

Eric Kobren's

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FIDELITY INSIGHT

THE INDEPENDENT REPORT ON FIDELITY FUNDS

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ERIC'S OUTLOOK

Economy Is Horrible, But Don't Let Fear Get The Upper Hand

The drumbeat of bad, truly bad, and downright unimaginably bad economic news continues to haunt investors and the stock market. The collapse in the housing industry that started it all continues unabated. Housing starts plummeted



Eric M. Kobren

16.8% in January and are now running at an annual rate of 466,000, the worst level in the post-WWII era.

Only a month ago, estimates for S&P 500 reported earnings for the fourth quarter of 2008 were \$8.73 per share. Today, with 93% of companies reporting, we are looking at a *loss* of \$11.77 per share! As a result, analysts have been furiously cutting their 2009 earnings estimates.

Moreover, even what should arguably be good news has sent the market lower. Whether it was the passage of the stimulus bill, the announcement of new programs for mortgage relief, or more help for our beleaguered banks, the market has simply turned "thumbs down."

It's no wonder that the percentage of investors that are bullish in the American Association of Individual Investors (AAII) sentiment poll has plunged from 49% at the beginning of the year to just 22% today.

Against this backdrop of depressing news, coupled with the anguish of watching your portfolio decline further after a brutal 2008, it's easy to let fear take over. But don't!

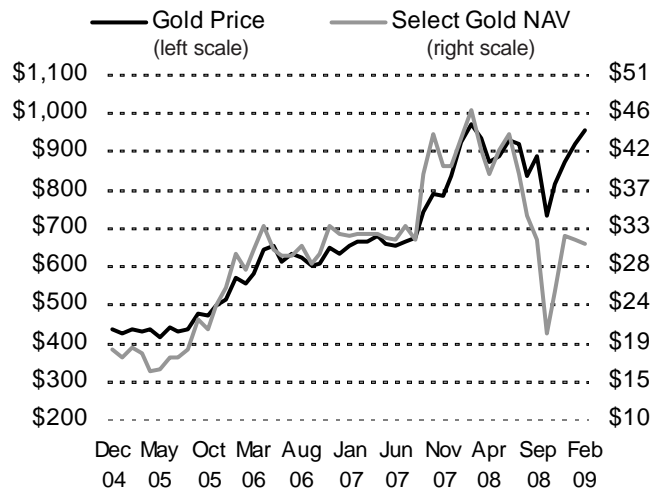
I have said it many times in these pages, but it bears repeating, especially now: Fear (and its opposite, greed) are the enemies of long-term investment success. The key

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CATCH-UP TIME

Price of Gold Bullion versus Gold Mining Stocks
(Dec 2004 - Feb ' 09)



As shown above, the stock prices of gold producers (**Select Gold**) typically track the price of gold bullion closely. But since mid-2008, the shares of gold producers have lagged the rise in bullion considerably. This suggests that gold stocks are an attractive opportunity for less risk-sensitive members as they should eventually close the gap with bullion. For this reason, we have purchased **Select Gold** for our **Aggressive Growth Model**.

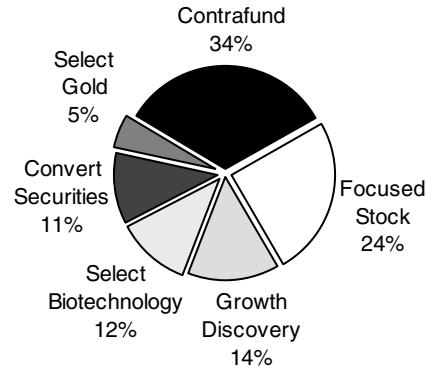
to sound investment decision making is to unemotionally assess both the negatives and positives in any given situation. Truly successful investors certainly have a point of view on the markets, but importantly, they also consider opposing views and arguments in determining their strategy. But, when fear grips our minds, it is like putting blinders on — we tend to see only the negative side of events.

For example, let's look at some of the news I referenced at the beginning.

The severe drop in housing starts is certainly a short-term negative, but this is *exactly what is needed* if we want an eventual recovery in housing. The biggest problem facing housing now is the huge inventory overhang. Declining starts of new homes will help to bring inventories more into line. While we appreciate that the current rate of 466,000 new home starts is a dire-sounding 50-year low, there's a flip side. Given population growth and

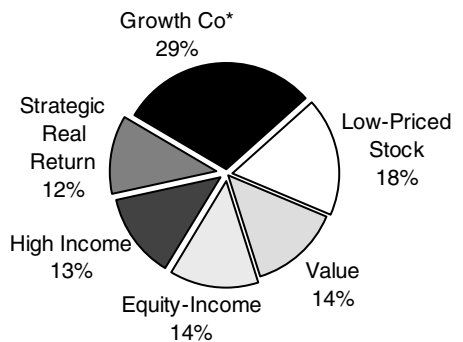
FIDELITY INSIGHT MODEL PORTFOLIOS - FEBRUARY 28, 2009

Aggressive Growth Model		Rel Vol: 1.05	Est. Yield: 1.3%	YTD Return: -12.7%		
Current Asset Allocation		Stocks 84.4%	Bonds 0.2%	Cash 5.2%	Alternative ¹ 10.1%	Foreign 13.3%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb. Ret
Contrafund	FCNTX	34%	\$39.57	841.70	\$33,306	-7.3%
Focused Stock	FTQGX	24	7.51	3,197.95	24,017	-7.7
Growth Discovery	FDSVX	14	7.43	1,787.40	13,280	-7.6
Select Biotechnology	FBIOX	12	54.62	209.87	11,463	-7.8
Convertible Securities	FCVSX	11	12.84	855.63	10,986	-6.6
Select Gold	FSAGX	5	30.67	171.59	5,263	-1.5
Current Value (4/7/99 = \$100,000)					\$98,315	-8.2%



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

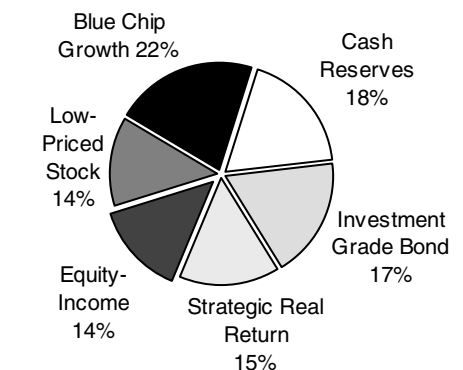
Growth Model		Rel Vol: 1.11	Est. Yield: 3.2%	YTD Return: -14.2%		
Current Asset Allocation		Stocks 72.4%	Bonds 15.2%	Cash 3.8%	Alternative ¹ 8.7%	Foreign 10.7%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb. Ret
Growth Company*	FDGRX	29%	\$43.69	4,426.63	\$193,399	-7.1%
Low-Priced Stock	FLPSX	18	19.65	5,753.78	113,062	-9.2
Value	FDVLX	14	31.17	2,787.82	86,896	-12.4
Equity-Income	FEQIX	14	24.22	3,567.96	86,416	-11.9
High Income	SPHIX	13	6.16	13,442.52	82,806	-2.1
Strategic Real Return	FSRRX	12	6.53	11,650.89	76,080	-3.8
Current Value (1/1/87 = \$100,000)					\$638,660	-8.8%



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

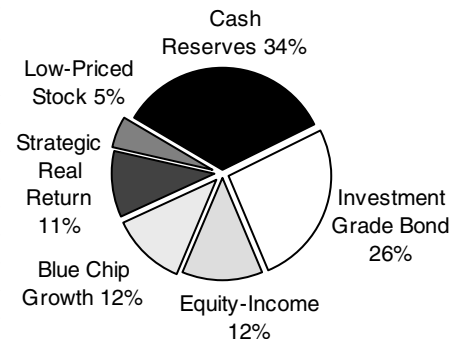
For moderately aggressive members who want equity-dominated portfolios and have no income needs for at least 10 years. Target volatility range: 0.50-1.00.

Growth & Income Model		Rel Vol: 1.01	Est. Yield: 3.0%	YTD Return: -10.7%		
Current Asset Allocation		Stocks 46.5%	Bonds 21.1%	Cash 21.9%	Alternative ¹ 10.5%	Foreign 7.4%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb. Ret
Blue Chip Growth	FBGRX	22%	\$22.86	5,645.06	\$129,046	-6.4%
Cash Reserves	FDRXX	18	1.00	108,356.73	108,357	0.1
Investment Grade Bond	FBNDX	17	6.31	16,098.11	101,579	-0.5
Strategic Real Return	FSRRX	15	6.53	13,332.36	87,060	-3.8
Equity-Income	FEQIX	14	24.22	3,383.05	81,938	-11.9
Low-Priced Stock	FLPSX	14	19.65	4,055.95	79,699	-9.2
Current Value (1/1/87 = \$100,000)					\$587,679	-5.9%



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: 0.57	Est. Yield: 3.2%	YTD Return: -6.0%		
Current Asset Allocation		Stocks 27.5%	Bonds 28.3%	Cash 36.7%	Alternative ¹ 7.6%	Foreign 3.8%
Holdings	Ticker	Alloc	NAV	Shares	Value	Feb. Ret
Cash Reserves	FDRXX	34%	\$1.00	140,464.97	\$140,465	0.1%
Investment Grade Bond	FBNDX	26	6.31	16,655.41	105,096	-0.5
Equity-Income	FEQIX	12	24.22	2,082.46	50,437	-11.9
Blue Chip Growth	FBGRX	12	22.86	2,076.49	47,468	-6.4
Strategic Real Return	FSRRX	11	6.53	6,659.06	43,484	-3.8
Low-Priced Stock	FLPSX	5	19.65	999.19	19,634	-9.2
Current Value (1/1/87 = \$100,000)					\$406,584	-3.5%



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.

the tearing down of older homes for new structures, the typical *replacement rate* requires at least 1.5 million annual starts! That doesn't mean housing will turn around tomorrow, but it does mean we could see a big jump in housing once it does turn.

Now take the huge drop in earnings. Clearly that has played a part in the sharp market declines since last fall; earnings ultimately drive stock prices. Estimates for 2009 reported earnings are now just \$32 per share. That is down from almost \$50 just three months ago, and the lowest yearly figure in eight years. But while analysts were far too optimistic going into the market decline, I believe they are now far too pessimistic. (Analysts estimates are typically most "off" around market turning points.)

In any case, with estimates of future earnings so low, the chances for positive earnings surprises have increased. Remember, earnings don't have to be great to push stocks higher. Often, simply being less bad than expected will do the trick.

Lastly, there is the pervasive negative investor expectations with just 22% calling themselves bullish in the most recent AAI survey. Since this survey began in 1987, bullish readings have been this low 17 times. In 90% of those cases, the market was higher three months later with an average gain of 5%.

Now, in the spirit of full disclosure, four of those cases occurred in 2008 and their batting average wasn't quite as good. Twice the market was higher three months later, and twice it was lower. Overall, there was no gain.

But my point isn't that this interpretation of the data means the market will soon bottom. Rather, when we become fearful, we often only see

WHICH FUNDS SHOULD YOU BUY NOW!

Equity Funds: **Blue Chip Growth** provides exposure to high-quality, large-cap stocks. **Growth Discovery** buys companies of all market caps while focusing on those that exhibit higher growth potential. **Low-Priced Stock** offers a great manager with a penchant for value stocks.

Specialty Funds: **Strategic Real Return** uses a rich mix of four sub-portfolios to provide inflation protection and portfolio diversification.

Fixed-Income Funds: **Investment Grade Bond** offers exposure to attractively valued corporates. **Cash Reserves** and **Select Money Market** are our preferred choices when looking for safety in principal and yield.

International Funds: Owing to a strong dollar, right now, we are not big fans of foreign stock funds. But for long-term investors, **International Discovery** is diversified throughout the world's developed markets. ■

things that tend to confirm our belief that everything is bad, and that can lead us to make investment mistakes.

I can't tell you when this market will turn around, but I can say that at current prices, the outlook for stocks versus bonds or cash over the next several years favors stocks. And to repeat another point I have often stressed, the market will begin to move higher *before* we have clear signs that the economy is getting better.

Lastly, as I wrote in January, if your portfolio isn't a good fit with your age, assets, or risk tolerance, by all means consider moving into one of our more conservative model portfolios.

But otherwise, don't succumb to fear and move all your assets (or a large portion of them) into cash, or even bonds. While such a move may have you feeling safer now, you will not participate when the market starts anticipating an economic recovery. ■

MODEL PORTFOLIO TRADES

As announced on our Feb. 20 Hotline, effective Monday, Feb 23, we made several Model Portfolio trades. Please note that **Select Energy** has a 0.75%/30-day short-term trading fee and **Int'l Discovery** has a 1.0%/30-day fee.

Action	Fund	Shares	Price	Value	Old%	New%
Aggressive Growth:						
Sold:	Select Energy	217.11	\$25.97	\$5,638.42	6%	0%
Bought:	Select Gold	171.59	\$32.86	\$5,638.42	0%	6%
Growth Model						
Sold 1/2 of:	Equity-Income	3,567.96	\$23.99	\$85,595.40	27%	13%
Sold:	Int'l Discovery	1,539.23	\$19.19	\$29,537.74	5%	0%
Bought:	Low-Priced Stock	5,753.78	\$20.01	\$115,133.14	0%	18%
Growth & Income Model						
Sold 1/2 of:	Equity-Income	3,383.05	\$23.99	\$81,159.47	28%	14%
Bought:	Low-Priced Stock	4,055.95	\$20.01	\$81,159.47	0%	14%

Gold mining stocks (which are held in **Select Gold**) have lagged the sharp rise in the price of bullion. Even if gold does not go much higher, we expect that gap to close. Now that Joel Tillinghast's **Low-Priced Stock** is open to new investors we wanted to take advantage of the opportunity to invest with one of Fidelity's best managers.

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

Munis Should Trump Treasuries In 2009

Relative to stock funds, last year was a great time to own most any kind of fixed-income investment. (High-yield bonds, which are more akin to stocks than investment-grade bonds, were a notable exception.) On the whole, taxable and muni bond funds provided safety from tumbling stock prices. And while some bond funds lost ground, the worst of the lot fared far better than equity funds.

Simply put: diversification worked.

Among the best-performing taxable bond funds in 2008 were Fidelity's three **Spartan Treasury Index** funds: **Short-Term** (up 8.7%), **Intermediate** (up 16.4%) and **Long-Term** (up 24.1%).

The reason for these stellar returns came down to being the safest port in the storm. With equity markets in a global free-fall, credit markets freezing up, and concern (though unwarranted) that, *en masse*, money market funds would *break the buck*, investors turned to "the full faith and credit" of U.S. Treasuries.

Of course, as their prices rallied, Treasury yields fell precipitously. The yield on the 10-year Treasury fell from 4.03% at the start of 2008 to

2.21% by year-end. Granted, that money is as safe as America is solvent (unfortunately, that's now something to consider), but with such a low yield there's little return, and the flood of money that pushed prices up can flow out just as fast. That's why we suggested getting rid of your Treasury bond funds in favor of high-quality corporate bonds such as **Investment Grade Bond**, or for more aggressive members, high-yield funds such as **High Income**.

If taking on the credit risk of corporate bonds makes you too nervous, there is another alternative to Treasuries to consider: municipal bonds.

Muni bonds had a much tougher time than Treasuries in 2008. Longer-term muni funds such as **Municipal Income** (down 4.6%) actually lost ground. While less interest-rate-sensitive, shorter-term offerings such as **Intermediate Muni Income** (up 1.0%) and **Short-Intermediate** (up 3.5%) registered gains, they didn't fare nearly as well as Treasuries and other government-sponsored debt (such as Ginnie Maes).

The headwinds faced by munis last year were formidable: muni bond insurers were facing insolvency; hedge funds were forced to unload munis to meet margin calls on unprofitable investments; and shrinking state tax

receipts raised fears of muni defaults.

But with Treasury yields declining sharply last year and muni yields flat to rising, munis are now very attractive relative to Treasuries.

Munis Cheap Versus Treasuries

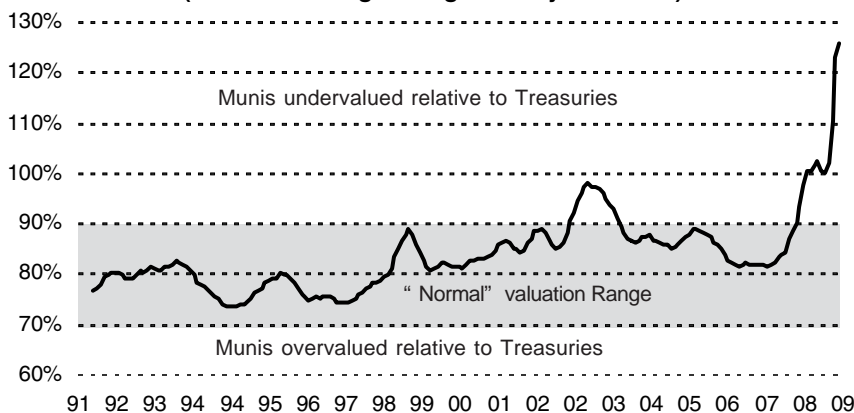
As shown in the chart below, because of their tax-advantaged status, munis typically yield between 70-90% of comparable maturity Treasuries. (When munis yield less than 70% of Treasuries, it suggests they are overvalued versus Treasuries and yields above 90% suggests they're undervalued.) Over the past six months, 10-year muni yields have averaged 125% more than Treasuries!

And, of course, while munis now yield more than Treasuries in absolute terms, when taxes are accounted for, they're an even better deal. Take the yields on Spartan Intermediate Treasury Index (2.3%) and Intermediate Muni Income (3.2%). Before taxes, Muni Income offers a yield advantage of almost one percentage point. But when federal income taxes are considered, for investors in the 35% bracket, its tax-equivalent yield grows to 4.9%, giving it a 2.6 percentage point advantage. Of course, proposed higher tax rates under the new administration would make munis even more attractive.

We like all four of Fidelity's nationally diversified muni bond funds, and now rate them all a *Buy*. Fidelity's 12 state-specific funds are upgraded from *Hold* to *OK to Buy*. (**Michigan Muni Income** remains a *Hold* as that state faces severe economic challenges.) We're leaving a degree of separation between these funds and national diversified funds given the margin of safety in holding more geographically diverse funds — thus their edge in ratings. While many states and municipalities are struggling to make timely and full debt payments, tax and revenue hikes, coupled with budget cuts and federal aid to states are (so far) satisfying bond holders. **In this environment munis make sense over Treasuries.** ■

UPSIDE-DOWN YIELDS

Muni Yields as a percentage of Treasury Yields
(6 month moving average on 10-year bonds)



Due to their tax-advantaged status, muni yields are typically between 70% and 90% of comparable maturity Treasuries. However, due to the sharp fall in Treasury yields last year, munis now actually yield more than Treasuries making them a very attractive alternative.

Funds Slump Further Amid Bleak News

February offered no respite from the continuing stream of dire economic news and falling stock prices. The last day of the month was a microcosm of what has plagued the markets.

First, the government announced that the economy fell a revised 6.2% in 2008's fourth quarter, down sharply from the 3.8% originally estimated. (We noted last month that such a big downward revision was likely.)

Second, Citigroup announced plans to convert \$52 billion in preferred stock to common equity, giving the U.S. government a 36% ownership stake in the firm, while wiping out nearly three-quarters of the equity of current shareholders.

Lastly, GE announced it was cutting its dividend by nearly 70% in an effort to preserve its AAA bond rating. At the beginning of the month GE maintained that it would keep its dividend intact.

According to commentators, what passed for good news on the day was that the Dow and S&P 500 "only" fell about 2.0% in reaction to all the dismal events!

"Down less" is the new up.

Market Indexes

On a total return basis, in February the Dow lost 11.3% and the S&P 500 fell 10.7%, while the small-cap Russell 2000 took the biggest hit dropping 12.1%. The tech-heavy Nasdaq held up relatively better, falling 6.5%.

For the year, the major indexes have already suffered losses approaching half of last year's total. The Dow is now down 19.0%, the S&P 500 is off 18.2%, the Russell 2000 has fallen 21.9%. Once again, the Nasdaq (down 12.3%) is a relative bright spot.

Domestic Equity Funds

All of Fidelity's diversified domestic equity funds were in the red for the month. Value funds of all sizes were the hardest-hit. **Small Cap Value** lost 12.1%, **Mid Cap Value** fell 12.4% and **Large Cap Value** dropped 13.4%. Financial stocks, which are usually the biggest sector in value funds, were near the bottom in performance again (**Financial Services** was down 14.4%.) And cyclical stocks, another significant sector for value funds were even worse performers for the month. (**Select Industrials** dropped 15.0%.)

On the other end of the spectrum, large-cap growth funds fared the best.

OTC shed 4.8%, **Growth Strategies** gave up 6.2% and **Blue Chip Growth** fell 6.4%. These funds benefited from the relative strength of technology. (**Select Telecom** was the best performing of all Fidelity funds last month, rising 3.3%).

Specialty Funds

Among Specialty funds, **Real Estate** continued its free-fall, shedding 22.4% for the month. It is now down a staggering 36.5% for the year. But **Real Estate Income** has survived the downturn reasonably well so far, falling 3.7% in February and is down just 2.4% for the year.

International Funds

Fidelity's international stock funds performed slightly better than the domestic variety, falling on average 8.5% for February. The dollar did not have as much of an effect last month as its gains were more muted.

The riskier emerging market funds were the month's best performers. While these markets have not been immune to the global slowdown, they will still likely lead the world in terms of economic growth this year, however slight it may be. **Emerging**

Commentary *cont'd* on page 6

March Scorecard Rating Changes

Fund	Style	Prior	New	Comments
Banking	Sector	Buy	Hold	Downside risks outweigh upside potential.
China Region	International	OK to Sell	Hold	Growth is declining, but still better than other markets.
Consumer Staples ¹	Sector	Buy	OK to Buy	Recession starting to affect even "necessities."
Dividend Growth	Large Blend	OK to Buy	Hold	We prefer other funds in this space.
Emerging Markets ¹	International	OK to Buy	Hold	Export-dependent markets feeling global slowdown.
Inflation-Protected Bond	Taxable Bond	Hold	OK to Buy	Soaring deficits will keep pressure on inflation.
International Discovery	International	Buy	OK to Buy	Strengthening dollar a negative for foreign funds.
International Value	International	Buy	OK to Buy	Strengthening dollar a negative for foreign funds.
Mid Cap Growth	Mid Growth	OK to Sell	Hold	Growth handling the bear market better than value.
Municipal Income	Muni Bond	OK to Buy	Buy	Better after-tax yields than taxable bonds (see p. 4).
Nordic	International	OK to Buy	Hold	Strengthening dollar favors U.S. investments.
OTC	Large Growth	Hold	OK to Buy	Nasdaq holding up better than broader market.
Small Cap Growth	Small Growth	OK to Sell	Hold	Growth handling the bear market better than value.
Southeast Asia	International	OK to Sell	Hold	After large losses last year, values more attractive.
State Muni Bond Funds ²	Muni Bond	Hold	OK to Buy	Better after-tax yields than taxable bonds (see p. 4).
Tax-Free Bond	Muni Bond	OK to Buy	Buy	Better after-tax yields than taxable bonds (see p. 4).
Telecommunications ¹	Sector	OK to Sell	OK to Buy	This area is demonstrating better relative strength.
Ultra-Short Bond	Taxable Bond	Hold	OK to Sell	Money market funds offer similar yield with less risk.
Wireless	Sector	Hold	OK to Buy	This area is demonstrating better relative strength.

¹Plus related Annuity funds; ²Michigan Muni Income remains a *Hold* owing to that state's troubled economy.

FIDELITY SCORECARD - FEBRUARY 28, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Feb	YTD	2008	1 Year	3 Year	5 Year				
		S&P 500 (Large Cap)		735.09		-10.7	-18.2	-37.0	-43.3	-15.1	-6.6	1.00			
		Dow Industrials (Blue Chip)		7062.93		-11.3	-19.0	-31.9	-40.6	-11.5	-5.5	0.94			
		Nasdaq Composite (OTC)		1377.84		-6.5	-12.3	-40.0	-38.6	-15.0	-6.9	1.18			
		Russell 2000 (Small Cap)		389.02		-12.1	-21.9	-33.8	-42.4	-17.9	-6.7	1.27			
LARGE CAP GROWTH FUNDS						Category Averages			-7.4	-13.3	-43.0	-44.3	-15.3	-6.1	1.18
312	FBGRX	Blue Chip Growth		22.86	Buy	-6.4	-13.1	-38.6	-40.4	-14.6	-7.5	1.03			
307	FDCAX	Capital Appreciation		13.14	Buy	-8.8	-16.5	-40.5	-45.4	-17.0	-7.3	1.09			
22	FCNTX	Contrafund		39.57	Buy	-7.3	-12.5	-37.2	-39.1	-10.6	-1.0	0.99			
332	FEXPX	Export and Multinational	0.75%/30 days	12.54	OK to Buy	-6.8	-13.0	-43.4	-44.5	-15.4	-4.9	1.16			
500	FFTYX	Fifty		9.68	Hold	-6.3	-12.2	-49.1	-50.0	-18.6	-8.1	1.31			
25	FDGRX	Growth Company (closed)		43.69	Buy	-7.1	-10.8	-40.9	-40.5	-12.9	-3.1	1.17			
339	FDSVX	Growth Discovery		7.43	Buy	-7.6	-13.7	-46.7	-48.4	-13.9	-5.9	1.16			
73	FDFFX	Independence		11.99	OK to Buy	-9.2	-16.0	-48.1	-53.6	-15.3	-5.2	1.48			
763	FSLGX	Large Cap Growth		5.66	Hold	-8.0	-14.0	-38.1	-40.3	-17.4	-6.4	1.09			
1829	FLGEX	Large Cap Growth Enhcd Index		5.60	OK to Buy	-8.1	-12.4	-37.0	-38.6	--	--	--			
338	FLCSX	Large Cap Stock		8.38	OK to Sell	-8.3	-16.4	-47.5	-49.8	-18.2	-9.0	1.21			
21	FMAGX	Magellan		39.18	Hold	-7.6	-14.6	-49.4	-51.8	-18.9	-9.3	1.31			
1282	FNCMX	Nasdaq Composite Index	0.75%/90 days	18.25	Hold	-6.5	-12.5	-40.0	-38.7	-14.9	-6.9	1.18			
93	FOCPX	OTC		26.06	OK to Buy↑	-4.8	-7.5	-46.0	-39.5	-12.4	-4.8	1.37			
320	FDSSX	Stock Selector		14.26	OK to Buy	-8.9	-16.0	-41.7	-45.5	-15.8	-6.4	1.04			
5	FTRNX	Trend		34.57	OK to Buy	-6.9	-11.5	-44.5	-43.2	-13.8	-5.3	1.17			
LARGE CAP BLEND FUNDS						Category Averages			-10.5	-18.2	-40.2	-46.0	-16.6	-6.9	1.09
315	FDEQX	Disciplined Equity		14.51	Hold	-11.4	-16.7	-40.1	-44.5	-14.9	-5.4	1.07			
330	FDGFX	Dividend Growth		13.06	Hold↓	-10.2	-17.3	-43.0	-48.6	-19.0	-10.3	1.17			
3	FFIDX	Fidelity Fund		19.01	OK to Buy	-9.0	-16.5	-40.3	-44.9	-13.5	-5.7	1.07			
333	FTQGX	Focused Stock		7.51	Buy	-7.7	-15.0	-33.0	-36.2	-11.5	-1.4	1.04			
27	FGRIX	Growth & Income		10.54	OK to Sell	-9.6	-20.0	-50.9	-56.9	-24.4	-13.6	1.23			
1827	FLCEX	Large Cap Core Enhcd Index		5.27	Hold	-10.5	-17.7	-35.8	-41.5	--	--	--			
361	FGRTX	Mega Cap Stock		5.61	OK to Buy	-11.4	-19.3	-39.4	-46.1	-15.9	-7.4	1.01			
317	FSMKX	Spartan 500 Index ⁴		50.82	Hold	-10.7	-18.2	-37.1	-43.4	-15.2	-6.7	1.00			
397	FSTMX	Spartan Total Mkt. Index ⁴	0.50%/90 days	20.60	Hold	-10.4	-17.8	-37.2	-43.3	-15.2	-6.2	1.03			
343	FTXMX	Tax Managed Stock	1.00%/2 years	7.57	OK to Buy	-12.3	-17.0	-42.7	-48.0	-16.2	-5.6	1.16			
832	FVDFX	Value Discovery		8.10	Hold	-11.0	-20.4	-42.3	-49.3	-18.0	-5.6	1.11			
LARGE CAP VALUE FUNDS						Category Averages			-12.3	-22.3	-40.5	-49.3	-19.3	-8.3	1.11
1271	FBCVX	Blue Chip Value		6.20	OK to Sell	-11.7	-21.5	-44.8	-52.8	-20.6	-8.8	1.15			
23	FEQIX	Equity-Income		24.22	Buy	-11.9	-21.5	-41.6	-49.9	-18.7	-8.7	1.11			
319	FEQTX	Equity-Income II		10.32	Hold	-11.4	-22.5	-40.4	-49.2	-19.1	-9.2	1.07			
708	FSLVX	Large Cap Value		6.55	OK to Buy	-13.4	-23.4	-39.7	-48.8	-18.6	-6.6	1.11			
1828	FLVEX	Large Cap Value Enhcd Index		4.59	OK to Buy	-13.2	-22.3	-35.9	-45.8	--	--	--			

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 Select Utilities Growth. ⁷ Formerly Aggressive Growth. ⁸ Formerly Utilities. (p) Partial year; (↑) Rating upgraded; (↓) Rating downgraded.

Commentary *cont'd from page 5*

Europe Middle East, Africa fund was the top performer in February by managing to remain flat, while **China Region** lost just 1.5% and **Latin America** fell 4.5%. **Latin America** leads the way for the year with a loss of 6.0%.

At the bottom were Fidelity's Japan-focused funds, **Japan** (down 11.6%), **Japan Smaller Companies** (down 18.8%) and **Pacific Basin** (40% in Japan, down 11.5%). Japan's exports have fallen off a cliff as its major trading partners retrench.

Fixed Income

Most of Fidelity's taxable bond funds lost ground in February, but **Ginnie Mae** managed a 0.9% gain. Shorter-term funds such as **Short-Term Bond** (down 0.2%) and **Ultra-Short Bond** (down 0.2%) tended to fare better than longer-term funds.

Treasury and government bond funds held up much better than they did in January. **Spartan Long-Term Treasury** lost 1.3% for the month, **Spartan Intermediate Treasury** fell 0.8%, while **Government Income** rose 0.2%. However, they are down 10.0%, 4.0% and 1.4% respectively

on the year.

High-yield funds were a mixed bag. **Capital & Income** lost 2.5% and **High Income** fell 2.1%. But the less-risky variety held up better. **Focused High Income** lost 1.1% and **Floating Rate High Income** actually had a modest gain of 0.6%.

Municipal bonds were the bright spot as 3 out of 4 national funds and 10 out of 12 state munis notched gains for the month. **Municipal Income** led the way up 0.8% (see p. 4).

The yield on **Cash Reserves** declined again in February, ending the month at just 1.02%. ■

FIDELITY SCORECARD - FEBRUARY 28, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Feb	YTD	2008	1 Year	3 Year	5 Year				
MID-CAP GROWTH FUNDS						Category Averages			-7.5	-13.5	-44.7	-46.0	-18.3	-7.3	1.30
324	FDEGX	Growth Strategies ⁷	1.50%/90 days	10.37	OK to Buy	-6.2	-11.0	-49.3	-46.5	-17.5	-7.9	1.31			
2012	FMEIX	Mid Cap Enhanced Index	0.75%/30 days	5.12	Hold	-9.9	-15.8	-38.7	-43.4	--	--	--			
793	FSMGX	Mid Cap Growth	0.75%/30 days	5.97	Hold↑	-6.7	-12.1	-49.3	-49.7	-22.6	-9.0	1.34			
337	FMCSX	Mid-Cap Stock	0.75%/30 days	13.58	Hold	-7.5	-13.0	-46.0	-47.9	-18.7	-6.5	1.37			
300	FMILX	New Millennium		14.85	OK to Buy	-7.0	-15.8	-40.2	-42.3	-14.6	-6.0	1.20			
MID-CAP BLEND FUNDS						Category Averages			-10.7	-17.3	-45.1	-50.7	-18.7	-6.9	1.38
122	FLVCX	Leveraged Company Stock	1.50%/90 days	11.99	OK to Buy	-12.0	-17.0	-54.5	-59.7	-20.8	-6.6	1.69			
316	FLPSX	Low-Priced Stock	1.50%/90 days	19.65	Buy	-9.2	-15.0	-36.2	-42.3	-14.6	-3.7	1.15			
398	FSEMXX	Spartan Extended Mkt Index ⁴	0.75%/90 days	18.73	Hold	-10.0	-16.9	-38.5	-44.3	-16.2	-5.2	1.18			
14	FSLSX	Value Strategies		11.10	Sell	-11.6	-20.1	-51.2	-56.7	-23.1	-12.0	1.48			
MID-CAP VALUE FUNDS						Category Averages			-12.4	-21.4	-43.5	-51.4	-20.6	-7.3	1.30
762	FSMVX	Mid Cap Value	0.75%/30 days	7.51	Hold	-12.4	-21.0	-40.5	-48.7	-19.0	-6.1	1.25			
39	FDVLX	Value		31.17	Buy	-12.4	-21.8	-46.5	-54.2	-22.3	-8.4	1.35			
SMALL CAP GROWTH						Category Averages			-10.5	-16.8	-46.0	-48.2	-18.8	-8.4	1.32
2011	FCPEX	Small Cap Enhanced Index	1.50%/90 days	5.20	Hold	-12.2	-20.7	-33.7	-41.9	--	--	--			
1388	FCPGX	Small Cap Growth	1.50%/90 days	7.44	Hold↑	-9.9	-14.4	-44.9	-46.3	-16.7	--	1.29			
336	FDSCX	Small Cap Independence	1.50%/90 days	8.50	OK to Sell	-11.0	-19.3	-47.0	-50.1	-20.9	-8.4	1.35			
SMALL CAP BLEND						Category Averages			-11.8	-20.0	-36.6	-44.3	-17.9	-7.7	1.30
340	FSLCX	Small Cap Stock (closed)	2.00%/90 days	8.05	OK to Sell	-11.4	-17.9	-42.9	-47.9	-19.4	-7.7	1.33			
1389	FPCVX	Small Cap Value	1.50%/90 days	7.25	Hold	-12.1	-22.2	-30.3	-40.6	-16.3	--	1.28			
SPECIALTY FUNDS															
2063	FOTTX	130/30 Large Cap (2008 ret from 1st full month)		5.28	OK to Buy	-13.4	-17.9	-35.3p	--	--	--	--			
304	FBALX	Balanced		11.79	OK to Sell	-6.4	-10.1	-31.3	-34.6	-10.1	-2.4	0.81			
308	FCVXS	Convertible Securities		12.84	Buy	-6.6	-8.3	-47.8	-50.1	-15.2	-6.2	1.37			
1960	FDYSX	Dynamic Strategies		5.99	Hold	-6.3	-10.3	-28.4	-33.2	--	--	--			
1368	FIREX	International Real Estate	1.50%/90 days	5.02	Hold	-13.0	-24.3	-50.5	-59.6	-23.1	--	1.41			
4	FPURX	Puritan		11.78	OK to Buy	-5.7	-9.8	-29.2	-31.8	-8.7	-2.8	0.73			
833	FRIFX	Real Estate Income	0.75%/90 days	6.45	OK to Sell	-3.7	-2.4	-31.0	-31.0	-11.6	-4.3	0.75			
303	FRESX	Real Estate Investment	0.75%/90 days	9.92	Sell	-22.4	-36.5	-38.2	-59.7	-27.7	-9.8	2.01			
1329	FSDIX	Strategic Dividend & Income		5.90	OK to Buy	-10.6	-17.6	-41.2	-48.6	-18.3	-7.2	1.10			
1505	FSRRX	Strategic Real Return	0.75%/60 days	6.53	Buy	-3.8	-4.8	-23.4	-30.0	-7.2	--	0.73			
311	FIUIX	Telecom & Utilities ⁸		11.39	Hold	-8.4	-12.9	-34.6	-34.6	-8.4	1.2	1.04			
ASSET ALLOCATION FUNDS															
328	FASIX	Asset Manager 20%		10.04	Hold	-2.0	-2.4	-14.2	-14.7	-2.6	0.9	0.37			
1957	FTANX	Asset Manager 30%		7.32	Hold	-3.1	-4.0	-19.7	-20.6	--	--	--			
1958	FFANX	Asset Manager 40%		6.84	Hold	-4.1	-5.9	-23.2	-24.8	--	--	--			
314	FASMXX	Asset Manager 50%		10.07	Hold	-4.6	-7.1	-27.8	-29.3	-8.6	-3.6	0.69			
1959	FSANX	Asset Manager 60%		6.01	Hold	-5.5	-8.9	-30.0	-32.0	--	--	--			
321	FASGX	Asset Manager 70%		9.61	Hold	-6.4	-10.5	-34.9	-37.2	-12.4	-5.9	0.88			
347	FAMRX	Asset Manager 85%		7.41	Hold	-7.7	-12.8	-38.6	-41.5	-14.1	-5.6	1.01			
355	FFNOX	Four-in-One Index		16.64	Hold	-9.0	-16.1	-32.6	-39.1	-12.5	-4.4	0.91			
370	FFFBX	Freedom 2000		9.59	Hold	-2.9	-4.6	-14.0	-16.7	-3.0	-0.2	0.38			
1312	FFVFX	Freedom 2005		7.66	Hold	-5.1	-8.7	-24.5	-28.0	-7.4	-2.2	0.63			
371	FFFCX	Freedom 2010		9.39	Hold	-5.5	-9.4	-25.3	-29.4	-7.9	-2.4	0.66			
1313	FFVFX	Freedom 2015		7.72	Hold	-5.7	-9.8	-27.2	-30.9	-8.6	-2.4	0.71			
372	FFFDX	Freedom 2020		8.87	Hold	-6.9	-11.7	-32.1	-36.1	-10.9	-3.6	0.84			
1314	FFTXX	Freedom 2025		7.20	Hold	-7.3	-12.5	-33.7	-37.8	-11.8	-4.0	0.88			
373	FFFCX	Freedom 2030		8.38	Hold	-8.2	-14.1	-36.9	-41.2	-13.5	-4.9	0.98			
1315	FFTHX	Freedom 2035		6.86	Hold	-8.5	-14.6	-37.8	-42.1	-14.0	-5.1	1.00			
718	FFFFX	Freedom 2040		4.75	Hold	-8.8	-15.0	-38.8	-43.2	-14.6	-5.4	1.03			
1617	FFFGX	Freedom 2045		5.58	Hold	-8.8	-15.2	-39.2	-43.5	--	--	--			
1618	FFFHX	Freedom 2050		5.43	Hold	-9.2	-15.9	-40.6	-45.1	--	--	--			
369	FFFAX	Freedom Income		9.16	Hold	-2.6	-4.0	-12.1	-14.8	-2.4	--	0.34			
1884	FIRJX	Income Replacement 2016		37.35	Hold	-3.7	-6.1	-17.8	-20.8	--	--	--			
1885	FIRKX	Income Replacement 2018		35.91	Hold	-4.3	-7.1	-20.1	-23.4	--	--	--			
1886	FIRLX	Income Replacement 2020		34.92	Hold	-4.7	-8.0	-21.9	-25.4	--	--	--			
1887	FIRMXX	Income Replacement 2022		34.22	Hold	-5.0	-8.5	-23.0	-26.7	--	--	--			
1888	FIRNX	Income Replacement 2024		33.64	Hold	-5.2	-8.9	-24.0	-27.8	--	--	--			
1889	FIROX	Income Replacement 2026		33.05	Hold	-5.4	-9.3	-24.8	-28.6	--	--	--			
1890	FIRPX	Income Replacement 2028		32.99	Hold	-5.6	-9.6	-25.4	-29.3	--	--	--			
1891	FIRQX	Income Replacement 2030		32.43	Hold	-5.7	-9.8	-26.1	-30.0	--	--	--			
1892	FIRRX	Income Replacement 2032		31.88	Hold	-5.9	-10.1	-26.8	-30.7	--	--	--			
1893	FIRSXX	Income Replacement 2034		31.74	Hold	-6.0	-10.4	-27.7	-31.6	--	--	--			
1894	FIRUX	Income Replacement 2036		31.08	Hold	-6.2	-10.8	-28.4	-32.5	--	--	--			
1995	FIRVXX	Income Replacement 2038		30.24	Hold	-6.5	-11.2	-29.5	-33.6	--	--	--			
2009	FIRWXX	Income Replacement 2040		30.01	Hold	-6.6	-11.4	-29.8	-34.0	--	--	--			
1996	FIXRX	Income Replacement 2042		29.92	Hold	-6.6	-11.4	-30.0	-34.2	--	--	--			

FIDELITY SCORECARD - FEBRUARY 28, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹			
						Feb	YTD	2008	1 Year	3 Year	5 Year				
INTERNATIONAL FUNDS						Category Averages			-8.5	-17.1	-46.0	-51.7	-15.3	-1.7	1.43
309	FICDX	Canada	1.50%/90 days	30.29	Hold	-9.7	-13.6	-42.6	-49.3	-10.2	3.0	1.48			
352	FHKCX	China Region	1.50%/90 days	15.31	Hold↑	-1.5	-10.0	-44.9	-44.8	-3.6	2.0	1.60			
325	FDIVX	Diversified International (closed)	1.00%/30 days	17.64	OK to Buy	-8.7	-18.0	-45.2	-50.9	-15.4	-3.2	1.32			
2053	FEMEX	Emerg Europe, MidEast, Africa	1.50%/90 days	4.33	Sell	0.0	-9.2	-52.4p	--	--	--	--			
322	FEMKX	Emerging Markets	1.50%/90 days	11.22	Hold↓	-5.5	-13.6	-60.8	-63.4	-16.3	1.5	1.89			
301	FIEUX	Europe	1.00%/30 days	18.54	Hold	-8.1	-18.6	-44.0	-49.6	-14.9	-1.0	1.27			
341	FECAX	Europe Capital App	1.00%/30 days	11.13	Hold	-8.2	-18.6	-46.3	-51.5	-14.7	-3.3	1.35			
334	FGBLX	Global Balanced	1.00%/30 days	14.65	Hold	-5.9	-12.1	-23.3	-29.6	-5.3	1.1	0.76			
335	FIVFX	Int'l Cap App (formerly Agg Int'l)	1.00%/30 days	6.01	OK to Sell	-9.9	-19.1	-50.7	-56.2	-21.8	-9.9	1.45			
305	FIGRX	International Discovery	1.00%/30 days	19.26	OK to Buy↓	-8.5	-18.5	-44.3	-49.7	-13.9	-2.1	1.27			
2010	FIENX	International Enchanced Index	1.00%/30 days	4.42	Hold	-10.7	-22.1	-43.3	-51.5	--	--	--			
1979	FIGFX	International Growth	1.00%/30 days	4.62	Hold	-7.8	-16.6	-41.3	-46.6	--	--	--			
818	FISMX	Int'l Small Cap (closed)	2.00%/90 days	10.69	Hold	-7.1	-13.4	-46.5	-51.0	-17.7	-1.5	1.44			
1504	FSCOX	Int'l Small Cap Opportunities	2.00%/90 days	5.05	OK to Sell	-8.7	-15.7	-58.4	-63.3	-25.1	--	1.69			
1597	FIVLX	International Value	1.00%/30 days	4.56	OK to Buy↓	-12.3	-23.5	-46.7	-55.5	--	--	--			
350	FJPNX	Japan	1.50%/90 days	7.15	OK to Sell	-11.6	-19.8	-36.8	-46.0	-22.0	-5.5	1.15			
360	FJSCX	Japan Smaller Companies	1.50%/90 days	5.13	Sell	-18.8	-28.5	-34.5	-47.9	-29.5	-10.7	1.13			
349	FLATX	Latin America	1.50%/90 days	25.96	Hold	-4.5	-6.0	-54.6	-57.9	-9.1	12.8	1.96			
342	FNORX	Nordic	1.50%/90 days	15.13	Hold↓	-10.1	-19.5	-56.0	-62.0	-17.6	-3.7	1.68			
94	FOSFX	Overseas	1.00%/30 days	20.25	Hold	-9.5	-19.3	-47.3	-53.1	-15.4	-4.1	1.35			
302	FPBFX	Pacific Basin	1.50%/90 days	10.56	Hold	-11.5	-20.5	-55.8	-60.2	-20.7	-5.4	1.65			
351	FSEAX	Southeast Asia	1.50%/90 days	16.38	Hold↑	-4.8	-13.2	-51.9	-52.0	-5.9	4.3	1.67			
399	FSIIX	Spartan Int'l Index ⁴	1.00%/90 days	20.85	Hold	-10.6	-22.0	-41.4	-50.0	-15.4	-3.6	1.27			
1978	FTIEX	Total International Equity	1.00%/30 days	3.93	Hold	-9.5	-19.0	-47.2	-53.6	--	--	--			
318	FWWFX	Worldwide	1.00%/30 days	10.44	Hold	-8.3	-17.1	-40.2	-44.9	-12.4	-3.3	1.15			
SELECT PORTFOLIOS						Category Averages			-8.7	-13.8	-41.0	-44.1	-15.9	-5.1	1.42
34	FSAIX	Air Transportation	0.75%/30 days	17.35	Hold	-20.3	-33.4	-32.6	-49.4	-20.4	-5.6	1.55			
502	FSAVX	Automotive	0.75%/30 days	10.07	OK to Sell	-11.7	-29.2	-61.2	-70.0	-32.4	-19.9	1.92			
507	FSRBX	Banking	0.75%/30 days	9.04	Hold↓	-15.0	-38.8	-37.5	-57.9	-30.8	-18.3	1.52			
42	FBIOX	Biotechnology	0.75%/30 days	54.62	Buy	-7.8	-7.6	-11.4	-12.7	-7.1	-0.3	1.11			
68	FSLBX	Brokerage & Investment	0.75%/30 days	26.68	Hold	-7.6	-15.9	-49.3	-51.9	-22.4	-7.0	1.45			
69	FSCHX	Chemicals	0.75%/30 days	42.74	Hold	-5.8	-7.5	-43.3	-46.7	-9.0	1.1	1.24			
518	FSDCX	Communications Equipment	0.75%/30 days	10.72	Hold	-6.5	-6.9	-48.5	-44.8	-20.8	-11.9	1.61			
7	FDCPX	Computers	0.75%/30 days	23.45	Hold	-6.0	-5.8	-48.5	-41.8	-14.5	-9.0	1.48			
511	FSHOX	Construction & Housing	0.75%/30 days	18.01	OK to Buy	-13.5	-24.6	-26.8	-43.7	-21.4	-7.2	1.37			
517	FSCPX	Consumer Discretionary	0.75%/30 days	11.67	OK to Buy	-6.9	-14.5	-34.6	-40.4	-17.3	-8.8	1.13			
9	FDFAX	Consumer Staples	0.75%/30 days	44.14	OK to Buy↓	-6.8	-13.4	-22.3	-29.2	-1.6	2.7	0.85			
67	FSDAX	Defense & Aerospace	0.75%/30 days	38.97	OK to Sell	-19.2	-20.9	-40.2	-47.6	-14.5	-1.2	1.39			
8	FSELX	Electronics	0.75%/30 days	21.13	Hold	-1.8	-6.7	-49.9	-42.6	-22.8	-13.2	1.42			
60	FSENX	Energy	0.75%/30 days	27.43	Buy	-9.1	-8.8	-54.0	-56.6	-12.8	5.7	1.82			
43	FSSEX	Energy Service	0.75%/30 days	33.87	Buy	-6.6	-5.7	-63.2	-61.9	-17.3	1.6	2.17			
516	FSLEX	Environmental	0.75%/30 days	10.94	Hold	-9.7	-18.3	-30.5	-37.9	-14.0	-3.6	1.14			
66	FIDSX	Financial Services	0.75%/30 days	33.23	Hold	-14.4	-28.8	-49.9	-59.5	-30.0	-16.5	1.35			
41	FSAGX	Gold	0.75%/30 days	30.67	Buy	-1.5	-2.9	-20.5	-33.6	3.8	11.0	2.36			
63	FSPHX	Health Care	0.75%/30 days	73.67	Buy	-9.6	-9.0	-32.4	-32.3	-10.8	-2.5	0.99			
98	FSVLX	Home Finance	0.75%/30 days	8.38	Hold	-9.2	-25.8	-58.6	-66.0	-40.6	-26.7	1.45			
510	FSCGX	Industrial Equipment	0.75%/30 days	13.97	Hold	-15.4	-24.5	-46.8	-55.5	-18.9	-6.8	1.43			
515	FCYIX	Industrials	0.75%/30 days	10.12	Hold	-15.0	-23.0	-40.1	-49.9	-16.5	-3.1	1.34			
45	FSPCX	Insurance	0.75%/30 days	23.92	OK to Sell	-15.4	-27.0	-47.0	-54.9	-25.7	-13.3	1.35			
353	FBSOX	IT Services	0.75%/30 days	10.62	Hold	0.3	-5.3	-32.9	-28.1	-8.4	0.0	1.29			
62	FDLSX	Leisure	0.75%/30 days	46.24	Hold	-6.3	-14.2	-29.1	-32.1	-10.5	-3.0	1.19			
509	FSDPX	Materials	0.75%/30 days	27.66	Hold	-5.4	-9.2	-47.6	-51.2	-11.2	-1.0	1.46			
505	FSHCX	Medical Delivery	0.75%/30 days	25.56	OK to Buy	-15.6	-11.5	-44.6	-43.0	-17.6	-0.1	1.43			
354	FSMEX	Medical Equipment	0.75%/30 days	17.30	Buy	-10.3	-6.2	-23.4	-26.8	-4.5	1.2	1.04			
503	FBMPX	Multimedia	0.75%/30 days	18.27	OK to Sell	-9.7	-17.7	-39.3	-46.8	-19.5	-10.4	1.22			
513	FSNGX	Natural Gas	0.75%/30 days	19.16	Buy	-8.2	-5.0	-56.7	-60.0	-15.2	3.2	1.94			
514	FNARX	Natural Resources	0.75%/30 days	17.24	OK to Buy	-7.0	-8.4	-52.4	-55.2	-10.0	6.2	1.83			
912	FNINX	Networking & Infrastructure	0.75%/30 days	1.21	Hold	-4.7	-1.6	-50.4	-38.6	-22.3	-14.6	1.67			
506	FSPFX	Paper & Forest	0.75%/30 days	12.59	Hold	-17.1	-19.9	-49.0	-53.7	-23.1	-15.0	1.61			
580	FPHAX	Pharmaceuticals	0.75%/30 days	7.60	Buy	-9.5	-13.7	-22.7	-26.2	-6.8	-1.2	0.88			
46	FSRPX	Retailing	0.75%/30 days	26.48	Hold	0.5	-7.4	-29.6	-27.1	-12.8	-4.1	1.14			
28	FSCSX	Software & Computer Svcs	0.75%/30 days	44.38	Hold	-2.8	-5.6	-42.1	-33.5	-6.3	-2.7	1.35			
64	FSPTX	Technology	0.75%/30 days	37.13	Hold	-3.3	-6.4	-51.1	-44.1	-17.1	-9.6	1.61			
96	FSTCX	Telecommunications	0.75%/30 days	26.74	OK to Buy↑	3.3	0.3	-47.6	-36.0	-12.7	-4.4	1.43			
512	FSRFX	Transportation	0.75%/30 days	23.89	Hold	-12.6	-25.9	-27.0	-44.2	-18.2	-2.9	1.24			
65	FSUTX	Utilities ⁶	0.75%/30 days	34.94	Hold	-12.4	-13.2	-36.0	-37.5	-7.5	2.4	1.13			
963	FWRLX	Wireless	0.75%/30 days	4.44	OK to Buy↑	0.0	3.5	-49.6	-37.7	-11.8	0.4	1.45			

FIDELITY SCORECARD - FEBRUARY 28, 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						
						Feb	YTD	2008									
TAXABLE BOND FUNDS						<i>Category Averages</i>			-0.4	-1.1	3.6	4.0	3.61				
15	FGMNX	Ginnie Mae		11.18	OK to Buy	0.9	1.1	7.1	2.5	4.79							
54	FGOVX	Government Income		10.74	Hold	0.2	-1.4	11.0	4.4	3.16							
794	FINPX	Inflation-Protected Bond ³		10.36	OK to Buy↑	-1.9	-1.3	-2.3	6.0	1.72							
32	FTHRX	Intermediate Bond		9.08	Buy	-0.8	0.7	-5.8	3.6	5.59							
452	FSTGX	Intermediate Gov't Income		10.81	Hold	-0.1	-0.9	10.1	3.5	2.04							
26	FBNDX	Investment Grade Bond		6.31	Buy	-0.5	0.2	-7.1	3.7	6.15							
40	FMSFX	Mortgage Securities		10.03	OK to Buy	-0.1	0.5	1.3	2.2	5.21							
450	FSHBX	Short-Term Bond		7.94	OK to Sell	-0.2	0.2	-3.7	1.5	3.31							
1561	FIBIX	Sptn Interm Treas Index ⁵		11.02	OK to Sell	-0.8	-4.0	16.4	6.3	2.27							
1562	FLBIX	Sptn Lng-Term Treas Index ⁵		10.91	OK to Sell	-1.3	-10.0	24.1	11.7	3.54							
1560	FSBIX	Sptn Sht-Term Treas Index ⁵		10.64	OK to Sell	-0.2	-1.0	8.7	2.5	0.92							
820	FTBFX	Total Bond		9.21	OK to Buy	-0.7	1.0	-5.6	3.7	6.57							
651	FBIDX	U.S. Bond Index		10.64	Hold	-0.2	-0.7	3.8	3.8	4.51							
812	FUSFX	Ultra-Short Bond	0.25%/60 days	8.08	OK to Sell↓	-0.2	-0.3	-7.8	0.4	0.71							
HIGH-YIELD BOND FUNDS						<i>Category Averages</i>			-1.4	2.6	-20.4	9.26					
38	FAGIX	Capital & Income	1.00%/90 days	5.40	OK to Buy	-2.5	0.3	-31.9	--	11.11							
814	FFRHX	Floating Rate High Income	1.00%/60 days	8.08	OK to Buy	0.6	7.2	-16.5	--	6.22							
1366	FHIFX	Focused High Income	1.00%/90 days	7.63	Buy	-1.1	5.2	-20.5	--	9.08							
455	SPHIX	High Income	1.00%/90 days	6.16	Buy	-2.1	3.4	-23.7	--	11.15							
331	FNMX	New Markets Income	1.00%/90 days	11.12	Hold	-1.9	0.1	-18.2	--	10.66							
368	FSICX	Strategic Income		8.58	Buy	-1.4	-0.7	-11.4	--	7.34							
MUNICIPAL BOND						<i>Category Averages</i>			0.3	3.1	-0.9	6.3	3.44	25%	28%	33%	35%
36	FLTMX	Interm Municipal Income	0.50%/30 days	9.87	Buy	0.1	2.6	1.0	5.4	3.19	4.3	4.4	4.8	4.9			
37	FHIGX	Municipal Income	0.50%/30 days	11.89	Buy↑	0.8	4.2	-4.6	8.4	4.24	5.7	5.9	6.3	6.5			
404	FSTFX	Short-Int Municipal Income	0.50%/30 days	10.45	Buy	-0.4	1.5	3.5	2.7	2.08	2.8	2.9	3.1	3.2			
90	FTABX	Tax-Free Bond	0.50%/30 days	10.24	Buy↑	0.7	4.2	-3.4	8.5	4.23	5.6	5.9	6.3	6.5			
STATE-SPECIFIC MUNICIPAL BOND						<i>Category Averages</i>			0.3	3.8	-1.9	7.4	3.56				
434	FSAZX	Arizona Muni Income	0.50%/30 days	10.73	OK to Buy↑	0.7	4.7	-4.2	8.6	3.97	5.3	5.5	5.9	6.1			
91	FCCTX	California Muni Income	0.50%/30 days	11.38	OK to Buy↑	0.4	4.3	-5.6	8.1	4.37	5.8	6.1	6.5	6.7			
1534	FCSTX	Calif Short-Interm Tax Free	0.50%/30 days	10.35	OK to Buy↑	-0.6	1.6	4.0	3.4	2.26	3.0	3.1	3.4	3.5			
407	FICNX	Connecticut Muni Income	0.50%/30 days	11.05	OK to Buy↑	0.1	4.2	-1.1	7.5	3.38	4.5	4.7	5.0	5.2			
429	SMDMX	Maryland Muni Income	0.50%/30 days	10.33	OK to Buy↑	0.4	4.7	-4.0	8.0	3.57	4.8	5.0	5.3	5.5			
70	FDMMX	Mass Muni Income	0.50%/30 days	11.27	OK to Buy↑	0.5	4.2	-3.6	7.9	3.70	4.9	5.1	5.5	5.7			
81	FMHTX	Michigan Muni Income	0.50%/30 days	11.47	Hold	-0.6	2.3	-0.1	7.0	3.51	4.7	4.9	5.2	5.4			
82	FIMIX	Minnesota Muni Income	0.50%/30 days	11.11	OK to Buy↑	0.6	4.1	-0.3	7.0	3.21	4.3	4.5	4.8	4.9			
416	FNJHX	New Jersey Muni Income	0.50%/30 days	11.08	OK to Buy↑	0.2	4.4	-3.0	7.8	3.55	4.7	4.9	5.3	5.5			
71	FTFMX	New York Muni Income	0.50%/30 days	12.32	OK to Buy↑	0.7	4.2	-2.5	8.8	4.08	5.4	5.7	6.1	6.3			
88	FOHFX	Ohio Muni Income	0.50%/30 days	11.20	OK to Buy↑	0.3	3.7	-1.6	7.9	3.61	4.8	5.0	5.4	5.6			
402	FPXTX	Pennsylvania Muni Income	0.50%/30 days	10.44	OK to Buy↑	0.4	2.9	-0.8	7.0	3.45	4.6	4.8	5.1	5.3			
TAXABLE MONEY MARKET						<i>Category Averages</i>			0.1	0.2	2.5	0.76					
55	FDRXX	Cash Reserves		1.00	--	0.09	0.22	2.89	na	1.02							
631	FGMXX	Retirement Government MM		1.00	--	0.05	0.13	2.37	na	0.55							
630	FRTXX	Retirement MM		1.00	--	0.09	0.23	2.93	na	1.07							
458	SPAXX	Government MM		1.00	--	0.06	0.14	2.31	na	0.65							
454	SPRXX	Money Market		1.00	--	0.09	0.22	2.90	na	1.06							
85	FSLXX	Select MM		1.00	--	0.09	0.23	2.97	na	1.04							
50	FGRXX	U.S. Gov't Reserves		1.00	--	0.06	0.15	2.45	na	0.70							
415	FDLXX	US Treasury MM (closed)		1.00	--	0.00	0.02	1.49	na	0.02							
MUNICIPAL MONEY MARKET						<i>Category Averages</i>			0.0	0.0	1.8	0.36					
460	FIMXX	AMT Tax-Free Money Fnd		1.00	--	0.03	0.06	1.87	na	0.44	0.6	0.6	0.7	0.7			
10	FTEXX	Municipal Money Market		1.00	--	0.02	0.05	1.91	na	0.37	0.5	0.5	0.6	0.6			
275	FMOXX	Tax-Free Money Market		1.00	--	0.02	0.03	1.70	na	0.27	0.4	0.4	0.4	0.4			
STATE MUNICIPAL MONEY MARKET						<i>Category Averages</i>			0.0	0.0	1.8	0.27					
433	FSAXX	Arizona		1.00	--	0.01	0.03	1.75	na	0.23	0.3	0.3	0.3	0.4			
457	FSPXX	California AMT Tax-Free		1.00	--	0.02	0.05	1.86	na	0.33	0.4	0.5	0.5	0.5			
97	FCFX	California		1.00	--	0.00	0.01	1.67	na	0.10	0.1	0.1	0.1	0.2			
418	FCMXX	Connecticut		1.00	--	0.02	0.03	1.72	na	0.26	0.3	0.4	0.4	0.4			
426	FMSXX	Mass AMT Tax-Free		1.00	--	0.02	0.05	1.85	na	0.37	0.5	0.5	0.6	0.6			
74	FDMXX	Massachusetts		1.00	--	0.01	0.02	1.67	na	0.22	0.3	0.3	0.3	0.3			
420	FMIX	Michigan		1.00	--	0.00	0.01	1.68	na	0.01	0.0	0.0	0.0	0.0			
423	FSJXX	New Jersey AMT Tax-Free		1.00	--	0.03	0.08	1.91	na	0.50	0.7	0.7	0.7	0.8			
417	FNJXX	New Jersey		1.00	--	0.01	0.03	1.67	na	0.21	0.3	0.3	0.3	0.3			
422	FSNXX	New York AMT Tax-Free		1.00	--	0.03	0.06	1.86	na	0.41	0.5	0.6	0.6	0.6			
92	FNXX	New York		1.00	--	0.02	0.04	1.69	na	0.31	0.4	0.4	0.5	0.5			
419	FOMXX	Ohio		1.00	--	0.02	0.05	1.77	na	0.28	0.4	0.4	0.4	0.4			
401	FPTXX	Pennsylvania		1.00	--	0.01	0.03	1.85	na	0.22	0.3	0.3	0.3	0.3			

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

FIDELITY SCORECARD - FEBRUARY 28, 2009

Fund No.	Fund Ticker	Fund Name	Short-Term Trading Fee	\$Price (NAV)	Advice	Total Return (%)			Avg Annual (%)			Rel Vol (Risk) ¹
						Feb	YTD	2008	1 Year	3 Year	5 Year	
FIDELITY PERSONAL RETIREMENT ANNUITY PORTFOLIOS												
9077	FQBRC	Fid VIP Aggressive Growth			OK to Buy	-6.2	-11.0	-49.0	-46.1	-17.9	--	1.32
9067	FLRQC	Fid VIP Asset Manager			Hold	-4.8	-7.9	-29.0	-32.4	-7.5	-3.2	0.83
9066	FAEEC	Fid VIP Asset Manager: Growth			Hold	-6.6	-11.6	-36.0	-40.6	-11.2	-5.5	1.05
9069	FJBAC	Fid VIP Balanced			OK to Sell	-6.8	-10.9	-34.2	-37.7	-11.8	-5.3	0.91
9081	FVHAC	Fid VIP Consumer Discretionary	1.00%/60 days		OK to Buy	-6.9	-14.8	-34.3	-40.2	-17.5	-9.2	1.14
9171	FCSAC	Fid VIP Consumer Staples	1.00%/60 days		OK to Buy↓	-6.9	-13.7	-21.6	-28.9	--	--	--
9065	FPDFC	Fid VIP Contrafund			Hold	-10.1	-16.4	-42.7	-46.3	-15.3	-4.3	1.12
9148	FPRGC	Fid VIP Disciplined Small Cap			Buy	-12.3	-20.8	-34.0	-42.2	--	--	--
9074	FZAMC	Fid VIP Dynamic Capital App			OK to Buy	-8.9	-16.7	-41.4	-46.1	-17.5	-7.1	1.13
9198	FEMAC	Fid VIP Emerging Markets	1.00%/60 days		Hold↓	-5.4	-12.8	--	--	--	--	--
9085	FJLLC	Fid VIP Energy	1.00%/60 days		Buy	-9.2	-9.0	-54.4	-57.0	-13.0	3.7	1.85
9061	FLOLC	Fid VIP Equity-Income			Buy	-11.8	-21.4	-42.9	-50.8	-19.3	-9.4	1.15
9083	FONNC	Fid VIP Financial Services	1.00%/60 days		Hold	-15.5	-29.8	-50.3	-60.5	-30.6	-17.1	1.40
9157	FMPAC	Fid VIP FundsManager 20			Hold	-2.1	-3.8	-8.5	-10.8	--	--	--
9158	FMPBC	Fid VIP FundsManager 50			Hold	-4.7	-8.8	-22.8	-26.1	--	--	--
9197	FMPPC	Fid VIP FundsManager 60			Hold	-5.6	-10.6	--	--	--	--	--
9159	FMPCC	Fid VIP FundsManager 70			Hold	-6.5	-12.3	-32.2	-36.0	--	--	--
9160	FMPDC	Fid VIP FundsManager 85			Hold	-8.1	-14.9	-38.3	-42.6	--	--	--
9062	FMNDC	Fid VIP Growth			Buy	-7.6	-13.6	-47.3	-48.9	-15.6	-8.7	1.18
9070	FLFNC	Fid VIP Growth & Income			Hold	-9.0	-16.2	-41.9	-45.9	-16.0	-7.7	1.06
9068	FIDPC	Fid VIP Growth Opportunities			Buy	-6.6	-9.7	-55.2	-52.1	-19.5	-10.1	1.55
9078	FPVDC	Fid VIP Growth Stock			OK to Buy	-6.9	-11.5	-44.8	-43.5	-16.4	--	1.23
9084	FPDRC	Fid VIP Health Care	1.00%/60 days		Buy	-9.4	-8.9	-32.5	-32.2	-11.2	-3.0	0.99
9060	FBBLC	Fid VIP High Income			Buy	-1.3	5.9	-25.1	-18.8	-4.1	-0.3	0.77
9064	FXVLT	Fid VIP Index 500			Hold	-10.7	-18.2	-37.2	-43.4	-15.4	-7.2	1.02
9082	FBALC	Fid VIP Industrials	1.00%/60 days		Hold	-15.0	-23.3	-40.0	-49.9	-16.5	-3.2	1.36
9076	FVJIC	Fid VIP Int'l Capital App	1.00%/60 days		Hold	-10.0	-19.1	-50.8	-56.3	-22.3	--	1.46
9090	FBKQT	Fid VIP Investor Freedom 2005			Hold	-4.8	-8.4	-24.1	-27.5	-6.9	--	0.62
9091	FCRJT	Fid VIP Investor Freedom 2010			Hold	-5.1	-8.9	-25.2	-28.9	-7.5	--	0.65
9092	FTCMT	Fid VIP Investor Freedom 2015			Hold	-5.3	-9.4	-27.3	-30.7	-8.1	--	0.70
9093	FTEMT	Fid VIP Investor Freedom 2020			Hold	-6.7	-11.7	-32.8	-36.7	-10.9	--	0.85
9094	FVIIT	Fid VIP Investor Freedom 2025			Hold	-7.1	-12.4	-34.4	-38.5	-11.7	--	0.89
9095	FXJLT	Fid VIP Investor Freedom 2030			Hold	-8.0	-14.2	-38.3	-42.5	-13.7	--	0.99
9089	FBXOT	Fid VIP Investor Freedom Income			Hold	-2.1	-3.2	-10.8	-12.6	-1.3	--	0.31
9063	FTLKC	Fid VIP Investment Grade Bond			Buy	-0.6	0.4	-3.5	-4.5	1.4	1.6	0.27
9172	FVMAC	Fid VIP Materials	1.00%/60 days		Hold	-5.4	-9.2	-47.1	-50.8	--	--	--
9071	FNBSC	Fid VIP Mid Cap			Buy	-6.9	-11.6	-39.7	-42.5	-13.2	-0.9	1.17
9059	FTNJC	Fid VIP Money Market			--	0.1	0.2	2.7	2.3	3.8	2.9	0.02
9088	FEMMC	Fid VIP Overseas	1.00%/60 days		Hold	-9.5	-20.0	-44.0	-50.7	-15.7	--	1.28
9072	FFWKC	Fid VIP Real Estate			Sell	-22.0	-36.4	-40.1	-60.5	-27.0	-9.5	2.12
9075	FGDQC	Fid VIP Strategic Income			Buy	-1.1	-0.6	-10.6	-11.8	-0.3	--	0.45
9086	FYENC	Fid VIP Technology	1.00%/60 days		Hold	-2.8	-5.6	-51.0	-43.3	-19.1	-9.5	1.64
9173	FVTAC	Fid VIP Telecommunications	1.00%/60 days		OK to Buy↑	2.8	0.0	-47.6	-36.0	--	--	--
9087	FXRRC	Fid VIP Utilities	1.00%/60 days		Hold	-12.4	-13.1	-35.8	-37.1	-6.5	2.8	1.16
9079	FKMSC	Fid VIP Value			Buy	-12.4	-21.7	-46.7	-54.2	-22.5	--	1.36
9080	FUEBC	Fid VIP Value Leaders			Buy	-11.8	-21.6	-44.8	-52.9	-20.8	--	1.17
9073	FRBSC	Fid VIP Value Strategies			Sell	-11.7	-20.4	-51.3	-57.0	-23.4	-12.6	1.50
9199	FCIFC	Credit Suisse Int'l Focus			OK to Sell	-10.7	-21.4	--	--	--	--	--
9147	FPRLC	Lazard Retirement Emerging Mkts			Hold↓	-5.6	-14.3	-48.7	-54.7	--	--	--
9143	FPRMC	Morgan Stanley Emerg Mkt Debt			Hold	-1.3	-1.0	-15.2	-16.3	-1.6	3.7	0.72
9144	FPRNC	Morgan Stanley Emerg Mkt Equity			Hold↓	-6.5	-14.8	-56.7	-59.5	-14.5	1.2	1.83
9145	FPROC	Morgan Stanley Gbl Value Equity			OK to Buy	-8.7	-15.4	-40.3	-44.4	-14.3	-5.9	1.05
9146	FPRPC	Morgan Stanley Int'l Magnum			Buy	-10.2	-20.3	-44.8	-51.8	-15.8	-5.1	1.35
9174	FMCCC	Strategic Advisors Mid Cap Value			Hold	-10.4	-18.3	-35.4	-42.8	--	--	--
9175	FSCCC	Strategic Advisors Small Cap			Hold	-13.0	-22.8	-38.7	-47.6	--	--	--

Annuity Growth Model

Fund	Allocation
Fidelity VIP Strategic Income	39%
Fidelity VIP Growth	23
Fidelity VIP Value Leaders	22
Morgan Stanley Int'l Magnum	5
Fidelity VIP Equity Income	5
Fidelity VIP Health Care	6
Total Return: Feb: -6.6% YTD: -10.7%	

Annuity Growth & Income Model

Fund	Allocation
Fidelity VIP Investment Grade	35%
Fidelity VIP Strategic Income	28
Fidelity VIP Growth	21
Fidelity VIP Value Leaders	13
Fidelity VIP Equity Income	3
Total Return: Feb: -4.2% YTD: -6.6%	

Annuity Income & Preservation Model

Fund	Allocation
Fidelity VIP Investment Grade	36%
Fidelity VIP Money Market	27
Fidelity VIP Strategic Income	18
Fidelity VIP Value Leaders	10
Fidelity VIP Growth	9
Total Return: Feb: -2.3% YTD: -3.5%	

Manager Changes Address Problems

Fidelity is in the process of eliminating 3,000 employees, or roughly 7% of its workforce. In light of the maelstrom that has gripped the world's financial markets, it's not surprising that Fidelity is *right-sizing* the firm. Although the performance of Fidelity's equity funds were weak versus its competitors last year, its research group was not spared from these cuts.

On the plus side, Fidelity still has the biggest contingent of buy-side analysts in the fund industry. In addition, we're pleased that Fidelity now moves quickly to change fund managers when they fail to add value. In fact, there have been several additional manager changes beyond those we detailed last month.

International Funds

Bill Bower, who runs **Diversified International**, has added the Advisor version of the fund to his list of duties, succeeding Penny Dobkin, who has retired after nearly thirty years with Fidelity. In adding Advisor Diversified Int'l, Bill is picking up responsibility for an additional \$8.5 billion in assets. This is somewhat disconcerting as his performance on the *retail* Diversified Int'l dropped from superior to just above-average in recent years after assets on that fund ballooned to \$57 billion in 2007. (This was despite Fidelity closing the fund to most new investors in 2004.)

However, our concerns are somewhat mitigated by the fact that Diversified Int'l's assets plunged during the market meltdown last year and now stand at \$24 billion. Still, the two funds combined come to over \$32 billion — no small amount.

We expect Bill to run both funds in the same manner, so the additional demands on his time should diminish once Bill has refashioned the Advisor fund. (We continue to rate Diversified Int'l *OK to Buy*.)

Adam Kutas is the new manager

of **Latin America** fund. He succeeds Brent Bottamini who returns to Fidelity's emerging market research group. Kutas will continue to run the **Emerging Europe, Middle East and Africa** (EMEA) fund, which he's done since its 2008 launch. Kutas is not new to Latin America as he was its co-manager in 2005 and 2006. We continue to rate the fund a *Hold*.

Ruben Calderon is the new co-lead manager on **Global Balanced** with current manager Derek Young. Ruben's experience on the fund dates back to 2005 when he was its assistant manager. He joined Fidelity in 1995 as a Latin American analyst.

As for Derek, he still oversees Fidelity's series of **Asset Manager** funds and co-manages **Strategic Dividend & Income**, **Strategic Income** and **Strategic Real Return**.

Muni Bond Funds

Though their outperformance has slipped in recent years, Fidelity's municipal bond funds can nonetheless boast that over the five prior years, their funds have surpassed 91% of their peers.

More than a little credit must go to Christine Thompson whose deft touch is often unrecognized. However, Christine has a rather full plate managing three state muni bond funds as well as **Municipal Income** and **Tax-Free Bond**, so Fidelity is giving her some help on the latter two funds. Jamie Pagliocco now co-manages Municipal Income, with Christine as the lead manager. On Tax-Free Bond, Jamie will be the lead and Christine will co-manage. Jamie also assumes the reins at **New Jersey Muni Income**, succeeding Mark Sommer.

Jamie joined Fidelity in 2001 as a municipal bond trader. In June 2005, he was named assistant head trader. Pagliocco also runs the **California**, **Michigan** and **Ohio Municipal Income** funds and **California Short-Intermediate Tax-Free Bond**.

Taxable Bond Funds

Over the past one-, three-, and

five-year periods, roughly two-thirds of Fidelity's taxable bond funds have beaten their peers. However, there have been areas of weakness, and Fidelity is addressing them.

Curt Hollingsworth is now lead manager of **U.S. Bond Index**. Former manager, Ford O'Neil is now the co-manager. The fund's low expense cap of 0.32% has given it a performance edge over its industry peers. But in the past two years, Ford has had difficulty in matching the performance of its benchmark — the Barclays Capital (formerly Lehman) Aggregate Index. Because the index includes over 9,000 securities, the fund uses statistical sampling techniques to replicate its performance.

Curt also replaces Bill Irving as manager of **Spartan Short-Term, Intermediate** and **Long-Term Treasury Index** funds. Since 2006, Curt led bond trading and he's run the investment-grade bond component of **Balanced** fund (1987-'90). He's also managed **Government Income** and **Ginnie Mae**. From 2000-'06 Curt headed money market trading.

Select Funds

Because your decision to buy or sell a Select fund should have more to do with your industry outlook, and less to do with who's managing the fund, the following manager rotations should not be too much of a concern.

Benjamin Hesse is the new manager of **Financial Services** and its VIP clone (he once co-managed the latter). Hesse still runs **Brokerage & Investment**. Elsewhere, Christopher Lee now runs **Home Finance**, a new area for him. Christopher joined Fidelity in 2004 following semiconductor stocks, and has previously managed **Electronics**.

Lastly, Kyle Weaver is the new manager of **IT Services**. He's followed companies in the telecom and IT services sectors since last year.

Note: As we went to press, Fidelity made several more Select fund manager changes. We will detail these in the April report. ■

STOCK INVESTING

Equity-Income: Down But Not Out

Over the past quarter century, we've been in and out of **Equity-Income** whose managers have produced market-like returns, but with less than market risk. (In other words, its risk-adjusted returns have been attractive.)

However, in more recent times, investors in **Equity-Income** — and we include ourselves — have every reason to be disappointed with the fund's performance.

As a large-cap value fund, current Manager Steve Petersen has staked out big bets in two higher-yielding and traditionally defensive sectors that have always attracted value investors: financials and energy.

In 2008, Steve actually underweighted financials relative to his benchmark (the Russell 3000 Value Index), but was overweight relative to the more popular S&P 500. Still, he trailed the Russell (-41.6% versus -36.3%). There's no sugarcoating this performance: sub-par stock selection within financials did the lion's share of the damage. And, as for energy, an overweight there initially helped the

fund as oil prices soared last year, but he failed to pull back fast enough when prices plunged.

Of course, we're neither shirking our own responsibility in picking this fund for our model portfolios, nor are we abandoning the fund.

Late last year, when the market and financials had already taken an almost unprecedented beating, we sought to be opportunistic by adding Equity-Income to our Growth and Growth & Income Model Portfolios. This modestly increased our exposure to an area that, by traditional valuation metrics, had become quite cheap. We also sought to modestly increase our equity exposure.

In hindsight, we were wrong (early), as stocks still had plenty of room to fall, and we underestimated the toxicity of bank portfolios.

So where do we go from here?

In two models, we have reduced our Equity-Income exposures. But as we explain in *Eric's Outlook*, those trades had more to do with our interest in **Low-Priced Stock** fund; it's not a commentary on Equity-Income *per se*, which we still rate a *Buy*.

Our optimism for better days ahead is still pegged to valuations — not just for financials, but for the entire bandwidth of attractively valued large-cap stocks that Steve has bought. We don't know when the market will turn, and neither does Steve. Still, we remain optimistic that as the fog clears, owing to their competitive advantages (such as size, better access to capital and better price-to-earnings), many of the stocks in this portfolio will be "early risers." Notably, Fed Chairman Ben Bernanke recognizes that banks, for example, must be "fixed first" before the economy can recover. With that kind of emphasis on the sector, we have yet another reason to have long-term optimism for Equity-Income. ■

Message To Members

We mail *Fidelity Insight* to our members each month *first class* to get our advice to you as quickly as possible. However, incorrect computer bar codes meant that some members waited weeks for their January report. Making matters worse, we recently moved Membership Services to a small, but very experienced firm in Georgia. They simply weren't prepared for the sudden influx of calls from members reporting these late deliveries. I apologize if you had a problem getting through or did not receive a response in a timely manner.

Keep in mind that *Fidelity Insight* reports are available on our website usually within a day or two of the end of the month. "Neither rain nor sleet nor gloom of night..." have ever delayed its arrival there!

If you don't already download your reports this way, I encourage you to access them at fidelityinsight.com. All you need is an e-mail address and your member # to register. You will find your member # (starting with MF) above your name on the envelope *Fidelity Insight* comes in. (If it is not there this month, it will be in April's.)

Now, if your newsletter seems lost in the mail, please wait until the 12th of the month before contacting us for a replacement. And, if possible, when you have questions about your subscription, e-mail them to us at memberservices@kobren.com. I don't want you kept on "hold" or have you leave us a voice mail. I hate it when that happens to me, and I assume you feel the same way.

Sincerely,



Eric M. Kobren

ekobren@kobren.com

DIVIDEND UPDATE

In addition to monthly dividends paid by bond and money market funds, Asset Mgr 20% and Freedom Inc, below are funds that are also expected to pay dividends and/or capital gains in March:

Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Real Estate Income, Real Estate Investment, Telecom & Utilities.

The final distributions for February were as follows:

Fund	ex-date	Amt (\$)	NAV
Trend	2/13	0.015	38.13
Contrafund	2/13	0.015	42.99
Dynamic Strat	2/13	0.010	6.44



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