

Jack
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20
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2010

Monitor™

Outlook For 2011

Slow growth, continuing volatility. That sums up this year's market's behavior, and 2011 is likely to bring more of the same. Many investors will be tempted to sit on large amounts of cash, but those who take the longer term view are likely to be rewarded for the risks they take.

The upcoming year could see a rocky start, but the events that move the market in the short run may not matter much later in the year. For example, if the Bush tax cuts are not extended for 2011, stocks could get whacked. But that in itself could boost the odds of tax relief down the road. Likewise, the Euro-debt problem could send chills through the global markets at least one more time, weighing on high-yield bonds and stocks. But U.S. companies are only mildly affected by what goes on in Europe, meaning that any lost ground is likely to be recovered regardless of how the problem is resolved.

Spikes in commodity prices may stoke fear that inflation and genuine scarcity are right around the corner. But today's global economy has ample productive capacity to resolve almost any shortage that develops. When it comes to food, energy and basic materials, pricing signals are often masked by government subsidies and currency

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Changes For Select System, VIP Sector Portfolio

On Monday, 12/6, we'll make two changes:

Our Select System will sell **Consumer Staples** (9/FDFAX) and buy **Utilities** (65/FSUTX). This move is tied in with moving to our new volatility model, which is based on monthly standard deviation (as described in the October issue). On one hand we're hesitant to leave a low-risk sector with a great long-term record, but on the other, food margins are seeing some pressure from rising commodity prices. **Utilities** could be a great dividend play if the 15% tax rate on stock dividends is extended. And even if it isn't, any near-term hit that occurs is likely to be recovered in 2011. Utility stocks no longer face last year's triple-threat: shrinking demand for electricity, a lack of power plant financing options, and heavy-handed carbon taxes. But even so, the stocks are only up slightly more than the S&P 500, suggesting that there may be more to come.

Our VIP Sector Model will sell **VIP Consumer Staples** and buy **VIP Utilities**.

Review & Recommendations

Domestic small-caps benefited from an improved outlook for the U.S. economy in November. They were also helped by the Fed's QE2 – the easing move made the yield curve a bit steeper at the long end. But foreign markets were a different story. Ireland was forced to seek help from Euro members after financial markets drove its borrowing costs to sky-high levels – a scenario that might later repeat for Belgium, Portugal, and Spain (the latter of which could spell trouble for the euro itself). And rising food and energy costs in China and other Asian emerging markets are beginning to push up interest rates in those regions. The S&P 500 finished flat for the month.

GROWTH FUNDS

For a stock-oriented portfolio, consider our Growth Model, which is shown on page 7. If you prefer to pick your own funds, our favorites include **Dividend Growth**, **Growth Discovery**, **Contrafund**, **Capital Appreciation**, **Equity-Income**, and **OTC Portfolio**.

Small cap funds saw the benefit of a stronger U.S. economy, and were not affected much by foreign problems. **Stock Selector Small Cap** gained 5.0%, **Small Cap Discovery** was up 3.9%, and **Growth Strategies** rose 3.3%. On the bottom end, large-cap value stocks were hurt by renewed weakness in the financial sector. **Large Cap Value** was off 0.7%, **Disciplined Equity** declined 1.2%, and **Blue Chip Value** slipped 1.8%.

INTERNATIONAL FUNDS

Pacific Basin is our favorite international choice.

The leaders in this group were little affected by growing debt problems in Europe and rising inflation worries in emerging markets. **Japan Smaller Companies** gained 2.3%, **Canada** rose 1.9% on a strong energy group, and **Japan** returned 1.1%. Laggards included **Int'l Real Estate** with a 5.1% decline, and **Int'l Value**, down 6.1%.

GROWTH & INCOME FUNDS

Consider our Growth and Income Model, which is shown on page 7. For a single well-diversified hybrid fund holding both stocks and bonds, consider **Balanced** or **Puritan**. Go with **Equity-Income** for dividend stocks.

Convertible Securities gained 1.5%, and **Growth & Income** was up 1.2%. Higher interest rates at the long end of the yield curve caused **Real Estate** to pull back 2.0%, while an uncertain tax rate on dividends weighed on **Telecom & Utilities**, which was down 2.4%.

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manipulation. At times, spikes become necessary to break through protectionist barriers and put an end to wasteful behaviors. Once that happens, the commodity in question often comes down just as fast as it goes up.

Let's take a quick look at some of the "big picture" trends that could define 2011:

INFLATION STILL NOT A CONCERN

Many consumers still feel over-burdened by debt in the wake of the housing plunge that began several years ago. After three years of paying down obligations (or shedding them), monthly debt service is back to sustainable levels, but the total amount of consumer debt remains high by historical standards. More importantly, those who are "trapped" in their home by negative equity are not about to give up their frugal habits any time soon. And because there's a large segment of the population in this predicament, odds are the pronounced deflationary bias in the economy will continue.

Why? Because the definition of inflation is too much money chasing too few goods and services. What's going on now is almost the exact opposite. Money is being used to pay off debt, leaving too many goods and services competing in a way that drives down prices.

The core CPI readings are essentially unchanged over the last three months, and we think 2011 will bring more of the same. The Fed is pulling out the stops to fight deflationary tendencies, but they can only lead consumers to debt, they can't make them "drink." Reducing interest rates in this kind of environment is somewhat like pushing on a string – while some consumers might jump at a better deal on a mortgage or a car loan, most don't want to take on any additional debt (or may not be able to qualify for it).

The implications? Short-term interest rates could remain at near-zero levels for most or all of 2011, and bond yields are unlikely to climb by much.

EXPORTS OFFER GROWTH POTENTIAL

An increase in infrastructure spending by emerging countries is likely to boost U.S. exports of technology products, a segment of the economy that's been little affected by the financial crisis. Technology firms are especially well-positioned in an economy like this, because they have plenty of experience growing revenue in a deflationary environment. Most of the big players have plenty of cash to fund their growth, and carry relatively little debt. The U.S. economy is home to thousands of technology stocks and has a fertile venture capital market that spawns new IPOs. No other country on the planet has such a diverse mix of growth companies, let alone the capacity to create new ones on a regular basis. The U.S. has a unique culture of innovation that is unlikely to be duplicated. Europe and Japan are too bound by tradition to innovate freely, and emerging countries only take pride in ripping off technology

developed by others. No other major economy has the ability to create high-margin business models from scratch. In an evolving world where wage rates are fast equalizing, American firms should end up with all the advantages.

Technology is by no means the sole export opportunity for the U.S. The growing ranks of middle-class emerging market consumers is likely to boost demand for food commodities. The U.S. is home to about 25% of the world's most productive farmland, and has plenty of capacity to boost exports. Today, a lot of domestic food goes to waste because there's no economical way to ship it out of the U.S. – but it won't take long for that to change.

Emerging country infrastructure spending should also provide a significant boost to another big export sector – high ticket capital goods. When it comes to heavy equipment, clean-burning power plants, jet engines, desalination equipment, medical imaging and other things that raise the standard of living, there just aren't that many places to go, and the U.S. offers "one-stop shopping."

Finally, foreign manufacturing may begin to return home. Rising wages in China (and other countries that used to be cheap) have set the stage for a new wave of *onshoring* activity. Even without any real action on cutting the yuan loose from the dollar, odds are that high-margin manufacturing will increasingly return to the U.S.

CAPITAL MIGRATION

Once the dust settles over tax rates, money should continue flowing to where it can earn the best return. We see potential for two significant trends (one that's continuing, and one that may soon get started). There's still a huge amount of yield-hungry cash on the sidelines, and bonds represent the first step up the risk ladder, so they're seeing a large share of the inflows. This trend is likely to continue, perhaps with an increasing proportion of cash flowing into stocks. Second, there's potential for bond capital to begin migrating to dividend stocks. In many cases, stock yields are quite competitive with bond yields, but the uncertainty over tax rates has stalled much of the action on this front. While investment flows could remain dormant if the tax on stock dividends reverts to full income rates, a new 20% rate or an extension in the 15% rate could break loose a lot of new activity.

RECOMMENDATIONS

As we mentioned last month, a mix of stocks and bonds helps to reduce risk in this type of economy. With inflation at near-zero levels, bonds tend to benefit if the economy tilts toward deflation. But if rising prices become a bigger problem, stocks should have the edge. The best way to embrace growth and income investing is to buy a hybrid fund like **Balanced** or **Puritan**. Or you can just follow our Growth and Income Model, which carries about the same amount of risk (note that we may replace **Strategic Income** with a different bond fund in the next month or two).

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If your investment horizon is greater than eight years, and you can tolerate a few more years of above-average uncertainty, a case can be made for a mostly stock-oriented portfolio. Our Growth Model and Unique Opportunities Model are similarly positioned with a mix of dividend stocks and growth stocks. A small weighting in high-yield bonds helps moderate overall risk a bit (in an economy where inflation is at a standstill, high-yield bonds have the potential to keep up with the stock market).

Following are our favorite funds for 2011, which we've listed by category. Within each group the funds are listed in increasing order of risk.

INCOME FUNDS

If you're earning near-zero yields in cash, you can take a small step up the risk ladder to **Short-Term Bond**. The 1% yield is not much, but it should keep you ahead of inflation. There's a small amount of interest rate risk involved, but it's pretty minimal.

Total Bond is a solid choice for an investment-grade bond fund. It's duration is short enough to be on the part of the yield curve likely to benefit from the Fed's quantitative easing strategy. The fund includes a small amount of yield-boosting exposure to high-yield and emerging-market debt, allowing it to deliver an income stream greater than 3%.

Floating Rate High Income offers a yield of about 4% and is well-protected against rising interest rates. The fund invests in bank notes, which carry a significant amount of credit risk, but it's only about half as volatile as a full-fledged high-yield bond fund. Expect to see some price volatility each time the world shudders over European debt concerns.

High Income and **Capital & Income** offer rich yields and capital appreciation potential, holding the promise of stock-like returns with less volatility than most stock funds. There's some risk that the debt contagion in Europe could affect these funds, but any impact should be temporary. Both funds keep a small part of their portfolio in stocks of debt-heavy companies, which offer significant upside potential under the right conditions.

As for municipal bond funds, we remain cautious. Any reduction in Build America Bonds funding could push up yields and aggravate credit problems (although we don't see any problem with buying short-term funds).

GROWTH & INCOME FUNDS

Balanced offers a 60/40 stock/bond mix. On the equity side the stockpicking is split up by industry group, with different managers taking responsibility for each major group. The result is a well-diversified stock portfolio with moderate foreign exposure. On the bond side the fund's holdings are solidly investment-grade. Although

our risk score puts the fund at 0.77 based on trailing 3-year standard deviation, the actual risk under the multi-manager approach appears to be closer to 0.72. A great choice for today's uncertain market environment.

Puritan employs a 60/40 stock/bond strategy like **Balanced**, but retains the traditional single-manager structure for stockpicking. Compared to **Balanced**, it has greater technology emphasis and a lower foreign weighting on the equity side, and greater high-yield bond exposure on the income side. But from a practical standpoint the two funds are close enough in positioning to be considered interchangeable.

While **Equity-Income** has been held back by its heavy position in financial stocks, and might take an additional hit in the unlikely event that the tax rate on stock dividends jumps to full income levels, we still think the fund holds promise for 2011. At a time when investors want both higher yields and protection against inflation, dividend stocks offer both. At some point the financial sector is likely to bottom out and begin a long recovery cycle. We think that stage could come sometime in 2011, perhaps during the first half of the year.

GROWTH FUNDS

Contrafund has performed well this year, and we like its positioning heading into 2011. Will Danoff has 32% of the portfolio in technology stocks, and another 19% in the consumer discretionary sector. Both have the potential to surprise on the upside if the U.S. economy improves, even if the global economy struggles a bit. We're not very excited about the fund's European stock holdings, nor are we thrilled with its gold mining stake, but together those positions are only about 10-15% of the portfolio. When it comes to overall volatility, **Contrafund** is the low-risk champ. No other diversified fund holds standard deviation 10% below the S&P 500's level – not even **Low-Priced Stock**. In our model portfolios we have been holding **Capital & Income** as an alternative to **Contrafund**. It has about the same amount of risk, and in zero inflation, its income stream may give it an edge.

Growth Discovery is managed by Jason Weiner, and has outperformed its Russell 3000 Growth benchmark over the last year. Like **Contrafund** it has a heavy bet on technology (36%) and consumer discretionary (16%) stocks, yet has maintained a relatively low-risk portfolio. Unlike its "bigger brother," the fund is not burdened as much by foreign stocks or gold. It also has the advantage of small size. Even in the large-cap growth universe, it helps to be nimble when new opportunities come along.

Capital Appreciation is somewhat unique because it is looking for growth opportunities without much

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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. 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 ↓.

NOVEMBER PERFORMANCE						2010	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
GROWTH FUNDS:												
130/30 Large Cap (2063/FOTTX)	S**	1.07	none	6.82	18.3	3.3	-0.1	14.8	5.9			
Growth Strategies (324/FDEGX)	H***	1.21	1.5(90)	18.99	1881.8	16.7	3.3	18.0	24.3	-5.8	1.7	-5.7
Blue Chip Gth (312/FBGRX)	B****	1.12	none	43.07	11141.7	13.5	2.5	21.0	19.1	0.5	3.6	0.2
Blue Chip Value (1271/FBCVX)	S**	1.16	none	9.96	316.8	0.8	-1.8	9.0	3.0	-10.8	-2.9	
Capital Apprec (307/FDCAX)	B****↑	1.15	none	24.32	4671.5	13.5	1.2	17.0	21.8	-4.2	2.4	4.5
Contrafund (22/FCNTX)	B****	0.91	none	65.45	58191.7	12.5	1.1	15.9	15.8	-2.8	4.3	5.5
Growth Discovery (339/FDSVX)	B****	1.11	none	12.91	701.3	16.6	2.1	20.4	21.2	-6.9	3.1	1.7
Disc Equity (315/FDEQX)	S**	1.01	none	21.42	8963.4	2.0	-1.2	12.1	4.2	-9.2	-1.1	0.6
Dividend Gth (330/FDGFEX)	B****	1.29	none	26.25	8525.8	11.5	1.3	17.9	17.1	-1.9	2.3	1.7
Export Fund (332/FEXPX)	H***	1.09	0.75(30)	20.44	2444.1	4.6	0.4	13.6	6.7	-6.5	0.5	3.9
Fidelity Fifty (500/FTYX)	H***	1.21	none	17.07	722.7	13.9	1.7	17.2	16.2	-7.6	0.1	3.6
Focused Stock (333/FTQGX)	H***	1.01	none	12.76	147.1	16.0	3.0	21.5	18.3	-0.2	3.9	0.9
Growth Company (25/FDGRX)	B****	1.10	Closed	79.40	27227.5	15.1	2.6	19.0	21.0	-1.4	5.1	1.6
Independence (73/FDFFX)	B****↑	1.38	none	23.29	3886.0	16.9	3.1	24.6	22.2	-4.4	4.6	2.1
Lg Cap Core En Idx (1827/FLCEX)	H***	0.96	none	8.17	939.6	5.7	0.0	13.5	7.7	-5.9		
Lg Cap Gth En Idx (1829/FLGEX)	H***	1.00	none	9.21	47.4	8.2	0.9	17.2	11.6	-3.0		
Large Cap Growth (763/FSLGX)	B****↑	1.04	none	9.25	105.4	13.8	2.2	19.0	17.8	-4.5	-1.1	
Large-Cap Stock (338/FLCSX)	H***↓	1.27	none	16.18	940.4	8.0	0.9	14.3	10.7	-5.0	1.9	-0.1
Lg Cap Val En Idx (1828/FLVEX)	S**	0.99	none	7.03	68.3	5.3	0.0	11.2	7.1	-8.3		
Large Cap Value (708/FLVLX)	S**	1.06	none	9.93	835.5	2.0	-0.7	9.4	3.5	-10.9	-2.8	
Lev Co Stock (122/FLVCX)	B****	1.65	1.5(90)	25.89	3851.3	13.1	2.9	20.2	19.4	-5.9	3.0	
Low-Priced Stock (316/FLPSX)	B****	1.12	1.5(90)	36.09	25601.5	13.2	0.2	14.0	18.0	0.3	4.4	11.2
Magellan (21/FMAGX)	S**↓	1.28	none	67.70	19318.2	5.4	1.4	16.4	10.0	-8.9	-0.4	-0.7
Mid Cap Growth (793/FSMGX)	H***	1.29	0.75(30)	11.57	247.2	16.4	3.3	17.8	24.2	-4.9	-0.8	
Mid Cap Stock (337/FMCSX)	H***↓	1.38	0.75(30)	26.51	6169.8	13.5	2.1	18.2	20.2	-2.5	3.2	2.8
Mid Cap Value (762/FSMVX)	H***	1.26	0.75(30)	14.97	590.1	17.2	1.8	16.0	23.7	-1.9	2.3	
New Millennium (300/FMLX)	H***	1.17	none	27.35	1795.4	11.1	0.8	15.0	16.5	-2.2	4.7	3.2
OTC Portfolio (93/FOCPX)	B****	1.29	none	51.38	5241.8	12.4	1.3	21.3	21.1	-0.4	6.4	1.8
Small Cap Discovery (384/FSCRX)	H***	1.33	1.5(90)	18.86	792.8	21.4	3.9	20.4	32.3	10.9	7.3	
Small Cap Growth (1388/FCPGX)	H***	1.25	1.5(90)	14.64	1283.3	17.9	3.2	21.2	27.9	-2.2	4.0	
Stock Sel Small Cap (336/FDSCX)	H***	1.36	1.5(90)	17.17	1437.3	23.3	5.0	23.4	33.2	-4.9	1.5	5.4
Small Cap Stock (340/FSLCX)	B****	1.43	2(90)	18.09	3864.4	13.5	2.0	20.8	24.5	1.9	5.2	8.2
Small Cap Value (1389/FCPVX)	H***	1.30	1.5(90)	14.47	1816.8	15.0	2.7	14.7	24.8	3.0	5.2	
Stock Sel All Cap (320/FDSSX)	H***↑	1.05	none	23.91	729.6	10.1	1.0	15.6	14.8	-6.2	0.9	0.9
Tax Managed Stock (343/FTXMX)	S**	1.09	none	11.74	69.4	7.7	1.8	17.6	11.3	-8.9	-0.8	
Trend (5/FTRNX)	B****	1.13	none	63.95	965.0	13.7	2.2	19.1	17.5	-2.6	4.3	2.7
Value (39/FDVLX)	B****	1.45	none	64.51	7282.4	13.3	0.7	15.6	19.5	-5.0	0.9	8.0
Value Discovery (832/FVDFX)	H***	1.16	none	13.56	592.9	6.3	0.2	13.2	10.8	-7.7	0.3	
Value Strategies (14/FLSLX)	B****	1.54	none	25.80	357.0	16.7	1.3	16.9	23.5	-3.4	2.5	6.5
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.77	none	17.57	17176.4	9.1	0.0	8.7	11.2	-1.3	3.5	5.9
Convertible Sec (308/FCVXS)	H***	1.27	none	24.29	2288.6	14.2	1.5	12.5	18.4	-0.3	6.0	6.0
Equity-Income (23/FEQIX)	B****	1.15	none	40.89	10249.8	5.8	-0.3	11.9	7.4	-7.5	-0.5	2.0
Equity-Income II (319/FEQTX)	B****	1.11	none	16.81	4866.5	4.1	-0.4	11.3	5.6	-8.3	-1.5	1.5
Fidelity Fund (3/FFIDX)	S**	1.03	none	29.95	4826.1	6.2	1.1	14.7	8.4	-6.9	1.5	1.1
Growth & Income (27/FGRIX)	S**	1.19	none	17.11	5356.3	7.0	1.2	15.2	10.2	-13.9	-6.4	-3.2
Mega Cap Stock (361/FGRTX)	H***↓	1.05	none	9.30	511.1	6.1	0.3	14.0	7.4	-6.4	0.7	1.0
Puritan (4/FPURX)	B****	0.72	none	17.23	16259.1	9.2	0.2	9.8	10.9	-0.6	3.7	4.6
Real Estate Income (833/FRIFX)	B****	0.73	0.75(90)	10.39	1165.9	16.5	0.2	5.2	19.8	5.4	4.4	
Real Estate (303/FRESX)	H***	1.93	0.75(90)	24.56	3204.4	23.4	-2.0	7.5	31.8	-2.0	1.4	10.4
Strategic Div & Inc (1329/FSDIX)	B****	1.12	none	10.27	533.5	9.3	-0.8	8.6	14.6	-4.3	1.0	
Telecom & Utilities (311/FUIUX)	B****	0.87	none	15.12	857.8	10.1	-2.4	4.2	17.4	-6.8	2.8	1.3
SELECT FUNDS:												
Air Transportation (34/FSAIX)	S**↓	1.62	0.75(30)	41.98	165.8	31.8	-0.3	18.4	54.6	-0.2	6.3	4.8
Automotive (502/FSAVX)	S**	2.43	0.75(30)	41.02	162.7	32.7	6.2	29.7	42.3	2.5	6.1	8.5
Banking (507/FSRBX)	H***	1.57	0.75(30)	15.99	422.2	4.9	-0.2	8.0	3.8	-13.6	-9.4	-0.8
Biotechnology (42/FBIOX)	H***	1.02	0.75(30)	68.08	1075.2	4.0	-2.9	9.8	9.0	-1.6	2.1	-1.7
Brokerage (68/FSLBX)	H***	1.45	0.75(30)	46.90	516.1	-1.1	-2.4	8.8	0.1	-9.3	-1.5	4.2
IT Services (353/FBSOX)	B****	1.17	0.75(30)	19.96	104.9	11.9	-0.9	19.2	18.0	7.5	8.9	6.8
Chemicals (69/FSCHX)	H***	1.40	0.75(30)	88.78	502.9	20.8	1.9	20.6	23.7	4.7	11.9	13.5
Computers (7/FDCPX)	H***	1.38	0.75(30)	53.73	632.3	17.9	1.6	24.4	27.6	3.7	8.1	-0.3
Const & Housing (511/FSHOX)	H***	1.46	0.75(30)	31.37	83.1	8.0	3.4	11.7	14.5	-1.4	-2.1	8.4
Cons Discretionary (517/FSCPX)	H***	1.22	0.75(30)	23.79	147.2	26.7	4.2	23.6	32.7	2.9	3.4	3.3
Industrials (515/FCYIX)	H***	1.41	0.75(30)	21.94	370.4	21.1	2.7	19.3	26.1	0.3	6.7	8.5
Defense & Aero (67/FSDAX)	S**	1.32	0.75(30)	70.50	638.2	16.8	-0.9	15.9	22.3	-5.4	5.0	8.8
Com Equipment (518/FSDCX)	S**↓	1.58	0.75(30)	24.49	440.4	18.0	-0.2	18.3	25.7	2.7	4.6	-2.2
Electronics (8/SELX)	B****	1.54	0.75(30)	44.29	1038.7	6.9	2.4	28.0	22.1	-0.3	0.8	-2.2
Energy (60/FSENX)	B****↑	1.62	0.75(30)	47.89	1992.8	8.5	7.0	25.0	13.8	-7.2	4.6	10.2
Energy Service (43/FSESX)	H***↑	1.96	0.75(30)	68.24	1287.0	17.4	10.3	33.9	22.3	-9.3	4.1	10.5
Environ & Alt Energy (516/FSLEX)	H***	1.06	0.75(30)	16.73	65.7	7.6	-1.8	11.2	12.6	-3.8	1.9	3.6
Financial Services (66/FIDSX)	H***	1.46	0.75(30)	53.42	378.2	-7.9	-3.2	3.5	-6.2	-17.8	-10.1	-2.1
Consumer Staples (9/FDFAX)	H***	0.78	0.75(30)	66.56	907.3	9.6	-1.4	9.7	9.9	0.8	8.7	7.4
Gold (41/FSAGX) Limit to 5% position	H***	2.00	0.75(30)	55.25	4204.4	30.1	2.9	12.0	20.6	12.7	19.5	23.9
Health Care (63/FSHPX)	H***	0.92	0.75(30)	116.59	1642.3	9.3	1.2	16.0	13.5	-1.3	3.1	2.0
Consumer Finance (98/FSVLX)	H***	1.30	0.75(30)	10.71	98.9	-2.2	-0.4	5.4	3.9	-26.5	-22.0	-7.5
Indust Equipment (510/FSCGX)	B****↑	1.50	0.75(30)	30.99	199.7	21.9	3.8	21.1	25.7	-3.0	5.5	6.4
Materials (509/FSDPX)	H***	1.52	0.75(30)	62.93	734.6	16.6	1.8	20.3	20.4	3.7	11.9	14.7
Insurance (45/FSPCX)	B****	1.31	0.75(30)	44.28	212.0	11.9	-1.6	8.6	13.3	-10.7	-5.2	2.1
Leisure (62/FDLSX)	H***	1.12	0.75(30)	90.19	395.6	35.9	3.8	23.4	38.9	5.0	8.0	7.6
Medical Delivery (505/FSHCX)	B****	1.29	0.75(30)	46.76	395.8	8.6	3.9	19.5	14.9	-2.9	1.1	8.9
Medical Equip & Sys (354/FSMEX)	S**	0.95	0.75(30)	25.55	1225.9	4.4	2.4	16.4	8.5	2.4	5.1	7.9
Multimedia (503/FBMPX)	B****	1.31	0.75(30)	40.72	181.0	19.3	-2.0	16.1	26.9	2.5	2.9	5.0
Natural Gas (513/FSNGX)	H***	1.67	0.75(30)	30.70	878.1	-2.5	1.9	15.2	3.1	-10.6	0.3	8.0
Nat Resources (514/FNARX)	H***	1.62	0.75(30)	31.64	1352.2	11.2	6.6	24.1	15.5	-4.5	8.3	11.5
Pharmaceuticals (580/FPHAX)	B****↑	0.84	0.75(30)	11.90	345.5	10.0	-2.5	10.6	13.0	1.3	6.9	
Retailing (46/FSRPX)	H***	1.27	0.75(30)	51.90	176.5	24.2	5.9	25.5	29.8	9.8	7.8	6.8
Software (28/FSCTX)	B****	1.15	0.75(30)	84.86	1110.9	11.8	-2.0	19.9	18.2	2.8	10.4	5.1
Technology (64/FSPTX)	H***	1.51	0.75(30)	90.23	2332.3	19.6	1.2	23.3	29.2	3.4	7.3	-0.2
Telecom (96/FSTCX)	B****	1.22	0.75(30)	44.17	385.9	11.0	-1.6	10.5	17.0	-4.7	3.7	-0.7
Transportation (512/FSRFEX)	H***	1.28	0.75(30)	53.69	429.6	36.5	1.4	19.1	48.8			

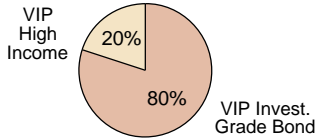
NOVEMBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	30-day Yield	2010 YTD	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	H***	1.35	1.5(90)	55.16	3952.8		13.8	1.9	11.0	16.0	-2.2	8.2
China Region (352/FHKCX)	H***	1.36	1.5(90)	32.10	2128.0		15.1	0.9	16.3	17.3	0.8	15.8
Diversified Int'l (325/FDIVX)	S**	1.24	1 (30)	28.51	26537.3		1.8	-3.3	11.3	3.5	-10.1	1.9
Emerging EMEA (2053/FEMEX)	H***	1.8 Est	1.5(90)	8.74	139.6		14.7	-2.9	12.2	18.1		
Emerging Mkts (322/FEMKX)	H***	1.63	1.5(90)	25.21	3948.5		11.5	-2.0	13.5	15.9	-8.1	9.9
Europe (301/FIEUX)	S**	1.28	1 (30)	29.42	802.7		-0.2	-4.6	12.5	0.6	-10.0	2.5
Europe Cap Appr (341/FECAX)	S**	1.32	1 (30)	17.65	458.2		-0.5	-4.9	12.4	0.4	-11.1	3.0
Global Balanced (334/FGLBLX)	B****	0.75	1 (30)	21.55	541.8		7.2	-2.0	8.8	6.9	0.2	5.8
Glob Commodity Stk (2120/FFGCX)	H***	1.6 Est	1 (30)	15.72	309.5		6.9	0.4	16.2	9.3		
Int'l Capital Apprec. (335/FIVFX)	H***	1.51	1 (30)	12.29	626.8		8.4	-2.7	14.8	11.6	-6.8	1.4
Int'l Discovery (305/FIGRX)	S**	1.21	1 (30)	31.18	8130.6		2.7	-3.6	12.2	5.2	-9.7	3.1
Int'l Growth (1979/FIGFX)	H***	1.5 Est	1 (30)	8.14	28.4		8.8	-3.1	13.4	12.1		
Int'l Real Estate (1368/FIREX)	S**	1.37	1.5(90)	8.99	363.7		5.5	-5.1	10.2	7.4	-12.6	0.1
Int'l Small Cap (818/FISMX)	B****	1.30	2 (90)	20.29	806.6		15.6	-1.8	16.5	16.5	-4.4	4.7
Int'l Small Cap Opp (1504/FSCOX)	B****	1.44	2 (90)	9.64	398.4		12.4	-2.8	12.6	17.3	-13.3	-0.4
Int'l Value (1597/FIVLX)	S**	1.42	1 (30)	7.72	163.2		-3.3	-6.1	8.0	-2.1	-11.9	
Japan (350/FJPNX)	H***	1.09	1.5(90)	10.69	649.2		5.6	1.1	9.2	8.3	-10.1	-4.1
Japan Smaller Co (360/FJSCX)	H***	1.21	1.5(90)	8.42	255.8		1.2	2.3	6.9	3.2	-10.2	-8.6
Latin America (349/FLATX)	H***	1.66	1.5(90)	56.08	4283.1		9.7	-2.5	12.4	10.8	-1.3	15.1
Nordic (342/FNORX)	H***	1.59	1.5(90)	30.89	457.9		12.8	-4.3	14.3	13.5	-10.1	5.4
Overseas (94/FOSEFX)	S**	1.25	1 (30)	30.40	5543.5		-1.7	-3.7	12.4	-0.8	-13.9	0.3
Pacific Basin (302/FPBFX)	B****	1.54	1.5(90)	25.21	836.5		24.2	0.4	16.5	29.0	-4.7	6.9
Emerging Asia (351/FSEAX)	H***	1.26	1.5(90)	29.56	1717.3		16.2	-0.5	13.5	21.6	-8.7	12.3
Total Int'l Equity (1978/FTIEX)	H***	1.3 Est	1 (30)	7.06	60.8		4.4	-4.2	11.2	6.9		
Worldwide (318/FWWFX)	H***	1.11	1 (30)	17.52	1087.8		9.0	-0.3	16.4	11.8	-5.7	3.9
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FNOX)	H***	0.91	none	25.99	2166.5		7.3	-1.0	10.6	9.3	-3.6	2.3
NASDAQ Comp (1282/FNCMX)	B****	1.16	0.75(90)	33.35	276.2		10.9	-0.2	18.5	17.4	-1.3	3.0
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.20	0.75(90)	36.04	3381.6		19.7	3.0	19.9	27.8	0.1	4.2
Spart Int'l Index (399/FSIIX)	S**	1.25	1(90)	33.30	6462.4		-0.4	-5.0	8.5	1.0	-9.9	1.9
Spart 500 Index (650/FUSEX)	H***	1.00	none	41.94	25067.0		7.8	0.0	13.1	9.9	-5.2	0.9
Spart Total Mkt Idx (397/FSTMX)	H***	1.03	0.5(90)	34.57	5814.5		9.9	0.6	14.3	13.0	-4.1	1.6
Asset Mgr 20% (328/FASIX)	H***	0.35	none	12.65	3139.0		7.3	-0.4	3.5	7.8	3.2	4.6
Asset Mgr 30% (1957/FTANX)	H***	0.5 Est	none	9.75	115.6		8.2	-0.5	4.9	9.0	2.4	
Asset Mgr 40% (1958/FFANX)	H***	0.6 Est	none	9.55	82.0		8.6	-0.5	6.3	9.9	1.6	
Asset Mgr 50% (314/FASMX)	H***	0.69	none	14.90	6415.0		9.1	-0.5	7.8	10.9	0.9	3.9
Asset Mgr 60% (1959/FSANX)	H***	0.8 Est	none	9.42	102.5		9.0	-0.5	9.0	11.3	0.3	
Asset Mgr 70% (321/FASGX)	H***	0.89	none	15.68	2375.2		9.4	-0.4	10.7	12.2	-1.3	2.9
Asset Mgr 85% (347/FAMRX)	H***	1.02	none	12.67	607.8		8.8	-0.6	12.6	12.3	-2.8	2.7
Dynamic Strategies (1960/FDYSX)	S**	0.8 Est	none	9.26	172.9		9.7	0.0	8.7	11.1		
Freedom 2000 (370/FFFBX)	H***	0.36	none	11.97	1586.3		6.1	-0.5	3.6	6.8	2.1	3.8
Freedom 2005 (1312/FFVFX)	H***	0.61	none	10.66	932.8		7.0	-0.7	6.5	8.4	-0.1	3.4
Freedom 2010 (371/FFFCX)	H***	0.65	none	13.36	10051.7		7.5	-0.6	7.5	9.0	0.0	3.5
Freedom 2015 (1313/FFVFX)	H***	0.69	none	11.13	8669.5		7.5	-0.7	7.6	9.1	-0.6	3.5
Freedom 2020 (372/FFDXX)	H***	0.81	none	13.43	19624.2		7.7	-0.7	9.0	9.9	-2.0	3.0
Freedom 2025 (1314/FFTWX)	H***	0.86	none	11.14	9446.3		7.9	-0.7	10.1	10.2	-2.5	2.8
Freedom 2030 (373/FFEX)	H***	0.94	none	13.27	14285.5		7.8	-0.7	10.8	10.4	-4.0	2.1
Freedom 2035 (1315/FFTHX)	H***	0.97	none	10.98	6269.1		7.7	-0.7	11.7	10.5	-4.3	2.0
Freedom 2040 (718/FFFFX)	H***	1.00	none	7.66	8609.4		7.7	-0.8	11.8	10.4	-4.8	1.8
Freedom 2045 (1617/FFFGX)	H***	1.01	none	9.06	2294.4		7.6	-0.8	12.0	10.7	-4.9	
Freedom 2050 (1618/FFFHX)	H***	1.05	none	8.92	1852.1		7.5	-0.7	12.6	10.6	-5.6	
Freedom Income (369/FFFA)	H***	0.33	none	11.24	2851.0		6.1	-0.4	3.5	6.7	2.7	4.0
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.86	1(90)	9.27	12166.3	5.49	13.4	-0.9	7.8	18.9	10.0	9.6
Corporate Bond (2208/FCBFX)	H***	0.4 Est	none	10.32	116.2	3.60		-0.7	0.2			
Floating Rate (814/FFRHX)	B****↑	0.44	1(60)	9.76	3552.0	3.44	6.7	0.1	3.1	9.4	4.8	4.7
Focused High Inc (1366/FHIFX)	H***	0.60	1(90)	9.33	651.0	5.39	11.0	-1.5	3.0	14.3	6.3	6.1
GNMA Portfolio (15/FGMNX)	B****	0.14	none	11.67	8316.6	3.29	7.8	-0.2	0.6	6.2	7.3	6.8
Gov't Income (54/FGOVX)	H***	0.20	none	10.69	4781.6	1.61	6.5	-0.7	-0.6	4.4	6.3	6.2
High Income (455/SPHIX)	B****	0.71	1(90)	8.89	7278.9	6.20	11.6	-1.1	4.6	15.8	9.1	8.1
Inflation-Protected (794/FINPX)	H***	0.41	none	11.92	2285.5	0.05	7.6	-1.7	1.4	5.2	4.8	4.9
Intermed Bond (32/FTHRX)	B****	0.24	none	10.70	4852.4	2.21	8.8	-0.6	0.5	7.5	6.4	5.5
Intermed Gov't Inc (452/FSTGX)	H***	0.16	none	11.01	1414.9	0.85	6.1	-0.6	-0.1	4.2	5.8	5.8
Invest Grade Bond (26/FBNDX)	B****	0.25	none	7.45	7511.5	2.58	9.1	-0.7	0.5	8.1	5.6	5.0
Mortgage Securities (40/FMSFX)	B****	0.13	none	10.91	815.8	3.33	7.8	-0.2	0.7	6.8	6.1	4.7
New Markets Inc (331/FNMIX)	B****	0.73	1(90)	15.85	4592.1	4.83	10.8	-3.3	0.1	10.9	9.6	9.5
Short-Term Bond (450/FSHXB)	B****	0.11	none	8.49	7948.2	0.99	4.0	-0.2	0.5	3.5	2.5	2.8
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.34	none	11.12	1564.2	1.86	11.8	-1.0	-0.6	7.5	7.4	
Spart L-Term Tr Idx (1562/FLBIX)	S**↓	0.64	none	10.99	175.1	3.60	13.2	-1.6	-6.4	6.8	6.6	
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.12	none	10.62	266.6	0.47	4.2	-0.5	0.2	2.8	4.3	
Strategic Income (368/FSICX)	H***↓	0.44	none	11.31	8453.6	3.99	8.9	-2.0	1.8	9.4	8.4	8.0
Strategic Real Rtn (1505/FSRRX)	H***	0.65	0.75(60)	9.32	4100.8	1.82	10.0	-0.6	5.8	12.1	3.0	3.6
Total Bond (820/FTBFX)	B****	0.27	none	10.92	11348.3	3.11	9.1	-0.6	0.8	8.7	7.4	6.4
Ultra-Short Bond (812/FUSEFX)	H***	0.13	0.25(60)	8.17	239.7	0.45	1.1	0.0	0.3	1.0	-1.9	-1.2
US Bond Index (651/FBIDX)	H***	0.18	none	11.50	11259.9	2.35	7.4	-0.6	-0.3	5.8	5.9	5.7
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZXX)	H***	0.30	0.5(30)	11.38	186.6	3.29	4.3	-1.9	-2.4	4.6	4.3	4.2
CA Municipal Inc (91/FCITX)	H***	0.31	0.5(30)	11.93	1697.8	3.68	5.4	-2.3	-2.6	5.8	3.7	3.8
CA Short-Int TF (1534/FCSTX)	B****	0.15	0.5(30)	10.64	745.5	1.36	2.9	-0.8	-1.0	3.2	4.5	2.8
CT Municipal Inc (407/FICNX)	H***	0.26	0.5(30)	11.49	627.8	2.51	4.0	-1.5	-2.2	4.0	4.6	4.4
Intermediate Muni (36/FLTMX)	H***	0.19	0.5(30)	10.22	4254.2	2.50	3.8	-1.3	-1.7	3.9	4.6	4.4
MA Municipal Inc (70/FDMMX)	H***	0.28	0.5(30)	11.88	2462.9	3.14	4.2	-1.9	-2.7	4.5	4.3	4.3
MD Municipal Inc (429/SMDMX)	H***	0.27	0.5(30)	10.98	199.8	2.71	3.8	-1.5	-2.0	3.9	4.3	4.2
MI Municipal Inc (81/FMHTX)	H***	0.24	0.5(30)	11.91	680.0	2.94	4.1	-1.5	-1.8	4.5	4.5	4.4
MN Municipal Inc (82/FIMIX)	H***	0.23	0.5(30)	11.46	543.8	2.46	3.9	-1.5	-2.0	3.8	4.5	4.3
Municipal Income (37/FHIGX)	H***	0.28	0.5(30)	12.55	6262.9	3.43	4.5	-2.2	-2.3	5.2	4.2	4.2
NJ Municipal Inc (416/FNJHX)	H***	0.27	0.5(30)	11.54	693.7	2.87	3.9	-1.8	-2.4	4.3	4.2	4.3
NY Municipal Inc (71/FTFMX)	H***	0.28	0.5(30)	12.90	1889.9	3.01	4.1	-2.1	-2.5	4.6	4.5	4.4
OH Municipal Inc (88/FOHFX)	H***	0.26	0.5(30)	11.63	576.3	3.08	3.8	-1.6	-1.9	4.1	4.4	4.4
PA Municipal Inc (402/FPXTX)	H***	0.22	0.5(30)	10.81	477.1	3.17	3.8	-1.6	-1.9	4.0	4.3	4.3
Short-Int Municipal (404/FSTFX)	B****	0.13	0.5(30)	10.69	3731.7	1.39	2.6	-0.5	-0.7	2.7	4.1	3.9
Tax-Free Bond (90/FTABX)	H***	0.29	0.5(30)	10.79	2182.2	3.57	4.1	-2.2	-2.6	4.7	4.5	4.5

NOVEMBER PERFORMANCE Indexes and Model Portfolios	Risk	Value	2010 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.91	11006.02	8.1	-0.8	10.5	9.2	-3.6	3.1	3.0
S&P 500	1.00	1180.55	7.9	0.0	13.1	9.9	-5.2	1.0	0.8
NASDAQ	1.16	2498.23	11.1	-0.3	18.4	17.6	-1.1	3.2	0.3
Russell 2000	1.27	727.01	17.5	3.5	21.1	27.0	-0.4	2.8	6.4
Fidelity Monitor Income Model	0.32	96230.40	9.2	-0.7	1.3	8.9	2.4	3.7	4.7
Fidelity Monitor G&I Model	0.71	174181.18	8.2	-0.8	6.5	10.4	-2.6	2.4	5.8
Fidelity Monitor Growth Model	1.11	177247.67	10.0	0.4	15.6	15.6	-5.9	0.8	4.1
Fidelity Monitor Select System	1.08	359592.91	5.4	-1.1	12.3	13.1	-4.3	2.9	4.8
Fidelity Monitor Unique Opportunities	1.13	120271.68	11.4	0.6	15.7	18.4	-4.7	2.8	9.1

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

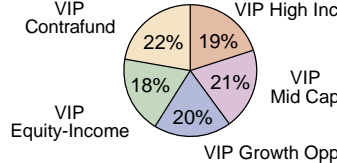


PAST PERFORMANCE

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: +22.9%
2001: - 3.4%	*2010: +7.7%

VIP GROWTH MODEL

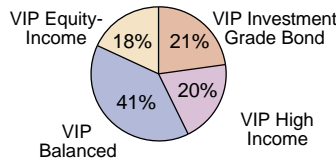


PAST PERFORMANCE

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: +25.1%
2001: -14.0%	*2010: + 11.8%

VIP G & I MODEL

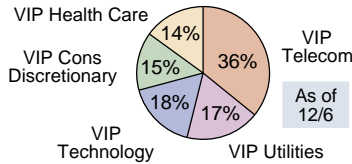


PAST PERFORMANCE

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: +27.1%
2002: - 9.4%	*2010: + 7.5%

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: +50.2%
2006: +17.7%	*2010: + 8.8%

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

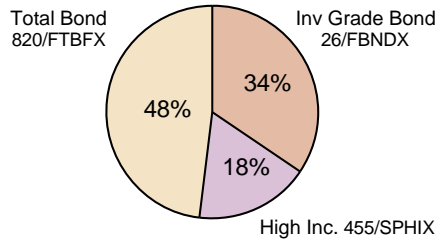
NOVEMBER VIP PERFORMANCE Portfolio	Rating	Risk	Value	2010 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	1.20	11.07	15.2	3.3	17.7	22.7	-6.4	0.7
VIP Asset Manager	H ***	0.76	39.45	10.4	0.2	10.3	12.1	0.4	4.2
VIP Asset Manager: Growth	H ***	0.98	24.78	11.1	0.5	14.2	13.9	-1.7	3.3
VIP Balanced	B ****	0.93	18.62	10.5	0.6	12.0	13.9	-0.2	3.9
VIP Consumer Discretionary	B ****	1.22	12.82	25.8	4.1	23.5	31.5	2.4	2.8
VIP Consumer Staples	H ***	0.77	11.28	8.9	-1.4	9.6	9.1	0.4	1.7
VIP Contrafund	B ****	1.10	42.90	8.2	0.4	14.2	12.2	-5.9	1.7
VIP Disciplined Small Cap	H ***	1.18	8.99	15.2	2.7	19.4	23.9	-2.9	1.7
VIP Dynamic Capital Appreciation	B ****↑	1.17	14.22	12.7	1.2	16.8	20.8	-5.5	1.5
VIP Energy	B ****↑	1.63	22.98	8.1	7.0	25.0	13.3	-7.8	4.6
VIP Equity-Income	B ****	1.16	53.44	4.9	-0.4	11.8	6.5	-8.6	-1.4
VIP Financial Services	H ***	1.50	7.49	-7.9	-3.3	3.4	-6.4	-18.0	-10.5
VIP Freedom 2005	H ***	0.60	12.15	7.3	-0.5	6.5	8.6	-0.4	3.2
VIP Freedom 2010	H ***	0.64	12.25	8.3	-0.4	7.5	9.6	-0.3	3.3
VIP Freedom 2015	H ***	0.68	12.38	8.3	-0.4	7.7	9.8	-0.9	3.3
VIP Freedom 2020	H ***	0.82	12.14	8.9	-0.5	9.4	10.9	-2.5	2.7
VIP Freedom 2025	H ***	0.88	12.18	9.4	-0.5	10.6	11.7	-2.8	2.7
VIP Freedom 2030	H ***	0.97	11.84	9.3	-0.5	11.5	12.0	-4.4	2.0
VIP Freedom Income	H ***	0.30	12.20	5.3	-0.4	3.0	5.8	2.2	3.7
VIP FundsManager 20	H ***	0.27	11.48	5.2	-0.5	2.9	5.2	1.6	1.6
VIP FundsManager 50	H ***	0.58	10.88	7.1	-0.5	7.1	8.2	-1.0	1.6
VIP FundsManager 70	H ***	0.80	10.20	7.8	-0.5	9.9	9.7	-3.7	1.6
VIP FundsManager 85	H ***	0.96	9.73	8.4	-0.4	12.1	11.0	-5.5	1.6
VIP Growth	B ****	1.11	58.99	15.8	1.9	20.2	20.2	-8.1	0.6
VIP Growth & Income	H ***	1.04	16.87	6.5	1.1	15.2	9.4	-8.1	-0.6
VIP Growth Opportunities	B ****	1.33	12.43	16.4	2.5	21.3	22.6	-8.8	-0.8
VIP Growth Stock	H ***	1.13	11.55	13.4	2.1	18.7	17.2	-3.4	2.1
VIP Health Care	B ****	0.91	13.42	8.7	1.1	15.9	12.9	-1.7	2.3
VIP High Income	B ****	0.67	37.90	11.1	-1.1	4.0	14.5	6.0	6.0
VIP Index 500	H ***	1.00	33.52	7.0	-0.1	12.9	9.0	-5.9	0.2
VIP Industrials	B ****↑	1.42	20.50	20.3	2.6	19.3	25.2	0.0	6.5
VIP Int'l Capital Appreciation	H ***	1.51	10.97	7.4	-2.8	14.6	10.5	-7.4	0.4
VIP Investment Grade Bond	B ****	0.23	36.01	7.8	-0.7	0.1	6.6	5.9	5.1
VIP Materials	H ***	1.52	12.30	16.3	1.8	20.4	19.9	3.3	3.3
VIP Mid Cap	B ****	1.08	25.52	23.8	0.7	17.9	25.8	1.2	6.4
VIP Money Market			21.73	-0.6	-0.1	-0.2	-0.6	0.6	2.0
VIP Overseas	S **	1.24	34.81	4.3	-3.4	14.4	6.0	-10.4	1.2
VIP Real Estate	H ***	2.00	18.54	23.0	-2.1	7.7	32.2	-1.8	2.3
VIP Strategic Income	H ***↓	0.43	15.47	7.9	-2.1	1.6	8.2	7.5	7.0
VIP Technology	B ****	1.51	14.07	19.4	1.4	23.2	29.1	3.8	7.0
VIP Telecommunications	B ****	1.20	8.28	9.3	-1.6	10.4	15.2	-6.4	1.6
VIP Utilities	B ****	0.90	12.28	5.7	-3.8	2.6	12.4	-8.1	3.7
VIP Value	B ****	1.42	9.97	8.1	0.1	12.5	13.7	-7.3	-1.3
VIP Value Leaders	S **	1.16	8.95	0.0	-1.9	8.7	2.1	-11.4	-3.6
VIP Value Strategies	B ****	1.54	13.93	15.8	1.2	16.8	22.5	-4.4	1.6
Fidelity Monitor VIP Income Model		0.29	22761.02	7.6	-0.8	0.9	7.0	2.7	4.2
Fidelity Monitor VIP G&I Model		0.71	25589.58	7.5	-0.2	7.6	9.6	-1.8	2.7
Fidelity Monitor VIP Growth Model		1.01	31569.00	11.8	0.9	14.7	16.1	-8.6	-0.7
Fidelity Monitor VIP Sector Model		1.04	19931.58	8.8	0.5	14.3	16.1	-1.1	4.8

INCOME MODEL

Focuses on income funds that hold bonds or cash.
Target Growth Rate: 7% Target Risk Level: 0.33

FUND	NAV	SHARES	BALANCE
Invest. Grade Bond	\$7.45	4433.638	\$33030.60
High Income	\$8.89	1880.875	\$16720.98
Total Bond	\$10.92	4256.302	\$46478.82

8% Foreign Holdings
Balance as of 11/30/10: \$96230.40
Balance at start of 2010: \$88095.63



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%	2009: +20.0%

2010 YTD: + 9.2%

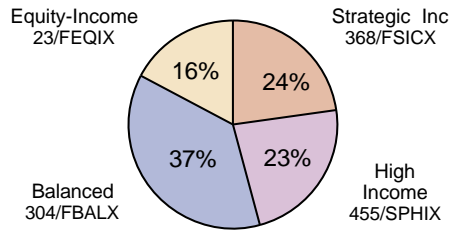
In November our Income Model was off 0.7%. On 11/8 we sold **Corporate Bond** (\$10.48) and bought **Total Bond** (\$11.05).

GROWTH AND INCOME MODEL

Focuses on asset allocation funds to help limit risk.
Target Growth Rate: 10% Target Risk Level: 0.75

FUND	NAV	SHARES	BALANCE
Strategic Income	\$11.31	3623.868	\$40985.95
High Income	\$8.89	4455.772	\$39611.81
Balanced	\$17.57	3720.601	\$65370.96
Equity-Income	\$40.89	689.960	\$28212.46

16% Foreign Holdings
Balance as of 11/30/10: \$174181.18
Balance at start of 2010: \$161025.23



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%	2009: +28.1%

2010 YTD: + 8.2%

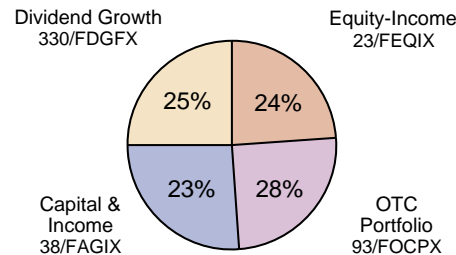
Our Growth and Income Model declined 0.8% in November. We are considering a switch out of **Strategic Income** in the near future.

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
Equity-Income	\$40.89	1042.093	\$42611.18
OTC Portfolio	\$51.38	984.424	\$50579.71
Capital & Income	\$9.27	4377.529	\$40579.69
Dividend Growth	\$26.25	1656.270	\$43477.09

14% Foreign Holdings
Balance as of 11/30/10: \$177247.67
Balance at start of 2010: \$161124.81



PAST PERFORMANCE
Starting Balance: \$15,000

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

2010 YTD: + 10.0%

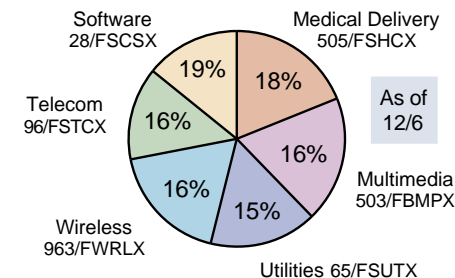
Our Growth Model gained 0.4% in November, versus a flat month for the S&P 500.

SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Medical Delivery	\$46.76	1406.013	\$65745.17
Multimedia	\$40.72	1388.380	\$56534.83
Consumer Staples	\$66.56	816.730	\$54361.55
Wireless	\$7.33	8116.336	\$59492.74
Telecom	\$44.17	1289.049	\$56937.29
Software	\$84.86	783.895	\$66521.33

12% Foreign Holdings
Balance as of 11/30/10: \$359592.91
Balance at start of 2010: \$341250.55



PAST PERFORMANCE
Starting Balance: ~\$25,000

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

2010 YTD: + 5.4%

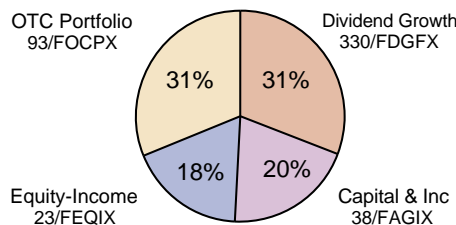
We were off 1.1% in November, versus a flat month for the S&P. On 11/8 we traded **Home Finance** (\$11.23) for **Medical Delivery** (\$47.32). On 12/6 we'll exchange **Consumer Staples** for **Utilities**.

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	\$26.25	1404.914	\$36878.99
Capital & Income	\$9.27	2587.173	\$23983.09
Equity-Income	\$40.89	532.213	\$21762.19
OTC Portfolio	\$51.38	732.725	\$37647.41

14% Foreign Holdings
Balance as of 11/30/10: \$120271.68
Balance at start of 2010: \$107961.13



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%	2009: +45.8%

2010 YTD: + 11.4%

Our Unique Opportunities Model gained 0.6% in November, versus a breakeven month for the S&P 500.

emphasis on the technology or health care groups. Its top sector positions are consumer discretionary (27%) and industrials (24%). Foreign stocks account for less than 10% of holdings. While Fergus Shiel's picks have occasionally lagged in the short-run, the fund has a solid long-term track record, and offers an interesting way to invest in the large-cap blend category.

Dividend Growth is one of Fidelity's more broadly diversified growth funds. Larry Rakers has a structured approach to bargain-hunting that has outperformed the S&P 500 this year, even with the drag in financial stocks (with a 17% weighting, financials are the fund's second largest sector position). While Rakers maintains an industry mix similar to the S&P 500, his stock picks tend to emphasize the most growth-oriented companies in each group. As a result, the fund is about 30% more volatile than the index. If you want a fund that will outperform in up markets, **Dividend Growth** is a good bet.

OTC Portfolio is having a tougher time staying ahead of the NASDAQ this year, despite an easy win in the form of underweighting Microsoft. With a 54% stake in technology stocks and another 15% in health care, this fund is as growth-oriented as you can get while still owning a diversified fund. Overall risk is about 30% higher than the S&P 500.

INTERNATIONAL FUNDS

In the coming year, U.S. economic growth is likely to hold steady as exports keep growing. But global growth may come under pressure from events in two different places. The Euro-block will face new economic growth challenges as it works to contain the region's growing debt contagion. Spain's economy is big, and heavy-handed cuts could put pressure on the common currency itself. Second, China's attempt to control food and energy inflation could result in more attempts to curtail bank lending. There's even an outside chance the country will cut the yuan loose from the dollar, which would have an even greater slowing effect.

Pacific Basin is the only international fund we consider a favorite for the coming year. Relative to its peers in the Lipper Pacific Region category, the fund has a great 5-year record, and manager Dale Nicholls has outperformed his index by a substantial margin over the last 12 months. With 32% in Japan, 21% in China, and 9% each in South Korea, Australia and Hong Kong, the fund has a diversified mix of economies with very little exposure to Europe. Keep in mind that **Pacific Basin** is not for the faint of heart. With 50% more volatility than the S&P 500, it's one of the more risky foreign funds in Fidelity's lineup. ■

INCOME FUNDS

For a bond portfolio we suggest following our Income Model (see page 7 for holdings). Our favorite bond funds include **Short-Term Bond**, **Total Bond**, **Floating Rate High Income**, **High Income** and **Capital & Income**.

The Fed's QE2 program pushed up yields at the long end of the curve, and the European debt contagion weighed on high-yield bonds. **Floating Rate High Income** logged a 0.1% gain, while **Ultra-Short Bond** finished flat. **Ginnie Mae** and **Mortgage Securities** both declined 0.2%. On the bottom end, **New Markets Income** declined 3.3% as inflation worries pushed up interest rates.

Munis were hurt by credit concerns and higher long-term rates. Declines ranged from 0.5% to 2.3%.

SELECT PORTFOLIOS

Our Select System holdings are on page 7. Sectors rated as buy include **Wireless**, **Telecommunications**, **Utilities**, **Medical Delivery**, **Energy**, **Pharmaceuticals**, **Insurance**, **Multimedia**, **IT Services**, **Software**, **Electronics**, and **Industrial Equipment**.

Signs that China's energy demand is rising gave a boost to **Energy Service** (10.3% jump), **Energy** (7.0% gain) and **Natural Resources** (up 6.6%). Improvement in consumer spending gave **Automotive** a 6.2% lift, and pushed up **Retailing** by 5.9%. But dividend tax uncertainty weighed on utility stocks, and financials were hurt by Euro-debt worries. **Wireless** and **Financial Services** both lost 3.2%, and **Utilities** was down 3.8%. ■

Happenings

Home Finance has become **Consumer Finance**. The fund won approval from shareholders to broaden its strategy to include a wide range of consumer finance firms, and to go to non-diversified status, allowing it to take a significant position in a small number of stocks.

Southeast Asia has become **Emerging Asia**. In this case shareholders approved a plan to include India as part of its investment strategy. The fund will also change its benchmark to the MSCI AC (All Country) Ex-Japan Index, which includes India. ■

NOVEMBER DISTRIBUTIONS

Asset Manager 20%	\$ 0.022/\$12.83 (11/5)
Asset Manager 30%	\$ 0.014 / \$9.94 (11/5)
Freedom Income	\$ 0.01 / \$11.41 (11/5)

Please see Fidelity's Web site for December estimates. You can pull them up by searching on "2010 distributions."

Note: Last month's distribution data and returns for **Export** were incorrect due to an error on Fidelity's Web site.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	120005.4	0.03	CT MM (418/FCMXX)	1739.9	0.01			
Select MM (85/FSLXX)	7447.4	0.11	MA MM (74/FDMXX)	4763.8	0.01			
Money Market (454/SPRXX)	5430.2	0.01	MI MM (420/FMIXX)	906.1	0.01	MA AMT TF (426/FMSXX)	360.0	0.01
Gov't MM (458/SPAXX)	654.3	0.01	NJ MM (417/FNJXX)	2077.1	0.01	AMT Tax-Free (460/FIMXX)	1635.8	0.02
US Treas. MM (415/FDLXX)	4938.0	0.01	NY MM (92/FNYXX)	4688.3	0.01	NJ AMT TF (423/FSJXX)	309.4	0.01
Tax-Free MM (275/FMOXX)	6003.4	0.01	OH MM (419/FOMXX)	952.9	0.01	NY AMT TF (422/FSNXX)	569.2	0.01
US Gov't Reser (50/FGRXX)	2935.8	0.01	AZ MM (433/FSAXX)	337.0	0.01	PA MM (401/FPTXX)	669.3	0.01
CA MM (97/FCFXX)	4938.0	0.01	CA AMT TF (457/FSPXX)	660.7	0.01	Municipal MM (10/FTEXX)	22244.4	0.01