

Jack
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Monitor™

Inflation Update and Bond Fund Review

The instability in North Africa is not likely to spread to Saudi Arabia. Its citizens are relatively well off, and the government has been working on social reforms and oil infrastructure security for many years because of the terrorist threat. Even if a major uprising takes place, it won't be easy for revolutionaries to control or disrupt oil supplies. Its key facilities have high security, and the U.S. military would likely step in if the Saudi government is unable to contain a rebellion. Even in Libya, the disruption may be short-lived. The revolutionaries are not extremists; they want a better life and they know oil plays a vital role.

Most likely, we'll see a slowdown in global growth going forward, but it will come more from economic uncertainty than from higher oil prices. With that in mind, we've taken the opportunity to update our thoughts about inflation, and to review Fidelity's taxable bond lineup.

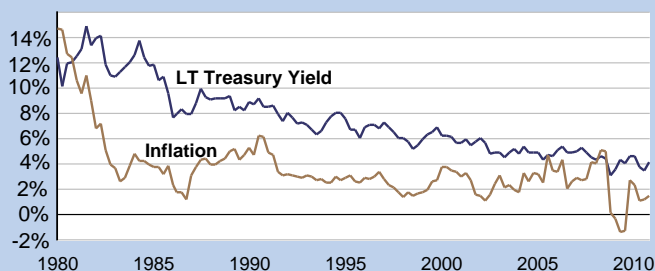
INFLATION

Just as earnings are key to stock values, inflation is the main factor influencing bond yields. Lenders want a real return for putting their capital at risk, and borrowers do not want their debts to grow in real terms while they are paying them off. Those supply and demand factors cause bond yields to be firmly anchored to inflationary expectations. These days, some investors believe that interest rates may be headed sharply higher. But that can only happen if inflation itself goes up just as fast.

We don't see that happening. Rising wages, by far the biggest single factor in the inflation equation, are being held in check by high unemployment. And the cost of business facilities, the second-biggest factor, is hardly a problem either. It will be many years before the present slack in the U.S. economy disappears. Furthermore,

INFLATION / BOND FUNDS - *Continued on page 2*

LONG-TERM TREASURY YIELDS vs INFLATION



Review & Recommendations

Stocks were favorably impacted by an improving outlook for earnings, as well as a business-friendly shift among lawmakers (especially at the state level). But as the Mid-East revolution grew increasingly violent in Libya, disrupting that country's oil exports, fear of higher fuel prices and slower global growth prompted some investors to cut back their stock exposure. The S&P 500 gained 3.4% for February.

GROWTH FUNDS

Please see page 7 for current Growth Model holdings. Our individual favorites include **Dividend Growth**, **Equity-Inc.**, **Growth Discovery**, **Leveraged Company**, **Contrafund**, **Mega-Cap Stock**, **OTC Portfolio**, and **Capital Appreciation**.

With U.S. growth now looking stronger than the rest of the world, small caps gained strength. **Small Cap Discovery** and **Focused Stock** both moved up 5.7%.

RECOMMENDATIONS - *Continued on page 8*

Changes For Income, Growth and Income, VIP G&I Model

On Monday, 3/14, we'll be making several changes. We are trading later in the month so that at least 31 days will elapse between last month's sale of **Capital & Income** (in Unique Opportunities) and this month's purchase of the same fund (for the Income Model).

Our Income Model will exchange **High Income** (SPHIX/455) for **Capital & Income** (38/FAGIX). With high yield bonds approaching full valuation, we want to move to a fund that has more flexibility to include stocks, distressed bonds and floating rate notes along with its conventional high-yield holdings.

Our Growth and Income Model will sell **High Income** (SPHIX/455), putting one-third of the proceeds in each of the following: **Gov't Income** (54/FGOVX), **Contrafund** (22/FCNTX) and **Equity-Inc.** (23/FEQIX). With high-yield bonds having less potential upside, we want to bet heavier on stocks. The best way to do that without boosting overall risk is to blend in some treasury bond exposure (treasury bonds work best because they have the strongest tendency to move opposite of stocks).

Our VIP Growth and Income Model will sell **VIP High Income**, putting one-third of the proceeds into **VIP Investment Grade** and the rest into **VIP Growth Stock**.

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technology-driven productivity gains will be creating new slack along the way.

What about the potential for inflation that's driven by higher costs for energy, basic materials, and food? Granted, price increases in those areas have been quite significant, and there could be more to come. But a typical household spends less than 25% on groceries and motor vehicle fuel, so it's a relatively small part of the inflation picture. And in this climate, most businesses will absorb these costs increases rather than passing them on.

Additionally, the U.S. is now energy independent when it comes to natural gas and electricity. In the past, the cost of these energy sources would have moved up with oil prices. But not this time. When global oil prices took a jump last month, U.S. natural gas prices barely budged. Self-sufficiency means that rising energy costs will be limited to transportation fuels. That's significant, because transportation fuels are only about a third of the total energy used in the U.S. Consumers and businesses may pay more at the pump, but utility bills shouldn't leap.

The CPI has risen 1.6% on a year-over-year basis, and we don't see the rate climbing much over the next few years. The average consumer spends more on services than on goods. And in the services arena, most prices are still falling. Advancing technology and competitive pressures are reinforcing this trend, putting the U.S. in a situation that is similar to what Japan has been through. We think actual inflation will come in much lower than current expectations, which would be good news for bonds.

Investors today are overly concerned about inflation for several reasons:

- Some think the Fed's treasury-buying program is creating more inflation than is really the case. The Taylor Rule, a math formula that calculates where short-term interest rates should be for a given level of employment and GDP growth, currently calls for the Fed Funds rate to be *negative* three percent. That's not practical, of course, so the Fed is opting for a less effective stimulus program and hoping it will do the trick. If and when the treasury bond buying program ends, long-term treasury yields may actually decline as inflationary fears subside.

- Fear of Federal debt. Some investors do not think Congress will ever be able to close mounting deficits, leading to a situation where the dollar must be debased. That line of thinking underestimates the ability of Congress to make big changes at some point in the future. There are simple ways to close the deficit once a majority of politicians are serious about it. On the revenue side, a 5% value-added tax would do the trick with little impact to GDP growth. On the spending side, advancing the starting age for Social Security and Medicare benefits by three months in each of the next 20 years would get us most of the way there.

- Worrying that we're seeing a rerun of the 1970s,

when in fact we are not. Today's labor markets are far more competitive. Productivity is running at a healthy clip. We have more housing and commercial space than we need. Most businesses run on natural gas, not oil, and they do not need to consume much additional energy in order to grow their revenues. And consumers don't have to step down to an econobox to cut their gasoline costs in half.

As time goes on, inflationary expectations are likely to be revised downward as reality fails to confirm many of the fears that investors have today.

BOND FUND REVIEW

Bonds are useful in two major ways. When included in a growth and income portfolio, they can offset the risk of stocks and bring volatility down to a more tolerable level. Or, when used for an income-oriented portfolio, bonds can provide a higher return than cash (which is paying next to nothing today).

At this point, we have a strong bias toward holding taxable bonds in place of municipals. While pre-tax yields in the municipal segment may seem relatively attractive, the yield premium is due mainly to heightened default risk. While most cities, states and other municipalities are finally getting serious about putting their finances in order, time is going to run out for some bond issues. We're not all that concerned about actual defaults, as the percentage of issues affected will be very low, and Fidelity does a good job of managing that kind of risk. Rather, it's the herd behavior that may be unleashed when defaults make headlines. If long-time muni bond holders get a rude awakening sometime in the next 6-12 months, outflows might become a serious problem.

As such, we continue to rate most municipal bond funds a sell. This review focuses on taxable bonds. The following funds are listed in increasing order of risk:

Ultra-Short Bond has a very conservative portfolio, in contrast to its positioning during the housing bust. With a duration of 0.4, it won't be hurt much by rising interest rates. But with a yield of only 0.6%, it doesn't generate much of an income stream either. We give the fund a hold rating. **Short-Term Bond** is a better bet for those seeking a relatively safe income stream.

Short-Term Bond currently yields 1.2%. It isn't much to write home about, but it's better than sitting in a money market. With a duration of 1.9 there is some interest rate risk. But unless the Fed tightens, which is unlikely, the fund should deliver a return equal to or higher than its yield over the next 12 months. Rated buy.

Spartan Short-Term Treasury Index is not really in a rewarding place on the treasury yield curve. While it has little or no credit risk, it's only providing a yield of 0.9%, and it comes with a fair amount of interest-rate sensitivity. We rate it a hold; consider **Short-Term Bond** for less overall volatility.

GNMA and Mortgage Securities appear to be earning

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outsized yields for their level of volatility (both are around 3.4%), but we rate them a hold because of factors that may not be showing up in the risk figures. Interest-rate sensitivity has roughly tripled in the last six months, and mounting pressures in the Federal budget suggests the current backing of government agencies may not last indefinitely. Go with **Gov't Income** or **Total Bond** instead.

Intermediate Gov't Income (rated hold) and **Gov't Income** (rated buy) operate further out on the yield curve where interest-rate risk is more significant (respective durations are 3.7 and 4.7). We think **Gov't Income** makes a nice addition to a growth and income portfolio. It has a yield that's higher than inflation (1.9%), and it offsets the risk of holding stocks because it tends to "zig" when stocks "zag," reducing the overall risk of a blended portfolio.

U.S. Bond Index is about 70% invested in treasuries, agency debt, and government debt derivatives. The rest is mostly in corporate bonds, giving the fund an overall yield of 2.7%. We rate this one a hold. **Gov't Income** works better for stabilizing a growth and income portfolio, whereas **Total Bond** offers a more attractive yield if you don't mind a little additional risk.

Intermediate Bond and **Investment Grade Bond** offer a blend of U.S. Government, corporate, and mortgage debt. The two funds are similar when it comes to risk (about 0.25 relative to the S&P 500) and income (yields are both around 2.7%). But **Intermediate** takes on a bit more credit risk, whereas **Investment Grade** focuses more on government securities and has a bit more interest rate sensitivity. We consider both to be solid mainstream choices in the high-quality bond arena. Both are rated buy.

Total Bond operates somewhat like **Intermediate** and **Investment Grade**, but it adds in a small amount of high-yield and emerging market debt to boost its yield to 3.5%. This also serves to reduce the fund's interest rate risk by a small amount, giving it a small amount of capital gain potential. **Total Bond** is broadly diversified and makes a great choice if you prefer a single bond fund.

Spartan Intermediate Treasury Index sits further out on the yield curve than **Gov't Income**, making it more interest-rate sensitive (it has a duration of 6.5, meaning that a one percentage point decline in yield would boost its share value by about 6.5%). It has a 2.8% yield and is one of the more effective funds for offsetting stock-market risk in a blended portfolio. Rated buy.

Inflation-Protected Bond sounds great in theory, but investors have set their inflationary expectations so high that this fund's yield is close to zero. Some of its TIPS holdings actually have a negative yield because investors are willing to "bleed" a little to get protection from rising prices. The main concern here is that the fund could suffer

a share price decline if expectations for rising prices come down to earth (or if long-term interest rates move up faster than inflation). We rate it a hold.

Floating Rate High Income won't get hurt much by rising interest rates, but it takes on a significant amount of credit risk to achieve its 2.7% yield. Still, we rate it a buy. The financial crisis took out many weak issuers, leaving a stronger group with a low default rate.

Corporate Bond provides a good yield (4.0%), but relative to other investment-grade funds it carries more credit risk and greater interest-rate sensitivity (it's duration is 6.7). We currently rate it a hold, but we may upgrade it in the future.

Strategic Income focuses on four different bond classes, with a neutral mix of 40% high-yield, 30% U.S. Government / investment-grade, 15% emerging market, and 15% foreign developed market. Last year we had concerns about this mix, but now there are many good opportunities. It's yield is 4.1%; we now rate it a buy.

Focused High Income invests mainly in BB-rated corporates, which are considered the top rung of the high-yield universe. The fund earns a robust 4.9% yield. With BBs at full valuation, returns are limited to yield plus any capital appreciation Fidelity can derive through stock selection. That's likely to be more than double the return of an investment grade fund. But there's no free lunch. The fund carries a risk rating of 0.6, which means it could suffer more than twice as much if credit concerns surface. Interest-rate risk is not a big concern here. High-yield funds are usually *helped* by higher levels of inflation, because issuers find it easier to service their debts when prices are rising. We rate the fund a hold. **Capital & Income**, which has a more flexible charter, may be a better bet. But keep in mind that it carries about 45% more risk (if that's a problem, consider reducing your position by a third).

Spartan Long-Term Treasury Index is by far the most interest-rate sensitive fund in this lineup – it has a risk score above 0.6. If long-term interest rates rise by one percentage point, this fund will lose a hefty 14%. Nevertheless, we've upgraded it to a hold, because inflation fears may now be overblown, and because slower global growth might boost its share price. The fund's current yield of 4.1% represents a 2-3 point spread over inflation, and holding it in a stock portfolio can cut risk.

Strategic Real Return tries to benefit from rising inflation by holding a mix of TIPS, floating rate debt, commodity-linked notes and REITs (the neutral mix is 30/25/25/20). As such, the fund often moves opposite of traditional bond funds. But we rate it a hold. **Capital & Income** is better for generating a real return, in our

INFLATION / BONDS FUNDS - Continued on page 8

GUIDE TO FIGURES LISTED ON PAGES 4 AND 5

Gain/loss percentages are for prior month's close (annualized for periods over a year). Reinvested distributions are assumed. 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 ↓.

FEBRUARY PERFORMANCE						2011	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**	1.05	none	7.77	19.1	7.3	4.0	13.9	18.8			
Growth Strategies (324/FDEGX)	H***	1.17	1.5(90)	21.25	2054.9	4.0	2.5	11.9	30.0			-3.2
Blue Chip Gth (312/FBGRX)	B****	1.09	none	47.79	12275.9	5.4	3.2	11.0	27.7	7.8	5.5	2.3
Blue Chip Value (1271/FBCVX)	S**	1.18	none	11.36	372.6	5.1	2.9	14.8	15.2	-3.9	-1.2	
Capital Apprec (307/FDCAX)	B****	1.13	none	26.57	4883.4	4.9	3.3	9.3	22.1	3.4	3.0	5.2
Contrafund (22/FCNTX)	B****	0.89	none	70.85	60959.9	4.7	4.1	8.9	24.8	3.3	5.3	7.0
Growth Discovery (339/FDSVX)	B****	1.10	none	14.67	826.3	7.2	4.0	14.1	34.5	1.0	4.9	3.7
Disc Equity (315/FDEQX)	S**	1.00	none	23.74	9105.2	5.4	2.2	11.9	15.5	-2.5	0.6	2.3
Dividend Gth (330/FGDFX)	B****	1.29	none	30.08	9703.5	5.8	3.2	14.9	28.3	6.3	4.5	3.2
Export Fund (332/FEXPX)	S**↓	1.07	0.75(30)	22.89	2498.7	5.0	2.9	12.3	19.1	0.9	2.3	5.2
Fidelity Fifty (500/FFTYX)	H***	1.16	none	18.53	816.3	5.1	2.9	8.8	25.1	-1.1	0.9	3.8
Focused Stock (333/FTQGX)	B****↑	1.00	none	14.74	256.7	8.0	5.7	15.5	36.2	8.0	6.4	2.7
Growth Company (25/FDGRX)	B****	1.07	Closed	88.13	28894.1	6.0	3.9	11.0	29.8	6.4	6.0	4.3
Independence (73/FDFFX)	B****	1.36	none	25.52	4186.2	4.8	3.5	9.6	27.9	-0.3	5.3	3.9
Lg Cap Core En Idx (1827/FLCEX)	H***	0.96	none	9.09	938.2	6.3	3.8	12.8	20.3	1.5		
Lg Cap Gth En Idx (1829/FLGEX)	H***	0.98	none	10.19	60.8	6.0	3.6	11.7	22.1	4.6		
Large Cap Growth (763/FSLGX)	B****	1.03	none	10.36	121.0	6.4	4.3	12.0	29.5	3.1	0.7	
Large-Cap Stock (338/FLCSX)	B****↑	1.27	none	18.75	1013.6	6.5	2.7	16.5	25.2	4.4	4.4	2.2
Lg Cap Val En Idx (1828/FLVEX)	S**	1.00	none	7.92	80.9	6.6	4.2	14.1	20.2	-1.1		
Large Cap Value (708/FSLVX)	S**	1.07	none	11.15	804.8	6.0	3.4	13.7	16.1	-3.6	-1.2	
Lev Co Stock (122/FLVCX)	B****	1.65	1.5(90)	30.48	4308.1	7.2	4.6	18.0	32.7	1.2	5.0	14.2
Low-Priced Stock (316/FLPSX)	B****	1.12	1.5(90)	40.28	27383.4	5.0	3.6	11.9	24.4	6.1	5.2	11.1
Magellan (21/FMAGX)	S**	1.27	none	75.86	19528.1	5.8	4.2	12.9	20.8	-1.8	1.0	1.1
Mid Cap Growth (793/FSMGX)	H***	1.27	0.75(30)	12.96	306.3	4.2	2.6	12.0	29.9	3.0	0.1	
Mid Cap Stock (337/FMCSX)	H***	1.37	0.75(30)	30.10	6773.0	4.3	2.9	13.6	25.2	5.1	3.7	4.0
Mid Cap Value (762/FSMVX)	H***	1.26	0.75(30)	16.84	668.5	5.6	3.6	12.9	29.4	5.2	3.8	
New Millennium (300/FMILX)	H***	1.14	none	30.95	1926.9	6.2	3.9	13.8	26.9	6.7	5.6	5.5
OTC Portfolio (93/FOCPX)	B****	1.24	none	59.57	5928.4	8.4	4.3	15.9	33.6	11.4	9.0	5.7
Small Cap Discovery (384/FSCRX)	H***	1.34	1.5(90)	21.86	1445.6	6.8	5.7	16.5	39.7	16.4	9.4	
Small Cap Growth (1388/FCPGX)	H***	1.23	1.5(90)	16.35	1407.0	4.2	4.1	11.9	32.1	5.7	5.0	
Stock Sel Small Cap (336/FDSCX)	B****	1.34	1.5(90)	19.61	1767.2	5.9	5.0	14.9	40.2	5.0	2.8	6.9
Small Cap Stock (340/FSLCX)	B****	1.42	2 (90)	20.90	4363.6	6.6	3.6	15.5	30.3	10.6	6.4	9.3
Small Cap Value (1389/FCPVX)	H***	1.29	1.5(90)	16.40	2054.1	5.1	4.3	14.3	29.7	11.1	6.2	
Stock Sel All Cap (320/FDSSX)	H***	1.05	none	27.12	780.5	5.4	3.2	14.1	26.2	1.6	2.9	3.0
Tax Managed Stock (343/FTXMX)	S**	1.09	none	13.19	70.2	5.9	4.1	12.7	21.6	-2.8	0.8	
Trend (5/FTRNX)	B****	1.09	none	71.62	1073.4	6.3	4.3	12.0	29.3	5.7	5.9	4.6
Value (39/FDVLX)	H***	1.45	none	73.03	7795.4	6.3	3.1	14.7	28.0	3.2	2.4	7.8
Value Discovery (832/FVDFX)	H***	1.17	none	15.51	609.4	5.9	3.7	14.9	21.9	-0.2	1.6	
Value Strategies (14/FSLSX)	B****	1.54	none	29.13	379.6	4.6	3.6	13.3	29.2	4.5	3.7	6.7
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.76	none	18.95	17408.5	3.9	2.3	8.4	18.3	3.3	4.2	6.4
Convertible Sec (308/FCVXS)	B****↑	1.27	none	27.21	2503.2	6.9	3.5	13.2	27.2	4.9	7.1	6.8
Equity-Income (23/FEQIX)	B****	1.16	none	46.94	10062.5	6.1	3.0	15.4	22.6	0.4	1.7	3.2
Equity-Income II (319/FEQTX)	B****	1.13	none	19.38	5132.7	6.2	3.1	15.8	21.2	-0.4	0.6	2.8
Fidelity Fund (3/FFIDX)	S**	1.04	none	34.31	5212.7	6.7	4.2	15.1	23.7	0.8	3.7	2.9
Growth & Income (27/FGRIX)	H***	1.20	none	19.23	5621.6	5.1	2.4	12.5	20.5	-7.2	-4.4	-1.5
Mega Cap Stock (361/FGRTX)	B****	1.05	none	10.63	591.8	6.4	2.8	14.7	22.6	1.5	2.9	2.9
Puritan (4/FPURX)	B****	0.71	none	18.70	16818.3	4.4	2.7	9.0	18.8	4.5	4.9	5.2
Real Estate Income (833/FRIFX)	B****	0.72	0.75(90)	10.81	1412.5	3.9	2.4	6.0	20.7	8.6	5.1	
Real Estate (303/FRESX)	H***	1.91	0.75(90)	27.73	3339.0	7.9	4.5	13.6	39.3	5.7	2.1	11.4
Strategic Div & Inc (1329/FSDIX)	B****	1.11	none	11.15	603.6	5.7	3.6	9.9	19.5	1.1	1.9	
Telecom & Utilities (311/FUIUX)	H***↓	0.85	none	16.50	875.5	3.4	2.3	10.2	26.6	0.4	3.5	2.5
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.57	0.75(30)	43.05	132.0	1.7	0.9	2.9	22.3	8.0	4.7	5.3
Automotive (502/FAVX)	H***	2.41	0.75(30)	46.86	424.1	3.7	0.3	14.2	50.9	12.6	8.1	9.3
Banking (507/FSRBX)	H***	1.59	0.75(30)	18.92	546.6	2.2	1.0	18.3	13.8	-3.5	-6.7	0.0
Biotechnology (42/FBIOX)	S**↓	1.01	0.75(30)	74.01	1040.6	1.4	0.8	8.7	9.1	5.8	1.7	0.4
Brokerage (68/FSLBX)	H***	1.47	0.75(30)	54.11	553.7	3.2	2.1	16.0	15.1	-0.4	-0.8	5.4
IT Services (353/FBSOX)	B****	1.13	0.75(30)	22.31	131.3	5.6	3.3	11.8	30.6	14.7	10.0	7.5
Chemicals (69/FSCHX)	B****	1.40	0.75(30)	100.85	619.4	5.6	3.7	14.2	37.7	9.6	13.2	13.3
Computers (7/FDCPX)	H***	1.28	0.75(30)	59.81	587.1	6.0	3.5	11.3	37.2	14.1	9.8	3.8
Const & Housing (511/FSHOX)	S**	1.48	0.75(30)	37.43	114.6	6.8	2.6	20.2	26.2	6.0	0.5	9.1
Cons Discretionary (517/FSCPX)	H***	1.20	0.75(30)	24.98	213.3	1.9	3.4	5.6	29.7	8.8	4.1	3.5
Industrials (515/FCYIX)	B****	1.41	0.75(30)	25.24	495.6	6.7	2.6	15.4	37.9	8.1	8.0	9.5
Defense & Aero (67/FSDAX)	S**	1.30	0.75(30)	78.21	665.1	6.8	1.7	11.4	26.8	2.5	5.1	9.7
Com Equipment (518/FSDCX)	H***	1.55	0.75(30)	29.60	501.9	11.7	6.8	20.9	42.4	15.2	6.6	2.2
Electronics (8/FSLEX)	B****	1.49	0.75(30)	53.36	1310.2	10.3	2.5	20.6	34.9	13.6	3.3	1.3
Energy (60/FSNEX)	B****	1.60	0.75(30)	60.22	2654.5	15.2	6.9	26.4	39.0	-1.4	7.9	11.8
Energy Service (43/FSSEX)	H***	1.90	0.75(30)	85.87	1800.8	15.5	7.6	25.8	47.4	-1.1	7.5	9.8
Environ & Alt Energy (516/FSLEX)	H***	1.06	0.75(30)	19.19	81.6	7.8	3.1	15.2	29.0	3.3	2.5	4.2
Financial Services (66/FIDSX)	H***	1.50	0.75(30)	62.82	508.4	2.0	1.7	18.0	6.2	-8.0	-8.0	-0.8
Consumer Staples (9/FDFAX)	H***↓	0.78	0.75(30)	67.98	876.2	-0.5	2.1	4.5	13.6	4.3	8.8	7.8
Gold (41/FSAGX) Limit to 5% position	S**	2.02	0.75(30)	51.44	3873.8	-3.1	9.3	0.7	37.4	7.3	15.8	22.4
Health Care (63/FSPHX)	H***	0.91	0.75(30)	133.93	1909.8	7.5	3.9	15.0	22.9	7.3	5.3	4.3
Consumer Finance (98/FSVLX)	H***	1.30	0.75(30)	11.97	95.8	5.4	2.4	14.1	5.8	-19.5	-20.3	-7.0
Indust Equipment (510/FSNGX)	B****	1.50	0.75(30)	36.16	304.6	6.6	2.1	17.1	38.9	5.4	7.0	7.7
Materials (509/FSDPX)	H***	1.52	0.75(30)	70.11	1095.6	3.3	3.0	13.4	35.7	8.3	12.7	14.8
Insurance (45/FSPCX)	H***	1.30	0.75(30)	50.04	233.7	6.1	5.0	13.8	21.3	-1.4	-2.7	3.5
Leisure (62/FDLSX)	B****	1.09	0.75(30)	91.27	444.2	0.1	3.1	1.6	31.2	10.7	7.5	6.8
Medical Delivery (505/FSHCX)	B****	1.27	0.75(30)	55.32	511.9	11.4	5.7	18.3	24.7	7.3	3.9	10.6
Medical Equip & Sys (354/FSMEX)	S**	0.97	0.75(30)	29.55	1339.6	7.1	4.8	15.7	17.1	7.7	8.3	9.5
Multimedia (503/FBMPX)	H***	1.32	0.75(30)	47.79	159.3	11.6	10.7	17.7	39.3	11.9	6.5	5.8
Natural Gas (513/FSNGX)	H***	1.64	0.75(30)	36.50	954.6	9.8	4.8	19.8	17.6	-8.4	3.2	8.5
Nat Resources (514/FNARX)	H***	1.60	0.75(30)	39.07	1762.8	12.2	6.7	24.2	42.1	0.8	10.8	12.9
Pharmaceuticals (580/FPHAX)	B****	0.82	0.75(30)	12.74	399.3	3.3	2.4	9.3	19.7	8.8	7.2	
Retailing (46/FSRPX)	H***	1.23	0.75(30)	53.69	186.0	0.4	3.1	3.4	22.3	16.9	7.8	6.5
Software (28/FSCSX)	B****	1.08	0.75(30)	91.63	1259.9	4.8	2.3	11.5	30.9	12.3	11.9	7.8
Technology (64/FSPTX)	B****	1.42	0.75(30)	102.37	2738.4	7.1	2.7	13.5	41.7	15.5	9.5	4.1
Telecom (96/FSTCX)	B****	1.17	0.75(30)	47.07	374.9	1.4	2.8	8.0	27.2	5.1	3.8	1.2
Transportation (512/FSRFX)	H***	1.26	0.75(30)	56.26	537.6	1.5	1.8	5.1	34.4	10.0	5.5	

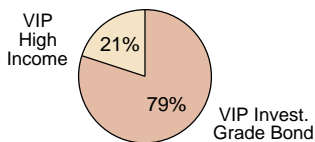
FEBRUARY PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	30-day Yield	2011 YTD	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	H***	1.34	1.5(90)	62.44	4479.3		7.4	6.4	15.0	32.0	2.3	8.9
China Region (352/FHKCX)	H***	1.29	1.5(90)	31.59	2218.9		-2.8	-4.1	-0.4	22.5	5.2	13.6
Diversified Int'l (325/FDIVX)	S**	1.24	1(30)	31.47	25571.5		4.4	3.3	12.4	20.9	-3.4	2.2
Emerging EMEA (2053/FEMEX)	H***	1.8 Est	1.5(90)	9.38	160.7		-0.7	4.8	8.6	27.2		
Emerging Mkts (322/FEMKX)	H***	1.59	1.5(90)	25.34	4013.5		-3.8	-0.7	2.0	20.6	-5.4	6.3
Europe (301/FIEUX)	S**	1.28	1(30)	33.03	798.8		5.5	3.0	14.7	23.9	-2.3	2.7
Europe Cap Appr (341/FECAX)	S**	1.31	1(30)	20.03	443.8		5.2	2.9	14.6	23.4	-3.5	2.8
Global Balanced (334/FGLBLX)	B****	0.75	1(30)	23.25	526.1		4.3	3.1	9.5	19.5	4.8	6.8
Glob Commodity Stk (2120/FFGCX)	B****↑	1.6 Est	1(30)	18.12	513.6		5.7	4.4	16.8	31.0		
Int'l Capital Apprec. (335/FIVFX)	H***	1.49	1(30)	13.16	651.7		2.1	2.7	9.2	24.1	-0.2	1.6
Int'l Discovery (305/FIGRX)	S**	1.20	1(30)	34.22	8255.1		3.6	3.3	11.9	22.1	-2.6	3.2
Int'l Growth (1979/FIGFX)	H***	1.17	1(30)	8.82	42.9		1.7	3.3	9.3	24.3	1.3	
Int'l Real Estate (1368/FIREX)	S**	1.37	1.5(90)	9.49	362.9		1.2	1.5	9.8	22.4	-5.6	-1.1
Int'l Small Cap (818/FISMX)	B****	1.28	2(90)	21.98	945.5		3.4	2.5	12.1	32.9	2.2	4.0
Int'l Small Cap Opp (1504/FSCOX)	B****	1.43	2(90)	10.59	413.7		1.9	2.5	11.9	30.1	-7.1	-1.7
Int'l Value (1597/FIVLX)	H***↑	1.42	1(30)	8.81	170.8		8.2	3.4	17.7	21.9	-3.4	
Japan (350/FJPNX)	H***	1.11	1.5(90)	11.79	534.8		5.5	5.3	14.5	17.9	-2.1	-3.8
Japan Smaller Co (360/FJSCX)	H***	1.20	1.5(90)	9.85	334.4		7.2	4.8	18.9	19.7	1.1	-7.0
Latin America (349/FLATX)	H***	1.65	1.5(90)	56.77	4022.5		-3.8	1.2	2.1	18.5	-1.3	11.4
Nordic (342/FNORX)	H***	1.58	1.5(90)	35.08	500.1		2.2	2.2	14.5	32.3	-3.5	5.8
Overseas (94/FOSEFX)	S**	1.25	1(30)	33.68	4830.5		3.7	1.9	12.5	17.3	-7.0	0.7
Pacific Basin (302/FPBFX)	B****	1.50	1.5(90)	26.13	1029.2		0.2	1.2	7.2	31.9	2.0	5.8
Emerging Asia (351/FSEAX)	B****	1.19	1.5(90)	29.33	1888.9		-4.2	-4.1	1.2	23.7	-3.3	9.4
Total Int'l Equity (1978/FIEX)	B****↑	1.32	1(30)	7.72	90.3		3.2	2.7	11.2	22.7	-2.1	
Worldwide (318/FWWFX)	H***	1.10	1(30)	19.71	1190.4		5.6	4.3	13.4	28.3	1.9	5.2
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FNOX)	H***	0.91	none	28.36	2350.7		5.0	3.1	11.3	20.7	2.7	3.6
NASDAQ Comp (1282/FNCMX)	B****	1.13	0.75(90)	36.95	323.5		5.0	3.2	11.5	25.3	7.9	4.8
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.20	0.75(90)	40.35	4182.3		5.7	4.5	13.5	33.0	7.6	5.7
Spart Int'l Index (399/FSIIX)	H***	1.25	1(90)	37.29	6689.1		6.0	3.6	14.6	20.3	-2.0	2.7
Spart 500 Index (650/FUSEX)	H***	1.00	none	47.09	27033.5		5.9	3.4	12.9	22.5	2.2	2.8
Spart Total Mkt Idx (397/FSTMX)	H***	1.03	0.5(90)	38.56	6087.3		5.8	3.6	13.1	24.4	3.2	3.4
Asset Mgr 20% (328/FASIX)	H***	0.35	none	12.98	3328.4		1.6	0.9	3.1	9.9	4.9	4.6
Asset Mgr 30% (1957/FTANX)	H***	0.47	none	9.83	151.0		2.0	1.1	4.5	12.4	4.9	
Asset Mgr 40% (1958/FFANX)	H***	0.56	none	9.78	101.6		2.5	1.6	5.8	14.6	5.0	
Asset Mgr 50% (314/FASMX)	H***	0.68	none	15.88	6572.3		3.0	1.7	7.2	17.2	5.2	4.7
Asset Mgr 60% (1959/FSANX)	H***	0.76	none	9.82	159.7		3.4	2.0	8.4	18.7	5.4	
Asset Mgr 70% (321/FASGX)	H***	0.89	none	16.95	2451.9		3.8	2.3	9.8	21.2	4.6	4.1
Asset Mgr 85% (347/FAMRX)	H***	1.02	none	13.98	664.0		4.3	2.6	11.8	23.4	4.2	4.2
Dynamic Strategies (1960/FDYXS)	H***	0.77	none	9.78	222.9		2.2	2.3	7.1	18.5	4.1	
Freedom 2000 (370/FFFBX)	H***	0.36	none	12.15	1493.8		1.8	0.9	3.4	9.2	3.7	4.1
Freedom 2005 (1312/FFVFX)	H***	0.61	none	11.09	935.7		2.6	1.5	6.0	13.7	3.3	4.0
Freedom 2010 (371/FFFCX)	H***	0.65	none	13.99	9873.7		2.9	1.7	6.9	15.4	3.8	4.3
Freedom 2015 (1313/FFVFX)	H***	0.68	none	11.69	8793.4		3.1	1.7	7.2	15.6	3.5	4.2
Freedom 2020 (372/FFDXX)	H***	0.81	none	14.26	19846.7		3.4	2.0	8.4	17.7	2.9	3.8
Freedom 2025 (1314/FFTXX)	H***	0.86	none	11.96	9836.2		3.8	2.2	9.5	19.3	3.0	3.8
Freedom 2030 (373/FFEX)	H***	0.94	none	14.32	14474.9		4.0	2.4	10.0	20.1	2.0	3.2
Freedom 2035 (1315/FFTHX)	H***	0.97	none	11.97	6599.7		4.4	2.6	10.9	21.2	2.1	3.1
Freedom 2040 (718/FFFFX)	H***	1.00	none	8.36	8819.4		4.4	2.6	11.1	21.3	1.8	3.0
Freedom 2045 (1617/FFFGX)	H***	1.01	none	9.92	2483.2		4.5	2.7	11.4	21.8	1.8	
Freedom 2050 (1618/FFFHX)	H***	1.05	none	9.81	2001.6		4.6	2.7	11.8	22.2	1.3	
Freedom Income (369/FFFA)	H***	0.33	none	11.46	2860.8		1.7	0.9	3.2	8.7	4.1	4.3
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.85	1(90)	9.82	12993.5	4.72	5.0	1.9	8.5	21.9	14.3	10.5
Corporate Bond (2208/FCBFX)	H***	0.4 Est	none	10.28	41.3	4.00	1.8	1.0	1.5			
Floating Rate (814/FFRHX)	B****	0.43	1(60)	9.89	5138.0	2.62	1.5	0.2	2.6	8.2	6.9	4.9
Focused High Inc (1366/FHIFX)	H***	0.59	1(90)	9.39	668.1	4.86	2.9	1.1	3.8	14.3	7.9	6.4
GNMA Portfolio (15/FGMNX)	H***	0.14	none	11.46	7448.8	3.41	0.4	0.3	-0.3	5.5	6.4	6.4
Gov't Income (54/FGOVX)	B****	0.20	none	10.39	4308.3	2.06	0.0	0.0	-1.4	3.3	4.6	5.7
High Income (455/SPHIX)	B****	0.71	1(90)	9.18	7609.4	5.39	3.7	1.2	5.6	16.6	11.6	8.6
Inflation-Protected (794/FINPX)	H***	0.40	none	11.73	2086.2	0.34	0.9	0.8	-0.6	6.5	2.9	4.6
Intermed Bond (32/FTHRX)	B****	0.24	none	10.58	4370.7	2.72	0.8	0.2	-0.4	6.0	5.6	5.3
Intermed Gov't Inc (452/FSTGX)	H***	0.16	none	10.69	1273.8	1.37	0.0	-0.2	-1.3	3.1	4.0	5.4
Invest Grade Bond (26/FBNDX)	B****	0.24	none	7.42	5666.4	2.80	0.9	0.5	0.3	7.1	5.4	4.8
Mortgage Securities (40/FMSFX)	H***	0.12	none	10.81	782.8	3.34	0.3	0.1	-0.1	5.6	5.9	4.4
New Markets Inc (331/FNMIX)	H***	0.73	1(90)	15.43	4027.9	5.67	-0.5	0.3	-0.3	9.0	9.2	8.0
Short-Term Bond (450/FSHBX)	B****	0.11	none	8.47	8069.6	1.19	0.3	0.0	0.2	2.9	2.3	2.7
Spart Intermed Tr Idx (1561/FIBIX)	B****	0.34	none	10.61	1565.3	2.68	-0.1	-0.4	-3.1	5.6	4.6	6.4
Spart L-Term Tr Idx (1562/FLBIX)	H***↑	0.65	none	10.28	143.0	4.11	-1.0	1.3	-4.5	5.5	4.1	5.3
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.11	none	10.49	254.7	0.88	0.1	-0.2	-0.6	2.3	2.8	4.7
Strategic Income (368/FSICX)	B****↑	0.44	none	11.19	8055.0	4.07	1.6	0.4	2.6	10.6	9.0	7.9
Strategic Real Rtn (1505/FSRRX)	H***	0.65	0.75(60)	9.85	4104.2	1.71	2.8	1.5	6.5	17.3	3.4	4.8
Total Bond (820/FTBFX)	B****	0.27	none	10.77	10949.5	3.42	1.1	0.6	0.6	7.6	7.0	6.2
Ultra-Short Bond (812/FUSEFX)	H***	0.12	0.25(60)	8.19	249.3	0.58	0.3	0.0	0.3	0.9	-0.9	-1.4
US Bond Index (651/FBIDX)	H***	0.18	none	11.32	10640.2	2.75	0.4	0.2	-0.7	4.9	5.0	5.2
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZXX)	S**	0.27	0.5(30)	11.15	146.7	3.88	0.8	1.8	-1.1	2.0	5.4	3.6
CA Municipal Inc (91/FCTFX)	S**	0.29	0.5(30)	11.63	1437.3	4.31	0.7	1.8	-1.4	2.1	4.4	3.1
CA Short-Int TF (1534/FCSTX)	H***	0.13	0.5(30)	10.54	635.1	1.88	0.3	0.5	-0.3	1.5	4.2	3.9
CT Municipal Inc (407/FICNX)	S**	0.23	0.5(30)	11.26	515.0	3.20	1.0	1.4	-0.8	1.8	5.2	4.0
Intermediate Muni (36/FLTMX)	S**	0.17	0.5(30)	10.03	3595.0	3.06	0.7	1.1	-0.4	2.0	4.7	4.0
MA Municipal Inc (70/FDMMX)	S**	0.25	0.5(30)	11.66	2091.8	3.65	0.9	1.4	-0.9	1.8	5.2	3.8
MD Municipal Inc (429/SMDMX)	S**	0.24	0.5(30)	10.78	172.6	3.14	0.6	1.1	-1.0	1.5	5.0	3.7
MI Municipal Inc (81/FMHTX)	S**	0.22	0.5(30)	11.67	582.4	3.53	0.8	1.1	-0.9	1.8	5.0	3.9
MN Municipal Inc (82/FMIX)	S**	0.21	0.5(30)	11.31	478.1	2.93	1.2	1.6	-0.3	2.0	5.1	3.9
Municipal Income (37/FHIGX)	S**	0.26	0.5(30)	12.27	5325.2	4.09	0.7	1.6	-1.2	1.9	5.0	3.6
NJ Municipal Inc (416/FNJHX)	S**	0.25	0.5(30)	11.24	581.0	3.62	0.1	0.9	-1.6	0.7	4.5	3.6
NY Municipal Inc (71/FTFMX)	S**	0.25	0.5(30)	12.61	1599.4	3.93	0.4	1.3	-1.3	1.4	5.2	3.8
OH Municipal Inc (88/FOHFX)	S**	0.24	0.5(30)	11.41	504.4	3.72	0.9	1.3	-0.9	1.7	5.0	3.8
PA Municipal Inc (402/FPXTX)	S**	0.20	0.5(30)	10.54	405.3	3.68	0.9	1.4	-0.9	1.8	4.8	3.8
Short-Int Municipal (404/FSTFX)	B****	0.11	0.5(30)	10.58	3277.3	1.81	0.2	0.3	-0.4	1.3	3.6	3.7
Tax-Free Bond (90/FTABX)	S**	0.26	0.5(30)	10.54	1723.8	4.14	0.7	1.5	-1.3	1.5	5.3	3.8

FEBRUARY PERFORMANCE Indexes and Model Portfolios	Risk	Value	2011 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate	10-Yr Rate
Dow Jones Industrial	0.91	12226.30	6.0	3.0	11.6	21.5	2.8	4.9	4.0
S&P 500	1.00	1327.22	5.9	3.4	13.0	22.5	2.2	2.9	2.6
NASDAQ	1.13	2782.27	5.0	3.1	11.6	25.6	8.1	5.0	3.3
Russell 2000	1.27	823.45	5.3	5.5	13.6	32.7	7.8	3.8	7.1
Fidelity Monitor Income Model	0.34	97518.87	1.5	0.7	1.3	8.9	3.8	3.6	4.3
Fidelity Monitor G&I Model	0.73	187487.59	3.8	2.1	7.6	16.1	1.3	3.0	6.0
Fidelity Monitor Growth Model	1.10	201827.69	6.4	3.2	13.9	26.2	1.7	2.6	6.0
Fidelity Monitor Select System	1.07	409864.36	7.6	3.8	14.0	23.4	1.7	4.2	6.1
Fidelity Monitor Unique Opportunities	1.28	137401.54	6.7	3.4	14.2	27.3	2.3	3.8	10.0

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.

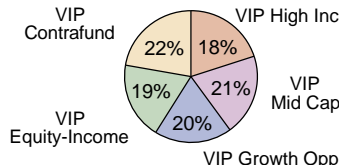
VIP INCOME MODEL



PAST PERFORMANCE

1993: +12.3%	2003: + 9.9%
1994: - 3.8%	2004: + 5.1%
1995: +16.9%	2005: + 1.8%
1996: + 6.9%	2006: + 6.1%
1997: +10.9%	2007: + 6.2%
1998: + 0.4%	2008: -18.3%
1999: + 0.8%	2009: +22.9%
2000: - 2.4%	2010: + 7.3%
2001: - 3.4%	*2011: + 1.2%
2002: + 7.3%	

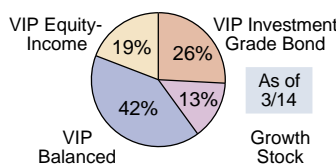
VIP GROWTH MODEL



PAST PERFORMANCE

1993: +20.6%	2003: +30.0%
1994: + 4.6%	2004: + 7.0%
1995: +36.1%	2005: +10.1%
1996: +16.1%	2006: +14.5%
1997: +23.5%	2007: + 9.3%
1998: +22.6%	2008: -45.5%
1999: +22.1%	2009: +25.1%
2000: -10.3%	2010: +17.7%
2001: -14.0%	*2011: + 5.0%
2002: -21.7%	

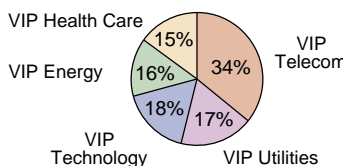
VIP G & I MODEL



PAST PERFORMANCE

1995: +26.4%	2004: + 6.3%
1996: +12.8%	2005: + 4.5%
1997: +21.4%	2006: +11.6%
1998: +15.1%	2007: + 7.7%
1999: + 6.1%	2008: -31.0%
2000: - 4.9%	2009: +27.1%
2001: + 3.1%	2010: +12.0%
2002: - 9.4%	*2011: + 3.7%
2003: +20.8%	

VIP SECTOR MODEL



PAST PERFORMANCE

2003: +57.5%	2008: -41.4%
2004: + 6.3%	2009: +50.2%
2005: +14.0%	2010: +15.0%
2006: +17.7%	*2011: + 5.4%
2007: +11.2%	

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

FEBRUARY VIP PERFORMANCE Portfolio	Rating	Risk	RR Value	2011 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	H ***	1.16	12.37	3.9	2.5	11.8	28.4	2.6	1.9
VIP Asset Manager	H ***	0.75	41.59	2.7	1.8	5.4	16.4	2.9	4.8
VIP Asset Manager: Growth	H ***	0.96	26.59	3.3	2.4	7.3	20.1	1.7	4.2
VIP Balanced	B ****	0.92	20.58	4.3	2.4	10.5	21.7	5.3	5.1
VIP Consumer Discretionary	B ****	1.20	13.52	1.8	3.4	5.5	28.8	8.3	3.4
VIP Consumer Staples	H ***	0.77	11.77	-0.6	2.0	4.3	12.6	3.7	
VIP Contrafund	B ****	1.10	48.79	5.8	3.3	13.7	24.9	2.0	3.6
VIP Disciplined Small Cap	H ***	1.18	10.31	6.1	6.0	14.7	32.2	5.2	
VIP Dynamic Capital Appreciation	B ****	1.14	15.52	4.7	3.2	9.1	21.1	2.2	2.1
VIP Energy	B ****	1.60	28.96	15.0	6.8	26.0	38.0	-2.0	7.4
VIP Equity-Income	B ****	1.18	61.70	6.0	3.0	15.5	21.8	-0.8	0.7
VIP Financial Services	H ***	1.53	8.83	2.0	1.6	17.9	6.1	-8.4	-8.4
VIP Freedom 2005	H ***	0.60	12.83	2.5	1.5	5.5	13.3	2.9	3.8
VIP Freedom 2010	H ***	0.64	13.05	3.0	1.8	6.5	15.4	3.4	4.1
VIP Freedom 2015	H ***	0.68	13.21	3.0	1.9	6.7	15.8	3.1	4.0
VIP Freedom 2020	H ***	0.82	13.13	3.6	2.1	8.1	18.2	2.4	3.6
VIP Freedom 2025	H ***	0.87	13.31	4.0	2.4	9.2	20.2	2.6	3.7
VIP Freedom 2030	H ***	0.96	13.00	4.1	2.4	9.8	20.9	1.5	3.0
VIP Freedom Income	H ***	0.30	12.53	1.4	0.8	2.7	7.6	3.5	3.9
VIP FundsManager 20	H ***	0.27	11.79	1.4	1.0	2.7	7.7	3.0	
VIP FundsManager 50	H ***	0.58	11.60	2.8	1.9	6.6	14.4	2.8	
VIP FundsManager 70	H ***	0.80	11.15	3.8	2.6	9.3	18.8	1.8	
VIP FundsManager 85	H ***	0.96	10.78	4.1	2.8	10.7	21.4	0.9	
VIP Growth	B ****	1.10	67.28	7.2	4.1	14.1	33.5	-0.3	2.9
VIP Growth & Income	B ****	1.04	18.94	5.0	2.4	12.3	20.2	-1.0	1.1
VIP Growth Opportunities	B ****	1.28	13.88	5.9	4.1	11.7	32.2	-0.3	1.5
VIP Growth Stock	B ****↑	1.09	12.89	6.3	4.3	11.7	28.4	5.0	3.5
VIP Health Care	B ****	0.91	15.41	7.3	3.8	14.9	22.0	6.8	4.5
VIP High Income	B ****	0.66	39.75	3.2	1.1	4.9	15.8	8.3	6.5
VIP Index 500	H ***	1.00	37.78	5.7	3.4	12.7	21.6	1.4	2.0
VIP Industrials	B ****	1.42	23.60	6.5	2.4	15.1	36.8	7.8	7.6
VIP Int'l Capital Appreciation	H ***	1.49	11.96	2.1	2.7	9.1	23.2	-0.9	0.8
VIP Investment Grade Bond	B ****	0.23	36.00	0.7	0.4	0.0	5.7	5.4	4.9
VIP Materials	H ***	1.52	13.92	3.2	3.0	13.2	35.0	7.8	
VIP Mid Cap	B ****	1.06	27.39	3.9	2.9	7.3	32.4	6.2	6.1
VIP Money Market			21.71	-0.1	0.0	-0.1	-0.5	0.3	1.8
VIP Overseas	S **	1.23	39.25	4.9	3.6	12.8	25.3	-3.2	1.8
VIP Real Estate	H ***	1.99	21.26	9.0	5.3	14.7	40.8	6.0	3.1
VIP Strategic Income	B ****↑	0.43	15.89	1.9	0.7	2.7	9.9	8.1	7.1
VIP Technology	B ****	1.42	15.94	6.7	2.7	13.3	41.7	16.3	7.9
VIP Telecommunications	B ****	1.15	8.93	1.1	2.6	7.9	25.5	3.3	
VIP Utilities	B ****	0.89	13.31	3.9	2.4	8.4	21.4	-1.9	4.0
VIP Value	B ****↑	1.42	11.37	5.5	3.5	14.1	21.8	0.6	0.5
VIP Value Leaders	S **	1.18	10.26	5.1	2.9	14.7	14.5	-4.5	-1.8
VIP Value Strategies	B ****	1.53	15.77	4.4	3.5	13.2	28.3	3.4	2.7
Fidelity Monitor VIP Income Model		0.29	22978.12	1.2	0.5	1.0	7.1	3.9	4.2
Fidelity Monitor VIP G&I Model		0.78	27643.25	3.7	1.8	8.0	15.6	1.9	3.5
Fidelity Monitor VIP Growth Model		1.00	34904.87	5.0	2.9	10.6	24.7	-1.7	0.4
Fidelity Monitor VIP Sector Model		1.05	22222.68	5.4	3.4	11.5	24.4	5.6	5.7

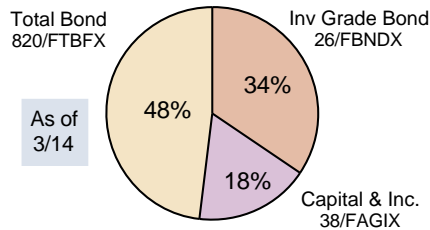
INCOME MODEL

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	\$7.42	4464.251	\$33124.74
High Income	\$9.18	1923.027	\$17653.39
Total Bond	\$10.77	4339.902	\$46740.74

7% Foreign Holdings

Balance as of 2/28/11: \$97518.87
Balance at start of 2011: \$96121.82



PAST PERFORMANCE
Starting Balance: \$35,000

1992: +10.1%	2002: + 5.4%
1993: +11.3%	2003: + 8.4%
1994: - 2.1%	2004: + 4.2%
1995: +14.8%	2005: + 3.6%
1996: + 9.0%	2006: + 6.9%
1997: +10.5%	2007: + 4.0%
1998: + 3.5%	2008: -18.2%
1999: + 3.0%	2009: +20.0%
2000: + 0.3%	2010: + 9.1%
2001: + 5.6%	*2011: + 1.5%

In February our Income Model gained 0.7%. On 3/14 we'll sell **High Income** and buy **Capital & Income**.

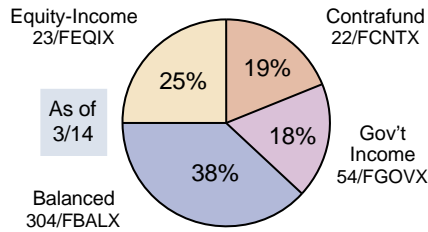
GROWTH AND INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Contrafund	\$70.85	303.944	\$21534.43
Gov't Income	\$10.39	1993.465	\$20712.10
High Income	\$9.18	4555.633	\$41820.71
Balanced	\$18.95	3738.937	\$70852.86
Equity-Income	\$46.94	693.811	\$32567.49

10% Foreign Holdings

Balance as of 2/28/11: \$187487.59
Balance at start of 2011: \$180595.78



PAST PERFORMANCE
Starting Balance: \$50,000

1994: - 3.7%	2003: +33.0%
1995: +21.6%	2004: +11.5%
1996: +15.8%	2005: + 8.2%
1997: +18.7%	2006: +13.7%
1998: +11.1%	2007: + 6.1%
1999: +12.2%	2008: -33.5%
2000: + 2.7%	2009: +28.1%
2001: + 1.3%	2010: +12.2%
2002: - 6.4%	*2011: + 3.8%

Our Growth and Income Model gained 2.1% in February. On 3/14 we will sell **High Income** and put one-third each into **Gov't Income**, **Contrafund** and **Equity-Income**.

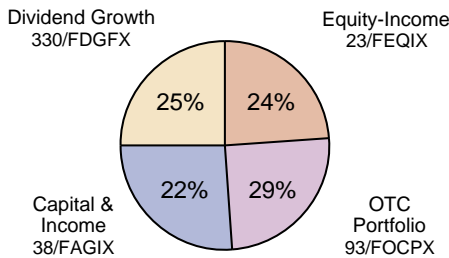
GROWTH MODEL

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	\$46.94	1047.909	\$49188.85
OTC Portfolio	\$59.57	984.424	\$58642.14
Capital & Income	\$9.82	4480.965	\$44003.08
Dividend Growth	\$30.08	1662.022	\$49993.62

13% Foreign Holdings

Balance as of 2/28/11: \$201827.69
Balance at start of 2011: \$189620.99



PAST PERFORMANCE
Starting Balance: \$15,000

1987: + 2.8%	2000: -10.8%
1988: +26.0%	2001: - 6.4%
1989: +30.4%	2002: -17.1%
1990: - 4.4%	2003: +46.1%
1991: +40.6%	2004: +12.4%
1992: +15.7%	2005: +11.2%
1993: +31.9%	2006: +15.7%
1994: - 2.1%	2007: + 7.3%
1995: +27.2%	2008: -42.7%
1996: +19.2%	2009: +31.8%
1997: +25.5%	2010: +17.7%
1998: + 9.9%	*2011: + 6.4%
1999: +29.0%	

Our Growth Model was up 3.2% in February, versus 3.4% for the S&P. We may switch out of **Capital & Income** in the next 90 days.

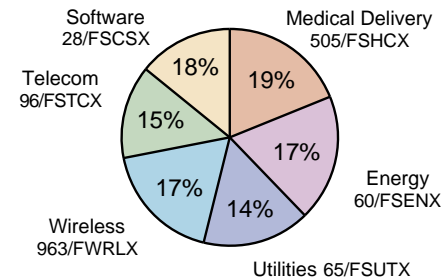
SELECT SYSTEM

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

FUND	NAV	SHARES	BALANCE
Medical Delivery	\$55.32	1406.013	\$77780.64
Energy	\$60.22	1153.650	\$69472.80
Utilities	\$50.28	1171.695	\$58912.82
Wireless	\$8.29	8206.157	\$68029.04
Telecom	\$47.07	1306.973	\$61519.22
Software	\$91.63	809.231	\$74149.84

14% Foreign Holdings

Balance as of 2/28/11: \$409864.36
Balance at start of 2011: \$380799.72



PAST PERFORMANCE
Starting Balance: -\$25,000

1989: +23.4%	2001: - 7.3%
1990: +31.3%	2002: -14.7%
1991: +35.3%	2003: +38.4%
1992: +20.4%	2004: + 7.4%
1993: +25.9%	2005: +15.0%
1994: - 0.9%	2006: +13.6%
1995: +39.0%	2007: +15.6%
1996: + 5.2%	2008: -39.3%
1997: +29.3%	2009: +35.4%
1998: +21.7%	2010: +11.6%
1999: +44.9%	*2011: + 7.6%
2000: -14.9%	

Our Select System was up 3.8% in February, versus a 3.4% gain for the S&P 500.

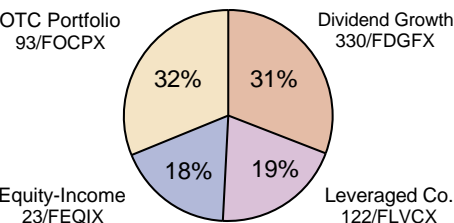
UNIQUE OPPORTUNITIES MODEL

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

FUND	NAV	SHARES	BALANCE
Dividend Growth	\$30.08	1409.793	\$42406.57
Leveraged Company	\$30.48	860.402	\$26225.05
Equity-Income	\$46.94	535.183	\$25121.49
OTC Portfolio	\$59.57	732.725	\$43648.43

12% Foreign Holdings

Balance as of 2/28/11: \$137401.54
Balance at start of 2011: \$128788.38



PAST PERFORMANCE
Starting Balance: \$50,000

(Partial Yr 99)	2005: +18.8%
1999: +33.8%	2006: +16.6%
2000: -20.5%	2007: +11.6%
2001: + 1.6%	2008: -47.6%
2002: - 2.1%	2009: +45.8%
2003: +43.2%	2010: +19.3%
2004: +20.6%	*2011: + 6.7%

Our Unique Opportunities Model gained 3.4% in February, the same as the S&P 500. On 2/7 we replaced **Capital & Income** (\$9.79) with **Leveraged Co. Stock** (\$30.05).

opinion. It may be 30% more risky than **Strategic Real Return**, but it offers more capital appreciation potential and a much higher yield.

High Income is a broadly-diversified high-yield fund. It invests across the low-grade spectrum, but concentrates mainly on B-rated issues. Relative to **Focused High Income**, it has a slightly higher yield (5.4%), a bit more volatility (0.7), and a little more capital appreciation potential. High yield bonds are getting close to full valuation, so it won't be long before stocks are probably a better bet. For now, we continue to rate it a buy.

New Markets Income invests in emerging market debt. Once considered more risky than high-yield bonds, many of these foreign bonds now carry an investment grade rating. But yields remain attractive because inflation is higher in most emerging countries (the fund's current yield is 5.7%). On the minus side, volatility remains high (0.7) due to poor liquidity in these markets, and wage-driven inflation has recently become a much bigger problem for most emerging countries. We rate it a hold.

Capital & Income is Fidelity's most aggressive high-yield bond fund. It tends to emphasize the lowest rungs of the credit spectrum, maintaining a significant weighting in unrated and distressed debt. Fidelity's analysts actually make estimates of breakup value, often finding diamonds in the rough in the form of defaulted bonds. Furthermore, the fund carries a small position in stocks of companies that issue high-yield debt (currently 19% of assets). Overall risk is about 0.9 – on par with **Contrafund**, but lower than most stock funds. **Capital & Income** has a lifetime (33-year) return of 10.5% per year, putting it in the same league as successful stock funds. We rate it a buy. At 4.8%, the yield is not as good as other high-yield bond funds, but it has been one of the industry's best when it comes to long-capital gains. ■

FEBRUARY DISTRIBUTIONS

Asset Manager 20%	\$ 0.015/\$12.87 (2/4)
Asset Manager 30%	\$ 0.011 / \$9.74 (2/4)
Contrafund	\$ 0.085/\$69.76 (2/4)
Dynamic Strategies	\$ 0.015 / \$9.66 (2/11)
Freedom Income	\$ 0.01 / \$11.36 (2/4)
Intermediate Muni	\$ 0.012 / \$9.92 (2/4)
MI Municipal	\$ 0.007/\$11.51 (2/4)
MN Municipal	\$ 0.006/\$11.13 (2/4)
Short-Int. Municipal	\$ 0.002/\$10.55 (2/4)
Strategic Income	\$ 0.058/\$11.11 (2/11)

Funds scheduled for March payouts include: **Asset Mgr. 20% & 30%, Equity-Inc., Freedom Income, Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Real Estate, Real Estate Income, MA Muni, NY Muni, Tax-Free Bond, and Telecom & Utilities.**

Stock Selector Small Cap rose 5.0%. Trailing behind, **Growth Strategies** returned 2.5% and **Disciplined Equity** increased by 2.2%.

INTERNATIONAL FUNDS

Our favorites in this group include **Pacific Basin** and **International Small Cap**.

Stocks in the countries best able to cope with higher oil prices benefited at the expense of those that might get hurt the most. **Canada** gained 6.4%, and **Japan** was up 5.3% (emerging-country currencies are gaining strength, making its efficient vehicles more competitive). On the flip side, **Emerging Asia** and **China Region** both pulled back 4.1%.

GROWTH & INCOME FUNDS

Please see page 7 for current Growth and Income Model holdings. Our favorite blended funds include **Balanced** and **Puritan**. For dividend stocks, consider **Equity-Income** or **Mega-Cap Stock**.

Real Estate gained 4.5%, followed closely by **Fidelity Fund** with a 4.2% increase. Trailing behind, **Telecom & Utilities** returned 2.3%.

INCOME FUNDS

Please see page 7 for current Income Model holdings. Our individual bond favorites, in increasing order of risk, include **Short-Term Bond, Total Bond, Gov't Income, Floating Rate High Income, and Capital & Income**.

High yield funds continued to show strength. **Capital & Income** was up 1.9% and **High Income** posted a 1.2% return. On the bottom end, **Spartan Intermediate Treasury Index** declined 0.4%.

Municipal bonds were helped by signs that state and local governments are finally getting more serious about balancing their budgets. Gains ranged from 0.3% to 1.8%.

SELECT PORTFOLIOS

Our Select System holdings are listed on page 7. Buy-rated sectors include **Telecom, Wireless, Utilities, Software, Energy, Medical Delivery, Pharmaceuticals, IT Services, Electronics, Industrials, Industrial Equipment, Leisure, Technology and Chemicals**.

Multimedia was up 10.7% on strong ad revenues. **Gold** climbed 9.3% and **Energy Service** rose 7.6%. On the flip side, **Air Trans** gained 0.9%, **Biotechnology** returned 0.8% and **Automotive** edged up 0.3%. ■

Happenings

Large Cap Value has adopted a multi-manager approach that divides responsibilities along industry groups. We will likely upgrade it in the near future. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	117071.3	0.01	CT MM (418/FCMXX)	1703.2	0.01			
Select MM (85/FSLXX)	7455.0	0.05	MA MM (74/FDMXX)	5205.7	0.01			
Money Market (454/SPRXX)	4472.8	0.01	MI MM (420/FMIXX)	875.9	0.01	MA AMT TF (426/FMSXX)	354.2	0.01
Gov't MM (458/SPAXX)	628.7	0.01	NJ MM (417/FNJXX)	2120.3	0.01	AMT Tax-Free (460/FIMXX)	1532.9	0.01
US Treas. MM (415/FDLXX)	4848.1	0.01	NY MM (92/FNYXX)	4784.7	0.01	NJ AMT TF (423/FSJXX)	285.8	0.01
Tax-Free MM (275/FMOXX)	6565.7	0.01	OH MM (419/FOMXX)	983.6	0.01	NY AMT TF (422/FSNXX)	538.5	0.01
US Gov't Reser (50/FGRXX)	2735.4	0.01	AZ MM (433/FSAXX)	365.0	0.01	PA MM (401/FPTXX)	662.2	0.01
CA MM (97/FCFXX)	5064.4	0.01	CA AMT TF (457/FSPXX)	606.2	0.01	Municipal MM (10/FTEXX)	23354.8	0.01