

Jack
Bowers



Fidelity

Best Performing
Fidelity Newsletter

20
Years

MAY
2011

Monitor™

Don't Let Debt, Dollar Fears Derail Your Investment Strategy

Predictions of doom and gloom have become the latest sensation. Media hounds tell us the Federal debt will grow unchecked. Inflation will surge. Foreigners will unload treasuries. The dollar will crash.

From the pundit's point of view, bold predictions get you air time. And if you've made a number of wrong predictions, like PIMCO manager Bill Gross has, you've got nothing to lose by throwing another one out there. Especially if the publicity helps bring new money into your bond fund.

But does it really make any sense to structure your portfolio around a 1% probability event? Of course not. This month we debunk the dollar-collapse theories and explain why you should not deviate from your long-term investment strategy.

DEBT, DOLLAR FEARS - *Continued on page 2*

Changes For Select System, VIP Sector, Unique Opportunities

On Monday, 5/9, we will make several trades:

Our Select System will exchange **Wireless** (963/FWRLX) for **Technology** (64/FSPTX). We like both of these funds, but **Technology** is more of a mainstream bet on domestic growth stocks. From a fundamental standpoint, large-cap tech stocks are selling at low multiples, even as they continue to grow earnings faster than most other industries. Furthermore, the sector is poised to benefit from a weak dollar, which boosts the value of foreign earnings and allows products to be sold for less in countries with stronger currencies.

Our VIP Sector Model will sell one-half of **VIP Telecommunications** and buy **VIP Technology**.

Our Unique Opportunities Model will sell one-half of **Dividend Growth** (330/FDGFEX) and buy **Stock Selector Small Cap** (336/FDSCX). **Stock Selector Small Cap** adopted a multi-manager approach about 18 months ago, and since then it has consistently outperformed its Russell 2000 benchmark. Because this fund focuses on domestic small-caps – a market segment where Fidelity's extensive research finds more "hidden gems" – it may have better long-term potential than other multi-manager funds.

Review & Recommendations

Tensions in the Middle East increased, dampening the prospects for short-term relief on the energy front. So far, however, higher prices at the pump have not hurt the economy much, nor are they causing much of an increase in core inflation.

Meanwhile, first-quarter earnings came in strong, showing that corporate earnings are continuing to grow at a healthy clip – despite a slower rate of GDP growth in the first quarter. The S&P 500 climbed 3.0% for March.

GROWTH FUNDS

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

Funds with a significant position in smaller growth stocks tended to perform best. **Small Cap Growth** gained 5.4%, **Low-Priced Stock** was up 4.4%, and **Disciplined Equity** rose 4.0%. On the flip side, those that emphasized value stocks generally trailed behind. **Mid Cap Value** returned 2.3%, and **Small Cap Value** edged up 1.2%.

INTERNATIONAL FUNDS

Our favorites in this group include **Int'l Small Cap**, **Japan Smaller Companies** and **Pacific Basin**. We continue to favor U.S. stock funds over foreign stock funds because the weak dollar provides a competitive advantage for U.S. exporters.

The dollar's slide against European currencies gave most Europe-oriented stock funds a short-term boost. **Nordic** gained 8.2%, and **Europe** and **Europe Capital Appreciation** both rose 7.7%. But weakness in the energy sector held back **Canada** (1.3% gain), and supply bottlenecks stemming from the earthquake / tsunami hurt Japanese exporters, weighing on **Japan** (1.7% increase).

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, go with **Equity-Income**.

Office space leasing came alive in certain regions, giving a boost to **Real Estate** (up 5.5%) and **Strategic Dividend & Income** (4.0% increase). On the flip side, conservatively positioned **Real Estate Inc.** edged up 1.4%.

RECOMMENDATIONS - *Continued on page 8*

WHAT BRINGS DOWN A CURRENCY

A high level of government debt, by itself, is not enough to cause a currency to collapse – if it was, the yen would have gone bust over a decade ago. There must be other destabilizing factors at work:

- Most of the time, the economy backing the currency crumbles, making it impossible for the government to generate enough tax revenue to service its debt. By “crumbling economy,” we mean one that sees significant and continuous GDP shrinkage. The U.S. is not even close to this – its GDP and exports are growing faster than Europe or Japan, and any potential problem with servicing the Federal debt is at least 15 years away.

- Some currencies crash because their underlying economy’s trade gap becomes too large. If a large portion of an economy’s small business loans are denominated in foreign currencies, the sudden flight of capital from its own citizens can be its undoing. The U.S. does not have this problem. Our trade gap is half of what it was three years ago, and very few business loans are denominated in foreign currencies.

- Running the printing presses. Not like the Fed’s modest bond-buying program, which has been offsetting some of the contraction in private borrowing. Sinking a currency takes deliberate and massive dilution – much like the game that Venezuela is playing. Even in the highly unlikely event that the U.S. is someday forced to print money to meet its entitlement obligations, the impact would hardly qualify as runaway inflation. Odds are it wouldn’t even be half as bad as the 1970s.

FEDERAL DEBT

In a way, it’s a good thing that annual deficits have reached alarming levels, with rating agencies weighing in (even if these are the same guys who gave sub-prime debt an AAA rating). Why? Because it takes an environment like this to create the political will for big changes.

Until recently, neither party had been willing to make changes to the major entitlement programs – Social Security, Medicare and Medicaid. These three programs account for the lion’s share of the projected debt problem. Reining them in for the Boomer population may not happen this year or next. But some sort of change is inevitable, because they cost too much in their present form. Even if you taxed everyone who earns more than \$250k/year at a rate of 100%, it probably would not be enough to solve the problem.

Achieving a balanced Federal budget is not really difficult once the political will is there. The recent House proposal offers some big cost-cutting options such as charging premiums for Boomers as they become eligible for Medicare, and shifting the Medicaid program to the states. There may also be a need to start sliding out the age at which Social Security benefits kick in, along

with indexing them to longevity. On the tax revenue side, options could include higher payroll taxes, or imposing a national value-added tax similar to Canada’s 5% GST. More likely is that deductions and other loopholes in the income tax system will be eliminated. There could even be a 30-year phase-out on mortgage interest.

But the doom and gloomers seem convinced that Congress will remain gridlocked for the next 20 years while deficits grow unchecked. Even if that’s what ends up happening, it still may not necessarily tank the dollar. It would probably take a decade for the Federal debt to reach 200% of GDP (comparable to what Japan has now). By then, a positive trade balance could make it relatively easy to finance with domestic capital, just as Japan does.

WHY FOREIGNERS HOLD TREASURIES

The doom and gloomers like to imply that we’re at the mercy of the sovereign wealth funds, who at any moment could decide to unload all their holdings of dollar-denominated debt.

But the reality is that China and other emerging countries own treasuries not because they want to, but because they have to. Billions of dollars flow into emerging countries as payment for all the goods we import from them, and that money must be recycled in order to prevent the emerging market currencies from appreciating against the dollar. Treasuries are one of the few asset classes capable of absorbing large amounts of recycled dollars.

Now that the U.S. trade gap is shrinking, emerging countries don’t need to recycle as many dollars as they used to, and those that allow their currencies to appreciate against the dollar may even be able to diversify some of their treasury holdings into other currencies or assets.

But if emerging countries suddenly decided to sell all of their treasury holdings over a short period of time, their currencies would go up more than the dollar would go down, and they would risk the destruction of their own manufacturing base at a time when rising wages have already made it vulnerable. And for what? A better return on their sovereign wealth funds?

The reality is that if emerging countries were to unload their treasury holdings, they would end up doing us a *favor*. Millions of manufacturing jobs would return to the U.S. and our trade gap would close in just a few years time. Treasury yields would jump, prompting most endowments, pension funds, and insurance companies to boost exposure. In short order, the Federal debt would be financed largely by American institutions. There would be some pain, but it would be limited. Bond values would take a hit, but yields would jump, keeping income streams similar. Mortgage rates would take a jump, but with U.S. housing being driven largely by cash purchases, the impact would be limited.

WHAT REALLY DRIVES THE DOLLAR

Many investors believe that the dollar is weak because

of excessive government debt, when in fact credit concerns are only a minor factor in the greenback's behavior. The dollar is still the most liquid currency around, backed by the largest and most adaptable economy on the planet. That's why investors still rush into treasuries whenever the global markets get spooked by credit concerns.

There are two reasons for today's dollar weakness. The main one is that U.S. interest rates are low, and foreign interest rates are rising. Because cash-oriented capital tends to migrate to where it can earn the highest rate of return, the dollar is seeing outflows – which will continue until the Fed sees a need to tighten. Second is the energy trade-balance effect. Rising energy costs tend to boost the currencies of energy exporters, while pushing down the currencies of energy importers.

For the U.S. economy, a weak dollar is actually a blessing, although it's a mixed one:

- On balance it has a favorable impact on GDP and job creation. Exports and manufacturing see a big lift, while consumer spending only takes a small hit.
- For consumers, it's mostly bad news because it tends to raise the cost of food, fuel and imported goods.
- For investors, it's mostly good news because it tends to boost the value of domestic stocks, while having only a slightly negative impact on high-quality bonds.

WHAT GIVES STOCKS VALUE

This brings us to an important point. When it comes right down to it, the Federal debt problem doesn't really pose much of a risk to corporate earnings. The S&P 500 derives about half of its profits from outside the U.S. To the extent that the dollar slides, it has a favorable impact on earnings as foreign revenue grows.

America's corporations are in great shape. If Federal debt problems someday end up playing havoc with the economy, most firms will survive and prosper. A bankrupt government or a higher rate of inflation would no doubt reduce P/E ratios and boost interest rates. It might hurt some industry groups while helping others. But once the dust settles, companies would still be valued based on the dollars they make. And most firms would be making a lot more of them.

BOTTOM LINE

The newsletter industry has its own cadre of doom and gloomers. Some have been perma-bears since the 1970s. The Hulbert Financial Digest has tracked some of these guys throughout the years, and they have horrible track records. Fear, it turns out, does wonders for selling books and attracting television viewers, but in the long run it destroys value.

Once you embrace a doom and gloom theory, there can only be a bad outcome. Sooner or later, conditions

improve, and your portfolio misses out on the rewards that come with a solid investment strategy. Or worse, the prediction of doom actually comes true, and suddenly there are more important problems to worry about than your portfolio.

The next decade is likely to be a rewarding period for U.S. investors as exports grow, manufacturing jobs return, and oil imports shrink. Any short-term impact from a Congressional showdown over the debt ceiling is likely to be limited and temporary. It simply doesn't make sense to deviate from your long-term investment strategy. ■

Question & Answer Forum

Does the end of QE2 in June pose any significant threat to our investments?

Because this event is well-anticipated and lacks the controversy that came with the start of the program, odds are it will be a reasonably smooth transition. It seems likely that buyers of treasuries will reemerge once the Fed is out of the picture. Many large buyers appear to have avoided the treasury market for the duration of QE2, perhaps because they didn't like the idea of competing with the Fed. It's hard to say if yields will rise or fall immediately after the Fed pulls out. There may even be a tug-of-war that develops between treasury bulls and bears. But once things settle out, valuations probably won't change all that much. Treasury yields are set mainly by inflationary expectations and borrowing demand, neither of which have changed much since QE2 began.

Do you plan to introduce an international model?

Over the last five years we've been running an international portfolio for some of our money management clients. It's done well relative to the foreign indexes, but it hasn't done much better than our domestic portfolios, and it runs with a higher level of risk. For that reason we've shied away from introducing it in the newsletter.

U.S. corporations are already globally diversified, and we believe that most are better managed than their foreign competitors. Furthermore, the diversity of U.S. growth stocks is at least ten times better than any foreign market. And while some foreign markets may have lower P/Es, this is often due to an industry mix that skews heavily toward value stocks.

Some investors think that foreign stocks offer a degree of protection against further declines in the dollar, but the reality is that a weak greenback makes U.S. stocks the long-term winners. Not only do their overseas earnings get marked up in currency translation, but they also gain a competitive edge in the global marketplace.

QUESTION & ANSWER - 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 ↓.

APRIL 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)	H***↑	1.03	none	8.17	24.1	12.8	3.2	9.4	17.4			
Growth Strategies (324/FDEGX)	H***	1.15	1.5(90)	22.26	2084.5	8.9	3.3	7.4	22.4	4.1	3.4	-2.3
Blue Chip Gth (312/FBGRX)	B****	1.09	none	49.64	12545.1	9.5	3.5	7.3	21.4	7.4	6.1	2.6
Blue Chip Value (1271/FBCVX)	S**	1.18	none	11.88	485.1	9.9	3.4	7.6	11.0	-3.6	-0.9	
Capital Apprec (307/FDCAX)	B****	1.13	none	27.33	4943.4	7.9	2.9	6.2	15.8	3.9	2.6	4.6
Contrafund (22/FCNTX)	B****	0.88	none	72.91	63411.8	7.8	2.7	7.1	19.7	3.1	5.0	7.3
Growth Discovery (339/FDSVX)	B****	1.10	none	15.24	904.3	11.4	3.0	8.1	27.1	1.5	5.5	3.6
Disc Equity (315/FDEQX)	H***↑	1.00	none	24.96	8992.0	10.8	4.0	7.5	13.5	-1.7	1.0	2.7
Dividend Gth (330/FDGFEX)	B****	1.29	none	31.04	10099.1	9.2	2.7	6.6	20.3	6.4	4.9	3.3
Export Fund (332/FEXPX)	S**	1.05	0.75(30)	23.65	2488.5	8.4	3.2	6.3	14.5	0.4	2.2	5.4
Fidelity Fifty (500/FFTYX)	B****	1.15	none	19.26	829.9	9.2	3.1	7.0	20.1	-1.0	0.8	1.5
Focused Stock (333/FTQGX)	B****	0.99	none	15.26	410.8	11.8	3.3	9.5	27.7	6.1	6.4	3.1
Growth Company (25/FDGRX)	B****	1.06	Closed	93.53	29883.3	12.5	3.9	10.3	25.1	5.9	6.9	4.9
Independence (73/FDFEX)	B****	1.34	none	26.75	4311.1	9.9	3.0	8.5	23.3	-0.8	5.4	4.5
Lg Cap Core En Idx (1827/FLCEX)	H***	0.96	none	9.39	868.2	10.1	3.0	7.5	16.3	1.2		
Lg Cap Gth En Idx (1829/FLGEX)	H***	0.98	none	10.58	71.5	10.3	3.2	7.7	19.4	4.6		
Large Cap Growth (763/FSLGX)	B****	1.02	none	10.86	128.2	11.5	3.7	9.4	25.4	4.5	1.3	
Large-Cap Stock (338/FLCSX)	B****	1.27	none	19.10	1058.4	8.5	2.8	4.7	16.1	3.1	4.1	2.3
Lg Cap Val En Idx (1828/FLVEX)	S**	1.00	none	8.18	88.4	10.3	2.6	7.9	14.7	-1.0		
Large Cap Value (708/FSLVX)	S**	1.07	none	11.52	700.6	9.5	3.5	6.9	11.2	-3.5	-1.1	
Lev Co Stock (122/FLVXX)	B****	1.64	1.5(90)	31.59	4567.0	11.2	2.9	8.4	21.0	0.1	4.4	14.5
Low-Priced Stock (316/FLPSX)	B****	1.12	1.5(90)	42.57	28359.9	10.9	4.4	9.5	20.6	7.0	5.4	11.2
Magellan (21/FMAGX)	H***↑	1.26	none	77.46	19411.9	8.1	2.5	6.4	14.0	-2.4	0.5	1.1
Mid Cap Growth (793/FSMGX)	H***	1.27	0.75(30)	13.54	315.7	8.8	3.1	7.2	22.6	3.1	0.1	
Mid Cap Stock (337/FMCSX)	H***	1.36	0.75(30)	31.78	7006.9	10.2	2.9	8.7	16.9	5.5	3.7	4.7
Mid Cap Value (762/FSMVX)	H***	1.26	0.75(30)	17.57	697.0	10.2	2.3	8.1	21.3	6.2	4.1	
New Millennium (300/FMLX)	H***	1.14	none	32.26	1937.3	10.7	2.7	8.3	18.9	6.4	5.0	5.8
OTC Portfolio (93/FOCPX)	B****	1.22	none	62.30	6348.2	13.4	3.4	9.0	25.3	9.8	9.5	6.3
Small Cap Discovery (384/FSCRX)	H***	1.34	1.5(90)	22.78	1880.6	11.3	2.8	10.2	24.2	17.8	9.2	
Small Cap Growth (1388/FCPGX)	H***	1.23	1.5(90)	17.84	1437.6	13.7	5.4	13.6	26.7	8.5	5.8	
Stock Sel Small Cap (336/FDSCX)	B****	1.34	1.5(90)	20.94	1982.8	13.1	3.9	12.2	30.6	6.4	2.9	7.7
Small Cap Stock (340/FSLCX)	B****	1.43	2(90)	21.70	4534.2	10.7	3.8	7.5	22.3	11.2	5.9	9.7
Small Cap Value (1389/FCPVX)	H***	1.29	1.5(90)	16.74	2103.5	7.2	1.2	6.5	14.1	11.6	5.7	
Stock Sel All Cap (320/FDSSX)	H***	1.05	none	28.16	922.7	9.4	3.2	7.2	20.3	1.4	3.1	3.4
Tax Managed Stock (343/FTXMX)	H***	1.09	none	14.04	74.3	12.7	3.3	10.8	20.4	-1.2	1.4	
Trend (5/FTRNX)	B****	1.08	none	75.18	1123.3	11.6	3.8	9.5	25.1	5.6	6.3	4.9
Value (39/FDVLX)	H***	1.45	none	75.87	7999.1	10.5	2.8	7.1	17.9	2.7	2.6	7.9
Value Discovery (832/FVDFX)	H***	1.17	none	16.04	611.4	9.6	2.8	7.3	13.9	-0.4	1.5	
Value Strategies (14/FSLSX)	B****	1.54	none	30.64	374.0	10.0	3.7	9.0	19.1	5.2	4.1	6.7
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.76	none	19.40	17606.6	6.8	2.5	5.0	14.4	3.3	4.1	6.5
Convertible Sec (308/FCVXX)	B****	1.26	none	27.62	2651.5	9.2	2.3	5.7	20.4	4.0	6.8	6.8
Equity-Income (23/FEQIX)	B****	1.16	none	48.11	10218.7	9.0	2.4	5.9	15.0	-0.3	1.3	3.4
Equity-Income II (319/FEQTX)	B****	1.13	none	19.84	5175.4	9.0	2.5	5.8	14.0	-1.0	0.7	3.0
Fidelity Fund (3/FIDIX)	H***	1.04	none	35.76	5345.4	11.3	3.9	8.6	19.2	0.9	3.7	3.0
Growth & Income (27/FGRIX)	H***	1.20	none	19.75	5590.7	8.2	3.5	5.4	15.1	-7.4	-4.5	-1.2
Mega Cap Stock (361/FGRTX)	B****	1.05	none	10.79	732.3	8.0	2.8	4.4	15.7	1.1	2.7	3.0
Puritan (4/FPURX)	B****	0.71	none	19.18	17012.9	7.5	2.6	5.7	14.8	4.7	5.0	5.5
Real Estate Income (833/FRIFX)	B****	0.72	0.75(90)	10.92	1561.7	5.5	1.4	3.9	14.8	9.5	5.3	
Real Estate (303/FRESX)	H***	1.91	0.75(90)	28.82	3458.3	12.2	5.5	8.6	23.1	2.6	2.7	11.5
Strategic Div & Inc (1329/FSDIX)	B****	1.12	none	11.61	611.6	10.6	4.0	8.4	13.4	1.2	2.3	
Telecom & Utilities (311/FUIUX)	H***	0.85	none	17.40	921.6	9.4	3.7	8.2	23.7	0.2	4.7	3.0
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.57	0.75(30)	40.98	101.8	-3.2	-5.3	-4.0	-5.8	7.9	2.1	4.6
Automotive (502/FSAVX)	B****↑	2.41	0.75(30)	45.36	275.6	2.0	2.3	-1.4	31.5	8.6	6.7	8.7
Banking (507/FSRBX)	H***	1.59	0.75(30)	18.44	431.5	-0.4	-0.6	-1.5	-6.0	-5.2	-8.0	-0.1
Biotechnology (42/FBIOX)	S**	1.05	0.75(30)	86.24	1070.0	18.2	9.9	17.5	18.7	11.4	6.7	2.9
Brokerage (68/FSLBX)	H***	1.47	0.75(30)	53.42	528.9	1.8	1.0	0.8	0.3	-1.3	-1.5	5.4
IT Services (353/FBSOX)	B****	1.11	0.75(30)	23.29	127.6	12.0	3.7	9.5	25.5	12.9	10.7	8.2
Chemicals (69/FSCHX)	B****	1.40	0.75(30)	111.04	736.5	16.3	6.6	14.2	40.9	11.2	14.3	14.1
Computers (7/FDCPX)	H***	1.27	0.75(30)	62.14	571.8	10.1	4.4	7.5	29.0	12.8	10.3	3.4
Const & Housing (511/FSHOX)	S**	1.48	0.75(30)	37.77	107.5	7.7	1.2	3.6	7.0	4.4	0.4	8.7
Cons Discretionary (517/FSCPX)	H***	1.21	0.75(30)	25.03	194.3	6.2	4.2	7.8	18.4	9.7	4.2	4.1
Industrials (515/FCYIX)	B****	1.41	0.75(30)	26.12	612.8	12.3	3.4	8.0	26.0	7.7	7.7	9.7
Defense & Aero (67/FSDAX)	S**	1.29	0.75(30)	82.31	682.2	12.6	3.6	7.2	18.7	2.8	5.0	10.2
Com Equipment (518/FSDCX)	H***	1.55	0.75(30)	30.20	566.7	13.9	5.0	9.0	29.8	12.9	6.1	2.3
Electronics (8/FSLEX)	H***	1.50	0.75(30)	54.17	1243.0	12.0	7.1	4.1	24.4	11.0	3.1	-0.1
Energy (60/FSENX)	H***↓	1.58	0.75(30)	61.89	3148.5	18.5	0.5	10.0	37.2	-2.7	6.0	11.4
Energy Service (43/FSSEX)	H***	1.88	0.75(30)	87.37	2072.4	17.5	-1.0	9.5	38.7	-4.6	4.8	9.3
Environ & Alt Energy (516/FSLEX)	H***	1.05	0.75(30)	20.22	100.4	13.6	3.9	8.7	24.4	3.9	2.0	4.3
Financial Services (66/FIDSX)	H***	1.50	0.75(30)	62.59	475.4	1.6	1.7	1.3	-5.3	-9.0	-8.7	-0.8
Consumer Staples (9/FDFAX)	H***	0.79	0.75(30)	72.66	886.0	7.3	6.2	10.2	18.9	6.1	9.8	9.0
Gold (41/FSAGX) <i>Limit to 5% position</i>	S**	1.99	0.75(30)	52.69	4295.5	0.6	2.6	13.6	24.5	15.3	12.7	22.2
Health Care (63/FSPHX)	H***	0.90	0.75(30)	143.97	2112.4	15.5	4.6	11.6	26.8	11.4	7.6	5.6
Consumer Finance (98/FSVLX)	H***	1.31	0.75(30)	12.34	105.2	8.7	2.7	5.6	-0.8	-18.2	-20.4	-6.8
Indust Equip (510/FSCGX)	B****	1.50	0.75(30)	37.56	390.5	11.2	2.7	6.5	26.3	5.1	6.5	7.1
Materials (509/FSDPX)	H***	1.52	0.75(30)	74.58	1215.2	9.8	4.4	9.5	32.0	8.9	11.9	14.9
Insurance (45/FSPCX)	H***	1.31	0.75(30)	50.77	257.8	7.7	3.5	6.6	14.4	-0.3	-2.8	3.5
Leisure (62/FDLSX)	H***	1.09	0.75(30)	94.79	370.4	4.1	3.1	7.1	15.9	10.9	6.6	7.0
Medical Delivery (505/FSHCX)	B****	1.21	0.75(30)	59.46	679.0	19.7	3.5	13.6	32.9	13.5	7.2	11.6
Medical Equip & Sys (354/FSMEX)	S**	0.98	0.75(30)	31.45	1497.5	14.7	5.6	12.2	20.7	9.7	10.2	10.8
Multimedia (503/FBMPX)	H***	1.32	0.75(30)	49.20	224.5	15.5	4.8	14.6	27.0	13.3	6.4	6.0
Natural Gas (513/FSNGX)	B****	1.63	0.75(30)	37.11	1079.6	11.8	0.2	6.7	18.0	-10.0	1.6	8.0
Nat Resources (514/FNARX)	H***	1.58	0.75(30)	40.23	2104.6	15.8	0.6	10.1	37.7	0.2	8.7	12.5
Pharmaceuticals (580/FPHAX)	B****	0.82	0.75(30)	13.81	411.5	14.2	7.1	13.2	27.9	13.7	8.7	
Retailing (46/FSRPX)	H***	1.24	0.75(30)	54.61	161.0	7.7	5.3	10.6	16.0	17.6	8.4	7.5
Software (28/FSCSX)	B****	1.05	0.75(30)	89.73	1289.0	9.6	3.7	7.0	27.0	10.1	11.8	7.5
Technology (64/FSPTX)	B****	1.40	0.75(30)	104.88	2809.9	9.7	3.4	5.2	30.6	12.9	9.4	3.9
Telecom (96/FSTCX)	B****	1.16	0.75(30)	50.20	365.8	8.2	4.1	9.7	27.3	5.6	4.3	2.2
Transportation (512/FSRFX)	H***	1.26	0.75(30)	58.14	425.5	6.4	2.6	6.6	18.1	10.0	5.6	

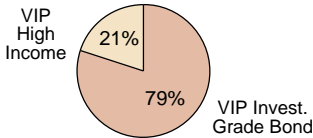
APRIL PERFORMANCE						30-day	2011	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	H***	1.33	1.5(90)	63.32	4961.8		8.9	1.3	7.9	23.3	2.3	8.2
China Region (352/FHKCX)	H***	1.28	1.5(90)	33.76	2062.3		3.8	4.6	2.5	24.1	5.9	13.2
Diversified Int'l (325/FDIVX)	S**	1.24	1(30)	32.85	24928.5		9.0	5.6	7.8	20.5	-3.4	1.4
Emerging EMEA (2053/FEMEX)	H***	1.8 Est	1.5(90)	10.31	154.4		9.1	3.9	15.2	29.4		
Emerging Mkts (322/FEMKX)	B****	1.59	1.5(90)	27.84	3890.8		5.7	4.2	9.0	21.4	-2.9	6.2
Europe (301/FIEUX)	S**	1.30	1(30)	35.01	793.1		11.8	7.7	9.2	24.8	-1.7	2.4
Europe Cap Appr (341/FECAX)	S**	1.33	1(30)	21.27	436.6		11.7	7.7	9.2	24.3	-2.8	1.6
Global Balanced (334/FGBLX)	B****	0.76	1(30)	24.07	546.1		7.9	4.0	6.7	17.6	4.8	6.4
Glob Commodity Stk (2120/FFGCX)	B****	1.6 Est	1(30)	18.50	687.6		7.9	2.0	6.6	27.7		
Int'l Capital Apprec. (335/FIVFX)	H***	1.49	1(30)	14.03	639.1		8.8	5.2	9.5	22.1	0.7	1.4
Int'l Discovery (305/FIGRX)	S**	1.22	1(30)	35.83	8264.9		8.4	6.6	8.1	21.3	-2.2	2.4
Int'l Growth (1979/FIGFX)	H***	1.18	1(30)	9.41	48.7		8.5	6.4	10.2	26.2	2.1	
Int'l Real Estate (1368/FIREX)	S**	1.38	1.5(90)	9.60	346.2		2.3	4.0	2.7	19.7	-6.7	-2.3
Int'l Small Cap (818/FISMX)	B****	1.29	2(90)	23.10	1058.5		8.7	6.0	7.7	29.1	3.7	2.6
Int'l Small Cap Opp (1504/FSCOX)	B****	1.43	2(90)	11.28	411.9		8.6	5.0	9.2	27.0	-5.1	-2.9
Int'l Value (1597/FIVLX)	H***	1.43	1(30)	9.02	215.2		10.8	5.0	5.9	19.4	-4.5	
Japan (350/FJPNX)	H***	1.12	1.5(90)	10.70	548.2		-4.3	1.7	-4.5	-0.1	-6.9	-6.6
Japan Smaller Co (360/FJSCX)	B****	1.24	1.5(90)	9.20	330.3		0.1	3.8	-2.1	4.1	-2.0	-8.9
Latin America (349/FLATX)	H***	1.63	1.5(90)	60.25	3838.1		2.1	2.3	7.4	20.7	-1.1	11.1
Nordic (342/FNORX)	H***	1.61	1.5(90)	38.75	492.4		12.8	8.2	12.8	31.7	-0.7	4.9
Overseas (94/FOSFX)	S**	1.26	1(30)	35.56	4494.7		9.5	6.5	7.6	18.7	-6.1	0.0
Pacific Basin (302/FPBFX)	B****	1.50	1.5(90)	27.08	944.9		3.9	4.7	4.9	23.2	3.3	4.7
Emerging Asia (351/FSEAX)	B****	1.19	1.5(90)	32.73	1852.5		6.9	4.2	7.1	27.2	0.6	9.5
Total Int'l Equity (1978/FTIEX)	B****	1.33	1(30)	8.14	96.3		8.8	5.3	8.2	22.4	-1.8	
Worldwide (318/FWWFX)	H***	1.10	1(30)	20.56	1247.9		10.2	4.8	8.8	23.3	1.3	4.8
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H***	0.91	none	29.24	2428.8		8.4	3.6	6.3	17.2	2.5	3.6
NASDAQ Comp (1282/FNCMX)	B****	1.13	0.75(90)	38.17	337.1		8.4	3.3	6.6	17.6	6.8	5.1
Spart Ext Mkt Idx (398/FSEMXX)	H***	1.19	0.75(90)	41.87	4602.7		11.1	3.0	9.8	24.2	8.0	5.8
Spart Int'l Index (399/FSIIX)	H***	1.26	1(90)	38.53	6490.9		9.9	6.3	7.3	20.2	-2.7	1.7
Spart 500 Index (650/FUSEX)	H***	1.00	none	48.31	27900.3		9.0	3.0	6.5	17.1	1.7	2.9
Spart Total Mkt Idx (397/FSTMX)	H***	1.03	0.5(90)	39.77	5612.8		9.5	3.0	7.1	18.5	2.9	3.5
Asset Mgr 20% (328/FASIX)	H***	0.35	none	13.17	3446.7		3.4	1.6	2.6	8.8	5.3	4.8
Asset Mgr 30% (1957/FTANX)	H***	0.47	none	10.01	176.0		4.1	1.9	3.3	10.9	5.3	
Asset Mgr 40% (1958/FFANX)	H***	0.56	none	9.98	121.7		4.9	2.3	4.0	12.6	5.3	
Asset Mgr 50% (314/FASMX)	H***	0.68	none	16.27	6612.9		5.8	2.6	4.5	14.6	5.5	5.1
Asset Mgr 60% (1959/FSANX)	H***	0.76	none	10.12	203.9		6.5	2.8	5.1	15.7	5.6	
Asset Mgr 70% (321/FASGX)	H***	0.89	none	17.52	2457.5		7.3	3.2	5.7	17.7	4.7	4.6
Asset Mgr 85% (347/FAMRX)	H***	1.02	none	14.51	680.0		8.3	3.6	6.5	19.4	4.2	4.2
Dynamic Strategies (1960/FDYSX)	H***	0.77	none	10.26	241.7		7.4	3.7	7.5	17.4	4.8	
Freedom 2000 (370/FFFBX)	H***	0.36	none	12.37	1485.6		3.6	1.6	2.7	8.0	4.1	4.3
Freedom 2005 (1312/FFVFX)	H***	0.61	none	11.38	933.8		5.3	2.2	4.1	11.6	3.5	4.2
Freedom 2010 (371/FFFCX)	H***	0.65	none	14.42	9716.5		6.1	2.6	4.8	13.4	4.1	4.6
Freedom 2015 (1313/FFVFX)	H***	0.68	none	12.05	8866.4		6.3	2.6	4.9	13.6	3.7	4.3
Freedom 2020 (372/FFFDX)	H***	0.81	none	14.75	19949.1		7.0	2.9	5.5	15.0	3.0	3.9
Freedom 2025 (1314/FFTWX)	H***	0.86	none	12.40	10171.0		7.6	3.2	6.0	16.5	3.1	3.9
Freedom 2030 (373/FFFEY)	H***	0.93	none	14.86	14755.4		7.9	3.2	6.2	16.8	2.0	3.2
Freedom 2035 (1315/FFTHX)	H***	0.97	none	12.45	6912.8		8.5	3.4	6.7	17.8	2.1	3.2
Freedom 2040 (718/FFFFX)	H***	1.00	none	8.71	9075.1		8.7	3.6	6.9	18.0	1.8	3.1
Freedom 2045 (1617/FFFGX)	H***	1.01	none	10.33	2660.2		8.9	3.5	6.9	18.3	1.8	
Freedom 2050 (1618/FFFHX)	H***	1.05	none	10.23	2165.4		9.1	3.5	7.1	18.8	1.3	
Freedom Income (369/FFFAF)	H***	0.33	none	11.65	2862.4		3.6	1.6	2.7	7.7	4.5	4.5
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B****	0.84	1(90)	9.95	10682.4	4.60	7.2	2.0	4.1	16.5	13.7	10.6
Corporate Bond (2208/FCBFX)	B****	0.4 Est	none	10.41	43.4	3.71	3.8	2.1	2.9			
Floating Rate (814/FFRHX)	B****	0.42	1(60)	9.90	6000.4	2.72	2.0	0.5	0.7	6.0	5.6	4.8
Focused High Inc (1366/FHIFX)	H***	0.59	1(90)	9.42	745.6	5.08	4.2	1.2	2.3	11.1	7.5	6.6
GNMA Portfolio (15/FGMNX)	H***	0.15	none	11.57	7709.3	3.56	2.0	1.5	1.8	6.2	6.9	7.0
Gov't Income (54/FGOVX)	B****	0.19	none	10.48	4188.4	2.11	1.2	1.3	1.2	4.1	5.2	6.1
High Income (455/SPHIX)	B****	0.70	1(90)	9.23	4725.8	5.59	5.3	1.3	2.8	12.4	10.6	8.7
Inflation-Protected (794/FINPX)	B****	0.39	none	12.11	2103.3	0.19	4.4	2.3	4.3	7.4	5.0	5.8
Intermed Bond (32/FTHRX)	B****	0.24	none	10.66	4262.7	2.53	2.0	1.3	1.5	6.1	6.5	5.6
Intermed Gov't Inc (452/FSTGX)	H***	0.15	none	10.77	1210.3	1.43	1.0	1.2	0.8	4.0	4.7	5.7
Invest Grade Bond (26/FBNDX)	B****	0.24	none	7.50	4603.1	3.02	2.5	1.5	2.1	7.0	6.4	5.3
Mortgage Securities (40/FMSFX)	H***	0.12	none	10.92	766.1	3.23	1.8	1.3	1.6	6.1	6.9	4.8
New Markets Inc (331/FNMIX)	H***	0.73	1(90)	15.77	3868.9	5.50	2.6	1.5	3.4	8.0	9.9	8.9
Short-Term Bond (450/FSHBX)	B****	0.10	none	8.50	7948.5	1.12	1.0	0.6	0.6	3.0	3.2	2.7
Spart Intermed Tr Idx (1561/FIBIX)	B****	0.34	none	10.71	1588.7	2.63	1.5	1.9	1.3	7.0	5.5	7.1
Spart L-Term Tr Idx (1562/FLBIX)	H***	0.65	none	10.42	132.5	4.07	1.0	2.2	3.4	6.5	5.2	6.9
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.11	none	10.51	245.1	0.88	0.8	0.8	0.5	2.8	3.4	4.8
Strategic Income (368/FSICX)	B****	0.45	none	11.37	8364.5	3.90	4.5	1.9	3.3	10.4	9.7	8.5
Strategic Real Rtn (1505/FSRRX)	H***	0.65	0.75(60)	10.11	4148.5	1.63	6.0	2.4	4.7	15.9	4.4	4.9
Total Bond (820/FTBFX)	B****	0.27	none	10.87	11275.9	3.15	2.6	1.5	2.1	7.1	7.6	6.7
Ultra-Short Bond (812/FUSFX)	H***	0.04	0.25(60)	8.21	254.8	0.32	0.6	0.1	0.3	1.1	0.7	-1.5
Spart US Bond Index (651/FBIDX)	H***	0.18	none	11.41	10458.4	2.77	1.7	1.4	1.6	5.3	5.5	5.7
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FAZAX)	S**	0.26	0.5(30)	11.22	148.6	3.79	2.1	1.8	3.0	2.3	4.4	4.1
CA Municipal Inc (91/FCFPX)	S**	0.29	0.5(30)	11.71	1449.7	4.18	2.2	1.9	3.3	1.7	3.6	3.6
CA Short-Int TF (1534/FCSTX)	H***	0.13	0.5(30)	10.60	629.9	1.66	1.3	0.7	1.5	2.3	4.1	4.2
CT Municipal Inc (407/FICNX)	S**	0.23	0.5(30)	11.36	510.4	3.00	2.5	1.7	2.9	2.8	4.5	4.4
Intermediate Muni (36/FLTMX)	S**	0.17	0.5(30)	10.08	3550.7	2.96	1.8	1.3	2.2	2.5	4.3	4.4
MA Municipal Inc (70/FDMMX)	S**	0.25	0.5(30)	11.74	2060.1	3.57	2.2	1.7	2.8	2.3	4.3	4.2
MD Municipal Inc (429/SMDMX)	S**	0.24	0.5(30)	10.84	175.8	3.11	1.7	1.5	2.2	2.0	4.1	4.1
MI Municipal Inc (81/FMHTX)	S**	0.21	0.5(30)	11.71	575.3	3.50	1.8	1.3	2.2	2.3	4.2	4.3
MN Municipal Inc (82/FMIX)	S**	0.20	0.5(30)	11.38	477.6	2.83	2.4	1.4	2.8	3.0	4.5	4.3
Municipal Income (37/FHIGX)	S**	0.26	0.5(30)	12.35	5308.2	4.02	2.1	1.7	3.0	1.9	4.2	4.0
NJ Municipal Inc (416/FNJHX)	S**	0.25	0.5(30)	11.29	567.1	3.61	1.2	1.8	2.1	1.0	3.8	4.0
NY Municipal Inc (71/FTFMX)	S**	0.25	0.5(30)	12.69	1606.8	3.76	2.0	1.9	2.8	1.8	4.4	4.3
OH Municipal Inc (88/FOHFX)	S**	0.24	0.5(30)	11.47	507.8	3.59	2.1	1.6	2.5	2.2	4.2	4.3
PA Municipal Inc (402/FPXTX)	S**	0.20	0.5(30)	10.61	397.6	3.71	2.3	1.6	2.7	2.6	4.3	4.2
Short-Int Municipal (404/FSSTFX)	B****	0.10	0.5(30)	10.64	3254.6	1.73	1.2	0.8	1.3	2.3	3.6	3.9
Tax-Free Bond (90/FTABX)	S**	0.26	0.5(30)	10.61	1772.5	4.02	2.1	1.7	2.9	1.6	4.4	4.3

APRIL 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	0.92	12810.54	11.5	4.1	8.4	19.5	2.9	5.2	4.3
S&P 500	1.00	1363.61	9.1	3.0	6.5	17.2	1.7	3.0	2.8
NASDAQ	1.13	2873.54	8.6	3.4	6.6	18.0	7.1	5.3	3.8
Russell 2000	1.27	865.29	10.8	2.6	11.1	22.2	8.0	3.9	7.3
Fidelity Monitor Income Model	0.34	99183.25	3.2	1.6	2.4	8.3	3.9	3.7	4.6
Fidelity Monitor G&I Model	0.73	192654.46	6.7	2.3	4.9	12.6	1.6	3.1	6.3
Fidelity Monitor Growth Model	1.10	208419.35	9.9	2.7	6.6	18.7	1.7	2.5	6.3
Fidelity Monitor Select System	1.09	429835.07	12.9	3.2	8.9	20.4	1.8	4.4	6.6
Fidelity Monitor Unique Opportunities	1.28	142404.62	10.6	2.9	7.2	18.4	1.5	3.2	10.3

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.

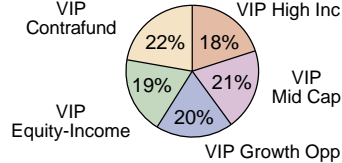
VIP INCOME MODEL



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: +2.6%
2002: +7.3%	

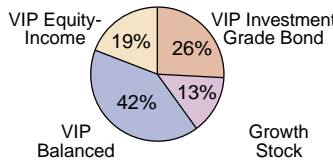
VIP GROWTH MODEL



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: +8.7%
2002: -21.7%	

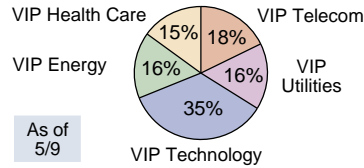
VIP G & I MODEL



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: +6.7%
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: +10.5%
2007: +11.2%	

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

APRIL 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 ***	1.14	12.93	8.6	3.2	7.1	21.5	3.5	2.4
VIP Asset Manager	H ***	0.74	42.96	6.0	2.6	5.1	14.7	3.0	5.0
VIP Asset Manager: Growth	H ***	0.95	27.65	7.4	3.1	6.5	17.9	1.6	4.4
VIP Balanced	B ****	0.92	21.10	6.9	2.2	5.0	16.0	5.2	5.0
VIP Consumer Discretionary	H ***	1.21	14.06	5.9	4.1	7.5	17.7	9.2	3.6
VIP Consumer Staples	H ***	0.78	12.64	6.7	5.9	9.6	17.6	5.5	
VIP Contrafund	B ****	1.09	50.36	9.2	3.0	6.6	18.3	1.5	3.3
VIP Disciplined Small Cap	H ***	1.19	10.80	11.1	2.8	11.1	22.6	6.1	1.5
VIP Dynamic Capital Appreciation	B ****	1.14	15.95	7.6	3.0	6.1	14.8	2.8	1.6
VIP Energy	B ****	1.59	29.76	18.1	0.4	9.8	36.3	-3.3	5.2
VIP Equity-Income	B ****	1.17	63.72	9.5	3.0	6.4	15.1	-1.3	0.5
VIP Financial Services	H ***	1.53	8.79	1.5	1.6	1.2	-5.2	-9.4	-9.1
VIP Freedom 2005	H ***	0.60	13.11	4.8	2.2	3.7	10.5	3.0	3.9
VIP Freedom 2010	H ***	0.64	13.38	5.5	2.5	4.3	12.4	3.6	4.3
VIP Freedom 2015	H ***	0.68	13.54	5.6	2.6	4.4	12.6	3.2	4.1
VIP Freedom 2020	H ***	0.82	13.50	6.6	2.9	5.1	14.3	2.5	3.6
VIP Freedom 2025	H ***	0.87	13.73	7.3	3.2	5.7	15.9	2.7	3.8
VIP Freedom 2030	H ***	0.96	13.44	7.6	3.3	5.9	16.3	1.5	3.1
VIP Freedom Income	H ***	0.30	12.69	2.7	1.4	2.1	6.2	3.7	4.0
VIP FundsManager 20	H ***	0.27	11.96	2.8	1.5	2.4	6.8	3.1	
VIP FundsManager 50	H ***	0.58	11.89	5.5	2.6	4.5	12.5	2.9	
VIP FundsManager 70	H ***	0.80	11.52	7.3	3.3	6.0	16.0	1.9	
VIP FundsManager 85	H ***	0.96	11.15	7.8	3.5	6.4	17.3	0.9	
VIP Growth	B ****	1.09	69.85	11.3	3.0	8.0	26.5	0.2	3.2
VIP Growth & Income	B ****	1.04	19.49	8.0	3.5	5.4	14.9	-1.5	1.3
VIP Growth Opportunities	B ****	1.25	14.79	12.8	4.2	10.9	26.4	-0.6	2.4
VIP Growth Stock	B ****	1.08	13.54	11.6	3.7	9.5	24.6	4.9	4.6
VIP Health Care	B ****	0.89	16.57	15.4	4.7	11.6	26.0	10.8	6.9
VIP High Income	B ****	0.66	40.32	4.7	1.3	2.5	11.9	7.6	6.5
VIP Index 500	H ***	1.00	38.86	8.8	2.9	6.3	16.2	0.9	2.1
VIP Industrials	B ****	1.42	24.83	12.0	3.4	7.8	24.9	7.4	7.3
VIP Int'l Capital Appreciation	H ***	1.49	12.74	8.7	5.1	9.4	21.2	0.0	0.5
VIP Investment Grade Bond	B ****	0.23	36.49	2.1	1.4	1.8	5.6	6.2	5.4
VIP Materials	H ***	1.52	14.78	9.6	4.3	9.4	31.1	8.4	
VIP Mid Cap	B ****	1.05	28.20	7.0	2.6	5.9	23.2	6.5	5.4
VIP Money Market			21.69	-0.2	-0.1	-0.2	-0.6	0.1	1.7
VIP Overseas	S **	1.25	41.12	9.9	7.1	8.5	24.4	-3.1	1.2
VIP Real Estate	H ***	1.99	22.05	13.1	5.0	9.2	23.1	2.9	3.6
VIP Strategic Income	B ****	0.43	16.23	4.1	1.8	2.9	9.1	8.6	7.5
VIP Technology	B ****	1.40	16.39	9.7	3.5	5.6	31.2	13.9	8.0
VIP Telecommunications	B ****	1.13	9.47	7.3	3.6	8.8	25.2	3.7	
VIP Utilities	B ****	0.88	13.85	8.1	3.9	6.5	17.8	-2.6	4.8
VIP Value	B ****	1.42	11.73	8.8	2.6	6.7	11.6	-0.1	0.7
VIP Value Leaders	S **	1.18	10.71	9.7	3.3	7.4	10.3	-4.2	-1.6
VIP Value Strategies	B ****	1.53	16.57	9.7	3.7	8.7	18.3	4.1	3.1
Fidelity Monitor VIP Income Model		0.29	23294.04	2.6	1.4	1.9	6.4	3.9	4.2
Fidelity Monitor VIP G&I Model		0.78	28456.26	6.7	2.4	4.8	12.5	2.4	3.7
Fidelity Monitor VIP Growth Model		0.99	36131.92	8.7	2.8	6.5	17.3	-1.9	0.1
Fidelity Monitor VIP Sector Model		1.09	23293.12	10.5	3.3	8.4	21.0	5.7	5.9

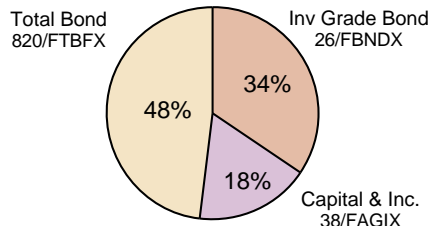
INCOME MODEL

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	\$7.50	4487.633	\$33657.25
Capital & Income	\$9.95	1817.541	\$18084.53
Total Bond	\$10.87	4364.441	\$47441.47

7% Foreign Holdings

Balance as of 4/29/11: \$99183.25
Balance at start of 2011: \$96121.82



For April our Income Model gained 1.6%. The current asset mix is 3% stock, 92% bond and 5% cash.

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: + 3.2%

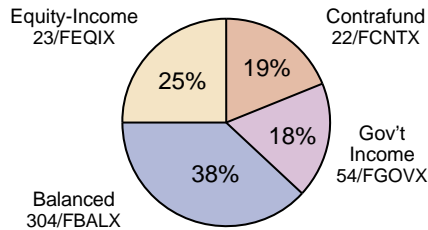
GROWTH AND INCOME MODEL

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

FUND	NAV	SHARES	BALANCE
Contrafund	\$72.91	505.431	\$36850.97
Gov't Income	\$10.48	3338.218	\$34984.52
Balanced	\$19.40	3750.732	\$72764.20
Equity-Income	\$48.11	998.852	\$48054.77

11% Foreign Holdings

Balance as of 4/29/11: \$192654.46
Balance at start of 2011: \$180595.78



Our Growth and Income Model gained 2.3% in April. The current asset mix is 65% stock, 33% bond and 2% cash.

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: + 6.7%

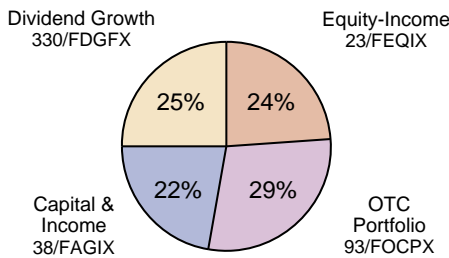
GROWTH MODEL

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	\$48.11	1050.681	\$50548.26
OTC Portfolio	\$62.30	984.424	\$61329.62
Capital & Income	\$9.95	4517.820	\$44952.31
Dividend Growth	\$31.04	1662.022	\$51589.16

15% Foreign Holdings

Balance as of 4/29/11: \$208419.35
Balance at start of 2011: \$189620.99



We were up 2.7% in April, versus 3.0% for the S&P. We may cut our stake in **Capital & Inc.** Asset mix: 81% stock, 17% bond, 2% cash.

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: + 9.9%
1999: +29.0%	

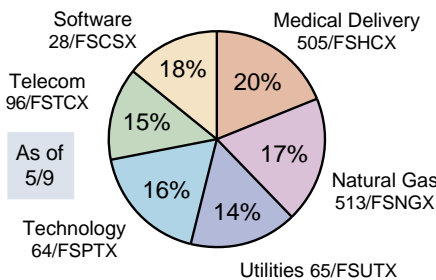
SELECT SYSTEM

Holds an optimized mix of attractively valued sectors.
Target Growth Rate: 14% Target Risk Level: 1.2

FUND	NAV	SHARES	BALANCE
Medical Delivery	\$59.46	1406.013	\$83601.53
Natural Gas	\$37.11	1931.868	\$71691.62
Utilities	\$52.29	1174.229	\$61400.43
Wireless	\$8.52	8206.157	\$69916.46
Telecom	\$50.20	1307.934	\$65658.29
Software	\$89.73	864.446	\$77566.74

11% Foreign Holdings

Balance as of 4/29/11: \$429835.07
Balance at start of 2011: \$380799.72



We were up 3.2% in April, versus 3.0% for the S&P 500. On 4/4 we sold **Energy** (\$62.26) and bought **Natural Gas** (\$37.23). On 5/9 we'll exchange **Wireless** for **Technology**. Asset mix: 98% stock, 2% cash.

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: +12.9%
2000: -14.9%	

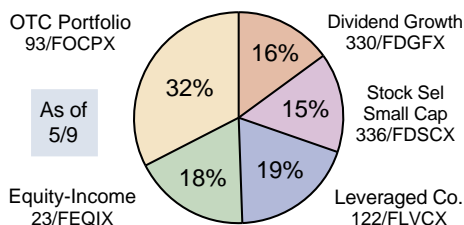
UNIQUE OPPORTUNITIES MODEL

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

FUND	NAV	SHARES	BALANCE
Dividend Growth	\$31.04	1409.793	\$43759.97
Leveraged Company	\$31.59	860.402	\$27180.10
Equity-Income	\$48.11	536.599	\$25815.78
OTC Portfolio	\$62.30	732.725	\$45648.77

11% Foreign Holdings

Balance as of 4/29/11: \$142404.62
Balance at start of 2011: \$128788.38



This portfolio gained 2.9% in April, versus 3.0% for the S&P 500. On 5/9 we will sell one-half of **Dividend Growth** and buy **Stock Selector Small Cap**, for a mix of 98% stock, 1% bond, 1% cash.

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: +10.6%

You mentioned a possible change to your Select System a few months back. Are you still planning to proceed?

Yes. Starting this month we are shifting the newsletter version of the Select System toward sectors chosen mainly for their fundamentals. Money management clients will remain with the quantitative version, which ranks the attractiveness of industry groups based on our volatility model. We'll discuss this change in more detail next month, but to sum it up briefly, this plan should make the "ride" a little smoother by reducing the degree to which the Select System deviates from the S&P 500's sector mix. ■

APRIL DISTRIBUTIONS

Asset Manager 20%	\$0.02 / \$12.99	(4/6)
Asset Manager 30%	\$0.016/\$ 9.86	(4/6)
Asset Manager 40%	\$0.03 / \$ 9.81	(4/6)
Asset Manager 50%	\$0.047/\$15.97	(4/6)
Balanced	\$0.06 / \$19.02	(4/6)
CA Short-Int. Muni	\$0.005/\$10.54	(4/6)
Convertible Securities	\$0.169/\$27.20	(4/6)
Equity-Income	\$0.126/\$47.63	(4/6)
Equity-Income II	\$0.049/\$19.64	(4/6)
Fidelity Fund	\$0.012/\$34.68	(4/6)
Four-In-One Index	\$0.015/\$28.29	(4/15)
Freedom Income	\$0.01 / \$11.50	(4/6)
Growth & Income	\$0.047/\$19.37	(4/6)
Large Cap Core Enhanced Index	\$0.025/\$ 9.07	(4/15)
Large Cap Growth Enhanced Index	\$0.017/\$10.20	(4/15)
Large Cap Value Enhanced Index	\$0.017/\$ 7.94	(4/15)
Puritan	\$0.064/\$18.80	(4/6)
Select Air Transportation	\$3.28 / \$38.92	(4/15)
Select Automotive	\$0.72 / \$44.21	(4/6)
Select Chemicals	\$0.02/\$105.55	(4/15)
Select Consumer Discretionary	\$0.97 / \$24.38	(4/6)
Select Consumer Finance	\$0.005/\$12.27	(4/6)
Select Consumer Staples	\$0.642/\$70.86	(4/15)
Select Defense & Aero	\$0.12 / \$78.01	(4/15)
Select Electronics	\$0.01 / \$52.72	(4/6)
Select Energy	\$0.08 / \$61.57	(4/6)
Select Environment & Alt Energy	\$0.005/\$19.49	(4/15)
Select Gold	\$2.029/\$139.87	(4/15)
Select IT Services	\$0.35 / \$22.83	(4/6)
Select Industrial Equipment	\$0.16 / \$36.08	(4/15)
Select Industrials	\$0.43 / \$25.03	(4/15)
Select Insurance	\$0.03 / \$49.97	(4/6)
Select Leisure	\$0.095/\$93.00	(4/6)
Select Medical Equip & Systems	\$0.166/\$30.08	(4/6)
Select Multimedia	\$0.26 / \$47.18	(4/6)
Select Natural Gas	\$0.05 / \$36.95	(4/6)
Select Natural Resources	\$0.07 / \$40.18	(4/6)
Select Pharmaceuticals	\$0.26 / \$13.22	(4/6)
Select Retailing	\$2.90 / \$53.09	(4/6)
Select Software	\$5.93 / \$86.91	(4/6)
Select Telecommunications	\$0.036/\$48.98	(4/15)
Select Transportation	\$0.763/\$55.50	(4/15)
Select Utilities	\$0.11 / \$50.87	(4/6)
Strategic Dividend & Income	\$0.052/\$11.28	(4/6)
Strategic Real Return	\$0.043 / \$9.92	(4/6)
Spartan 500 Index	\$0.188/\$42.29	(4/6)
Spartan Extended Mkt Index	\$0.51 / \$40.40	(4/15)
Spartan Int. Treasury Bond Index	\$0.022/\$10.49	(4/6)
Spartan International Index	\$0.12 / \$36.77	(4/15)
Spartan ST Treasury Bond Index	\$0.025/\$10.42	(4/6)
Spartan Total Mkt Index	\$0.105/\$38.46	(4/15)
Telecom & Utilities	\$0.05 / \$16.92	(4/6)

Funds scheduled for May payouts include **Asset Mgr. 20%**, **Asset Mgr. 30%**, **Freedom** funds, **Magellan**, and **Real Estate Income**.

INCOME FUNDS

Please see page 7 for our current Income Model holdings. Our individual bond favorites, in increasing order of risk, include **Short-Term Bond**, **Total Bond**, **Floating Rate High Income**, and **Capital & Income**. For offsetting the risk of stocks in a blended portfolio, we like **Gov't Income** and **Spartan Int. Treasury Index**.

Predictions of doom and gloom fed the precious metals markets, which in turn gave a lift to inflation-hedged bond funds. **Strategic Real Return** rose 2.4%, and **Inflation-Protected Bond** gained 2.3%. On the bottom end, **Ultra-Short Bond** finished with a gain of 0.1% for the month.

Municipal bonds got a small lift from improving tax revenues at the state level, which eased credit concerns. A modest decline in long-term interest rates also helped. Gains for the month ranged from 0.7% to 1.9%.

SELECT PORTFOLIOS

Our Select System holdings are listed on page 7. Buy-rated sectors include **Telecommunications**, **Wireless**, **Natural Gas**, **Utilities**, **Automotive**, **Software**, **Medical Delivery**, **Pharmaceuticals**, **IT Services**, **Industrials**, **Industrial Equipment**, **Technology** and **Chemicals**.

Growth sectors performed well, especially in the defensively positioned health care group. **Biotech** jumped 9.9%, and **Electronics** and **Pharmaceuticals** both rose 7.1%. Laggards included **Energy Service**, which slipped 1.0%, and **Air Transportation**, down 5.3%. ■

Happenings

Per Johansson has been named manager of **Nordic**, Rie Shigekawa now heads **Japan**, and James Morrow and Adam Kramer have taken over **VIP Equity-Income**.

Thomas Soviero of **Leveraged Company Stock** edged out Ken Heebner of CGM Focus as manager of the top-performing diversified U.S. stock fund over the past decade (Soviero's tenure covers all but two of those 10 years, but he is responsible for most of the fund's gains over the period). In an interview with Bloomberg, he remarked that "Debt doesn't have to be a four-letter word. When it works in your favor good things can happen."

Meanwhile, the Wall Street Journal took Harry Lange to task in an article that presented **Magellan** as a ship that's lost its bearings in an era where investors increasingly embrace index funds and ETFs. The article failed to mention that **Magellan's** relative performance has improved since last August, which is why we're upgrading the fund to a hold. ■

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	116166.3	0.01	CT MM (418/FCMXX)	1713.5	0.01			
Select MM (85/FSLXX)	7453.2	0.07	MA MM (74/FDMXX)	5158.1	0.01			
Money Market (454/SPRXX)	4321.2	0.01	MI MM (420/FMIXX)	875.2	0.01	MA AMT TF (426/FMSXX)	335.3	0.01
Gov't MM (458/SPAXX)	607.9	0.01	NJ MM (417/FNJXX)	2149.3	0.01	AMT Tax-Free (460/FIMXX)	1460.2	0.01
US Treas. MM (415/FDLXX)	4841.0	0.01	NY MM (92/FNYXX)	4838.0	0.01	NJ AMT TF (423/FSJXX)	278.2	0.01
Tax-Free MM (275/FMOXX)	6555.1	0.01	OH MM (419/FOMXX)	1000.2	0.01	NY AMT TF (422/FSNXX)	514.2	0.01
US Gov't Reser (50/FGRXX)	2687.2	0.01	AZ MM (433/FSAXX)	343.4	0.01	PA MM (401/FPTXX)	672.2	0.01
CA MM (97/FCFXX)	5073.0	0.01	CA AMT TF (457/FSPXX)	578.1	0.01	Municipal MM (10/FTFXX)	23273.5	0.01