Matthew Friedman, made the most of investing in beaten-down banks, real estate securities, and construction stocks. Unlike other top performers, Friedman maintained a broad level of diversification, limiting his top ten stocks to around 10% of total assets throughout the year.

Even with defensive positioning and above-average cash holdings, **Contrafund** and **Low-Priced Stock** both managed to finish ahead of the S&P 500 index. Veteran managers Danoff and Tillinghast tend to invest with a longer horizon than most fund managers, a strategy that's necessitated in part by the size of their funds. As you might expect, this was a plus in 2009. Because both funds limited their 2008 loss to that of the S&P 500, their performance over the last two years is commendable.

Our Growth Model outperformed the S&P 500 by roughly the same amount it trailed in 2008. We started the year with a relatively defensive portfolio, but once the rebound began we stepped up exposure to smaller stocks and technology issues.

Our Unique Opportunities Model, which beat the S&P 500 by about 20 percentage points, took bigger risks and was rewarded for them. We made a heavy bet on technology issues before the turnaround was in sight, and we stepped up our exposure to small-caps as the rebound took hold.

#### INTERNATIONAL FUNDS

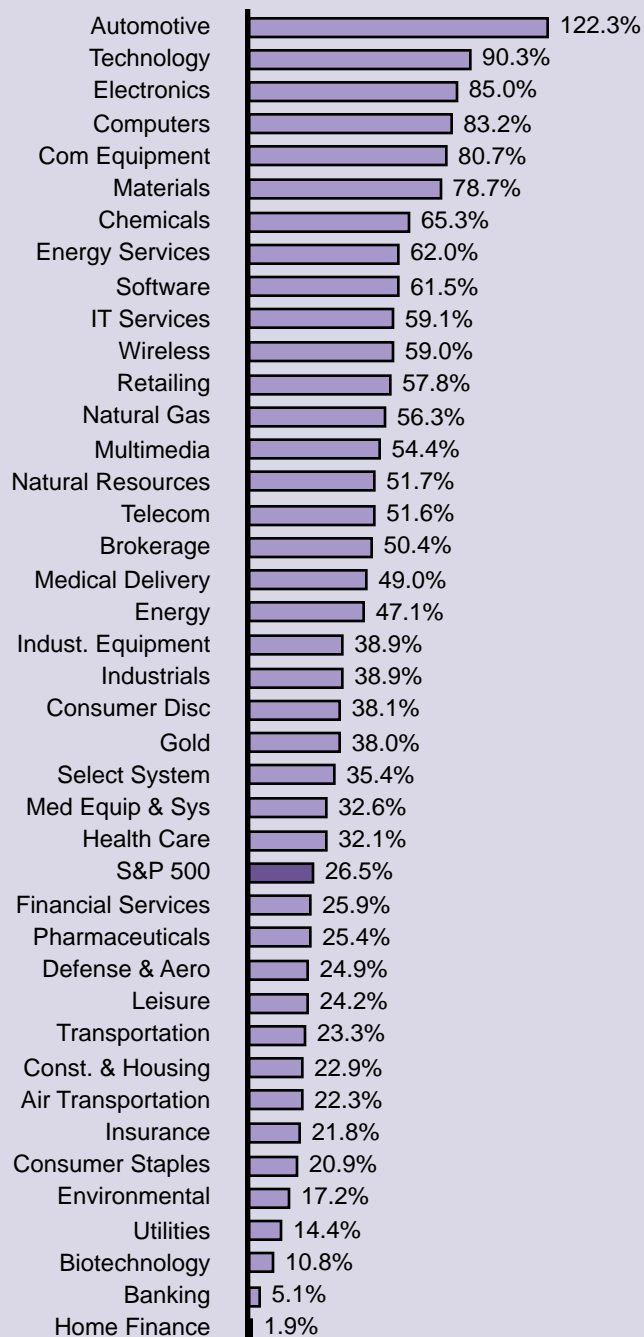
Emerging markets weathered the financial crisis better than expected, thanks to a large stimulus program in China and a significant rebound in global commodity prices. As a result, many of the funds in this category bounced back strongly from last year's heavy losses.

Among broadly diversified developed-market funds, results were generally on par with domestic funds taking similar risks. **Global Balanced**, the least-risky choice in the group, finished behind most others but was one of the few to make a nearly full recovery after 2008 losses.

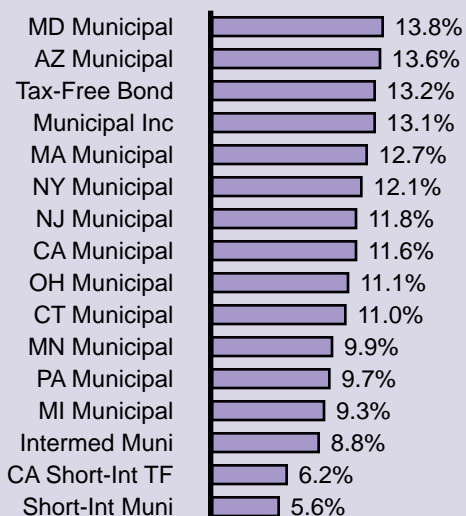
Despite new leadership and the promise of change,

YEAR-END REVIEW - Continued on page 8

#### 2009 SELECT FUND PERFORMANCE



#### 2009 MUNI BOND PERFORMANCE



#### GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed. Size figures are for the close of the prior month, in millions. Risk is based on standard deviation of monthly gains and losses over a three-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. All retail Fidelity funds are no-load. If a fund is closed to new investors, it is listed as such in the Fee column. Fidelity limits roundtrip trades to two in the last 90 days and four in the last 12 months (a roundtrip trade is defined as the purchase and sale of a fund within 30 days). 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 from the prior month are indicated by ↑ and ↓.

DECEMBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Payout	NAV	Size	2009	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
<b>GROWTH FUNDS:</b>												
130/30 Large Cap (2063/FOTTX)	S **	1.20	0.063/6.52	6.60	21.9	3.6	2.5	4.4	3.6			
Growth Strategies (324/FDEGX)	H ***	1.24		16.27	1809.8	39.7	6.5	6.3	39.7	-5.6	-0.3	-10.5
Blue Chip Gth (312/FBGRX)	B ****	1.09	0.051/37.15	37.95	10758.5	45.0	4.9	8.6	45.0	-0.2	1.8	-2.1
Blue Chip Value (1271/FBCVX)	H ***	1.19	0.030/9.82	9.96	353.4	27.8	2.2	3.3	27.8	-9.7	-1.4	
Capital Apprec (307/FDCAX)	H ***	1.16	0.022/20.57*	21.43	4878.8	36.4	7.3	6.4	36.4	-4.6	0.9	0.5
Contrafund (22/FCNTX)	B ****	0.93	0.183/57.05	58.28	55503.8	29.2	3.0	7.4	29.2	-0.9	4.8	3.2
Growth Discovery (339/FDSVX)	S **↓	1.12	0.003/10.90	11.10	739.8	29.3	4.0	6.1	29.3	-4.4	0.3	-0.6
Disc Equity (315/FDEQX)	S **↓	1.02	0.221/20.82*	21.01	10971.6	22.0	2.2	4.5	22.0	-6.8	0.5	-0.2
Dividend Gth (330/FDGFV)	B ****	1.29	0.067/23.05	23.67	7349.9	51.0	5.0	5.5	51.0	-4.5	0.7	1.5
Export Fund (332/FEXPX)	H ***↑	1.13	0.031/19.42*	19.62	2764.6	37.0	2.0	6.6	37.0	-3.6	2.3	3.4
Fidelity Fifty (500/FFTYX)	H ***↑	1.25	0.035/14.90*	15.04	757.5	37.1	2.1	5.1	37.1	-7.7	-0.6	0.5
Focused Stock (333/FTQGX)	H ***	1.00	0.055/10.86*	11.00	128.7	25.2	2.0	6.2	25.2	-0.6	4.0	-1.6
Growth Company (25/FDGRX)	B ****	1.11	0.124/66.72	68.98	27285.6	41.2	5.1	7.3	41.2	0.0	4.5	-0.9
Independence (73/FDFX)	H ***	1.42	0.038/19.39	19.92	3825.8	39.9	4.5	6.1	39.9	-2.0	3.1	0.0
Lg Cap Core En Idx (1827/FLCEX)	H ***	1.0 Est	0.105/7.68	7.75	1127.3	23.3	1.9	5.3	23.3			
Lg Cap Gth En Idx (1829/FLGEX)	H ***	1.2 Est	0.080/8.40	8.53	45.9	35.1	3.1	7.9	35.1			
Large Cap Growth (763/FSLGX)	H ***	1.02	0.029/7.94	8.13	110.8	24.0	3.5	6.5	24.0	-7.8	-1.3	
Large-Cap Stock (338/FLCSX)	B ****↑	1.30	0.035/14.84*	14.99	772.2	50.4	2.4	4.9	50.4	-3.7	1.7	-2.4
Lg Cap Val En Idx (1828/FLVEX)	H ***	1.2 Est	0.105/6.65	6.70	66.8	15.6	1.7	3.7	15.6			
Large Cap Value (708/FSLVX)	S **↓	1.09	0.131/9.69	9.74	972.0	15.6	1.6	2.5	15.6	-10.2	-1.2	
Lev Co Stock (122/FLVCL)	H ***	1.72	0.035/22.25	22.92	4003.5	59.6	5.5	4.8	59.6	-5.1	3.4	
Low-Priced Stock (316/FLPSX)	B ****	1.16		31.94	23633.8	39.1	4.2	5.2	39.1	-2.9	3.2	11.0
Magellan (21/FMAGX)	H ***	1.32	0.287/62.91*	64.32	21942.9	41.1	4.3	4.1	41.1	-5.3	-0.6	-2.3
Mid Cap Growth (793/FSMGX)	H ***	1.30	0.002/9.60	9.94	206.8	46.4	6.7	6.8	46.4	-8.7	-1.4	
Mid Cap Stock (337/FMCSX)	B ****↑	1.37	0.055/23.09	23.42	6174.0	50.4	5.9	4.4	50.4	-4.2	3.2	3.6
Mid Cap Value (762/FSMVX)	H ***	1.30	0.108/12.46	12.77	474.8	35.4	5.5	5.2	35.4	-6.1	1.5	
New Millennium (300/FMILX)	B ****	1.18	0.105/24.04	24.63	1619.7	40.2	4.9	3.9	40.2	-0.8	4.1	0.7
OTC Portfolio (93/FOCPX)	B ****	1.31		45.72	5080.9	62.2	7.8	8.3	62.2	3.4	5.7	-1.9
Small Cap Discovery (384/FSCRX)	H ***↓	1.39	0.030/14.74	15.54	257.1	50.7	9.0	3.5	50.7	2.0	4.9	
Small Cap Growth (1388/FCPGX)	H ***	1.27		12.42	1116.9	42.9	8.5	5.0	42.9	-2.8	3.5	
Small Cap Indep (336/FDSCX)	H ***	1.38	0.009/13.31	13.92	1401.6	32.3	8.0	0.9	32.3	-9.0	-0.9	2.8
Small Cap Stock (340/FSLCX)	B ****	1.44		15.94	3369.7	62.7	9.7	5.4	62.7	0.0	4.0	7.3
Small Cap Value (1389/FCPVX)	H ***	1.34	0.009/12.03	12.68	1621.2	36.6	8.5	3.2	36.6	-1.3	5.5	
Stock Selector (320/FDSSX)	H ***	1.03	0.148/21.20	21.72	571.9	28.8	4.2	6.1	28.8	-5.6	0.7	-1.0
Tax Mgd Stock (343/FTXMX)	S **↓	1.09	0.105/10.70	10.90	78.9	20.7	3.4	4.5	20.7	-7.5	0.2	
Trend (5/FTRNX)	B ****	1.15	0.195/56.41	56.25	773.1	44.5	3.4	8.3	44.5	-1.6	3.0	0.5
Value (39/FDVLX)	B ****	1.48	0.478/55.50	56.94	7437.2	44.1	5.4	4.1	44.1	-7.7	0.7	6.4
Value Discovery (832/FVDFX)	H ***	1.16	0.033/12.55	12.87	644.5	27.7	4.2	4.0	27.7	-6.9	2.1	
Value Strategies (14/FSLSX)	H ***	1.61		22.11	237.5	59.2	5.8	3.9	59.2	-6.4	-0.4	5.4
<b>GROWTH &amp; INCOME FUNDS:</b>												
Balanced (304/FBALX)	B ****	0.80	0.097/16.25	16.36	17867.7	28.1	1.9	3.9	28.1	-1.4	3.4	5.2
Convertible Sec (308/FCVXS)	H ***	1.36	0.275/21.37	21.80	2340.0	64.1	3.7	4.8	64.1	-0.1	4.0	4.8
Equity-Income (23/FEQIX)	B ****	1.15	0.149/38.86	39.14	17501.9	29.5	1.6	3.6	29.5	-8.5	-0.6	1.8
Equity-Income II (319/FEQTX)	B ****	1.11	0.060/16.20	16.33	5294.2	25.1	1.4	3.8	25.1	-8.0	-1.5	1.3
Fidelity Fund (3/FFIDX)	H ***	1.05	0.075/27.92	28.34	5057.6	26.7	2.0	4.2	26.7	-4.0	1.5	-0.9
Growth & Income (27/FGRIX)	H ***	1.20	0.029/15.74	16.06	6194.7	23.0	3.0	4.9	23.0	-15.2	-7.1	-4.1
Mega Cap Stock (361/FGRTX)	B ****↑	1.04	0.035/8.74	8.80	286.2	28.6	1.2	5.9	28.6	-4.7	1.0	-0.1
Puritan (4/FPURX)	B ****	0.72	0.115/15.95	16.06	16670.3	26.7	1.6	4.7	26.7	-1.6	2.7	4.1
Real Estate Income (833/FRIFX)	B ****	0.80	0.215/9.12*	9.21	648.7	46.8	2.8	5.9	46.8	-1.8	2.1	
Real Estate (303/FRESX)	H ***	2.09	0.135/19.70*	20.16	2523.5	32.9	6.8	9.2	32.9	-13.6	-0.3	10.4
Strategic Div & Inc (1329/FSDIX)	B ****↑	1.16	0.061/9.40	9.54	445.3	37.7	4.8	5.2	37.7	-5.8	0.9	
Telecom & Utilities (311/FUIX)	H ***	0.92	0.100/13.57	14.02	707.2	11.1	6.6	7.7	11.1	-6.9	2.9	-1.8
<b>SELECT FUNDS:</b>												
Air Transportation (34/FSAIX)	H ***	1.65		31.85	45.5	22.3	17.3	8.9	22.3	-6.8	3.8	5.1
Automotive (502/FAVX)	H ***	2.59		31.48	113.4	122.3	7.2	11.0	122.3	-4.8	-0.8	4.6
Banking (507/FSRBX)	S **↓	1.58	0.050/14.91	15.25	314.3	5.1	-1.1	-1.5	5.1	-19.7	-10.2	-0.5
Biotechnology (42/FBIOX)	H ***	1.03		65.49	1029.1	10.8	4.8	-1.4	10.8	0.3	2.6	0.0
Brokerage (68/FSLBX)	H ***	1.50	0.159/46.40*	47.45	611.3	50.4	1.2	-4.0	50.4	-8.7	3.7	5.9
IT Ser / Bus Ser (353/FBSOX)	B ****	1.20		17.83	99.4	59.1	5.4	11.1	59.1	6.0	7.7	5.1
Chemicals (69/FSCHX)	H ***	1.37	0.970/74.37	75.26	398.1	65.3	2.3	6.8	65.3	6.4	7.3	10.3
Computers (7/FDCPX)	B ****	1.43		45.59	490.6	83.2	8.3	8.7	83.2	4.9	5.3	-4.9
Const & Housing (511/FSHOX)	H ***	1.49	0.230/28.13	29.08	94.6	22.9	6.1	2.8	22.9	-8.2	-1.9	7.2
Consumer Disc (517/FSCPX)	H ***	1.18	0.050/18.60	18.79	66.4	38.1	4.7	7.0	38.1	-6.1	-0.8	-0.5
Industrial / Cyc Ind (515/FCYIX)	H ***	1.40	0.080/17.95	18.13	236.6	38.9	4.1	8.0	38.9	-0.7	4.8	6.8
Defense & Aero (67/FSDAX)	H ***↑	1.32	0.670/60.32	60.43	565.1	24.9	4.7	8.7	24.9	-4.2	4.6	8.8
Com Equip / DevC (518/FSDCX)	H ***↓	1.62	0.055/20.11	20.76	338.8	80.7	6.5	3.2	80.7	0.7	1.6	-6.6
Electronics (8/FSELX)	H ***↓	1.52	0.270/39.25	41.50	1047.9	85.0	14.2	9.8	85.0	-1.0	2.4	-4.9
Energy (60/FSENX)	H ***↑	1.71	0.090/41.41*	44.15	2100.0	47.1	4.9	5.2	47.1	-0.5	11.3	11.0
Energy Service (43/FSESX)	H ***↑	2.01	0.036/58.60	58.14	1263.9	62.0	4.2	3.3	62.0	-2.5	9.2	10.3
Environmental (516/FSLEX)	S **	1.07	0.135/15.28	15.55	48.7	17.2	4.7	5.4	17.2	-2.9	2.1	4.6
Financial Services (66/FIDSX)	H ***	1.48	0.430/57.39*	58.02	485.5	25.9	1.8	-1.6	25.9	-18.3	-7.4	0.2
Con Stap / Food Ag (9/FDFAX)	B ****	0.79	0.829/61.21	60.79	902.3	20.9	0.3	4.0	20.9	4.5	7.7	8.8
Gold (41/FSAGX)	S **	2.26	0.767/43.84	42.83	3251.0	38.0	-7.3	4.7	38.0	11.1	19.3	17.1
Health Care (63/FSPHX)	B ****↑	0.95	0.070/104.35	106.69	1577.7	32.1	3.9	6.3	32.1	0.1	4.3	4.0
Home Finance (98/FSVLX)	H ***	1.37	0.170/10.59	10.98	67.9	1.9	6.1	2.1	1.9	-36.0	-22.9	-4.8
Indust Equip (510/FSCGX)	H ***	1.50	0.135/25.26	25.45	111.8	38.9	3.1	6.8	38.9	-3.1	2.7	2.9
Materials / Ind Mat (509/FSDPX)	H ***	1.55	0.340/52.76	53.98	500.1	78.7	3.2	9.1	78.7	6.6	10.6	11.2
Insurance (45/FSPCX)	H ***	1.39	0.335/39.06*	39.56	129.1	21.8	1.2	-1.6	21.8	-14.8	-4.8	4.5
Leisure (62/FDLSX)	H ***↓	1.07	0.300/66.68	66.50	220.8	24.2	2.3	2.9	24.2	-2.8	2.1	1.3
Medical Delivery (505/FSHCX)	H ***	1.35		43.04	389.5	49.0	5.8	13.8	49.0	-1.2	4.1	12.8
Medical Equip/Sys (354/FSMEX)	B ****↑	0.95		24.47	1202.2	32.6	4.0	4.9	32.6	6.2	6.0	11.5
Multimedia (503/FBMPX)	H ***	1.30	0.110/33.97	34.13	52.8	54.4	6.3	10.8	54.4	-5.3	0.8	0.2
Natural Gas (513/FSNGX)	H ***	1.82		31.53	1099.2	56.3	5.7	0.8	56.3	-1.5	7.9	12.2
Nat Resources (514/FNARX)	H ***↑	1.73	0.115/26.86	28.45	1501.7	51.7	3.8	5.6	51.7	2.7	13.5	11.9
Pharmaceuticals (580/FPHAX)	B ****↑	0.90	0.115/10.77	10.88	196.5	25.4	2.7	10.0	25.4	3.2	6.3	
Retailing (46/FSRPX)	H ***	1.23	2.220/42.47	42.91	159.6	57.8	4.4	7.8	57.8	0.8	4.8	3.0
Software (28/FSCSX)	B ****	1.21		75.91	951.5	61.5	5.7	13.8	61.5	5.0	7.7	1.8
Technology (64/FSPTX)	B ****	1.57	* See page 8	75.47	1904.8	90.3</						

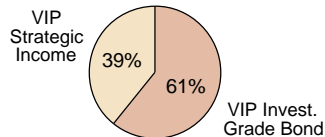
DECEMBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Payout	NAV	Size	30-day Yield	2009	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate
<b>INTERNATIONAL FUNDS:</b>												
Canada (309/FICDX)	H***↑	1.51	0.468/47.77	48.48	3387.3		39.6	1.9	3.8	39.6	2.6	9.7
China Region (352/FHKCX)	H***	1.60	0.274/28.35	27.89	2312.0		65.5	1.9	7.5	65.5	10.1	14.7
Diversified Int'l (325/FDIVX)	H***	1.27	0.348/28.20	28.00	31850.3		31.8	1.7	3.3	31.8	-5.7	3.8
Emerging EMEA (2053/FEMEX)	H***↑	1.8 Est	0.076/7.26	7.62	108.4		61.4	2.9	4.9	61.4		
Emerging Mkts (322/FEMKX)	H***	1.80	0.251/22.47	22.61	3981.9		76.0	4.0	8.8	76.0	0.0	14.0
Europe (301/FIEUX)	S**	1.24		29.47	2948.5		31.6	0.8	2.7	31.6	-5.0	4.9
Europe Cap Appr (341/FECAX)	S**	1.28	0.320/18.03	17.74	539.6		32.1	0.9	2.8	32.1	-6.6	5.1
Global Balanced (334/FGBLX)	B****	0.74	0.304/20.26	20.11	446.0		22.5	-0.3	2.2	22.5	2.3	5.8
Glob Commodity Stk (2120/FFGCX)	H***	1.6 Est	0.089/14.45	14.71	195.0			2.3	9.8			
Int'l Capital Apprec. (335/FIVFX)	H***	1.54	0.190/11.34	11.34	490.7		55.2	2.9	3.3	55.2	-7.0	1.1
Int'l Discovery (305/FIGRX)	H***	1.22	0.389/30.54	30.35	8445.6		30.1	2.4	3.7	30.1	-4.8	4.9
Int'l Enhanced Index (2010/FIENX)	H***	1.4 Est	0.150/6.83	6.90	19.7		24.6	1.0	2.5	24.6		
Int'l Growth (1979/FIGFX)	H***	1.5 Est	0.082/7.46	7.48	19.8		36.5	3.0	6.4	36.5		
Int'l Real Estate (1368/FIREX)	S**	1.41	0.198/8.50	8.80	360.8		35.8	1.8	2.1	35.8	-14.9	0.2
Int'l Small Cap (818/FISMIX)	B****	1.37	0.423/17.70	17.55	683.0		45.5	0.7	1.3	45.5	-4.1	5.4
Int'l Small Cap Opp (1504/FSCOX)	H***	1.53	0.179/8.50	8.58	336.1		46.3	4.4	6.2	46.3	-14.5	
Int'l Value (1597/FIVLX)	H***	1.42	0.134/8.08	7.98	186.3		36.1	1.2	2.0	36.1	-7.4	
Japan (350/FJPNX)	H***	1.14	0.170/10.29	10.12	939.5		15.3	2.6	-1.3	15.3	-10.8	-0.8
Japan Smaller Co (360/FJSCX)	H***	1.27	0.150/8.52	8.32	374.0		18.1	2.0	-3.9	18.1	-12.2	-5.5
Latin America (349/FLATX)	H***↑	1.81	1.083/52.44*	51.85	4545.7		91.6	1.0	13.3	91.6	7.7	22.8
Nordic (342/FNORX)	H***	1.60	0.340/27.99	27.38	349.9		47.5	0.6	4.5	47.5	-7.2	5.3
Overseas (94/FOSFX)	H***	1.29	0.475/31.43*	30.93	6701.0		25.2	1.0	0.2	25.2	-7.0	2.9
Pacific Basin (302/FPBFX)	B****	1.67	0.850/20.11	20.30	621.5		59.3	3.9	4.0	59.3	-4.1	6.3
Southeast Asia (351/FSEAX)	H***	1.48	0.827/25.13	25.43	1797.4		39.2	4.6	6.3	39.2	1.3	13.8
Total Int'l Equity (1978/FTIEX)	H***	1.3 Est	0.087/6.78	6.76	40.2		41.2	2.3	4.9	41.2		
Worldwide (318/FWWFX)	H***	1.11	0.112/16.00*	16.07	1043.4		28.5	2.6	4.6	28.5	-3.1	3.9
<b>INDEX AND ASSET ALLOCATION:</b>												
Four-In-One Index (355/FNNOX)	H***	0.91	0.505/24.44	24.26	2041.4		25.0	1.9	4.0	25.0	-3.7	1.9
NASDAQ Comp (1282/FNCMX)	B****	1.15	0.150/29.30	30.07	221.4		45.0	5.9	7.2	45.0	-1.3	1.5
Spart Ext Mkt Idx (398/FSEMIX)	H***↓	1.20	0.395/29.88*	30.40	2406.9		36.7	6.7	5.0	36.7	-3.9	2.4
Spart Int'l Index (399/FSIIX)	H***	1.25	0.790/32.66	33.45	5173.6		28.5	1.4	2.1	28.5	-5.9	3.6
Spart 500 Index (317/FSMKX)	H***	1.00	1.030/75.99	76.92	6589.9		26.5	1.9	6.0	26.5	-5.7	0.4
Spart Total Mkt Idx (397/FSTMX)	H***	1.03	0.480/31.16	31.57	5313.6		28.4	2.8	5.8	28.4	-5.2	1.0
Asset Mgr 20% (328/FASIX)	H***	0.37	0.053/11.97	11.98	2453.8		19.5	0.4	2.1	19.5	2.4	4.1
Asset Mgr 30% (1957/FTANX)	H***	0.5 Est	0.084/9.12	9.15	70.5		23.6	0.7	2.6	23.6		
Asset Mgr 40% (1958/FFANX)	H***	0.6 Est	0.076/8.86	8.91	42.9		26.0	1.2	3.1	26.0		
Asset Mgr 50% (314/FASMX)	H***	0.71	0.063/13.73	13.85	6078.3		30.9	1.7	3.6	30.9	0.2	2.7
Asset Mgr 60% (1959/FSANX)	H***	0.8 Est	0.118/8.55	8.64	64.1		32.7	2.1	3.9	32.7		
Asset Mgr 70% (321/FASGX)	H***	0.91	0.237/14.14	14.33	2247.9		35.7	2.5	4.3	35.7	-1.8	1.6
Asset Mgr 85% (347/FAMRX)	H***	1.03	0.135/11.45	11.65	551.6		38.7	3.2	4.9	38.7	-2.8	2.1
Dynamic Strategies (1960/FDYSX)	H***	0.8 Est	0.139/8.52	8.46	133.6		28.7	1.3	4.6	28.7		
Freedom 2000 (370/FFFBX)	H***	0.38	0.290/11.37	11.35	1688.5		16.5	0.7	2.5	16.5	1.8	3.2
Freedom 2005 (1312/FFVFX)	H***	0.64	0.265/10.07	10.03	1014.5		23.4	1.3	3.2	23.4	0.0	2.9
Freedom 2010 (371/FFFCX)	H***	0.67	0.350/12.56	12.51	11353.3		24.8	1.4	3.4	24.8	0.0	3.0
Freedom 2015 (1313/FFVFX)	H***	0.71	0.286/10.47	10.42	8530.0		25.6	1.5	3.4	25.6	-0.4	3.1
Freedom 2020 (372/FFDFX)	H***	0.84	0.340/12.62	12.55	20104.9		28.9	2.0	3.9	28.9	-1.7	2.7
Freedom 2025 (1314/FFTWX)	H***	0.88	0.275/10.45	10.39	8805.4		30.0	2.1	4.1	30.0	-2.1	2.5
Freedom 2030 (373/FFEX)	H***	0.97	0.305/12.48	12.39	13992.1		30.6	2.4	4.4	30.6	-3.5	2.0
Freedom 2035 (1315/FFTHX)	H***	0.99	0.250/10.33	10.26	5668.9		31.3	2.6	4.6	31.3	-3.7	1.9
Freedom 2040 (718/FFDFX)	H***	1.02	0.175/7.22	7.16	8132.8		31.6	2.6	4.5	31.6	-4.1	1.7
Freedom 2045 (1617/FFFGX)	H***	1.03	0.200/8.53	8.47	1796.1		32.0	2.8	4.7	32.0	-4.2	
Freedom 2050 (1618/FFHFX)	H***	1.07	0.190/8.42	8.35	1431.6		32.5	2.9	4.6	32.5	-4.8	
Freedom Income (369/FFFA)	H***	0.34	0.131/10.80*	10.74	2684.2		16.1	0.6	2.3	16.1	2.3	3.4
<b>TAXABLE BOND FUNDS:</b>												
Capital & Income (38/FAGIX)	B****	0.91	0.040/8.42	8.62	10805.7	7.05	72.1	4.8	8.1	72.1	6.8	7.6
Floating Rate (814/FRHX)	H***	0.49	0.050/9.25	9.41	2308.3	4.29	28.9	2.6	2.4	28.9	3.4	4.1
Focused High Inc (1366/FHIFX)	B****	0.65	0.060/9.06	9.17	421.8	6.91	35.1	3.0	4.9	35.1	3.4	4.3
GNMA Portfolio (15/FGMNX)	B****	0.16	0.115/11.48	11.35	7496.3	3.22	6.9	-1.5	0.6	6.9	6.9	5.5
Gov't Income (54/FGOVX)	H***	0.22	0.070/10.51	10.39	4747.1	2.47	1.3	-2.0	-0.4	1.3	6.7	5.2
High Income (455/SPHIX)	B****	0.77	0.010/8.31	8.46	6750.3	7.46	51.4	3.7	6.1	51.4	5.8	6.3
Inflation-Protected (794/FINPX)	H***↑	0.44	0.220/11.32	11.21	2171.7	0.57	9.7	-2.2	1.6	9.7	5.3	3.7
Intermed Bond (32/FTHRX)	B****	0.26	0.020/10.25	10.15	4401.8	3.44	17.1	-1.2	1.3	17.1	4.7	4.0
Intermed Gov't Inc (452/FSTGX)	H***	0.18	0.035/10.81	10.68	1558.2	1.67	0.9	-1.9	-0.2	0.9	6.2	4.7
Invest Grade Bond (26/FBNDX)	B****	0.26		7.04	6242.2	3.86	16.0	-0.9	1.7	16.0	3.4	3.5
Mortgage Securities (40/FMSFX)	B****	0.14		10.47	843.2	4.36	9.6	-0.9	1.6	9.6	3.4	3.5
New Markets Inc (331/FNMIX)	H***↑	0.79	0.020/15.02	15.03	2945.9	5.90	44.6	0.1	1.3	44.6	7.7	9.2
Short-Term Bond (450/FSHBX)	B****	0.12		8.31	6825.7	1.91	7.3	-0.4	1.1	7.3	1.7	2.3
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.37	0.200/10.46	10.25	1204.3	3.03	-5.0	-3.8	-1.7	-5.0	6.8	
Spart L-Term Tr Idx (1562/FLBIX)	S**↓	0.65	0.045/10.32	10.05	170.5	4.20	-13.4	-5.7	-5.3	-13.4	5.6	
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.14	0.105/10.44	10.34	194.6	1.08	-0.2	-1.3	-0.1	-0.2	5.4	
Strategic Income (368/FSICX)	B****	0.47	0.080/10.83	10.81	7143.7	5.05	31.8	0.5	2.6	31.8	7.2	6.5
Strategic Real Rtn (1505/FSRRX)	B****↑	0.69	0.165/8.41	8.51	4989.2	2.32	28.4	1.8	5.2	28.4	0.7	
Total Bond (820/FTBFX)	B****	0.29	0.034/10.54	10.47	11558.4	4.29	19.8	-0.4	1.8	19.8	5.6	4.9
Ultra-Short Bond (812/FUSFX)	H***	0.19		8.13	231.1	0.87	0.9	-0.2	0.2	0.9	-4.1	-0.9
US Bond Index (651/FBIDX)	H***	0.19		11.06	10702.7	3.17	6.4	-1.6	0.2	6.4	5.2	4.4
<b>MUNICIPAL BOND FUNDS:</b>												
AZ Municipal Inc (434/FAZAX)	H***	0.32		11.28	164.0	3.49	13.6	0.3	-1.1	13.6	3.7	3.7
CA Municipal Inc (91/FCFX)	H***	0.32	0.0002/11.79	11.75	1513.4	4.15	11.6	0.4	-2.2	11.7	2.7	3.3
CA Short-Int TF (1534/FCSTX)	H***	0.15	0.015/10.60	10.57	550.1	1.73	6.2	0.2	0.4	6.2	4.8	
CT Municipal Inc (407/FICNX)	H***	0.27	0.047/11.42	11.38	586.2	2.89	11.0	0.0	-0.9	11.0	4.4	3.9
Intermediate Muni (36/FLTMX)	B****	0.20		10.16	3751.0	2.68	8.8	0.2	-0.3	8.8	4.5	4.0
MA Municipal Inc (70/FDMMX)	H***	0.29	0.0003/11.86	11.80	2332.3	3.32	12.7	0.2	-0.9	12.7	3.9	4.0
MD Municipal Inc (429/SMDMX)	H***	0.29		10.90	169.8	3.01	13.8	0.0	-0.8	13.8	4.0	3.7
MI Municipal Inc (81/FMHTX)	H***	0.26	0.014/11.87	11.85	638.2	3.18	9.3	0.4	-0.7	9.3	4.3	4.0
MN Municipal Inc (82/FMIX)	H***	0.24	0.007/11.42	11.38	468.0	2.61	9.9	-0.1	-0.5	9.9	4.2	3.9
Municipal Income (37/FHIGX)	H***	0.30	0.0004/12.48	12.46	5574.8	3.77	13.1	0.6	-1.2	13.1	3.6	3.9
NJ Municipal Inc (416/FNJHX)	H***	0.29		11.49	649.8	3.20	11.8	0.4	-1.2	11.8	4.0	4.0
NY Municipal Inc (71/FTFMX)	H***	0.30		12.83	1708.6	3.46	12.1	0.5	-1.0	12.1	4.1	4.0
OH Municipal Inc (88/FOHFX)	H***	0.29	0.007/11.62	11.60	516.6	3.28	11.1	0.3	-0.8	11.1	4.2	

DECEMBER PERFORMANCE Indexes and Model Portfolios	Risk	Value	2009	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.93	10428.05	22.7	1.0	8.1	22.7	-3.1	1.9	1.3
S&P 500	1.00	1115.10	26.5	1.9	6.0	26.5	-5.6	0.4	-0.9
NASDAQ	1.15	2269.15	45.3	5.9	7.2	45.3	-1.2	1.7	-5.1
Russell 2000	1.26	625.39	27.1	8.0	3.8	27.1	-6.1	0.5	3.5
Fidelity Monitor Income Model	0.34	88095.63	20.0	-0.3	2.3	20.0	0.7	2.5	3.6
Fidelity Monitor G&I Model	0.74	161025.23	28.1	2.1	4.6	28.1	-3.3	2.1	4.8
Fidelity Monitor Growth Model	1.14	161124.81	31.8	5.1	6.6	31.8	-6.8	0.8	1.7
Fidelity Monitor Select System	1.19	341250.55	35.4	7.3	7.2	35.4	-1.7	4.4	2.2
Fidelity Monitor Unique Opportunities	1.22	107961.13	45.8	6.2	5.8	45.8	-5.2	3.4	4.9

## VIP CORNER

Fidelity's Variable Insurance Products allow tax-deferred growth, but the benefit may be offset by higher tax rates at withdrawal. Performance figures reflect the Retirement Reserves fee structure. Returns for the Personal Retirement Annuity are roughly 0.5 percentage points higher per year.

### VIP INCOME MODEL

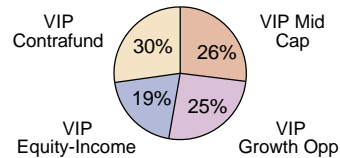


#### PAST PERFORMANCE

Starting Balance: \$10,000

1993: +12.3%	2002: +7.3%
1994: -3.8%	2003: +9.9%
1995: +16.9%	2004: +5.1%
1996: +6.9%	2005: +1.8%
1997: +10.9%	2006: +6.1%
1998: +0.4%	2007: +6.2%
1999: +0.8%	2008: -18.3%
2000: -2.4%	2009: <b>+22.9%</b>
2001: -3.4%	

### VIP GROWTH MODEL

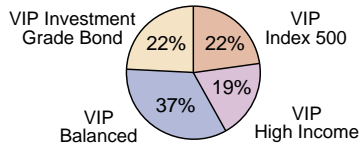


#### PAST PERFORMANCE

Starting Balance: \$10,000

1993: +20.6%	2002: -21.7%
1994: +4.6%	2003: +30.0%
1995: +36.1%	2004: +7.0%
1996: +16.1%	2005: +10.1%
1997: +23.5%	2006: +14.5%
1998: +22.6%	2007: +9.3%
1999: +22.1%	2008: -45.5%
2000: -10.3%	2009: <b>+25.1%</b>
2001: -14.0%	

### VIP G & I MODEL

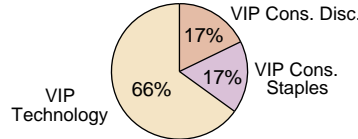


#### PAST PERFORMANCE

Starting Balance: \$10,000

1995: +26.4%	2003: +20.8%
1996: +12.8%	2004: +6.3%
1997: +21.4%	2005: +4.5%
1998: +15.1%	2006: +11.6%
1999: +6.1%	2007: +7.7%
2000: -4.9%	2008: -31.0%
2001: +3.1%	2009: <b>+27.1%</b>
2002: -9.4%	

### VIP SECTOR MODEL



#### PAST PERFORMANCE

Starting Balance: \$10,000

2003: +57.5%	2007: +11.2%
2004: +6.3%	2008: -41.4%
2005: +14.0%	2009: <b>+50.2%</b>
2006: +17.7%	

Model portfolio performance is listed at the bottom of the page.

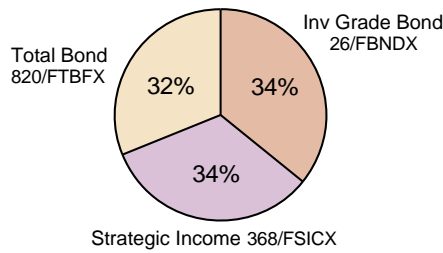
DECEMBER VIP PERFORMANCE Portfolio	Rating	Risk	RR Value	2009 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	1.23	9.61	38.6	6.4	6.0	38.6	-6.4	
VIP Asset Manager	H ***	0.79	35.75	28.1	1.6	3.0	28.1	1.2	2.7
VIP Asset Manager: Growth	H ***	1.01	22.30	31.8	2.5	3.7	31.8	-0.3	1.6
VIP Balanced	B ****	0.94	16.85	37.5	3.1	4.0	37.5	-0.9	2.5
VIP Consumer Discretionary	H ***↓	1.18	10.19	37.2	4.6	6.6	37.2	-6.5	-1.4
VIP Consumer Staples	B ****	0.8 Est	10.36	19.8	0.2	3.6	19.8		
VIP Contrafund	B ****	1.12	39.65	34.6	3.7	5.1	34.6	-3.6	2.9
VIP Disciplined Small Cap	S **	1.17	7.80	21.3	7.5	3.6	21.3	-8.2	
VIP Dynamic Capital Appreciation	H ***	1.17	12.62	35.0	7.2	6.1	35.0	-5.8	2.6
VIP Energy	H ***	1.72	21.26	46.8	4.8	5.1	46.8	-1.2	10.2
VIP Equity-Income	B ****	1.17	50.95	29.2	1.6	3.5	29.2	-9.6	-1.5
VIP Financial Services	H ***	1.53	8.14	26.3	1.6	-2.0	26.3	-18.7	-7.9
VIP Freedom 2005	H ***	0.62	11.33	22.0	1.2	2.5	22.0	-0.2	
VIP Freedom 2010	H ***	0.66	11.31	23.3	1.2	2.6	23.3	-0.4	
VIP Freedom 2015	H ***	0.70	11.43	24.3	1.4	2.7	24.3	-0.8	
VIP Freedom 2020	H ***	0.84	11.15	27.9	1.9	3.2	27.9	-2.2	
VIP Freedom 2025	H ***	0.89	11.13	29.0	2.2	3.6	29.0	-2.6	
VIP Freedom 2030	H ***	0.99	10.84	30.6	2.5	3.7	30.6	-3.9	
VIP Freedom Income	H ***	0.31	11.58	14.0	0.4	1.5	14.0	2.2	
VIP FundsManager 20	H ***	0.28	10.91	9.4	0.0	1.0	9.4	1.6	
VIP FundsManager 50	H ***	0.59	10.16	18.0	1.0	2.3	18.0	-1.3	
VIP FundsManager 70	H ***	0.81	9.47	23.4	1.8	3.3	23.4	-3.8	
VIP FundsManager 85	H ***	0.98	8.98	27.5	2.4	3.9	27.5	-5.6	
VIP Growth	H ***	1.11	50.96	27.3	3.9	5.9	27.3	-5.6	-1.3
VIP Growth & Income	H ***	1.03	15.84	26.2	2.7	4.6	26.2	-6.7	-0.6
VIP Growth Opportunities	B ****	1.38	10.68	44.7	5.4	7.1	44.7	-7.6	-2.3
VIP Growth Stock	B ****	1.16	10.19	43.7	3.4	7.9	43.7	-1.4	
VIP Health Care	B ****↑	0.93	12.34	31.6	3.8	6.1	31.6	-1.1	3.5
VIP High Income	B ****	0.72	34.12	42.8	3.1	5.2	42.8	2.7	4.0
VIP Index 500	H ***	1.00	31.32	25.6	1.9	5.8	25.6	-6.4	-0.4
VIP Industrials	H ***	1.41	17.04	39.1	4.1	7.9	39.1	-0.9	4.6
VIP Int'l Capital Appreciation	H ***	1.54	10.21	54.5	2.9	3.1	54.5	-7.6	
VIP Investment Grade Bond	B ****	0.25	33.41	14.8	-1.1	0.9	14.8	4.5	3.7
VIP Materials	H ***	1.5 Est	10.58	76.7	3.1	9.0	76.7		
VIP Mid Cap	B ****	1.12	20.61	39.0	1.6	4.2	39.0	-1.4	4.7
VIP Money Market			21.86	-0.1	0.0	-0.1	-0.1	2.1	2.5
VIP Overseas	H ***	1.22	33.36	25.5	1.6	2.8	25.5	-6.6	2.4
VIP Real Estate	H ***	2.17	15.07	36.6	7.5	9.1	36.6	-12.7	0.6
VIP Strategic Income	B ****	0.45	14.34	29.0	0.3	2.2	29.0	6.4	5.7
VIP Technology	B ****	1.57	11.79	94.5	8.1	11.4	94.5	2.8	5.1
VIP Telecommunications	B ****↑	1.3 Est	7.57	46.8	5.4	7.2	46.8		
VIP Utilities	H ***	1.00	11.62	14.5	6.3	5.5	14.5	-4.3	4.5
VIP Value	B ****	1.46	9.22	41.5	5.2	3.9	41.5	-8.7	
VIP Value Leaders	H ***	1.18	8.95	26.9	2.1	3.2	26.9	-10.2	
VIP Value Strategies	H ***	1.60	12.03	56.3	5.7	3.7	56.3	-7.4	-1.4
Fidelity Monitor VIP Income Model		0.32	21143.58	22.9	-0.6	1.5	22.9	2.2	2.9
Fidelity Monitor VIP G&I Model		0.71	23797.39	27.1	1.9	3.9	27.1	-1.9	1.9
Fidelity Monitor VIP Growth Model		1.15	28240.97	25.1	3.8	4.6	25.1	-9.4	-1.3
Fidelity Monitor VIP Sector Model		1.30	18321.42	50.2	6.8	8.8	50.2	-0.7	5.6

## INCOME MODEL

Focuses on income funds that hold bonds or cash.  
Target Growth Rate: 7% Target Risk Level: 0.25

FUND	NAV	SHARES	BALANCE
Invest. Grade Bond	\$7.04	4304.282	\$30302.15
Strategic Income	\$10.81	2765.837	\$29898.70
<b>Total Bond</b>	<b>\$10.47</b>	<b>2664.258</b>	<b>\$27894.78</b>

17% Foreign Holdings  
Balance as of 12/31/09: \$88095.63  
Balance at start of 2009: \$73441.91



**PAST PERFORMANCE**  
Starting Balance: \$35,000

1992: +10.1%	2001: + 5.6%
1993: +11.3%	2002: + 5.4%
1994: - 2.1%	2003: + 8.4%
1995: +14.8%	2004: + 4.2%
1996: + 9.0%	2005: + 3.6%
1997: +10.5%	2006: + 6.9%
1998: + 3.5%	2007: + 4.0%
1999: + 3.0%	2008: -18.2%
2000: + 0.3%	
<b>2009: +20.0%</b>	

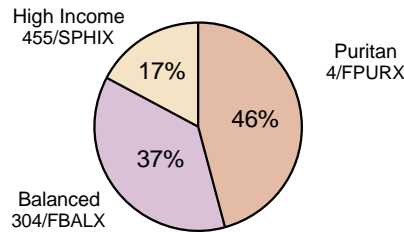
For December our Income Model declined 0.3%.

## GROWTH AND INCOME MODEL

Focuses on asset allocation funds to help limit risk.  
Target Growth Rate: 10% Target Risk Level: 0.67

FUND	NAV	SHARES	BALANCE
Puritan	\$16.06	4571.343	\$73415.77
Balanced	\$16.36	3662.341	\$59915.90
High Income	\$8.46	3273.470	\$27693.56

11% Foreign Holdings  
Balance as of 12/31/09: \$161025.23  
Balance at start of 2009: \$125716.09



**PAST PERFORMANCE**  
Starting Balance: \$50,000

1994: - 3.7%	2002: - 6.4%
1995: +21.6%	2003: +33.0%
1996: +15.8%	2004: +11.5%
1997: +18.7%	2005: + 8.2%
1998: +11.1%	2006: +13.7%
1999: +12.2%	2007: + 6.1%
2000: + 2.7%	2008: -33.5%
2001: + 1.3%	
<b>2009: +28.1%</b>	

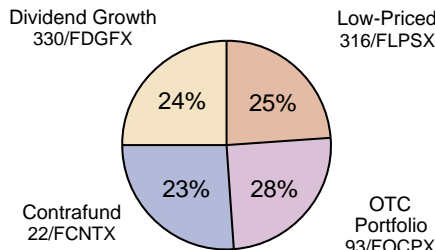
Our Growth and Income Model gained 2.1% in December.

## GROWTH MODEL

Focuses on domestic funds and aims to hold profitable positions long enough to qualify for long-term gains.  
Target Growth Rate: 13% Target Risk Level: 1.0

FUND	NAV	SHARES	BALANCE
Low-Priced Stock	\$31.94	1231.092	\$39321.08
OTC Portfolio	\$45.72	984.424	\$45007.87
Contrafund	\$58.28	648.702	\$37806.35
Dividend Growth	\$23.67	1647.212	\$38989.51

18% Foreign Holdings  
Balance as of 12/31/09: \$161124.81  
Balance at start of 2009: \$122262.93



**PAST PERFORMANCE**  
Starting Balance: \$15,000

1987: + 2.8%	1998: + 9.9%
1988: +26.0%	1999: +29.0%
1989: +30.4%	2000: -10.8%
1990: - 4.4%	2001: - 6.4%
1991: +40.6%	2002: -17.1%
1992: +15.7%	2003: +46.1%
1993: +31.9%	2004: +12.4%
1994: - 2.1%	2005: +11.2%
1995: +27.2%	2006: +15.7%
1996: +19.2%	2007: + 7.3%
1997: +25.5%	2008: -42.7%
<b>2009: +31.8%</b>	

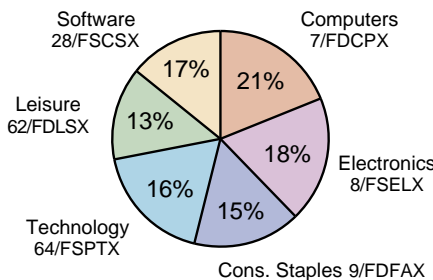
Our Growth Model gained 5.1% in December, versus 1.9% for the S&P 500.

## SELECT SYSTEM

Uses a volatility model to identify attractive sectors.  
Target Growth Rate: 14% Target Risk Level: 1.2

FUND	NAV	SHARES	BALANCE
Computers	\$45.59	1560.153	\$71127.38
Electronics	\$41.50	1443.534	\$59906.66
Consumer Staples	\$60.79	815.702	\$49586.52
Technology	\$75.47	734.691	\$55447.13
Leisure	\$66.50	686.878	\$45677.39
Software	\$75.91	783.895	\$59505.47

6% Foreign Holdings  
Balance as of 12/31/09: \$341250.55  
Balance at start of 2009: \$252121.09



**PAST PERFORMANCE**  
Starting Balance: ~\$25,000

1989: +23.4%	1999: +44.9%
1990: +31.3%	2000: -14.9%
1991: +35.3%	2001: - 7.3%
1992: +20.4%	2002: -14.7%
1993: +25.9%	2003: +38.4%
1994: - 0.9%	2004: + 7.4%
1995: +39.0%	2005: +15.0%
1996: + 5.2%	2006: +13.6%
1997: +29.3%	2007: +15.6%
1998: +21.7%	2008: -39.3%
<b>2009: +35.4%</b>	

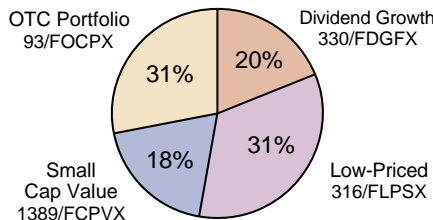
Our Select System gained 7.3% in December, versus 1.9% for the S&P 500. On 12/14 we sold **Retailing** (\$45.51), buying **Consumer Staples** (\$61.35).

## UNIQUE OPPORTUNITIES MODEL

An aggressive portfolio looking for contrarian values.  
Target Growth Rate: 14% Target Risk Level: 1.2

FUND	NAV	SHARES	BALANCE
Dividend Growth	\$23.67	921.287	\$21806.86
Low-Priced Stock	\$31.94	1041.543	\$33266.88
Small Cap Value	\$12.68	1528.959	\$19387.20
OTC Portfolio	\$45.72	732.725	\$33500.19

16% Foreign Holdings  
Balance as of 12/31/09: \$107961.13  
Balance at start of 2009: \$74054.57



**PAST PERFORMANCE**  
Starting Balance: \$50,000

(Partial Yr 99)	2004: +20.6%
1999: +33.8%	2005: +18.8%
2000: -20.5%	2006: +16.6%
2001: + 1.6%	2007: +11.6%
2002: - 2.1%	2008: -47.6%
2003: +43.2%	
<b>2009: +45.8%</b>	

Our Unique Opportunities Model gained 6.2% in December. In the coming months we may reduce our position in **Small Cap Value** and/or **Low-Priced Stock**.

Japan's economy slipped back into deflation. As a result, **Japan Smaller Companies** and **Japan** finished last.

### G&I AND ASSET ALLOCATION FUNDS

**Convertible Securities**, hit hard by hedge-fund selling in 2008, snapped back as the odds of survival improved for debt-heavy firms. Manager Thomas Soviero did well by diversifying his sector mix and taking advantage of bargains, much as he did with **Leveraged Company**.

**Real Estate Income** also performed well. The fund held a mix of equities, convertibles, and bonds in the real estate sector, giving it a behavior pattern similar to a high-yield bond fund. After being hit hard by default risk in 2008, it recovered as the credit markets improved.

**Balanced** and **Puritan** posted gains that were on par with the S&P 500, a good showing considering both carry 20-30% less risk. For **Balanced**, the multi-manager stockpicking approach helped it make the grade, whereas **Puritan** got full mileage out of its bond portfolio, which invested heavily in high-yield bonds and mortgage debt.

Our Growth & Income Model performed well for its risk level. After repositioning the portfolio at the start of the year, we benefited by modestly increasing risk in the high yield arena as the rebound took hold. We're still considering an equity position as a replacement for **High Income**, but at this stage we'll most likely wait for the second quarter to make the move.

### BOND FUNDS

**Capital & Income** kept more than 20% of its assets in debt rated CCC and lower, even when things looked very grim. In some cases manager Mark Notkin bought defaulted debt issues when the market's take on liquidation value was too pessimistic. He was rewarded handsomely as default risk plunged in the second and third quarters.

**High Income** also rebounded to a higher level than its pre-crisis valuation. The fund focused mainly on BB- and B-rated bonds, where default risk was only slightly worse than investment grade debt. Fred Hoff drew on his past bear market experience, and from a deep bench of bond analysts in making the right moves this time around.

2008's winners were 2009's losers as treasury bonds felt the heat of rising long-term interest rates. **Spartan Long-Term Treasury Bond Index**, with a duration of 12.6, paid a price for being the most interest-rate sensitive Fidelity bond fund. Its double-digit loss resulted from an uptick in long-bond yields of more than a percentage point.

Repositioning our Income Model to focus mostly on investment-grade and high-yield debt worked well as bond market conditions returned to near-normal. A year ago, some readers were concerned that our risk-cutting

moves would hurt recovery potential. But even at one-third of the S&P 500's risk, we still managed to triple the return of **U.S. Bond Index**.

### SELECT PORTFOLIOS

**Automotive** became 2009's best turnaround play after government leaders around the globe extended a lifeline to the industry. Manager Michael Weaver took over stock selection in February when the fund was a tiny \$8 million in assets. He focused on component suppliers and automotive retailers, performing slightly better than the Morgan Stanley automotive benchmark for the balance of the year.

The other top spots went to **Technology, Electronics, Computers, and Communications Equipment**, reflecting the solid business conditions and healthy cash levels in the technology sector. Until March, many investors mistakenly believed that technology stocks would repeat their post-Y2K pattern, but with battle-hardened business models and high cash levels, it was easy to weather the Great Recession. Tech stock valuations, which had been cut dramatically earlier in the decade, started 2009 at much lower levels than other healthy industry groups. The sliding dollar helped boost overseas revenue, and a proposed tax on foreign earnings was not adopted.

Our Select System finished significantly ahead of the S&P 500, but trailed the average Select. Results were held back by poor sub-sector selection (while our overall positions in health care, technology and consumer Selects were on the mark, we made less-than-optimal choices within those industry groups). Our VIP Sector Model, which mimicked the Select System but invested only among the major industry groups, finished the year with a much better showing. ■

### DECEMBER DISTRIBUTIONS

December distributions are listed on pages 4 & 5 under the **Payout** column heading. There were 20 funds that made an unscheduled second distribution during the month; for these funds we've combined impact of the two distributions and listed only the reinvestment price that occurred on the scheduled payout date. Affected funds include **Brokerage, Capital Appreciation, Disciplined Equity, Energy, Export, Fidelity Fifty, Financial Services, Focused Stock, Freedom Income, Insurance, Large Cap Stock, Latin America, Magellan, Overseas, Real Estate Income, Real Estate, Spartan Extended Market Index, and Worldwide**. In addition, there were several taxable bond funds that made excise distributions that resulted in higher-than-usual payouts for the normal end-of-month income.

Funds scheduled in January are **Aggressive Growth, Conv. Securities, Equity-Income II, Growth Company, Independence, NASDAQ Comp. Index, New Millennium, CT Muni, Muni Inc., NJ Muni, and Strategic Div. & Inc.**

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	132642.1	0.09	CT MM (418/FCMXX)	1805.0	0.01			
Select MM (85/FSLXX)	8020.7	0.16	MA MM (74/FDMXX)	4719.2	0.01			
Money Market (454/SPRXX)	7823.2	0.06	MI MM (420/FMIXX)	909.0	0.01	MA AMT TF (426/FMSXX)	466.4	0.03
Gov't MM (458/SPAXX)	859.8	0.01	NJ MM (417/FNJXX)	2236.3	0.01	AMT Tax-Free (460/FIMXX)	2322.6	0.03
US Treas. MM (415/FDLXX)	5930.7	0.01	NY MM (92/FNYXX)	5122.8	0.01	NJ AMT TF (423/FSJXX)	433.3	0.05
Tax-Free MM (275/FMOXX)	6073.1	0.01	OH MM (419/FOMXX)	1012.2	0.01	NY AMT TF (422/FSNXX)	780.7	0.02
US Gov't Reser (50/FGRXX)	4018.1	0.01	AZ MM (433/FSAXX)	369.1	0.01	PA MM (401/FPTXX)	664.4	0.01
CA MM (97/FCFXX)	5093.1	0.01	CA AMT TF (457/FSPXX)	885.5	0.03	Municipal MM (10/FTEXX)	23744.0	0.01