

Jack
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Fidelity

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Years

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Monitor™

Select System To Embrace Fundamental Approach

Quantitative investment models have their advantages and drawbacks. On the plus side, a numbers-only approach takes the emotion out of the decision-making process, and allows for back-testing with historical data. On the minus side, quantitative strategies often deviate substantially from the S&P 500, which makes for good years and bad years.

Judging from subscriber feedback, and after noting the declining popularity of the Select System over the last 15 years, we've concluded a majority of performance-oriented investors find it difficult to follow a model that periodically lags the S&P 500 for 12 months or more – even if it has a history of bouncing back.

As such, we've decided to discontinue our numbers-only approach and adopt a fundamental (non-quantitative) strategy. By keeping the Select System more closely tied to the S&P 500, diversification will increase, keeping the model's volatility score in a tighter range. This should greatly reduce the odds of posting a disappointing year.

Will we be giving anything up? Probably not much. The chart on page 2 shows the Select System's track record for the six years ending 4/30/11, a period during which the Select System held the top ranked sectors from our

SELECT SYSTEM - *Continued on page 2*

Changes In Growth Model, Select System and Unique Opportunities

Monday, 6/6, we will make the following trades:

Our Growth Model will be selling three-fifths of **Dividend Growth** (330/FDGF) and buying **Focused Stock** (333/FTQGX). While the two funds have both done well over the last three years, manager Stephen DuFour has kept volatility levels lower at **Focused Stock** – despite holding only 50-60 stocks.

Our Select System will sell one-sixth of **Software** (28/FSCSX) and buy **Technology** (64/FSPTX). We want to establish a slightly overweighted position in **Technology** before we convert the rest of the portfolio to a fundamental approach.

Our Unique Opportunities Model will be selling **Dividend Growth** (330/FDGF) and buying **Focused Stock** (333/FTQGX). Here again, we are looking to maintain the portfolio's long-term growth potential while operating with slightly reduced volatility.

Review & Recommendations

Continuing signs of a slowdown in global growth triggered a commodities correction, while Greece's sovereign debt problems intensified to the point where stronger euro members are being forced to boost the size of the bailout. Here at home, employment and housing sales took a dip, potentially slowing the rate of recovery. The S&P 500 declined 1.1% for the month of May.

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-Income**, **Leveraged Company** and **Contrafund**.

Funds that overweighted defensive sectors held up best. **Value Strategies**, **Mid Cap Value** and **Large Cap Growth** were all off 0.6%. On the flip side, those with less-than-favorable stock picks trailed behind. **130/30 Large Cap** finished on the bottom with a 2.8% decline.

INTERNATIONAL FUNDS

Our favorites include **International Small Cap**, **Japan Smaller Companies**, and **Pacific Basin**. We continue to favor U.S. stock funds over foreign stock funds.

The commodities correction, along with new concerns about the euro, caused many foreign stock funds to slide more than their domestic counterparts. **China Region** and **International Real Estate** held up well, with both posting declines of 0.6%. But those that were close to the problem areas were laggards. **Europe** and **Europe Capital App** lost 4.2%, and **Emerging EMEA** fell 6.2%.

GROWTH & INCOME FUNDS

Please see page 7 for our Growth and Income Model holdings. Our blended favorites include **Balanced** and **Puritan**. For dividend stocks, go with **Equity-Income**.

Investors embraced income-oriented securities, which helped **Real Estate** (up 1.4%) and **Telecom & Utilities** (1.0% increase). But **Fidelity Fund**'s 2.3% loss landed it on the bottom.

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**. We have upgraded most municipal bond funds to a hold rating. The improvement in state and local tax revenues

RECOMMENDATIONS - *Continued on page 8*

volatility model without any industry group limitations. While the Select System beat the S&P 500 by more than three percentage points per year, and has fully recovered from the impact of the 2008 financial crisis, we could have done just as well by holding the ten major Selects in proportion to the S&P 500's industry mix.

Is there a lesson here? In today's highly-efficient market, trying to capitalize on short-term opportunities has become increasingly difficult. But Fidelity's extensive stock research already provides the Select family with an advantage that has potential to pay off over the long run. A fancy quantitative model may be nice, but it isn't really necessary for outperforming the market. All it takes is a reasonable amount of diversification, and the ability to avoid an overweighted bet on the long-term losers.

LONG-TERM THEMES

That's not as hard as it might seem. Let's start by considering the changes that will drive the economy over the next 10-20 years, then analyze the impact on each of the major industry groups.

Advancing technology is perhaps the most durable long-running theme in the global economy. The declining cost, increasing speed, and reduced power consumption of electronic circuits has already reshaped the world in ways that no one could predict. Going forward, we may not know what will come next, but we do know that U.S. firms providing technology and technology services are in the driver's seat. Japanese and European companies are too bound by tradition to innovate freely, and emerging market institutions are only capable of cloning products that use well-established technology. With each new breakthrough that comes along, domestic companies are the ones likely to take full advantage of the opportunities that are created.

Another dependable theme is emerging market demand. With over a billion people seeing robust wage growth that propels them toward the ranks of the middle class, their spending will increasingly ripple through the global economy, boosting demand for all the things that

come with a rising standard of living. This is already turning the tide from a foreign trade standpoint. Up until 2008, U.S. imports were growing faster than exports. But now our domestic economy is in the process of becoming a major league exporter. As emerging countries climb out of poverty, they will boost their purchases of high-value goods supplied by U.S. companies in the technology, health care and industrial groups.

Emerging country demand is also likely to impact global food and energy markets, pushing up costs at a rate that exceeds inflation over the next two decades. As we've already seen, this may create significant disruption in the global economy, and put added stress on consumers here at home. But it also suggests that the U.S. economy, which has an abundance of agricultural and non-oil energy resources, will get a lift from low-value exports too. Cargo ships will be leaving our ports full of coal, grain, seed, fertilizer, chemicals, plastic, and perhaps even liquefied natural gas (LNG) and recyclable commodities.

One final theme. It's the weakest of the bunch, but still significant. The graying of the U.S. population (along with that of other fully developed nations) is hardly a new trend, but still has potential to impact the economy in significant ways. Over the next two decades, we can expect reduced consumer spending for housing, vehicles and retail goods. At the same time, spending on health care, leisure and tourism is likely to increase.

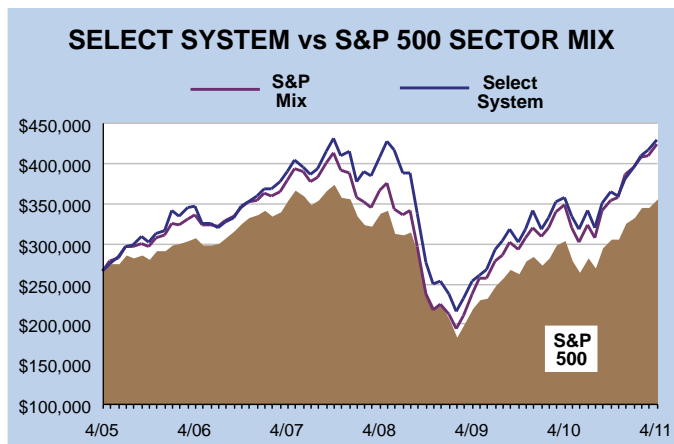
IMPACT ON INDUSTRY GROUPS

Now let's translate these themes into some long-term assumptions for the ten major industry groups:

- **Consumer Discretionary.** This sector is heavily dependent on consumer spending, and is becoming increasingly competitive. There are some bright spots, such as the restructured auto sector, rising emerging market demand for consumer goods and increased spending on leisure activities. But it's not entirely clear whether this group will outperform or underperform over the next two decades. It's basically a neutral bet.

- **Consumer Staples.** In the past, brand names in the food, personal care, beverage and tobacco groups had good pricing power and could usually deliver steady profit growth. But in the coming decades, food commodities and feedstocks of all kinds may become more costly and volatile. At the same time, selling to emerging countries could become more challenging due to competition from foreign brands. Odds are there will be downward pressure on stock multiples, causing the sector to underperform.

- **Energy.** With enormous reserves of natural gas and coal, and rising output of domestically-produced shale oil, the U.S. stands a good chance of becoming a net energy exporter in the next 10-20 years. This bodes well for domestic oil and gas companies. The threat of production taxes or the loss of income tax breaks is not a big worry for this group, because profit margins are relatively small



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compared to other industry groups, and nearly all costs are passed along to those who buy fuel. We don't see this group being a huge winner over the long run, but it does have the potential to outperform.

- **Financial Services.** The nation's banks have been hit hard by new regulations. And if post-crash prices for U.S. housing follow Japan's path, there will be very little recovery for residential markets in the next two decades, making for a long-term lending drought. There may be opportunities in brokerages, insurers, and transaction-based financial firms. Still, as the economy transforms into an export powerhouse, this group may be left behind.

- **Health Care.** We're just starting down the path of reform and the ultimate fate of Medicare and Medicaid are yet to be determined. Aging populations and unhealthy habits will drive growth. But with the cost of care being such a big problem, the biggest winners will be firms that drive down costs, especially those that sell globally. Overall, we think this group will outperform, but probably not by a wide margin.

- **Industrials.** Domestic companies in this group are in a commanding position, because they make some of the most advanced and reliable capital equipment around, just what emerging countries need to create infrastructure for new cities and boost output of minerals and agricultural commodities. This group is positioned to outperform.

- **Materials.** With consumer spending on the rise in emerging markets, demand for metal, plastic, paper, and agricultural commodities will come with it. But there may be winners and losers in this group, as rising costs could threaten profits for producers that don't have access to enough reserves to meet demand. For U.S. firms in this sector, the group has a good chance of outperforming.

- **Technology.** Earnings have been growing faster than other industry groups, and that's likely to continue as exports grow and business spending becomes increasingly technology-oriented. Today's leaders are the survivors of the bust that occurred ten years ago. They have robust business models – many are now flush with cash, have little or no debt, and can easily fund their own growth. A large share of the sector's profits are earned from exports and overseas sales, so these stocks can be negatively affected if the dollar gains strength. But even with that risk, the group's high rate of earnings growth puts it in a solid position to outperform over the next two decades.

- **Telecommunications.** This group is dominated by the major carriers, all of which are navigating through an uncertain transition where profitable landlines and wireless voice minutes are being replaced by exploding demand for data. The industry now faces years of heavy investment in wireless infrastructure to get ahead of the curve, but competitive pressures have made it difficult to

adopt usage-based pricing for data. Nervous investors have made the sector cheap, with the major carriers posting robust dividend yields. We think capacity limitations will ultimately prompt all carriers to charge for both usage and download speed, setting the stage for revenue growth. Given today's low multiples, we think the group has potential to slightly outperform over the long run.

- **Utilities.** In the past, power producers were capital-intensive, but relatively low risk. Investors often sought out the group for dividends. Then about a decade ago, deregulation and the threat of greenhouse gas regulations created substantial new risks. Those risks are beginning to look more manageable, thanks in part to the U.S. shale-gas revolution. With vast quantities of cheap natural gas on tap, it should become increasingly viable to replace coal plants with gas plants, cutting carbon output by half. But other challenges lurk in the coming decades. Rising coal prices could erode profits, and the industry faces extensive infrastructure upgrades to handle renewable power mandates and smart grid requirements. At some point it will also be necessary to gear up for increased use of electric vehicles. Odds are the group will slightly underperform over the next 20 years.

FUNDAMENTAL SECTOR PICKS

Given this backdrop, here are the funds that have attractive fundamentals today:

Technology holds a variety of hardware, software, and component suppliers. These companies are the leaders in their field of expertise, and have the potential to deliver faster earnings growth than that of other industry groups. Very few have much in the way of foreign competition.

IT Services is a bet on companies that use state-of-the-art technology to grab market share from those that don't. Some of these firms provide transaction-based financial services, making this fund a high-tech stand-in for the down-and-out financial sector.

Telecommunications has a big stake in the major carriers, but also includes some of the faster-growing firms that provide infrastructure. It even ventures a little outside its benchmark to include some media, tech and industrial companies (which account for about 15% of holdings).

Industrials is an emerging market infrastructure play on firms that make earth movers, low pollution power plants, water desalination equipment, jumbo jets and other big-ticket capital goods considered essential for a high standard of living.

Pharmaceuticals has perhaps the strongest legs and least risk in the health care segment. Pills have the greatest potential to cut medical costs, and they are the first thing that emerging market consumers seek when they start

SELECT SYSTEM - *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 ↓.

MAY 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	7.94	27.0	9.7	-2.8	2.2	23.9	-9.5		
Growth Strategies (324/FDEGX)	B****↑	1.14	1.5(90)	22.04	2129.0	7.8	-1.0	3.7	32.1	1.8	4.7	-2.1
Blue Chip Gth (312/FBGRX)	B****	1.09	none	49.14	12917.3	8.4	-1.0	2.8	30.0	6.2	6.8	2.5
Blue Chip Value (1271/FBCVX)	S**	1.18	none	11.66	494.0	7.9	-1.9	2.6	19.8	-4.0	-0.6	
Capital Apprec (307/FBCAX)	B****	1.13	none	26.95	5036.5	6.4	-1.4	1.4	21.5	2.5	3.1	4.7
Contrafund (22/FCNTX)	B****	0.88	none	71.74	64782.3	6.0	-1.6	1.3	26.0	1.4	5.5	7.0
Growth Discovery (339/FDSVX)	B****	1.09	none	15.00	945.2	9.6	-1.6	2.2	34.5	-0.3	5.8	3.4
Disc Equity (315/FDEQX)	H***	1.00	none	24.45	9261.3	8.5	-2.0	3.0	19.5	-3.3	1.2	2.5
Dividend Gth (330/FDGFV)	B****	1.29	none	30.39	10346.6	6.9	-2.1	1.0	29.1	5.5	4.9	2.9
Export Fund (332/FEXPX)	S**	1.05	0.75(30)	23.15	2524.6	6.1	-2.1	1.1	23.3	-1.1	2.7	5.0
Fidelity Fifty (500/FFTYX)	B****	1.14	none	19.11	846.2	8.4	-0.8	3.1	30.9	-2.5	1.8	3.3
Focused Stock (333/FTQGX)	B****	0.98	none	15.13	464.1	10.8	-0.9	2.6	37.8	4.1	6.9	2.9
Growth Company (25/FDGRX)	B****	1.06	Closed	92.76	30889.0	11.6	-0.8	5.3	34.2	4.5	8.0	4.8
Independence (73/FDFFX)	B****	1.34	none	26.23	4391.9	7.7	-1.9	2.8	31.5	-2.9	6.0	4.4
Lg Cap Core En Idx (1827/FLCEX)	S**↓	0.96	none	9.28	811.1	8.8	-1.2	2.4	25.5	0.3		
Lg Cap Gth En Idx (1829/FLGEX)	H***	0.97	none	10.46	77.0	9.0	-1.1	2.8	28.0	2.9		
Large Cap Growth (763/FSLGX)	B****	1.01	none	10.79	133.9	10.8	-0.6	4.2	33.7	2.5	2.4	
Large-Cap Stock (338/FLCSX)	B****	1.27	none	18.87	1059.5	7.2	-1.2	0.6	26.3	2.5	4.7	2.2
Lg Cap Val En Idx (1828/FLVEX)	S**	1.00	none	8.09	92.1	9.1	-1.1	2.4	23.9	-1.3		
Large Cap Value (708/FLSVX)	S**	1.07	none	11.42	671.2	8.6	-0.9	2.4	19.2	-4.1	-0.7	
Lev Co Stock (122/FLVCX)	B****	1.63	1.5(90)	31.24	4668.6	9.9	-1.1	2.5	30.7	-3.0	5.1	13.9
Low-Priced Stock (316/FLPSX)	B****	1.12	1.5(90)	42.08	29083.6	9.6	-1.2	4.5	29.2	5.4	6.1	10.7
Magellan (21/FMAGX)	H***	1.26	none	75.63	19566.0	5.7	-2.2	-0.2	21.3	-4.1	1.1	0.8
Mid Cap Growth (793/FSMGX)	B****↑	1.27	0.75(30)	13.42	323.5	7.9	-0.9	3.5	32.0	1.1	1.6	
Mid Cap Stock (337/FMCSX)	H***	1.35	0.75(30)	31.49	7120.6	9.2	-0.9	4.6	27.0	2.8	4.4	4.4
Mid Cap Value (762/FSMVX)	H***	1.25	0.75(30)	17.46	714.8	9.5	-0.6	3.7	29.1	4.6	4.5	
New Millennium (300/FMLIX)	B****↑	1.14	none	31.88	1978.3	9.4	-1.2	3.0	27.9	5.1	6.0	5.7
OTC Portfolio (93/FOCPX)	B****	1.22	none	61.27	6641.1	11.5	-1.7	2.9	33.5	7.8	10.9	6.2
Small Cap Discovery (384/FSCRX)	B****↑	1.34	1.5(90)	22.53	2095.7	10.1	-1.1	3.1	31.8	15.9	10.2	
Small Cap Growth (1388/FCPGX)	B****↑	1.23	1.5(90)	17.46	1510.9	11.3	-2.1	6.8	33.6	6.0	6.7	
Stock Sel Small Cap (336/FDSCX)	B****	1.34	1.5(90)	20.47	2108.1	10.6	-2.2	4.4	37.7	4.0	4.0	7.1
Small Cap Stock (340/FSLCX)	B****	1.43	2 (90)	21.43	4645.2	9.3	-1.2	2.5	30.7	9.2	7.0	9.1
Small Cap Value (1389/FCPVX)	H***	1.29	1.5(90)	16.44	2132.1	5.3	-1.8	0.2	21.4	9.9	6.4	
Stock Sel All Cap (320/FDSSX)	H***	1.05	none	27.65	1016.4	7.4	-1.8	2.0	28.9	0.3	3.6	3.2
Tax Managed Stock (343/FTXMX)	H***	1.08	none	13.83	78.0	11.0	-1.5	4.9	26.6	-3.3	1.9	
Trend (5/FTRNX)	B****	1.08	none	74.65	1180.6	10.8	-0.7	4.2	33.3	4.2	7.0	4.7
Value (39/FDVLX)	H***	1.45	none	74.63	8036.5	8.6	-1.6	2.2	28.0	1.3	2.9	7.3
Value Discovery (832/FVDFX)	H***	1.17	none	15.82	610.5	8.1	-1.4	2.0	23.6	-1.0	2.0	
Value Strategies (14/FLSLX)	B****	1.54	none	30.46	382.1	9.4	-0.6	4.6	28.9	3.8	4.7	5.8
GROWTH & INCOME FUNDS:												
Balanced (304/FBALX)	B****	0.76	none	19.25	17890.0	5.9	-0.8	1.9	19.4	2.2	4.5	6.3
Convertible Sec (308/FCVX)	B****	1.25	none	27.49	2700.0	8.7	-0.5	1.7	27.4	2.3	7.1	6.6
Equity-Income (23/FEQIX)	B****	1.16	none	47.35	10322.1	7.3	-1.6	1.1	23.9	-0.7	1.5	2.9
Equity-Income II (319/FEQTX)	B****	1.13	none	19.55	5253.3	7.4	-1.5	1.1	23.2	-1.2	1.0	2.6
Fidelity Fund (3/FFIDX)	H***	1.04	none	34.93	5473.4	8.7	-2.3	1.8	27.0	-0.5	4.2	2.7
Growth & Income (27/FGRIX)	H***	1.20	none	19.54	5710.1	7.0	-1.1	1.9	25.2	-6.9	-4.0	-1.5
Mega Cap Stock (361/FGRTX)	B****	1.05	none	10.65	788.5	6.6	-1.3	0.2	25.0	0.6	3.2	2.8
Puritan (4/FPURX)	B****	0.71	none	18.98	17323.5	6.3	-1.0	1.8	20.3	3.9	5.1	5.2
Real Estate Income (833/FRIFX)	B****	0.72	0.75(90)	10.98	1622.6	6.1	0.5	2.1	17.1	9.4	5.4	
Real Estate (303/FRESX)	H***	1.91	0.75(90)	29.23	3624.2	13.8	1.4	5.4	31.5	3.2	3.5	11.4
Strategic Div & Inc (1329/FSDIX)	B****	1.11	none	11.65	635.5	10.9	0.3	5.0	22.7	1.0	2.9	
Select & Utilities (311/FIUIX)	B****↑	0.85	none	17.57	956.1	10.5	1.0	6.8	31.7	-0.7	5.0	3.2
SELECT FUNDS:												
Air Transportation (34/FSAIX)	H***	1.56	0.75(30)	40.23	93.1	3.0	-1.8	1.3	18.9	11.9	4.3	4.7
Automotive (502/FSAVX)	B****	2.41	0.75(30)	44.40	218.0	-0.1	-2.1	-3.7	41.6	9.9	6.8	7.9
Banking (507/FSRBX)	H***	1.59	0.75(30)	18.03	411.3	-2.6	-2.2	-4.7	2.0	-4.4	-7.8	-0.8
Biotechnology (42/FBIOX)	S**	1.04	0.75(30)	88.60	1232.2	21.4	2.7	19.7	39.0	10.8	8.0	2.6
Brokerage (68/FSLBX)	H***	1.48	0.75(30)	51.12	520.3	-2.5	-4.3	-5.5	7.8	-3.4	-0.9	4.8
IT Services (353/FBSOX)	B****	1.10	0.75(30)	22.80	154.9	9.6	-2.1	3.8	34.8	10.2	10.9	7.6
Chemicals (69/FSCHX)	B****	1.40	0.75(30)	108.67	868.9	13.8	-2.1	7.8	54.3	8.1	14.2	13.3
Computers (7/FDCPX)	H***	1.27	0.75(30)	60.61	579.8	7.4	-2.5	1.3	31.9	9.8	11.4	3.7
Const & Housing (511/FSHOX)	S**	1.48	0.75(30)	37.23	102.4	6.2	-1.4	-0.5	15.5	3.5	1.6	8.1
Cons Discretionary (517/FSCPX)	H***	1.21	0.75(30)	24.69	202.5	4.7	-1.4	2.8	24.7	8.6	4.8	3.6
Industrials (515/FCYIX)	B****	1.42	0.75(30)	25.18	654.2	8.3	-3.6	1.5	33.2	5.5	7.6	8.9
Defense & Aero (67/FSDAX)	S**	1.29	0.75(30)	81.38	697.7	11.3	-1.1	4.2	26.9	2.6	5.9	9.7
Com Equipment (518/FSDCX)	B****↑	1.54	0.75(30)	29.13	570.3	9.9	-3.5	-1.6	36.5	8.9	7.4	2.3
Electronics (8/FSLEX)	H***	1.50	0.75(30)	54.07	1276.5	11.8	-0.2	1.3	33.2	8.9	5.2	0.6
Energy (60/FSENX)	H***	1.57	0.75(30)	59.36	3136.5	13.7	-4.1	-1.3	51.2	-6.4	6.0	11.1
Energy Service (43/FSSEX)	H***	1.87	0.75(30)	83.08	2047.8	11.7	-4.9	-3.2	62.8	-8.7	4.4	9.3
Environ & Alt Energy (516/FSLEX)	H***	1.05	0.75(30)	19.85	111.3	11.5	-1.8	3.5	33.1	1.7	3.0	3.6
Financial Services (66/FIDSX)	H***	1.49	0.75(30)	60.71	453.6	-1.4	-3.0	-3.4	2.8	-8.3	-8.4	-1.4
Consumer Staples (9/FDFAX)	H***	0.79	0.75(30)	73.98	944.8	9.2	1.8	9.8	29.7	6.4	10.3	9.0
Gold (41/FSAGX) Limit to 5% position	S**	2.00	0.75(30)	49.36	4501.7	-3.4	-6.3	-0.3	22.4	11.1	13.2	20.8
Health Care (63/FSPHX)	H***	0.90	0.75(30)	145.36	2244.6	16.7	1.0	8.5	36.4	10.7	8.3	5.5
Consumer Finance (98/FSVLX)	H***	1.31	0.75(30)	12.22	117.2	7.6	-1.0	2.1	5.9	-17.7	-20.2	-7.2
Indust Equipment (510/FSCGX)	B****	1.51	0.75(30)	36.37	415.6	7.7	-3.2	1.0	35.0	3.2	6.5	6.6
Materials (509/FSDPX)	H***	1.52	0.75(30)	72.37	1303.7	6.6	-3.0	3.2	41.8	5.6	11.5	14.2
Insurance (45/FSPCX)	H***	1.31	0.75(30)	48.93	270.2	3.8	-3.6	-2.2	19.5	-0.2	-2.7	2.7
Leisure (62/FDLSX)	H***	1.09	0.75(30)	96.22	362.5	5.7	1.5	5.5	25.1	11.8	8.2	6.8
Medical Delivery (505/FSHCX)	B****	1.21	0.75(30)	60.32	768.3	21.4	1.4	9.0	37.9	12.3	8.0	12.0
Medical Equip & Sys (354/FSMEX)	S**	0.98	0.75(30)	31.64	1610.8	15.4	0.6	7.7	31.6	9.3	11.2	10.4
Multimedia (503/FBMPX)	H***	1.32	0.75(30)	48.84	215.3	14.7	-0.7	2.8	35.7	11.3	7.0	5.5
Natural Gas (513/FSNGX)	B****	1.62	0.75(30)	35.75	1134.7	7.7	-3.7	-1.9	30.4	-12.6	2.0	7.9
Nat Resources (514/FNARX)	H***	1.57	0.75(30)	38.54	2150.3	10.9	-4.2	-1.2	48.6	-3.9	8.7	12.2
Pharmaceuticals (580/FPHAX)	B****	0.82	0.75(30)	14.07	506.3	16.4	1.9	12.6	40.1	13.6	9.7	
Retailing (46/FSRPX)	H***	1.24	0.75(30)	54.11	174.5	6.7	-0.9	6.3	22.5	16.2	9.0	7.1
Software (28/FSCSX)	B****	1.04	0.75(30)	88.32	1341.6	7.9	-1.6	3.0	36.2	7.8	12.7	7.2
Technology (64/FSPTX)	B****	1.40	0.75(30)	101.74	2869.6	6.4	-3.0	-0.6	36.8	9.7	10.5	3.9
Telecom (96/FSTCX)	B****	1.16	0.75(30)	51.78	385.4	11.6	3.1	10.1	35.7	5.9	6.1	2.8
Transportation (512/FSRFV)	H***	1.26	0.75(30)	57.77	350.0	5.7	-0.6	4.1	24.2	8.7	5.9	8.5
Utilities (65/FSUTX)	B											

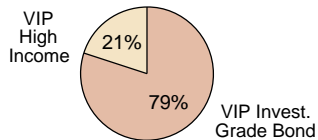
MAY PERFORMANCE						30-day	2011	One	Three	One	3-Yr	5-Yr
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	Yield	YTD	Mth	Mth	Year	Rate	Rate
INTERNATIONAL FUNDS:												
Canada (309/FICDX)	B ****↑	1.32	1.5(90)	61.17	5119.0		5.2	-3.4	-2.0	27.3	-1.5	8.1
China Region (352/FHKCX)	H ***	1.28	1.5(90)	33.56	2135.3		3.2	-0.6	6.2	31.8	5.9	13.9
Diversified Int'l (325/FDIVX)	S **	1.24	1 (30)	31.70	25437.5		5.1	-3.5	0.7	30.0	-5.2	1.6
Emerging EMEA (2053/FEMEX)	B ****↑	1.47	1.5(90)	9.67	164.8		2.3	-6.2	3.1	31.7		
Emerging Mkts (322/FEMKX)	B ****	1.59	1.5(90)	26.89	4020.7		2.0	-3.4	6.1	29.6	-5.1	8.0
Europe (301/FIEUX)	S **	1.30	1 (30)	33.53	848.7		7.1	-4.2	1.5	37.2	-4.1	2.6
Europe Cap Appr (341/FECAX)	S **	1.33	1 (30)	20.37	462.1		7.0	-4.2	1.7	36.9	-4.8	1.6
Global Balanced (334/FGBLX)	H ***↓	0.76	1 (30)	23.65	566.2		6.1	-1.7	1.7	24.1	3.7	6.6
Glob Commodity Stk (2120/FFGCX)	B ****	1.6 Est	1 (30)	17.72	741.4		3.4	-4.2	-2.2	37.8		
Int'l Capital Apprec. (335/FIVFX)	H ***	1.49	1 (30)	13.55	679.4		5.1	-3.4	3.0	32.0	-1.7	1.8
Int'l Discovery (305/FIGRX)	S **	1.22	1 (30)	34.45	8758.1		4.3	-3.9	0.7	30.5	-4.1	2.6
Int'l Growth (1979/FIGFX)	B ****↑	1.18	1 (30)	9.19	55.0		6.0	-2.3	4.2	36.8	0.4	
Int'l Real Estate (1368/FIREX)	S **	1.37	1.5(90)	9.54	347.2		1.7	-0.6	0.5	32.6	-5.5	-1.3
Int'l Small Cap (818/FISMV)	B ****	1.29	2 (90)	22.54	1121.0		6.0	-2.4	2.5	41.2	1.2	3.8
Int'l Small Cap Opp (1504/FSCOX)	B ****	1.43	2 (90)	11.06	425.2		6.4	-2.0	4.4	38.3	-6.5	-1.8
Int'l Value (1597/FIVLX)	S **↓	1.43	1 (30)	8.67	228.9		6.5	-3.9	-1.6	29.2	-6.1	
Japan (350/FJPNX)	H ***	1.12	1.5(90)	10.36	556.1		-7.3	-3.2	-12.1	6.4	-8.8	-5.7
Japan Smaller Co (360/FJSCX)	B ****	1.24	1.5(90)	9.04	341.9		-1.6	-1.7	-8.2	14.0	-3.2	-8.0
Latin America (349/FLATX)	H ***	1.61	1.5(90)	59.11	3859.9		0.2	-1.9	4.1	31.3	-4.3	13.8
Nordic (342/FNORX)	B ****↑	1.61	1.5(90)	37.25	537.5		8.5	-3.9	6.2	47.3	-3.3	5.3
Overseas (94/FOSFX)	S **	1.26	1 (30)	34.28	4449.9		5.5	-3.6	1.8	29.8	-7.7	0.4
Pacific Basin (302/FPBFX)	B ****	1.50	1.5(90)	26.45	956.6		1.5	-2.3	1.2	33.8	2.2	5.6
Emerging Asia (351/FSEAX)	B ****	1.19	1.5(90)	32.26	1942.7		5.4	-1.4	10.0	38.0	0.6	10.7
Total Int'l Equity (1978/FTIEX)	B ****	1.33	1 (30)	7.89	103.8		5.5	-3.1	2.2	32.4	-3.4	
Worldwide (318/FWWFX)	H ***	1.10	1 (30)	20.08	1310.6		7.6	-2.3	1.9	33.2	-0.5	5.2
INDEX AND ASSET ALLOCATION:												
Four-In-One Index (355/FFNOX)	H ***	0.91	none	28.87	2526.0		7.0	-1.3	1.9	25.0	1.6	3.9
NASDAQ Comp (1282/FNCMX)	B ****	1.12	0.75(90)	37.70	347.0		7.1	-1.2	2.0	26.5	4.7	6.2
Spart Ext Mkt Idx (398/FSEMIX)	H ***	1.19	0.75(90)	41.33	4822.1		9.6	-1.3	3.7	32.6	5.9	6.5
Spart Int'l Index (399/FSIIX)	H ***	1.26	1(90)	37.39	6950.6		6.7	-3.0	0.6	31.4	-4.0	1.9
Spart 500 Index (650/FUSEX)	H ***	1.00	none	47.76	28457.6		7.8	-1.1	1.8	25.9	0.9	3.3
Spart Total Mkt Idx (397/FSTMX)	H ***	1.03	0.5(90)	39.31	5833.0		8.2	-1.2	2.2	27.2	1.9	3.9
Asset Mgr 20% (328/FASIX)	H ***	0.35	none	13.15	3556.1		3.4	0.0	1.7	10.8	5.2	5.0
Asset Mgr 30% (1957/FTANX)	H ***	0.47	none	9.98	190.5		4.0	-0.2	1.9	13.6	5.0	
Asset Mgr 40% (1958/FFANX)	H ***	0.56	none	9.94	132.5		4.5	-0.4	1.9	16.3	4.9	
Asset Mgr 50% (314/FASMX)	H ***	0.68	none	16.14	6769.1		5.0	-0.8	1.9	19.1	4.9	5.2
Asset Mgr 60% (1959/FSANX)	H ***	0.76	none	10.02	229.6		5.5	-1.0	2.0	21.4	4.8	
Asset Mgr 70% (321/FASGX)	H ***	0.89	none	17.27	2540.4		5.8	-1.4	1.9	24.0	3.7	4.7
Asset Mgr 85% (347/FAMRX)	H ***	1.02	none	14.24	703.9		6.3	-1.9	1.9	27.3	3.0	4.6
Dynamic Strategies (1960/FDYXX)	H ***	0.77	none	10.02	259.4		4.9	-2.3	2.5	21.3	3.0	
Freedom 2000 (370/FFFBX)	H ***	0.36	none	12.31	1492.2		3.4	-0.2	1.7	10.1	3.8	4.5
Freedom 2005 (1312/FFVFX)	H ***	0.61	none	11.26	948.3		4.5	-0.7	1.9	15.4	2.9	4.4
Freedom 2010 (371/FFFCX)	H ***	0.65	none	14.23	9860.6		5.1	-0.9	2.1	17.6	3.4	4.8
Freedom 2015 (1313/FFVFX)	H ***	0.68	none	11.89	9105.8		5.2	-1.0	2.1	18.0	3.0	4.6
Freedom 2020 (372/FFDX)	H ***	0.81	none	14.52	20499.2		5.7	-1.2	2.2	20.5	2.1	4.3
Freedom 2025 (1314/FFTWX)	H ***	0.86	none	12.17	10549.6		6.0	-1.5	2.1	22.4	2.1	4.3
Freedom 2030 (373/FFFEEX)	H ***	0.93	none	14.57	15233.8		6.2	-1.6	2.2	23.4	0.9	3.7
Freedom 2035 (1315/FFTHX)	H ***	0.97	none	12.17	7185.5		6.5	-1.9	2.1	24.8	0.8	3.6
Freedom 2040 (718/FFFEEX)	H ***	1.00	none	8.50	9398.7		6.5	-2.0	2.1	25.0	0.4	3.4
Freedom 2045 (1617/FFFGX)	H ***	1.01	none	10.08	2795.0		6.6	-2.1	2.0	25.4	0.4	
Freedom 2050 (1618/FFFHX)	H ***	1.05	none	9.97	2283.4		6.7	-2.2	2.0	26.4	-0.1	
Freedom Income (369/FFFAX)	H ***	0.33	none	11.61	2889.8		3.4	-0.2	1.7	9.6	4.3	4.6
TAXABLE BOND FUNDS:												
Capital & Income (38/FAGIX)	B ****	0.85	1(90)	9.85	10967.4	4.55	6.6	-0.6	1.5	22.1	13.0	10.6
Corporate Bond (2208/FCBFX)	B ****	0.4 Est	none	10.54	46.3	3.33	5.4	1.5	3.5			
Floating Rate (814/FRHX)	B ****	0.42	1(60)	9.87	6294.7	2.83	1.9	-0.1	0.4	8.3	5.5	4.8
Focused High Inc (1366/FHIFX)	B ****↑	0.59	1(90)	9.42	767.4	4.89	4.7	0.5	1.7	14.9	7.7	6.8
GNMA Portfolio (15/FGMNX)	H ***	0.14	none	11.70	7735.2	3.39	3.4	1.4	3.0	6.3	7.6	7.3
Gov't Income (54/FGOVX)	B ****	0.19	none	10.60	4176.4	1.99	2.6	1.3	2.6	4.3	6.0	6.4
High Income (455/SPHIX)	B ****	0.70	1(90)	9.18	4762.0	5.51	5.2	0.0	1.5	17.0	10.4	8.7
Inflation-Protected (794/FINPX)	B ****	0.39	none	12.08	2189.9	0.12	4.7	0.3	3.7	7.8	5.0	5.8
Intermed Bond (32/FTHRX)	B ****	0.24	none	10.76	4276.4	2.36	3.3	1.2	2.5	6.8	7.1	5.9
Intermed Gov't Inc (452/FSTGX)	H ***	0.15	none	10.88	1202.2	1.21	2.2	1.2	2.2	4.0	5.3	5.9
Invest Grade Bond (26/FBNDX)	B ****	0.24	none	7.56	4622.4	3.16	3.6	1.1	2.7	7.7	6.9	5.5
Mortgage Securities (40/FMSFX)	H ***	0.12	none	11.02	765.3	3.30	3.1	1.2	2.7	6.1	7.4	5.2
New Markets Inc (331/FNMIX)	B ****↑	0.73	1(90)	15.86	3917.7	5.43	3.7	1.0	4.2	12.0	10.1	9.6
Short-Term Bond (450/FSHBX)	B ****	0.10	none	8.53	7992.7	1.00	1.5	0.5	1.1	3.3	3.3	2.8
Spart Intermed Tr Idx (1561/FIBIX)	B ****	0.34	none	10.92	1626.7	2.28	3.7	2.2	3.8	6.8	6.9	7.6
Spart L-Term Tr Idx (1562/FLBIX)	H ***	0.65	none	10.72	132.7	3.82	4.3	3.2	5.3	5.3	7.1	7.6
Spart S-Term Tr Idx (1560/FSBIX)	H ***	0.10	none	10.57	246.4	0.64	1.4	0.7	1.3	2.8	3.8	4.9
Strategic Income (368/FSICX)	B ****	0.45	none	11.37	8620.2	3.79	4.9	0.3	2.7	13.4	9.9	8.5
Strategic Real Rtn (1505/FSRRX)	H ***	0.65	0.75(60)	10.01	4253.5	1.85	4.9	-1.0	-2.1	18.3	3.6	4.6
Total Bond (820/FTBFX)	B ****	0.27	none	10.95	11508.9	3.16	3.6	1.0	2.5	8.2	8.1	6.9
Ultra-Short Bond (812/FUSFX)	H ***	0.04	0.25(60)	8.21	252.3	0.44	0.6	0.0	0.4	1.2	0.5	-1.5
Spart US Bond Index (651/FBIDX)	H ***	0.18	none	11.52	10547.2	2.65	2.9	1.2	2.5	5.8	6.2	6.0
MUNICIPAL BOND FUNDS:												
AZ Municipal Inc (434/FSAZX)	H ***↑	0.27	0.5(30)	11.34	150.8	3.45	3.5	1.4	2.7	3.0	4.6	4.2
CA Municipal Inc (91/FCFX)	H ***↑	0.29	0.5(30)	11.87	1471.8	3.96	3.9	1.7	3.2	2.9	4.0	3.9
CA Short-Int TF (1534/FCSTX)	H ***	0.13	0.5(30)	10.66	639.7	1.46	2.1	0.8	1.8	2.7	4.2	4.3
CT Municipal Inc (407/FCNXX)	H ***↑	0.23	0.5(30)	11.50	518.6	2.68	4.0	1.5	3.0	3.6	4.8	4.6
Intermediate Muni (36/FLTMX)	H ***↑	0.17	0.5(30)	10.17	3601.7	2.65	3.0	1.2	2.3	3.1	4.6	4.5
MA Municipal Inc (70/FDMMX)	H ***↑	0.25	0.5(30)	11.87	2086.6	3.26	3.7	1.4	2.8	2.8	4.6	4.4
MD Municipal Inc (429/SMDMX)	H ***↑	0.24	0.5(30)	10.95	176.4	2.87	3.0	1.3	2.5	2.6	4.5	4.3
MI Municipal Inc (81/FMHTX)	H ***↑	0.21	0.5(30)	11.84	580.5	3.17	3.3	1.4	2.5	3.0	4.5	4.5
MN Municipal Inc (82/FMIX)	H ***↑	0.20	0.5(30)	11.48	481.9	2.51	3.6	1.2	2.4	3.3	4.7	4.5
Municipal Income (37/FHIGX)	H ***↑	0.26	0.5(30)	12.52	5431.6	3.69	3.8	1.7	3.1	3.0	4.5	4.3
NJ Municipal Inc (416/FNJHX)	H ***↑	0.25	0.5(30)	11.43	574.5	3.37	2.8	1.6	2.7	1.9	4.1	4.2
NY Municipal Inc (71/FTFMX)	H ***↑	0.25	0.5(30)	12.84	1629.7	3.35	3.5	1.5	3.1	2.5	4.7	4.5
OH Municipal Inc (88/FOHFX)	H ***↑	0.24	0.5(30)	11.61	517.2	3.29	3.7	1.5	2.7	3.0	4.6	4.5
PA Municipal Inc (402/FPXTX)	H ***↑	0.20	0.5(30)	10.71	398.9	3.45	3.6	1.3	2.6	3.1	4.5	4.3
Short-Int Municipal (404/FSTFX)	B ****	0.11	0.5(30)	10.70	3264.7	1.56	1.9	0.8	1.7	2.5	3.7	4.0
Tax-Free Bond (90/FTABX)	H ***↑	0.26	0.5(30)	10.76	1789.9	3.74	3.9	1.8	3.2	2.7	4.8	4.6

MAY 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	12569.80	9.6	-1.7	3.3	27.1	2.7	5.2	3.9
S&P 500	1.00	1345.20	7.8	-1.1	1.8	25.9	0.9	3.3	2.6
NASDAQ	1.12	2835.30	7.2	-1.3	2.1	26.8	5.0	6.4	3.7
Russell 2000	1.27	848.30	8.8	-1.8	3.4	29.8	5.8	4.7	6.9
Fidelity Monitor Income Model	0.34	99929.19	4.0	0.8	2.5	9.8	3.8	4.0	4.7
Fidelity Monitor G&I Model	0.74	191208.73	5.9	-0.8	2.0	17.8	0.6	3.4	6.1
Fidelity Monitor Growth Model	1.07	205250.98	8.2	-1.5	1.7	27.0	0.3	2.9	5.9
Fidelity Monitor Select System	1.11	428454.04	12.5	-0.3	4.5	28.4	0.1	5.7	6.4
Fidelity Monitor Unique Opportunities	1.25	140140.43	8.8	-1.6	2.0	26.7	-0.4	3.7	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.

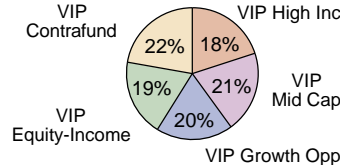
VIP INCOME MODEL



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: +3.5%
2002: +7.3%	

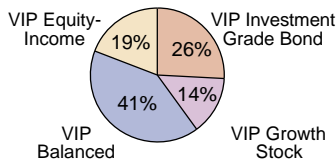
VIP GROWTH MODEL



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: +7.1%
2002: -21.7%	

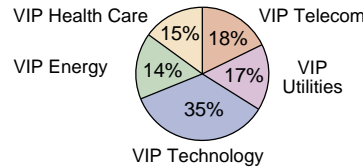
VIP G & I MODEL



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: +6.1%
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: +9.8%
2007: +11.2%	

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

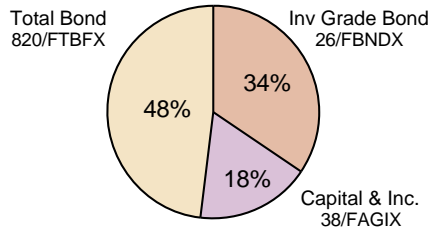
MAY VIP PERFORMANCE Portfolio	Rating	Risk	RR Value	2011 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Growth Strategies	B ****↑	1.13	12.79	7.4	-1.1	3.4	30.9	1.3	3.7
VIP Asset Manager	H ***	0.74	42.59	5.1	-0.8	2.4	19.3	1.9	5.5
VIP Asset Manager: Growth	H ***	0.95	27.24	5.8	-1.5	2.5	24.3	0.1	5.1
VIP Balanced	B ****	0.92	20.83	5.6	-1.3	1.2	22.0	4.1	5.3
VIP Consumer Discretionary	H ***	1.21	13.85	4.4	-1.5	2.4	23.9	8.0	4.2
VIP Consumer Staples	H ***	0.78	12.85	8.5	1.7	9.2	28.2	5.8	
VIP Contrafund	B ****	1.10	49.36	7.1	-2.0	1.2	26.4	0.2	3.7
VIP Disciplined Small Cap	H ***	1.18	10.59	9.0	-1.9	2.7	29.6	3.8	2.4
VIP Dynamic Capital Appreciation	B ****	1.14	15.71	6.0	-1.5	1.2	20.6	1.3	2.1
VIP Energy	B ****	1.58	28.53	13.2	-4.2	-1.5	50.2	-6.9	5.3
VIP Equity-Income	B ****	1.17	63.07	8.4	-1.0	2.2	24.9	-1.5	0.8
VIP Financial Services	H ***	1.53	8.52	-1.7	-3.2	-3.5	2.5	-8.8	-8.8
VIP Freedom 2005	H ***	0.60	13.03	4.1	-0.6	1.5	14.4	2.5	4.1
VIP Freedom 2010	H ***	0.64	13.28	4.8	-0.7	1.8	16.8	3.1	4.5
VIP Freedom 2015	H ***	0.68	13.45	4.9	-0.7	1.8	17.3	2.6	4.3
VIP Freedom 2020	H ***	0.82	13.37	5.6	-1.0	1.9	20.1	1.7	4.0
VIP Freedom 2025	H ***	0.87	13.56	6.0	-1.2	1.9	22.2	1.8	4.1
VIP Freedom 2030	H ***	0.96	13.26	6.2	-1.3	2.0	23.3	0.5	3.4
VIP Freedom Income	H ***	0.30	12.68	2.7	-0.1	1.2	8.1	3.6	4.1
VIP FundsManager 20	H ***	0.27	11.95	2.8	-0.1	1.4	8.8	3.0	3.8
VIP FundsManager 50	H ***	0.58	11.80	4.6	-0.8	1.7	16.8	2.5	3.8
VIP FundsManager 70	H ***	0.80	11.37	5.9	-1.3	1.9	22.1	1.2	3.2
VIP FundsManager 85	H ***	0.96	10.96	5.8	-1.8	1.7	24.7	0.0	2.6
VIP Growth	B ****	1.09	68.60	9.3	-1.8	2.0	33.6	-1.6	3.6
VIP Growth & Income	H ***↓	1.04	19.27	6.8	-1.1	1.8	24.7	-2.3	1.8
VIP Growth Opportunities	B ****	1.25	14.66	11.8	-0.9	5.6	36.4	-2.2	3.6
VIP Growth Stock	B ****	1.08	13.45	10.9	-0.7	4.3	32.9	3.4	6.0
VIP Health Care	B ****	0.89	16.73	16.5	1.0	8.5	35.5	10.3	7.5
VIP High Income	B ****	0.66	40.43	5.0	0.3	1.7	16.5	7.5	6.6
VIP Index 500	H ***	1.00	38.39	7.4	-1.2	1.6	24.9	0.1	2.5
VIP Industrials	B ****	1.43	23.92	7.9	-3.7	1.3	32.1	5.2	7.3
VIP Int'l Capital Appreciation	B ****↑	1.49	12.30	4.9	-3.5	2.8	31.4	-2.4	1.0
VIP Investment Grade Bond	B ****	0.23	36.86	3.1	1.0	2.4	6.4	6.8	5.6
VIP Materials	B ****↑	1.52	14.33	6.2	-3.1	2.9	40.9	5.1	
VIP Mid Cap	B ****	1.06	27.22	3.3	-3.5	-0.6	25.8	4.0	5.5
VIP Money Market			21.68	-0.3	-0.1	-0.2	-0.6	0.0	1.6
VIP Overseas	S **	1.25	39.71	6.1	-3.4	1.2	35.1	-5.0	1.4
VIP Real Estate	H ***	1.99	22.32	14.5	1.2	5.0	31.7	3.4	4.4
VIP Strategic Income	B ****	0.43	16.29	4.4	0.4	2.5	12.3	8.8	7.6
VIP Technology	B ****	1.40	15.87	6.2	-3.2	-0.5	37.1	10.8	9.4
VIP Telecommunications	B ****	1.13	9.76	10.5	3.0	9.3	33.5	4.0	
VIP Utilities	B ****	0.88	14.00	9.2	1.1	5.2	26.1	-3.3	5.2
VIP Value	B ****	1.42	11.57	7.4	-1.3	1.8	21.5	-1.3	1.1
VIP Value Leaders	S **	1.18	10.52	7.7	-1.8	2.5	19.0	-4.6	-1.2
VIP Value Strategies	B ****	1.53	16.47	9.0	-0.6	4.4	27.9	2.7	3.7
Fidelity Monitor VIP Income Model		0.30	23493.63	3.5	0.9	2.2	8.2	3.9	4.6
Fidelity Monitor VIP G&I Model		0.79	28299.01	6.1	-0.6	2.4	18.1	1.7	4.1
Fidelity Monitor VIP Growth Model		1.00	35600.44	7.1	-1.5	2.0	25.0	-3.2	0.5
Fidelity Monitor VIP Sector Model		1.10	23134.87	9.8	-0.7	4.1	29.0	3.8	6.6

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	\$7.56	4500.692	\$34025.23
Capital & Income	\$9.85	1824.737	\$17973.66
Total Bond	\$10.95	4377.196	\$47930.30

7% Foreign Holdings
Balance as of 5/31/11: \$99929.19
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: + 4.0%

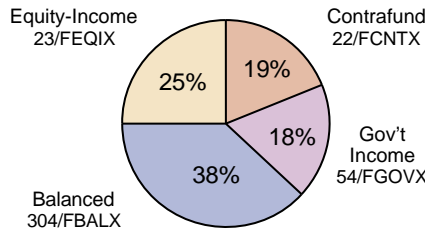
For the month of May our Income Model gained 0.8%.

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	\$71.74	505.431	\$36259.62
Gov't Income	\$10.60	3344.517	\$35451.88
Balanced	\$19.25	3750.732	\$72201.59
Equity-Income	\$47.35	998.852	\$47295.64

11% Foreign Holdings
Balance as of 5/31/11: \$191208.73
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: + 5.9%

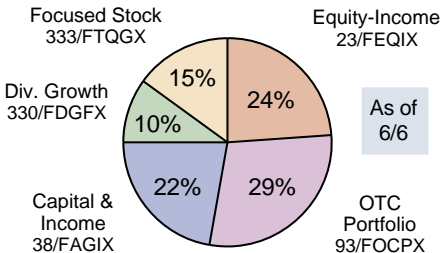
Our Growth and Income Model declined 0.8% in May.

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	\$47.35	1050.681	\$49749.75
OTC Portfolio	\$61.27	984.424	\$60315.66
Capital & Income	\$9.85	4535.708	\$44676.72
Dividend Growth	\$30.39	1662.022	\$50508.85

15% Foreign Holdings
Balance as of 5/31/11: \$205250.98
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: + 8.2%
1999: +29.0%	

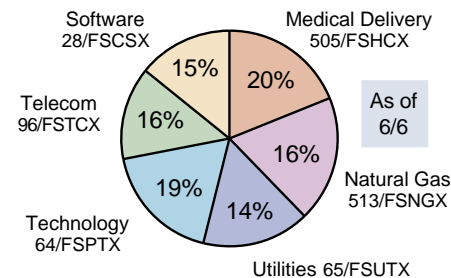
We were off 1.5% in May, versus a 1.1% loss for the S&P. On 6/6 we will sell three-fifths of **Dividend Growth** and buy **Focused Stock**.

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	\$60.32	1406.013	\$84810.70
Natural Gas	\$35.75	1931.868	\$69064.28
Utilities	\$52.86	1174.229	\$62069.74
Technology	\$101.74	672.662	\$68436.63
Telecom	\$51.78	1307.934	\$67724.82
Software	\$88.32	864.446	\$76347.87

11% Foreign Holdings
Balance as of 5/31/11: \$428454.04
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: +12.5%
2000: -14.9%	

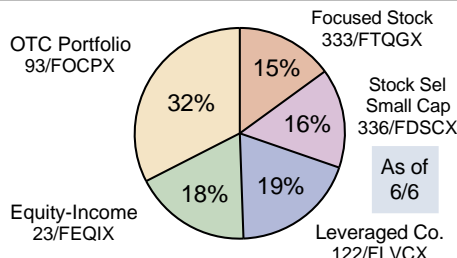
Our portfolio was off 0.3% in May, versus a 1.1% slip for the S&P. On 5/9 we sold **Wireless** (\$8.47) and bought **Technology** (\$103.33). On 6/6 we'll sell one-sixth of **Software** and buy **Technology**.

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	\$30.39	704.897	\$21421.82
Stock Sel Small Cap	\$20.47	1052.156	\$21537.63
Leveraged Company	\$31.24	860.402	\$26878.96
Equity-Income	\$47.35	536.599	\$25407.96
OTC Portfolio	\$61.27	732.725	\$44894.06

11% Foreign Holdings
Balance as of 5/31/11: \$140140.43
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: +8.8%

We were off 1.6% in May, versus a 1.1% slip for the S&P. On 5/9 we sold **Dividend Growth** (\$30.42) for **Stock Selector Small Cap** (\$20.38). On 6/6 we'll trade **Dividend Growth** for **Focused Stock**.

down the path of modern medical care.

Chemicals is a play on market-share growth for U.S. producers. These firms use cheap natural gas as a feedstock for high-value commodities. This gives them an edge over their oil-based foreign competitors (one that may even widen over time). The fund also includes companies that supply high-value agricultural commodities and high-tech seeds.

Natural Gas is the fossil fuel of the future because it's abundant and has half the carbon of oil and coal. Even if U.S. prices stay low, firms in this industry have potential to grow their revenues as gas production expands to accommodate rising demand from utilities, chemical companies, public transportation and LNG exporters.

LOGISTICS

Over the next few months we will likely replace **Software, Medical Delivery, and Utilities**. We may also add a seventh position (if not, we will have to decide between **Natural Gas** and **Telecom**). If you want to add new money to the Select System, we recommend waiting until the end of the summer.

One of the benefits of the fundamental approach will be a reduction in the Select System's turnover. Once the transition is complete, our profitable positions can usually be held for more than a year, allowing them to qualify for long-term capital gains.

While the Select System's fundamental approach will be available to money management clients who prefer it, most managed accounts will remain with our volatility-driven quantitative model. The risk of good years and bad years is not a major concern for most clients, because accounts are usually blended with non-sector funds. And for those using a three-sector version of the volatility model, there would be too many tradeoffs in going to a fundamental approach.

For several months we have been assigning buy ratings to both our favorite fundamental choices and the top-ranked Selects from our volatility model. Over time we will be shrinking the list to include only those Selects considered attractive from a fundamental standpoint.

Finally, with fewer trades in our models, we are looking at going back to our mid-1990s approach of announcing trades in our hotline messages first, then summarizing them in the newsletter after they have taken place. Doing so will make it easier to synchronize our model portfolios with our sister publication, Fidelity Insight (allowing for expanded narrative in our hotline messages and additional features on our Web site). We'll have more on that topic next month. ■

has reduced the odds of a high-profile default.

Expectations of a slowdown in global growth gave a lift to high duration funds. **Spartan Long-Term Treasury Index** rose 3.2%, while **Spartan Intermediate Treasury** gained 2.2%. On the bottom end, **Strategic Real Return** declined 1.0% as the commodities markets pulled back.

Municipal bonds also got a lift from declining long-term interest rates, with gains of 0.8% to 1.8%.

SELECT PORTFOLIOS

Our Select System holdings are listed on page 7. Those rated buy include **Telecom, Wireless, Natural Gas, Automotive, Utilities, Software, Medical Delivery, Pharmaceuticals, IT Services, Industrials, Industrial Equipment, Technology, Com Equip.** and **Chemicals**.

Defensive sectors led the group. **Telecommunications** rose 3.1%, **Biotechnology** gained 2.7%, and **Pharma** edged up 1.9%. On the bottom end, **Energy Service** lost 4.9%, and **Gold** was down 6.3%. ■

Happenings

Fidelity has introduced **Global High Income**, a high-yield bond fund that allocates across four markets. The fund will have a neutral weight of 60% U.S. high-yield, 15% European high-yield, 5% Asian high-yield, and 20% emerging markets debt. We like the concept, and plan to rate it a buy. However, given the latest round of European debt concerns we may wait a few months before considering it for our model portfolios. We will include the fund in our data pages next month. ■

MAY DISTRIBUTIONS

Asset Manager 20%	\$0.018/\$13.09	(5/6)
Asset Manager 30%	\$0.014 / \$9.93	(5/6)
Freedom 2000	\$0.041/\$12.26	(5/6)
Freedom 2005	\$0.041/\$11.19	(5/6)
Freedom 2010	\$0.054/\$14.13	(5/6)
Freedom 2015	\$0.044/\$11.82	(5/11)
Freedom 2020	\$0.055/\$14.42	(5/11)
Freedom 2025	\$0.046/\$12.07	(5/6)
Freedom 2030	\$0.059/\$14.44	(5/6)
Freedom 2035	\$0.046/\$12.07	(5/11)
Freedom 2040	\$0.032 / \$8.43	(5/6)
Freedom 2045	\$0.037/\$10.00	(5/11)
Freedom 2050	\$0.035 / \$9.89	(5/11)
Freedom Income	\$0.02 / \$11.56	(5/6)
Inflation-Protected Bond	\$0.057/\$12.06	(5/11)
Magellan	\$0.106/\$75.15	(5/6)

Funds scheduled for June include **Asset Manager 20%/30%, Capital & Income, Focused High Income, Freedom Income, High Income, Inflation-Protected, Large Cap Stock, Mid-Cap Stock, Real Estate, Real Estate Income, Stock Selector Small Cap and Small Cap Stock**.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	115529.4	0.01	CT MM (418/FCMXX)	1680.8	0.01			
Select MM (85/FSLXX)	6978.4	0.01	MA MM (74/FDMXX)	4973.5	0.01			
Money Market (454/SPRXX)	4203.0	0.01	MI MM (420/FMIXX)	845.4	0.01	MA AMT TF (426/FMSXX)	325.4	0.01
Gov't MM (458/SPAXX)	583.3	0.01	NJ MM (417/FNJXX)	2056.0	0.01	AMT Tax-Free (460/FIMXX)	1424.0	0.01
US Treas. MM (415/FDLXX)	4727.0	0.01	NY MM (92/FNYXX)	4842.5	0.01	NJ AMT TF (423/FSJXX)	268.7	0.01
Tax-Free MM (275/FMOXX)	6383.9	0.01	OH MM (419/FOMXX)	966.8	0.01	NY AMT TF (422/FSNXX)	509.4	0.01
US Gov't Reser (50/FGRXX)	2637.4	0.01	AZ MM (433/FSAXX)	346.8	0.01	PA MM (401/FPTXX)	651.7	0.01
CA MM (97/FCFXX)	5001.2	0.01	CA AMT TF (457/FSPXX)	559.2	0.01	Municipal MM (10/FTEXX)	22756.2	0.01