

Eric Kobren's  
**FIDELITY INSIGHT**  
 THE INDEPENDENT REPORT ON FIDELITY FUNDS

www.fidelityinsight.com

JULY 2008

VOLUME 24, NUMBER 7

ERIC'S MID-YEAR OUTLOOK

**We've Been Here Before: Tested Tactics For Weathering New Storm**

For all the many decades I've been on Wall Street, it still amazes me that others are even more amazed at just how fast wealth can be destroyed. It's tough to watch, because it's so unnecessary. In my mind, being respectful and prepared for downside risk is always key to weathering these storms.



**Some Perspective**

One of the more spectacular periods of wealth destruction began in 2000. The popping tech bubble was astounding for both its swiftness and completeness. In the wake of that destruction, 20-year-old dot.com gazillionaires resumed their undergraduate studies at Stanford, and the venture capitalists who failed to off-load their founder's stock were forced to trade in their Ferrari's for BMWs (the blowoff wasn't as hard on them!).

Main street investors in tech-oriented stock funds, were also hurt. The Nasdaq Composite lost almost 80% of its value in just 2 1/2 years — and it's still about 50% off its all-time high! (**Aggressive Growth**, for example, is down 65.3% since March 2000.) The broad market fared better, recovering its losses, and indeed making new highs in 2007, but since 2000, the S&P 500 has still only averaged a 1% annual return. However, because we were respectful of risk and appropriately diversified our model portfolios, they outperformed the market with less risk (see chart).

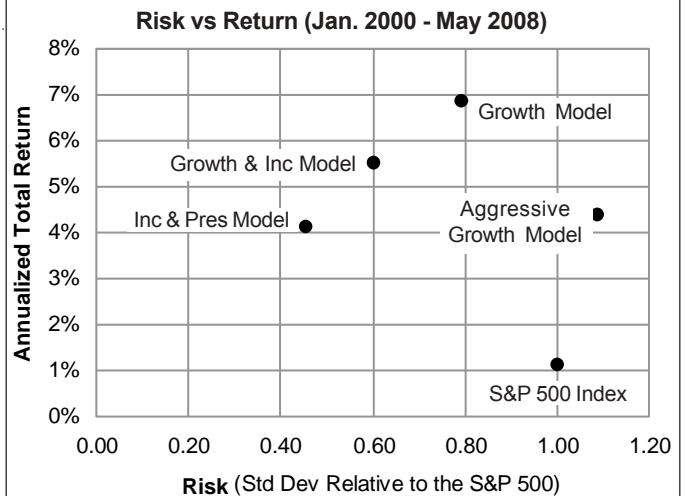
Beginning in mid-2007, we entered into another period

**Eric's Outlook** *cont'd on page 3*

**INSIDE INSIGHT**

Eric's Mid-Year Outlook .....	1
Model Portfolio Trade .....	3
Which Funds Should You Buy Now! .....	3
Opportunity Grows In Select Chemicals .....	4
Scorecard Changes .....	4
Scorecard .....	5
Inside Fidelity .....	12
Dividend Update .....	12
Message To Members .....	12

**DIVERSIFICATION PAYS**



Since the start of this volatile decade, U.S. stocks have only returned 1% annually. But owing to our diversification into other asset classes, all of our model portfolios have delivered superior returns. And, with the exception of the Aggressive Growth Model, our three more conservative models have beaten the S&P 500 while also taking significantly less risk.

**FIRST-HALF FUND COMMENTARY**

**Market Swoon Jolts Stock Funds; High-Quality Bonds Hold Up**

Limit the damage. That seems to have been the mission for many Fidelity fund managers over the past six months.

In a period that saw oil prices jump to \$140, higher inflation, plunging consumer confidence, continued deterioration in the credit markets and a government bailout of a major investment bank, almost all of Fidelity's equity funds are in negative territory so far in 2008.

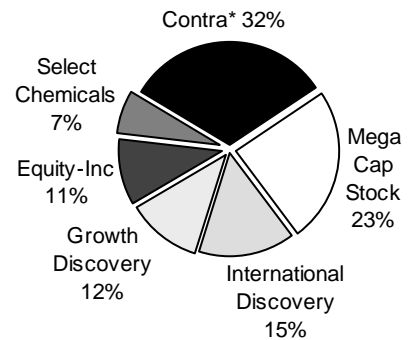
However, thanks to some timely moves into — or out of — certain sectors, several of them were able to limit the damage and fell less than the S&P 500. In fact, the average Fidelity domestic equity fund declined a bit less than that benchmark.

As the New Year arrived, there were some, though perhaps not enough, warnings of what was to come. For example, in 2007, oil prices rose from around \$60 a barrel to almost \$100, which helped push gasoline prices to an average of \$3.05 a gallon by year's end.

**Commentary** *cont'd on page 10*

# FIDELITY INSIGHT MODEL PORTFOLIOS - JUNE 30, 2008

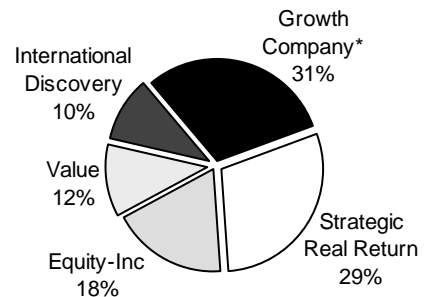
Aggressive Growth Model		Rel Vol: 0.93	Est. Yield: 0.9%	YTD Return: -12.7%		
Current Asset Allocation		Stocks 96.6%	Bonds 0.0%	Cash 3.1%	Alternative <sup>1</sup> 0.3%	Foreign 28.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun. Ret
Contrafund*	FCNTX	32%	\$66.47	837.40	\$55,662	-4.9%
Mega Cap Stock	FGRTX	23	9.91	4,015.74	39,796	-9.0
International Discovery	FIGRX	15	38.03	654.39	24,886	-7.1
Growth Discovery	FDSVX	12	14.61	1,367.15	19,974	-4.9
Equity-Income	FEQIX	11	46.15	386.00	17,814	-10.3
Select Chemicals	FSCHX	7	88.27	127.08	11,218	-3.1
Current Value (4/7/99 = \$100,000)					\$169,350	-6.6%



\*Closed; new members use **Blue Chip Growth** (FBGRX).

For aggressive members who have no need for income or principal for more than 10 years. Target volatility range: 0.50-1.50.

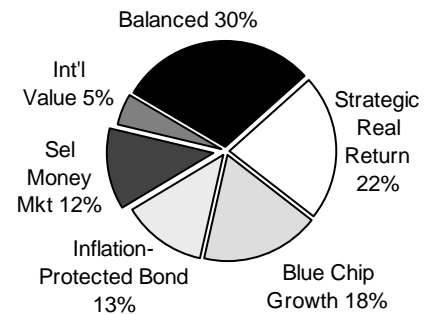
Growth Model		Rel Vol: 0.77	Est. Yield: 1.6%	YTD Return: -5.9%		
Current Asset Allocation		Stocks 69.3%	Bonds 7.9%	Cash 6.4%	Alternative <sup>1</sup> 16.8%	Foreign 18.0%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun. Ret
Growth Company*	FDGRX	31%	\$78.43	4,419.37	\$346,611	-3.9%
Strategic Real Return	FSRRX	29	10.56	31,637.40	334,091	1.1
Equity-Income	FEQIX	18	46.15	4,433.58	204,609	-10.3
Value	FDVLX	12	66.56	2,008.08	133,658	-9.8
International Discovery	FIGRX	10	38.03	3,030.42	115,247	-7.1
Current Value (1/1/87 = \$100,000)					\$1,134,216	-4.8%



\*Closed; new members use **Blue Chip Growth** (FBGRX).

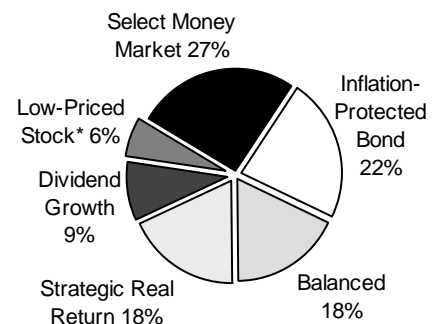
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.44	Est. Yield: 2.0%	YTD Return: -2.9%		
Current Asset Allocation		Stocks 42.1%	Bonds 28.7%	Cash 16.7%	Alternative <sup>1</sup> 12.6%	Foreign 10.7%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun. Ret
Balanced	FBALX	30%	\$18.24	14,424.40	\$263,101	-5.8%
Strategic Real Return	FSRRX	22	10.56	18,101.66	191,154	1.1
Blue Chip Growth	FBGRX	18	39.60	3,878.58	153,592	-6.7
Inflation-Protected Bond	FINPX	13	11.33	9,918.11	112,372	1.7
Select Money Market	FSLXX	12	1.00	106,752.17	106,752	0.2
International Value	FIVLX	5	10.14	4,160.96	42,192	-9.6
Current Value (1/1/87 = \$100,000)					\$869,163	-3.2%



A good choice for members retiring in five-10 years looking for less volatility than the market. Seeks a yield in excess of the S&P 500. Target volatility range: 0.25-0.75.

Income & Preservation Model		Rel Vol: 0.28	Est. Yield: 2.0%	YTD Return: -1.1%		
Current Asset Allocation		Stocks 25.8%	Bonds 32.7%	Cash 31.1%	Alternative <sup>1</sup> 10.4%	Foreign 4.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun. Ret
Select Money Market	FSLXX	27%	\$1.00	138,558.90	\$138,559	0.2%
Inflation-Protected Bond	FINPX	22	11.33	10,282.58	116,502	1.7
Balanced	FBALX	18	18.24	5,103.75	93,092	-5.8
Strategic Real Return	FSRRX	18	10.56	9,041.16	95,475	1.1
Dividend Growth	FDGFX	9	25.63	1,900.78	48,717	-8.1
Low-Priced Stock*	FLPSX	6	37.71	856.20	32,287	-8.7
Current Value (1/1/87 = \$100,000)					\$524,632	-2.1%



\*Closed; new members use **Small Cap Growth** (FCPGX).

For members needing income and protection of their purchasing power against inflation. Seeks a yield at least twice the S&P 500. Target volatility range: 0.10-0.50.

<sup>1</sup>Alternative investments include such areas as high-yield bonds, commodities, real estate. Portfolio trades and total returns do not take taxes into account, however redemption and exchange fees are included. Figures may be rounded. Dividends are reinvested. Consider the tax implications of trades before you decide to buy or sell any fund. Any trades are detailed on p. 3 and are announced on Friday evening Hotline updates via telephone, e-mail, and web (see p. 12). Use non-Spartan fund alternatives if Spartan minimums can't be met. **Annuity Model Portfolios** are on p. 9.

of wealth destruction. Once again, smart diversification should help members weather the storm in relatively healthy shape.

Unlike the prior bubble, this correction feels different because the economy (and especially the housing market) is hurting *Main Street* as well as *Wall Street*. And there's something else: it was one thing to see an Internet stock lose half its value because it never made a penny in profits. But what are we to make of Citigroup losing half of its value, GM selling for less than 10 bucks a share, Lehman Brothers holding on for dear life and Bear Stearns folding?

These are scary times. But there's no need to despair.

**Slowing Growth = Slowing Inflation**

When we look out at the investment landscape, we recognize a host of problems. Some of the most discussed are record high oil prices, the steep decline in home values, subprime mortgages, rising inflation, greater unemployment, slowing global GDP growth, a bigger federal budget deficit, a weak dollar, and a twin-front war that's now in its fifth year.

Is it any wonder that consumer confidence is at a 16-year low and an ounce of gold costs over \$925?

Neither stock nor bond investors can get excited about any of these developments. And with the Fed deciding last week to keep interest rates unchanged at 2.0%, their inac-

**WHICH FUNDS SHOULD YOU BUY NOW!**

**Equity Funds: Mega Cap Stock** provides exposure to very large, "mega-cap" stocks. **Growth Discovery** looks for companies of all market capitalizations that exhibit high growth potential.

**Specialty Funds: Strategic Real Return**, with its mix of sectors, affords inflation protection and portfolio diversification.

**Fixed-Income Funds: Inflation-Protected Bond**, as its name implies, has inflation-protection features. **Select Money Market** and **Cash Reserves** are our preferred funds in this interest-rate environment.

**International Funds:** Emerging markets remain volatile. We favor developed-market funds with some emerging-market exposure such as **International Discovery**. ■

tion underscores the trepidation that others are considering: is inflation or recession the greater risk?

Both are risks, but we tend to part

*... the economic slowdown we're experiencing will help ameliorate inflation.*

company with respect to CPI.

To back up a bit, we believe that the energy bubble will eventually deflate. Speculators have driven crude prices too high, too quickly. The recent decline in auto passenger miles is a clue that some relief in fuel prices may be forthcoming. We still like this sector long-term and Fidelity's energy-related Select funds are rated *OK to Buy* or higher. But given the sharp run-up in prices, a pull-back at any time is a distinct possibility.

In the meantime, \$140 oil, coupled with rising prices of other commodities, is slowing global growth. Consumers are losing their purchasing power,

and corporate profits are being squeezed. However, the economic slowdown we're experiencing will help ameliorate inflation. Falling home prices will also help. It's hard to see that now, but it will happen.

At the same time, global factory capacity utilization is low and getting lower. So while the Fed sees inflation as a threat, even the central bank acknowledges that it will "moderate later this year and next year." That bodes well for continued low, short-term interest rates. The fact that long-term rates are now higher than short-term rates is a definite plus.

Interest rates alone won't get this market back on track. But there are reasons to stay the course.

In the case of earnings, market expectations for a significant improvement later this year and in early 2009 may still be too optimistic. But with billions of dollars in subprime mortgages now written off, financials, whose profits have deteriorated more than any other sector, are somewhat better positioned for a recovery.

That takes us to valuations. While profits are not strong, price-to-earnings ratios suggest that the market is more reasonably valued. But keep in mind that it is a market of stocks, not

Eric's Outlook *cont'd on page 4*

**MODEL PORTFOLIO TRADE**

As announced on our June 27 Hotline, on June 30 we sold **Select Medical Equipment** from our Aggressive Growth Model and purchased **Select Chemicals**. This trade seeks to capitalize on growth opportunities, especially in agriculture (see p. 4). **Note:** All Select funds, including Medical Equipment, have a 0.75% redemption fee on shares held fewer than 30 days.

**ANNUAL MODEL PORTFOLIO RETURNS (%)**

Model	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
Aggr Growth												31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5
Growth	18.9	34.3	1.0	24.7	13.0	18.0	-0.1	23.9	13.8	17.2	3.3	30.7	-2.1	-2.7	-14.0	33.0	14.4	11.1	11.8	7.8
Growth & Inc	14.8	29.1	-1.3	24.6	14.2	18.2	-0.1	23.1	18.7	20.9	6.3	22.6	-2.1	-4.0	-9.7	27.1	11.5	5.2	10.2	7.3
Inc & Pres	10.2	17.7	0.8	20.9	11.4	16.7	-2.8	21.1	19.0	18.0	5.2	13.4	-1.4	-5.6	-6.8	18.9	7.0	3.5	7.2	5.2

## Eric's Outlook *cont'd from page 3*

a stock market. And on that score, many fund managers that we respect are now finding bargains.

### **The Strategy: Conservative Diversification**

If none of the aforementioned has cheered you up, it wasn't intended to provide false hope. What I hope to do, however, is to remind you that our risk-reduction strategy is working, just as it has for much of the past 24 years. The essential ingredient is, of course, portfolio diversification.

With the S&P 500 down 11.9% this year, all but our Aggressive Growth Model (which tends to take greater market risks than the overall market) has managed to limit that kind of loss. (See p. 2.)

From an asset allocation perspective, stocks currently range from roughly 25% to 70% of each model's total assets. As a result, the models' relative volatilities (one measure of risk) are significantly less than the stock market itself.

Where we have diversified away from stock funds, two different varieties of fixed-income funds have done the heavy lifting.

In our two most conservative models, roughly 30% of each is affixed to high-quality bonds. **Inflation-Protected Bond** (which is one of Fidelity's top-performing funds this year thanks to its 4.3% gain) invests in Treasury Inflation-Protected Securities, called TIPS. Although they can swoon alongside a rise in long-term bond yields, they have generally been

## OPPORTUNITY GROWS IN SELECT CHEMICALS

When we change our rating on one of Fidelity's domestic stock funds, it is sometimes because of what a particular manager is — or is not — doing right.

But with the industry-specific Select funds, we pay more attention to developments in that particular industry, and try to capitalize on those developments. That's especially true when we add or remove a Select fund from one of our Model Portfolios. This month, for example, we've added **Select Chemicals** to the

Aggressive Growth Model (see p. 3).

While this fund includes companies like Dow Chemical, which has been negatively impacted by higher oil prices, its top holdings also include American-based Monsanto and Mosaic, as well as Potash of Saskatchewan. Although their production costs are rising, each stands to benefit from the rising global demand for seed, fertilizer, and other agricultural products.

So far this year, Chemicals is ahead 6.8%. ■

a refuge for investors who have been frightened by both the credit crisis and inflation. (TIPS also comprise about 26% of **Strategic Real Return**, which is held in three of our models.)

And speaking of safety, **Balanced** invests a third of its assets in bonds, and most are investment-grade. This fund is in both our Growth & Income and Income & Preservation Models. It's down just 6.5% this year, and would have fared even better if not for its 22% stake in financials.

Turning to cash, we've advocated **Select Money Market**. (More highly taxed investors should still consider the attractive tax-effective yields of a municipal money fund.) Select MM has held a slight edge yield-wise over **Cash Reserves**, but with interest rates so low, it's hard to get excited about its 1.6% return this year. Still, with stocks down in the double digits, investing up to 30% of assets in a money market fund has been a

satisfying decision.

Returning to Strategic Real Return, this has been our best fund selection this year. Along with its diversification benefit, its year-to-date gain of 6.8% has helped offset losses elsewhere. Apart from TIPS, the fund's exposure to REITs (about 20%) also helped on a relative basis (credit solid stockpicking!). But the big win over the past year has come from a roughly 30% weight in commodity-linked notes. Interestingly, in April, the fund cut the position back to 10% and put the rest in cash, apparently anticipating a pullback.

As for our models' stock fund exposures, this has been a mixed bag.

On the international front, a falling dollar has helped to provide some support for these investments, but not enough. Natural resource-rich **Canada** and **Latin America** are the lone two funds in positive territory this year, while **Spartan Int'l Index** (a

### Scorecard Changes

Fund	Style	Prior	New	Comments
Convertible Securities	Specialty	Hold	OK to Buy	We like how the manager is running this fund.
Large Cap Stock	Large Growth	Buy	Hold	Manager's three-year record is unimpressive.
Leveraged Co Stock	Mid Blend	Hold	OK to Buy	We like how the manager is running this fund.
Sel Communications	Sector	Hold	Buy	An increase in capital spending will be helpful.
Sel Consumer Staples	Sector	Buy	Hold	Many consumers spending less on staples, too.
Sel Defense & Aerospace	Sector	OK to Buy	OK to Sell	Higher oil prices are weighing on this sector.
Sel Environmental	Sector	Hold	Buy	Waste-disposal companies merging and growing.
Sel Networking	Sector	OK to Sell	OK to Buy	An increase in capital spending will be helpful.
Sel Transportation	Sector	OK to Buy	OK to Sell	Higher oil prices impacting this sector.
Ultra-Short Bond	Taxable Bond	OK to Sell	Hold	Fund is climbing out of subprime hole.

## FIDELITY SCORECARD - JUNE 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						June	YTD	2007	1 Year	3 Year	5 Year				
		S&P 500 (Large Cap)		1280.0		-8.4	-11.9	5.5	-10.2	5.5	8.3	1.00			
		Dow Industrials (Blue Chip)		11350.0		-10.0	-13.4	8.9	-9.6	9.1	9.2	0.92			
		Nasdaq Composite (OTC)		2293.0		-9.1	-13.2	10.7	-6.9	5.8	8.7	1.11			
		Russell 2000 (Small Cap)		689.7		-7.7	-9.4	-1.6	-13.0	6.7	13.7	1.23			
<b>LARGE CAP GROWTH FUNDS</b>						<b>Category Averages</b>			<b>-6.1</b>	<b>-9.8</b>	<b>16.3</b>	<b>-1.7</b>	<b>9.5</b>	<b>10.6</b>	<b>1.1</b>
312	FBGRX	Blue Chip Growth		39.60	Buy	-6.7	-10.1	11.8	-2.7	5.3	6.4	0.99			
307	FDCAX	Capital Appreciation		24.20	Buy	-4.6	-9.6	6.9	-9.9	7.2	10.4	1.15			
22	FCNTX	Contrafund (closed)		66.47	Buy	-4.9	-8.2	19.8	2.6	12.0	14.3	0.91			
332	FEXPX	Export and Multinational	0.75%/30 days	23.16	OK to Buy	-5.7	-10.0	15.3	-2.6	9.5	12.2	1.10			
500	FFTYX	Fifty		19.94	Hold	-5.0	-8.5	12.6	-6.3	10.2	8.6	1.12			
25	FDGRX	Growth Company (closed)		78.43	Buy	-3.9	-5.5	19.9	6.6	13.2	14.0	1.08			
339	FDSVX	Growth Discovery		14.61	Buy	-4.9	-10.1	26.8	4.4	12.7	10.7	1.00			
73	FDFFX	Independence		29.43	OK to Buy	1.8	6.4	29.5	20.8	19.9	16.3	1.33			
763	FSLGX	Large Cap Growth		9.39	OK to Sell	-7.3	-12.3	2.1	-10.0	2.1	7.3	0.95			
1829	FLGEX	Large Cap Growth Enhcd Index		9.30	Hold	-6.7	-9.5	2.1p	-6.3	--	--	0.95			
338	FLCSX	Large Cap Stock		15.91	Hold↓	-11.4	-17.5	13.1	-12.0	6.6	7.6	1.12			
21	FMAGX	Magellan		80.07	OK to Buy	-8.4	-11.9	18.8	-2.0	7.8	8.4	1.11			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	30.46	Hold	-9.1	-13.2	10.5	-7.1	5.9	--	1.11			
93	FOCPX	OTC		45.59	Buy	-6.9	-12.6	26.1	3.2	11.7	12.4	1.21			
320	FDSSX	Stock Selector		26.01	Hold	-7.6	-11.8	11.8	-6.0	7.9	9.4	0.99			
5	FTRNX	Trend		62.02	OK to Buy	-7.0	-12.3	18.9	0.3	9.6	10.5	1.12			
<b>LARGE CAP BLEND FUNDS</b>						<b>Category Averages</b>			<b>-8.0</b>	<b>-12.0</b>	<b>8.8</b>	<b>-9.2</b>	<b>6.6</b>	<b>9.1</b>	<b>1.0</b>
1271	FBCVX	Blue Chip Value		12.38	OK to Buy	-10.4	-15.2	4.4	-16.0	5.0	9.1	1.11			
315	FDEQX	Disciplined Equity		26.16	Buy	-6.7	-11.4	10.8	-7.5	7.6	10.3	0.99			
330	FDGFX	Dividend Growth		25.63	Buy	-8.1	-12.8	1.1	-15.5	3.2	4.7	0.96			
3	FFIDX	Fidelity Fund		35.69	OK to Buy	-6.1	-10.2	16.8	-0.9	9.8	10.4	0.99			
333	FTQGX	Focused Stock		13.04	Hold	-3.9	-1.9	17.0	5.5	10.8	13.9	1.16			
27	FGRIX	Growth & Income		21.92	OK to Sell	-12.2	-19.4	0.7	-20.1	-0.4	3.3	1.18			
1827	FLCEX	Large Cap Core Enhcd Index		8.99	Hold	-7.4	-11.3	1.0p	-9.1	--	--	0.98			
361	FGRTX	Mega Cap Stock		9.91	Buy	-9.0	-15.1	11.1	-9.6	7.3	6.6	0.99			
317	FSMKX	Spartan 500 Index <sup>4</sup>		88.70	Hold	-8.4	-11.9	5.4	-10.4	5.4	8.2	1.00			
397	FSTMX	Spartan Total Mkt. Index <sup>4</sup>	0.50%/90 days	36.32	Hold	-8.2	-10.9	5.6	-9.7	6.1	9.3	0.99			
343	FTXMX	Tax Managed Stock	1.00%/2 years	14.70	OK to Buy	-6.1	-8.5	14.2	-5.1	9.1	12.1	0.99			
832	FVDFX	Value Discovery		15.28	Buy	-10.0	-14.8	9.7	-12.5	8.3	12.4	1.09			
<b>LARGE CAP VALUE FUNDS</b>						<b>Category Averages</b>			<b>-9.3</b>	<b>-14.2</b>	<b>3.2</b>	<b>-15.5</b>	<b>4.6</b>	<b>8.6</b>	<b>1.1</b>
23	FEQIX	Equity-Income		46.15	Buy	-10.3	-14.5	1.4	-17.1	4.9	8.3	1.07			
319	FEQTX	Equity-Income II		19.28	OK to Sell	-10.0	-15.1	4.5	-14.5	3.6	7.0	1.07			
708	FSLVX	Large Cap Value		12.49	Hold	-8.2	-13.9	3.7	-14.3	5.3	10.3	1.06			
1828	FLVEX	Large Cap Value Enhcd Index		8.17	Hold	-8.5	-13.2	-5.1p	-16.1	--	--	1.05			

**Notes:** <sup>1</sup> Relative Volatility of the fund versus the S&P 500 over the last 12 months; 1.50 means the fund has been 50% more volatile.  
<sup>2</sup> Durations (a measure of interest rate sensitivity) reflect prior quarter figures. <sup>3</sup> Stated yield is before any inflation adjustment, your effective yield may be different. <sup>4</sup> Also available in an "Advantage" share class with a minimum of \$100,000, but a lower expense ratio of 0.07% (versus 0.10% for the existing class). <sup>5</sup> Also available in "Advantage" shares with a minimum of \$100,000, but a lower expense ratio of 0.10% (versus 0.20% for the investor class). (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

proxy for foreign performance) is down 10.7%. By that measure, our position in **Int'l Value** (down 11.3%) has not been a disaster, though its large stake in financials dragged on returns, as was the case at **Int'l Discovery** (down 11.7%).

We have reduced our international exposure over the past year, and are watching several developments — a potentially stronger dollar, comparatively faster growth at home, and a shrinking valuation advantage abroad — with an eye toward further reductions ahead, but not now.

Turning to U.S. stock funds, there have been precious few places to

make money. **Leveraged Company Stock** and **Independence** have done well thanks to aggressive energy bets. Otherwise, truly diversified equity funds have lost an average of 10.8% this year.

Those with significant financial exposure (which tend to be both value- and large-cap-oriented) were hit especially hard. **Equity-Income**, which is actually underweight financials and overweight energy relative to its benchmark, nonetheless fell 14.5%. But big-cap growth-tilted funds were also whacked as investors showed some bias for small-caps, even as tech stocks traded sharply

lower. These factors spared none, including **Blue Chip Growth**, **Mega Cap Stock**, **Growth Company** and even Will Danoff's **Contrafund**.

So where do we go from here?

It's admittedly hard to love stock funds at this point, but our exposures are reasonable. Indeed, we think it would be a mistake to move further out of the market, though this market demands from all investors that they realistically assess their tolerance for risk. You may also want to consider taking a tax-loss on under-water positions. That said, stick to your long-term investment objective and you'll emerge from this market just fine. ■

## FIDELITY SCORECARD - JUNE 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						June	YTD	2007	1 Year	3 Year	5 Year				
<b>MID-CAP GROWTH FUNDS</b>						<b>Category Averages</b>			<b>-6.4</b>	<b>-9.3</b>	<b>11.5</b>	<b>-7.7</b>	<b>8.6</b>	<b>10.7</b>	<b>1.1</b>
324	FDEGX	Aggressive Growth	1.50%/90 days	19.65	Hold	-6.1	-14.6	18.8	-9.0	7.2	9.4	1.15			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	9.35	Hold	-6.8	-5.1p	--	--	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	12.23	Sell	-6.7	-9.5	2.4	-9.0	4.3	10.3	1.17			
337	FMCSX	Mid-Cap Stock (closed)	0.75%/30 days	28.08	Hold	-4.1	-3.1	8.2	-7.1	12.0	12.9	1.10			
300	FMLIX	New Millennium		25.56	OK to Buy	-8.5	-14.0	16.5	-5.6	11.0	10.3	1.04			
<b>MID-CAP BLEND FUNDS</b>						<b>Category Averages</b>			<b>-7.2</b>	<b>-5.9</b>	<b>8.0</b>	<b>-7.8</b>	<b>9.6</b>	<b>15.2</b>	<b>1.1</b>
122	FLVCX	Leveraged Company Stock	1.50%/90 days	34.64	OK to Buy ↑	-1.5	7.1	17.9	6.2	18.3	23.4	1.18			
316	FLPSX	Low-Priced Stock (closed)	1.50%/90 days	37.71	Buy	-8.7	-8.3	3.2	-10.9	6.8	13.4	0.92			
398	FSEMXX	Spartan Extended Mkt Index <sup>4</sup>	0.75%/90 days	34.83	Hold	-7.5	-7.7	5.4	-8.3	7.8	12.9	1.01			
14	FSLSX	Value Strategies		24.58	Buy	-11.2	-14.6	5.6	-18.4	5.4	11.1	1.13			
<b>MID-CAP VALUE FUNDS</b>						<b>Category Averages</b>			<b>-8.2</b>	<b>-10.6</b>	<b>2.4</b>	<b>-14.9</b>	<b>5.8</b>	<b>12.5</b>	<b>1.1</b>
762	FSMVX	Mid Cap Value	0.75%/30 days	14.67	OK to Sell	-6.6	-9.9	2.7	-14.3	5.8	12.5	1.07			
39	FDVLX	Value		66.56	Buy	-9.8	-11.3	2.2	-15.5	5.8	12.5	1.08			
<b>SMALL CAP GROWTH</b>						<b>Category Averages</b>			<b>-5.5</b>	<b>-12.4</b>	<b>12.1</b>	<b>-13.0</b>	<b>7.2</b>	<b>10.8</b>	<b>1.1</b>
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	8.99	Hold	-7.3	-7.0p	--	--	--	--	--			
1388	FPCGX	Small Cap Growth	1.50%/90 days	14.04	Buy	-4.5	-11.0	16.8	-8.7	8.8	--	1.04			
336	FDSCX	Small Cap Independence	1.50%/90 days	17.17	Hold	-6.5	-13.8	7.3	-17.4	5.6	10.8	1.08			
<b>SMALL CAP BLEND</b>						<b>Category Averages</b>			<b>-9.2</b>	<b>-13.5</b>	<b>4.4</b>	<b>-16.0</b>	<b>5.3</b>	<b>12.2</b>	<b>1.0</b>
340	FSLCX	Small Cap Stock (closed)	2.00%/90 days	15.30	Hold	-7.2	-11.0	7.7	-12.0	6.4	12.2	0.94			
1389	FCPVX	Small Cap Value	1.50%/90 days	11.41	OK to Sell	-11.2	-16.1	1.1	-20.0	4.1	--	1.12			
<b>SPECIALTY FUNDS</b>															
2063	FOTTX	130/30 Large Cap		10.29	Hold	-5.3	-0.3p	--	--	--	--	--			
304	FBALX	Balanced		18.24	Buy	-5.8	-6.5	9.0	-4.1	7.9	10.1	0.70			
308	FCVSX	Convertible Securities		28.84	OK to Buy ↑	-1.5	3.6	16.2	5.4	14.9	12.8	0.83			
1960	FDYSX	Dynamic Strategies		9.43	Hold	-2.8	-1.2	-2.2p	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	10.86	Hold	-12.7	-19.0	-8.3	-22.2	7.7	--	1.21			
4	FPURX	Puritan		17.43	OK to Buy	-4.9	-7.8	6.2	-5.9	6.2	8.0	0.63			
833	FRIFX	Real Estate Income	0.75%/90 days	9.52	OK to Sell	-3.3	-5.7	-6.5	-11.3	0.5	4.7	0.34			
303	FRESX	Real Estate Investment	0.75%/90 days	25.50	Sell	-10.7	-1.6	-21.3	-12.2	5.1	14.7	1.64			
1329	FSDIX	Strategic Dividend & Income		11.38	OK to Buy	-7.9	-8.6	3.1	-9.4	6.2	--	0.88			
1505	FSRRX	Strategic Real Return	0.75%/60 days	10.56	Buy	1.1	6.8	3.8	8.4	--	--	0.28			
311	FIUIX	Utilities		18.51	Hold	-6.1	-9.6	10.8	-10.1	11.3	13.2	0.96			
<b>ASSET ALLOCATION FUNDS</b>															
328	FASIX	Asset Manager 20%		11.98	Hold	-1.8	-2.6	4.8	-0.5	4.8	5.6	0.19			
1957	FTANX	Asset Manager 30%		9.32	Hold	-2.8	-4.0	-1.9p	--	--	--	--			
1958	FFANX	Asset Manager 40%		9.16	Hold	-3.7	-5.3	-2.6p	--	--	--	--			
314	FASMX	Asset Manager 50%		14.37	Hold	-4.6	-6.8	6.3	-4.6	4.7	5.2	0.48			
1959	FSANX	Asset Manager 60%		8.83	Hold	-5.5	-8.0	-3.5p	--	--	--	--			
321	FASGX	Asset Manager 70%		15.45	Hold	-6.3	-9.1	7.2	-7.1	5.0	5.7	0.69			
347	FAMRX	Asset Manager 85%		12.67	Hold	-7.3	-10.5	7.9	-8.7	7.3	10.2	0.83			
355	FFNOX	Four-in-One Index		27.57	Hold	-7.1	-9.2	6.2	-7.7	6.7	9.5	0.80			
370	FFFBX	Freedom 2000		11.86	Hold	-1.9	-2.1	5.3	-0.2	4.4	4.6	0.24			
1312	FFVFX	Freedom 2005		10.95	Hold	-3.8	-4.9	7.3	-2.2	5.7	--	0.46			
371	FFFCX	Freedom 2010		13.69	Hold	-3.9	-4.9	7.4	-2.2	6.0	6.8	0.48			
1313	FFVFX	Freedom 2015		11.47	Hold	-4.3	-5.7	7.8	-3.1	6.6	--	0.53			
372	FFFDX	Freedom 2020		14.21	Hold	-5.3	-7.1	8.5	-4.3	7.2	8.8	0.66			
1314	FFTXX	Freedom 2025		11.83	Hold	-5.5	-7.5	8.6	-4.9	7.3	--	0.69			
373	FFFCX	Freedom 2030		14.48	Hold	-6.3	-8.8	9.3	-6.1	7.7	9.7	0.80			
1315	FFTHX	Freedom 2035		12.02	Hold	-6.5	-9.1	9.3	-6.4	7.8	--	0.82			
718	FFFCX	Freedom 2040		8.48	Hold	-6.6	-9.3	9.3	-6.7	7.9	10.3	0.85			
1617	FFFGX	Freedom 2045		9.98	Hold	-6.9	-9.7	9.5	-7.0	--	--	0.86			
1618	FFFHX	Freedom 2050		9.98	Hold	-7.1	-10.1	9.8	-7.3	--	--	0.90			
369	FFFAX	Freedom Income		11.03	Hold	-1.5	-1.4	4.8	0.5	4.2	4.2	0.19			
1884	FIRJX	Income Replacement 2016		48.33	Hold	-2.8	-3.5	0.4p	--	--	--	--			
1885	FIRKX	Income Replacement 2018		48.06	Hold	-3.2	-4.2	0.4p	--	--	--	--			
1886	FIRLX	Income Replacement 2020		47.75	Hold	-3.5	-4.8	0.2p	--	--	--	--			
1887	FIRMXX	Income Replacement 2022		47.71	Hold	-3.8	-5.1	0.2p	--	--	--	--			
1888	FIRNXX	Income Replacement 2024		47.65	Hold	-4.0	-5.5	0.4p	--	--	--	--			
1889	FIROXX	Income Replacement 2026		47.45	Hold	-4.1	-5.7	0.2p	--	--	--	--			
1890	FIRPXX	Income Replacement 2028		47.52	Hold	-4.2	-5.9	0.2p	--	--	--	--			
1891	FIRQXX	Income Replacement 2030		47.33	Hold	-4.3	-6.1	0.2p	--	--	--	--			
1892	FIRRXX	Income Replacement 2032		47.27	Hold	-4.5	-6.3	0.2p	--	--	--	--			
1893	FIRSXX	Income Replacement 2034		47.17	Hold	-4.6	-6.6	0.3p	--	--	--	--			
1894	FIRUXX	Income Replacement 2036		47.20	Hold	-4.8	-6.8	0.3p	--	--	--	--			
1995	FIRVXX	Income Replacement 2038		46.07	Hold	-5.0	-5.1p	--	--	--	--	--			
2009	FIRWXX	Income Replacement 2040		46.04	Hold	-5.0	-5.2p	--	--	--	--	--			
1996	FIXRXX	Income Replacement 2042		46.02	Hold	-5.1	-5.2p	--	--	--	--	--			

## FIDELITY SCORECARD - JUNE 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>			
						June	YTD	2007	1 Year	3 Year	5 Year				
<b>INTERNATIONAL FUNDS</b>						<i>Category Averages</i>			<b>-7.9</b>	<b>-9.8</b>	<b>20.0</b>	<b>-3.5</b>	<b>17.5</b>	<b>20.9</b>	<b>1.1</b>
335	FIVFX	Aggressive Int'l	1.00%/30 days	13.59	OK to Sell	-8.5	-10.2	5.2	-13.9	8.6	11.4	0.96			
309	FICDX	Canada	1.50%/90 days	63.67	OK to Buy	-3.5	3.7	35.0	16.1	24.9	26.2	1.11			
352	FHKCX	China Region	1.50%/90 days	26.34	OK to Sell	-9.9	-15.5	46.3	11.2	21.8	23.1	1.54			
325	FDIVX	Diversified International (closed)	1.00%/30 days	36.04	OK to Buy	-7.4	-9.7	16.0	-4.4	14.9	18.2	1.00			
2053	FEMEX	Emerging Europe, MidEast, Africa	1.50%/90 days	9.30	Hold	-7.9	-8.3p	--	--	--	--	--			
322	FEMKX	Emerging Markets	1.50%/90 days	29.70	Buy	-9.8	-12.3	45.1	8.0	32.4	32.4	1.31			
301	FIEUX	Europe	1.00%/30 days	38.38	OK to Buy	-6.1	-9.0	16.4	-2.8	15.3	21.1	1.01			
341	FECAX	Europe Capital App	1.00%/30 days	23.47	OK to Buy	-7.6	-11.8	14.8	-6.6	16.6	18.3	1.02			
334	FGBLX	Global Balanced	1.00%/30 days	21.86	Hold	-3.2	-2.7	13.8	4.3	11.1	13.4	0.58			
2010	FIENX	International Enchanted Index	1.00%/30 days	9.08	Hold	-8.0	-11.0	--	--	--	--	--			
305	FIGRX	International Discovery	1.00%/30 days	38.03	Buy	-7.1	-11.7	19.0	-4.8	15.9	19.3	0.99			
1979	FIGFX	International Growth	1.00%/30 days	8.72	Hold	-6.9	-8.8	-2.8p	--	--	--	--			
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	21.61	Hold	-6.3	-6.5	13.2	-9.5	14.1	24.1	0.95			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	12.70	Hold	-9.8	-11.9	3.0	-18.0	--	--	1.25			
1597	FIVLX	International Value	1.00%/30 days	10.14	Buy	-9.6	-11.3	9.5	-10.6	--	--	1.07			
350	FJPNX	Japan	1.50%/90 days	13.37	Hold	-8.7	-6.8	-2.7	-11.4	9.6	12.8	1.11			
360	FJSCX	Japan Smaller Cos (closed)	1.50%/90 days	9.74	Sell	-6.3	-11.7	-12.4	-20.2	-5.3	9.5	1.01			
349	FLATX	Latin America	1.50%/90 days	66.80	OK to Buy	-6.8	7.7	43.7	26.6	46.2	46.7	1.78			
342	FNORX	Nordic	1.50%/90 days	40.38	OK to Buy	-9.6	-11.0	23.2	-3.1	20.0	25.6	1.27			
94	FOSFX	Overseas	1.00%/30 days	41.46	OK to Buy	-9.2	-14.3	21.8	-6.0	15.9	17.7	1.13			
302	FPBFX	Pacific Basin	1.50%/90 days	24.00	Hold	-10.7	-20.5	25.2	-13.7	15.3	18.1	1.16			
351	FSEAX	Southeast Asia	1.50%/90 days	30.20	OK to Sell	-10.4	-23.9	55.4	-5.9	27.1	28.0	1.42			
399	FSIIX	Spartan Int'l Index <sup>4</sup>	1.00%/90 days	42.18	Hold	-8.5	-10.7	10.7	-9.3	13.4	16.8	0.99			
1978	FTIEX	Total International Equity	1.00%/30 days	8.46	OK to Buy	-8.7	-10.5	-2.9p	--	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	19.77	Hold	-5.9	-7.5	18.5	-0.2	14.6	15.3	1.03			
<b>SELECT PORTFOLIOS</b>						<i>Category Averages</i>			<b>-8.7</b>	<b>-11.1</b>	<b>11.3</b>	<b>-7.2</b>	<b>8.5</b>	<b>12.0</b>	<b>1.3</b>
34	FSAIX	Air Transportation	0.75%/30 days	26.24	OK to Sell	-16.0	-32.1	-1.9	-34.9	0.7	5.4	1.41			
502	FSAVX	Automotive	0.75%/30 days	28.28	OK to Sell	-20.3	-24.4	0.0	-31.3	-1.0	4.6	1.41			
507	FSRBX	Banking	0.75%/30 days	17.27	Sell	-20.2	-29.0	-21.2	-38.8	-11.0	-2.4	1.65			
42	FBIOX	Biotechnology	0.75%/30 days	65.21	Hold	0.1	-2.2	2.7	1.8	6.4	7.0	0.96			
68	FSLBX	Brokerage & Investment	0.75%/30 days	49.61	Sell	-15.7	-22.7	-0.2	-21.0	6.6	11.1	1.41			
69	FSCHX	Chemicals	0.75%/30 days	88.27	Buy	-3.1	6.8	28.4	21.4	20.5	23.7	1.35			
518	FSDCX	Communications Equipment	0.75%/30 days	20.03	Buy↑	-11.8	-10.8	9.8	-8.5	5.9	11.0	1.32			
7	FDCPX	Computers	0.75%/30 days	40.74	OK to Buy	-10.9	-15.7	22.4	-1.5	8.5	8.9	1.30			
511	FSHOX	Construction & Housing	0.75%/30 days	30.07	Hold	-12.8	-8.8	-13.9	-18.9	-3.4	9.8	1.63			
517	FSCPX	Consumer Discretionary	0.75%/30 days	17.85	OK to Sell	-12.2	-15.0	-8.3	-22.2	-1.3	3.3	1.17			
9	FDFAV	Consumer Staples	0.75%/30 days	60.01	Hold↓	-8.1	-9.8	21.5	4.2	12.8	13.0	0.65			
67	FSDAX	Defense & Aerospace	0.75%/30 days	65.15	OK to Sell↓	-16.5	-21.5	17.8	-12.7	8.1	16.1	1.03			
8	FSELX	Electronics	0.75%/30 days	38.44	Hold	-10.1	-15.7	4.7	-17.4	1.5	5.8	1.32			
60	FSENX	Energy	0.75%/30 days	76.04	OK to Buy	4.3	16.3	45.5	35.5	31.9	33.9	1.48			
43	FSESX	Energy Service	0.75%/30 days	117.42	OK to Buy	7.4	20.4	55.2	40.8	36.1	33.3	1.60			
516	FSLEX	Environmental	0.75%/30 days	17.52	Buy↑	-8.8	-9.5	12.4	1.9	8.2	10.7	1.00			
66	FIDSX	Financial Services	0.75%/30 days	67.99	OK to Sell	-16.9	-28.8	-13.6	-34.3	-5.3	1.6	1.52			
41	FSAGX	Gold	0.75%/30 days	43.52	Hold	4.8	9.6	24.9	28.4	32.3	22.2	1.68			
63	FSPHX	Health Care	0.75%/30 days	103.56	Hold	-4.0	-13.9	12.5	-9.1	3.9	6.2	0.75			
98	FSVLX	Home Finance	0.75%/30 days	19.10	Sell	-22.0	-32.7	-38.0	-52.4	-19.5	-7.9	2.06			
510	FSCGX	Industrial Equipment	0.75%/30 days	30.84	Hold	-10.0	-12.7	23.2	-2.7	13.5	16.3	1.09			
515	FCYIX	Industrials	0.75%/30 days	20.04	Hold	-10.1	-9.7	17.7	-2.8	12.4	17.5	1.09			
45	FSPCX	Insurance	0.75%/30 days	44.04	OK to Sell	-13.5	-30.0	-4.4	-31.9	-4.6	3.1	1.28			
353	FBSOX	IT Services	0.75%/30 days	16.29	Hold	-5.9	-2.5	11.5	-3.8	12.8	12.7	1.08			
62	FDLSX	Leisure	0.75%/30 days	61.49	Hold	-12.7	-19.7	4.2	-15.8	3.7	8.0	1.09			
509	FSDPX	Materials	0.75%/30 days	61.59	Hold	-2.9	5.3	29.2	16.3	26.7	25.0	1.38			
505	FSHCX	Medical Delivery	0.75%/30 days	38.48	Hold	-9.7	-26.2	16.9	-19.8	-1.4	15.8	0.85			
354	FSMEX	Medical Equipment	0.75%/30 days	24.05	Buy	-1.3	-0.2	17.9	9.4	8.5	11.6	0.76			
503	FBMPX	Multimedia	0.75%/30 days	32.01	OK to Sell	-10.8	-12.7	-9.3	-22.1	0.6	3.9	0.99			
513	FSNGX	Natural Gas	0.75%/30 days	56.14	Buy	3.6	20.7	40.9	34.3	28.6	32.3	1.44			
514	FNARX	Natural Resources	0.75%/30 days	45.78	Buy	4.2	15.7	50.1	35.6	35.9	34.1	1.48			
912	FNINX	Networking & Infrastructure	0.75%/30 days	2.11	OK to Buy↑	-9.8	-14.9	0.4	-15.5	1.9	3.1	1.27			
506	FSPFX	Paper & Forest	0.75%/30 days	24.65	Hold	-16.0	-21.3	0.8	-26.0	1.3	2.6	1.29			
580	FPHAX	Pharmaceuticals	0.75%/30 days	9.96	Hold	-3.6	-13.8	13.4	-11.0	7.5	5.5	0.84			
46	FSRPX	Retailing	0.75%/30 days	35.95	Hold	-9.2	-12.1	-8.0	-21.3	-0.8	6.7	1.38			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	70.67	Hold	-9.2	-13.0	23.9	4.9	14.6	12.2	1.18			
64	FSPTX	Technology	0.75%/30 days	68.47	Hold	-11.4	-15.8	19.8	-6.2	7.5	8.7	1.30			
96	FSTCX	Telecommunications	0.75%/30 days	40.69	OK to Sell	-11.3	-21.6	8.2	-26.0	6.3	8.6	1.22			
512	FSRFX	Transportation	0.75%/30 days	41.44	OK to Sell↓	-10.7	-6.7	-0.6	-15.0	7.6	11.2	1.32			
65	FSUTX	Utilities Growth	0.75%/30 days	62.23	Hold	-0.7	-3.2	18.1	4.7	15.9	17.0	1.01			
963	FWRLX	Wireless	0.75%/30 days	6.98	Hold	-11.3	-19.2	27.5	-12.6	8.6	20.5	1.37			

## FIDELITY SCORECARD - JUNE 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Duration (Years) <sup>2</sup>	30-Day Yld. (%)	Tax-Equivalent Yield Federal Tax Bracket						
						June	YTD	2007									
<b>TAXABLE BOND FUNDS</b>						<b>Category Averages</b>			<b>0.5</b>	<b>0.6</b>	<b>5.1</b>	<b>4.4</b>	<b>3.91</b>				
15	FGMNX	Ginnie Mae		10.88	OK to Buy	0.3	2.0	6.8	3.8	5.03							
54	FGOVX	Government Income		10.38	OK to Buy	0.4	2.2	7.9	4.7	3.91							
794	FINPX	Inflation-Protected Bond <sup>3</sup>		11.33	Buy	1.7	4.3	9.1	6.4	1.10							
32	FTHRX	Intermediate Bond		9.90	OK to Buy	-0.1	-0.4	4.0	4.0	4.58							
452	FSTGX	Intermediate Gov't Income		10.34	Buy	0.5	2.4	7.9	3.4	3.47							
26	FBNDX	Investment Grade Bond		6.96	Hold	0.0	-0.9	2.6	4.6	4.93							
40	FMSFX	Mortgage Securities		10.12	Hold	0.3	-0.7	-0.4	3.8	4.97							
450	FSHBX	Short-Term Bond		8.34	OK to Sell	0.2	-1.0	1.7	1.7	4.08							
1561	FIBIX	Sptn Interm Treas Index <sup>5</sup>		10.39	OK to Buy	1.0	2.7	10.1	6.0	3.63							
1562	FLBIX	Sptn Lng-Term Treas Index <sup>5</sup>		10.18	Hold	1.8	1.5	9.5	11.2	4.43							
1560	FSBIX	Sptn Sht-Term Treas Index <sup>5</sup>		10.31	Buy	0.3	2.1	7.9	2.4	2.72							
820	FTBFX	Total Bond		10.13	Buy	-0.2	0.4	4.2	4.4	5.07							
651	FBIDX	U.S. Bond Index		10.74	Hold	0.1	0.9	5.4	4.6	4.74							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.28	Hold↑	0.0	-6.8	-5.1	0.3	2.05							
<b>HIGH-YIELD BOND FUNDS</b>						<b>Category Averages</b>			<b>-1.5</b>	<b>0.0</b>	<b>3.8</b>	<b>5.8</b>	<b>3.64</b>				
38	FAGIX	Capital & Income	1.00%/90 days	8.34	Hold	-2.3	-0.9	3.8	--	7.50							
814	FFRHX	Floating Rate High Income	1.00%/60 days	9.40	OK to Buy	-0.1	0.7	2.7	--	4.96							
1366	FHIFX	Focused High Income	1.00%/90 days	9.45	Hold	-2.1	-1.4	3.1	--	7.26							
455	SPHIX	High Income	1.00%/90 days	8.36	Hold	-2.0	0.6	2.4	--	8.27							
331	FN MIX	New Markets Income	1.00%/90 days	14.26	Hold	-1.8	0.1	5.7	--	5.87							
368	FSICX	Strategic Income		10.23	Buy	-0.8	0.7	5.4	--	5.72							
<b>MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-0.9</b>	<b>0.4</b>	<b>3.7</b>	<b>5.8</b>	<b>3.64</b>	<b>25%</b>	<b>28%</b>	<b>33%</b>	<b>35%</b>
36	FLTMX	Interm Municipal Income	0.50%/30 days	9.84	Buy	-0.8	0.7	4.0	5.1	3.52	4.7	4.9	5.3	5.4			
37	FHIGX	Municipal Income	0.50%/30 days	12.27	OK to Buy	-1.1	-0.4	3.1	7.5	4.06	5.4	5.6	6.1	6.2			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.29	Buy	-0.6	1.4	4.4	2.9	2.86	3.8	4.0	4.3	4.4			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.47	OK to Buy	-1.0	-0.1	3.2	7.5	4.11	5.5	5.7	6.1	6.3			
<b>STATE-SPECIFIC MUNICIPAL BOND</b>						<b>Category Averages</b>			<b>-1.0</b>	<b>0.0</b>	<b>3.4</b>	<b>6.6</b>	<b>3.68</b>				
434	FSAZX	Arizona Muni Income	0.50%/30 days	10.99	OK to Buy	-1.1	-0.3	2.6	7.7	3.90	5.2	5.4	5.8	6.0			
91	FCTFX	California Muni Income	0.50%/30 days	11.84	OK to Buy	-1.1	-0.5	2.9	7.1	3.98	5.3	5.5	5.9	6.1			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.10	OK to Buy	-0.7	1.1	4.3	3.1	2.85	3.8	4.0	4.3	4.4			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.09	OK to Buy	-1.0	0.2	3.8	6.7	3.64	4.9	5.1	5.4	5.6			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.56	OK to Buy	-1.0	0.0	3.0	7.1	3.77	5.0	5.2	5.6	5.8			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.50	OK to Buy	-1.1	-0.3	3.3	7.0	3.88	5.2	5.4	5.8	6.0			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.52	Hold	-1.2	-0.1	3.7	6.3	3.57	4.8	5.0	5.3	5.5			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.03	OK to Buy	-1.0	0.4	3.2	6.0	3.55	4.7	4.9	5.3	5.5			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.23	OK to Buy	-1.1	-0.3	3.7	6.9	3.72	5.0	5.2	5.6	5.7			
71	FTFMX	New York Muni Income	0.50%/30 days	12.46	OK to Buy	-1.0	0.0	3.3	7.6	3.86	5.1	5.4	5.8	5.9			
88	FHFHX	Ohio Muni Income	0.50%/30 days	11.28	OK to Buy	-1.0	0.0	3.6	7.2	3.74	5.0	5.2	5.6	5.8			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.52	OK to Buy	-0.8	0.0	3.9	6.2	3.65	4.9	5.1	5.4	5.6			
<b>TAXABLE MONEY MARKET</b>						<b>Category Averages</b>			<b>0.2</b>	<b>1.5</b>	<b>4.9</b>	<b>2.20</b>					
55	FDRXX	Cash Reserves		1.00	--	0.19	1.61	5.06	na	2.44							
631	FGMXX	Retirement Government MM		1.00	--	0.15	1.40	4.93	na	1.98							
630	FRTXX	Retirement MM		1.00	--	0.19	1.57	5.12	na	2.51							
458	SPAXX	Government MM		1.00	--	0.15	1.38	4.90	na	2.01							
454	SPRXX	Money Market		1.00	--	0.19	1.58	5.09	na	2.52							
85	FSLXX	Select MM		1.00	--	0.19	1.65	5.14	na	2.54							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.16	1.46	4.97	na	2.16							
415	FDLXX	US Treasury MM		1.00	--	0.11	1.01	4.38	na	1.45							
<b>MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.1</b>	<b>1.0</b>	<b>3.4</b>	<b>1.44</b>					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.11	1.03	3.43	na	1.49	2.0	2.1	2.2	2.3			
10	FTEXX	Municipal Money Market		1.00	--	0.11	1.02	3.34	na	1.52	2.0	2.1	2.3	2.3			
275	FMOXX	Tax-Free Money Market		1.00	--	0.10	0.98	3.30	na	1.31	1.7	1.8	2.0	2.0			
<b>STATE MUNICIPAL MONEY MARKET</b>						<b>Category Averages</b>			<b>0.1</b>	<b>1.0</b>	<b>3.3</b>	<b>1.31</b>					
433	FSAXX	Arizona		1.00	--	0.11	0.94	3.26	na	1.34	1.8	1.9	2.0	2.1			
457	FSPXX	California AMT Tax-Free		1.00	--	0.12	1.06	3.39	na	1.45	1.9	2.0	2.2	2.2			
97	FCFX	California		1.00	--	0.10	0.95	3.20	na	1.27	1.7	1.8	1.9	2.0			
418	FCMXX	Connecticut		1.00	--	0.10	1.00	3.25	na	1.31	1.7	1.8	2.0	2.0			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.11	0.99	3.39	na	1.36	1.8	1.9	2.0	2.1			
74	FDMXX	Massachusetts		1.00	--	0.09	0.94	3.20	na	1.19	1.6	1.7	1.8	1.8			
420	FMIXX	Michigan		1.00	--	0.09	0.92	3.21	na	1.23	1.6	1.7	1.8	1.9			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.12	1.04	3.41	na	1.48	2.0	2.1	2.2	2.3			
417	FNJXX	New Jersey		1.00	--	0.10	0.95	3.23	na	1.24	1.7	1.7	1.9	1.9			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.11	1.01	3.39	na	1.36	1.8	1.9	2.0	2.1			
92	FNYXX	New York		1.00	--	0.09	0.89	3.22	na	1.13	1.5	1.6	1.7	1.7			
419	FOMXX	Ohio		1.00	--	0.10	0.94	3.22	na	1.37	1.8	1.9	2.0	2.1			
401	FPTXX	Pennsylvania		1.00	--	0.10	1.00	3.25	na	1.32	1.8	1.8	2.0	2.0			

Tax-equivalent yields for state funds assume top state (and city) tax level for that federal bracket, and itemized deductions.

## FIDELITY SCORECARD - JUNE 30, 2008

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) <sup>1</sup>
						June	YTD	2007	1 Year	3 Year	5 Year	
<b>FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS</b>												
9077	FQBRC	Fid VIP Aggressive Growth		11.08	OK to Buy	-6.0	-15.0	17.1	-10.2	5.5	--	1.19
9067	FLRQC	Fid VIP Asset Manager		12.90	Hold	0.4	2.6	15.1	9.7	8.9	7.5	0.65
9066	FAECC	Fid VIP Asset Manager: Growth		13.20	Hold	-0.2	2.2	18.5	10.5	10.1	8.5	0.89
9069	FJBAC	Fid VIP Balanced		11.78	Buy	-5.6	-6.5	8.6	-4.1	6.8	5.8	0.72
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	8.79	OK to Sell	-12.2	-15.0	-8.5	-22.4	-3.4	1.8	1.27
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	10.03	Buy	-8.0	-9.8	11.6p	3.8	--	--	0.65
9065	FPDFC	Fid VIP Contrafund		12.20	Hold	-7.9	-12.3	17.2	-2.8	9.1	12.3	0.98
9148	FPRGC	Fid VIP Disciplined Small Cap		8.88	Buy	-7.3	-10.1	-2.7	-15.9	--	--	1.35
9074	FZAMC	Fid VIP Dynamic Capital App		11.89	Buy	-4.8	-10.1	6.6	-10.5	8.5	--	1.21
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days	9.38	Buy	-8.9	-6.2	--	--	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days	21.40	OK to Buy	4.2	15.7	45.5	34.6	32.7	32.0	1.48
9061	FLOLC	Fid VIP Equity-Income		10.59	Buy	-10.5	-14.7	1.1	-17.5	3.9	7.4	1.12
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	7.68	OK to Sell	-16.9	-28.1	-13.8	-33.7	-5.5	1.3	1.55
9157	FMPAC	Fid VIP FundsManager 20		10.88	Hold	-1.6	-1.6	5.8	1.1	--	--	0.18
9158	FMPBC	Fid VIP FundsManager 50		10.62	Hold	-4.1	-6.1	6.8	-3.8	--	--	0.50
9197	FMPPC	Fid VIP FundsManager 60		9.56	Hold	-5.0	-4.4	--	--	--	--	--
9159	FMPCC	Fid VIP FundsManager 70		10.42	Hold	-6.1	-9.2	7.5	-7.2	--	--	0.74
9160	FMPDC	Fid VIP FundsManager 85		10.25	Hold	-7.5	-11.6	8.4	-9.5	--	--	0.91
9062	FMNDC	Fid VIP Growth		12.39	Buy	-5.1	-10.4	26.5	3.4	9.4	8.9	1.07
9070	FLFNC	Fid VIP Growth & Income		11.64	Hold	-7.8	-12.0	11.8	-6.0	7.9	6.7	1.03
9068	FIDPC	Fid VIP Growth Opportunities		12.54	OK to Sell	-3.7	-8.5	22.7	3.0	8.2	8.8	1.38
9078	FPVDC	Fid VIP Growth Stock		11.11	OK to Buy	-7.2	-12.4	22.1	-0.1	5.3	--	1.16
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	10.38	Hold	-4.0	-14.0	9.7	-9.4	2.0	4.9	0.77
9060	FBBLC	Fid VIP High Income		11.45	OK to Sell	-1.8	-0.3	2.3	0.0	5.1	6.3	0.18
9064	FXVLT	Fid VIP Index 500		10.87	Hold	-8.4	-12.1	5.2	-10.6	4.3	7.1	1.03
9082	FBALC	Fid VIP Industrials	1.00%/60 days	12.83	Hold	-10.0	-9.9	17.8	-2.9	11.6	16.8	1.20
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	11.55	Hold	-8.5	-10.2	4.8	-14.3	7.4	--	0.98
9090	FBKQT	Fid VIP Investor Freedom 2005		11.49	Hold	-4.0	-5.3	8.3	-2.0	5.5	--	0.44
9091	FCRJT	Fid VIP Investor Freedom 2010		11.47	Hold	-4.1	-5.5	8.4	-2.2	5.6	--	0.46
9092	FTCMT	Fid VIP Investor Freedom 2015		11.65	Hold	-4.6	-6.3	9.0	-2.9	6.3	--	0.53
9093	FTEMT	Fid VIP Investor Freedom 2020		11.72	Hold	-5.6	-7.8	9.9	-4.3	6.7	--	0.66
9094	FVIIT	Fid VIP Investor Freedom 2025		11.77	Hold	-5.9	-8.2	10.1	-4.5	7.0	--	0.70
9095	FXJLT	Fid VIP Investor Freedom 2030		11.81	Hold	-6.8	-9.6	11.0	-5.9	7.4	--	0.83
9089	FBXOT	Fid VIP Investor Freedom Income		11.24	Hold	-1.6	-1.7	5.8	1.1	4.1	--	0.17
9063	FTLKC	Fid VIP Investment Grade Bond		10.89	Buy	0.0	0.0	4.0	3.2	2.2	2.4	0.28
9172	FVMAC	Fid VIP Materials	1.00%/60 days	12.04	Hold	-2.9	5.6	14.7p	16.3	--	--	1.39
9071	FNBSC	Fid VIP Mid Cap		12.85	Buy	-5.2	-6.9	15.2	-2.7	11.3	17.3	1.01
9059	FTNJC	Fid VIP Money Market		11.27	--	0.2	1.5	4.9	4.0	3.9	2.6	0.02
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	13.63	Hold	-8.1	-10.6	16.9	-5.8	14.0	--	1.06
9072	FFWKC	Fid VIP Real Estate		11.30	Sell	-11.5	-3.2	-18.0	-10.7	4.3	--	1.71
9075	FGDQC	Fid VIP Strategic Income		11.51	Buy	-0.7	0.7	5.3	4.3	4.6	--	0.14
9086	FYENC	Fid VIP Technology	1.00%/60 days	11.20	Hold	-11.0	-16.1	14.9	-8.9	7.8	8.6	1.49
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	7.75	OK to Sell	-11.1	-21.8	-1.1p	-27.0	--	--	1.35
9087	FXRRR	Fid VIP Utilities	1.00%/60 days	15.37	Hold	-0.6	-2.9	20.2	6.2	15.7	16.7	1.00
9079	FKMSC	Fid VIP Value		10.57	Buy	-9.9	-11.5	1.7	-15.8	3.3	--	1.18
9080	FUEBC	Fid VIP Value Leaders		10.56	Buy	-10.4	-15.2	4.2	-16.0	3.6	--	1.15
9073	FRBSC	Fid VIP Value Strategies		10.69	Buy	-11.2	-14.7	5.3	-18.6	4.0	--	1.24
9199	FCIFC	Credit Suisse Int'l Focus		9.46	OK to Sell	-6.7	-5.4	--	--	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts		13.53	Hold	-8.9	-8.1	33.3	6.6	--	--	1.16
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		11.40	Hold	-2.1	-1.1	6.3	3.0	6.6	8.6	0.23
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		13.19	Buy	-11.5	-15.9	40.1	3.3	27.0	28.5	1.42
9145	FPROC	Morgan Stanley Gbl Value Equity		9.99	OK to Buy	-10.1	-15.5	6.4	-16.0	5.2	9.1	0.98
9146	FPRPC	Morgan Stanley Int'l Magnum		11.23	Buy	-8.7	-10.4	14.3	-6.6	12.8	14.7	1.06
9174	FMCCC	Strategic Advisors Mid Cap Value		8.50	Hold	-8.5	-9.5	-6.3p	-12.9	--	--	1.03
9175	FSCCC	Strategic Advisors Small Cap		8.29	Hold	-8.2	-9.6	-8.5p	-15.8	--	--	1.31

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Growth	28%
Fidelity VIP Strategic Income	27
Fidelity VIP Value Leaders	17
Morgan Stanley Int'l Magnum	12
Fidelity VIP Value Strategies	9
Fidelity VIP Energy	6
<b>Total Returns: Jun: -5.4% YTD: -7.6%</b>	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Growth	29%
Fidelity VIP Investment Grade	26
Fidelity VIP Strategic Income	22
Fidelity VIP Value Leaders	10
Fidelity VIP Value Strategies	8
Morgan Stanley Int'l Magnum	5
<b>Total Returns: Jun: -4.1% YTD: -6.7%</b>	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	31%
Fidelity VIP Money Market	22
Fidelity VIP Strategic Income	17
Fidelity VIP Value Leaders	15
Fidelity VIP Growth	10
Fidelity VIP Value Strategies	5
<b>Total Returns: Jun: -2.9% YTD: -4.1%</b>	

Perhaps the biggest warning of things to come was the subprime mortgage crisis, which quickly spread from the weaker lenders and pulled in some of the nation's biggest financial institutions. That list included Merrill Lynch, Citigroup, Morgan Stanley and — hardest hit — Bear Stearns, which was forced out of existence this year, when the Federal Reserve arranged and helped finance its buyout by JP Morgan Chase.

### The Fed Gets Busy

While that was the Fed's boldest move this year, if not in its history, it did not neglect its more conventional tool: setting interest rates. After lowering the Fed Funds rate from 5.25% to 4.25% in 2007, the central bank cut that rate four more times in 2008, to 2.00% by the end of April. (With commodity-driven inflation an increasing concern, it left that rate unchanged at its June 25 meeting.)

If nothing else, 2008 may turn out to be one of the most volatile in recent memory. There have been 26 days since December that the Dow Industrials moved up or down (mostly down) at least 200 points. We've nearly matched 2007's total of 27 in just a half a year.

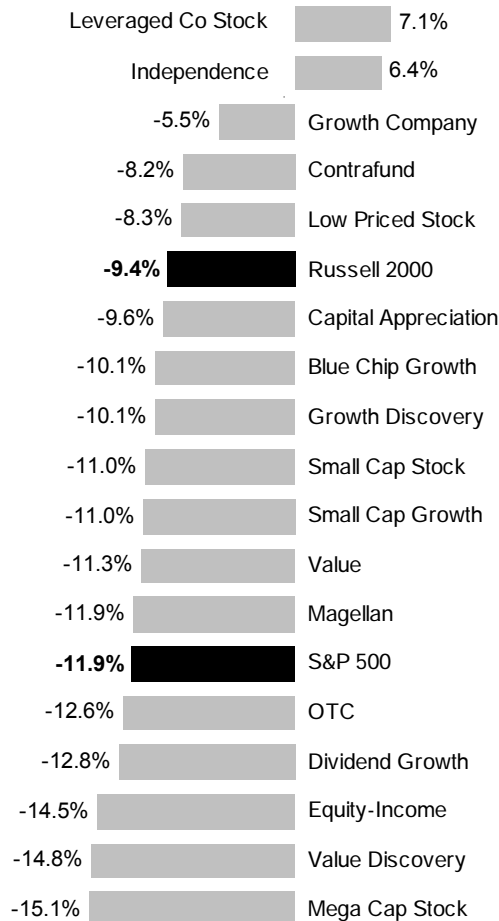
### Market Indexes

For the year, the Dow is off 13.4%, the S&P 500 is down 11.9%, the tech-rich Nasdaq has declined 13.2% and the small-cap Russell 2000 is off 9.4%.

June turned out to be one of the worst months of the year, as the Dow fell 10.0%, the S&P 500 declined 8.4%, the Nasdaq was off 9.1% and the Russell 2000 fell 7.7%.

As for style, growth funds beat their value counterparts by a wide margin, which wasn't surprising, given that value funds tend to have large exposures to financial stocks. For the six-month period, the Russell 1000 large *growth* index was off 9.1%, while the Russell 1000 large *value* index fell 13.6%. And small- and mid-

## SELECTED STOCK FUNDS 1<sup>ST</sup> HALF RETURNS



cap stocks generally outperformed their larger brethren.

### Equity Funds

It wasn't too hard to find the Fidelity funds that managed to limit the damage over the past six months. For the most part, they were the funds that capitalized on higher energy prices and either maintained large exposures to that sector or increased them. (Some of the increased exposure to the sector, of course, was simply the result of sharply higher prices for energy-company stocks.)

For example, **Leveraged Company Stock**, which has long had a big weight in energy, increased that exposure to 42.4% of assets by the end of April, from 34.5% a year earlier.

Not surprisingly, energy helped make Leveraged Company Fidelity's best-performing fund for the year, with

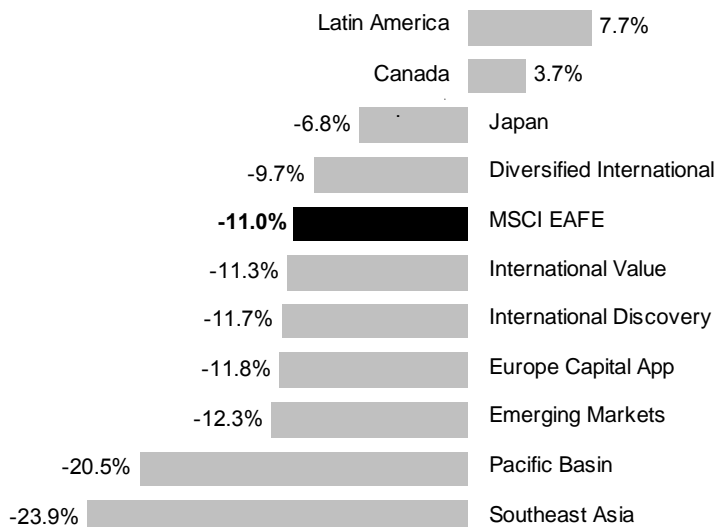
a gain of 7.1%. A 31.3% weight in energy also helped **Independence** gain 6.4% for the period.

Meanwhile, other funds managed to outperform the S&P 500 — lose less — in part because they boosted their energy holdings. **Contrafund**, for example, is down 8.2% for the year, or about two percentage points less than the S&P. There, manager Will Danoff more than doubled his energy stake from 8.4% in April 2007 to almost 17% a year later.

**Blue Chip Growth** (down 10.1% for the year) increased its energy exposure from less than 4% to over 11% over the past 12 months.

Among Fidelity's other large funds, **Magellan** is down 11.9%, **Equity-Income**, which generally has a big exposure to financial stocks, fell 14.5% and **Low-Priced Stock** was off 8.3%. For its part, **Growth Company** declined "only" 5.5%.

## SELECTED INT'L FUNDS 1<sup>ST</sup> HALF RETURNS



### Select Funds

Just as several stock funds benefited from their energy exposures, Fidelity's best-performing Select funds also focused on that industry. Among the winners for the year so far: **Natural Gas** (up 20.7%), **Energy Service** (up 20.4%), and **Energy** (16.3%).

Energy-focused funds weren't the only ones to wind up in the black. **Chemicals** (see p. 4) was ahead 6.8%, in part thanks to the growing global demand for fertilizers.

While rising oil prices were good news for energy-focused funds, they were bad news for companies that have to buy the stuff. **Air Transportation**, for example, was among the worst performers, plunging 32.1%.

Meanwhile, the ongoing woes of the financial industry were reflected in the six-month returns of funds like **Home Finance** (down 32.7%), **Banking** (down 29.0%) and **Financial Services** (down 28.8%).

### International Funds

Despite a more than 5% fall in the dollar, most foreign funds did no better than those here at home, and some did far worse. As in the U.S., two of the best-performers overseas, **Latin America** (up 7.7%) and **Canada** (up 3.7%), benefited from their exposure to natural resources.

At the other end of the return spec-

trum were several funds (ex-Latin America) that invest in emerging markets, where high valuations finally caught up with them. **Southeast Asia** (down 23.9%) and **Pacific Basin** (down 20.5%) were two of the worst performers, while **Emerging Markets** fell 12.3%. Among more globally diversified funds, **Int'l Discovery** declined 11.7%, **Diversified Int'l** was off 9.7%, and **Int'l Value** fell 11.3%.

### Specialty Funds

While Fidelity shows it as a bond fund, **Strategic Real Return's** unique portfolio mix led us to classify it as a Specialty fund. But whatever

you call it, that mix, which includes Treasury Inflation Protected Securities (TIPS), real estate and commodity-linked notes, has been a winner with the fund up 6.8% in 2008. The Specialty category also includes three real estate funds, which presented a mixed picture, with **Real Estate Investment** off just 1.6%, but **Real Estate Income** down 5.7% and **Int'l Real Estate** falling 19.0%.

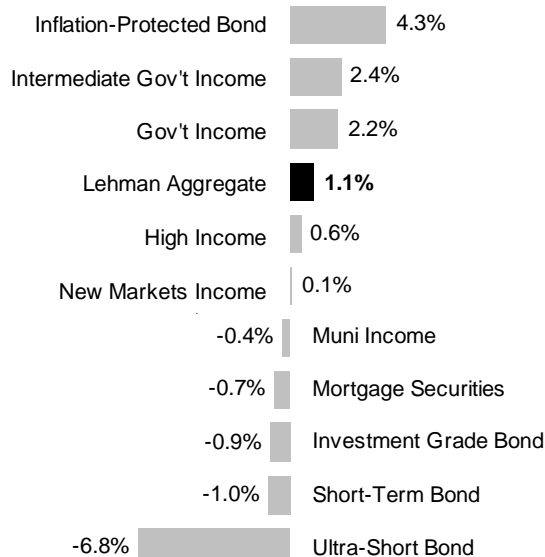
### Fixed-Income Funds

When the Fed held interest rates steady on June 25, it expressed its increasing concern about inflation. Fixed-income investors seem to have those concerns, too, as **Inflation-Protected Bond** gained 4.3% over the first six months. Other Treasury-focused funds also fared well as investors looked to shield themselves from credit concerns. **Intermediate Gov't Income**, rose 2.4%, while **Gov't Income** was up 2.2%. While **Ultra-Short Bond** was down 6.8% for the year, it is up 0.2% since the end of March as it may have finally shed its subprime woes.

Fidelity's high-yield funds have been a mixed bag this year, with **High Income** up 0.6% and **Capital & Income** down 0.9%.

With the Fed Funds rate down to 2.00%, **Cash Reserves'** yield declined to 2.44% in June from 5.11% last December. ■

## SELECTED BOND FUNDS 1<sup>ST</sup> HALF RETURNS



## Inside Fidelity

**Executive Hire** — Fidelity has hired an outsider, Michael Wilens, to oversee its asset management businesses. Michael comes to Fidelity from Thomson Reuters. His background is not in the investment business, but in information technology. Although he'll have oversight of Fidelity Management & Research (which oversees mutual fund investing), he has no investment experience. That said, we see this as a potentially good fit as Fidelity faces the challenge of having its global network of analysts and managers digest the mountains of data and other information it collects on virtually every publicly traded company on earth.

**Ultra-Short Bond Case** — An investor in **Ultra-Short Bond** is seeking class-action status, charging Fidelity failed to appropriately inform investors of the risks it took with respect to mortgage-related securities. The suit is similar to those filed against other

firms. Fidelity contends that the suit is "without merit," and that the fund invested only in the highest-rated AAA and AA securities. As the subprime mortgage market melted down, the fund and its shareholders were hurt. Since Ultra-Short has repositioned itself into cash equivalents, its performance has improved over the past few months. We are raising our rating on Ultra-Short Bond to *Hold*.

**Downsizing, But Growing** — Fidelity is laying off 550 personnel, or 1.2% of 46,000-strong global workforce. The firm laid off about 200 employees in February and another 200 in November for a total of 950 job cuts, or 2% of the workforce. Most of the latest cuts are out of its Merrimack, N.H. divisions that serve retirement savings plans and HR services. (Fidelity's fixed-income group is also located there, but this group is not affected.) However, Fidelity also has added 4,000 jobs over the past year and has posted 1,500 new positions.

**Manager Changes** — Andrew Sassine has been named manager of **Small Cap Stock**, succeeding Paul Antico, who managed the fund since its 1998 inception and is leaving the firm after 17 years at Fidelity. Andrew will continue to run **International Small Cap Opportunities**. Andrew joined Fidelity as a high-yield analyst and joined the international equity research group in 2001. He has managed International Small Cap Opportunities since its inception in 2005. We are maintaining our *Hold* rating on Small Cap Stock and International Small Cap Opps.

Robin Foley has been named co-manager of **Short-Term Bond**, succeeding Andrew Dudley, who is leaving Fidelity. Robert Galusza, who has been running the fund with Andy

since July 2007, will remain as lead manager. Rob has also been named sole manager of **Ultra-Short Bond**, another fund he co-managed with Andy. Robin joined Fidelity in 1986 and has managed institutional fixed-income portfolios since 1991. We are keeping our *OK to Sell* rating on Short-Term Bond.

Derek Young has been named sole manager of Fidelity's **Asset Manager** funds, which he has been co-managing with Dick Habermann, who is retiring from Fidelity after 40 years with the firm. (Dick ran **Maggellan** in the 1970s before Peter Lynch took over that fund.) Derek will continue to co-manage **Strategic Real Return, Strategic Dividend & Income, Four-in-One Index, Strategic Income** and **Global Balanced**.

Vincent Montemaggiore has been named manager of **Select Banking**, succeeding Ramona Persaud. ■

### DIVIDEND UPDATE

*In addition to monthly dividends paid by bond and money market funds, Asset Mgr 20%, Freedom Inc and Inc Replacement, these funds are expected to pay dividends and/or capital gains in July:*

Asset Mgr 40% and 50%, Balanced, Convertible Securities, Equity-Income, Equity Income II, Fidelity Fund, Growth & Income, Puritan, Strategic Dividend & Income, Utilities.

*The final distributions for June were as follows:*

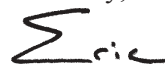
Fund	ex-date	Amt (\$)	NAV
Asset Mgr 30%	6/6	0.026	9.54
Inflat-Protect Bond	6/6	0.12	11.23
Large Cap Stock	6/6	0.035	17.40
Mid-Cap Stock	6/6	0.26	29.37
R.E. Income	6/6	0.12	9.80
R.E. Invest	6/6	0.02	27.84
Small Cap Stock	6/6	0.23	16.18
Spartan 500 Index	6/6	0.55	94.19

## Message To Members

Now that Senators Obama and McCain are the presumptive nominees for president, I'm sure we'll see plenty of talk about how each man will deal with taxes. The long list includes the Bush tax cuts, corporate income taxes, estate taxes and capital gains taxes.

However, given America's \$9 trillion debt (growing by \$1.4 billion a day), the likelihood of any tax cuts that could add to the deficit seems slim, indeed. Over time, in fact, some tax increases seem more likely. So, even though it's only summer, it's not too soon to consider taxes when buying or selling fund shares.

Sincerely,



Eric M. Kobren

ekobren@kobren.com



**Executive Editor:** Eric M. Kobren **Group Editor:** John G.F. Bonnanzio **Editor:** Tom Watterson **Publisher:** John M. Boyd

Fidelity Insight (ISSN 0892-2934) is published monthly for \$229 per year by the **Mutual Fund Investors Association, Inc.** All material presented is compiled from sources believed reliable, but accuracy cannot be guaranteed. Before buying any mutual fund, you should read its prospectus carefully. MFIA does not render legal or accounting advice. Copyright © 2008. Reproductions in whole or in part are prohibited except by permission. Postmaster: Send address changes to **Fidelity Insight**, 20 William Street, Suite 200, Wellesley Hills, MA 02481.

**Editorial Questions:** fidoq&a@kobren.com **Subscription Questions:** memberservices@kobren.com **Offices:** 800-444-MFIA **Hotline:** 781-235-1560