

Eric Kobren's

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FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

JULY 2009

VOLUME 25, NUMBER 7

ERIC'S OUTLOOK

Five Portfolio Checkups While Waiting For The Recovery

While the "Armageddon trade" (dumping stocks for cash or Treasuries fearing a global depression) seems to be off the table, the focus of the investment world has now turned to the timing and strength of the eventual worldwide economic recovery.



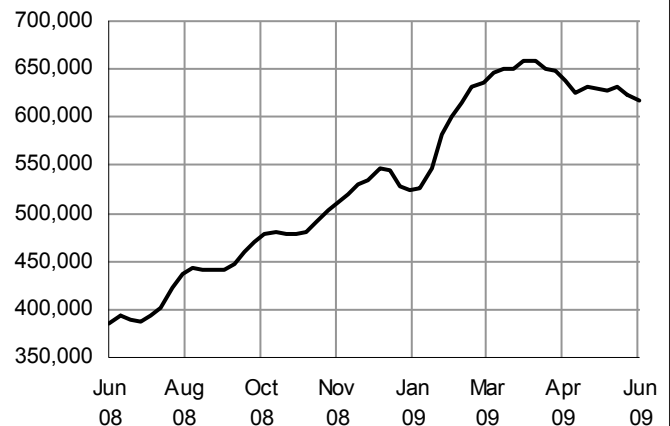
Eric M. Kobren

As I noted in last month's *Outlook*, while the market advance to this point has been driven by "things getting less bad," gains going forward could be harder to come by without things actually getting better. That was the case in June. Every economic report that came out contained conflicting views. Housing starts have been higher for three straight months — but they are still 45% below year-ago levels. New home sales for May were down from April — but existing home sales rose. Prices on existing homes sales are still down sharply (16.8%) from a year ago — but new homes sales price declines moderated (down just 3.4%). And, initial claims for unemployment unexpectedly rose for the week of June 13 — but the more widely watched 4-week moving average fell (see chart). The S&P 500 eked out a 0.2% gain for the month.

I could go on, but you get the idea. At junctures like this, I'm reminded of Peter Lynch's observation about portfolio management: "Five minutes spent worrying about the economy is five minutes too much." (It is sobering to real-

JOB LOSSES STILL HIGH

Initial Jobless Claims (4-week Moving Average)



It is hard to imagine that we can fix the housing problem and begin a meaningful economic recovery without a real improvement in the jobs picture. While initial claims for unemployment may have peaked, job losses are still extremely high, and the unemployment rate of 9.4% is likely to climb higher in the months ahead.

ize that it has been 19 years now since he left the helm of **Magellan!**)

My outlook remains the same: We are likely headed for a recovery, but it is not here yet. Stocks remain reasonably attractive as do more credit-sensitive bonds, but both a little less so. Risks are now more elevated and until the economic picture becomes clearer, expect choppy markets. While waiting for the fog to lift, here are five checkups you can perform on your portfolio right now.

1. Harvest Any Tax Losses

With the sharp losses we experienced in 2008 through early 2009, it is likely that you may hold one or more funds with a significant capital loss. In *taxable* accounts, it makes sense to *harvest* those losses now (before the market fully recovers). If you own a fund with a loss of 5% or more, sell it now and buy a similar fund from our *Scorecard*. For example, if you have a loss in **Equity-Income**, sell it and buy the essentially identical **Equity-Income II**, to book the loss. Then, after 31 days (to avoid wash sale rules), you may switch back to E-I if you wish. (Be sure to check for any short-term trading fees that may be longer than 31

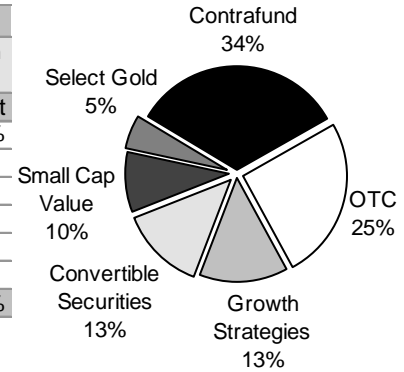
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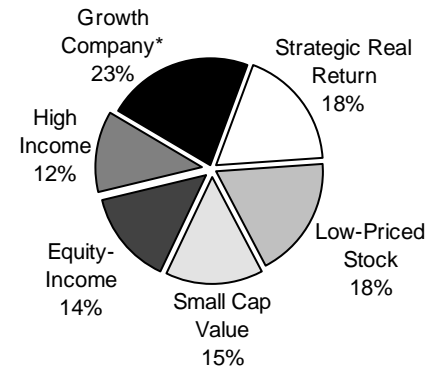
FIDELITY INSIGHT MODEL PORTFOLIOS - JUNE 30, 2009

Aggressive Growth Model		Rel Vol: 1.01	Est. Yield: 1.0%	YTD Return: 5.7%		
Current Asset Allocation		Stocks	Bonds	Cash	Alternative ¹	Foreign
		81.5%	0.0%	5.9%	12.6%	12.9%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Contrafund	FCNTX	34%	\$47.81	841.70	\$40,241	0.0%
OTC	FOCPX	25	36.25	814.41	29,522	2.9
Growth Strategies	FDEGX	13	13.04	1,235.62	16,112	-1.2
Convertible Securities	FCVSX	13	17.90	872.28	15,614	2.2
Small Cap Value	FCPVX	10	10.25	1,116.93	11,449	2.4
Select Gold	FSAGX	5	35.87	171.59	6,155	-11.6
Current Value (4/7/99 = \$100,000)					\$119,093	-0.6%



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

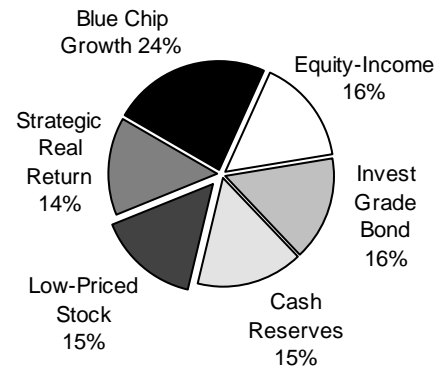
Growth Model		Rel Vol: 1.04	Est. Yield: 2.5%	YTD Return: 10.1%		
Current Asset Allocation		Stocks	Bonds	Cash	Alternative ¹	Foreign
		65.8%	5.9%	4.0%	24.3%	9.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Growth Company*	FDGRX	23%	\$55.29	3,319.97	\$183,561	0.9%
Strategic Real Return	FSRRX	18	7.65	19,622.38	150,111	0.9
Low-Priced Stock	FLPSX	18	25.90	5,753.78	149,023	-0.1
Small Cap Value	FCPVX	15	10.25	11,805.63	121,008	2.4
Equity-Income	FEQIX	14	31.97	3,599.83	115,087	-0.7
High Income	SPHIX	12	7.31	13,787.83	100,789	3.1
Current Value (1/1/87 = \$100,000)					\$819,579	0.3%



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

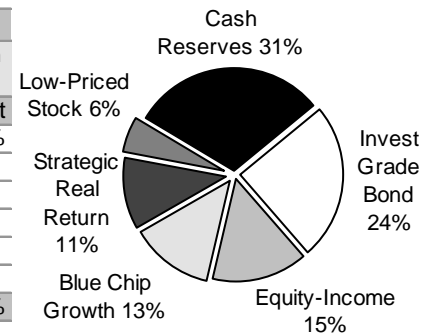
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 0.72	Est. Yield: 2.2%	YTD Return: 6.1%		
Current Asset Allocation		Stocks	Bonds	Cash	Alternative ¹	Foreign
		51.5%	19.1%	19.0%	10.4%	6.5%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Blue Chip Growth	FBGRX	24%	\$29.16	5,645.06	\$164,610	-0.8%
Equity-Income	FEQIX	16	31.97	3,413.27	109,122	-0.7
Investment Grade Bond	FBNDX	16	6.66	16,355.65	108,929	1.3
Cash Reserves	FDRXX	15	1.00	108,632.90	108,633	0.1
Low-Priced Stock	FLPSX	15	25.90	4,055.95	105,049	-0.1
Strategic Real Return	FSRRX	14	7.65	13,332.36	101,993	0.9
Current Value (1/1/87 = \$100,000)					\$698,335	0.0%



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: 0.52	Est. Yield: 2.4%	YTD Return: 5.9%		
Current Asset Allocation		Stocks	Bonds	Cash	Alternative ¹	Foreign
		32.1%	26.6%	33.4%	7.9%	3.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Jun Ret
Cash Reserves	FDRXX	31%	\$1.00	140,822.97	\$140,823	0.1%
Investment Grade Bond	FBNDX	24	6.66	16,921.86	112,700	1.3
Equity-Income	FEQIX	15	31.97	2,101.06	67,171	-0.7
Blue Chip Growth	FBGRX	13	29.16	2,076.49	60,550	-0.8
Strategic Real Return	FSRRX	11	7.65	6,659.06	50,942	0.9
Low-Priced Stock	FLPSX	6	25.90	999.19	25,879	-0.1
Current Value (1/1/87 = \$100,000)					\$458,065	0.2%



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.

¹Alternative 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). **Annuity Model Portfolios** are on p. 10.

days, as well, before switching back.)

2. Reexamine Your Allocation

I know that some members who thought they had the right mix of stocks, bonds and cash, discovered last year that their portfolio was more vulnerable to losses than they expected. If that was the case for you, consider moving to one of our more conservative models (you can make this transition as part of a tax-loss harvesting strategy).

On the other hand, if you shed most of your stock funds in response to the market's declines, you should consider bringing your stock funds back to a reasonable level. As I've said before, the way to do this is to take a disciplined approach and commit to putting 25% of your money back to work each month for the next four months and then stick to it.

3. Check Your Diversification

In considering diversification, investors often look only at their allocation among stocks, bonds and cash. While that is, of course, key (see #2 above), proper diversification goes much deeper. Within stocks, do you have exposure to large and small caps; growth and value; foreign holdings; are you too heavily concentrated in one or more industry sectors?

To get an accurate picture you need to look beyond your funds' categories to their underlying holdings. For example, while **Growth Company** is a large-cap growth fund, it actually has 15% in small-caps and 21% in mid-caps. The *Independent Guide To Fidelity Funds*, found on our website, has industry weightings, foreign allocations and market-cap breakdowns for Fidelity's stock funds. Multiply the figures of your individual

WHICH FUNDS SHOULD YOU BUY NOW!

Equity Funds: **Blue Chip Growth** provides exposure to high-quality, large-cap growth stocks; **Growth Strategies** has a mid-cap growth orientation. **Equity-Income** is your choice for large value, while **Low-Priced Stock** and **Small Cap Value** offer mid- and small-cap value stocks, respectively.

Specialty Funds: **Strategic Real Return** employs four sub-portfolios to provide portfolio diversification and inflation insurance.

Fixed-Income Funds: **Investment Grade Bond** offers a blend of government and attractively valued corporate bonds. **Cash Reserves** provides safety in principal and a decent yield (see p. 11).

International Funds: For aggressive investors, **China Region** offers some of the best growth prospects in the world. For more conservative members, **Int'l Discovery** provides broad developed market exposure. ■

funds by their percentage of your portfolio and then add them up to get a true picture of your overall portfolio's allocation.

4. Keep Funds Manageable

If that seems like too big a task, perhaps you have too many funds! Many people *collect* mutual funds; rather than selling ones that falter, they just buy new ones. If you have between five and 12 that's okay. But own more than that and you probably have unnecessary duplication and a harder job staying on top of them all.

5. Don't Check Your Returns

This last *to do* is really a *to don't*. Don't check the returns on your portfolio every day, every week, or maybe even every month! This is especially important during highly volatile periods in the market. Constant focus on your short-term returns will not only add to your anxiety, but it will likely lead you toward short-term thinking and worse, short-term acting. Studies have shown that the more often you look at your returns, the less well you tend to do! Keep your focus on the big picture and you'll do fine. ■

MODEL PORTFOLIO TRADES

As announced on our June 26 Hotline, effective Monday, June 29, we made trades in our Aggressive Growth and Growth Model Portfolios.

Action	Fund (ticker)	Shares	Price	Value	Old%	New%
Aggressive Growth Model						
Sold:	Focused Stock (FTQGX)	3,197.95	\$9.28	\$29,676.96	25%	0%
Bought:	OTC(FOCPX)	814.41	\$36.44	\$29,676.96	0%	25%
Sold:	Select Retailing (FSRPX)	327.99	\$35.11	\$11,515.57	10%	0%
Bought:	Small Cap Value (FCPVX)	1,116.93	\$10.31	\$11,515.57	0%	10%
Growth Model						
Sold:	Value (FDVLX)	2,787.82	\$43.66	\$121,716.07	15%	0%
Bought:	Small Cap Value (FCPVX)	11,805.63	\$10.31	\$121,716.07	0%	15%

OTC adds large-cap growth exposure, and increases exposure to the Nasdaq market, which is more attractive than the broader market. **Small Cap Value** obviously adds small-cap value exposure, but it also adds (small-cap) financial exposure, an area that is becoming more appealing. Note that **Select Retailing** has a 0.75% redemption fee on shares owned less than 30 days.

ANNUAL MODEL PORTFOLIO RETURNS (%)

Model	'87	'88	'89	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08
Ag Gr													31.4	-8.4	-20.9	-15.8	36.6	14.8	17.9	14.2	14.5	-42.0
Growth	20.8	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	-38.2
Gr & In	5.8	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	-26.5
In & Pr	1.3	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	-18.4

Rising Taxes Will Add To Munis' Appeal

At the beginning of March, we strongly recommended Fidelity's muni bond funds, noting that they were historically very cheap versus Treasuries. Because munis are exempt from federal taxes, they typically yield between 70% and 90% of comparable duration Treasuries. But, at the beginning of March, munis were yielding around 125% of Treasuries!

That advice was on the money. But unfortunately, those incredible bargains are gone as, on average, munis now yield a more normal 90% of Treasuries. (Though Fidelity's muni funds are still yielding more than their closest Treasury options). However, the long-term case for muni bond funds is getting more compelling. Massive federal budget deficits (\$2 trillion this year alone and about \$11 trillion overall!), coupled with ambitious social programs, and an aging populace that will demand more services, means that the American taxpayer should expect that higher taxes are on their way.

Budget Woes A Concern

Budget problems are not just a federal phenomenon, either. Nationwide, state budget-shortfalls are running about \$230 billion for the upcoming fiscal year. The well-documented fiscal woes in California, prompted this e-mail from a member: "I own **California Muni Money Market**. Should I be worried?"

While California's \$24 billion deficit is worrisome, from a bondholder's perspective (including investors in muni money market funds), a default is pretty unlikely. That's the good news. But once again, along with some tough budget cuts, the outcome is likely to be higher taxes and fees.

Beyond states, dozens of major U.S. cities and hundreds of counties and municipalities also have wage-taxing authority over residents and, oftentimes, non-voting commuters, too. Notably, many of these same municipalities are in tough financial straits — Detroit being the most prominent example. In short, it's pretty clear to me that we'll see taxes rise at the federal, state and local levels.

While no one likes higher taxes,

they do make munis relatively more attractive for those of us paying those higher taxes!

To help you see if a muni fund might be right for you (see the table below), we compare the after-tax income you would currently earn on Fidelity's taxable bond funds at various tax brackets, to what you could earn on a similar muni fund. We also included the proposed 39.6% top rate. (You do owe state and local taxes on 'national' munis, but that's typically a lower rate than federal taxes. State-specific munis are exempt from both federal and state taxes.)

While we have tried to match the durations of the funds as closely as possible, there are also differences in credit quality. Notably, the non-Treasury funds (such as **Investment Grade Bond**) carry a bit more credit risk than national munis. Also, a few of Fidelity's muni bond and money market funds have holdings that are subject to the Alternative Minimum Tax (AMT). Last year, about 7% of **Intermediate Muni's** income was subject to AMT. Naturally, this lowered its tax-equivalent yield. ■

IS A MUNI BOND FUND RIGHT FOR YOU? (BASED ON YIELDS AS OF 6/30)

\$100,000 Investment in ...	Dur ² Years	Pre-Tax Income (\$)	After-Tax Income					Muni Fund Alternative	Dur ² Years	Annual Income (\$)
			25%	28%	33%	35%	39.6% ¹			
Ginnie Mae	1.9	4,260	3,195	3,067	2,854	2,769	2,573	Short-Intermediate Muni	2.7	2,210
Government Inc	4.1	3,350	2,513	2,412	2,245	2,178	2,023	Intermediate Muni	5.2	3,300
Intermediate Bond	3.8	5,240	3,930	3,773	3,511	3,406	3,165	Intermediate Muni	5.2	3,300
Intermediate Gov't Inc	3.5	2,240	1,680	1,613	1,501	1,456	1,353	Intermediate Muni	5.2	3,300
Investment Grade	3.9	5,530	4,148	3,982	3,705	3,595	3,340	Intermediate Muni	5.2	3,300
Mortgage Securities	1.9	4,960	3,720	3,571	3,323	3,224	2,996	Intermediate Muni	5.2	3,300
Short-Term Bond	1.6	2,880	2,160	2,074	1,930	1,872	1,740	Short-Intermediate Muni	2.7	2,210
Sptn Interm Treasury	6.4	3,180	2,385	2,290	2,131	2,067	1,921	Intermediate Muni	5.2	3,300
Sptn L-T Treas	11.7	4,140	3,105	2,981	2,774	2,691	2,501	Municipal Income	8.1	4,260
Sptn S-T Treas	2.6	1,370	1,028	986	918	891	827	Short-Intermediate Muni	2.7	2,210
Total Bond	3.6	5,810	4,358	4,183	3,893	3,777	3,509	Short-Intermediate Muni	2.7	2,210
U.S. Bond Index	3.8	3,550	2,663	2,556	2,379	2,308	2,144	Intermediate Muni	5.2	3,300

¹A return to the top 39.6% federal tax rate has been proposed by some members of Congress. ²Duration (similar to maturity)

This table assumes that an individual is investing \$100,000 in either a nationally diversified federally tax-free municipal bond fund (shaded column), or a taxable bond fund (shown on left).

In the highlighted case of **Spartan Intermediate Treasury** fund, based on its June 30 yield of 3.18%, a shareholder would receive \$3,180 in annual income. However, federal income taxes will greatly diminish that amount. Indeed, an investor in the current highest tax bracket of 35% will wind up with just \$2,067 (and just \$1,921 with the proposed 39.6% bracket). The closest

alternative is **Intermediate Muni**. While it has a similar interest-rate risk, called duration (we've aligned the funds as best we can by this measure), it yields 3.30% or \$3,330 in annual income. That is a better deal even in the lowest tax bracket. And in the 39.6% proposed bracket—you would net nearly \$1,400 more.

While the funds above are all considered investment grade, there are still differences in terms of credit quality and duration. Funds that deliver higher yields can be riskier, and their higher income could be offset by a decline in principal. ■

FUND PROFILE

Small Cap Value Betting On Financials

On June 30th, we sold Value fund for Small Cap Value (see p. 3). Such a decision didn't come easily, as we've invested alongside Value's manager, Rich Fentin, for many, many years. And, when the time is appropriate, we're likely to return to his fund. But right now, we prefer Small Cap Value for our Growth Model.

	SC Value	Value
Financials	35.7%	17.0%
Consumer Discret.	15.6	24.7
Industrials	13.1	13.5
Mkt Cap (billions) ¹	\$1.1	\$4.1

¹Weighted median

One reason is Small Cap Value's 36% stake in financials, which is both much larger — and smaller in terms of market cap — from Value's 17%. Befitting its larger market cap, in Value, Fentin tends to hold major financial names such as JPMorgan Chase and Capital One.

On Small Cap Value, Manager Chuck Myers is more committed to owning smaller regional players like thrifts Astoria Financial and Washington Federal Savings. He also has some exposure to REITs (#2 holding SL Green) and smaller insurance firms such as Aspen Insurance.

In addition, with the economic recovery yet to actually arrive (see *Eric's Outlook*), Value's very large weight in consumer discretionary stocks is a potential concern.

By way of background, Chuck has been running Small Cap Value for a little over a year, taking over in May of 2008. He wasted little time in moving the fund closer to its Russell 2000 Value benchmark — and that meant a big jump in financials (the largest allocation to that sector among Fidelity's diversified equity funds). In 2008's tough market, he showed promising stockpicking skills. By the time the dust settled, his fund had fallen just 30.3%, the best return among Fidelity's 48 domestic stock funds. ■

FUND COMMENTARY

Mixed Data Leads To Mixed Returns

June, as they say, was a relatively slow news cycle. Then again, maybe not.

With investors trying to make sense of last month's muddled economic data (see *Eric's Outlook*), some thoughtful discretion has enveloped the market. We are encouraged, for example, that not all sectors are moving in lockstep. And even with some in negative territory, the second quarter was one of the best in years.

Headline-wise, June was notable for Bernie Madoff getting 150 years in prison for his Ponzi plan, the "King of Pop" popping off, and Iran possibly imploding. Yet with little fanfare, the House narrowly passed the sweeping "Cap 'n Trade" energy-climate bill. Should it get through the Senate and be signed by the president in its current form, carbon dioxide emissions in the U.S. will fall, and energy prices will rise — perhaps by a lot.

The bill's passage through Congress helps to explain why oil companies saw their share prices fall in June, even while crude jumped to over \$70 a barrel. (The latter was driven by short-term concerns about supply disruptions in Nigeria.) **Select Energy** retreated 10.3% in June and **Select Natural Gas** finished the month off 9.9%. That said, there are

longer-term, global concerns about oil demand, and so the energy-dependent **Canada** and **Emerging Europe, Middle East, Africa** funds took a breather. (See p. 11 for our outlook on commodities.)

Market Indexes

More broadly, the Nasdaq Composite enjoyed another stellar month. With technology, biotechnology and other health-related sectors scoring sizeable returns, the stock barometer surged 3.5% in June. This brings its year-to-date performance to an impressive 17.0% gain.

Small-cap stocks also performed very well with the Russell 2000 gaining 1.5%. But unlike the Nasdaq, its run has been choppier this year, so its six-month return is a more modest 2.6%. As for the large-cap indexes, last month, the Dow Industrials and S&P 500 were largely unchanged as the former fell 0.4% and the latter rose 0.2%. This leaves the S&P 500 with a year-to-date return of 3.2% while the less diversified, and larger-cap Dow is down 2.0% so far in 2009.

Stock Funds

Among Fidelity's stock funds, the strongest were those with considerable technology exposures, while a small-cap bias helped, too.

Fund Commentary *cont'd on page 6*

July Scorecard Rating Changes

Fund	Rating	Comments
Export & Multinational	S ↓	Other large-cap growth funds more attractive.
Japan	B ↑	Stronger yen, fewer financial woes.
Japan Smaller Cos.	B ↑	Stronger yen, fewer financial woes.
Sel Brokerage & Invest	B ↑	Profit picture improving.
Sel Consumer Staples	H ↑	Safe haven if economy continues to falter.
Sel Financial Service	B ↑	Valuations attractive as sector continues to heal.
Sel Insurance	H ↑	Beginning to recover.
Sel Multimedia	B ↑	Home entertainment attractive in tough economy.
Sel Networking & Infrast.	NC	Merged into Communications Equip on June 19.
Sel Paper & Forest	NC	Merged into Materials on June 19.
Small Cap Value	B ↑	Smart stockpicker navigates financial sector well.
Str Ad MC Value (annuity)	NC	Closed to new investors.
Str Adv Sm Cap (annuity)	NC	Closed to new investors.
Total Bond	B ↑	Well diversified: includes high-yield and EM debt.
VIP Consumer Staples	H ↑	Safe haven if economy continues to falter.
VIP Financial Services	B ↑	Valuations attractive as sector continues to heal.

B = Buy; B = OK to Buy; H = Hold; S = OK to Sell; S = Sell, NC = No change

FIDELITY SCORECARD - JUNE 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Jun	YTD	2008	1 Year	3 Year	5 Year				
		S&P 500 (Large Cap)		919.32		0.2	3.2	-37.0	-26.2	-8.2	-2.2	1.00			
		Dow Industrials (Blue Chip)		8447.00		-0.4	-2.0	-31.9	-23.0	-6.3	-1.7	0.91			
		Nasdaq Composite (OTC)		1835.04		3.5	17.0	-40.0	-19.1	-4.6	-1.4	1.17			
		Russell 2000 (Small Cap)		508.28		1.5	2.6	-33.8	-25.0	-9.9	-1.7	1.25			
LARGE CAP GROWTH FUNDS						Category Averages			-0.1	11.6	-43.0	-29.4	-7.2	-1.3	1.17
312	FBGRX	Blue Chip Growth		29.16	Buy	-0.8	10.8	-38.6	-24.3	-6.2	-2.9	1.06			
307	FDCAX	Capital Appreciation		16.81	Buy	-3.2	6.9	-40.5	-29.7	-9.9	-2.6	1.11			
22	FCNTX	Contrafund		47.81	Buy	0.0	5.7	-37.2	-27.7	-5.2	2.2	0.93			
332	FEXPX	Export and Multinational	0.75%/30 days	15.83	OK to Sell↓	-1.6	9.9	-43.4	-30.9	-8.5	-0.6	1.13			
500	FFTYX	Fifty		12.59	Hold	-0.8	14.3	-49.1	-36.5	-11.2	-3.1	1.27			
25	FDGRX	Growth Company (closed)		55.29	Buy	0.9	12.9	-40.9	-29.4	-4.5	1.1	1.11			
339	FDSVX	Growth Discovery		9.04	Hold	-1.7	5.0	-46.7	-37.8	-7.4	-1.8	1.11			
73	FDFFX	Independence		15.45	Hold	-2.6	8.3	-48.1	-47.2	-7.9	-0.6	1.41			
763	FSLGX	Large Cap Growth		6.81	Hold	0.2	3.5	-38.1	-27.0	-11.0	-3.3	1.03			
1829	FLGEX	Large Cap Growth Enhcd Index		6.99	OK to Buy	1.0	9.6	-37.0	-23.7	--	--	--			
338	FLCSX	Large Cap Stock		11.79	Hold	0.2	18.1	-47.5	-24.8	-7.9	-2.4	1.29			
21	FMAGX	Magellan		53.06	Hold	-1.4	15.9	-49.4	-33.5	-9.8	-3.5	1.33			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	24.34	Hold	3.4	16.7	-40.0	-19.3	-4.8	-1.6	1.17			
93	FOCPX	OTC		36.25	Buy	2.9	28.6	-46.0	-20.5	-0.1	1.7	1.34			
320	FDSSX	Stock Selector		18.00	OK to Buy	0.2	6.0	-41.7	-29.9	-8.5	-1.9	1.03			
5	FTRNX	Trend		44.56	OK to Buy	1.1	14.0	-44.5	-27.8	-5.8	-0.4	1.15			
LARGE CAP BLEND FUNDS						Category Averages			-0.3	3.7	-40.2	-29.6	-9.8	-2.4	1.09
315	FDEQX	Disciplined Equity		17.57	Hold	-0.1	0.9	-40.1	-31.8	-9.5	-1.7	1.02			
330	FDGFX	Dividend Growth		18.50	Hold	-0.8	17.2	-43.0	-23.3	-8.5	-3.6	1.27			
3	FFIDX	Fidelity Fund		23.95	OK to Buy	-0.8	5.8	-40.3	-29.7	-6.5	-1.2	1.06			
333	FTQGX	Focused Stock		9.22	Buy	-0.3	4.4	-33.0	-28.7	-6.4	2.2	1.00			
27	FGRIX	Growth & Income		13.37	OK to Sell	0.2	1.8	-50.9	-38.0	-18.0	-9.3	1.21			
1827	FLCEX	Large Cap Core Enhcd Index		6.49	Hold	0.6	1.8	-35.8	-26.2	--	--	--			
361	FGRTX	Mega Cap Stock		7.23	OK to Buy	0.3	4.0	-39.4	-25.8	-8.0	-2.1	1.03			
317	FSMKX	Spartan 500 Index ⁴		63.61	Hold	0.2	3.2	-37.1	-26.2	-8.3	-2.3	1.00			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90 days	26.05	Hold	0.4	4.3	-37.2	-26.4	-8.2	-1.6	1.03			
343	FTXMX	Tax Managed Stock		9.01	Hold	-0.7	-1.2	-42.7	-38.1	-11.6	-2.3	1.09			
832	FVDFX	Value Discovery		10.44	Hold	-1.2	2.6	-42.3	-30.5	-10.9	-0.5	1.13			
LARGE CAP VALUE FUNDS						Category Averages			-0.9	-0.1	-40.5	-30.7	-12.0	-3.5	1.13
1271	FBCVX	Blue Chip Value		8.15	Hold	-0.9	3.2	-44.8	-32.9	-12.7	-3.7	1.17			
23	FEQIX	Equity-Income		31.97	Buy	-0.7	4.5	-41.6	-28.7	-11.0	-3.4	1.15			
319	FEQTX	Equity-Income II		13.44	Buy	-0.8	1.7	-40.4	-28.6	-11.0	-3.8	1.11			
708	FSLVX	Large Cap Value		8.06	Hold	-1.2	-5.6	-39.7	-33.9	-13.1	-3.1	1.08			
1828	FLVEX	Large Cap Value Enhcd Index		5.63	OK to Buy	-0.7	-4.4	-35.9	-29.4	--	--	--			

Notes: ¹ Relative Volatility of the fund versus the S&P 500 over the last 36 months; 1.50 means the fund has been 50% more volatile. ² Durations (a measure of interest rate sensitivity) reflect prior quarter figures. ³ Stated yield is before any inflation adjustment, your effective yield may be different. ⁴ 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 Investor class). ⁵ 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). ⁶ Formerly VIP Aggressive Growth (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

Fund Commentary *cont'd from page 5*

The top-performing, actively managed stock fund was **OTC**. More than half its assets are in tech. (Its second-biggest holding is Apple, which rose handsomely last month as the company sold over a million of its new iPhones.) There's also 19% in health care (including biotech). These sectors helped to drive OTC to a gain of 2.9% last month, while it's up 28.6% for the year. (This fund was purchased for our Aggressive Growth Model — see p. 3.) Gavin Baker took charge of OTC on July 1st, bringing strong ex-

perience from his tenures on **Select Wireless** and **Select Telecom**. Elsewhere, **Trend** (up 1.1%) also performed well, and not surprisingly, it has sizeable stakes in tech and health care, while also owning Apple.

Apart from these two large-cap growth funds, Fidelity's smaller-cap funds also enjoyed solid gains in June. **Small Cap Value** (purchased in both our Aggressive Growth and Growth Models) fared especially well (up 2.4%), as did **Small Cap Stock** (up 2.2%) and **Small Cap Enhanced Index** (up 1.5%). Tech and certain financials helped their performances.

International Funds

Just as small-cap funds outpaced their larger-cap brethren in the U.S., the same was true abroad. **Int'l Small Cap** (up 2.3%) and **Int'l Small Cap Opportunities** (up 0.8%) were among the strongest performers. Japanese equities led most others. Combine the former with the latter, and you get **Japan Smaller Companies** (up 8.9%) as June's top-performing foreign stock fund. That country is benefiting from years of financial retooling, but is also being helped by its largest trading partner, China. However, **China** fund fell 1.2% in June.

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Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Jun	YTD	2008	1 Year	3 Year	5 Year				
MID-CAP GROWTH FUNDS						Category Averages			-0.4	11.7	-44.7	-31.6	-10.4	-2.3	1.26
324	FDEGX	Growth Strategies	1.50%/90 days	13.04	Buy	-1.2	11.9	-49.3	-33.5	-8.9	-4.0	1.25			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	6.54	Hold	0.5	7.7	-38.7	-29.2	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	7.66	Buy	-0.4	12.8	-49.3	-36.8	-15.1	-4.6	1.28			
337	FMCSX	Mid-Cap Stock	0.75%/30 days	17.85	Hold	-0.8	14.4	-46.0	-36.2	-11.1	-1.0	1.33			
300	FMILX	New Millennium		19.71	OK to Buy	-0.2	11.7	-40.2	-22.4	-6.4	0.5	1.18			
MID-CAP BLEND FUNDS						Category Averages			-0.3	15.6	-45.1	-32.3	-9.3	-0.6	1.42
122	FLVCX	Leveraged Company Stock	1.50%/90 days	17.53	Buy	-1.6	21.4	-54.5	-48.5	-11.2	0.7	1.74			
316	FLPSX	Low-Priced Stock	1.50%/90 days	25.90	Buy	-0.1	12.0	-36.2	-22.0	-6.2	1.5	1.17			
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90 days	24.54	Hold	0.8	8.9	-38.5	-27.4	-8.3	0.0	1.19			
14	FSLSX	Value Strategies		16.66	Hold	-0.2	19.9	-51.2	-31.4	-11.5	-4.3	1.60			
MID-CAP VALUE FUNDS						Category Averages			-1.6	5.6	-43.5	-33.4	-12.6	-2.0	1.36
762	FSMVX	Mid Cap Value	0.75%/30 days	9.75	Hold	-0.8	2.5	-40.5	-32.4	-12.3	-1.3	1.27			
39	FDVLX	Value		43.30	Buy	-2.3	8.6	-46.5	-34.5	-13.0	-2.8	1.45			
SMALL CAP GROWTH						Category Averages			0.4	11.4	-46.0	-31.3	-10.0	-3.1	1.32
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	6.61	OK to Buy	1.5	0.8	-33.7	-25.9	--	--	--			
1388	FPCGX	Small Cap Growth	1.50%/90 days	10.04	Hold	1.4	15.5	-44.9	-28.5	-7.4	--	1.27			
336	FDSCX	Small Cap Independence	1.50%/90 days	11.29	Hold	-0.6	7.2	-47.0	-34.1	-12.7	-3.1	1.36			
SMALL CAP BLEND						Category Averages			2.3	16.2	-36.6	-15.1	-6.6	-0.4	1.37
340	FSLCX	Small Cap Stock	2.00%/90 days	11.99	Hold	2.2	22.4	-42.9	-21.6	-7.3	-0.4	1.40			
1389	FPCVX	Small Cap Value	1.50%/90 days	10.25	Buy↑	2.4	10.0	-30.3	-8.6	-5.9	--	1.34			
SPECIALTY FUNDS															
2063	FOTTX	130/30 Large Cap (2008 ret from 1st full month)		5.60	OK to Sell	-2.3	-12.9	-35.3p	-45.3	--	--	--			
304	FBALX	Balanced		14.16	Hold	0.1	8.6	-31.3	-20.2	-4.2	1.6	0.80			
308	FCVSX	Convertible Securities		17.90	Buy	2.2	30.4	-47.8	-34.3	-5.3	0.7	1.38			
1960	FDYSX	Dynamic Strategies		7.39	Hold	-0.5	10.6	-28.4	-19.7	--	--	--			
355	FFNOX	Four-in-One Index		20.73	Hold	0.1	4.7	-32.6	-22.4	-5.9	0.0	0.91			
334	FGBLX	Global Balanced	1.00%/30 days	17.53	OK to Buy	0.0	5.2	-23.3	-17.0	0.0	4.6	0.74			
2120	FFGCX	Global Commodity Stock		11.64	Buy	-6.6	16.4	--	--	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	7.57	Hold	1.2	14.2	-50.5	-30.3	-12.8	--	1.49			
4	FPURX	Puritan		13.96	OK to Buy	0.7	7.7	-29.2	-17.3	-3.4	0.7	0.72			
833	FRIFX	Real Estate Income	0.75%/90 days	7.84	OK to Buy	2.6	20.4	-31.0	-12.0	-5.7	-0.1	0.80			
303	FRESX	Real Estate Investment	0.75%/90 days	13.27	Sell	-3.2	-13.7	-38.2	-45.8	-20.8	-4.2	2.06			
1329	FSDIX	Strategic Dividend & Income		7.61	OK to Buy	0.4	7.7	-41.2	-30.7	-10.6	-2.0	1.13			
1505	FSRRX	Strategic Real Return	0.75%/60 days	7.65	Buy	0.9	11.5	-23.4	-20.0	-3.0	--	0.71			
311	FIUIX	Telecom & Utilities		12.64	Sell	3.4	-2.6	-34.6	-29.5	-5.8	3.8	0.93			
ASSET ALLOCATION FUNDS															
328	FASIX	Asset Manager 20%		11.06	Hold	1.0	8.7	-14.2	-4.2	1.1	3.2	0.37			
1957	FTANX	Asset Manager 30%		8.32	Hold	1.0	10.2	-19.7	-7.8	--	--	--			
1958	FFANX	Asset Manager 40%		7.98	Hold	0.9	10.4	-23.2	-10.5	--	--	--			
314	FASMXX	Asset Manager 50%		12.12	Hold	0.8	12.5	-27.8	-12.9	-2.4	0.4	0.71			
1959	FSANX	Asset Manager 60%		7.42	Hold	0.5	12.4	-30.0	-14.5	--	--	--			
321	FASGX	Asset Manager 70%		12.14	Hold	0.3	13.0	-34.9	-19.1	-5.0	-1.2	0.91			
347	FAMRX	Asset Manager 85%		9.62	Hold	-0.1	13.2	-38.6	-22.4	-6.2	-0.6	1.03			

Select Funds

As noted earlier, technology and biotech stocks were particularly strong last month. **Select Computers** and **Software & Computer Services** jumped 5.9% and 4.8%, respectively. **Biotechnology** popped 6.6% and **Medical Equipment** jumped 5.0%. (Both these growth funds can be just as volatile to Fidelity's tech-related funds.) But as strong as these performances were last month, **Automotive** (up 10.2%) continues to build speed in the wake of a massive, global reorganization. We've already noted the trouble

Fidelity's energy funds have had, while closely related cyclicals, namely **Natural Resources**, **Materials** and **Chemicals**, fell on continued concerns about the recovery.

Fixed Income

While equity investors grew skittish about the economy's health last month, some fixed-income investors continued to see value in high-yield bonds. **Capital & Income** (the riskiest of such Fidelity funds), gained an impressive 4.3%. (**Leveraged Company Stock**, which invests in the equity — not the debt — of troubled

companies, fell 1.6%!) High-yield's solid performance helped some of Fidelity's more diversified taxable bond funds. Namely, **Total Bond** was the category leader with its gain of 1.6%. And, as a general rule, corporate bonds outpaced Treasury's in June. This led to **Intermediate Bond** rising 1.4% while **Spartan Intermediate Treasury** fell 0.5%. Treasury's faced some resistance as the government came to market with billions in new issuance.

Finally, **Cash Reserves'** yield continues to dwindle, ending June at 0.52%, down from 0.67% in May. ■

FIDELITY SCORECARD - JUNE 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Jun	YTD	2008	1 Year	3 Year	5 Year				
INTERNATIONAL FUNDS						Category Averages			-0.8	15.9	-47.0	-32.2	-6.4	5.4	1.45
309	FICDX	Canada	1.50%/90 days	40.80	Hold	-6.7	16.4	-42.6	-35.6	-0.7	10.0	1.52			
352	FHKCX	China Region	1.50%/90 days	23.06	Buy	-1.2	35.6	-44.9	-11.5	9.2	13.6	1.61			
325	FDIVX	Diversified International	1.00%/30 days	23.30	OK to Buy	-1.9	8.3	-45.2	-34.3	-8.0	2.5	1.30			
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90 days	6.56	Hold	-1.9	37.5	-52.4p	-28.9	--	--	--			
322	FEMKX	Emerging Markets	1.50%/90 days	17.15	Hold	-1.2	32.0	-60.8	-41.1	-2.6	13.0	1.84			
301	FIEUX	Europe	1.00%/30 days	24.35	Hold	-2.5	6.9	-44.0	-34.3	-7.3	4.9	1.26			
341	FECAX	Europe Capital App	1.00%/30 days	14.64	Hold	-2.5	7.1	-46.3	-34.8	-7.8	3.4	1.30			
335	FIVFX	Int'l Cap App	1.00%/30 days	9.22	Hold	-2.5	24.1	-50.7	-31.8	-10.2	-0.8	1.57			
305	FIGRX	International Discovery	1.00%/30 days	24.98	OK to Buy	-1.7	5.7	-44.3	-33.3	-6.9	3.3	1.24			
2010	FIENX	International Enhanced Index	1.00%/30 days	5.82	Hold	-1.4	2.9	-43.3	-34.4	--	--	--			
1979	FIGFX	International Growth	1.00%/30 days	5.95	Hold	-0.7	7.4	-41.3	-30.9	--	--	--			
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	14.99	Hold	2.3	21.4	-46.5	-30.6	-7.9	4.7	1.41			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	6.75	OK to Sell	0.8	12.7	-58.4	-46.8	-18.2	--	1.58			
1597	FIVLX	International Value	1.00%/30 days	6.61	OK to Buy	-1.6	10.9	-46.7	-33.4	-9.6	--	1.45			
350	FJPNX	Japan	1.50%/90 days	10.00	OK to Buy↑	3.5	12.1	-36.8	-24.0	-11.5	-1.5	1.18			
360	FJSCX	Japan Smaller Companies	1.50%/90 days	8.09	OK to Buy↑	8.9	12.8	-34.5	-16.3	-16.1	-7.1	1.31			
349	FLATX	Latin America	1.50%/90 days	38.63	Hold	-2.1	39.9	-54.6	-41.1	5.1	23.6	1.86			
342	FNORX	Nordic	1.50%/90 days	21.51	Hold	-3.2	14.5	-56.0	-43.4	-9.5	3.9	1.65			
94	FOSFX	Overseas	1.00%/30 days	26.52	OK to Sell	-1.9	5.7	-47.3	-35.0	-8.4	1.9	1.31			
302	FPBFX	Pacific Basin	1.50%/90 days	17.13	Hold	1.9	29.0	-55.8	-28.2	-7.0	3.8	1.72			
351	FSEAX	Southeast Asia	1.50%/90 days	21.72	Hold	-0.7	15.1	-51.9	-27.3	2.8	13.7	1.53			
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90 days	28.11	Hold	-1.2	5.4	-41.4	-30.8	-7.8	2.3	1.27			
1978	FTIEX	Total International Equity	1.00%/30 days	5.44	Hold	-0.9	12.2	-47.2	-33.9	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	13.22	Hold	-1.2	5.0	-40.2	-32.2	-5.8	1.7	1.12			
SELECT PORTFOLIOS						Category Averages			-0.1	14.3	-40.5	-23.9	-7.3	0.7	1.42
34	FSAIX	Air Transportation	0.75%/30 days	21.57	Hold	-1.9	-17.2	-32.6	-17.8	-16.5	-2.9	1.51			
502	FSAVX	Automotive	0.75%/30 days	22.17	OK to Buy	10.2	56.5	-61.2	-19.7	-11.8	-6.0	2.56			
507	FSRBX	Banking	0.75%/30 days	12.60	Hold	-2.6	-13.5	-37.5	-23.8	-22.4	-11.7	1.57			
42	FBIOX	Biotechnology	0.75%/30 days	60.43	Hold	6.6	2.2	-11.4	-7.3	-0.3	0.6	1.00			
68	FSLBX	Brokerage & Investment	0.75%/30 days	40.20	Buy↑	1.5	27.0	-49.3	-16.8	-8.6	3.4	1.54			
69	FSCHX	Chemicals	0.75%/30 days	56.97	Hold	-4.7	23.5	-43.3	-34.5	0.1	5.6	1.31			
518	FSDCX	Communications Equipment	0.75%/30 days	16.95	OK to Buy	4.5	47.1	-48.5	-15.0	-5.0	-1.4	1.68			
7	FDCPX	Computers	0.75%/30 days	33.07	Hold	5.9	32.9	-48.5	-18.8	-1.0	-1.1	1.45			
511	FSHOX	Construction & Housing	0.75%/30 days	23.78	OK to Buy	-0.6	-0.3	-26.8	-20.0	-11.4	-2.2	1.48			
517	FSCPX	Consumer Discretionary	0.75%/30 days	14.90	OK to Buy	-0.5	9.2	-34.6	-16.0	-10.2	-3.6	1.18			
9	FDFAX	Consumer Staples	0.75%/30 days	52.31	Hold↑	1.5	2.7	-22.3	-11.6	2.8	6.1	0.81			
67	FSDAX	Defense & Aerospace	0.75%/30 days	49.16	Hold	-2.2	0.5	-40.2	-23.4	-7.2	2.1	1.34			
8	FSELX	Electronics	0.75%/30 days	30.30	OK to Buy	2.8	34.1	-49.9	-20.2	-9.8	-5.2	1.44			
60	FSENX	Energy	0.75%/30 days	34.78	Buy	-10.3	15.6	-54.0	-54.3	-8.6	9.4	1.78			
43	FSESX	Energy Service	0.75%/30 days	46.55	Buy	-8.7	29.6	-63.2	-60.4	-11.2	7.9	2.11			
516	FSLEX	Environmental	0.75%/30 days	13.50	Hold	3.8	0.8	-30.5	-22.5	-7.3	-0.4	1.10			
66	FIDSX	Financial Services	0.75%/30 days	49.56	OK to Buy↑	-1.7	6.7	-49.9	-24.9	-19.2	-8.7	1.51			
41	FSAGX	Gold	0.75%/30 days	35.87	Buy	-11.6	13.6	-20.5	-17.6	7.1	18.2	2.31			
63	FSPHX	Health Care	0.75%/30 days	88.80	Hold	3.9	9.9	-32.4	-13.8	-3.0	1.1	0.94			
98	FSVLX	Home Finance	0.75%/30 days	9.14	Sell	-1.3	-16.6	-58.6	-48.6	-38.4	-24.5	1.33			
510	FSCGX	Industrial Equipment	0.75%/30 days	19.27	Hold	-1.8	4.6	-46.8	-36.2	-10.2	-1.5	1.49			
515	FCYIX	Industrials	0.75%/30 days	13.79	Hold	-0.1	5.2	-40.1	-30.3	-8.1	1.7	1.39			
45	FSPCX	Insurance	0.75%/30 days	31.59	Hold↑	-0.4	-3.5	-47.0	-26.9	-17.7	-8.2	1.36			
353	FBSOX	IT Services	0.75%/30 days	12.99	Hold	1.5	15.9	-32.9	-20.3	-2.3	3.1	1.20			
62	FDLSX	Leisure	0.75%/30 days	56.84	Hold	-1.3	5.7	-29.1	-6.6	-4.9	1.1	1.12			
509	FSDPX	Materials	0.75%/30 days	39.37	Hold	-4.7	29.5	-47.6	-35.5	-2.6	7.0	1.51			
505	FSHCX	Medical Delivery	0.75%/30 days	33.00	Hold	1.4	14.2	-44.6	-14.2	-7.3	3.8	1.36			
354	FSMEX	Medical Equipment	0.75%/30 days	20.97	Hold	5.0	13.7	-23.4	-12.8	4.4	3.6	0.96			
503	FBMPX	Multimedia	0.75%/30 days	25.15	OK to Buy↑	1.5	13.4	-39.3	-21.2	-10.8	-3.9	1.30			
513	FSNGX	Natural Gas	0.75%/30 days	25.51	Hold	-9.9	26.5	-56.7	-54.6	-9.2	7.3	1.91			
514	FNARX	Natural Resources	0.75%/30 days	22.35	Hold	-10.1	18.7	-52.4	-51.2	-5.2	11.0	1.79			
912	FNINX	Networking & Infrastruc (closed)	Merged into Communications Equipment on June 19, 2009												
506	FSPFX	Paper & Forest (closed)	Merged into Materials on June 19, 2009												
580	FPHAX	Pharmaceuticals	0.75%/30 days	8.98	Hold	2.5	2.4	-22.7	-8.2	-1.2	2.3	0.89			
46	FSRPX	Retailing	0.75%/30 days	34.86	Buy	-0.2	21.9	-29.6	-2.4	-4.6	1.2	1.26			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	57.79	Hold	4.8	23.0	-42.1	-18.2	2.1	3.5	1.26			
64	FSPTX	Technology	0.75%/30 days	55.81	OK to Buy	4.1	40.7	-51.1	-18.3	-2.8	-1.3	1.61			
96	FSTCX	Telecommunications	0.75%/30 days	34.49	OK to Buy	0.9	29.6	-47.6	-13.5	-5.1	2.0	1.34			
512	FSRFX	Transportation	0.75%/30 days	29.39	Hold	2.2	-8.7	-27.0	-28.6	-14.1	-0.6	1.17			
65	FSUTX	Utilities	0.75%/30 days	39.60	OK to Sell	4.7	-1.1	-36.0	-34.6	-4.3	4.8	1.02			
963	FWRLX	Wireless	0.75%/30 days	6.07	OK to Buy	0.2	41.5	-49.6	-11.8	0.3	5.7	1.40			

FIDELITY SCORECARD - JUNE 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Duration (Years) ²	30-Day Yld. (%)	Tax-Equivalent Yield Federal Tax Bracket						
						Jun	YTD	2008									
TAXABLE BOND FUNDS						<i>Category Averages</i>			0.5	1.8	3.6	4.0	3.47				
15	FGMN	Ginnie Mae		11.28	OK to Buy	0.1	3.5	7.1	1.9	4.26							
54	FGOV	Government Income		10.72	Hold	0.2	-0.4	11.0	4.1	3.35							
794	FINPX	Inflation-Protected Bond ³		10.97	Buy	0.5	4.7	-2.3	6.3	1.23							
32	FTHR	Intermediate Bond		9.68	Buy	1.4	9.0	-5.8	3.8	5.24							
452	FSTGX	Intermediate Gov't Income		10.76	Hold	-0.2	-0.6	10.1	3.5	2.24							
26	FBND	Investment Grade Bond		6.66	Buy	1.3	7.5	-7.1	3.9	5.53							
40	FMSFX	Mortgage Securities		10.24	OK to Buy	0.8	4.3	1.3	1.9	4.96							
450	FSHB	Short-Term Bond		8.10	OK to Sell	0.6	3.2	-3.7	1.6	2.88							
1561	FIBIX	Sptn Interm Treas Index ⁵		10.53	OK to Sell	-0.5	-5.8	16.4	6.4	3.18							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.42	OK to Sell	0.8	-12.4	24.1	11.7	4.14							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.43	OK to Sell	-0.4	-1.1	8.7	2.6	1.37							
820	FTBF	Total Bond		9.90	Buy↑	1.6	10.3	-5.6	3.6	5.81							
651	FUID	U.S. Bond Index		10.84	Hold	0.5	2.5	3.8	3.8	3.55							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.11	OK to Sell	0.3	0.3	-7.8	0.5	0.86							
HIGH-YIELD BOND FUNDS						<i>Category Averages</i>			2.8	22.7	-20.4	8.04					
38	FAGIX	Capital & Income	1.00%/90 days	6.89	OK to Buy	4.3	31.8	-31.9	--	10.08							
814	FFRH	Floating Rate High Income	1.00%/60 days	8.91	OK to Buy	2.3	19.3	-16.5	--	5.02							
1366	FHIF	Focused High Income	1.00%/90 days	8.37	Buy	1.5	18.0	-20.5	--	7.78							
455	SPHX	High Income	1.00%/90 days	7.31	Buy	3.1	25.9	-23.7	--	9.47							
331	FNMI	New Markets Income	1.00%/90 days	13.59	Buy	3.2	25.3	-18.2	--	9.11							
368	FSIC	Strategic Income		9.82	Buy	2.6	15.8	-11.4	--	6.77							
MUNICIPAL BOND						<i>Category Averages</i>			-0.5	5.0	-0.9	6.1	3.54	25%	28%	33%	35%
36	FLTM	Interm Municipal Income	0.50%/30 days	9.90	Buy	-0.4	4.2	1.0	5.2	3.30	4.4	4.6	4.9	5.1			
37	FHIG	Municipal Income	0.50%/30 days	11.98	Buy	-0.8	6.5	-4.6	8.1	4.26	5.7	5.9	6.4	6.6			
404	FSTF	Short-Int Municipal Income	0.50%/30 days	10.47	Buy	-0.1	2.7	3.5	2.7	2.21	2.9	3.1	3.3	3.4			
90	FTAB	Tax-Free Bond	0.50%/30 days	10.34	Buy	-0.8	6.7	-3.4	8.4	4.37	5.8	6.1	6.5	6.7			
STATE-SPECIFIC MUNICIPAL BOND						<i>Category Averages</i>			-0.7	5.8	-1.9	7.1	3.66				
434	FSAZ	Arizona Muni Income	0.50%/30 days	10.89	OK to Buy	-0.9	7.7	-4.2	8.3	4.04	5.7	5.9	6.3	6.5			
91	FCFX	California Muni Income	0.50%/30 days	11.30	OK to Buy	-1.6	5.1	-5.6	8.0	4.56	6.7	7.0	7.5	7.7			
1534	FCST	Calif Short-Interm Tax Free	0.50%/30 days	10.32	OK to Buy	-0.5	2.3	4.0	3.2	2.51	3.7	3.8	4.1	4.3			
407	FICN	Connecticut Muni Income	0.50%/30 days	11.11	OK to Buy	-0.8	6.0	-1.1	7.2	3.55	5.0	5.2	5.5	5.7			
429	SMDM	Maryland Muni Income	0.50%/30 days	10.56	OK to Buy	-0.4	8.3	-4.0	7.4	3.55	5.0	5.2	5.6	5.7			
70	FDMX	Mass Muni Income	0.50%/30 days	11.39	OK to Buy	-0.7	6.7	-3.6	7.9	3.89	5.5	5.7	6.2	6.4			
81	FMHT	Michigan Muni Income	0.50%/30 days	11.54	Hold	-0.5	4.3	-0.1	6.7	3.64	5.1	5.3	5.7	5.8			
82	FIMX	Minnesota Muni Income	0.50%/30 days	11.16	OK to Buy	-0.6	5.8	-0.3	6.5	3.16	4.6	4.8	5.1	5.3			
416	FNJH	New Jersey Muni Income	0.50%/30 days	11.11	OK to Buy	-0.7	6.0	-3.0	7.2	3.67	5.2	5.4	5.9	6.0			
71	FTFM	New York Muni Income	0.50%/30 days	12.41	OK to Buy	-0.5	6.4	-2.5	8.2	4.04	6.0	6.3	6.7	6.9			
88	FOHF	Ohio Muni Income	0.50%/30 days	11.26	OK to Buy	-0.8	5.7	-1.6	7.7	3.78	5.4	5.6	6.1	6.3			
402	FPXT	Pennsylvania Muni Income	0.50%/30 days	10.51	OK to Buy	-0.5	4.9	-0.8	6.5	3.51	4.8	5.0	5.4	5.6			
TAXABLE MONEY MARKET						<i>Category Averages</i>			0.0	0.4	2.5	0.38					
55	FDRX	Cash Reserves		1.00	--	0.05	0.48	2.89	na	0.52							
631	FGMX	Retirement Government MM		1.00	--	0.02	0.26	2.37	na	0.19							
630	FRTX	Retirement MM		1.00	--	0.05	0.50	2.93	na	0.59							
458	SPAX	Government MM		1.00	--	0.02	0.28	2.31	na	0.24							
454	SPRX	Money Market		1.00	--	0.05	0.50	2.90	na	0.61							
85	FSLX	Select MM		1.00	--	0.05	0.51	2.97	na	0.60							
50	FGRX	U.S. Gov't Reserves		1.00	--	0.03	0.31	2.45	na	0.31							
415	FDLX	US Treasury MM (closed)		1.00	--	0.00	0.04	1.49	na	0.01							
MUNICIPAL MONEY MARKET						<i>Category Averages</i>			0.0	0.1	1.8	0.14					
460	FIMX	AMT Tax-Free Money Fnd		1.00	--	0.02	0.17	1.87	na	0.21	0.3	0.3	0.3	0.3			
10	FTEX	Municipal Money Market		1.00	--	0.02	0.15	1.91	na	0.16	0.2	0.2	0.2	0.2			
275	FMOX	Tax-Free Money Market		1.00	--	0.01	0.08	1.70	na	0.05	0.1	0.1	0.1	0.1			
STATE MUNICIPAL MONEY MARKET						<i>Category Averages</i>			0.0	0.1	1.8	0.09					
433	FSAX	Arizona		1.00	--	0.01	0.08	1.75	na	0.09	0.1	0.1	0.1	0.1			
457	FSPX	California AMT Tax-Free		1.00	--	0.02	0.14	1.86	na	0.17	0.2	0.3	0.3	0.3			
97	FCFX	California		1.00	--	0.01	0.05	1.67	na	0.02	0.0	0.0	0.0	0.0			
418	FCMX	Connecticut		1.00	--	0.01	0.08	1.72	na	0.07	0.1	0.1	0.1	0.1			
426	FMSX	Mass AMT Tax-Free		1.00	--	0.02	0.15	1.85	na	0.19	0.3	0.3	0.3	0.3			
74	FDMX	Massachusetts		1.00	--	0.00	0.06	1.67	na	0.04	0.1	0.1	0.1	0.1			
420	FMIX	Michigan		1.00	--	0.00	0.02	1.68	na	0.01	0.0	0.0	0.0	0.0			
423	FSJX	New Jersey AMT Tax-Free		1.00	--	0.01	0.17	1.91	na	0.10	0.1	0.1	0.2	0.2			
417	FNJX	New Jersey		1.00	--	0.00	0.06	1.67	na	0.03	0.0	0.0	0.0	0.1			
422	FSNX	New York AMT Tax-Free		1.00	--	0.02	0.17	1.86	na	0.16	0.2	0.2	0.3	0.3			
92	FNYX	New York		1.00	--	0.01	0.11	1.69	na	0.06	0.1	0.1	0.1	0.1			
419	FOMX	Ohio		1.00	--	0.02	0.13	1.77	na	0.18	0.3	0.3	0.3	0.3			
401	FPTX	Pennsylvania		1.00	--	0.01	0.08	1.85	na	0.04	0.1	0.1	0.1	0.1			

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

FIDELITY SCORECARD - JUNE 30, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Jun	YTD	2008	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS												
9067	FLRQC	Fid VIP Asset Manager		9.77	Hold	-0.6	9.4	-29.0	-24.3	-1.5	0.4	0.80
9066	FAEEC	Fid VIP Asset Manager: Growth		8.99	Hold	-1.2	8.7	-36.0	-31.9	-3.9	-1.2	1.02
9069	FJBAC	Fid VIP Balanced		9.44	Hold	-0.2	13.7	-34.2	-19.9	-4.2	-0.1	0.95
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days	7.41	OK to Buy	-0.4	9.1	-34.3	-15.7	-10.2	-3.9	1.20
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days	8.93	Hold↑	1.6	2.4	-21.6	-11.0	--	--	--
9065	FPDFC	Fid VIP Contrafund		8.65	Hold	-0.6	8.5	-42.7	-29.1	-7.9	0.3	1.13
9148	FPRGC	Fid VIP Disciplined Small Cap		6.49	Buy	1.2	-0.4	-34.0	-26.9	-11.9	--	1.18
9074	FZAMC	Fid VIP Dynamic Capital App		8.25	OK to Buy	-3.1	6.5	-41.4	-30.6	-10.4	-1.7	1.14
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days	5.86	Hold	-1.4	31.9	--	-37.5	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days	9.77	Buy	-10.2	15.9	-54.4	-54.4	-8.9	8.1	1.80
9061	FLOLC	Fid VIP Equity-Income		7.43	Buy	-0.6	4.7	-42.9	-29.9	-11.6	-4.0	1.19
9083	FONNC	Fid VIP Financial Services	1.00%/60 days	5.72	OK to Buy↑	-1.8	7.7	-50.3	-25.5	-19.3	-9.0	1.58
9157	FMPAC	Fid VIP FundsManager 20		10.42	Hold	0.2	3.0	-8.5	-4.2	1.7	--	0.29
9158	FMPBC	Fid VIP FundsManager 50		9.16	Hold	0.0	4.9	-22.8	-13.8	-2.2	--	0.61
9197	FMPPC	Fid VIP FundsManager 60		7.96	Hold	-0.2	5.9	--	-16.7	--	--	--
9159	FMPCC	Fid VIP FundsManager 70		8.24	Hold	-0.2	5.8	-32.2	-21.0	-5.3	--	0.83
9160	FMPDC	Fid VIP FundsManager 85		7.58	Hold	-0.3	6.0	-38.3	-26.1	-7.7	--	0.99
9062	FMNDC	Fid VIP Growth		7.59	Buy	-1.7	4.2	-47.3	-38.8	-9.5	-4.7	1.13
9070	FLFNC	Fid VIP Growth & Income		8.11	Hold	0.1	5.7	-41.9	-30.3	-8.7	-2.8	1.06
9068	FIDPC	Fid VIP Growth Opportunities		7.08	Buy	-0.5	15.3	-55.2	-43.5	-11.3	-5.4	1.45
9078	FPVDC	Fid VIP Growth Stock		7.99	OK to Buy	1.0	14.1	-44.8	-28.1	-6.4	--	1.20
9077	FQBRC	Fid VIP Growth Strategies ⁶		7.44	OK to Buy	-1.2	11.9	-49.0	-32.8	-9.3	--	1.26
9084	FPDRC	Fid VIP Health Care	1.00%/60 days	8.98	Hold	3.9	10.2	-32.5	-13.5	-3.3	0.6	0.94
9060	FBBLC	Fid VIP High Income		10.56	Buy	2.7	22.8	-25.1	-7.8	0.5	2.8	0.74
9064	FXVLT	Fid VIP Index 500		8.01	Hold	0.2	3.1	-37.2	-26.3	-8.5	-2.7	1.02
9082	FBALC	Fid VIP Industrials	1.00%/60 days	9.00	Hold	-0.2	5.4	-40.0	-29.8	-7.8	1.7	1.42
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days	7.85	Hold	-2.5	23.9	-50.8	-32.0	-10.4	--	1.59
9090	FBKQT	Fid VIP Investor Freedom 2005		9.84	Hold	0.1	6.8	-24.1	-14.4	-1.8	--	0.63
9091	FCRJT	Fid VIP Investor Freedom 2010		9.74	Hold	0.0	7.1	-25.2	-15.1	-2.2	--	0.66
9092	FTCMT	Fid VIP Investor Freedom 2015		9.72	Hold	0.0	7.5	-27.3	-16.6	-2.7	--	0.71
9093	FTEMT	Fid VIP Investor Freedom 2020		9.21	Hold	-0.3	7.8	-32.8	-21.4	-4.6	--	0.85
9094	FVIIT	Fid VIP Investor Freedom 2025		9.10	Hold	-0.3	8.1	-34.4	-22.7	-5.2	--	0.89
9095	FXJLT	Fid VIP Investor Freedom 2030		8.70	Hold	-0.6	7.9	-38.3	-26.4	-6.8	--	1.00
9089	FBXOT	Fid VIP Investor Freedom Income		10.77	Hold	0.4	5.6	-10.8	-4.2	1.6	--	0.31
9063	FTLKC	Fid VIP Investment Grade Bond		11.34	Buy	1.4	8.0	-3.5	4.2	4.4	3.5	0.26
9172	FVMAC	Fid VIP Materials	1.00%/60 days	7.78	Hold	-4.7	29.0	-47.1	-35.4	--	--	--
9071	FNBSJ	Fid VIP Mid Cap		9.52	Buy	-0.6	14.3	-39.7	-25.9	-5.7	4.1	1.15
9059	FTNJC	Fid VIP Money Market		11.45	--	0.0	0.4	2.7	1.6	3.5	3.0	0.03
9088	FEMMC	Fid VIP Overseas	1.00%/60 days	8.79	Hold	-2.2	3.0	-44.0	-35.5	-9.0	0.9	1.25
9072	FFWKC	Fid VIP Real Estate		6.34	Sell	-2.0	-9.3	-40.1	-43.8	-19.0	-2.7	2.20
9075	FGDQC	Fid VIP Strategic Income		11.77	Buy	2.5	15.1	-10.6	2.2	4.8	5.4	0.46
9086	FYENC	Fid VIP Technology	1.00%/60 days	9.47	OK to Buy	4.0	44.6	-51.0	-15.5	-3.2	-0.7	1.64
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days	6.57	OK to Buy	1.1	26.5	-47.6	-15.2	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days	10.07	OK to Sell	4.8	-0.9	-35.8	-34.5	-3.3	5.1	1.04
9079	FKMSC	Fid VIP Value		6.86	Buy	-2.3	7.7	-46.7	-35.1	-13.4	--	1.45
9080	FUEBC	Fid VIP Value Leaders		7.08	Hold	-0.8	3.0	-44.8	-33.0	-12.9	--	1.19
9073	FRBSC	Fid VIP Value Strategies		7.22	Hold	-0.2	18.4	-51.3	-32.4	-12.1	-5.1	1.62
9199	FCIFC	Credit Suisse Int'l Focus		6.25	OK to Sell	-1.4	2.2	--	-33.9	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts		9.91	Hold	-0.7	31.3	-48.7	-26.8	--	--	--
9143	FPRMC	Morgan Stanley Emerg Mkt Debt		11.18	Buy	1.2	14.4	-15.2	-1.9	5.0	7.5	0.67
9144	FPRNC	Morgan Stanley Emerg Mkt Equity		8.84	Hold	0.1	30.3	-56.7	-33.0	0.0	12.6	1.77
9145	FPROC	Morgan Stanley Gbl Value Equity		6.97	OK to Buy	-0.6	-1.3	-40.3	-30.3	-10.2	-3.0	0.98
9146	FPRPC	Morgan Stanley Int'l Magnum		7.47	Buy	-1.2	7.9	-44.8	-33.5	-7.8	0.9	1.34
9174	FMCCC	Strategic Adv Mid Cap Val (closed)		6.19	Hold	0.5	2.1	-35.4	-27.1	--	--	--
9175	FSCCC	Strategic Adv Small Cap (closed)		6.35	Hold	0.1	12.9	-38.7	-23.4	--	--	--

Annuity Growth Model	
Fund	Allocation
Fidelity VIP Strategic Income	37%
Fidelity VIP Growth Opportunities	24
Fidelity VIP Value	23
Fidelity VIP Equity-Income	11
Morgan Stanley Int'l Magnum	5
Total Return: Jun: 0.1% YTD: 8.3%	

Annuity Growth & Income Model	
Fund	Allocation
Fidelity VIP Investment Grade	33%
Fidelity VIP Strategic Income	27
Fidelity VIP Growth Opportunities	22
Fidelity VIP Value	14
Fidelity VIP Equity-Income	4
Total Return: Jun: 0.6% YTD: 8.5%	

Annuity Income & Preservation Model	
Fund	Allocation
Fidelity VIP Investment Grade	35%
Fidelity VIP Money Market	25
Fidelity VIP Strategic Income	19
Fidelity VIP Value	11
Fidelity VIP Growth Opportunities	10
Total Return: Jun: 0.7% YTD: 6.4%	

QUESTION & ANSWER

Stock Market's Fall Challenges Retirees

Q: I am 64 and retired in 2007. I've subscribed to Fidelity Insight for 25 years. I have followed your models from the start and, overall, I have done well. My portfolio (in your Growth & Income Model) was obviously affected by the market downturn. Can you provide some information on whether a 4% annual withdrawal guideline is still appropriate for retirees dealing with shrunken nest eggs?

— Joel G., via the Internet

A: Selecting an appropriate withdrawal rate is a function of several variables including life expectancy, inflation, risk tolerance, spending habits (including uncontrollable health care costs) and other income such as a pension or Social Security.

Without knowing all those factors, I can't tell you what a proper withdrawal rate would be. To arrive at a realistic figure, you should consult with an accountant or financial planner. Short of that, there's plenty of useful advice in the Retirement Planning area of Fidelity's website.

However, I can tell you that if your nest egg has declined substantially (fortunately, recent market gains have lessened some of the pain!), then the less you can take out now, the better. If, for example, you have been withdrawing 4% a year, but could get by on 2%, then by all means cut back. This is particularly important since you've only just retired. The longer you have to go in your retirement, the greater the negative impact on the future value of your nest egg.

But I don't recommend living a totally Spartan life either. You should enjoy your retirement and there are a lot of bargains out there today — especially for travel. So it's okay to dip a bit into principal even in your early retirement years. You'd probably enjoy the trip more today than you would 10 years from now. ■

SPECIALTY FUND

Commodities: The Short And Long Views

Amid encouraging signs that we were not, in fact, headed for the next Great Depression, and a dollar weakened by our growing federal deficit, commodity prices rebounded this spring.

Fidelity launched **Global Commodity Stock** on March 25, just in time to catch most of this run-up, notching a 16.4% return through June 30th. This fund uniquely offers a diversified exposure to the stocks of commodity firms, with roughly a third of the fund each in the agricultural, energy and metals industries.

Strategic Real Return (which we own in three of our model portfolios) offers a diversified exposure to commodities themselves (rather than the stocks of commodity firms), with a portion of its assets (25% neutral weight) linked to the Dow Jones UBS Commodity Index. And, of course, Fidelity has long offered Select funds that focus more narrowly on the stocks of oil, natural gas, and gold mining firms.

In June, Global Commodity hit a speed bump, falling 6.6%. Fidelity's commodity-focused Select funds fared worse (-9.9% to -11.6%) as Global Commodity's diversification into agriculture aided returns. In this sector, Strategic Real Return actually fared the best, as the prices of underlying commodities were mostly flat.

CASH FUNDS

Bye-bye Stable \$1.00 Money Market NAVs?

Surprising almost everyone, especially shareholders who have \$4 trillion in 'cash' vehicles, the SEC is taking to heart a recommendation by Paul Volker, the chairman of the president's Economic Advisory Board and former Fed chairman. His advice: money market funds should have a floating NAV — just like all other mutual funds.

The 'problem' that triggered

The Short View

Over the next few months, gains in the commodity sector are unlikely to match their torrid pace of the spring. While the worst of the economic damage seems behind us, the timing and pace of the eventual recovery is murky at best. The World Bank recently lowered its forecast for global growth in 2009 to -2.9% from -1.7%. In addition, it is likely that some of the gains in commodities this year were fueled by China's stockpiling raw materials at attractive prices, rather than buying to match industrial demand. This uncertainty prompted some of the sell-off in June.

The Longer View

Longer-term, the global growth story for commodities remains in place. Commodity prices tend to move in very long 14 to 15-year cycles and we are only about eight years into the current uptrend. The global recession will eventually end, and commodity prices may get another lift before that's even evident. Commodities also offer some insurance against a U.S. dollar that is vulnerable to further declines owing to our printing of greenbacks to stimulate the economy. Lastly, commodities have not been highly correlated to the stock market, providing valuable portfolio diversification. While the next several months may be choppy, we are sticking with our exposure and continue to rate Global Commodity Stock fund a *Buy*. ■

Volker's solution arose in 2008 when a single money fund held too much of collapsing Lehman Brothers' debt and *broke the buck*. This sparked fears that other funds would follow suit. The Fed stepped in with a temporary program to insure most money fund assets, and the crisis evaporated.

Unfortunately, Volker's idea didn't, resurfacing in President Obama's proposed overhaul of the financial system. Fidelity, along with the rest of the industry, is dead-set against this

Money Markets *cont'd on page 12*

idea. For one, with a floating NAV, checkwriting on money market funds could disappear or be severely hindered. Without a fixed NAV, each check potentially involves a capital loss or gain — a tax nightmare!

Besides a floating NAV, there are also proposed steps to further safeguard money market fund asset values and assure liquidity. These include mandating shorter fund maturities and increasing credit quality. Of course, this would depress yields. While the industry generally supports these measures, here Fidelity parts company with their peers. Fidelity is seeking permission from the SEC to have the ability to buy more second tier securities for its money market funds. This is a bold, politically incorrect move right now, but one that we support. We believe Fidelity has the resources, both monetary and talent-wise, to take on this additional risk, not break the buck, and reward its shareholders with higher returns. We will be watching to see how their request fares. ■

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds and Asset Mgr: 20%/30%, the following funds are also expected to pay dividends and/or capital gains in July:

Asset Mgr: 40%/50%, Balanced, Convertible Secs., Equity-Inc., Equity-Inc. II, Fidelity, Growth & Inc., Puritan, Strategic Div. & Inc., Telecom & Utilities.

The final distributions for June were as follows:

Fund	Ex-Date	\$ Amt	NAV
Real Estate Inv	6/5	0.10	14.40
Real Estate Inc	6/5	0.08	7.80
Spartan 500 Index	6/12	0.51	65.42
Large Cap Stock	6/12	0.04	12.18
Paper & Forest	6/16	0.07	19.23
Networking & Infrs	6/16	0.01	1.84

Inside Fidelity

New Brokerage Service — Fidelity and investment banker Kohlberg Kravis Roberts & Co. (KKR) have inked a deal that will enable Fidelity's retail brokerage customers to participate in initial public offerings (IPOs) and follow-on offerings where KKR is an underwriter. Such opportunities are typically limited to institutional investors. But in a moribund market for IPOs, working with Fidelity provides KKR with a distribution channel with millions of potential investors. At the same time, Fidelity further differentiates itself from other fund companies with this access, and can better compete with other brokerage firms.

Proxy Vote — The results of another round of shareholder-initiated proxy votes to address a seemingly innocuous proposal will be revealed on July 15. At stake: To prohibit **Cash Reserves, Intermediate Bond, Investment Grade Bond, seven Freedom funds, Asset Manager 50%/70%** and **U.S. Gov't Reserves** from investing in companies, "that in the judgment of the board [of Trustees], substantially contribute to genocide or crimes against humanity."

At issue has been Fidelity's now-greatly-diminished investments in PetroChina and Sinopec. The Sudan operations of those firms are said to be aiding a regime that the U.S. State Department acknowledges is complicit in committing genocide in Darfur.

A broader measure failed last year. But Fidelity still opposes this more narrow initiative, arguing that it opens the door to an unmanageable tangle of socially conscious investing and, worse, may actually contribute to further instability and carnage in the region. We'll report the results in next month's report.

Manager Change — Effective July 1, **Robert Galusza** has been named lead portfolio manager of **Intermediate Bond**. Current manager Ford O'Neil will remain on the fund as co-manager. Galusza will continue to manage **Short-Term Bond** and **Ultra-Short Bond**, for which he assumed responsibility in July 2007. ■

Message To Members

Seventy-five of my aunts, uncles and cousins got together one afternoon last month. It brought back many fond memories of simpler times.

Growing up, Saturday's were spent with my mother's side of the family and Sunday's were spent with my dad's side. There wasn't much difference between the two.

There were always tons of cousins to play with, tons of food to eat (of course), and tons of love.

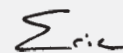
The black and white TV in the living room wasn't on much. Instead, my cousins and I were outside playing stoop ball, box baseball and stickball. We also flipped baseball cards for hours. I'm sorry if non-New Yorkers (and younger members) haven't heard of these games. It was great fun and didn't require expensive tennis racquets or a set of golf clubs.

In these difficult economic times, it's worth remembering what everyone was singing in 1964: "The best things in life are free" — or pretty darn close to it.

It was also great to get together and celebrate a happy occasion.

Happy 80th birthday, dad.

Sincerely,



Eric M. Kobren

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Fidelity Insight (ISSN 0892-2934) is published monthly for \$229 per year by the **Mutual Fund Investors Association, Inc.**

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