

Jack  
Bowers



# Fidelity

Best Performing  
Fidelity Newsletter

25  
Years

DECEMBER  
2011

# Monitor™

## Outlook For 2012

He's got more than a trillion dollars in cash in his brokerage accounts, and his private-sector bosses want him to put some 40% of it to work in the U.S. stock market in 2012, just as he did over the last 12 months. He tends to buy whenever domestic stocks take a dip, helping the market recover after other investors bail out. Who is this guy?

### MEET MR. BUYBACK

At a time when individual investors are scared and fleeing from stocks into cash, corporate America has

OUTLOOK FOR 2012 - *Continued on page 2*

## Changes In Several Portfolios

On Monday, 12/5, we'll make a final set of trades to bring our portfolios into close alignment with those of our sister publication Fidelity Insight, allowing us to add new features to our Web site. If fund minimums are an issue, the small trades can be ignored (minor variation in weightings has little impact on performance).

Our Growth and Income Model will be selling one-eighth of **Contrafund** (22/FCNTX) and buying **Global High Income** (2297/FGHNX).

Our Growth Model will exchange **OTC Portfolio** (93/FOCPX) for **Blue Chip Growth** (312/FBGRX). We still like **OTC Portfolio**, but it's heavy on the technology side, and we want this portfolio to have more diversification across industry groups.

Our Unique Opportunities Model will sell one-fifth of **Large Cap Stock** (338/FLCSX), putting two-thirds of the proceeds in **Focused Stock** (333/FTQGX) and the remaining third in **Emerging Asia** (351/FSEAX).

Our VIP Income Model will sell **VIP Investment Grade**, putting seven-eighths into **VIP Money Market** (the closest VIP match to **Conservative Income**) and one-eighth into **VIP Equity-Income**. We'll also sell one-third of **VIP Value**, adding the proceeds to **VIP Growth Opportunities**.

Our VIP Growth and Income Model will sell a sixth of **VIP Value** and buy **VIP Equity-Income**.

Our VIP Growth Model will sell **VIP Mid-Cap** and buy **VIP Value Strategies**. We'll also sell **VIP Contrafund** and buy **VIP Equity-Income**.

Our VIP Sector Model will sell one-eighth of **VIP Industrials** and one-twelfth of **VIP Energy**, investing the proceeds in **VIP Health Care**.

## Review & Recommendations

Global markets reacted to the increased possibility that Europe might face its own version of the 2008 financial crisis, complete with a breakup of the euro. The S&P 500 declined 0.2% in November.

Without a strong central bank to back up the common currency, European policymakers have a limited amount of time to solve the debt crisis before it turns into a run on the banks. So far these leaders have not exhibited any sense of urgency, and may not even be aware they might be playing with fire. We still think they can come up with a solution that has teeth, but the probability of success has slipped to perhaps 70%.

### DOMESTIC EQUITY FUNDS

Please see page 7 for current Growth Model holdings. Our individual favorites include **Stock Selector Small Cap**, **OTC Portfolio**, **Blue Chip Growth**, **Mega Cap Stock**, **Focused Stock**, **Value Strategies**, **Contrafund** and **Low-Priced Stock**.

Value funds with close ties to the domestic economy performed best. **Small Cap Discovery** and **Small Cap Value** posted gains of 1.9% and 1.5%, respectively. **Large Cap Value** finished flat. On the bottom end, **Small Cap Growth** lost 3.4%, **Independence** was down 4.0%, and **Small Cap Stock** slid 4.6%.

### INTERNATIONAL FUNDS

Our favorites in this group include **Int'l Small Cap**, **Emerging Asia** and **Emerging Markets**.

**Japan Smaller Companies** and **Japan** held up well because Japanese firms have limited exposure to Europe. Respective returns were 2.2% and -0.2%. High volatility funds, in contrast, were hit harder. **Nordic** declined 5.1%, and **International Real Estate** lost 5.2%.

### GROWTH & INCOME FUNDS

Please see page 7 for current Growth and Income Model holdings. Our favorite hybrid and asset allocation funds include **Balanced**, **Puritan** and **Strategic Dividend & Income**.

**Telecom & Utilities** edged up 0.6%; the sector has no significant foreign revenue to lose. **Real Estate Income** limited its loss to 0.4%, thanks to its income stream. **Convertible Securities** lagged with a 3.8% decline.

### INCOME FUNDS

Please see page 7 for current Income Model holdings.

RECOMMENDATIONS - *Continued on page 8*

stepped up its effort to make the opposite move. In today's anemic global economy, growing earnings is a tough challenge. But growing earnings per share is not all that difficult. By reducing the number of shares outstanding, corporations can show improved results. By some estimates, all of the gains in the S&P 500 index over the last decade (some 3% per year) have come from reinvested dividends and stock buyback programs. Without them, the total return for the index would likely be negative.

As the chart below shows, higher levels of shareholder compensation have come back in fashion over the last decade. While the level of buyback activity in 2006-2008 was not sustainable at the time (it was done partially with borrowed money), today's robust dividend-plus-buyback yields are less than earnings yield and have staying power.

Mr. Buyback is the main reason that 2012 is not likely to turn into a repeat of 2008, even if the banking system in Europe goes down. The sovereign debt crisis certainly has the potential to drive U.S. stocks lower before a long-term recovery can take hold, but 2012 may still have potential to surprise on the upside.

### EUROPEAN DEBT CRISIS

This ongoing threat to the global markets has little to do with any of the factors that normally affect stock prices. Europe's sovereign debt problems have been decades in the making, and are now coming to a head. The lack of a strong, independent central bank that can defend the euro means European leaders are left to come up with their own plan. While they appear to be inching toward a solution with teeth, they aren't there yet and time is running out.

With the European banking system at risk, euro-zone capital is beginning to seek a safe haven outside the euro. This could create a situation in which E.U. governments find it difficult to borrow under any circumstances, greatly increasing the risk of a sovereign debt default.

With help from strong central banks around the world,

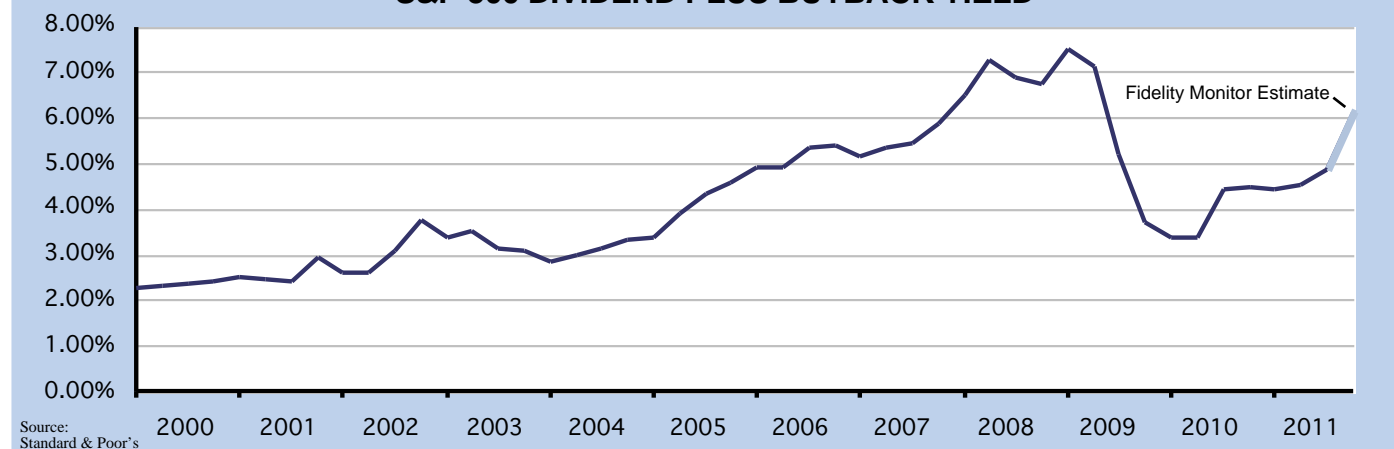
the European banking system and the euro can still be saved. While this outcome remains the most likely scenario, the odds of an orderly solution are slipping. The increasingly likely alternative is for weaker members to default and issue new bonds in their original currencies at a devalued exchange rate.

Obviously, that kind of euro breakup would be bad for the global stock markets in the short run, but U.S. firms would weather the storm better than most (they may even come out ahead in the long run by using cash to snap up distressed foreign firms). Most likely, Germany's currency would grow stronger due to the country's large trade surplus, giving it characteristics similar to the yen. That, in turn, could provide U.S. exporters with the opportunity to gain global market share. Even as other euro-zone members reintroduce weak currencies, the competitive impact would be limited. With little to export other than food, furniture and hydrocarbons, the negative impact on the U.S. economy would occur mainly in the financial and consumer sectors. Export groups would be largely spared.

### U.S. GOVERNMENT DEBT

The other big problem at hand is the failure of Congress to come up with a plan to rein in today's huge deficits. At this stage in the game, the problem is hardly a threat to corporate earnings, but it's still weighing on stocks because many investors lack the ability to put it into perspective. The public places a lot of misguided faith in the rating agencies, so when they talk downgrades it creates a sense of an immediate problem. But even in a worst case scenario, Federal debt should not hit crisis levels for at least 10-15 years. And by the time it reaches 200% of GDP, the U.S. is not likely to be importing oil, which means the trade deficit will be a thing of the past. And with no need to continue borrowing from foreign governments, most treasuries would be held by U.S. citizens, so the situation would be neither inflationary nor unstable (much like Japan today).

**S&P 500 DIVIDEND PLUS BUYBACK YIELD**



Source: Standard & Poor's

Fidelity Monitor is published by Independent Fidelity Investors, Inc., P.O. Box 1270, Rocklin, CA 95677. Web site: [www.fidelitymonitor.com](http://www.fidelitymonitor.com) For information/service, call (800) 397-3094, email [fidmonserv@aol.com](mailto:fidmonserv@aol.com) or visit the web site. Subscription rate: \$229 per year, including weekly hotline service. Fidelity Monitor is not associated with Fidelity Investments. All facts and figures are obtained from reliable sources but are subject to revision. Before buying a fund, please read its prospectus. Editor: Jack Bowers. Copyright (c) 2011.

## FUNDS TO HOLD IN 2012

In most cases, following our model portfolios is the best bet, because overall risk is held at relatively constant levels to maximize performance over the long run. But if dollar cost averaging makes it impractical to invest in several funds, or if fund minimums are a problem, it can make sense to go with a smaller number of funds to match your objective. Following are the choices we think are well-positioned for the upcoming year. We've listed them in increasing order of risk.

If you're earning next to nothing in cash, you can take a small step up the risk ladder to **Short-Term Bond**. You probably won't keep ahead of inflation, but 1% is still better than nothing.

**Ginnie Mae** offers a higher yield with a limited amount of interest rate risk. While the securities it holds are not technically backed by the Federal government, in practice Congress is not likely to let this agency default. There's some risk that the Fed might unload these types of securities, but that day is probably a long way off.

**Corporate Bond** is a good bet for the best total return in the investment-grade universe. It's a little on the high side when it comes to interest rate risk, but we're not overly concerned about rising interest rates in the intermediate range of the yield curve. And Fidelity has greater potential to add value with security selection in this segment.

**Strategic Income** is a good match for today's low interest rates. It takes on enough risk in the high yield segment to earn a decent yield, but not so much that it can be hurt much from unfavorable events. Thanks to a strong team of managers, it's the bet for staying ahead of inflation without taking on a lot of credit risk.

**High Income** and **Global High Income** are good choices if you want capital appreciation without the full risk of holding stocks. The high-yield bond market is not as deeply discounted as it was in 2008, so it's less likely to outperform stocks on the upside. But you'll be well-protected here if you're concerned about rising interest rates, and the income stream is robust at a time when investment-grade yields are not.

For a blended approach with stocks and bonds, **Balanced** offers a conservative 60/40 mix with a diverse mix of sectors on the stock side. On the bond side, it maintains a high-quality portfolio. Overall, this fund should have no trouble standing the test of time, which means it's a good bet for any portfolio that might end up holding a single fund for many years.

**Strategic Dividend and Income** takes on almost as much risk as a stock fund, but its wide range of dividend stocks and REIT investments give it better downside protection relative to equity-income and other dividend-oriented funds.

For a stock-oriented approach that keeps overall risk below S&P 500 levels, **Contrafund** is in a class of its own. Will Danoff looks far into the future to figure out which stocks are in position to be global leaders. He continues to favor the technology sector, but has reduced the fund's foreign holdings. The fund's small positions in cash and gold have also been worked down.

**Low-Priced Stock** faces the prospect that Joel Tillinghast might extend his leave of absence, but the fund's turnover is so low there will be plenty of time to look at other funds if that becomes a problem. In the mean time, **Low-Priced** is still a conservative bet on the small cap universe, which may pay off nicely if the U.S. economy grows faster than the global economy in the coming year.

**Blue Chip Growth** is a diversified bet on the large-cap growth corner of the stylebox. America's global leaders are gaining market share worldwide, so their future is bright. The European sovereign debt crisis has made them unusually cheap, but even in a worse case scenario they won't suffer like they did in 2008-2009. And they've got plenty of cash to scoop up any foreign targets that look attractive.

With dozens of small-cap analysts covering firms that Fidelity's competitors don't even track, **Stock Selector Small Cap** is a pure play on Fidelity's research advantage. If there's anywhere that the firm's team-management approach should result in superior stockpicking over the long run, this would be the place.

With most of its assets in technology and health care stocks, **OTC Portfolio** is an aggressive bet on the fastest growing U.S. firms. On one hand, the fund may have lots to lose if global growth slows down in a big way, but the companies it holds are among the few that can grow in an adverse economic environment.

**Value Strategies** is our most volatile pick in the domestic growth lineup. Like **Leveraged Company Stock**, it looks for firms that are selling at unusually cheap prices. But it has more exposure to the financial sector than **Leveraged Company**, so it might have good upside potential if the European debt crisis gets resolved.

## INTERNATIONAL FUNDS

While U.S. companies are probably in the strongest position to capitalize on weakened overseas competitors, a slowdown in Europe could offset some of the inflationary pressures that emerging countries have been battling. And because valuations in this segment are cheap like U.S. growth companies, they might be the best bet on the foreign scene. But don't get carried away. These firms are not as well managed as U.S. firms, and rising

OUTLOOK FOR 2012 - *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 ↓.

NOVEMBER 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
<b>EQUITY FUNDS:</b>												
130/30 Large Cap (2063/FOTTX)	S**	1.05	none	6.98	19.4	-3.6	-0.9	0.0	2.3	3.5		
Growth Strategies (324/FDEGX)	B****	1.16	1.5(90)	19.05	1652.7	-6.8	-1.8	-2.2	0.3	19.2	-0.6	0.1
Blue Chip Gth (312/FBGRX)	B****	1.10	none	43.14	11093.6	-1.2	-2.4	-0.4	4.1	20.2	3.3	2.5
Blue Chip Value (1271/FBCVX)	S**	1.20	none	9.67	391.9	-9.7	-2.7	-2.4	-1.4	9.0	-5.9	
Capital Apprec (307/FBCAX)	B****	1.15	none	24.70	4320.7	-2.5	-3.2	1.6	1.6	18.2	0.3	5.1
Contrafund (22/FCNTX)	B****	0.85	none	68.29	56898.0	0.9	-0.7	1.3	4.9	15.7	2.8	7.3
Disc Equity (315/FDEQX)	S**	1.03	none	21.69	7227.2	-3.7	-0.5	0.7	2.2	9.2	-3.0	2.3
Dividend Gth (330/FDGFEX)	H***	1.32	none	25.99	8173.0	-8.3	-2.3	-1.4	-0.3	20.7	-0.3	2.0
Equity-Income (23/FEQIX)	B****	1.19	none	40.73	7344.2	-6.6	-1.1	0.4	1.6	12.3	-3.4	2.5
Equity-Income II (319/FEQTX)	B****	1.19	none	17.03	4238.3	-5.4	-0.1	1.7	3.2	10.6	-3.2	2.3
Export Fund (332/FEXPX)	S**	1.00	0.75(30)	20.69	1974.2	-3.9	-1.1	-0.1	2.8	14.7	-1.0	4.2
Fidelity Fifty (500/FFTYX)	B****	0.98	none	17.51	683.1	-0.5	-1.5	1.2	2.9	18.3	-1.4	4.4
Fidelity Fund (3/FFIDX)	H***	1.03	none	31.33	4492.7	-2.3	-1.5	-0.9	5.3	12.9	-0.1	2.8
Focused Stock (333/FTQGX)	B****	1.02	none	13.75	617.7	0.7	-1.6	1.1	7.8	16.2	4.4	3.1
Growth & Income (27/FGRIX)	H***	1.06	none	17.95	4724.4	-0.7	-0.4	2.3	6.3	12.5	-7.0	-1.6
Growth Company (25/FDGRX)	B****	1.01	Closed	85.29	25432.8	2.6	-1.9	1.1	7.4	21.9	4.4	5.0
Growth Discovery (339/FDSVX)	B****	1.06	none	13.82	872.8	1.6	-1.1	1.3	8.1	17.6	2.3	3.7
Independence (73/FDFFX)	B****	1.31	none	22.35	3459.4	-8.2	-4.0	-3.7	-4.0	16.8	1.1	4.4
Lg Cap Core En Idx (1827/FLCEX)	S**	0.97	none	8.82	116.8	3.4	-0.1	3.3	9.8	13.2		
Large Cap Growth (763/FSLGX)	B****	1.00	none	9.83	130.7	0.9	-2.6	0.8	6.3	16.0	-1.0	1.5
Large Cap Stock (338/FLCSX)	B****	1.22	none	17.01	817.4	-3.2	-1.0	1.4	5.9	21.1	0.6	2.4
SS Large Cap Value (708/FSLVX)	S**	1.11	none	10.31	518.2	-2.0	0.0	3.0	5.1	8.4	-4.7	2.4
Lev Co Stock (122/FLVCX)	B****	1.52	1.5(90)	25.29	3192.6	-11.0	-1.2	-1.6	-2.1	22.7	-1.1	12.6
Low-Priced Stock (316/FLPSX)	B****	1.06	1.5(90)	35.98	24568.6	0.2	-1.6	0.9	6.9	22.3	2.4	9.2
Magellan (21/FMAGX)	H***	1.18	none	63.47	13962.2	-11.3	-2.3	-4.3	-5.4	13.8	-3.4	0.0
Mega Cap Stock (361/FGRTX)	B****	1.07	none	9.99	865.7	0.6	-0.5	2.9	8.4	14.4	0.0	2.7
Mid Cap Growth (793/FSMGX)	B****	1.18	0.75(30)	11.68	250.7	-6.1	-1.8	-1.9	1.0	21.3	-2.3	2.6
Mid Cap Stock (337/FMCSX)	H***	1.21	0.75(30)	26.96	5529.3	-1.7	-0.3	-0.2	7.0	25.2	1.3	4.5
Mid Cap Value (762/FSMVX)	H***	1.25	0.75(30)	15.15	537.8	-5.0	-0.3	2.0	1.6	20.4	-0.1	6.5
New Millennium (300/FMILX)	B****	1.08	none	29.65	1790.2	1.8	-0.2	1.1	9.0	20.8	3.4	5.8
OTC Portfolio (93/FOCPX)	B****	1.16	none	56.00	6152.2	1.9	-3.0	2.9	9.0	27.4	6.0	6.4
Small Cap Discovery (384/FSCRX)	B****	1.41	1.5(90)	20.06	1913.3	-0.7	1.9	4.3	8.3	29.6	6.5	
Small Cap Growth (1388/FCPGX)	B****	1.25	1.5(90)	14.86	1234.3	-3.7	-3.4	-0.6	3.4	21.7	2.2	
Stock Sel Small Cap (336/FDSCX)	B****	1.38	1.5(90)	17.99	1698.2	-2.8	-0.3	2.5	5.4	21.6	-0.3	5.0
Small Cap Stock (340/FSLCX)	B****↑	1.54	2(90)	16.56	3321.2	-15.5	-4.6	-1.4	-8.4	22.5	0.8	6.4
Small Cap Value (1389/FCPVX)	H***	1.36	1.5(90)	13.91	1662.2	-5.0	1.5	3.7	3.3	20.7	2.7	
Stock Sel All Cap (320/FDSSX)	H***	1.07	none	24.54	1402.6	-4.7	-1.5	0.4	3.2	13.8	-0.8	2.8
Tax Managed Stock (343/FTXMX)	S**	1.13	none	11.64	61.9	-6.6	-1.8	-1.4	-0.6	10.0	-3.1	1.6
Trend (5/FTRNX)	B****	1.03	none	68.01	1077.6	0.9	-2.6	0.9	6.4	21.5	3.1	4.8
Value (39/FDVLX)	H***	1.41	none	63.81	6012.4	-7.1	-1.1	0.4	0.3	19.5	-2.0	6.1
Value Discovery (832/FVDFX)	H***	1.19	none	14.00	477.9	-3.9	-0.6	1.8	4.2	12.5	-2.2	
Value Strategies (14/FSLSX)	B****	1.48	none	25.37	290.9	-8.9	-0.4	-1.4	-1.3	25.0	-1.0	5.1
<b>SPECIALTY / HYBRID FUNDS:</b>												
Balanced (304/FBALX)	B****	0.67	none	18.19	15380.2	1.1	-0.9	0.6	5.4	14.6	2.0	6.0
Convertible Sec (308/FCVXSX)	B****	1.00	none	22.92	2012.6	-7.9	-3.8	-2.2	-2.5	24.6	2.3	5.5
Global Strategies (1960/FDYXSX)	B****	0.76	none	8.97	218.9	-3.2	-0.7	-2.0	1.4	13.8		
Puritan (4/FPURX)	B****	0.67	none	17.68	15330.8	0.0	-1.2	0.2	4.5	13.9	2.0	4.9
Real Estate Income (833/FRIFX)	B****	0.51	0.75(90)	10.27	1579.3	2.5	-0.4	0.8	4.5	22.3	2.9	
Real Estate (303/FRESX)	H***	1.86	0.75(90)	26.60	3292.9	3.7	-3.5	-1.3	9.2	28.5	-3.2	9.9
Strategic Div & Inc (1329/FSDIX)	B****	0.99	none	10.81	1067.9	4.4	-0.9	0.7	8.6	19.6	-0.2	
Strategic Real Rtn (1505/FSRRX)	H***	0.48	0.75(60)	9.53	645.3	1.5	-1.0	-1.8	5.1	15.1	3.0	
Telecom & Utilities (311/FIUIX)	B****	0.70	none	16.95	875.6	8.6	0.6	3.1	15.7	12.2	1.0	5.1
<b>SELECT FUNDS:</b>												
Air Transportation (34/FSAIX)	H***	1.64	0.75(30)	36.64	68.7	-6.2	0.0	5.4	-5.1	19.7	0.0	6.1
Automotive (502/FSAVX)	B****	2.51	0.75(30)	32.73	120.8	-26.4	-8.8	-6.8	-18.9	33.2	-1.2	4.4
Banking (507/FSRBX)	H***	1.74	0.75(30)	15.50	357.8	-16.3	-0.1	2.9	-3.1	1.7	-11.5	-1.7
Biotechnology (42/FBIOX)	H***	1.08	0.75(30)	83.47	1221.1	14.4	2.1	6.6	22.6	15.3	4.4	1.9
Brokerage (68/FSLBX)	H***	1.52	0.75(30)	40.93	386.9	-22.0	-5.6	-3.0	-12.3	11.9	-7.4	3.5
Chemicals (69/FSCHX)	B****	1.47	0.75(30)	95.78	688.7	0.3	0.9	-1.6	8.5	28.1	10.1	12.1
Com Equipment (518/FSDCX)	H***	1.48	0.75(30)	22.92	335.6	-13.5	-0.7	1.3	-6.4	27.4	2.3	1.9
Computers (7/FDCPX)	B****	1.23	0.75(30)	55.12	582.4	-2.3	-2.4	6.3	2.6	29.8	6.8	4.0
Const & Housing (511/FSHOX)	H***↑	1.59	0.75(30)	34.72	77.2	-1.0	4.0	6.4	11.4	16.7	-1.0	7.3
Cons Discretionary (517/FSCPX)	H***	1.18	0.75(30)	23.15	232.6	-1.8	-2.0	2.5	1.8	23.6	1.4	3.7
Consumer Finance (98/FSVLX)	H***	1.18	0.75(30)	11.12	139.6	-2.1	-1.9	-1.0	6.0	2.1	-22.5	-7.7
Consumer Staples (9/FDFAX)	H***	0.74	0.75(30)	72.31	1056.2	6.8	1.4	1.2	12.2	15.3	7.6	8.4
Defense & Aero (67/FSDAX)	H***	1.23	0.75(30)	78.15	643.4	6.9	0.9	6.0	11.5	20.7	3.1	10.1
Electronics (8/FSLEX)	B****	1.48	0.75(30)	45.11	1080.7	-6.7	-3.9	3.5	2.0	28.5	0.6	-0.4
Energy (60/FSENX)	B****↑	1.55	0.75(30)	51.41	2380.0	-1.5	-0.3	-0.3	8.0	17.6	2.2	11.8
Energy Service (43/FSESX)	H***	1.90	0.75(30)	69.10	1337.5	-7.1	1.2	-5.8	1.3	19.4	1.0	11.6
Enviro & Alt Energy (516/FSLEX)	H***	1.15	0.75(30)	15.64	78.8	-12.1	-1.5	-3.0	-6.1	7.6	-1.4	3.1
Financial Services (66/FIDSX)	H***	1.62	0.75(30)	49.06	357.6	-20.3	-5.9	-3.4	-7.9	3.1	-13.9	-2.7
Gold (41/FSAGX) Limit to 5% position	S**	1.83	0.75(30)	49.84	4084.4	-2.5	2.6	-5.5	1.4	32.2	13.2	21.5
Health Care (63/FSPHX)	H***	0.84	0.75(30)	131.76	2017.7	5.7	1.1	1.3	13.2	20.1	4.6	4.4
IT Services (353/FBSOX)	B****	1.03	0.75(30)	21.64	217.5	4.0	-1.0	5.9	10.1	26.8	8.3	7.1
Indust Equip (510/FSCGX)	B****	1.54	0.75(30)	31.90	277.2	-5.5	0.9	4.8	3.8	22.0	3.2	6.5
Industrials (515/FCYIX)	B****	1.43	0.75(30)	22.15	463.5	-4.8	0.6	3.8	3.0	22.0	4.3	8.4
Insurance (45/FSPCX)	S**↓	1.31	0.75(30)	44.55	249.1	-5.5	-0.5	5.7	1.4	14.9	-6.4	2.1
Leisure (62/FDLSX)	H***	1.14	0.75(30)	95.01	391.1	4.3	-0.7	3.3	5.9	25.6	6.2	8.1
Materials (509/FSDPX)	H***	1.52	0.75(30)	64.05	960.2	-5.7	1.2	-0.7	3.6	30.6	8.1	13.3
Medical Delivery (505/FSHCX)	H***↓	1.13	0.75(30)	55.23	688.1	11.2	2.0	3.1	18.1	28.2	5.2	10.3
Medical Equip & Sys (354/FSMEX)	H***↑	0.89	0.75(30)	26.42	1330.4	-3.7	-3.0	-6.6	4.0	14.8	5.4	8.3
Multimedia (503/FBMPX)	H***	1.31	0.75(30)	42.41	162.3	-0.4	-0.4	1.3	5.0	26.9	2.0	5.7
Natural Gas (513/FSNGX)	B****	1.50	0.75(30)	31.71	801.1	-4.5	1.3	-0.2	4.2	14.7	-2.0	9.9
Nat Resources (514/FNARX)	H***	1.53	0.75(30)	33.31	1448.5	-4.1	-0.2	-2.1	6.0	20.7	4.4	12.6
Pharmaceuticals (580/FPHAX)	B****	0.87	0.75(30)	13.26	600.7	9.7	1.5	2.2	16.0	19.2	7.0	5.0
Retailing (46/FSRPX)	B****	1.20	0.75(30)	53.86	328.7	6.2	-1.9	3.2	9.4	32.3	6.8	8.2
Software (28/FSCSX)	B****	1.00	0.75(30)	84.64	1312.1	3.4	-2.1	5.5	10.0	26.3	7.1	7.4
Technology (64/FSPTX)	B****	1.26	0.75(30)	89.36	2295.2	-6.5	-3.8	0.6	-1.0	33.1	5.3	4.1
Telecom (96/FSSTCX)	H***↓	0.92	0.75(30)	43.82	349.8	-5.6	0.1	-4.6	0.7	20.5	0.0	3.0
Transportation (512/FSRFEX)	H***	1.40	0.75(30)	51.59	215.6	-5.6	0.7	4.2	-2.3	18.1	3.1	8.4
Utilities (65/FSUTX)	B****	0.71</										

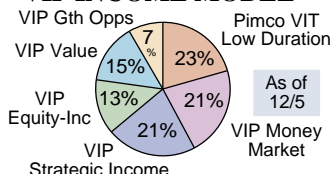
NOVEMBER PERFORMANCE												
Fund Name (Code/Symbol)	Rating	Risk	Fee	NAV	Size	30-day Yield	2011 YTD	One Mth	Three Mth	One Year	3-Yr Rate	5-Yr Rate
<b>INTERNATIONAL FUNDS:</b>												
Canada (309/FICDX)	H***	1.27	1.5(90)	51.95	3782.1		-10.7	-1.2	-8.0	-4.3	16.3	3.1
China Region (352/FHKCX)	H***	1.37	1.5(90)	26.49	1516.0		-18.5	-3.6	-10.4	-16.5	19.2	5.8
Diversified Int'l (325/FDIVX)	S**	1.23	1 (30)	26.71	17383.1		-11.4	-2.8	-5.6	-4.6	11.4	-3.5
Emerging EMEA (2053/FEMEX)	B****	1.36	1.5(90)	8.40	114.3		-11.1	0.4	-6.2	-2.8	24.5	
Emerging Mkts (322/FEMKX)	B****	1.43	1.5(90)	21.77	2911.6		-17.4	-2.1	-9.9	-12.4	22.6	0.4
Europe (301/FIEUX)	S**	1.39	1 (30)	26.57	622.6		-15.2	-4.0	-6.5	-7.8	9.2	-4.0
Europe Cap Appr (341/FECAX)	S**	1.40	1 (30)	16.12	332.9		-15.3	-4.0	-6.5	-7.8	9.2	-5.0
Global Balanced (334/FGBLX)	H***	0.78	1 (30)	21.74	520.3		-2.5	-2.0	-3.1	2.4	12.2	3.4
Glob Commodity Stk (2120/FFGCX)	H***	1.6 Est	1 (30)	14.80	532.0		-13.7	-2.7	-7.7	-4.6		
Int'l Capital Apprec. (335/FIVFX)	B****	1.48	1 (30)	11.61	555.0		-9.9	-2.4	-4.3	-3.7	20.5	-3.0
Int'l Discovery (305/FIGRX)	S**	1.25	1 (30)	28.64	6808.5		-13.3	-3.5	-7.1	-6.3	10.3	-3.0
Int'l Growth (1979/FIGFX)	B****	1.16	1 (30)	8.01	53.4		-7.6	-1.4	-3.4	-0.7	17.0	
Int'l Real Estate (1368/FIREX)	S**	1.44	1.5(90)	7.32	265.7		-18.7	-5.2	-10.5	-11.8	10.1	-9.2
Int'l Small Cap (818/FISMX)	B****	1.18	2 (90)	18.53	860.2		-12.8	-3.6	-9.0	-5.5	19.6	-0.1
Int'l Small Cap Opp (1504/FSCOX)	B****	1.15	2 (90)	9.52	328.4		-8.4	-3.4	-4.8	0.6	20.6	-5.8
Int'l Value (1597/FIVLX)	S**	1.43	1 (30)	6.84	151.0		-16.0	-2.7	-7.4	-8.6	9.4	-6.3
Japan (350/FJPNX)	B****	1.09	1.5(90)	9.55	450.6		-14.6	-0.2	-3.5	-7.2	7.4	-6.7
Japan Smaller Co (360/FJSCX)	B****	1.31	1.5(90)	8.81	303.5		-4.1	2.2	-4.3	6.3	11.4	-6.1
Latin America (349/FLATX)	H***	1.44	1.5(90)	49.93	2885.3		-15.4	-4.9	-9.1	-10.2	25.6	5.6
Nordic (342/FNORX)	B****	1.55	1.5(90)	28.09	362.0		-18.2	-5.1	-6.4	-8.3	17.7	-2.6
Overseas (94/FOSFX)	S**	1.33	1 (30)	28.44	2217.3		-12.4	-2.9	-5.3	-5.0	7.7	-5.1
Pacific Basin (302/FPBFX)	B****	1.39	1.5(90)	22.55	724.0		-13.5	-1.8	-8.6	-7.5	27.3	1.0
Emerging Asia (351/FSEAX)	B****	1.21	1.5(90)	26.70	131.1		-12.8	-2.3	-7.5	-7.9	16.8	3.2
Total Int'l Equity (1978/FIIEX)	B****	1.28	1 (30)	6.55	131.1		-12.4	-2.1	-5.9	-5.7	14.8	
Worldwide (318/FWWFX)	H***	1.11	1 (30)	17.59	1115.1		-5.7	-2.4	-3.1	1.2	13.7	0.5
<b>INDEX AND ASSET ALLOCATION:</b>												
Four-In-One Index (355/FNOX)	H***	0.91	none	26.57	2251.0		-1.5	-0.9	0.5	4.3	13.0	0.3
NASDAQ Comp (1282/FNCMX)	B****	1.08	0.75(90)	35.04	316.9		-0.5	-2.2	1.9	5.7	20.5	2.3
Spart Ext Mkt Idx (398/FSEMX)	H***	1.21	0.75(90)	36.27	4248.2		-3.8	-0.6	1.1	3.3	20.9	1.9
Spart Int'l Index (399/FSIIX)	H***	1.28	1(90)	31.45	5908.9		-10.3	-2.9	-4.7	-3.0	10.4	-3.6
Spart 500 Index (650/FUSEX)	H***	1.00	none	44.30	16963.4		1.0	-0.2	2.9	7.7	14.1	-0.2
Spart Total Mkt Idx (397/FSTMX)	H***	1.03	0.5(90)	36.39	5410.7		0.2	-0.3	2.6	7.0	15.4	0.3
Asset Mgr 20% (328/FASIX)	H***	0.28	none	12.86	3697.8		2.1	-0.6	0.1	3.6	10.7	3.6
Asset Mgr 30% (1957/FTANX)	H***	0.39	none	9.62	224.7		1.2	-0.9	-0.1	3.7	12.3	
Asset Mgr 40% (1958/FFANX)	H***	0.49	none	9.44	173.8		0.3	-1.0	-0.2	3.5	13.2	
Asset Mgr 50% (314/FASMX)	H***	0.61	none	15.08	6231.0		-0.8	-1.2	-0.4	3.2	15.0	2.6
Asset Mgr 60% (1959/FSANX)	H***	0.72	none	9.30	318.6		-2.1	-1.5	-0.6	2.6	15.2	
Asset Mgr 70% (321/FASGX)	H***	0.83	none	15.76	2266.9		-3.5	-1.6	-0.9	2.1	16.2	1.3
Asset Mgr 85% (347/FAMRX)	H***	0.99	none	12.67	615.3		-5.4	-1.8	-1.2	1.4	16.6	0.4
Freedom 2000 (370/FFBFX)	H***	0.31	none	12.11	1334.2		1.8	-0.5	-0.1	3.4	9.2	3.0
Freedom 2005 (1312/FFVFX)	H***	0.54	none	10.78	836.6		0.1	-0.8	-0.6	3.5	12.0	2.1
Freedom 2010 (371/FFFCX)	H***	0.61	none	13.48	7886.3		-0.4	-1.0	-0.8	3.4	12.7	2.2
Freedom 2015 (1313/FFVFX)	H***	0.63	none	11.25	7738.0		-0.4	-1.0	-0.8	3.5	13.0	2.0
Freedom 2020 (372/FFFDX)	H***	0.74	none	13.54	16767.8		-1.4	-1.2	-1.1	3.3	14.0	1.2
Freedom 2025 (1314/FFFTX)	H***	0.81	none	11.18	8883.6		-2.6	-1.3	-1.3	2.8	14.2	0.9
Freedom 2030 (373/FFFEX)	H***	0.88	none	13.28	12264.4		-3.2	-1.4	-1.6	2.4	14.2	0.1
Freedom 2035 (1315/FFTHX)	H***	0.94	none	10.92	5924.0		-4.4	-1.5	-1.9	1.6	14.1	-0.3
Freedom 2040 (718/FFFEX)	H***	0.96	none	7.62	7451.5		-4.5	-1.6	-1.9	1.6	14.2	-0.5
Freedom 2045 (1617/FFFGX)	H***	0.98	none	8.99	2362.5		-4.9	-1.6	-2.1	1.4	14.2	-0.6
Freedom 2050 (1618/FFFHX)	H***	1.02	none	8.84	1967.6		-5.4	-1.7	-2.2	1.1	14.2	-1.0
Freedom Income (369/FFFAX)	H***	0.29	none	11.35	2625.4		1.8	-0.5	-0.1	3.2	9.0	3.2
<b>TAXABLE BOND FUNDS:</b>												
Capital & Income (38/FAGIX)	B****	0.73	1(90)	8.64	9307.0	6.37	-3.6	-3.0	-2.8	-0.4	25.8	6.8
Conservative Income (2267/FCONX)	B****	0.1 Est	none	9.97	355.3	0.86		-0.1	-0.1			
Corporate Bond (2208/FCBFX)	B****	0.4 Est	none	10.57	159.6	2.86	8.5	-1.5	0.6	8.0		
Floating Rate (814/FFRHX)	B****	0.32	1(60)	9.63	5389.6	4.04	0.9	-0.7	2.7	2.0	12.3	3.9
Focused High Inc (1366/FHIFX)	B****	0.43	1(90)	8.96	794.8	5.90	3.8	-1.5	1.7	4.8	18.3	5.4
GNMA Portfolio (15/FGMNX)	B****↑	0.13	none	11.86	8731.9	3.01	7.2	0.2	0.7	6.4	7.6	6.9
Global High Income (2297/FGHNX)	B****	0.7 Est	1(90)	9.17	36.5	5.52		-3.1	-2.1			
Gov't Income (54/FGOVX)	H***	0.19	none	10.82	4292.9	1.34	7.0	0.3	1.1	5.6	5.5	6.3
High Income (455/SPHIX)	B****	0.57	1(90)	8.50	4632.8	7.29	0.6	-2.5	0.1	2.4	22.1	6.5
Inflation-Protected (794/FINPX)	H***	0.34	none	13.00	2658.3		13.0	0.6	2.4	11.2	11.7	6.4
Intermed Bond (32/FTHRX)	B****	0.19	none	10.80	4309.3	2.00	5.1	-0.3	-0.1	3.9	10.9	5.3
Intermed Gov't Inc (452/FSTGX)	H***	0.16	none	11.01	1188.1	0.59	5.1	0.2	0.2	3.7	4.4	5.6
Invest Grade Bond (26/FBNDX)	B****	0.17	none	7.64	4626.7	2.94	6.5	-0.4	0.5	5.9	11.3	4.9
Mortgage Securities (40/FMSFX)	B****↑	0.12	none	11.12	757.6	3.19	5.8	0.1	0.4	5.3	8.0	4.6
New Markets Inc (331/FNMIX)	B****	0.51	1(90)	15.86	4128.5	5.49	6.5	-0.5	-0.2	6.7	22.5	8.3
Short-Term Bond (450/FSHFX)	B****	0.08	none	8.48	7985.5	0.98	1.5	-0.3	-0.2	1.4	4.4	2.1
Spart Intermed Tr Idx (1561/FIBIX)	H***	0.36	none	11.58	1779.3	1.24	11.3	0.5	1.1	8.0	6.2	7.8
Spart L-Term Tr Idx (1562/FLBIX)	S**↓	0.77	none	12.70	216.7	2.58	25.7	1.8	8.7	21.2	9.1	9.6
Spart S-Term Tr Idx (1560/FSBIX)	H***	0.10	none	10.67	265.5	0.22	3.0	0.1	0.1	2.3	2.5	4.5
Strategic Income (368/FSICX)	B****	0.36	none	10.97	8641.7	4.28	3.2	-1.6	-1.2	4.3	15.9	6.9
Total Bond (820/FTBFX)	B****	0.20	none	10.87	11696.4	3.15	6.0	-0.5	0.6	5.5	12.6	6.2
Ultra-Short Bond (812/FUSFX)	H***	0.03	0.25(60)	8.15	229.0	0.66	0.0	-0.2	-0.3	0.1	0.8	-2.2
Spart US Bond Index (651/FBIDX)	H***	0.17	none	11.69	6969.6	2.21	6.5	-0.3	0.7	5.4	7.6	5.5
<b>MUNICIPAL BOND FUNDS:</b>												
AZ Municipal Inc (434/FAZXX)	H***	0.25	0.5(30)	11.61	162.1	3.02	7.9	0.6	1.4	5.9	8.2	4.2
CA Municipal Inc (91/FCTFX)	H***	0.28	0.5(30)	12.20	1597.1	3.47	9.1	0.7	1.5	6.7	8.2	4.0
CA Short-Int TF (1534/FCSTX)	H***	0.13	0.5(30)	10.70	714.4	1.35	3.7	0.6	0.0	3.1	4.4	4.0
CT Municipal Inc (407/FICNX)	H***	0.23	0.5(30)	11.76	539.3	2.18	8.1	0.8	1.1	6.2	7.4	4.6
Intermediate Muni (36/FLTMX)	H***	0.17	0.5(30)	10.32	3811.2	2.29	6.3	0.7	0.7	5.1	6.3	4.4
MA Municipal Inc (70/FDMMX)	H***	0.23	0.5(30)	12.16	2199.2	2.82	8.2	0.5	1.3	6.3	8.1	4.4
MD Municipal Inc (429/SMDMX)	H***	0.22	0.5(30)	11.21	189.6	2.30	7.2	0.6	1.2	5.6	7.8	4.2
MI Municipal Inc (81/FMHTX)	H***	0.20	0.5(30)	12.07	603.7	2.85	7.3	0.6	1.0	5.5	6.8	4.4
MN Municipal Inc (82/FIMIX)	H***	0.20	0.5(30)	11.68	502.5	2.16	7.3	0.6	1.0	5.7	7.0	4.4
Municipal Income (37/FHIGX)	H***	0.24	0.5(30)	12.85	5694.4	3.21	8.7	0.6	1.6	6.7	8.5	4.3
NJ Municipal Inc (416/FNJHX)	H***	0.24	0.5(30)	11.72	601.2	2.79	7.4	0.4	1.1	5.6	7.1	4.2
NY Municipal Inc (71/FTFMX)	H***	0.24	0.5(30)	13.13	1725.8	2.66	7.9	0.4	1.2	6.1	8.0	4.4
OH Municipal Inc (88/FOHFX)	H***	0.22	0.5(30)	11.83	533.9	2.93	7.6	0.5	1.1	5.7	7.6	4.3
PA Municipal Inc (402/FPXTX)	H***	0.18	0.5(30)	10.94	409.0	3.00	7.8	0.4	1.2	5.9	6.8	4.4
Short-Int Municipal (404/FSTFX)	H***	0.10	0.5(30)	10.74	3437.3	1.32	3.4	0.4	-0.1	2.8	3.9	3.8
Tax-Free Bond (90/FTABX)	H***	0.24	0.5(30)	11.04	1979.5	3.25	8.8	0.5	1.4	6.6	8.5	4.6

NOVEMBER 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	0.93	12045.68	6.5	1.0	4.3	12.2	14.1	2.4	4.6
S&P 500	1.00	1246.96	1.1	-0.2	2.9	7.8	14.1	-0.2	2.9
NASDAQ	1.08	2620.34	-0.4	-2.3	1.8	5.9	20.7	2.5	3.9
Russell 2000	1.34	737.42	-4.8	-0.3	1.9	2.8	17.6	0.1	6.2
Fidelity Monitor Income Model	0.44	101298.91	5.4	-0.9	0.0	5.3	12.2	3.4	4.4
Fidelity Monitor G&I Model	0.66	180611.04	0.0	-1.4	0.7	3.7	13.6	0.5	5.9
Fidelity Monitor Growth Model	0.97	185404.21	-2.2	-1.9	0.7	4.6	15.4	-1.1	5.4
Fidelity Monitor Select System	1.12	387400.03	1.7	-0.1	1.6	7.7	15.9	1.9	6.3
Fidelity Monitor Unique Opportunities	1.20	122092.32	-5.2	-1.4	0.1	1.5	19.2	-0.5	9.1

## VIP CORNER

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

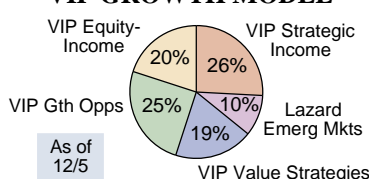
### VIP INCOME MODEL



### PAST PERFORMANCE

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: + 6.5%
2002: + 7.3%	

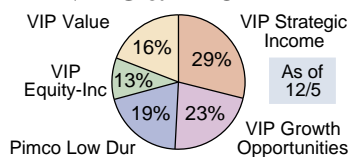
### VIP GROWTH MODEL



### 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: - 2.0%
2002: -21.7%	

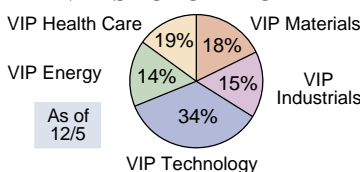
### VIP G & I MODEL



### PAST PERFORMANCE

1995: +26.4%	2004: + 6.3%
1996: +12.8%	2005: + 4.5%
1997: +21.4%	2006: +11.6%
1998: +15.1%	2007: + 7.7%
1999: + 6.1%	2008: -31.0%
2000: - 4.9%	2009: +27.1%
2001: + 3.1%	2010: +12.0%
2002: - 9.4%	*2011: - 1.6%
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: - 3.4%
2007: +11.2%	

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

NOVEMBER VIP PERFORMANCE Portfolio	Rating	Risk	RR Value	2011 YTD	One Month	Three Month	One Year	3-Yr Rate	5-Yr Rate
VIP Asset Manager	H ***	0.67	39.46	-2.6	-2.3	-1.9	0.0	13.1	2.7
VIP Asset Manager: Growth	H ***	0.92	24.30	-5.6	-3.0	-2.9	-1.9	13.7	1.5
VIP Balanced	H ***	0.90	18.82	-4.6	-1.9	-1.0	1.1	16.9	1.7
VIP Consumer Discretionary	H ***	1.19	12.95	-2.5	-2.0	2.4	1.0	22.6	0.8
VIP Consumer Staples	H ***	0.74	12.48	5.4	1.2	0.8	10.7	14.1	
VIP Contrafund	H ***	1.08	44.58	-3.3	-1.3	0.4	3.9	15.4	0.1
VIP Disciplined Small Cap	H ***	1.29	9.50	-2.2	-0.8	1.7	5.7	15.8	-1.2
VIP Dynamic Capital Appreciation	B ****	1.15	14.35	-3.2	-3.2	1.5	0.9	17.2	-0.8
VIP Emerging Markets	B ****	1.41	7.41	-18.0	-2.1	-9.9	-13.2	21.3	
VIP Energy	B ****	1.56	24.58	-2.4	-0.5	-0.5	7.0	17.0	1.5
VIP Equity-Income	B ****	1.15	57.10	-1.9	-1.1	0.7	6.9	13.8	-3.3
VIP Financial Services	H ***	1.66	6.85	-20.9	-6.0	-3.5	-8.6	2.9	-14.3
VIP FundsManager 20	H ***	0.25	11.77	1.2	-0.5	0.1	2.6	6.5	2.5
VIP FundsManager 50	H ***	0.56	11.15	-1.1	-1.0	-0.4	2.5	10.2	1.2
VIP FundsManager 60	H ***	0.67	10.01	-2.4	-1.0	-0.7	1.9	11.5	
VIP FundsManager 70	H ***	0.77	10.40	-3.1	-1.0	-0.8	1.9	11.9	-0.3
VIP FundsManager 85	H ***	0.94	9.80	-5.4	-1.0	-1.0	0.7	12.9	-1.5
VIP Growth	B ****	1.06	63.12	0.6	-1.2	1.1	7.0	16.3	0.6
VIP Growth & Income	H ***	1.01	17.82	-1.3	-0.5	2.2	5.6	12.6	-1.7
VIP Growth Opportunities	B ****	1.06	13.53	3.2	-2.3	2.2	8.8	22.2	-0.5
VIP Growth Stock	B ****	1.01	12.34	1.7	-2.3	1.1	6.8	21.1	2.5
VIP Growth Strategies	B ****	1.16	11.02	-7.5	-1.8	-2.5	-0.4	18.1	-1.5
VIP Health Care	B ****	0.85	15.15	5.5	1.4	1.5	12.9	19.7	3.7
VIP High Income	B ****	0.50	38.82	0.8	-2.5	0.0	2.4	18.7	4.5
VIP Index 500	H ***	1.00	35.83	0.3	-0.3	2.7	6.9	13.2	-1.0
VIP Industrials	B ****	1.45	21.02	-5.2	0.6	3.8	2.6	21.6	3.9
VIP Int'l Capital Appreciation	B ****	1.48	10.51	-10.3	-2.4	-4.3	-4.2	19.7	-3.6
VIP Investment Grade Bond	B ****	0.19	37.61	5.2	-0.4	0.2	4.4	10.2	5.0
VIP Materials	B ****	1.53	12.65	-6.3	1.1	-0.9	2.8	29.7	
VIP Mid Cap	B ****	0.98	24.08	-8.6	-2.1	-2.8	-5.7	19.2	2.1
VIP Money Market			21.60	-0.6	-0.1	-0.2	-0.6	-0.4	1.1
VIP Overseas	S **	1.32	31.89	-14.8	-3.8	-7.8	-8.4	8.6	-4.3
VIP Real Estate	H ***	1.92	19.93	2.2	-3.5	-1.2	7.5	29.3	-2.9
VIP Strategic Income	B ****	0.35	15.99	2.5	-1.5	-1.2	3.3	14.4	6.0
VIP Technology	B ****	1.27	13.78	-7.8	-3.8	0.4	-2.1	33.5	4.6
VIP Telecommunications	B ****	0.88	8.42	-4.7	0.1	-3.5	1.7	19.0	
VIP Utilities	B ****	0.72	14.02	9.4	0.6	3.2	14.1	10.5	1.2
VIP Value	B ****	1.34	10.26	-4.8	-0.5	1.4	3.0	17.9	-3.1
VIP Value Leaders	S **	1.20	8.76	-10.3	-2.8	-2.6	-2.1	8.2	-6.5
VIP Value Strategies	B ****	1.47	13.74	-9.1	-0.4	-1.4	-1.4	23.7	-1.8
Lazard Retirement Emerging Markets	B ****	1.36	13.05	-14.9	-2.4	-7.4	-9.3	23.6	4.3
Morgan Stanley Emerging Mkt Debt	B ****	0.46	27.86	5.0	-1.1	-1.8	4.6	16.3	6.0
Morgan Stanley Emerging Mkt Equity	B ****	1.34	24.38	-15.9	-3.3	-8.1	-11.0	21.4	1.3
Morgan Stanley Global Tactical Alloc	H ***	1.16	12.63	-3.9	-1.6	-2.3	0.5	12.5	-3.1
Pimco VIT Low Duration	B ****	0.1 Est	10.57	-0.2	-0.6	-1.2	-0.2		
Fidelity Monitor VIP Income Model		0.48	24169.92	6.5	-0.8	0.3	6.2	13.0	4.1
Fidelity Monitor VIP G&I Model		0.67	26225.23	-1.6	-1.1	-1.2	2.5	12.7	0.9
Fidelity Monitor VIP Growth Model		0.95	32584.22	-2.0	-1.7	0.2	3.2	13.4	-2.9
Fidelity Monitor VIP Sector Model		1.22	20357.55	-3.4	-0.9	0.7	2.1	19.2	1.8

## INCOME AND PRESERVATION MODEL

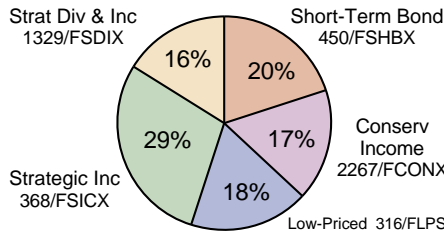
For low-risk investors wanting to stay ahead of inflation.

FUND	NAV	SHARES	BALANCE
Short-Term Bond	\$8.48	2437.448	\$20669.56
Conservative Income	\$9.97	1740.251	\$17350.30
Low-Priced Stock	\$35.98	497.107	\$17885.91
Strategic Income	\$10.97	2654.990	\$29125.24
Strategic Div. & Inc.	\$10.81	1504.894	\$16267.90

11% Foreign Holdings

Balance as of 11/30/11: \$101298.91

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%	<b>*2011: + 5.4%</b>

Our Income Model slid 0.9% in November. On 11/7 we sold **Total Bond** (\$10.98), buying **Strategic Dividend & Income** (\$10.94) and **Short-Term Bond** (\$8.51).

## GROWTH AND INCOME MODEL

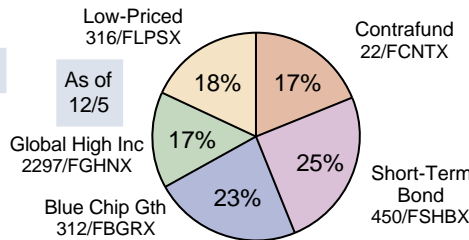
For investors seeking a conservative path to growth.

FUND	NAV	SHARES	BALANCE
Contrafund	\$68.29	505.431	\$34515.88
Short-Term Bond	\$8.48	5237.647	\$44415.25
Blue Chip Growth	\$43.14	963.260	\$41555.04
Global High Inc.	\$9.17	2968.965	\$27225.41
Low-Priced Stock	\$35.98	914.382	\$32899.46

19% Foreign Holdings

Balance as of 11/30/11: \$180611.04

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%	<b>*2011: 0.0%</b>

We were off 1.4% in November. On 11/7 we sold **Balanced** (\$18.46) and bought **Global High Income** (\$9.45). On 12/5 we will sell an eighth of **Contrafund** and buy **Global High Income**.

## GROWTH MODEL

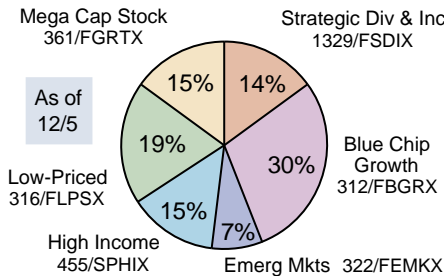
For moderately aggressive stock-oriented investors.

FUND	NAV	SHARES	BALANCE
Strategic Div & Inc	\$10.81	2429.448	\$26262.33
OTC Portfolio	\$56.00	984.424	\$55127.74
Emerging Markets	\$21.77	641.314	\$13961.41
High Income	\$8.50	3186.050	\$27081.43
Low-Priced Stock	\$35.98	974.265	\$35054.05
Mega Cap Stock	\$9.99	2794.520	\$27917.25

22% Foreign Holdings

Balance as of 11/30/11: \$185404.21

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%	<b>*2011: - 2.2%</b>
1999: +29.0%	

We lost 1.9% in November, versus a 0.2% slip for the S&P. On 11/7 we sold **Focused Stock** (\$14.07), buying **Mega Cap Stock** (\$10.08). On 12/5 we'll trade **OTC Portfolio** for **Blue Chip Growth**.

## SELECT SYSTEM (SECTOR PORTFOLIO)

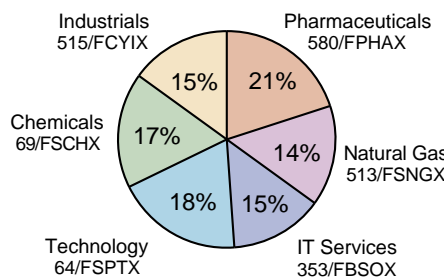
For aggressive stock-oriented investors.

FUND	NAV	SHARES	BALANCE
Pharmaceuticals	\$13.26	6078.349	\$80598.91
Natural Gas	\$31.71	1690.385	\$53602.11
IT Services	\$21.64	2682.357	\$58046.21
Technology	\$89.36	797.531	\$71267.37
Chemicals	\$95.78	705.927	\$67613.69
Industrials	\$22.15	2540.485	\$56271.74

20% Foreign Holdings

Balance as of 11/30/11: \$387400.03

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%	<b>*2011: + 1.7%</b>
2000: -14.9%	

Our Select System was off 0.1% in November, versus a 0.2% decline for the S&P 500.

## UNIQUE OPPS MODEL (AGGR. GROWTH)

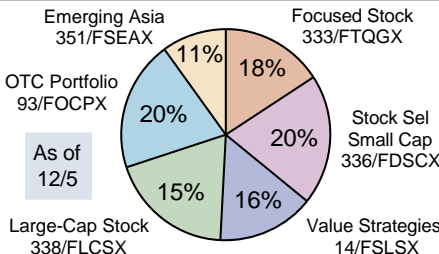
For aggressive stock-oriented investors.

FUND	NAV	SHARES	BALANCE
Focused Stock	\$13.75	1415.179	\$19458.71
Stock Sel Small Cap	\$17.99	1381.467	\$24852.59
Value Strategies	\$25.37	751.986	\$19077.88
Large Cap Stock	\$17.01	1327.674	\$22583.73
OTC Portfolio	\$56.00	427.423	\$23935.69
Emerging Asia	\$26.70	456.319	\$12183.72

20% Foreign Holdings

Balance as of 11/30/11: \$122092.32

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%	<b>*2011: - 5.2%</b>

We lost 1.4% in November. On 11/7 we sold **OTC** (\$58.22) and bought **Stock Sel Small Cap** (\$18.28). On 12/5 we'll sell a fifth of **Large-Cap**, putting two-thirds in **Focused** and one-third in **Em. Asia**.

wages could represent a big economic headwind. Still, for those that focus on the growing base of middle class consumers (as opposed to the increasingly competitive export markets), it could work out well.

**New Markets Income** is an income play on declining interest rates in emerging countries. While overall risk is similar to that of a domestic high-yield bond fund, the fund actually carries less credit risk and might benefit from declining interest rates as inflation is tamed.

**Emerging Asia** is the least-risky emerging market stock fund, because it has a wider range of industry groups and many of its investments are in relatively advanced economies with higher levels of household income – which means rising wages are not as much of a problem.

**Emerging Markets**, on the other hand, has more growth potential and invests across a wider range of countries. It also plays to the strength of Fidelity’s depth of research and stockpicking abilities, although that expertise has yet to bear fruit in this arena.

**SECTOR FUNDS**

The telecom and utilities groups are reasonably safe, and pay good dividends, but they have limited growth potential. And with the possibility of Europe having an outsized negative impact on the financial, consumer staples and consumer discretionary groups, the best bets for 2012 continue to be the export-oriented sectors.

**Pharmaceuticals** offers growth with below-market risk. Patent expirations are no longer a concern, as the industry has prepared for them, and foreign sales are driving growth, thanks in part to emerging market demand.

**IT Services** is part software and computer services, and part financial transaction processors. Think of it as a low-risk bet on technology. This fund has a risk rating similar to the S&P 500, but has the potential to outperform.

**Technology** is a bet on firms that have robust business models, lots of cash to fund growth, and relatively little foreign competition. Compared to other export groups they are more vulnerable to the problems in Europe, but even in a deflationary environment they should be able to grow.

**Industrials** is an infrastructure play on emerging markets. These firms make the rugged capital equipment and high-quality parts that facilitate energy production, clean water and air, and better farm productivity.

**Chemicals** is a bet on the competitive advantage that U.S. producers enjoy from using natural gas as a feedstock (foreign producers use oil, which is expensive).

**Natural Gas** is a somewhat depressed sector, owing to the huge supply glut that has resulted from shale fracturing. But with power producers and LNG exporters increasing demand, the revenue growth potential is significant. ■

Our individual bond favorites, in increasing order of risk, are **Conservative Income**, **Short-Term Bond**, **Strategic Income**, **High Income**, and **Global High Income**.

The prospect of a slower global economy gave a lift to **Spartan Long-Term Treasury Index**, which gained 1.8% as long-term interest rates fell. But the high-yield sector reacted to the possibility of a credit crunch in Europe. **High Income** was off 2.5%, **Capital & Income** declined 3.0% and **Global High Income** slipped 3.1%.

Munis got a small lift from declining interest rates, posting gains that ranged from 0.4% to 0.8%.

**SELECT PORTFOLIOS**

Our Select System holdings are listed on page 7. Our favorite fundamental picks are **Technology**, **Chemicals**, **Pharmaceuticals**, **IT Services**, **Natural Gas**, **Utilities**, **Industrials** and **Retailing**.

**Construction & Housing** gained 4.0% on improved home sales. **Gold** rose 2.6%, thanks to the unified central bank liquidity action. On the bottom end, **Brokerage** was down 5.6% and **Financial Services** lost 5.9% on fears of a European banking system collapse. High-volatility **Automotive** fell 8.8%. ■

**Happenings**

Fidelity has introduced two new emerging markets funds. **Total Emerging Markets** will be led by veteran manager John Carlson, and will take a 60/40 “growth and income” approach to help reduce overall volatility. **Emerging Markets Discovery** will be managed by Ashish Swarup, and will focus on smaller firms including consumer-oriented companies that could benefit from rising wages. We plan to rate both funds *buy*, and we’ll be adding them to our data section in the coming months.

Lionel Harris has been named manager of **Small Cap Stock** (we’ve upgraded the fund to *buy*). As a result of that change, Patrick Venanzi will take over stockpicking at **Small Cap Growth**. Nicholas Price is the new leader at **Int’l Small Cap**, and Tobias Welo is the new materials group co-manager at **VIP Contrafund** and **Balanced**. ■

**NOVEMBER DISTRIBUTIONS**

<b>Asset Manager 20%</b>	\$ 0.016/\$12.97 (11/4)
<b>Asset Manager 30%</b>	\$ 0.011 / \$9.73 (11/4)
<b>Freedom Income</b>	\$ 0.014/\$11.42 (11/4)

Please see Fidelity’s Web site for December estimates. Search on “2011 year-end distribution” to pull up a link for 2010 Supplemental Tax Information, which gets you there.

**Note:** Last month’s 3-month S&P 500 return was overstated on page 6 due to a data-entry error. It should have been -2.5%.

Money Market Funds	Size	Yield	Money Market Funds	Size	Yield	Money Market Funds	Size	Yield
Cash Reser. (55/FDRXX)	120340.1	0.01	CT MM (418/FCMXX)	1756.9	0.01			
Select MM (85/FSLXX)	6092.0	0.08	MA MM (74/FDMXX)	5154.5	0.01			
Money Market (454/SPRXX)	3850.5	0.01	MI MM (420/FMIXX)	838.5	0.01	MA AMT TF (426/FMSXX)	296.8	0.01
Gov’t MM (458/SPAXX)	645.6	0.01	NJ MM (417/FNJXX)	2157.0	0.01	AMT Tax-Free (460/FIMXX)	1307.3	0.01
US Treas. MM (415/FDLXX)	6412.4	0.01	NY MM (92/FNYXX)	4927.4	0.01	NJ AMT TF (423/FSJXX)	247.1	0.01
Tax-Free MM (275/FMOXX)	7013.7	0.01	OH MM (419/FOMXX)	1027.6	0.01	NY AMT TF (422/FSNXX)	453.9	0.01
US Gov’t Reser (50/FGRXX)	2665.7	0.01	AZ MM (433/FSAXX)	358.3	0.01	PA MM (401/FPTXX)	658.3	0.01
CA MM (97/FCFXX)	5303.6	0.01	CA AMT TF (457/FSPXX)	504.0	0.01	Municipal MM (10/FTEXX)	23673.7	0.01